Sanctum Wealth Management

NAVIGATING 5 TRILLION

INVESTMENT OUTLOOK 2020

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NOTE FROM THE CEO

Shiv Gupta

Shiv Gupta is the Founder and CEO of Sanctum Wealth Management which was created through the acquisition of the Royal Bank of Scotland's Private Banking business in 2016.

Over a 23-year career, Shiv has held several leadership positions in wealth management across Asia and the Middle East. His most recent position was as Head of India and Co-Head of the Middle East for the Royal Bank of Scotland's Private Banking Business.

Shiv holds a Bachelor's degree in Economics (Hons) from Hindu College, Delhi University. He is also a graduate of the Harvard Business School's General Management Program (GMP).

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"The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails"
- William Arthur Ward

We begin a promising new decade on a hopeful note.

To help navigate the road ahead, we present to you our `Investment Outlook 2020' report. In it, we seek to examine several long-term socio-economic trends alongside our traditional market analysis to showcase important ideas and provide actionable insights. These are complemented, once again this year, by opinions from decision-makers and thought-leaders across different professional arenas.

The theme of this year's report is "India as a US $5 Trillion economy". This (unashamedly) leverages the eponymous tagline because we find it captivating in its simplicity; the best ones usually are. Perhaps for this reason, it has attracted a great deal of commentary and, undoubtedly, will continue to do so in the years ahead. As a policy goal, despite its seemingly unidimensional nature, it provides a useful anchor to explore the economic and social evolution of the country over the next few years.

The views presented in the report span several approaches to examining this milestone. From commentary on the challenges and opportunities across important sectors, to near and long-term policy prescriptions for achieving both economic and social objectives, the report captures several shades of opinion.

Overall, there appears to be strong agreement regarding India's economic potential, but opinions on present conditions vary considerably. On the one hand, a collection of reforms aimed at a more formalised economic structure, stronger institutional mechanisms for resource allocation, and better governance, may be contributing to the creation of a more robust growth platform for the longer term (though there is much more to be done). On the other, some of these reforms have come with execution challenges and significant near-term disruptions with real economic (and human) costs. This is apparent in what almost all economic activity indicators have been showing us for several months.

Economic uncertainty, however, has not dissuaded exuberant stock market behavior that seems out of sync with the real economy. Given that market cycles typically lead business cycles, this may not be as unusual as it appears, but this will become much clearer in the months to come. What is immediately clear is that the government's macroeconomic priorities must be to boost consumer and business sentiment, kickstart demand, and hasten the resumption of a normal lending environment.

The prospect of continued reforms, favourable demographics, and structural factors such as the US $300 billion that are added to household financial savings every year keep us feeling optimistic about the economy and financial markets in the long term. However, with elevated valuations, divergent economic and financial data, risk of rising inflation, and geopolitical fragility, the near-term carries reasonable uncertainty. Our asset allocation choices reflect this view and are detailed in the report that follows. As always, the robust implementation of a well-crafted asset allocation plan remains the best way to minimize the potential dangers of poor decision-making, especially in times of uncertainty.

We hope that the broader analyses and asset class views in this report provide you with some interesting reading and useful navigational cues for making business and investment decisions.

We have also included a special feature on navigating a path to wealth and happiness which you might enjoy reading too.

As always, our relationship managers and market specialists are available to assist you.

Thank you for your support.

Shiv Gupta
CEO

INVESTMENT OUTLOOK 2020

Prateek Pant

Prateek Pant is part of the Founding Management Team at Sanctum wealth Management and oversees the India product platform to deliver client solutions in Investments, Wealth Planning and Real Estate. He has over 23 years of experience in the Banking and Financial Services sector in India and the Middle East.

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Outline

Expansionary policies of Central Banks, rising geopolitical tensions and growing protectionism are factors that will affect the global economy and in turn impact India's growth outlook in 2020. We are more sanguine about the prospects for Indian equities from a bottom up perspective.

Planning for the decade ahead

The 1920s were the decade of excess, followed by the 30s depression, 40s world war, 50s golden years, 60s social unrest, flower generation and Vietnam war, 70s oil crisis, 80s computer revolution, 90s internet, 2000s bubble and financial crisis, and the 2010s debt and quantitative easing.

As we enter a new decade, here is what we can assume with a fair degree of certainty. Expect it to look different! We have picked 5 areas which could lay the foundations for Megatrends this decade.

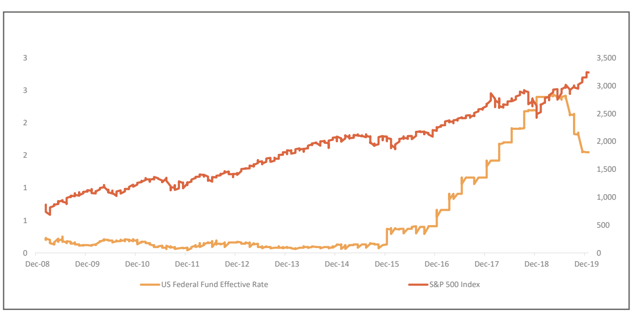
Role of Central Banks - Pied Piper of Capital

It would seem reasonable to suggest that we will witness the culmination of the great central banker quantitative easing experiment this decade. This could lead to unrest, disruption and inflationary acceleration; alternatively, central bankers could become heroes for good with universal basic income, leading to higher consumption, and economic growth. As we enter the 2020s, we can't help but wonder if we are being collectively drawn by the irresistible pull of irrational behaviour, led by the pied piper at the central bank.

We've collectively assimilated negative interest rates into our vernacular, debated universal basic income, trillions in money creation, and equities are being purchased without consideration to valuation. We are now 12 years into a market distorted by QE and monetary experimentation.

Money supply and stock markets are correlated, and the entire rally is driven by the printing press fired by the Fed. For the Fed to be cutting rates and pumping liquidity with unemployment at a 50 year low and markets at highs, is one indication of the crazy times we have to endure. What continues to remain a worry are the unintended consequences of distortion. What keeps the Fed up at night is deflation, and the Japanification of the US economy. In a deflationary scenario, buyers will defer purchases in anticipation of lower prices. Inventories and excess capacity will rise, forcing prices lower, sparking a deflationary spiral.

With global GDP around $85 trillion, levered by a factor of some 3:1 on $260 trillion of public and private debt, the challenge will remain credibility – if governments are credible and deliver credible spending plans then global investors will buy in, else, the price of debt starts to rise.



Source: Bloomberg, Sanctum Wealth

Geopolitical Friction and Rise of Protectionism

Tensions between different trade blocs which include Europe, US, Middle East, China and Russia will continue to rise. China is likely to set its own economic sphere using Chinese tech and Chinese systems. Changing global supply chains will exacerbate tensions. The recent showdown between Iran and the US and the impact on oil supply could rile commodity markets.

Europe is likely to suffer as the EU structure is likely to fail to agree on key fiscal policy, support for struggling economies. The US political cycle could impact markets later this year.

For years, foreign policy was bipartisan and expanding trade was considered highly desirable. Now, globalists have been overcome by protectionists, as politicians have used voter dissatisfaction on rising income equality.

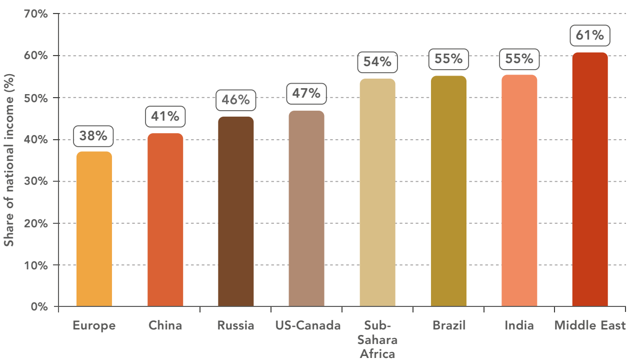
Rising Social and Economic Inequalities

As per report released by Oxfam, the world's richest one percent have more than twice as much wealth as 6.9 billion people. The inequality situation is significantly worse in developing countries like India where the richest one per cent hold more than four-times the wealth held by 953 million people who make up for the bottom 70 percent of the country's population. Rising inequality threatens the social fabric of the nation. Inequitable growth provides fuel for social unrest and rising crime.

Artificially low interest rates have not extended down to low-income individuals with poor credit. The huge number of people that fall into this category get no relief and low rates punish savers, further fueling inequality. Governments continue to favor trickle-down economics which has not worked. That inequality is the worst since 1928, is of limited consequence.

As corporations are getting more aware of their social responsibilities, we are also witnessing rise of impact investments and pooling of philanthropic capital to bring sustainable impact. However, this is only the tip of the iceberg and a lot more needs to be done.

Inequality of income is prevalent across geographies



Income of the richest 10 per cent, per country @ World inequality report 2018

Source: Bloomberg, Sanctum Wealth

Opportunities and disruptions: Two sides of Automation

Disruption is rampant. Automation will accelerate and exaggerate the massive deflationary impacts of technology. McKinsey estimates that up to 800 million jobs could be lost worldwide by the end of the decade as a result of technological progress. The wise amongst us are already preparing for the changing world. The fourth industrial revolution – automation, robotics, innovation in health care, deep tech – are the new opportunities. The innovation engine is still strong, despite WeWork and few other blips.

Investors can profit in the Decade of Transformation if they can identify and invest in secular winners in the context of a robust financial plan. We zero in on market segments where we see the greatest potential, in key areas of digital transformation. Data is the key input that will drive the digital transformation in the decade ahead.

With businesses around the world turning to 5G, AI, and cloud computing, the companies that provide these services and develop technologies related to them are likely, in our view, to enjoy increasing investor interest.

On the other hand dissatisfaction with big-tech, surveillance capitalism, and income inequality may spawn considerable voter pressure and regulatory backlash.

Source: Bloomberg, Sanctum Wealth

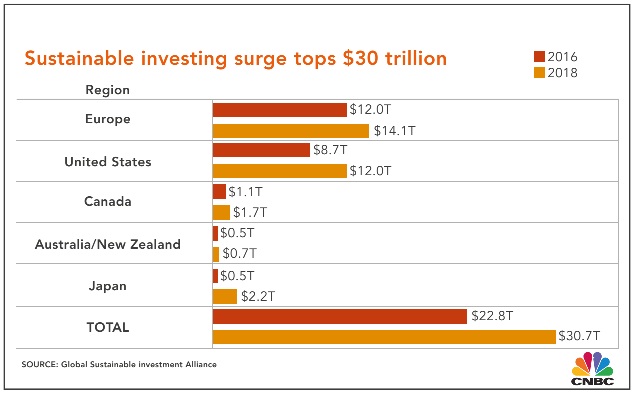
A growing chorus of businesses, lawmakers, and regulators are now calling for big tech companies to be broken up. By creating an effective and credible self-regulation framework, companies can react faster to the rapid pace of innovation that is undoubtedly going to continue to happen in the tech industry.

Global Warming and ESG Investments

ESG strategies in investing are gaining significance at a rapid clip globally driven both, by regulatory push as well as investor demand. In the beginning of 2018, $11.6 trillion of all professionally managed assets — $1 of every $4 invested in the US — were under ESG investment strategies. Companies that do not address sustainability risks and governance will face growing scepticism resulting in greater cost of capital. Studies have proven that ESG integration doesn't detract value to shareholders in the short term while adding material value to stakeholders over the long term.

The ESG trend is gaining traction in India as well. As environment friendly processes/practices also become cost effective, adoption is gaining pace as seen in renewable energy, electric vehicles, etc. The governance part of 'ESG' is undoubtedly a significant criterion for equity as well as fixed income managers in their security selection.

Companies recognized for their governance practices attract premium to their peers.



India Outlook 2020

Domestic Growth

The most worrisome of all heading into 2020 is the disappearance of domestic growth. Reforms have delivered operational efficiency, but the golden goose has been wounded. Tax and spend policies rarely deliver the intended benefits. The albatross of unscrupulous practices and defaulting debts held back the economy and continues to do so.

India's recovery looks to be like the proverbial unicorn, always creating hope but difficult to find. Hope stems from some of the steps taken by the central bank and the government. The central bank's rate cuts should lead to lower lending rates. The government's decision to infuse capital into public-sector banks and the central bank's measures to revive non-deposit-taking financial companies should help strengthen the financial system.

The RBI's transfer of surplus capital reserves to the government also creates more leeway to increase fiscal spending. The government lowered the corporate tax rate which is likely to boost private investment and has the potential to attract greater foreign investment over the next few years—just as the US-China trade war is prompting global manufacturers to rethink their supply chains.

In the more immediate term, good rainfall and government income support is expected to boost farmers' income and drive rural consumption. As transmission of lower rates get efficient, borrowing rates for home loans and personal consumer loans will go down. These should support overall consumption.

Post-tax corporate profits are likely to be higher. Early numbers suggest some turnaround in the October-December quarter, largely because of a low base in the Oct 2018 quarter. A genuine recovery should start in 2020; however, the strength and amplitude of this recovery remains fairly difficult to predict. Unfortunately, inflation has reared its ugly head and overshot the RBI's tolerance band. This does limit some of the maneuverability of the RBI and hence is important to watch the number.

Equities

Post the S&P's best year since 1997, Gold's best year since 2010 and a decade that belonged to the US, one would think the next decade belongs to EMs. Time will tell!

We live in a world where no price seems too expensive to own a great company. Extraordinary times lead to extraordinary behaviour and the most difficult thing to do is to pull away from the crowd, at the appropriate time. That time does not appear on the horizon currently. In the short-term, the bull market could easily continue higher.

Domestically as the economic growth got shrouded in uncertainty, the equity narrative shifted in favour of quality. Large cap indices are now at the most expensive levels of the decade. Value stocks are decimated but continue to act like falling knives.

While valuations aren't a great market timing indicator, they do impact long-term returns and investment outcomes. Currently, at 30 times earnings and higher for most stocks investors own, valuations are elevated, which suggests that returns will have to be lead by other pockets of the markets. In the recent months the eye-popping valuations of large cap quality stocks finally seem to redirect some of the liquidity to mid-cap and non-index large cap stocks which could be the start of a de-polarization trend. We are circumspect in using the word 'growth' generously as the data to support the claim is yet to come through. It's liquidity that's in the driver's seat. One should respect the momentum behind these moves for the foreseeable future but be mindful that liquidity can evaporate quickly.

Sanctum Equity PMS Strategies

Stock selection was the key determining factor that led to our portfolios outperforming and ending in the top rungs from a three-year CAGR perspective, and in the top performers last year. Usually, a liquidity driven broader rally blurs the line between the boys and men. With the economic backdrop, most of the returns may come via multiple expansion initially. Companies that disappoint in earnings get whipsawed and market reactions can get exaggerated.

In the summer of last year, a number of institutions were clamouring for mid and small caps. We faced pressure but chose to remain with large. Looking ahead, the market appears to be willing to reward mid caps and small caps, selectively. So adding incremental exposure to quality mid caps, or multi cap strategies, is our preferred factor positioning. The market for small caps is likely to be illiquid and possibly challenging but potentially rewarding. Large caps will continue to outperform in the current economic environment, and again we'll caveat that by saying selectively.

Our Sanctum Indian Olympians strategy has delivered 20 percent CAGR and Sanctum Indian Titans 17 percent CAGR over three years. That suggests that even in challenging times, experienced portfolio managers will deliver returns investors can be happy with.

Performance as on January 31, 2020	1 Year	CAGR	
		3 Year	5 Year
Indian Titans	25.9%	15.3%	10.3%
Indian Olympians	22.9%	18.8%	10.9%
Nifty Index	10.4%	11.8%	6.3%
Indian Titans relative to Nifty Index	15.5%	3.5%	4.0%
Indian Olympians relative to Nifty Index	12.4%	7.0%	4.5%

Source: Bloomberg, Sanctum Wealth

However, our experience of the past decade has demonstrated that the list of managers that can deliver outperformance is a fairly limited number.

Last year, we were optimists. We were advising investors to invest and saw a good year ahead. Today, the world is a bit more mixed and challenging. Risks in portfolios have risen dramatically today. More than ever, choices on investments and manager selection, product selection will determine outcomes.

Our advice remains simple: align with trusted, competent, experienced investment managers.

Fixed Income

As 2019 comes to a close, global fixed income investors are settling on a view that low to negative interest rates may be a structural condition for the foreseeable future. Global cues are a mixed bag, geopolitical conditions have deteriorated at the start of the new year, but offset by progress on trade conflict. Food inflation has been inching up globally but the outbreak of the Wuhan virus could impact China's growth thereby slowing demand and reshaping some of the supply chains.

In India, we think the structural trend is toward low rates, but hurdles remain in achieving that objective. The central bank will have to pause on its path of fiscal prudence to nurture greenshoots of growth putting a floor to rates in the immediate term. Risks to duration exposure therefore remain tangible, leaving us shunning duration bets.

The credit crisis that has plagued the economy, the financial sector, and sections of the corporate sector appears to have stabilized, but confidence remains fragile. The PSU sector remains vulnerable and despite massive capital infusions, the core rot in the system remains unaddressed and will continue to weigh. That being said, the worst of the NPA loans is behind us, and things are likely to get slowly better.

We have already played the spread compression of AAA/AA+ over g-sec and credit risk continues to appear somewhat risky. This is a playground for patient capital. Fragile confidence tends to exaggerate reactions and that in turn creates mispriced opportunities. We continue to look for such mispriced opportunities while otherwise holding a defensive, short term portfolio. Should economic green shoots take hold, we'd look to increase credit risk exposure selectively.

Gold

Gold has broken into an uptrend in the past few months. Gold has historically tended to outperform during periods with higher inflation and low to negative real interest rates. Gold also tends to outperform during periods of currency debasement. Both conditions are in place.

However, none of these relationships, including crude, dollar and copper, are reliable and consistent. We have consistently maintained that Gold deserves an allocation in investor portfolios. As a percentage of total portfolio, our weight in Gold generally is at a 10 percent strategic allocation.

It's difficult to foretell whether this move in Gold will extend further, however, the conditions for a flight to safety and move higher do exist. Gold's attractiveness rises as we consider that most investors will not be satisfied with expected returns in risk free bonds. However, it's difficult to view a scenario where gold and equities co-exist. The recent move is purely as a hedge building exercise by countries and large institutions.

Gold has significantly outperformed the Dollar

Currency

A weaker Dollar seems to be the consensus view. High interest rates, risk aversion stemming from the downturn in global trade, and support from earnings repatriation have supported the USD the past few years. However, our expectation is that the US growth will be lower looking ahead. US growth and interest rates will be closer to those elsewhere in the developed world, and recognition seems to be building towards emerging markets growth.

Asset Allocation Is Key and Will Remain So

The 2010s were a challenging decade, but stellar returns were on offer. Looking back, there was genuine fear about the world falling apart, the Euro coming apart, the US, China, Greece, Italy facing their own issues. Yet the decade turned out to be very profitable for managers and investors that allocated appropriately. Tactical adjustments will remain key in the years to come.

Asset allocation ruled the last decade

The asset allocation quilt

The table ranks 10 asset classes in order of their return performance-from the highest to lowest-for each calendar year in the 10-year period from 2010-2019. For example, Gold gave a return of 24 percent in 2010, and large-caps came in second with 17.43 percent in the same year. The absence of any pattern in the returns of asset classes from one year to the next reinforces the importance of asset allocation to build a portfolio against trying to consistently predict the next winning asset class. A diversified portfolio of stocks, bonds and physical assets is key to steering through every market condition. Such a portfolio may not deliver the highest return in any given year but will perform competitively across market cycles.

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gold 24.00	Gold 29.00	Mid-cap 38.52	International 29.60	Small-cap 62.91	Credit risk 10.00	G-sec 15.00	Small-cap 59.64	Gold 8.00	International 27.31
Large-cap 17.43	Real estate 17.72	Small-cap 36.45	Large-cap 8.98	Mid-cap 54.69	Corporate bond 9.00	Corporate bond 12.00	Mid-cap 48.13	G-sec 8.00	Gold 18.00
Small-cap 16.69	Credit risk 8.00	Large-cap 25.70	Real estate 7.46	Large-cap 29.89	Mid-cap 7.43	Credit risk 12.00	Large-cap 27.91	Large-cap 5.91	Large-cap 12.65
Mid-cap 16.15	Corporate bond 8.00	Real estate 17.07	Credit risk 7.00	G-sec 17.00	G-sec 7.00	Gold 11.00	International 19.42	Corporate bond 5.00	G-sec 12.00
International 12.78	T-Bill 4.61	International 13.40	Corporate bond 6.00	Credit risk 14.00	Small-cap 6.10	Real estate 9.63	Credit risk 8.00	Credit risk 5.00	Corporate bond 10.00
Corporate bond 7.00	G-sec 4.00	G-sec 13.00	T-Bill bond 5.50	Corporate bond 13.00	T-Bill 5.38	International 9.54	Corporate bond 7.00	Real estate 4.83	Credit risk 8.00
Credit risk 6.00	International 0.00	Gold 12.00	G-sec 2.00	Real estate 11.91	Real estate 4.52	Mid-cap 7.97	Real estate 6.40	T-Bill 4.08	T-Bill 4.20
Real estate 5.50	Large-cap -24.64	Credit risk 11.00	Mid-cap -5.73	International 11.39	International -0.73	T-Bill 4.73	Gold 6.00	International -6.24	Real estate 2.60
G-sec 4.00	Mid-cap -34.19	Corporate bond 11.00	Small-cap -9.67	T-Bill 5.72	Large-cap -5.03	Large-cap 1.95	T-Bill 4.03	Mid-cap -13.38	Mid-cap -4.01
T-Bill 3.00	Small-cap -36.41	T-Bill 5.59	Gold -18.00	Gold 2.00	Gold -8.00	Small-cap 1.77	G-sec 2.00	Small-cap -23.53	Small-cap -8.98

Returns as of 20 December 2019. T-Bill: treasury bills. G-secs: government securities. For large-cap we have used S&P BSE Sensex data. For mid-cap, S&P BSE Midcap data. For small-cap, S&P BSE Smallcap data. For T-Bills, CCIL Liquidity Weight data. For G-secs, CCIL All Sovereign Bond Index data. For corporate bonds, Crisil Corporate Bond Composite Index data. For credit risk, Crisil Composite Credit Risk data. For international, S&P 500 data. For gold, prices as per World Gold Council. For real estate, RBI House Price Index data. Source: Mint research

THE ROADMAP FOR INDIA TO BECOME A US $5 TRILLION ECONOMY

Gary Dugan

Gary Dugan is the Chief Executive Officer at The Global CIO Office. He has over 37 years of experience in leadership roles at some of the leading global financial services businesses like JPMorgan, Barclays and Merill Lynch.

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Outline

India's journey to becoming a $5 trillion economy is an ambitious aspiration which is spoken about quite often. But the question is how can India overcome the current challeges and grow at a rapid pace to achieve this goal?

What would it look like?

If we were to achieve this, the Indian economy would rank number three in the world replacing the Japanese economy. India's population is 10x than that of Japan which only reinforces the potential upside this would have in the coming decades.

How could it happen?

The Indian authorities will have to accelerate several initiatives to achieve its goals. Such changes will need to be transformational. With regard to economic development, the government can only achieve so much with short term fixes such as tax cuts and short bursts of spending on growth.

Empower and unleash the consumer*

- In the longer term, there will be significant migration of workers from agriculture into manufacturing and service sectors. Worker productivity will rise, allowing for a substantial rise in income per head of Indian

*https://www.ibef.org/industry/indian-consumer-market.aspx families. The rapid growth of better-paid workers will accelerate the development of middle-class families. In 2012, according to studies, 620 million people in India were defined under the middle-class category. Imagine 620 million people, nearly twice the population of the United States becoming richer, spending more on health care, education and consumer goods.

> Private investment in the third calendar quarter of **2019** was down **59 percent year-on-year** indicating that the Reserve Bank of India has to increase the availability of credit to companies.

- India is already the second-largest electronics market in the year and is estimated to have grown at over 40 percent per annum between 2017 and 2020. By 2022 India is projected to have over 820 million smartphone users.

Unfreeze the financial sector

An economy can only be at its best when you oil the wheels. Access to loans and development capital is credit which needs to be extended for the smooth running of the economy. Private investment in the third calendar quarter of 2019 was down 59 percent year-on-year indicating that the Reserve Bank of India has to increase the availability of credit to companies. The increased availability of capital is the pathway to India's future.

Reform

To its credit, the government has had a reform agenda from the moment it took office. However, such reforms need urgent acceleration. The reform of land and labour regulations and further efforts to encourage financial inclusion will attract more foreign direct investment (FDI) across the economy. Currently, the FDI is 1.5 percent of GDP and India needs to increase it back to 3 percent of GDP to achieve its goal of a $5 trillion economy. Additionally, domestic companies need to be empowered to lead the country's growth.

What would it mean?

Domestically it would lead to a more modern, inclusive India. Economic growth would fund a greater pace of positive change for the population. Further, investing in infrastructure, education, and healthcare along with the support of a robust financial system would accelerate this.

- **India would be even more empowered to sit at the high table of global leaders to shape the future of the global economy.**
  One would hope that a generally non-aligned geopolitically independent India can act as a bridge between the historic axis of G8 and the new economies of the east.

  The friction between the US and China, the US and Russia needs a counterweight and India has a role to play as an influential voice in the global multilateral discussion.

- **India would be an even more significant contributor to global growth, an economy too big to ignore.**
  India is already an important consumer market which is ranked as the world's sixth-largest, the 10th largest importer and 19th largest exporter.

- **The opportunity in the Indian assets and financial markets is enormous.**
  Analysts believe that there are over $150 billion stressed assets which could provide significant opportunities to investors. Such assets include opportunities in the Steel, Power, Textiles, Engineering and Telecom industries.

As the country develops, we expect the corporate culture of the Indian economy to change with less emphasis on family-owned businesses in the longer run. Today, the free market capitalisation of India's equity is only around 50 percent as families typically own a controlling stake in their companies. While quite natural at this stage of India's emergence as an economic powerhouse, in the longer run that ratio can only rise as companies become modern-day corporates with a diversity of shareholders and more efficient balance sheets.

MAKING INDIA THE GLOBAL HEALTHCARE DESTINATION

Abhay Soi

Abhay Soi is the Founder & CMD of Radiant Life Care Private Limited and Chairman of Board & Executive Council of Max Healthcare Institute Limited. Prior to Radiant, Abhay co-founded a US $350 mn Special Situations Private Equity Fund, where he made investments across various sectors.

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Outline

It was in the Early Iron Age when the first texts on medicine were introduced in India. Today, the Indian healthcare industry with renewed focus on healthcare by the Government, is an attractive destination for foreign investors given the low cost of healthcare delivery coupled with world-class medical expertise.

Healthcare is one of India's largest sectors and continues to grow at an impressive pace. As India strives to become a US $5 trillion economy, the healthcare sector along with its multiplier effect on other industries has a significant role to play in India's growth story in this decade. Prosperity and economic development of a nation are highly correlated to the well-being of its populace. Hence, provision of accessible healthcare is not a consequence but a pre-requisite of economic growth.

Opportunity

The government launched its ambitious $1.5 billion per annum health insurance scheme - Ayushman Bharat, to serve the less privileged in our country. The hospital industry in India has the potential to not only address the burgeoning requirement of healthcare delivery to the vast under-served population but also to be a sector with potential to generate thousands of jobs.

Ageing population and high cost of healthcare are huge strains on treasuries of developed countries along with self-paying individuals in countries who are unable to sponsor healthcare for their citizens. In India, tertiary care medical services are priced at less than 4 percent of the cost incurred in the US; waiting time in European countries for elective surgeries are over 20 months and most smaller but affluent nations don't have sizeable populations to enable development of tertiary care programs. In addition, most developing nations neither have the talent nor the infrastructure to address these requirements.

> While the opportunity and scalability clearly exist in the sector, viability has systematically eroded and policy has become increasingly unpredictable.

While nations globally face the challenges of providing affordable healthcare, the Indian healthcare industry is geared to address both domestic and global requirements. The low cost of healthcare delivery, global recognition of skills, availability of medical talent, worldwide connectivity, language compatibility, alternative medicine options, etc., enable our domestic industry and provide us with a significant comparative advantage over other nations in the field of healthcare.

Challenges

While there is unanimity on the burgeoning domestic and global demand, there is also an acute recognition of the woeful inadequacy of hospital infrastructure in our country.

High domestic demand and talent, vast export potential and inadequate infrastructure are music to global investors who can play a role in financing the existing lack of infrastructure. These investors primarily look for opportunity, scalability, viability, and predictability as key considerations for their investment thesis. Therein lie the challenges. While the opportunity and scalability clearly exist in the sector, viability has systematically eroded and policy has become increasingly unpredictable.

Each tertiary care hospital requires over 25 licences to be renewed regularly. Further, policy changes such as a sudden increase in minimum wages by 45 percent in certain states or no GST on output while the same applies to input costs, capping of margins on drugs and medicines which cross-subsidise other activities in hospitals, are suffocating the industry. The recent news regarding the pharma sector agreeing to cap trade margins at 30 percent will have a debilitating impact on the hospital sector as it would wipe out 40-60 percent of the profits and have existential implications on the generic Medicine Industry in India. Moreover, unionisation of this sector is rampant in large parts of the country leading to inefficiencies in the service sector.

Way forward

The Central Government through its agencies could reverse auction land in metropolitan areas and cities to offer maximum beds to the Ayushman Bharat Yojana. With the help of readily available medical talent, medical colleges and government hospitals, Ayushman Bharat patients could be cohered with domestic and international patients. This would attract large FDI that can create and improve medical infrastructure. We can further increase viability and attractiveness by providing single-window clearance for construction, uniform building codes and lower levels of ongoing compliance. Also, given the long gestation period for investments, the government should consider providing tax holidays and easy credit to facilitate private investments.

International medical tourism can be boosted by marketing developing India as a healthcare destination, coupled with seamless payment gateways in developing countries and convenient processes such as fast-tracking medical tourism visas. Such impetus would lead to an investment cycle and a consequent multiplier effect as it would help support infrastructure activity, job creation and provision of healthcare to the needy.

In summary, with the low cost and high value proposition of healthcare in India, this industry is poised to become a global leader, making it one of the most attractive investment destinations for global investors. With the right focus and support, this sector has the potential of becoming the sunrise sector of this decade and a source of soft power for our nation.

READING THE LEAVES

Outline

The future of the economy lies in ensuring growth of credit to the industry as until this happens, investment and spending will lamentably remain weak.

Adit Jain

Adit Jain is the Chairman & Editorial Director of IMA India, an economic & business research company established in 1994. He has advised companies on their India strategy, deposed as an expert witness at commercial litigations and given testimony at parliamentary proceedings.

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Predicting financial markets is a near impossibility as variables and inputs remain innumerable and are consequently hard to crack. But broadly, markets react as much to domestic considerations as they do to external ones. Interest rates, demand and business profitability are the primary domestic factors that determine market sentiment. Global economic and trade considerations together with the monetary policies of the major central banks influence the disposition of investment funds that divert capital from and towards emerging markets.

India's equity markets have had a volatile run over 2019, with stints of ups and downs. In the wake of the finance budget in 2019, they reacted despondently, as the government's policy announcements lacked any element of persuasion to motivate new investment. Higher taxes on the rich resulted in further subdued investor sentiment. With an imminent economic slowdown driven mostly by collapsing consumer demand, markets began to suspect falling profitability and growth. Some industries, particularly automotive, fell into the worst recession in living memory. Then, the bonanza of huge corporation tax cuts revived sentiments since September.

The stimulus programme and interest rate reductions may have helped somewhat, but most analysts remain sceptical whether these considerations have the capacity to sustain a dramatic rise in 2020. Frankly, equity markets already seem overvalued with price-earning ratios being unreasonably high. The game, going forward, would therefore depend more on the perceptions of foreign institutional capital. Foreign investors have in recent months become net buyers on the assumption that the government will take steps to be more investor friendly, that the worst is perhaps over and consumer demand may begin to shift upwards.

The real problem hounding the economy is not liquidity, as may have been the case previously, but the desire of banks to actually lend. The growth in credit to industry remains cowed and is only

> With an imminent economic slowdown driven mostly by collapsing consumer demand, markets began to suspect falling profitability and growth.

marginally better to consumers. Credit is the lifeline of the economy and until this recovers, investment and spending will lamentably remain weak. Banks have justifiably become restrained after mounting bad loans and non-banking finance companies are stuck in the rut with damaged balance sheets, a consequence of over-exposure to the real-estate sector.

Alternative asset classes such as gold and bonds also performed well during 2019. Gold, for instance, jumped by 30 percent - largely an outcome of global investor interest being directed to the yellow stuff by uncertainties caused by the trade war between America and China. Analysts believe that a trade deal, even a provisional and limited one, between the world's largest economies would reverse the trend. Gold is viewed as a safe haven in volatile times. Corporate bond funds too performed reasonably well with returns averaging 6-8 percent, as capital was redirected from equities to fixed-income securities.

A recent poll of fund managers places expectations for equity markets to rise between 10 percent and 15 percent in 2020. This is on the basic premise that the government, now genuinely nervous about economic performance, may present more supportive policies including fiscal ones in the annual finance budget. Be that as it may, downward pressures including the flow of credit remain and there may be new ones too - specifically petroleum, a consequence of rising tensions in the Gulf. An excessive jump in petroleum prices would affect India's current account position, create inflation and undermine private consumption. In the final count, the risks for the economy remain somewhat weighed to the downside and consequently so for the markets.

US $5 TRILLION ECONOMY - INDIAN REAL ESTATE CAN BE A KEY CONTRIBUTOR

Anuj Puri

Anuj Puri is the Chairman & Founder of ANAROCK. He has over 30 years' experience in Indian and global real estate markets and is a trusted advisor to developers, occupiers and investors. Anuj is widely acknowledged for revolutionizing the real estate sector with his visionary outlook and technology-based solutions.

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Outline

India's real estate sector will have market size of US $1 trillion by 2030. Major regulatory reforms have helped sector gain more transparency and credibility. Inspite the current pain, this is building a healthy ecosystem and financial discipline creating a strong pillar for India's growth.

Union Budget 2019-20 laid the blueprint for the future of India's economy outlining the vision to make India a US $5 trillion economy by FY 2024-25, perhaps better than many advanced economies of the world today. For India to achieve this mammoth target, development of real estate sector and its systematic growth is imperative. Across developing and developed economies, real estate development is an important parameter to measure economic growth.

As a key driver of economic growth, the Indian real estate sector has become increasingly organised and transparent, thereby offering a more secure investment environment. It is a growth engine which can certainly help propel the Indian economy into the top league of global economies. Here's how real estate could contribute to India's economic growth in the coming years.

Realty's contribution to GDP Expected to Double

Despite global headwinds and slow economic growth at home, the real estate sector in India is poised for future growth. According to India Brand Equity Foundation, India's real estate sector is expected to grow to a market size of US $1 trillion by 2030. It is also likely to contribute 14 per cent of the country's GDP by 2025 which is almost double its current contribution. Over the years, the growth in real estate and housing in particular has been crucial in driving the Indian economy. On the back of regulatory reforms such as RERA, GST and IBC and relaxation in foreign direct investment, the sector has gained more transparency and credibility and witnessed heightened demand from end users. To keep this momentum going and underline growth of the Indian economy, the government must continue making radical changes in the taxation system and regulatory policies.

Infrastructure Creation Driving Growth

Real estate development goes hand-in-hand with infrastructure development, which is opening up peripheral areas and creating new avenues of growth. The government's continued focus on infrastructure ramp-up will lead to unlocking of more urban land for development. The budget 2019-20 allocated INR 100 lakh crores for infrastructure investments over the next five years to improve transport efficiency. At the same time, good infrastructure will clear many bottlenecks,

ease business and have a positive ripple effect on the economy. Multi-modal infrastructure development including road, rail and metro leads is expected to ease of living conditions and spur demand of various real estate assets including residential, commercial, retail and warehousing.

Supporting Job Creation

After agriculture and manufacturing, it is the real estate sector that has the potential to support large-scale job creation. Associated with over 200 allied industries including cement, steel and sand, real estate's growth will have a multiplier effect on several allied sectors. Moreover, growth in the sector would lead to more job creation. According to the National Skill Development Council, there is a requirement of 109.73 million skilled manpower by 2022 in 24 key sectors and the building, construction and real estate sector is expected to generate 76.55 million jobs by 2022. Moreover, mega government initiatives such as 'Housing for All by 2022', are likely to bode well not just for the real estate sector but also for overall economic development. In the second phase of PMAY-G, during 2019-20 to 2021-22, 1.95 crore houses were expected to be provided to eligible beneficiaries. This will not only aid to address the issue of housing shortage but also create large-scale employment for skilled and unskilled labourers.

> To keep this momentum going and underline growth of the Indian economy, the government must continue making radical changes in the taxation system and regulatory policies.

Attracting Global Investments

Major reforms such as GST, RERA, Insolvency and Bankruptcy Code and Benami Property Transaction Act have had a lasting impact on the real estate sector. Despite the initial churning and pain, they have led to more financial discipline and a healthier ecosystem. While instilling confidence in home buyers and domestic investors, these landmark reforms have improved the perception for India as a global hub for investments. The sector has witnessed major foreign investments across segments such as residential, commercial and retail. As per ANAROCK data, private equity investments in India's real estate sector crossed over US $5 billion in 2019, of which commercial segment comprised the lion's share at over US $3.3 billion, followed by retail sector with US $970 million and residential of US $395 million. Foreign private equity funds continued to dominate the real estate with players like Blackstone, Hines, Ascendas, Brookefield making major investments.

Real Estate Leading the Way

As the second largest employer and a major contributor to the country's GDP of almost 8 percent, the real estate industry is one of the strong pillars of the Indian economy. The revival of real estate is essential for the economy to move past its current slow phase and thus achieve the mammoth target. Going forward, continued government support by way of policies and tax sops is needed to give the sector a boost. This will also have a multiplier effect on other sectors and ancillary industries that are closely associated with real estate and provide employment to millions while enhancing GDP growth.

OF MEDIA, ENTERTAINMENT AND CONSUMERS

Anupriya Acharya

Anupriya Acharya is the Chief Executive Officer at Publicis Groupe, South Asia and an eminent media and advertising professional with 25 years of experience in India and Singapore. She joined Publicis Groupe in 2013 as Group CEO of ZenithOptimedia and then went on to lead Publicis Media India from 2016. Prior to Publicis, Anupriya has held senior leadership positions with WPP in India and Aegis Media Singapore.

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Outline

Some of the trends India will see in the next few years will position India emerging as the global content capital and will contribute to the shared economy worldwide. The internet will only continue to grow and new technologies will revolutionalise and pave the path for the manufacturing of new products.

With over 900 channels, 17,000 newspapers and 570 million internet users, India undoubtedly is one of the most fast-paced, extensive, dynamic and vibrant media and entertainment markets in the world.

The sheer scale, velocity and complexity of this market is quite unmatched. In India, all media continues to grow. This is quite unlike other global markets where media outlets are witnessing dramatic declines in print revenues and even with the introduction of paywalls, are registering negative impact in website traffic. The Ernst & Young- FICCI report on the media and entertainment sector states that the industry is set to cross INR 2.35 trillion ($33.6 billion) by 2021, at a CAGR of 11.6 percent.

And even with this scale, we remain a vastly under-advertised country as compared to many other economies, leaving much headroom for growth. The Indian ad market contributes to about 0.3 percent of

India's GDP, compared to 0.6 percent to China and 0.7 percent for the world as a whole.

Digitalisation is a catalyst, spurring rapid shifts in other media including print, television, radio and film, ushering in innovation and experimentation. Fast-forward to the next five years and India is projected to emerge as a global economic powerhouse given its significant long-term growth potential and the demographic dividend.

The media, entertainment and marketing communications ecosystem already plays a significant role in the economy of the country and contributes INR 1,39,000 crores annually, while employing millions. With the advent of digitalisation, this industry marches to a different beat, witnessing great transformation, innovation and job creation.

As consumers leave their behavioural footprint across a myriad of platforms, devices, and technologies, it is a golden opportunity to really know the consumer. The human behind the click. The multitude of data points allows for deep-level insights, precision-targeting, and micro-segmentation as never before.

The next five years will underline clear and marked shifts for marketing communications, media and entertainment, and the end-consumer. India will fortify its place further as a creative powerhouse. These are some of the top trends that are likely to emerge:

1 India to emerge as the Global Content Capital

India will inevitably emerge as the most important media market and an exporter of diverse, rich and engaging content. It already produces the highest number of movies in the world- to the tune of 1500-2000 films per year, and surpassing the US Indian content is fast transcending beyond the diaspora audience in the overseas markets. With the surge in vernacular content, Indian content creators have the scope to repurpose and customise local content for international audiences. Global streaming platforms are also investing heavily in Indian content which is then relayed to viewers around the world. Netflix in particular, views India as a major content export hub.

2 Rise of the shared economy

Millennials prefer experiences over ownership and the digitalised world aids that well. The shared or P2P economy is already growing in many areas from transportation to co-working spaces to live-in experiences - best illustrated by companies such as Uber, Ola, Airbnb, Furlenco, WeWork, and Zoomcar. In this model, users share their resources, which may be physical assets or services, with each other for the short or long term. The accent is no longer on ownership but on the management of shared resources. A number of start-ups such as Rentmojo, GrabOnRent, Revv, Vogo, CoHo, CoWork are already part of India's early sharing economy and this trend is only set to accelerate further, through the power and scale of digital and social media.

3 The Internet of Everything

The Internet will embrace everyday objects, resulting in a smart, interconnected system of sensors, data and internet-enabled devices that manage the lives of consumers. The IoT market in India is estimated to reach $15 billion by the end of 2020, accounting for 5 percent of the global market. Currently, it grows around 28 percent year-on-year. Through connected devices, there will be new opportunities for collecting vast amounts of data, yielding and powering up new consumer insights. Via hyper-personalised profiles, brands can personalise goods and services and offers tailored services to the mobile consumers' exact requirements. This will also help media and entertainment firms pre-empt consumer preferences and tailor customised content.

4 High Street makes way for I-Street

New technologies will revolutionise the way products are manufactured, marketed, distributed and sold. Smart recommendation and personalisation tools will fuel the rise of commerce by providing consumers with new utility and convenience. High Street will transform into the I-Street where digital technology converges with physical stores to provide personalised experiences.

5 Ethical consumerism and citizen brands

As digitalisation also promotes transparency, over the next few years, there will be a marked shift to 'Collectively Responsible Consumerism'. Increasingly, there is much lower tolerance for political incorrectness in and outside the business. Consumers will tend to hold corporations and media firms to a higher account. People, businesses, and governments will work together to protect health, well-being, and the environment. Companies on their part will need to clearly articulate purpose and to place the 'why' in their communication and advertising efforts. Purpose-driven brands in the current day see a 3X return on investment and 63 percent of consumers globally prefer to purchase products from a brand that stands for a mission or purpose.

In summation, the Indian media, marketing and entertainment business will continue to witness growth and some big shifts in the times to come. The Industrial Revolution 4.0, which is underway, will give businesses and governments new opportunities to succeed and higher transparency will empower consumers on choices to make.

INDIA IN 2020: A LEGAL PERSPECTIVE

Cyril Shroff

Cyril Shroff is the Managing Partner of Cyril Amarchand Mangaldas. Prior to this, he was the Managing Partner of Amarchand & Mangaldas & Suresh A. Shroff & Co. He has over 37 years of experience across corporate and securities law, disputes, banking, bankruptcy, infrastructure, private client, financial regulatory and others.

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Outline

To boost the global economic slowdown, the government will continue to take measures to revive India's entrepreneurial spirit, and infrastructure. Further, consolidation in the banking and real estate sectors with enhanced regulations is expected. With the Judiciary reengineering the investment landscape of India, stressed assets will be key in driving deal activity. While India's potential is undisputed, only the test of time will tell whether it has been carefully harnessed.

Prime Minister Modi's clarion call in recent debates for transforming India into a $5 trillion economy has been the subject of much heartburn and angst. Some termed it as a challenging but realisable goalpost, whilst others dismissed it as being an unfeasible option with three of India's growth engines - private consumption, private investment, and exports slowing down significantly. Yes, it's a wonderful aspiration to have, but how will we get there? Is Modi the best captain to steer India towards this utopia?

Whilst there is little doubt that India is currently in the midst of a significant economic slowdown, to its credit the government has not stood by idly as a silent spectator. To address this downward trend and the ongoing credit crisis which continues to bruise both lenders and bankers alike, the government implemented considerable changes to the Indian

legal framework, particularly in the fields of social legislation and economic policies. Foundational shifts were witnessed by strengthening of the new insolvency framework, relaxation of the FDI policy, reduction of corporate taxation rates, financial sector restructuring and interest rate reductions. All these represented steps were taken by the government to cope with an economic slowdown caused partially by domestic factors and largely due to international geopolitics and trade tensions between other nations.

By other measures, India is still performing well as its forex reserves have risen to record levels and currently stand at approximately $455 billion and its current account deficit narrowed to $14.3 billion or 2 percent of the GDP during the April-June quarter from 2.3 percent during the same period a year ago. However, rising inflationary pressures on key food commodities have considerably dampened consumer sentiments and may lead to populist measures being implemented.

To reinvigorate the economy, the government has decided to charge headstrong into its 'Make In India' program with various corporate tax cuts and incentives being given to domestic manufacturers and start-ups. This is a significant step towards boosting India as a manufacturing centre in Asia – possibly capitalizing on the industry-wide shift manufacturers appear to have made out of China. But, it still remains a brutal fight, with India at a disadvantage when compared to manufacturing hubs like Vietnam. This move, coupled with other measures such as the easing of FDI norms in key sectors and local sourcing requirements for domestic manufacturing, improvements towards ease of doing business rankings and CSR compliances, evidently seem to be a bid to push Modi's ambitious economic proposal.

The activist judiciary has also had a significant impact on the investment landscape of India such as upholding the constitutional validity of the insolvency code, deciding that home-buyers would be included as financial creditors under insolvency laws, striking down Section 87 of the Arbitration and Conciliation Act, 1996 (which provided for an automatic stay on an arbitral award as soon as it was challenged in court), its decision in the insolvency bids for both Essar Steel and Ruchi Soya, and the very recent quasi-judicial 'protection' of minority shareholder rights by the NCLAT through the Tata-Mistry case. These verdicts are bound to have far-reaching consequences on corporate India's faith in dispute resolution and debt recovery processes with further developments unfolding in the Supreme Court in the Tata-Mistry case. Distressed M&A will continue to be the flavour of the year in 2020.

> India Inc. is presently in 'reset mode' and the start of the new decade will witness a number of themes.

Deal activity (Mergers & Acquisitions and Private Equities) in the past year has been moderate but not insignificant. Start-ups, pharmaceuticals, and fintech remain sectors to look out for moving into 2020, having seen the most activity of late. Exemption of angel investments such as taxable income, three-year tax holidays for start-ups, and significantly relaxed compliance requirements may just be the final spur to the winning horse in a move to make the most of the Indian entrepreneurial spirit. Notably, the increased importance of data usage in a number of industries makes data mining another sector which is expected to see significant activity. Although, expectations for this may be dampened by the onerous terms of the proposed Personal Data Protection Bill – complying with this may increase the cost of doing business. Apart from these, significant infrastructure projects are also expected to commence in the near future due to the recent government announcement of its intention to spend INR 100 lakh crore on 10 different infrastructure projects (in an effort to boost rural employment and improve quality of life), making infrastructure and construction another sector in which flurry of activity is anticipated.

India Inc. is presently in 'reset mode' and the start of the new decade will witness a number of themes. These will include amongst others, the continuum of resolutions under the insolvency regime, stressed assets being the primary driver for deal activity, resurfacing of the private sector's entrepreneurial spirit, foreign funds and foreign sponsors continuing to look to India (albeit with tempered expectations) and significant consolidation in the banking and real estate sector coupled with increased regulation. Indian entrepreneurs may also need to explore the 'partnership model' for doing business in India and learn how to share control, governance and risk.

Whether the Modi government has bitten off more than it can chew remains to be seen. What is not disputed, however is that India still possesses tremendous growth potential. This needs to be carefully harnessed.

The dawn of this new decade will require us to correct our course and undoubtedly present exciting opportunities as we draw closer to celebrating 75 years of an independent and vibrant India.

Kapil Dev

Kapil Dev is a renowned former Indian cricketer. He is regarded as one of the greatest captains in the history of cricket. He is the only cricketer to have scored over 5,000 runs and taken more than 400 wickets in Test (international match) cricket. Under his captainship, India won the 1983 World Cup, beating the odds against the mighty West Indies in the final, and he retired in 1994.

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BEYOND THE BOUNDARY

Outline

From the hinterland to the city centres, accessibility of live content in sports has enabled wider understanding of the genre and brought the games, leagues and athletes into the spotlight. In contrast to the pre-digital era, this trend has introduced newer business opportunities in India, creating revenue streams that were until now available only in the developed world.

A country that houses one of the world's richest sporting bodies also has the dubious distinction of having the lowest number of Olympic medals per capita in the last edition. Still punching well below its weight, there's ample room for a change in the narrative.

The power play

More than a decade back, a shorter format of the most popular sport in India made its debut. It was accompanied by rising fandom, increased sponsorship, media spends and unheard-of TV viewership numbers. Add availability of basic smartphones with cheap mobile data, rising spending power of the middle-class and the advent of online streaming platforms, the stage is now set for unprecedented growth in what has hitherto been a fledgling industry.

Traditionally, the sports industry in India largely revolved around manufacture of sporting goods, which is still dominated by just two towns – Jalandhar and Meerut. As India progresses towards being a US $5 trillion economy, the shift from manufacturing towards services will usher in similar opportunities in the sports industry. We are already witnessing the spawning of several cash-rich sports leagues, fantasy gaming platforms, merchandising and a renewed interest in home-grown sports.

The strategic time-out

The Government's Khelo India scheme is another shot-in-the-arm to revive the sports culture at the grassroots level by building a strong framework for all sports played in the country. The embedded financial assistance to young athletes is expected to generate huge demand for sports equipment and facilities, ultimately benefiting the industry and the economy. The contribution of sports and related activities to India's GDP is a tenth of one percent which is a far cry from those seen in western countries. With more than a quarter of the population in the prime athletic age group of mid-teens up to 30 years, the target consumer base for sports and fitness products is poised to grow rapidly. On the other hand, the field is clear for ancillary association with sports via viewership, gaming, merchandising with the potential of over a billion consumers.

The success of international sports leagues shows the potential of the Public Private Partnership

> Today, we are witnessing the diversification of the sports industry in India, as the sector has seen the spawning of several cash-rich sports leagues, many of whom have drawn inspiration from IPL's continuous success since 2008.

model in building a stronger sports industry. Olympic Gold Quest, a not-for-profit organization comprising former Indian athletes provides not only training and equipment to athletes, but also focuses on improving the physical and mental being. The roadmap of NITI Aayog in its action plan to achieve 50 Olympic medals is yet another example of the Government machinery in action through measures such as infrastructure development, hosting international events and explicitly seeking schools to earmark expenditure on sports activities.

A gentleman's game

A country's socio-economic development, the harbinger of equality and opportunity, goes beyond statistics around education, health services, modernization, nutrition etc. Isn't sports a great leveler? If the 'Prince of Calcutta' captained the India cricket team in amongst its most successful periods, a village girl from Manipur with her humble background became the only woman to be World Amateur Boxing Champion for a record six times. Both represented India, successfully, and are household names today.

Internationally, there have been instances where sports have united a whole country against serious social issues. Springboks, the predominantly 'white' rugby team of South Africa faced a peculiar situation where the home crowd supported and cheered for the opposition team. However, Nelson Mandela, the President and Pienaar, the captain, resolved to unite the country which was torn by violence between the two dominant races. Things started to change as the players interacted with the fans forging friendship with them. Support for the Springboks began to grow among the black population, and within weeks, the whole country came together to support them. Almost poetically, the team went on to win the World Cup.

Going forward

The advent and success of international sports leagues show the potential of the Public Private

Partnership (PPP) model as a strategy for improving India's opportunities to build a stronger sports industry. An exemplar of the PPP model is the Olympic Gold Quest (OGQ) -- a non-profit organisation comprising of popular former Indian athletes. OGQ provides training and equipment, and focuses on improving physical and mental strength through, diet, fitness and practice, while also offering guidance through physiologists.

NITI Aayog, through its roadmap 'Let's Play - An Action Plan to achieve 50 Olympic Medals', has suggested taking several measures such as developing sports infrastructure through the private or PPP route, hosting international events, and for schools to earmark expenditure towards maintaining and enhancing sporting infrastructure and equipment.

If India focuses on developing sporting dominance, popularity and fans are a given, but what automatically follows are huge business opportunities and economic value. India's large population base, coupled with a growing sports consciousness, fan base, government thrust and private investment are factors that hold the potential to catalyse growth in the sports economy and thus, feed into India's vision of becoming a US $5 trillion economy.

"

Sports is a win-win for all, and this is one reason that the Khelo India programme has been introduced by the government.

EMERGENCE OF CO-LIVING BRANDS IN INDIA

Nidhi Kumra

Nidhi Kumra is the Co-founder and CEO of Your-Space. Prior to this, she worked in London as a trader at Lehman Brothers, Bank of America and Merrill Lynch for nearly a decade.

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Shubha Lal

Shubha Lal is the Co-founder and COO of Your-Space, a co-living housing brand for students. Prior to founding Your-Space in 2015, Shubha led strategy roles in McKinsey & Company and Nomura.

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Outline

India's demographic dividend and high rate of migration to cities for studies as well as work has created significant opportunity. Co-living market is expected to be US $13 billion by 2025.

What is co-living?

The dream of higher education and better work opportunities has had far-reaching results, one of the most significant being the emergence of co-living spaces which address market needs. While this is certainly not a new phenomenon (co-living and student housing spaces have been in existence since the last thirty years), there has been a recent shift towards driving more structure and organization in these sectors. Co-living involves multiple people or diverse young professionals typically of similar ages, professions, education level, income bracket sharing a common living space, which could range from a 200-300 bed hostel building (Stanza Living, Your-Space, Oxford Caps) to single apartments (Oyo Life, Nestaway, Zolo). The co-living market (only operator revenue) in the top 30 cities in India is expected to double by 2025, from the current amount of $6.5 billion to $13 billion.

> Co-living spaces are booming due to several factors, including the increased rate of migration to urban cities, and a large chunk of India's population being 18 to 30 years of age.

Apart from the space, most co-living and student housing players also add a layer of value-added services such as food, housekeeping, laundry, security, R&M and common facilities to make it a turnkey solution for the resident. The icing on the cake is the community engagement which these facilities offer in the form of either incidental engagement provoked by the thoughtfully curated common spaces or through organized events (Diwali parties, exclusive trips, speaker sessions, etc.)

Factors contributing to the growth of co-living spaces

Co-living spaces are booming due to several factors, including the increased rate of migration to urban cities, and a large chunk of India's population being 18 to 30 years of age. In answer, these spaces offer turnkey solutions at reasonable rates. A recent UNESCO study stated that the rate of migration for students in India is increasing at 10 percent p.a., which means that India will have 16.5 million migrant students by 2024. There is a similar increase in the urban migration rate which has gone up to 31 percent in 2011 from 27 percent in 2001, due to an increase in the number of young working professionals. Most of these migrants are either students or young professionals looking for affordable, turnkey residential accommodation in prime and/or convenient locations, which is where the co-living and student housing players get an opportunity to provide solutions and drive more innovation in the current scenario.

Business Models of co-living brands in India

Largely, co-living spaces can be split into student housing and co-living for young professionals. Apart from the target audience, the big difference between the two is the level of operational rigour, which is significantly higher in student housing as operators need to provide an intensely granular service layer encompassing food, daily housekeeping, 24*7 wardens, laundry, security and engagement activities.

Both sets of players operate on three broad models - taking buildings on long term leases (this includes fixed rentals and profit share), operating and management agreements, and an asset ownership model. Most of the student housing and co-living players operate within the first two models, which is contrary to the way the industry has evolved globally. Due to the favourable spread in the borrowing cost and rental yields, globally, most student housing players are asset owners. However, with an inverse equation in India, most players have decided to be operators and tie-up with multiple developers as prop-cos (property operating company). As the industry evolves and continues to organize, large developers/real estate focused PE houses are likely to start acquiring these operators to create a joint prop-co (property operating company) and op-co (operating company) structure.

Future of co-living in India

Given the demographic statistics, increased acceptance of organized co-living over the last 2-3 years and a focus by real estate developers on building tailored co-living accommodations, point to a bright future for the co-living industry in India. With further organisation of the industry, we can expect global brands such as Greystar, Liberty, Scape, etc. to enter India and tap into this opportunity. This is a great time to be in this space!

THE NEW BHARAT: A US $5 TRILLION ASPIRATION

Renuka Ramnath

Renuka Ramnath is the Founder, MD & CEO of Multiples Alternate Asset Management. Prior to founding Multiples in 2009, Renuka built several businesses in the ICICI Group including the investment banking, e-commerce and private equity businesses.

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Outline

India can achieve its goal by unlocking its demographic dividend, focusing on new sectors, boosting its digital revolution and investing in infrastructure. This will generate innumerable wealth creation opportunities for investors and HNIs.

India has been one of the fastest-growing economies of the past decade. It took us 61 years to become a US $1 trillion economy and eight years to add the next US $1 trillion. At US $2.8 trillion, we now aim to join the US $5 trillion club by 2024 and to become the third-largest economy in the world.

Achieving such growth (of almost 12 percent p.a. in nominal terms) will require exceptional structural focus. We will need to unlock our demographic dividend, focus on new sectors and markets, leverage our ongoing digital revolution and invest in infrastructure alongside the support of stable governance and strong policy framework. Let's look at the key drivers and challenges before us as we chase our ambitious target:

1. **Unlocking Demographic Dividend:**

    a. **Leveraging Millennial Population:** Considering 29 as the average age of an Indian citizen, we have a large population of the young and aspirational in the country. By 2024, the number of millennials alone in

India will be twice the total population of the US. The key challenge will be to train this population and provide them with opportunities and jobs to reap the benefits of demographic dividend.

b. **Increasing participation of women in the workforce:** Only 23 percent of women participate in India's workforce. This can change with increased focus on inclusion of women in the workforce by shifting attitudes to ensure better gender balance. This will significantly improve household income and savings, adding an estimated ~$800 billion to our GDP by 2024.

2 Focusing on new sectors and new markets

a. **Emphasis on Manufacturing:** Manufacturing has been the bedrock of growth for almost all economies globally with China, Japan, and Korea being big beneficiaries of it in the last 50 years. `Make in India' is a significant step to put India's manufacturing sector on the global map. Increasing manufacturing and labour costs in countries like China present huge opportunities for India to attract foreign capital to the manufacturing sector. The government's focus on making India an investment destination for manufacturing is commendable but leaves scope for other opportunities.

b. **Contribution by exports to GDP:** Exports is another area that can significantly boost our economic growth and take us past the US $5 trillion target by 2024. Apart from IT, India's growth in the past two decades has been led by domestic consumption. Along with the $5 trillion target, we must set ourselves on the path of achieving US $1 trillion in exports by 2024 – this will need more dedicated export parks, investments in a logistics ecosystem and strong negotiations on tariff barriers by the government.

c. **Agriculture 2.0:** As India charts out its growth path, it needs to financially include its predominantly rural, agrarian population with better MSPs for agricultural produce, investments into post-harvest management and incentives for the food processing industry, which can help improve farmer income, rural employment and exports of value-added agricultural products.

3 Digital Revolution:

Non-linear growth opportunities: India's digital ecosystem has already spawned into a mini economy of its own – from the gig-economy, social e-commerce, Edu-tech to enterprise solutions. With the number of smartphone users expected to rise to 700 million by 2024, India has a large user base which can be at the helm of global innovation and boost our GDP in the next five years.

India continues to chart upon the parameter of ease of doing business (from being ranked 142nd in 2014 to 63rd in 2019). Additionally, a strong governance framework provides solutions to transform 'Bottlenecks' to 'Enablers'. GST, Insolvency and Bankruptcy Code, reduction of corporate tax rates are landmark reforms which will have a big bearing if we give them time. India will continue to reform as a key agenda, with even better (de)regulation and execution to attract investments and innovation.

What does this mean for the Private Sector?

From an opportunity perspective, the journey towards a US $5 trillion economy will provide innumerable opportunities to participate in wealth creation. As highlighted in the economic survey, India will need significant participation from private investors to boost investment and GDP.

This will result in more companies seeking investments, higher fundraising activities and the formation of newer asset classes as more money than before is invested in India's economy. Further, the government has exempted startups from incurring angel tax, pushed for the development of bond market and relaxed FDI sectoral caps - providing greater opportunities for investors. Alongside, the market has reacted favourably towards innovative investment opportunities including Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs).

Amid the dynamic entrepreneurial landscape brimming with first-time entrepreneurs, innovative startups focused on solving problems specific to India, and companies choosing to pursue growth, private risk capital is expected to dominate the investment landscape. In 2019, India recorded its highest private equity (PE) investment ever – with US $37 billion invested across 700+ companies.

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From an opportunity perspective, the journey towards a **US $5 trillion** economy will provide innumerable opportunities to participate in wealth creation.

However, even at $37 billion, PE investments in India are still at 1.3 percent of GDP. (Relatively, PE Investments in US are at ~3.0 percent of GDP).

With long-runway for growth of PE investments in India, PE/VC fund managers outperforming public market peers/index and keeping in mind the ever-growing role of PE in the development of the Indian economy, HNIs and investors would be well placed to invest in PE/VCs and participate in the structural growth story of India.

Finally, I believe that as the juggernaut of the Indian economy continues, it's not just about becoming a US $5 trillion economy till 2024, or a US $10 trillion economy by 2030. The real question is can India continue to grow at 8-9 percent year after year for the next two-three decades? Along the way, there will be innumerable opportunities for investors and HNIs to leverage wealth creation opportunity.

Sandeep Parekh

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CAPITAL MARKET REGULATORY REFORMS TO ENHANCE THE GROWTH TRAJECTORY OF THE INDIAN ECONOMY

Outline

The growth of the securities market and the overall economy will require introduction of investor friendly FPI norms, creation of a viable eco system for intermediaries, promotion of innovative financial products by reducing entry barriers, and improvement of corporate governance standards by providing substantive guidance.

In a 2017 report, Morgan Stanley had forecasted that by 2027, the Indian equity market would become the fifth largest in the world. This underscores the prominent role that will be played by the capital market as a catalyst for economic growth in the country. In the past, the Securities and Exchange Board of India (SEBI) has been responsive to the changing dynamics of the securities market and endeavoured to undertake policy and regulatory reforms to make the market more efficient and transparent. A few thoughts on potential areas of reform that can be explored for the Indian securities market to increase participation of market players and to create a more inducive investment environment for domestic and international investors are as follows:

> While conditions mandating appropriate/ competent resources, human and infrastructural, are essential and reasonable, the imposition of net worth requirements on intermediaries is unwarranted.

Promoting FPI investments

To facilitate higher foreign portfolio investment (FPI) participation, SEBI may consider amending certain aspects of the new FPI regulatory framework. For instance, the investment limit for a single FPI investor may be increased from the existing limit of 10 percent of the equity share capital of a company to enable such investors to build meaningful positions in Indian companies without triggering the 'control' provisions.

Under the present regime, the total holding of equity shares of a listed company by an FPI investor including its investor group must be less than 10 percent of the total paid-up capital of the concerned company. If an FPI investor exceeds the threshold limit and fails to divest within the stipulated time, the investment of the FPI investor along with its investor group in the company will be considered as a foreign direct investment (FDI). After such re-classification, the entire investment becomes subject to the investment restrictions stipulated under the FDI regime, including the sectoral limits and pricing guidelines. Such restrictions have the potential to discourage FPI investors who generally maintain an anonymous relationship with companies and do not exercise any strategic control over them.

At this stage, it is pertinent to point out that even a shareholding of 15 percent to 25 percent in a company would not allow an FPI investor to acquire any strategic influence or control over the company. For instance, under the SEBI Regulations (Substantial Acquisition of Shares and Takeovers), 2011, the requirement to make an open offer is triggered only after an investor acquires 25 percent or more voting rights in a company. Furthermore, presently the market capitalisation of several companies in India (including mid-cap companies) are not sizeable. Enhancing the investment limit for FPI investors would help to attract participation from more long-term FPI investors. This will increase liquidity in the market and assist companies to improve their market capitalisation.

Doing away with net-worth requirements for certain intermediaries

Growth of the securities market cannot happen without strengthening the intermediaries, such as investment advisors, stockbrokers, portfolio managers, etc. For governing intermediaries, SEBI has prescribed various norms including requirements of a specific skill set in the field, sufficient experience, certification, appropriate infrastructure, capital adequacy, etc.

While conditions mandating appropriate/ competent resources, human and infrastructural, are essential and reasonable, the imposition of net worth requirements on intermediaries is unwarranted. Intermediaries whose activities involve directly dealing with clients' monies or securities like stockbrokers, clearing members and depository participants, already have additional financial obligations levied by their respective stock exchanges, clearing corporations and depositories for guaranteed settlement and clearing of trades, and for protection of investors.

However, such financial conditions are not necessary for several intermediaries whose function is limited to only advising and assisting clients in making an investment decision (which may or may not be carried out by the client). Imposing capital adequacy requirements for such intermediaries may act as a needless entry barrier for many competent individuals/entities from entering the capital market merely on account of lack of resources. Such barriers stifle fair competition and inevitably harm the investors. Therefore, a complete re-assessment of all intermediaries should be undertaken by SEBI and capital adequacy requirements for relevant intermediaries should be done away with.

Promoting innovation

Presently, the regulatory framework is rigid and it creates entry barriers for new financial products, exchanges and other means of participation in the securities markets. SEBI should proactively make the legal framework more flexible in nature and encourage innovation in the financial markets. Laws should be made for enabling registration of other kinds of investment vehicles and innovative fund structures, and the formation of alternate exchanges should be encouraged. Further, stock exchanges should be granted greater autonomy to decide and permit listing and trading of new financial products under the overall supervision of SEBI. Additionally, product proposals sent to SEBI for approval should be deemed to be approved if no response is received from SEBI within a reasonable period of time (for instance within 30 days).

Improving corporate governance standard

Instead of introducing more regulations, SEBI can better address corporate governance concerns by strengthening the enforcement of existing provisions and fastening liability for directors who fail to perform their fiduciary duties. In this regard, SEBI could provide a principle-based guidance note which elaborates the context and examples of fiduciary duties of board members, such as duty of care, duty of loyalty, etc. and their principle responsibilities. Guidance notes with a best practice code will give board members of companies the flexibility to effectively implement better corporate governance standards.

Adopting the aforementioned recommendations may go a long way in the development of the securities market and the Indian economy as a whole.

TECHNOLOGY & EDUCATION- THE NEXT DECADE

Sanjay Gupta

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Outline

The cornerstone of any emerging economy is its human capital. India's education and technology is a building block to empower its citizens. India needs to keep up with the times and start investing in Edu-tech so that consumers can choose from a plethora of technology-enabled resources.

The 100 million problem

With more than 10 million youth entering the workforce each year, we must find ways to gainfully deploy 100 million Indians over the next decade. The first challenge is to generate jobs in very large numbers. However, the bigger issue is the quality of talent being supplied by the Indian education system. Qualified engineers are often not found employable. Trained teachers in the hundreds of thousands are unable to make the cut for the teaching positions offered. Precision welders are often sourced from overseas due to the low availability of that skill locally. Something must be done quickly.

What's wrong?

There is an impressive number of Indians who occupy the corner offices of the largest global corporations. These people represent the very few number of Indians who receive a decent (private) education. For the most part, Indian children attend a government school located in their neighbourhood. Unfortunately, our public education system is not working. Surveys conducted for over a decade indicate that more than half the students of grade five are unable to read a grade two textbook. The saying goes, ‘learn to read so that you can read to learn.’ Failing this adage, a massive number of school children in India are functionally under-educated by the time they achieve job age.

India has the largest school network in the world - almost 1.5 million schools with 260 million school-going children. This is impressive but the investment is not delivering.

The average enrolment in India’s 1.2 million government schools (estimated at 125 to 150 students per school) is just too low for economic and operational viability. More than a third of government schools have less than 50 students. Compare this statistic with two countries that have done a much better job than India with public K12 education – China and Vietnam. In these countries, the average enrolment of students per school is more than 500. Both these countries boast of literacy rates in the 90s.

The private school network includes over 200,000 schools that are labelled as affordable. These schools typically charge a fee up to INR 15,000 per student per annum. The affordable private schools are attractive to parents since they claim to offer English medium education, teachers are regular with attendance and, are often available for providing out-of-school tuition. The affordable private school business is challenging. Margins are slim and most schools focus on profitability over academic outcomes. The simplest way is to hire unqualified teachers at a fraction of the cost of a government schoolteacher.

No doubt, there is significant effort underway to provide skills and vocational training to job age youth across the country. However, thanks to our deeply flawed K12 system, it is often too late for too many.

Traditional solutions

There is some encouraging news - many pockets of good actions are already underway. For example, in Delhi, the government has allocated a quarter of the State's annual budget towards education reform. School buildings have been renovated and the toilets are hygienic. All key stakeholders i.e. teachers, students and parents, are responding positively to the change. There is also some early evidence of improved learning outcomes.

Across the country, the challenge is massive and dispersed. The consolidation of schools, improvement in basic infrastructure, filling teacher vacancies, constant re-skilling and re-tooling of teachers are some of the areas needing immediate solutions. Moving the needle across all these fronts is complex. Delhi represents a strong case of 'where there is a will, there is a way.' In India, finding that common national will within our federal system is easier said and may never be done.

Technology & transformation

In the early 1990s, India was a telecom laggard with barely a few million telephone connections and ranked amongst the lowest tele-density in the world. A couple of decades later the situation was totally transformed. Technology and open-market forces led to the creation of one of the largest subscriber base globally. Education in India needs similar intervention. There is enough evidence of large-scale technology-enabled solutions enabling literacy. For example, English language learning suffers due to the lack of availability of teachers. Now, students in remote villages are learning the

The future that is truly upon us spells the new paradigm - working with technology and learning with technology. Traditional qualifications may lose ground to the currency of modern skills.

language by speaking with teachers located in different parts of the country. This has been made possible by smartphone-enabled, video-based learning apps.

Byju's, a learning app, has put India on the map by becoming the first ed-tech unicorn from the country. Though its programs are aimed at affluent students, Byju's is serving a bigger cause. Prime time advertising by Byju's is a big credibility boost for technology-enabled learning. Following the success of this app, there has been a rush of entrepreneurs and capital towards ed-tech. Presently, the focus is the higher income segment.

However, there is hope. Just like telecom, it is expected that there will be a push to expand the base and enter the massive market of students in India's government schools. This will require partnerships with public education administrators and a shift towards affordable value.

Technology offers a credible, scalable opportunity to transform public school education. Solutions are at hand and the convergence of market forces with the weight of public opinion may cause a quicker process of change than currently envisaged.

A decade from now

The shape and nature of jobs are changing rapidly. It is estimated that most students in school will undertake jobs that do not exist today. Are we educating our children with one eye closed?

Education systems are notoriously slow to change. Over time, the means becomes more important than the end. However, sometimes change is inevitable. The future that is truly upon us spells the new paradigm - working with technology and learning with technology. Traditional qualifications may lose ground to the currency of modern skills. Institutional systems may not be immediately dismantled but learners will become consumers by choosing from a plethora of technology-enabled suppliers of knowledge and capability.

This may be a good time to put aside a few investment rupees for edu-tech.

HOW WILL THE NIFTY EVOLVE IN THE COMING YEARS

Saurabh Mukherjea

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Outline

The Indian Economy is likely to witness three noteworthy changes this decade, which will have impactions for investors – formalisation of economy, financialisation of savings and formalisation of retail sector.

"Though not a single household was wired for electricity in 1880, nearly 100 percent of US urban homes were wired by 1940, and in the same time interval the percentage of urban homes with clean running piped water and sewer pipes for waste disposal had reached 94 percent. More than 80 percent of urban homes in 1940 had interior flush toilets, 73 percent had gas for heating and cooking... In short, the 1870 houses were isolated from the rest of the world, but 1940 houses were 'networked', most having the five connections of electricity, gas, telephone, water and sewer... Networking inherently implies equality. Everyone, rich and poor, is plugged into the same electric, water, sewer, gas, and telephone network. The poor may only be able to hook up years after the rich, but eventually they receive the same access."

– **Robert Gordon** in "The Rise & Fall of American Growth" (2016)

The Nifty typically churns by 40 percent over a 10 year period implying that 20 of the current Nifty constituents will find themselves ejected from India's most actively traded benchmark index whilst an equal number will find themselves entering the index. If an investor can second guess some of these exits/entrants, we will improve our chances of generating returns significantly higher than the long term returns of investing in the Nifty (the total returns from the Nifty were 10 percent per annum in the decade running upto 1st December 2019). For example, if I had taken the Nifty as it stood a decade ago and invested only in those 30 companies which have stayed in the Nifty through the intervening 10 year period, my returns would have been 19 percent per annum.

Going by the historical trend since the Nifty was created, almost all the entrants into the Nifty over the next decade will come from 100 stocks currently just under the Nifty. In order to assess which of these 100 companies will find themselves in the benchmark a decade later, it is worth first trying to assess how the Indian economy will change over the coming decade. I see three noteworthy changes taking place in India over the next decade.

1) Formalisation of the economy & concentration of profit share: India is already an economy with extraordinary levels of profit share concentration in many key sectors. For example in paints (Asian Paints, Berger Paints), premium cooking oil (Marico, Adani), biscuits (Britannia, Parle), hair oil (Marico, Bajaj Corp), infant milk powder (Nestle), cigarettes (ITC), adhesives (Pidilite), waterproofing (Pidilite again), trucks (Tata Motors, Ashok Leyland), small cars (Maruti, Hyundai). We already a couple of companies that account for 80 percent of the profits generated in the sector. Now this trend looks likely to spread to more fragmented sectors where the unorganised players had greater profit share.

Leaving aside financial services and retail – which we will discuss further in this piece – there are several other large sectors where the impact of: (a) networking of the economy (widely available cheap broadband, low cost domestic flights, a reliable & extensive road network, widespread availability of banking services); (b) the impact of GST and the attendant crackdown on black money, look likely to compress profit share into one or two hands. The reward for the winners is huge – they get profits of the entire sector and market cap in excess of US $10 billion.

2) Financialisation of savings: As I travel around India, I see that most High Net-Worth (HNW) individuals now realise that physical assets struggle to give returns above the rate of inflation. Hence, business owners are first turning their black money savings into white money by paying Income Tax. Then they search for providers of financial savings products who can give them steady compounding. With potentially US $500 billion per annum of financial savings arising from annual income and with potentially another US $100 billion per annum arising from the balance sheet shift (from physical to financial), my back-of-the-envelope estimates suggest that the annual flow into financial savings could triple over the next decade (from US $200 billion today to US $600 billion).

3) Formalisation of retail & distribution channels: 30 years ago, as a newspaper delivery boy in London, I saw the English high street change. Of

the 60-odd shops to whom I would deliver newspapers, the first to shut down were the travel agents (disrupted by the rise of online). Then by the early 90s the local convenience stores started shutting down disrupted not so much by online but by: (a) the large supermarket which had opened a couple of kilometres down the road; and (b) the convenience-store format rolled out by the large supermarkets for local neighbourhoods such as the one I grew up in.

> 30 years ago, as a newspaper delivery boy in London, I saw the English high street change. Of the 60-odd shops to whom I would deliver newspapers, the first to shut down were the travel agents (disrupted by the rise of online). Then by the early 90s the local convenience stores started shutting down.

A similar challenge is now befalling the Kirana stores in the suburb of Mumbai where I reside. As the local Kirana stores wind up, the beneficiary in my neighbourhood is the local DMart and a few enterprising shopkeepers who are spending money in growing their stores and refurbishing them to create a 7/11 styled format. With the decline of the Kirana store, the traditional FMCG distributor is also dying.

Implications for the Nifty

If I look at the Nifty as it stands today, I can see a number of metals & mining companies, power & infrastructure companies, old-style conglomerates who struggle with rational capital allocation, and public-sector banks. I find 23 such companies within the Nifty and I can say with a degree of conviction that most of these companies will be out of the Nifty in a decade. Hence, as highlighted at the beginning of this note, ejecting these companies from your portfolio is likely to bump up your decadal returns from investing in large cap Indian companies.

Looking at the more positive side of Nifty churn, which companies will make it to the Nifty? Going by the three structural trends identified above and using Marcellus' proprietary forensic accounting and capital allocation models, the following companies appear to be potential Nifty entrants over the next decade:

1. Pidilite
2. Berger Paints
3. Divi's Lab
4. Marico
5. Infoedge
6. Abbott India
7. Page Industries
8. ICICI Lombard
9. Dabur
10. HDFC Life

Whilst I cannot possibly tell you the returns the above companies will give you, I know that had I been clever enough ten years ago to predict the names of the 20 companies which have entered the Nifty in the interim period, my portfolio would have compounded at 40 percent per annum.

(Disclosure: the first eight of the ten stocks mentioned above feature in most of Marcellus Investment Managers' clients' portfolios. I am the Chief Investment Officer of Marcellus and also a client of the firm.)

Shiv Khera

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CAN WE ACHIEVE A US $5 TRILLION ECONOMY BY 2024?

Outline

The math for US $5 trillion rests on two simple operations - Add more and Subtract less i.e. by making India an attractive destination for additional foreign investment and taking measures to stop domestic capital from fleeing the country for want of better opportunities.

The answer is yes we can, provided we have the political will.

Do we have the political will? If yes, then we need to do the following immediately (within the next three months) and not in 2023 as an election gimmick. To achieve our objective of becoming a US $5 Trillion economy, we need to have a two-pronged approach where we make India an attractive destination for investment and prevent capital from fleeing India by eradicating negative elements in the system.

Risk: What will make India an attractive destination for investment? The risk-reward ratio of investments makes them a preferable option. If the risk is low and the rewards are high, money flows in. Unfortunately, in India the risks are high and the reward is low.

Redressal System: The one big risk that investors face is, in the case of any dispute or problem, they have no recourse or redressal system because of our inefficient judiciary. According to former CJI Dipak Misra, in June 2018, over 33 million cases were pending in Indian courts. The judicial system protects the criminals and punishes the honest. Until there are judicial reforms, both domestic and international investors will continue to shy away from risking their capital.

Corruption: The second risk factor is the 'Ease of Doing Business' in India. Even though we have moved up a few notches on the international rating, the ground reality is quite different. It is very difficult to do business in India because of the corrupt political and bureaucratic system. An entrepreneur gives up before he can set up a business because he is unable to satisfy the greed of those in positions of power.

I know three NRIs who were looking to bring in close to a billion dollars of foreign investment to India but were so disheartened that they stopped pursuing their potential business ventures in India - putting up with the greed of Indian politicians and bureaucrats was challenging for genuine investors. Hence the risk remains high.

11 points reform

1. India's tax structure needs to be revised. Our highest rate of personal income tax is 42 percent. Any person who buys consumer goods after paying 42 percent has to pay an additional 18 percent GST. On top of this, they still have to pay other taxes like petrol tax, house tax, car tax, luxury tax and so on. By the time the individual pays all the taxes,

he or she is probably left with close to 30 cents on a dollar. This is not much of a reward for any entrepreneur.

2. We need to introduce a single rate GST and make compliance processes simpler.
3. The Indian entrepreneur is at a big disadvantage because he or she borrows money from banks at high rates of interest - at least 12-14 percent. Most competitive nations let entrepreneurs borrow at a 3-4 percent rate of interest.
4. To make the 'Make in India' campaign a success, the Government should give a 100 percent write off for all capital investments in business and agriculture.
5. We need to change laws to make India more competitive. The textile industry, for example, is unable to compete with small countries like Bangladesh, Vietnam and Turkey. India faces higher costs of manufacturing than ever before for the following reasons; 1) Export benefits have ceased 2) GST has led to a higher cost of raw materials as well as made the finished products more expensive and therefore, less competitive in the global markets 3) Shortage of skilled and unskilled workers and 4) Because of anti-dumping laws for synthetic yarns, many entrepreneurs continue to move their manufacturing facilities to Turkey or Vietnam.
6. We need to drive our GDP to a double-digit growth figure of 10 percent. At the same time, the reward of this growth needs to be inclusive, i.e. out of the 10 percent, 9 percent should not go to just 10 families and the remaining one percent distributed among the rest of the country. Such lopsided growth brings in more disparity and makes the rich even richer and the poor even poorer. We need to bring mass employment opportunities and work towards alleviating poverty.

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To make the 'Make in India' campaign a success, the Government should give a **100 percent** write off for all capital investments in business and agriculture.

7. A common dilemma that exists in the minds of Indians is that on one side there is massive unemployment and on the other side there is a dearth of qualified people to fill these jobs. To the extent that hotels poach waiters and captains from one another. In big cities, there is a shortage of drivers. This situation can only be rectified by setting up vocational schools. China has 5,00,000 vocational schools, whereas India has only 50,000 vocational schools. We need to get the number up to 1,00,000 vocational schools and create 50 million jobs, in the next 36 months.
8. We must increase our investment in infrastructure. Even though there is a reform in the infrastructure sector in India, there is a need for acceleration to achieve our target of becoming a US $5 trillion economy.
9. We need to have a population control policy to improve the quality of life. India's population has surpassed China's population. A total of 122 crore people have Aadhaar cards and an additional 25 crore people are either unaccounted for or illegal in the

country. Per minute, 11 children are born in China as compared to 33 children per minute in India. Our economic growth and resources are unable to keep up with the rapidly increasing population of India.

10. We need to look into alternative energy options and reduce oil imports by 90 percent. For example, in Israel, solar power is mandatory in every building. By using ethanol, Brazil has reduced its oil imports by 90 percent, which will enrich farmers and prevent loss of foreign exchange. Examples of such success stories exist in India as well - College of Jesus and Mary in Delhi and the Cochin International Airport have adopted solar in a big way.

11. We must manage our waste like other countries such as Singapore, Japan and Sweden. Japan has converted 100 percent waste into productive energy. Sweden's waste management system recovers more energy per ton of waste than any other country. Sweden is on route to achieving 0 percent waste by utilising and recycling their waste. In fact, they have started importing waste from other countries.

To achieve our objective, we need to set time-bound goals and a practical plan to implement it. In conclusion, I would like to say that it is better to have a good plan that's well implemented than a great plan that's poorly implemented. Our political leadership needs to think of the next generation, and not just the next election. It is important to keep national interest above personal interest to achieve the target of India becoming a US $5 Trillion by 2024.

Sid Yog

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BUILDING A RULE-BASED, INNOVATION-LED ECONOMY

Outline

The massive economic clean-up is resulting in a short-term slowdown. The "jugaad" economy has to die, for the new, innovation-led economy to emerge, grow and succeed.

Over the last few months, the Indian economy has been slowing, and many economists, soothsayers, and political commentators have been trying to ascribe this slowdown to the general mismanagement of the economy. While additional efforts can certainly be made (and indeed are being made), the underlying reasons for the slowdown are different, and require a more nuanced understanding. It is my belief that the Indian economy needed to take this short-term pain for extended, long-term, quality economic growth.

The biggest economic achievement of the current government is the massive clean-up being undertaken, where large swathes of the parallel economy are being forced to come into the formal economy (although with much kicking and screaming), alongside the large numbers of crony capitalists, who while operating in the formal economy, are only now being held accountable and not being allowed to loot the public exchequer anymore (resulting in the bankruptcy of companies that did not have real businesses in the first place, or at best were businesses that built on fraud, tax evasion and money stolen from public sector banks and investors). The impact of this twin clean-up will naturally result in a slowdown.

By some measures, the shadow economy accounted for almost 30-40 percent of the overall economy. The money looted by the crony capitalists, just in recent years alone, is already a matter of record as it is showing up as bad debts across the banking sector. I would humbly submit that it's a miracle we are growing at all! One would almost expect a short term contraction of the economy as these required policy changes and the implementation of the rule of law are finally brought to bear across corporate India and middle India.

For a healthy economy (one that is based on the rule of law, unleashes the true power of entrepreneurship and innovation, and creates measurable long-term value), the old ways must be put to bed for good. Even if it results in a temporary slowdown (or contraction). It's time that a few people don't have undue advantage because of what they are willing to do (or ignore) when building and operating companies in India.

We have been suffering from a dual cancer of crony capitalism and institutionalized corruption, which has restrained India in all kinds of ways. It's time all of us collectively said enough!

What many (including parts of the government) are also missing is that as the tide turns, new capital formation is not going to scale up as quickly. It will

> Retail spaces will no longer be static; they will require continuous re-purposing to serve the changing preferences of their surrounding communities.

require both a new type of credit underwriter (one who lends on merit – not on "name" or on the basis of "kickbacks" received) and a new class of entrepreneur or business builder (who has a real business model and is looking to create a real project or business – not one that siphons off money through creative accounting or tax evasion, or has special policy dispensation, or some other fancy and new "jugaad") to emerge. But this will not happen overnight, and certainly will not happen by relying on the same people who got us here in the first place. After all, old habits die hard. The "jugaad" economy has to die, for the new, innovation-led economy to emerge, grow and succeed. And we have to find new cheerleaders for it.

Real Estate

The real estate sector is always an important barometer, and perhaps the largest catalyst of economic growth in any country. Its growth and contribution to India's GDP, too, is crucial to achieving the US $5 trillion GDP vision. It's also amongst the most opaque sectors. In India, the sector is expected to contribute 13 percent to the country's GDP by 2025 (up from 7 percent in 2017), and reach US $1 trillion by 2030. The government has undertaken various reform initiatives, such as the Real Estate (Regulation and Development) Act, 2016 (RERA), the Goods and Services Tax (GST), and the IBC code that should force the real estate sector to professionalize and increase transparency and result in the maturing of this very important industry, which has traditionally been unorganized in large measure, and a hotbed for corruption. The government's proactive approach to dealing with the liquidity crisis in the residential real estate space may help. However, ultimately the players in the sector need to professionalize and be held accountable. This will provide the required fuel for further investment by both domestic and international investors, and weed out both the fly-by-night operators, and those that may not be the fly-by-night variety but have certainly been flying by the seat of their pants over the last many years, taking liberties with bank loans, investor monies, customer deposits, and showing a general lack of respect for rules and regulations.

Office

In the commercial office sector, a historical trend of strong rental growth, low vacancy levels, and steady demand-supply dynamics suggests strong performance, especially as India fortifies its position as a global economic leader. It is interesting that while economists have complained of a slowdown last year, few seem to have registered that we net absorbed over 40 million sq. ft. of office space across the top seven cities alone. This was the highest in the last many years. Net office absorption has always been the best measure to quantify formal job growth. It's also a relatively easier measure to track. At 75 sq. ft. per person (which is the Indian benchmark) the net absorption last year signals that 533,333, new, white-collar jobs were created in these seven cities. Given recent densification through co-working (to almost 50 sq. ft. per person) the actual number may be about 10 percent more. Much of this growth came from highly skilled jobs as global companies investing in India grew their presence in the country both for domestic expansion and for providing global services. For example, Amazon opened a 9.5-acre campus in Hyderabad – its largest in the world. The growth also came from new entrepreneurial ventures being set up and scaled – creating new employment opportunities. What is crucial to note is that this is happening in the midst of a general slowdown in the unorganised sectors and the manufacturing sector, where job growth was slow or even declined, and in the midst of a slew of layoffs and corporate bankruptcies of large employers like Jet Airways. It shows that the composition of economic growth is perhaps slowly changing as we add to the formal sector what was previously in the informal sector. Of course the task at hand is enormous, since the formal sector needs to grow very rapidly for it to absorb large chunks of the informal economy. And skilling and education will be critical in this endeavour. But last year's numbers suggest that it is already starting to happen.

Retail

From a retail industry perspective, India continues to be amongst countries that have very low retail penetration both online (US $35 billion compared to US $2 trillion for China) and offline (1.3 sq. ft. per capita vs. 23.5 sq. ft. per capita in the USA), reflecting the massive untapped potential of this sector. Retail currently accounts for about 10 percent of the total GDP, and thus is the second sector that needs to be pushed to create jobs as it is one of the largest employers worldwide, in most developed economies. Recent policy measures suggest that the government is trying. However, the need for continuous professional training cannot be overstated in this ever-evolving industry. Social media marketing, data science, and design thinking are new skills that retail employers are demanding as new technologies take away low-skilled, informal jobs. Retail spaces will no longer be static; they will require continuous re-purposing to serve the changing preferences of their surrounding communities. New ways of doing business will evolve, and it will require constant upskilling and multitasking to succeed in this challenging sector.

Although I am usually happy enough to just be a realist, as we begin 2020, I am actually cautiously optimistic. Optimistic of a country and economy governed by the rule of (progressive) laws. I am optimistic of a young and restless demography finding creative and innovative economic outlets to spend its energy creating value, rather than venting energy through the twisted, and sometimes wholly misguided, narratives that are being peddled by many political parties. I am optimistic for the Indian people, both the diaspora making us proud across the world and for those at home building a new nation, as they build on the network effect to take their rightful place in the global economic order.

And finally, I am optimistic that the equal applicability of every Indian law to every Indian citizen, across the economic and social spectrum – without fear or favour – will finally unleash India's true potential.

Vineet Rai

Vineet Rai is the Founder and CEO of Aavishkaar Group, a pioneer in the impact investment space. Vineet has received numerous awards including the Impact Investor of the Year by News Corp and Porter Prize among others.

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REIMAGINING INDIA: WALKING INTO THE DECADE FOR ACTION

Outline

India's journey to become a $5 trillion economy needs to be inclusive, sustainable and impactful. Impact Entrepreneurship seeks to build a business while chasing a problem worth solving. This is likely to influence capital markets in the coming decade and assist India in achieving its $5 trillion goal.

I will start with a disclaimer - I am a forester who ventured into investing and so my world view on economics is ecological. As most of you would understand forest is a complex ecosystem that thrives on balance. When you start looking at money and its obsession with simplistic measures of success such as Gross Domestic Product (GDP) you understand how unreal the world of economics and GDP is. Having said that, having accepted the topic of commenting on Economy's path to a US $5 Trillion economy I thought it may be pertinent to bring the idea of humane growth. Any logical Indian would agree that a US $5 Trillion economy must find a path of growth that is inclusive, sustainable and impactful. A country of 1.3 Billion people need to find ways of growing its GDP while making sure it has put in place strong social security for its bottom 10 percent that would struggle to survive the chase of GDP growth. We also need to make sure that the US $5 trillion is creating economic opportunity for the other 70 percent above the bottom 10 percent and is not concentrated with the top 10 percent of India.

To achieve all that India would need to look at the idea of sustainable, inclusive and impactful entrepreneurship. Sustainable entrepreneurship would mean doing your business in a manner that you are creating a positive externality on climate and society while chasing your dream of solving a problem. Inclusive would mean that value-creating entrepreneurship should spread beyond commercial centers and create livelihoods and jobs where people live. Impact Entrepreneurship seeks to challenge an entrepreneur to build a business while chasing a Problem worth Solving.

Think about it, what would make you deliver growth, chasing the money held by 100 million Indians or making the life of 750 million Indians more effective? At the turn of every century, India started witnessing the power of economically excluded. India's fifth largest bank today is not even 14 years old and exclusively serves the poor and has delivered a market cap that is close to US $10 billion. Imagine India is seeing emergence of unicorns that are solving the complex problems of Indian agriculture or are cleaning India while generating jobs for rag pickers without any aid from the government.

No global society has reached a US $5 trillion economic size without being inclusive, sustainable, impactful and responsible. India has demonstrated huge potential in nurturing entrepreneurship that is willing to be inclusive and impactful. To be a truly inclusive economy, India needs to invest US $650 billion every year in meeting its impact goals. Given the importance of India in the global goals in delivering sustainability, I am confident that the world would not just be cheering but a willing ally in making these investments. US $500 billion globally has been committed to the idea of Impact Investing, an idea that India has probably played a defining role in bringing to this stage. The trend of global capital pool making significant allocations to Impact Investing would continue and only enhance further which is why the biggest private equity funds have launched multiple impact funds worth billions worldwide.

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> No global society has reached a **US $5 trillion** economic scale without being inclusive, sustainable, impactful and responsible.

Impact Investing will be the biggest trend influencing the capital markets in the coming decade and may have an important role in assisting India on its ambitious journey of becoming a US $5 Trillion economy responsibly, impactfully and in the most inclusive manner. The budget announcement by the Honourable Finance Minister of India to put in place a regulated Social Stock Exchange will encourage global capital to engage with Indian impact entrepreneurs in a regulated manner thus, delivering the much-needed impetus.

The idea of being a US $5 Trillion economy is laudable but it would be beautiful if we deliver it sustainably, impactfully and inclusively.

DOES MONEY MAKE YOU HAPPY? HOW TO NAVIGATE THE PATH TO BOTH WEALTH AND HAPPINESS

Dr Sanjiv Chopra

Dr Sanjiv Chopra is an Indian-born American physician, professor of medicine and former faculty Dean for continuing medical education at Harvard Medical School. Dr Chopra is committed to inspiring young minds and helping science, education, medical students, and doctors find a path of purpose: saving lives. He is also a bestselling author and a sought-after motivational speaker throughout the United States and abroad.

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Gina Vild is the Associate Dean and Chief Communications Officer for the Office of Communications and External Relations at Harvard Medical School. She is a curator of poetry, skilled public speaker and a life-long learner. Gina has co-authored books like The Two Most Important Days: How to Find your Purpose and Live a Happier and Healthier Life.

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Outline

Gratitude, Friendship and Forgiveness along with a strong sense of purpose form the cornerstones of sustained happiness. Investing in meaningful experiences rather than material things impacts our attitudes and behaviour. We are not our possessions but instead are an amalgamation of our experiences.

Albert Schweitzer once wisely said, "Success is not the key to happiness. Happiness is the key to success."

While happiness and wealth may often co-exist, it is well documented that money does not necessarily lead to happiness. While a more robust bank account may alleviate stress, it is not the source of joy. As a case in point there is much happiness that abounds among the slum dwellers of Calcutta and the shanty towns of Joberg.

Conventional wisdom would lead you to believe that winning the lottery will result in unmitigated happiness, but a study of lottery winners conducted in 1978 found that lottery winners reported that their windfall actually decreased enjoyment of life. It's true. Most lottery winners were no happier in the long term than before they hit the jackpot.

"Remember, true wealth is what fortunes cannot forge and death cannot diminish.

There were two notable exceptions. First, those lottery winners who contributed to charitable causes were far happier than those winners who did not give some of their money away to benefit others. Second, those winners who used their newfound windfall to invest in meaningful experiences rather than using it to buy more stuff were happier in the long run.

Remember, true wealth is what fortunes cannot forge and death cannot diminish.

Let's look at the flip side of winning the lottery. Christopher Reeve, best known for his role as Superman had a horseback riding accident resulting in a devastating spinal cord injury that left him a quadriplegic. His every breath was dependent on a respirator. Despite this tragedy, Reeve established a foundation to help others with similar injuries. He might have despaired at these circumstances, but he chose not to. In fact, as he so eloquently said, "I'm not living the life I thought I would lead, but it does have meaning, purpose. There is love... there is joy... there is laughter."

Whether you are wealthy or not, here are four tenets that will lead you to a happy life:

1. Gratitude
2. Friendship
3. Forgiveness
4. For others

Gratitude:

Practising gratitude is one of the most meaningful ways to boost your happiness quotient. Robert Emmons from the University of California determined that practising gratitude has innumerable and measurable benefits like:

- More meaningful relationships
- Better physical and mental health
- Improved academic performance
- Greater empathy
- Reduced aggression
- More restful sleep
- Increased self-esteem and, thus, reduced social envy
- Greater resistance to trauma

This simple practice offers you all these benefits. It was recorded that if you express gratitude in writing for even a few minutes every day for only six weeks, you will notice that you are significantly happier. This practice is available not only for adults but also for children. Consider how you can incorporate it daily in the lives of your children.

Mahatma Gandhi knew this to be true. He said, "happiness is when what you think, what you say, and what you do are in harmony." Practicing gratitude brings you closer to this.

Friendship: Best-selling author Jim Rohn wisely said, "You are the average of the five people you spend the most time with." These five people shape who you are, determine the conversation that dominates your attention and affects which attitudes and behaviour you are regularly exposed to. Additionally, David McClelland of Harvard wrote that "the people you habitually associate with determine as much as 95 percent of your success or failure in life."

The longest study conducted on the topic of happiness is the Harvard Grant Study. It began nearly eight decades ago and is still ongoing. For over 75 years, this study tracked the physical and emotional well-being of two populations: poor men growing up in Boston and male graduates of

Harvard. This sophisticated study involves surveys, brain scans and blood samples.

The findings are clear. The clearest finding from the study is that loneliness is toxic and that your satisfaction with the relationships in your life at age 50 is a better predictor of health, happiness and longevity at age 80 (three decades later) than blood pressure, cholesterol and EKG.

The seminal message of the study is that good relationships keep us happier and healthier. In fact, trusted relationships even protect our brains from cognitive decline.

Forgiveness: Thich Nat Hahn famously said, "compassion is a verb." Compassion for others as demonstrated by forgiving trespasses and hurtful behaviour of others is the most powerful antidote to unhappiness. You might want to think about forgiveness as a gift you give yourself. By forgiving others you are freeing your spirit to soar and love others.

Nelson Mandela, when released from his South African prison cell after being held captive was asked if he harboured resentment for his captives. His response: "I have no bitterness. I have no resentment. Resentment is like drinking poison and hoping it will kill your enemies."

For Others: Among the happiest people are those who are philanthropic. Philanthropy is best described as love for humanity expressed through acts. Referencing Albert Schweitzer once again, he said, "I don't know what your destiny will be but one thing I am certain of, the ones amongst you who will be truly happy are those who have sought and found how to serve."

Another way to think about this is that in order to have sustained happiness, you must live your purpose. Your purpose in life can be simple or it can be audacious. What's important is that you find a purpose that resonates with you. It can be as simple as tending a garden or being a good friend or as grand as launching a foundation that makes a meaningful contribution to humanity.

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> Loneliness is toxic and that your satisfaction with the relationships in your life at age 50 is a better predictor of health, happiness and longevity at age 80.

We have learned from understanding the experience of those in hospice that there are five things people on their deathbeds most regret.

Do you think they say, "I should have bought a Tesla?" A New Yorker cartoon has some fun with this thought. It portrays a man on his death bed saying, "I should have bought more stuff."
Rather they say,

1. I wish I'd had the courage to live a life true to myself, not the life others expected of me.
2. I wish I didn't work so hard.
3. I wish I had the courage to express my feelings more often and say, "I love you."
4. I wish I had stayed in touch with my friends.
5. I wish I had allowed myself to be happier.

However you choose to live your life, live it in a way that you do not have any regrets expressed like those in hospice, and allow your life's purpose to direct your heart and lead your actions.

Mark Twain wisely summed it up: "The two most important days in your life are the day you are born and the day you find out why."

PROFILES

Prateek Pant

Head of Products & Solutions

Prateek Pant, is part of the Founding Management Team and oversees the India product platform to deliver client solutions in Investments, Wealth Planning and Real Estate. He has over 23 years of experience in the Banking & Financial Services sector in India and the Middle East.

Roopali Prabhu

Head of Investment Products

Roopali Prabhu, is responsible for formulating the Investment Strategy and running asset allocation model portfolios at Sanctum. Roopali leads the investment product function and is responsible for setting diligence standards that are then followed in bringing well-researched, high conviction investment products to clients. She has over 18 years of experience in diverse roles and functions in Capital markets.

Ashish Chaturmohta

Head of Derivatives and Technical Analysis

Ashish Chaturmohta is responsible for advising on derivative strategies across asset classes. Over the years he has developed an expertise in using fundamental inputs while identifying technical set up in stocks and sectors. He has featured on The Economic Times' list of India's best derivatives experts in 2014. Ashish is a qualified Chartered Accountant. He is a regular commentator on all business channels (CNBC, Awaaz, ET now etc) for his views on equity market.

Hemang Arunkumar Kapasi

Head of Equities

Hemang Kapasi, oversees the Discretionary Portfolio Management function and is a key member of the Investment Committee at Sanctum. Hemang manages the flagship Equity PMS offerings Sanctum Indian Titans & Sanctum Indian Olympians. He has over 14 years of experience & his last assignment was with Canara Robeco Asset Management Company where he spent a decade in the Investment function.

Rohit Wadhwa

Head of Advisory & Tailored Portfolios

Rohit Wadhwa leads the Advisory & Tailored Portfolio Services and is responsible for the delivery of Sanctum's bespoke offerings and continual enhancement of the advisory-led platform. Rohit & his team is focused on helping clients succeed by driving performance of portfolios and managing risks in a dynamic marketplace.

Rohit has more than two decades experience working in Wealth Management, Investment Banking, Fixed Income & Equity Broking businesses.

Sneha Makhija

Head of Wealth Planning

Sneha brings with her 10 years of experience in devising wealth planning strategies and structures with the last 3.5 years with Sanctum. During this time, she has successfully worked on mandates to provide succession planning, philanthropy, citizenship advisory and family business advice to our clients. This includes advise on the creation and structuring of wills and trusts with best practice governance principles to ensure their longevity and success. Sneha has prior experience with Barclays Bank PLC., and Kotak Family Office. She is a Chartered Trust and Estate Planner (CTEP)TM and holds an MBA from Durham University Business School (UK).

Shriraj Bhukhanwala

Co-Head Real Estate

Shriraj Bhukhanwala co-heads the Real Estate portfolio with focus on driving transactions in the emerging asset classes including co-living, student housing, co-working & senior living. He has over 15 years' experience in real estate and wealth management across India and the Middle East. Shriraj is also involved in a key project of setting up the Real Estate Private Office for Sanctum.

Tejas Patil

Co-Head Real Estate

Spread over 16 years, Tejas' experience spans Real Estate Advisory, Investment Banking, Private Equity, and Wealth Management. Real Estate Advisory and Investments includes Structured fund raising via NCDs / Quasi-debt or Buy-backs, Distressed sale or purchase, Preleased transactions (across segments such as Commercial , School, Warehousing, Hospitality, Hospitals and Retail). Tejas is a chemical engineer from UDCT and MMS degree from Jamnalal Bajaj Institute of Management Studies.

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