

# 'Local, global monies underinvested in Indian equities'

bl.interview

Ashley Coutinho  
Mumbai

The market is trading at marginally above-average multiples, with the last 3-4 months widening the gap in favour of large caps, says Jiten Doshi, Co-Founder and Chief Investment Officer, Enam Asset Management Company. Excerpts from an interview:

## What is your outlook for Indian equities for the coming year?

CY24 looks optically good with the State election performance and the expected extension of the current political regime. Both local as well as global monies are underinvested in Indian equities as an asset class. While global uncertainties do remain and would play infrequent spoilsport, India is in a better spot when it comes to its growth and inflation conundrum.

Election results, global interest rates, the investment

cycle in India, and the trajectory of domestic consumption on the bottom-up story are key factors to watch out for. There could be bouts of volatility, which will provide multiple entry opportunities in the medium term.

## What is your take on valuations?

On a long-term basis, we are trading at marginally above-average multiples. If we see through the prism of earnings yield to bond yield — at -2.87, the medium-term upside does seem dragged — though earnings expectations are improving, the interest rate trajectory would remain a critical peg to watch out for. The last 3-4 months have widened the gap in favour of large caps. In the longer term, India is on the cusp of a breakout decade with a rightly positioned per capita inflection, favourable demography, proactive policy, rising digital density,



We saw FPIs selling more than \$60 billion over two years while the markets kept making new highs. India looks set to clock about 7% CAGR for a considerable length of time from here on

**JITEN DOSHI**  
Co-Founder and  
Chief Investment Officer  
Enam Asset Management Company



steady macros, and competitive factor costs.

## What is the outlook for FPI flows going forward?

We saw FPIs selling more than \$60 billion over two years while the markets kept making new highs.

For a world struggling for growth, India looks set to clock about 7 per cent CAGR for a considerable length of

time from here on.

There are not many markets that offer the kind of governance, contemporary infrastructure, proactive regulations, and transparent capital market system that India offers. India is emerging as a good alternative to China for proposed allocations by FPIs. India's increasing weightage in global

benchmark indices remains one of the key reasons for sustained flows.

## Do you think we are at the end of the global interest rate-tightening cycle?

As of now, US data and narrative remain mixed: consumer confidence is improving, retail sales are holding up, but housing data (existing home sales) is weak. Early PMI indicators report that services are improving, even expanding in the US and UK (but not Europe), while manufacturing across the world is in contraction. It is important to watch out for growth and employment data as lead indicators. One can expect a softer recession as a consensus outcome from this set-up, which would work as a pivot by the end of the first half of next year.

## What is your view on the September quarter earnings season?

The current earnings season has been mixed, navigating softer demand while benefiting from a steady input cost regime.

As we enter the last leg of the year, a decent harvest and the onset of festive and wedding season provide a counterbalance to uncertainties like elections, war, etc. Going forward, markets would ride the expectations of business recovery, earnings momentum, and a capex revival. We are amidst a shift where multiple parameters like reserve currency, globalisation, cost of capital, geo-political relations, and their resultant effects on supply chain-led inflation will envelope the narrative in the short term.

Unitholders are hereby informed of the Payout / Reinvestment of Income