Investor's Brief – May 2026

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I. Monthly Wrap

1. **Nifty50 closed down -1.72% in May 2026**. Though we witnessed a negative close in Nifty50 amidst continuing volatility, Midcap & Small cap indices did well to close positively, gaining +2.60% and +1.56% respectively.

2. **Crude Oil Becomes the Biggest Global Risk Factor**. Middle East tensions continue to keep global markets watchful. Brent crude briefly crossed $107/barrel, and closed at $95/barrel. Higher crude impacts inflation, fiscal deficit, corporate margins and specifically for India the rupee.

3. **USD-INR touched all time low** at ₹96.96 per USD, and closed at ₹94.99 for May 2026. RBI continues to intervene to keep the Rupee stable and manage liquidity. In May, they announced a US$5 billion forex swap auction.

4. **Higher inflation projected** – On inflation, the central bank projected Consumer Price Index (CPI) inflation at 4.6% in 2026-27, compared to 2.1% in 2025-26. India's real GDP growth is projected at 6.9% for 2026-27.

5. **RBI transfers ₹2.87 Lakh Crore dividend to Government** – This is RBI's highest ever surplus transfer to the Government of India. This provides fiscal room for infrastructure spending and can help contain government borrowing pressures.

6. **DIIs absorb FII selling** – Despite FII selling of over ₹30,000 crore in May, Indian markets remained resilient due to strong DII buying of nearly ₹57,000 crore — highlighting the growing strength of SIP flows, mutual funds, insurance companies and domestic savings.

Equity Market performance — ***Nifty 50 Index - 23547.75***

>1 year returns are Annualised (XIRR) — *(as of 29th May 2026)*

*Nifty 50**	*1M*	*3M*	*6M*	*1Y*	*3Y*	*5Y*	*7Y*	*10Y*
Returns (%)	*-1.72%*	*-6.30%*	*-9.87%*	*-3.86%*	*9.49%*	*9.83%*	*11.42%*	*12.42%*

** Nifty 50 is a widely accepted benchmark index for Indian Equity market. Individual Mutual Fund performances may vary.*

II. Investor's Q&A

Q: AI – Threat or Opportunity for Indian IT Companies?

A: The good news is that Indian IT companies are getting involved in the AI space. Major players such as **TCS, Infosys, HCL Tech and Wipro have invested heavily** in AI-powered software development, Generative AI consulting, Cloud and data platforms, AI implementation for global enterprises and Productivity enhancement through automation.

Activities such as Basic coding, Testing, Documentation and Routine maintenance can increasingly be performed using AI tools. As a result, **companies may need fewer software engineers for the same amount of work.**

FII selling

Many investors believe AI is a key reason, but not the only one.

Attractive AI Opportunities in the US – Global capital has flowed into NVIDIA, Microsoft, Amazon & Alphabet which are direct beneficiaries of the AI boom.

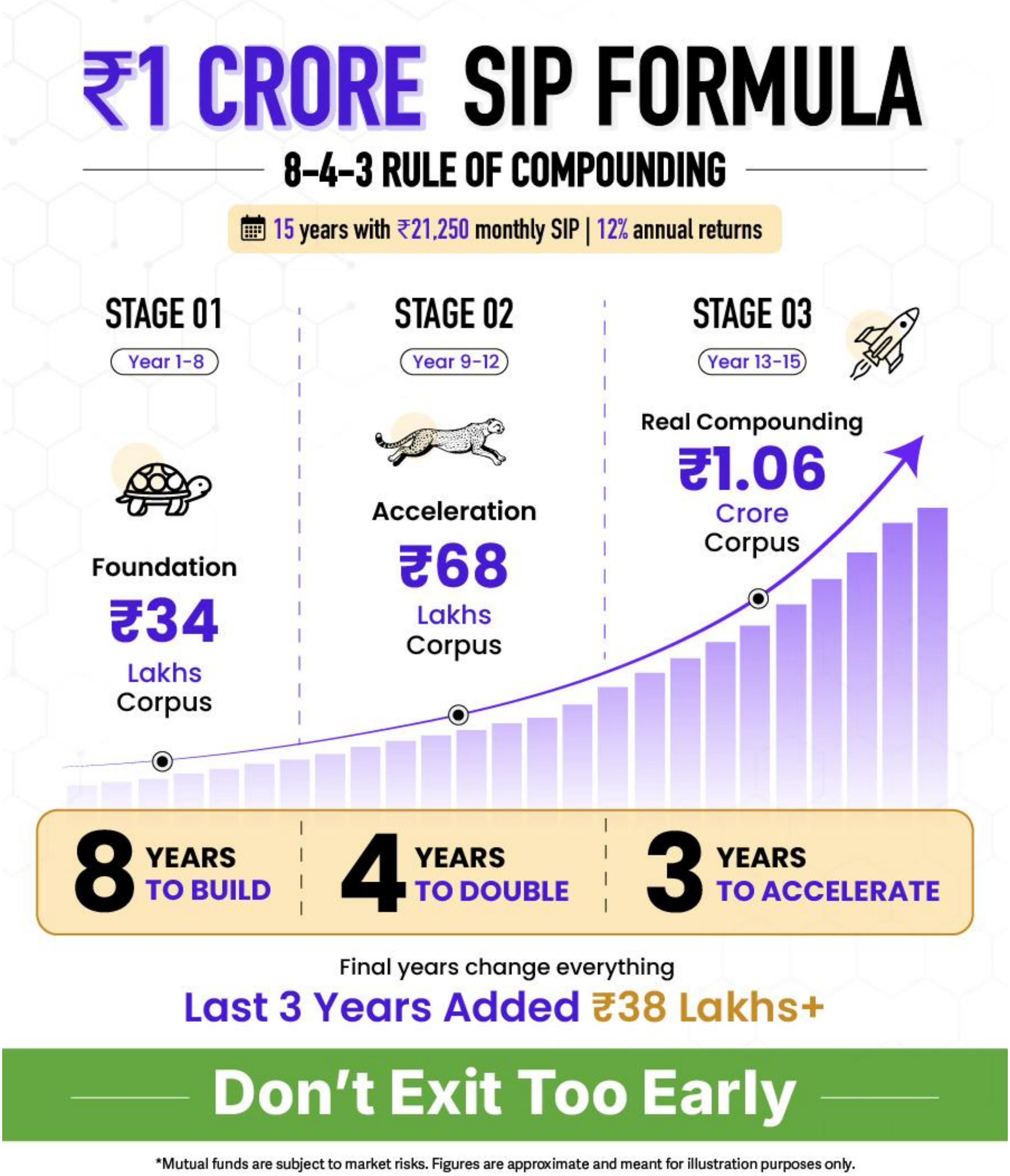
Valuation Gap - Many Indian stocks have traded at premium valuations compared with other emerging markets. Some FIIs have therefore booked profits in India and reallocated capital globally.

Is It a Good Time to Invest in Indian IT?

Strong balance sheets, Global client relationships, AI-driven service opportunities, Attractive cash generation and India's large technology talent pool are the positives. The risks are slower global growth, Pricing pressure, AI-led disruption of traditional services & Currency fluctuations.

AI is unlikely to replace Indian IT companies; it is more likely to reshape them. While some foreign capital has moved toward global AI leaders, India's leading technology firms are actively positioning themselves to participate in the AI opportunity.

III. General Insight



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