



1<sup>st</sup> June 2023

Dear Investor,

Greetings from KRIIS Portfolio.

May is for vacations and mangoes. I hope you have been able to take some time off to enjoy both. While India is sweltering in the summer heat, Indian markets rallied in May 2023 on expectation of slowdown in rate hike and possible rate cuts during the year end. The RBI's action, also in the recent meet of pause and its comments on inflation. The inflation numbers are further expected to moderate in the coming months with April inflation number at 5.44% which was lowest in the last 14 months. The Nifty benchmark closed further up at 18564, 3% higher than the previous month close after rallying 4% in April. FPI and domestic funds continued to be net buyers during the month.

#### **US showing some growth signs.**

The US data showed strong consumption growth and, perhaps more importantly, corporate results have been better so far. The threat of a recession has been pushed back. While global banking turmoil, ongoing recession worries, geopolitical tensions, and concerns over the US debt ceiling are cause of worry still. Western countries need to focus on the supply side issues to manage inflation rather than controlling demand aspect by monetary policy. There should be more comprehensive steps taken to better geo-political relationship and global integration. Inflation will not revert to the earlier levels without those measures.

#### **Bharat Story Continues**

India's real GDP growth rate for Jan-March 2023 rose for the first time to 6.1, beating expectations of 5.1% as reported by the Ministry of statistics and program implementation on 31<sup>st</sup> May 2023. The full GDP was reported 7.2%. This number would ease the fear of Indian economy slowing down. The surge in the growth is mainly due better manufacturing, agriculture, construction, power demand besides rebound in financial sector. India has been the fastest growing economy compared to developed and other emerging markets which is one the main reason for money flow in the equities.

- A) Inflation has been much under control especially in food segment when the whole world is reeling in food shortage and price rise.
- B) The GST collection was strong at Rs1.9 trillion in May 2023 reflecting strong growth.
- C) The 4Quarter earnings has been decent in mid-teens with improved consumption, stable commodity prices, china+1 and uptick in both public and private capex cycle.
- D) The current account balance has been quite favorable with surplus mainly due to service exports and lower commodity prices especially crude. The trade data has been quite favorable during FY 2023. Services have also grown significantly faster than non-oil merchandise exports.



**Valuation**

India's long term structural story remains strong, and its macros are also better placed in comparison to other developed or emerging economies. We have been reiterating to investors to remain invested through this current volatility and consider this good opportunity to top-up. Investment in fundamentally strong companies will always yield decent wealth creation. There can be no better place to invest than Bharat. Wishing you the best from KRIIS team and stay safe.

**Thanks with Regards,**

**CA Rakesh Doshi**

**Principal Officer & Fund Manager**

**KRIIS – The Portfolio Management Company**