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One should continue to be realistic on return expectations from Indian Equities

Stock prices in India have not corrected as much as the developed world. India has less adjustments to make on monetary policy vs the developed world, with inflation and long-term bond yields close to long term averages and aggregate Debt/GDP lower than 15 years ago.

Cost of Capital in India does not need to be repriced significantly vs the developed world				
	India	US	UK	Eurozone
Avg 10 Yr G Sec Yields FY 12-FY 22	7.3%	2.1%	1.4%	0.4%
10 Yr G Sec yield today	7.3%	3.9%	3.7%	2.4%
Avg. CPI Inflation 01 Jan 2013 to 31 Dec 2022				
Avg. CPI Inflation 01 Jan 2013 to 31 Dec 2022	5.6%	2.5%	2.3%	1.7%
CPI inflation today	5.9%	7.1%	10.7%	10.1%
Increase in Central Bank Balance sheets (Covid to today)				
Increase in Central Bank Balance sheets (Covid to today)	16%	114%	90%	55%
Increase in Aggregate Debt/GDP since 2008				
Increase in Aggregate Debt/GDP since 2008	-6%	49%	54%	147%
Source: Bloomberg; Kotak MF				

While India is a bright spot for growth in the world, valuations are reflecting this optimism.

