



MONTHLY

Spotlight

January 2026

THOUGHT LEADERSHIP





Mr. Nimesh Kampani

Non-Executive Chairman,
JM Financial Group

Mr. Kampani addressed the **14th AIBI Annual Convention**, wherein he shared insights from his distinguished five-decade journey in the capital markets, reflecting on the experiences, learnings, and decisive moments that have shaped the evolution of the industry.

Driving the growth engine

Broad-based reforms will sustain growth momentum

Vishal Kampani

In 2025, India found itself in a rare Goldilocks phase with moderate and resilient growth, subdued inflation, setting the stage for strong macroeconomic growth. This came at a time when the global economy remains volatile due to geopolitical developments and tariff impacts and India stands out on the back of stable macroeconomic fundamentals. RBI's cumulative 125 basis points repo rate cut in 2025 has provided timely monetary support while inflation remains benign.

The growth momentum got reflected in better-than-expected Q2FY26 GDP growth of 8.2 per cent, has been both cyclical and structural. On the consumption side, along with the much-anticipated revival of urban consumption, there has been a strong rural demand driven by good monsoons and the government's fiscal incentives. Manufacturing output growth of 9.1 per cent in Q2 FY26, up from 7.7 per cent in the previous quarter underlines the fact that the growth is resilient and broad-based.

The Production Linked Incentive (PLI) programme has emerged as a game changer in the country's manufacturing resurgence. Going forward, the scale of the skill development programmes needs to be expanded.

On the other hand, government capital expenditure continues to do the heavy lifting. Private capital expenditure is gradually making its presence felt. As of March 2025, the outstanding size of India's corporate bond market stood at approximately \$642 billion, which shows improving corporate confidence and balance sheet strength.

REFORMS THRUST

India finds itself in a strong growth trajectory thanks to the scale of reforms undertaken — GST rate rationalisation, income tax rationalisation, policy easing and liquidity infusion by RBI, streamlining of labour codes and Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India Bill (SHANTI), 2025.

The Insolvency and Bankruptcy Code (IBC) remains one of key structural reforms, paving the way for ease of doing business, a structured credit ecosystem and better investment attractiveness.

In addition, GST collections remain robust with year-to-date



GROWTH. Need for sustained push GETTY IMAGES

gross collections grew 9 per cent YoY to ₹21.3 lakh crore as of November 30, 2025.

Participation from young generations, women, and households, especially in tier-2 and 3 cities has diversified India's investor base and reduced dependence on foreign flows.

However, foreign investors cannot be entirely sidelined. Regulatory initiatives such as SEBI's launch of the 'India Market Access' platform will increase capital market participation for global investors.

Yet, challenges remain. Foreign portfolio investors have shown caution, reflected in net outflows from Indian equity and debt markets of around \$10.4 billion during 2025 (January-December 15, 2025). The consistent FII selling exerted pressure on the Indian rupee. However, going forward, earnings visibility and valuation discipline will be critical in restoring foreign investor confidence.

Interestingly, India's valuation premium to emerging markets has narrowed from nearly 100 per cent to about 50 per cent, offering a worthwhile entry point.

Looking ahead, in 2026, the economy will transition from intent to outcomes. Policy easing, regulatory clarity and opening of FDI in insurance and nuclear energy are setting the stage for sustained growth. For long-term investors, India's domestic demand story remains compelling. Financialisation of savings and the capital expenditure in electronics manufacturing services, defence, etc. will define the next investment cycle. India is poised to convert its structural advantages into a global edge. In an uncertain world, these broad-based reforms will position the country to emerge as the world's key growth engine in 2026 and beyond.

The writer is Vice-Chairman and Managing Director, JM Financial Ltd.

Mr. Vishal Kampani

Vice Chairman & Managing Director,
JM Financial Ltd.

Authored article published in **The Hindu Business Line**, wherein he talked about how India is entering a Goldilocks phase in 2025 with strong growth, low inflation, supportive RBI policy, resilient manufacturing, rising consumption, and PLI-led investments driving broad-based, sustainable economic momentum.



Mr. Amitabh Mohanty

MD & CEO,
JM Financial Asset Management Ltd.

He appeared on **Market Pillars Uncovered** podcast by **Money TV** to share his insights on how investors should really think about markets. The discussion touched on disciplined asset allocation, long-term investing, and navigating market cycles, with a look at India's growth story ahead.

In an interview with **Cafemutual**, he spoke about the company's key priorities, his learnings from decades in the industry and his message to mutual fund distributors.



MF News > 'MFDs are emotional anchors for clients and that role is invaluable'

'MFDs are emotional anchors for clients and that role is invaluable'

In an interview, Mr. Amitabh Mohanty, MD & CEO, JM Financial Asset Management Ltd, speaks about the company's key priorities, his learnings from decades in the industry and his message to mutual fund distributors.



Nishant Patnaik Jan 12, 2026



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FORTUNE
INDIA

Outlook 2026: IPO market poised for take-off with a ₹2.65 lakh crore pipeline

Neha Agarwal, MD & Head of Equity Capital Markets at JM Financial Institutional Securities, said 2025 was defined by a broader issuer mix, strong investor appetite and more accommodative pricing.

“The market performance in 2025 was marked by a wider spread of issuances involving mid-sized and growth-stage companies, robust investor appetite, and pricing of IPOs being more accommodative,” she noted.

The surge, Agarwal said, was driven by entrepreneurial dynamism, ample domestic institutional liquidity and participation from a wide range of sectors, including new-age technology, renewable energy, BFSI, consumer and industrials.

Ms. Neha Agarwal

MD & Head, Equity Capital Markets,
JM Financial Institutional Securities Ltd.

She contributed to a **Fortune India** industry story, which talked about India’s IPO market is set for a strong 2026 after a record-setting 2025, with an exceptional pipeline of ~200+ companies expected to raise about ₹2.65 lakh crore (₹1.25 lakh crore already SEBI-approved and ₹1.40 lakh crore awaiting clearance).

Mr. Dimplekumar Shah

Managing Director & CEO, Equity Broking, Business Affiliates & Retail Wealth, JM Financial Services Ltd.

In an authored article for **Moneycontrol**, he highlighted that the Union Budget is expected to renew its focus on job creation, rural demand, and sustainable development to drive India towards a \$5 trillion economy, emphasising inclusive growth and policy continuity.

In an interview with **ET Markets**, he said 2026 should favour quality companies with strong balance sheets and earnings visibility, expects Indian equities to deliver 12–15% returns, highlights key sectors, and outlines triggers as markets turn more fundamentals-driven.

moneycontrol

Union Budget expected to renew focus on jobs, rural demand and sustainable development to drive India toward a \$5 trillion economy

Investors should focus on policy continuity and stability. The finance ministry will endeavour to avoid any disruptive tax moves that could rattle sentiment or strain the fiscal framework.

— DIMPLEKUMAR SHAH | JANUARY 31, 2026 / 20:23 IST



The Union Budget 2026 comes at a critical juncture. We're navigating some real headwinds as corporate earnings have been sluggish, nominal GDP growth has taken a marginal hit, and tax revenues haven't kept pace with expectations. Adding fuel to the fire are the geopolitical complexities we're witnessing, such as the US tariff measures, gold prices climbing, and the resulting depreciation of the Rupee.

Against this challenging backdrop, the Budget has its job cut out. It needs to reignite the domestic growth engine. It needs to find a delicate balance between fiscal discipline and strategic government borrowing. And it needs to provide targeted support for both capital expenditure and consumption.

When it comes to government spending, we believe the FY26 capex estimate of Rs 11 lakh crore may be difficult to achieve. With the increased focus on fiscal consolidation, we're expecting Capex growth to track roughly in line or slightly higher than nominal GDP growth. There is likely to be an increased allocation towards defence capex, given the geopolitical environment we're operating in. We expect the overall Capex/GDP to be steady around 3-3.1% of GDP for FY27, not unlike FY26, indicating disciplined, rather than aggressive expansion.

THE ECONOMIC TIMES Markets

English Edition • Today's ePaper

ETMarkets Smart Talk | From momentum to earnings: JM Financial's Dimplekumar Shah sees 12–15% market returns in 2026



After a volatile 2025 marked by sharp rotations and uneven global performance, Indian equity markets are entering 2026 with a shift in leadership—from momentum-driven rallies to earnings-led valuation expansion.

As individuals in the 30-40 age bracket generally exhibit a longer investment horizon, allowing for a growth-oriented strategy tempered with prudence towards capital preservation.

According to Dimplekumar Shah, Managing Director & CEO – Equity Broking, Business Affiliates & Retail Wealth at JM Financial Services, the coming year is likely to reward

quality businesses with strong balance sheets, high return ratios, and visible earnings growth.

JM FINANCIAL IN THE NEWS





Mr. Satish Ramanathan

CIO-Equity,
JM Financial Asset Management Ltd.

In a conversation with **ET Now Swadesh**, he discussed about the year-end review and the outlook for the coming year.

He also appeared on **BT TV**, wherein he shared his views ahead of the Union Budget and the near-term market trajectory for 2026.





Mr. Venkatesh Balasubramaniam

MD & Head of Research,
JM Financial Institutional Securities Ltd.

In an interview with **ET Now & NDTV Profit**, he shared views regarding market valuations and sectoral shifts.





liveMint

WHERE SHOULD YOU INVEST ₹10 LAKH TODAY?

After asked money managers this simple question, find out what they said about the future of investing

Safe haven surge
Local support
Health engine
Earnings growth

FROM PAGE 10

according to government estimates.

This vibrancy is also being reflected in the capital markets, with 2025 seeing record number of IPOs and funds raised at over ₹1.7 trillion—around 10% more than the previous peak in 2024.

One overlooked aspect is that this spate of new listings is reshaping the market.

"In the past five years, 126 new entrants to the BSE 500 have added 21% to incremental market capitalization. Exits for private equity/venture capitalists via IPOs (initial public offerings), while a drag on the INR in the short run, bode well for inflows, going forward," Axis Capital stated in a recent note.

It expects the market price-to-earnings (P/E) ratio to remain supported on the back of robust demand for equities (as evidenced by steady systematic investment plans, or SIPs, and strong insurance flows).

"We expect 12 month forward earnings (for Nifty) to rise 14% in calendar year 2026. Over and above profits growing faster than nominal GDP, bottom-up analysis also sup-

liveMint

What's stressed, what works: Where do you invest ₹10 lakh?



While differing in their sectoral and asset allocation choices, most experts have near unanimity in their positive outlook for 2026.

ports earnings resilience. Nearly 46% of incremental FY26-28 index EPS earnings (per share) is estimated to come from financials; the pickup in credit growth helps. Among other major sectors, we expect resilient earnings estimates in IT, energy and industrials," the brokerage added.

While differing in their sectoral and asset allocation choices, most market experts have near unanimity in their positive outlook for 2026. Macro tailwinds and strong domestic liquidity in the form of SIPs and domestic institutional investors (DII)

inflows are expected to ensure that the market remains at a decent position. The potential return of FIIs will only add buoyancy to the domestic markets.

To reap the potential benefits, experts argue that investors should prioritise adequate diversification and a patient approach. Long-term potential, they add, should not be overlooked amid short-term volatility driven by crowding or sectoral rotation.

Now that would make a gainful new year resolution for investors to adopt.

Mr. Asit Bhandarkar

Senior Fund Manager-Equity,
JM Financial Asset Management Ltd.

He contributed to a **Mint** industry feature which talked about money managers top investment ideas, recommending a diversified mutual fund approach with a focus on high-growth sectors for long-term wealth creation.

Mr. Dayanand Mittal

Oil & Gas Research Analyst,
JM Financial Institutional Securities Ltd.

In an interview with **CNBC TV18**, he highlighted key perspectives on the Oil & Gas Q3 preview.

OIL & GAS SECTOR IN Q3FY26
What To Expect?

OIL & GAS IN Q3FY26
(\$/bbl)

7.50 Singapore GRM	63.60 Brent Crude
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IOCL Says
SPV UBPL Has Also Witnessed Oil Discovery During Testing Of Exploratory Well XN79 02S In Onshore Block 1

Dayanand Mittal

09:00

y ⁵ 1191.30 | Eicher ¹⁰ 7404.00 | Eternal ¹ 294.55
 6.00 | MLife ¹⁰ 367.60 | MothrsnWir ¹ 45.72

CNBC TV18

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BHEL, L&T, SIEMENS, ABB UNDER PRESSURE

CAP GOODS CRACK IN TRADE

Company	Thursday Close
Siemens Ltd	▼ 4%
CG Power	▼ 4%
GE Vernova	▼ 5%



Priyankar Biswas

JM Financials
Institutional Sec

COMING UP



Saurabh G

PNG J

ON ETERNAL
Eternal 283.55 ▲ 0.93%

Recently Corrected On Slowdown Expectations

144.98 ▼ -2.66

BHEL² 271.75 ▼ -31.80

BhrtForge² 2.0m



NIFTY BANK FUT 59686.50
SPOT 59876.00
FUT PREM 189.50
OI: 40.15 k ▼ -5.82%

Mr. Priyankar Biswas

Industrials and Logistics Research Analyst,
JM Financial Institutional Securities Ltd.

In an interview with **NDTV Profit**, he spoke about how India is planning to remove curbs on Chinese firms bidding for government contracts, following requests from ministries to address shortages and project delays.

Mr. Pranav Mer

Vice President, EBG - Commodity & Currency Research,
JM Financial Services Ltd.

He shared his insights, particularly on commodities such as gold, silver, and currencies, and his views are frequently featured in newspapers and financial news platforms.

Gold, silver to remain firm



Gold and silver prices are expected to sustain positive momentum next week amid heightened geopolitical tensions and the uncertainty surrounding the US Supreme Court's impending decision on President Donald Trump's tariff policy, analysts said.

The release of inflation data from major economies, including the US, India, and Germany, along with trade and investment numbers from China and commentary from some Federal Reserve officials, will also be closely watched by the traders, they added.

"The bullions are expected to continue their positive momentum and corrective moves should be a buying opportunity, as focus again will remain on the US Supreme court hearing in the Trump's trade tariffs case and the geopolitical issues surrounding US President Donald Trump's actions & comments," Pranav Mer, Vice President, EBG - Commodity & Currency Research, JM Financial Services, said. On the MCX, gold futures climbed by Rs 3,058, or 2.25 per cent, over the past week and settled at Rs 1,38,819 per 10 grams on Friday. —PTI

Bullion to stay firm as traders brace for tariff verdict, Fed rate decision: Analysts



NEW DELHI: Gold and silver prices are expected to stay firm next week as traders brace for the US Supreme Court's hearing on trade tariffs and the Federal Reserve's upcoming interest rate decision, analysts said.

The focus will also shift to the Union Budget 2026, to be presented by Finance Minister Nirmala Sitharaman on February 1, which could influence domestic bullion

sentiment through changes in import duties and fiscal measures, they added.

"The bullion prices are expected to continue their positive momentum and corrective moves should be a buying opportunity, as focus again will remain on the US Supreme Court hearing in the Trump's trade tariffs case," Pranav Mer, Vice President, EBG - Commodity & Currency Research, JM Financial

Services Ltd, said. Investors will closely watch inflation numbers from the US, India, and Germany, along with trade and investment figures from China, and key commentary from Federal Reserve officials, he added. On the Multi Commodity Exchange (MCX), gold futures surged Rs 13,520 or 9.5 per cent, over the past week. It hit an all-time high of Rs 1,59,226 per 10 grams on

Friday. Meanwhile, silver registered a steeper rally, soaring by Rs 46,037, or 16.3 per cent, during the week to breach the Rs 3 lakh per kilogram mark for the first time ever. On the MCX, gold prices rallied from Rs 1.43 lakh per 10 grams to near Rs 1.6 lakh grams during the week, driven by escalating US-Iran tensions which drove safe-haven demand," Prathamesh Malya, DVP - Research, Neo - Agri Com-

modities and Currencies, Angel One, said. He added that the US decision to send naval assets towards Iran and impose sanctions on Iranian oil networks further added a risk premium to markets. In the international market, gold futures on Comex gained \$384.3, or 8.4 per cent, last week, touching a record of \$4,991.40 per ounce on Friday.

Gold, silver to stay firm next week

GOLD AND SILVER prices are expected to stay firm next week as traders brace for the US Supreme Court's hearing on trade tariffs and the Federal Reserve's upcoming interest rate decision, analysts said.

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moves should be a buying opportunity, as focus again will remain on the US Supreme Court hearing in the Trump's trade tariffs case," Pranav Mer,

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Investors will closely watch inflation numbers from the US, India, and Germany, along with trade and investment figures from China, and key commentary from Federal Reserve officials, he added. On the MCX, gold futures surged ₹13,520 or 9.5%, over the past week. It hit an all-time high of ₹1,59,226 per 10 grams on Friday. —PTI

'Gold likely to extend gains; silver may ease'

PTI
feedback@livermint.com
NEW DELHI

Gold price is expected to maintain its upward momentum in the coming week, driven by safe-haven demand and expectations of policy easing by the US Federal Reserve, while silver may witness consolidation after a stellar rally, according to analysts.

Investors' attention will turn to a string of key global macroeconomic data, including inflation figures from major economies, as well as the Personal Consumption Expenditures (PCE) index, GDP growth, PMI readings and jobless claims, which will provide fresh cues on the Fed's policy outlook, they said.

"The focus will be on the upcoming economic numbers from China—crucial from an industrial metals perspective. Among other developments, US President Donald Trump's speech at the World Economic Forum and the Supreme Court judgement on trade will be most important to watch," Pranav Mer, vice-president, EBG - Commodity & Currency Research, JM Financial Services Ltd, said.

MARQUEE RESEARCH REPORTS



Key Research Reports of the month

5 January 2026
INDIA ECONOMY



MACRO OUTLOOK 2026

An accelerated rate cut cycle in US will open further space for policy easing by RBI.

The timing and the communication of the policy tightening by the Bank of Japan will be key monitorable in 2026.

Pressure on meeting the fiscal deficit target will lead to curtailment in capex.

JM Financial Institutional Securities Limited

Macro Outlook 2026

Keep an eye on divergent monetary policies

Strategy

Strategy | Nifty50 PAT to grow 9.8% YoY in 3QFY26E

9 January 2026

India | Strategy | Sector Update

Strategy

Nifty50 PAT to grow 9.8% YoY in 3QFY26E



For the JM Financial universe, we forecast PAT growth of 12.3% YoY in 3QFY26E. Ex-BFSL, we reckon growth would be 17.8% YoY. Furthermore, we expect Nifty 3QFY26E PAT to grow 9.8% YoY (ex-BFSL growth expected to be 16.2% YoY). After delivering 9.5% growth in 1Q and 8.4% in 2Q, Nifty50 would deliver YoY PAT growth of 9.8% in 3Q in our view, driven by: i) IT Services (12% weight in Nifty50 earnings), likely to increase 19% YoY; ii) Auto (8% weight in Nifty50 earnings), to accelerate 33% YoY; iii) Metals & Mining (5% weight in Nifty50 earnings), to rise 25% YoY; iv) Telecom (3% weight in Nifty50 earnings), to surge 64% YoY; and v) Industrials (4% weight in Nifty50 earnings), expected to jump 31% YoY.

- **Bullish on consumption:** The Government of India and the RBI have taken steps to boost consumption through income tax cuts, interest rate cuts, an increase in banking system liquidity and GST rate reduction. Taking cognisance of this, we **juggled our model portfolio** and increased our overweight on i) consumer; ii) internet; iii) auto; and iv) hotels & real estate.
- **Domestic flows positive in 3QFY26**, but FII continue to be net sellers: In 3QFY26, DIIs were net buyers of Indian equities to the tune of USD 23.6bn, whereas FII offloaded Indian equities worth USD 1.3bn—attributable to a large quantum of selling in Dec-25. YTD-26 too, the trend remains similar with DIIs being large buyers (USD 68.5bn) and FIIs net sellers (USD 6.2bn). While FIIs were net buyers in 1QFY26 to the tune of USD 4.6bn, they were net sellers in 2Q and 3Q to the tune of USD 10.8bn. DIIs have remained net buyers in each month of FY26 so far.
- **JM Financial universe 3QFY26E PAT growth of 12.3% YoY:** For the JM Financial universe, we forecast PAT growth of 12.3% YoY in 3QFY26E. Sectors driving this are: i) Oil & Gas (16% weight in earnings), expected to rise 13% YoY; ii) IT Services (11% weight in earnings), expected to rise 11% YoY; iii) Auto (8% weight in earnings) expected to rise 32% YoY; iv) Metals & Mining (4% weight in earnings), expected to rise 71% YoY; and v) Industrials (3% weight in earnings), expected to rise 26% YoY. Ex-BFSL, the JM Financial universe is expected to register 17.8% YoY growth in 3QFY26E PAT. Ex-BFSL and Oil & Gas, this should rise 19.3% YoY.
- **3QFY26E Nifty50 PAT to grow 9.8% YoY:** We expect Nifty 3QFY26E PAT to grow 9.8% YoY, led by: i) IT Services (12% weight in Nifty50 earnings), likely to increase 19% YoY; ii) Auto (8% weight in Nifty50 earnings), to accelerate 33% YoY; iii) Metals & Mining (5% weight in Nifty50 earnings), to rise 25% YoY; iv) Telecom (3% weight in Nifty50 earnings), to surge 64% YoY; and v) Industrials (4% weight in Nifty50 earnings), expected to jump 31% YoY. Ex-BFSL, we reckon 3QFY26E Nifty PAT shall rise 16.2% YoY. Ex-BFSL and oil & gas, we expect Nifty50 PAT to grow 20.5% YoY.

Venkatesh Balasubramaniam
venkatesh.balasubramaniam@jmf.com | Tel: (91 22) 66301081

Shashy Mehta
shashy.mehta@jmf.com | Tel: (91 22) 69735000

Shalin Chokoy
shalin.chokoy@jmf.com | Tel: (91 22) 66303386

We acknowledge the contribution of **Dharmendra Saha** in preparation of this report.

Nifty Valuation table (JMFL Estimates)			
Particulars	FY26E	FY27E	FY28E
Nifty Index	25,683	25,683	25,683
EPS (INR)	1,066	1,255	1,474
YoY (IN)	7.1	25.5	17.5
BPS (INR)	7,504	8,431	9,450
YoY (IN)	8.5	22.4	12.1
PE (x)	23.6	20.5	17.4
PB (x)	3.4	3.1	2.7
ROE (%)	15.1	15.7	16.5

Source: Company, JM Financial

Nifty Valuation table (Bloomberg Estimates)			
Particulars	FY26E	FY27E	FY28E
Nifty Index	25,683	25,683	25,683
EPS (INR)	1,109	1,297	1,489
YoY (IN)	9.4	17.0	14.8
PE (x)	23.1	19.8	17.2
ROE (%)	15.0	15.9	16.1

Source: Company, JM Financial

JM Financial Research is also available on:
Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

JM Financial Institutional Securities Limited

27 January 2026

India | Strategy | Sector Report

Strategy

India-EU FTA: Rewriting trade, redrawing supply chains

Almost two decades since talks started between India and the EU on a free trade agreement (FTA), Indian PM Narendra Modi, European Commission President Ursula von der Leyen and European Council President Antonio Costa announced on 27th Jan'26 a historic FTA, which is expected to come into force next year after being legally vetted and ratified. Under the agreement, over 99% of Indian exports (in terms of value) to the EU will see preferential access and tariff cuts in a phased manner; 91% of exports to the EU (in terms of value) will see complete elimination of tariffs. Labour-intensive sectors such as textiles, apparel, leather, footwear, jewellery, handicrafts and marine products (totalling ~USD 33bn in exports) will see zero duties immediately upon the agreement coming into force. EU exports to India will also see a significant reduction in tariffs in a phased manner. The EU is one of India's largest trading partners. In FY25, bilateral trade was USD 136.6bn; India exported goods worth USD 75.9bn (17.3% of total exports) and imported goods worth USD 60.7bn (8.4% of total imports).

- **India and the EU conclude negotiations on a free trade agreement:** Almost two decades since talks of an FTA first started between India and the EU, on 27th Jan'26 Indian PM Narendra Modi, European Commission President Ursula von der Leyen and European Council President Antonio Costa announced that they had concluded negotiations on a historic free trade agreement. The agreement is expected to take effect next year after being legally vetted and ratified. It represents 25% of global GDP and 1/3rd of global trade, integrating a market of ~2bn customers.
- **India's trade with the EU:** For India, the EU is one of its largest trading partners with total bilateral trade of USD 136.6bn in FY25, this comprised exports of USD 75.9bn (17.3% of total exports) and imports of USD 60.7bn (8.4% of total imports). Top commodities exported to EU are refined oil & fuel, electronics & electricals, organic chemicals, machinery & appliances, iron & steel, pharmaceuticals, textiles, diamonds & jewellery and auto & auto components; together, they accounted for 60% of total exports to EU in FY25. Top commodities imported from EU are machinery & appliances, electronics & electricals, aircraft & spacecraft, scientific & medical equipment, plastics, diamonds & jewellery, organic chemicals and auto & auto components; together, they accounted for ~60% of total imports from EU in FY25.
- **What India stands to gain from the agreement:** Over 99% of Indian exports (in terms of value) to the EU will see preferential access and tariff cuts in a phased manner; tariffs will be eliminated on 91% of exports to the EU (in terms of value). Labour-intensive sectors such as textiles, apparel, leather, footwear, jewellery, handicrafts and marine products (totalling ~USD 33bn in exports) will see zero duties immediately upon the agreement coming into force. The FTA also provides significant market access to the EU market for key Indian services, specifically IT/ITES, professional services, and finance. Indian service providers will gain access to EU's 144 subsectors (including IT/ITES, professional services, other business services and education services) while EU service providers will gain access to 102 subsectors of India.
- **What EU stands to gain from the agreement:** According to a press release by the European Commission, the agreement is expected to double the export of goods from EU to India. All of the EU's top export commodities to India such as machinery & appliances, aircraft & spacecraft, scientific & medical equipment, plastics, diamonds & jewellery, chemicals and motor vehicles will see significant tariff reductions, with tariffs on most of them eventually going down to 0% in a phased manner. Further, many agri-food items such as wine, spirits, beer, edible oils, fruits, processed food and meat products will see a significant reduction in tariffs.

Venkatesh Balasubramaniam
venkatesh.balasubramaniam@jmf.com | Tel: (91 22) 66303081

Shravya Mehta
shravyamehta@jmf.com | Tel: (91 22) 66303060

Shalin Choksy
shalin.choksy@jmf.com | Tel: (91 22) 66303380

JM Financial Research is also available on:
Bloomberg - JMFR <GO>, FactSet, LSEG and
S&P Capital IQ.

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for Important Disclosures and Disclaimers and
Research Analyst Certification.

JM Financial Institutional Securities Limited

Strategy

Strategy | India-EU FTA: Rewriting trade, redrawing supply chains

27 January 2026

India | Union Budget Preview | Sector Report

Union Budget Preview

Balancing consumption and capex needs

Amidst the stretched fiscal position due to muted tax collection, we expect the government to remain fiscally prudent and meet its fiscal deficit target of 4.4% of GDP in FY26. But the pace of fiscal consolidation could moderate hereon. The government will have to balance demand-revival measures with infra development; growth may be impacted if capex allocation falls below 3% of GDP. Gross borrowings will be elevated due to higher redemptions in FY27, while net borrowings will be stable at INR 11.6tn. Despite the RBI's proactive liquidity management, yields are expected to harden further to 6.75%. We expect the budget announcements to be inward-looking and focus on demand revival, supply chain self-reliance and macro stability. On the taxation side, focus is likely to be on improving the tax base as the fiscal space for tax incentives narrows. We believe there is an urgent need for policy measures that can improve women's participation in the workforce; moreover, continued focus on manufacturing policies will aid in developing the manufacturing ecosystem.

- **Fiscal constraint led by muted tax revenue:** Muted tax revenue collection in FY26 will lead to a shortfall of INR 2.2tn in net tax revenue. However, we expect the government to remain fiscally prudent and achieve its fiscal deficit target of 4.4% of GDP in FY26. While robust non-tax revenue will aid the fiscal position marginally, we expect curtailment in spending to be led by capex. We expect the pace of fiscal consolidation to moderate from FY27 despite the government shifting to "debt as % of GDP" approach to monitor debt. We expect the reversal in the deflationary trend to aid nominal GDP growth along with the change in base year; we expect the government to consider GDP growth of 10.5% in FY27. Gross borrowing is likely to be higher at INR 15.8tn in FY27 due to higher redemptions; however, we expect net borrowings to be stable at INR 11.6tn. As we approach the end of this rate cut cycle, we expect a further hardening in benchmark yields to 6.75%, risking incomplete transmission of monetary easing even as the Reserve Bank of India (RBI) proactively injects liquidity.
- **Balancing consumption versus capex needs:** Following the government's sustained emphasis on fiscal consolidation alongside a strong public capex push in the last decade, we expect the budget announcements for FY27 to gradually evolve towards a more balanced growth framework that supports both capex (3% of GDP) and consumption, while maintaining fiscal prudence. Considering uneven global growth and external trade-related uncertainties, we expect the budgetary announcements to be more inward-looking and focusing on domestic demand resilience, supply chain self-reliance and macroeconomic stability. The anticipated announcement of the 8th Pay Commission, likely in the next fiscal year, would have limited immediate fiscal implications, with its budgetary impact expected to be reflected more meaningfully in subsequent years' fiscal math.
- **Employment generation and widening tax base:** India's taxpayer base has expanded meaningfully over the past decade, rising 2.3x to 116mn by FY25 (Ex 23). Despite this, the direct tax base remains relatively narrow, covering only ~0.2% of the total population and ~12.6% of the working-age cohort (15-59 years), reflecting structural constraints from a large informal sector. From a macro standpoint, rising income and improved compliance have supported a gradual deepening of the tax base, with per capita income at INR 0.247mn—still below the no-tax threshold under the new regime. Income tax return filings grew at 3.3% CAGR over FY14-FY25, aided by digitisation and efficiency gains. While further incentives under direct tax appear unlikely, incremental slab rationalisation and focus on wider adoption of the simplified new tax regime are probable. We believe there is an urgent need to channelise policy measures towards improving women's participation in the workforce; moreover, continued focus on manufacturing policies will aid in developing the manufacturing ecosystem.
- **Measured expectations: avoid disruptive announcements:** Market expectations from the Union Budget remain measured, with investors largely focused on policy continuity rather than headline reforms. The key challenge for the finance ministry will be to avoid any disruptive tax announcements that could unsettle market sentiment or strain the fiscal math further. Markets have largely priced in prevailing fiscal constraints and a likely moderation in the pace of consolidation. Against this backdrop, the budget will need to carefully balance capex and consumption support, while avoiding any sharp compression in capex below 3% of GDP, which would impinge on growth. It remains to be seen whether the government will choose to announce bold structural reforms, before turning populist in the run-up to the general elections in 2029.

Key Highlights

- Government expected to maintain fiscal prudence, despite muted tax collections.
- Fiscal deficit target of 4.4% of GDP achievable in FY26, expect 4.3% in FY27E; debt at 54-55% of GDP in FY27E.
- Nominal GDP growth expected at 10.5% in FY27
- Curtailment in capex below 3% of GDP will impinge growth
- Elevated borrowing to harden yields; further

Hitesh Suvarna
hitesh.suvarna@jmf.com | Tel: (91 22) 66303351

JM Financial Research is also available on:
Bloomberg - JMFR <GO>, FactSet, LSEG and
S&P Capital IQ.

Please see Appendix I at the end of this report
for Important Disclosures and Disclaimers and
Research Analyst Certification.

JM Financial Institutional Securities Limited

Economy

Union Budget Preview | Balancing consumption and capex needs

DEAL LEDGER



Deals of the month






JM Financial successfully delivers ~₹ 1,907Cr IPO of Shadowfax Technologies Limited as BRLM

Shadowfax Technologies Limited- India's Fastest Growing 3PL Logistics Platform

JM Financial Limited
Corporate Identity Number: L6712DM11986PLC038784 SEBI Registration Number: IM000010361 (Merchant Banker)
 Regd. Office: 7th Floor, Chetray, Appasaheb Marathe Marg, Pradhikaran, Mumbai 400 025.
 T: +91 22 6630 3030 F: +91 22 6630 3223 www.jmfi.com

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JM Financial successfully delivered ~₹ 1,907Cr IPO of Shadowfax Technologies Limited as the Book Running Lead Manager. Shadowfax is India's fastest-growing new-age technology-led 3PL logistics platform, facilitating the penetration of digital commerce in India.

JM Financial served as the exclusive sell-side advisor for Surya Hospitals India and SeaLink Capital Partners in this landmark transaction. The investment by Novo Holdings marks a new chapter for Surya, supporting its expansion across Western India and further cementing its position as a leader in specialty pediatric and maternal care.









Surya Children's Medicare secures a significant minority investment from Novo Holdings

January 2026 **JM Financial acts as the exclusive sell-side advisor to Surya Children's Medicare and SeaLink Capital Partners**

Key Highlights

- ❖ On January 20, 2026, Surya Children's Medicare Private Limited ("Surya"), the largest private women's and children's specialty hospital chain in Western India, consummated a significant minority investment from Novo Holdings A/S ("**Novo Holdings**")
- ❖ The transaction comprised an investment by Novo Holdings, facilitating a full exit for **SeaLink Capital** and its affiliates, alongside a primary capital infusion into the company at a market-leading valuation
- ❖ Primary proceeds will be used to fund Surya's next phase of growth, including expansion across Western India and continued investment in its clinical infrastructure
- ❖ This transaction further strengthens JM Financial's Private Equity and Financial Sponsors franchise and reinforces its credentials in Healthcare Services and founder-led platform partnerships with global sector-focused investors

JM Financial Limited
 Corporate Identity Number: L6712DM11986PLC038784 SEBI Registration Number: IM000010361 (Merchant Banker)
 Regd. Office: 7th Floor, Chetray, Appasaheb Marathe Marg, Pradhikaran, Mumbai 400 025.
 T: +91 22 6630 3030 F: +91 22 6630 3223 www.jmfi.com

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AT A FLASH



The poster is framed in red and blue. At the top left is the 'thrive' logo with the tagline 'FLOURISHING TOGETHER'. At the top right is the 'JM Financial' logo. In the center is a 'LIVE' icon consisting of a red circle and a white rectangle with the word 'LIVE' in blue. Below this is the text 'National Startup Day Special: India's Startup Ecosystem & the Growth Story'. Two circular portraits are shown: Mr. Vinit Rai on the left and Mr. Rohit Bajaj on the right. Below the portraits are their names and titles. At the bottom, a white box contains the date and time: 'Friday | 16th January, 2026' and '03:00 pm'.

thrive
FLOURISHING TOGETHER

JM Financial

LIVE

National Startup Day Special:
India's Startup Ecosystem & the Growth Story

Mr. Vinit Rai
MD, Private Equity Fund,
JM Financial Ltd.

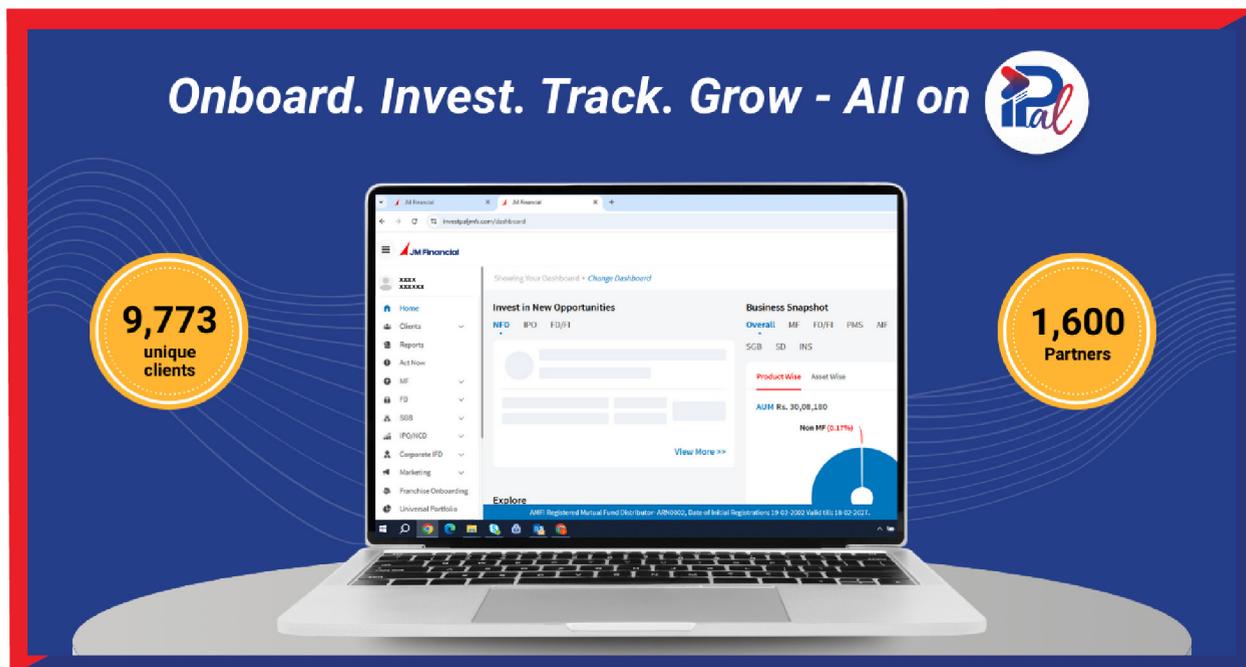
Mr. Rohit Bajaj
Co-founder & CEO,
Balwaan Krishi

Friday | 16th January, 2026

03:00 pm

A Conversation on India's Startup Ecosystem

On the occasion of **National Startup Day**, JM Financial hosted an Instagram Live session featuring **Mr. Rohit Bajaj, Co-founder & CEO of Balwaan Krishi**. The discussion - hosted by **Mr. Vinit Rai, MD – Private Equity, JM Financial Ltd.**, was an engaging conversation on India's Startup Ecosystem and its Growth Story.



InvestPal: Building Trust through Technology

InvestPal stands as a strong reflection of trust, technology, and collaboration. With **9,773 unique clients** and **1,600 dedicated partners/IFDs**, the platform has evolved into a robust digital ecosystem that simplifies investing and enables smarter financial decisions. InvestPal enables **instant client onboarding, online investments in Mutual Funds and Fixed Deposits, anytime report downloads**, and access to a **universal portfolio**. Partners can also leverage **ready-to-use marketing flyers** to strengthen client engagement.

For clients, InvestPal ensures a smooth, transparent, and informed investment experience. For partners, it serves as a powerful growth enabler—helping scale businesses, strengthen relationships, and operate digitally with confidence. More than a platform, InvestPal is a true growth partner driving innovation, transparency, and long-term value creation.

MAKING A DIFFERENCE





JM Financial Foundation: Strengthening the foundations of learning

JM Financial Foundation conducted a four-day residential training on Foundational Literacy and Numeracy (FLN) for the teachers of its Bachpan project in Jamui district, Bihar. The objective of the training was to strengthen teachers' classroom practices and enhance the teaching-learning experience for the children.

The sessions focused on core elements of early learning - language development, early numeracy concepts, continuous assessment, and child-centric pedagogy, which were covered in a practice-oriented manner.

During the training, teachers engaged in interactive discussions, presentations, group work, live demonstrations, and collaborative planning. Together, they designed practical frameworks and action plans to ensure effective classroom implementation of the modules.

The training concluded with a strong collective commitment from the teachers to translate learning into action and strengthen classrooms, improve learning outcomes, and build inspiring places of learning.



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