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JM Financial forsees strong growth in Indian markets

Synopsis

JM Financial Limited's MD, Chirag Negandhi, discusses market factors including political stability and the RBI's recent actions. With India's GDP growth projections and demographic trends, sectors like real estate, financial services, and consumer goods are expected to benefit. Positive market outlook post-2023 state elections with potential for increased capital influx and high interest in QIPs and IPOs.



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The markets are currently factoring in sustained political stability, with the possibility of the BJP-led NDA securing a renewed mandate for their third term, said [Chirag Negandhi, MD of JM Financial Limited](#). In an interview with *Shilpy Sinha*, he said that the market trajectory will increasingly hinge on the election manifestos,

which will outline the broad policy direction for the upcoming term. On recent RBI action, the group is committed to regulatory compliance and is cooperating with the regulations, Negandhi said. Excerpts:

Recently RBI has barred JM Financial from doing any financing against shares and debentures. How do you respond?

I would like to reiterate that as a group we take all regulatory matters with utmost importance and are committed to cooperating with the regulators.

With India's real GDP projected to grow at over 6% annually from 2023 to 2028, and the number of affluent consumers expected to rise from approximately 60 million in 2023 to 100 million by 2027, according to [Goldman Sachs](#) research, which industries stand to benefit from it?

With sustained improvement in the trajectory of the working age population in India which is expected to grow from 64% in 2020 to 69% of the total population by 2030,

India's demographic dividend is playing out positively. The sustained outperformance of the Indian economy since the pandemic strongly validates the hypothesis. As aspirational Indian consumers climb the affluence curve, the secular trends of increasing digital adoption, consistent premiumisation and rising financialisation are expected to become more entrenched.

With the real estate cycle too having turned around, multiple sectors will benefit due to the strong multiplier effect. More specifically segments like residential housing, capital markets and financial services intermediaries, home improvement, consumer electronics and durables, personal care, processed and packaged food and beverages, out of home foods and food delivery services, leisure and premium and luxury retail are likely to benefit from the positive trends.

Considering the upcoming election year in 2024, how do you see the performance of activities in the equity market?

Post the 2023 state elections outcome, markets are pricing in continued political stability with the prospect of BJP-led NDA getting the renewed mandate for their third

term. Incrementally, the markets will take further cues from the election manifestos as broad policy contours for the third term. Barring uncertainties driven by any external

global events, we have a constructive view on equities as the profit cycle is projected to gather momentum post elections. For the next couple of quarters, we will see the continuation of current trends of capex and investment-led themes outperforming the mass consumption themes which are still bottoming out.

Which sectors are likely to attract capital influx in the coming year?

While FII ownership of Indian equities is at decadal lows of ~16%, in 2024, we expect India to benefit from strong portfolio flows – equities and fixed income.

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services, manufacturing and consumption driven sectors are likely to be the largest absorbers of the capital. Industrial/infrastructure, green energy and healthcare should also attract significant capital.

What is the outlook for the pipeline of Qualified Institutional Placements (QIPs) and Initial Public Offerings (IPOs)?

We are potentially headed for one of the biggest years in terms of funds raised via QIP's and IPO's.

There has been a sharp increase in investment commitments from global funds in India. How do you see this trend unfolding?

With foreign ownership at decadal lows, resilience of Indian economy and profit cycle expected to gather momentum, India is an Oasis in a world which is struggling with

slowing growth. India, thus, emerges one of the most attractive destinations for long term growth opportunities and hence, will attract strong global flows.

With the emergence of private credit in India, with an estimated \$10 billion set to be invested next year, are High Net Worth Individuals (HNIs) showing interest in diversifying into this space? If so, where do expect private credit capital to flow in?

With faster credit growth compared to nominal GDP growth for the first time since 2012, the Indian credit cycle is still in the midst of a robust upcycle.

While the subsegments of Indian credit markets are in divergent phases, with retail credit cycle being more mature vis a vis corporate credit cycle, the overall credit environment remains robust. Credit costs should begin to normalise from FY25 as rate of change of recoveries from written off assets reduces compared to last two years. However, with the fundamentals of the economy still remaining robust, asset quality outlook remains strong on a systemic basis.

HNIs would look at private credit markets with alternate funds offering different kind of exposure to them. In general, any idea with possible high risk adjusted returns is lapped

up by HNIs and private credit markets beyond REIT and InVit should make a lot of sense in their portfolios.

What's in store for small caps and mid-caps post the market regulator showing concerns?

The pockets of over valuation were clearly visible in several small and midcap names and it's always healthy from time to time for the froth in the market to be cleansed. Retail investors (many of whom have not seen market cycles) will do well to pay heed to the red flags raised by the regulator