

Stock market is not in a bubble zone, FIIs no longer sole price setters: Anuj Kapoor

Kapoor said he believes the private wealth boom in India is "real and durable," driven by more households shifting savings to financial investments and creating steady, predictable demand.



Ritik Raj

Updated Oct 14, 2025 4:26 PM IST



Anuj Kapoor, Managing Director & CEO, Private Wealth, JM Financial Services Ltd

While strong domestic flows are providing a cushion against record foreign selling, Indian markets still need FPI money for a bull market to sustain, says **Anuj Kapoor**, Managing Director & CEO, Private Wealth, JM Financial Services Ltd.

In an interview with **Ritik Raj** of **Business Today**, Kapoor said he believes the private wealth boom in India is "real and durable," driven by more households shifting savings to financial investments and creating steady, predictable demand.

Edited excerpts:–

We're seeing a historic decoupling where domestic flows are fully absorbing record FII selling. Is this a permanent structural shift towards a self-reliant market, or is this a domestic bubble that will burst?

We should not rule out the importance of FPIs in Indian markets. Whilst domestic flows have provided a cushion against sharper corrections from FPI selling, we still need FPI money for a bull market to sustain. A rising equity weightage in Indian households' savings, SIP culture (monthly flows touching Rs 25,000 crores), strong flows from DIIs (MF, Pension & Insurance), beneficial tax treatment for equities, a shift towards structurally low interest rates environment (thanks to stable and low inflation), etc. are the factors contributing to record domestic flows. Indian markets may no longer fall apart when FIIs sell, but they aren't fully immune either.

This is far from a bubble-like situation looking at the equity penetration in Indian households' wealth – only ~5-6 per cent– which is very low compared to DMs (~25 per cent) and other EM peers. What's unfolding is the new equilibrium – FIIs are no longer the marginal price setters they once were, and domestic investors are now the stabilisers.

What trends are you seeing in investor appetite for offshore diversification, ESG, or structured products in the current market?

International Diversification: Investors are accessing offshore markets for evaluating opportunities which are either at a nascent stage or non-existent in India like AI, quantum computing, etc. Value seeking investors are also looking tactically towards global diversification, as Indian multiples remain relatively high. We are increasingly seeing families align their investment allocations with immigration decisions and diversifying single country risks

ESG: ESG/ sustainability is considered more of a filtering criterion than a selection criterion. A non-compliant business will be punished but it is not necessary that an ESG compliant/focused business will get meaningfully premium multiples

Structured Products: With range bound equity markets, low/declining yields in core fixed income and buoyant alternatives such as precious metals, appetite and keenness for structured instruments has gone up. Structured products offer downside protection in volatile markets and relative value vs plain equity or debt in a high valuation environment

On the IPO, the primary market is booming with promoters cashing out via Offers for Sale, even as the secondary market stagnates. What does it mean for the market?

Higher primary market activity is a factor of favourable valuations for selling shareholders and liquidity to absorb the supply, among others. Whilst valuations have come off after a year of grind, they are still favourable enough for many promoters/PEs to monetize stakes. In terms of liquidity, domestic flows have been sufficient so far to absorb the incremental supply. However, the flood of IPOs is absorbing the domestic liquidity rather than expanding it.

From a market's perspective, though it gives breadth to the markets as new and innovative businesses come to public markets, one needs to be careful about the quality and valuations (this continues to remain a mixed bag). From a secondary market's perspective, either the selling intensity by promoters has to come down or the FPI sell off has to reverse for secondary markets to recover from these levels.

The rapid growth in India's HNI population is fuelling the market. However, a survey showed 43 per cent of HNIs save less than 20 per cent of their income. Is the private wealth boom built on a solid foundation, or is there an underappreciated systemic risk from a new, high-leverage affluent class?

The private wealth boom in India is real and durable as more households shift savings to financial investments, rather than only real assets. Recurring retail flows create steady, predictable demand, different from episodic FII flows. New wealth (start ups, capital market exits, professional incomes) is creating more family offices and hni's with long term investment horizons.

If almost half of HNIs save less than 20 per cent of their income, many would have limited cushion from shocks (tax bills, margin calls, business downturns). Lower saving rate amplifies when markets wobble. However, we don't see a high leverage scenario and the economic outlook remains strong. India's wealth market is large and diversified enough that material episodic stress could be possible, but a full blown systemic risk is unlikely.

As India's wealth landscape rapidly evolves—with more first-generation entrepreneurs and a younger, digitally native HNI base—how do you envision the next phase of growth for the private wealth industry, and what strategic priorities will define your approach to serving this emerging clientele?

A first-generation entrepreneur is more involved in investment decisions, evaluating direct opportunities more actively and generally has a higher risk appetite. The new generation also views wealth as a means to purpose and impact, not just security. We expect a rising demand for goal based portfolios, venture co-investments, global diversification and impact investing. Tech-native HNIs want institutional grade strategies delivered through digital grade platforms.

Accordingly, there is a need for providing sophisticated advice and product innovation and differentiation to cater to this cohort of evolving investors.

Our approach in this regard is the following:

Acquiring & Nurturing a Diversified Pool of Talent: To build talent pool coming from across disciplines such as tech, legal, finance, etc. allowing us to provide a wide array of integrated solutions. We aim to have relationship managers with a blend of capital markets fluency with founder empathy and domain specialisation

Tech Enabled Experience: Across stages, technology is core to our business. From onboarding, to executing, analysis and reporting, it enhances client experience and the ease of doing transactions

Increased focus on advisory services combining human insight with data driven portfolio analytics. We position ourselves on the same side of the table as the new-gen client in designing and monitoring portfolios, and extend our advise to way beyond wealth – to capital raising, mergers and acquisitions, succession planning, immigration, etc

Product innovation & differentiation, especially in alternatives, private equity, venture funds, pre-ipo opportunities and the high yield space

We are positioning our platform to be a key driver for capital formation, innovation funding and philanthropy as our clients participate in India's next growth cycle.

BT

Disclaimer: Business Today provides stock market news for informational purposes only and should not be construed as investment advice. Readers are encouraged to consult with a qualified financial advisor before making any investment decisions.