Capital League

India

A Compelling Investment Opportunity

June 2024

About Us

- Boutique Wealth Management firm led by **Seasoned Private Bankers** (all-women team) **since 2003.**
- Team of 25 experienced and qualified professionals; our client-to-advisor ratio is **amongst the lowest** in the industry; for all of us ***'Clients Come First'!***
- All Relationship Managers have an average experience of more than a decade each.
- Manage wealth through ***Customized Financial Solutions*** (invest in all third-party products such as Mutual Funds, PMS, AIF, Structures, Bonds, and Insurance as per client requirements)and take full responsibility for implementation and review at regular intervals.
- Additional Service offerings -Estate planning and Tax planning.
- Highly awarded and recognized Nationally and Internationally on various forums like CNBC TV18, Asset Triple A, Wealth Briefing Asia, UN WEP for "Best Independent Financial Advisor", "Best Boutique Wealth Manager", "Best Wealth Manager Experience (Service)" "Team Building", and "SME Champion" amongst others.

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Our Purpose

To be the trusted **‘Family CFO’** to successful families,
enabling them to realize the full potential of their wealth

What Global Experts have to say about the India Growth Story

"It's not India's decade, it's India's century."
Bob Sternfels, CEO, McKinsey

"India's coming decade of outperformance: The country will provide a compelling opportunity in a world starved of growth." Chetan Arya, Chief Asia Economist at Morgan Stanley

"Indian markets have shown phenomenal resilience amid global headwinds".
Chris Wood, Global head of Equity Strategy at Jefferies

India at a Glance : Too Big to Ignore

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India presents a once-in-a-generation opportunity.
Ensure your investment portfolio includes exposure to Indian Equity.

India Growth Story in a nutshell

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Stable Macros

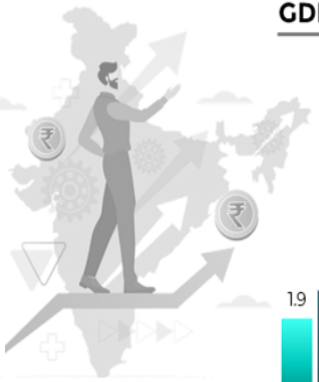
- Continuity in Government & Policy Reforms
- Strong Growth: Manufacturing PMI @58.5 & Services PMI @60.4
- Healthy Fiscal Situation (5.6%) & Current Account Deficit (1.2%)
- Low Debt/GDP Ratio (86%)
- Improving Credit growth
- Strong Corporate, Bank, & Household Balance sheets

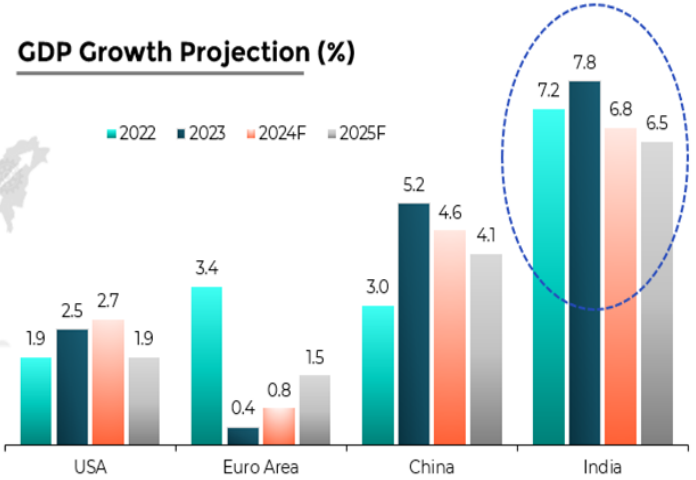
Favorable External Factors

- Moderating Trade Deficit (USD 238 Bn.)
- Most stable EM currency
- Forex Reserves (USD 654 Bn.)
- FDI @ USD 45 Bn. – Highest among EMs
- Indian Bonds inclusion in Global Indices

Sustainable Growth Drivers

- Per Capita Income at Inflexion point @~USD 2600
- Capex Led Growth: Govt, Private, Household (Real Estate)
- Favourable Demographics – 50% population below the age of 25
- Low penetration levels for goods & services
- Advanced adoption of Digitisation by masses
- 3rd Largest Start-up Ecosystem





Source: IMF WE O April 2024
F - Forecast

Reforms progressing in the right direction...

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PHASE I- Restructuring

- Good & Services Tax (GST)
- Modern Bankruptcy Law
- RERA (Real Estate Regulation Reform)
- Subsidy Reforms in Energy, Fertilizer

PHASE II- Growth Enabling

- Labour Laws
- Privatization
- Mining Sector Reforms
- Liberalisation of FDI in various sectors
- Telecom Sector Reforms
- PM Gati Shakti

PHASE III- Growth Enhancing

- Corporate Tax Rate Cuts
- Product Lined Incentive Scheme (PLI)
- Land Reforms
- Power Tariff Policy Reform
- National Asset Monetization Pipeline (NMP)
- Natural Infrastructure Pipeline (NIP)

Source: White Oak

Government continuity to ensure further acceleration in Policy announcements and Reforms

First Term (2014-19) – Phase I	**Government focus was to introduce reforms on Restructuring**
Second Term (2019-2024) – PHASE II & III	**Though the reforms were Growth Enabling and Enhancing but the pace was slowed down due to COVID**
Third Term (2024 onwards)	**Expected to introduce further reforms while building on the back of earlier reforms.**

India Gaining in Significance in the World Economy

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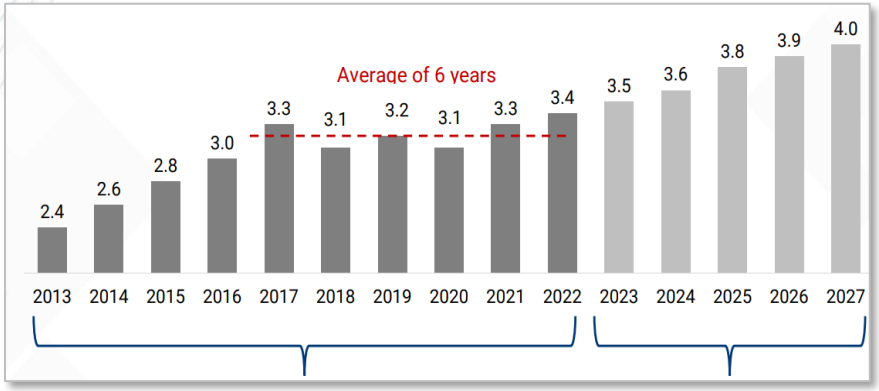
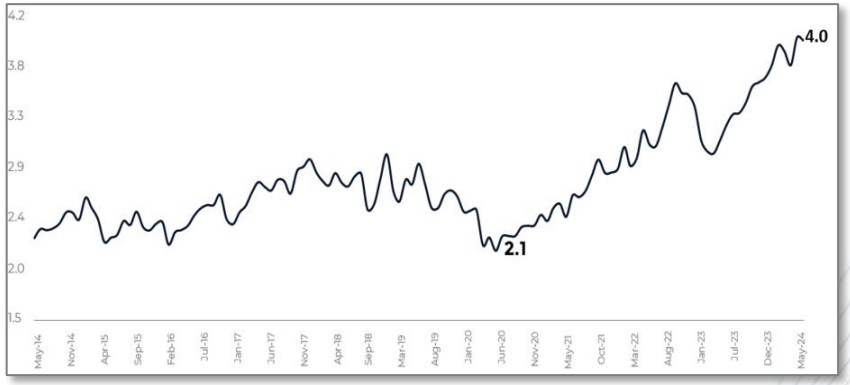
India GDP as a % of World GDP



India's Contribution to World Market Cap (%)



- India has witnessed sharp growth in the last 5 years supported by Government Policy Reforms & Demographics.
- India's Contribution to World GDP & Market Cap has increased due to the fast growth in GDP, higher corporate profitability, and increased Domestic Investors' participation.

Relationship between Nominal GDP, Corporate Earnings & BSE SENSEX Returns. (FY93-FY24)

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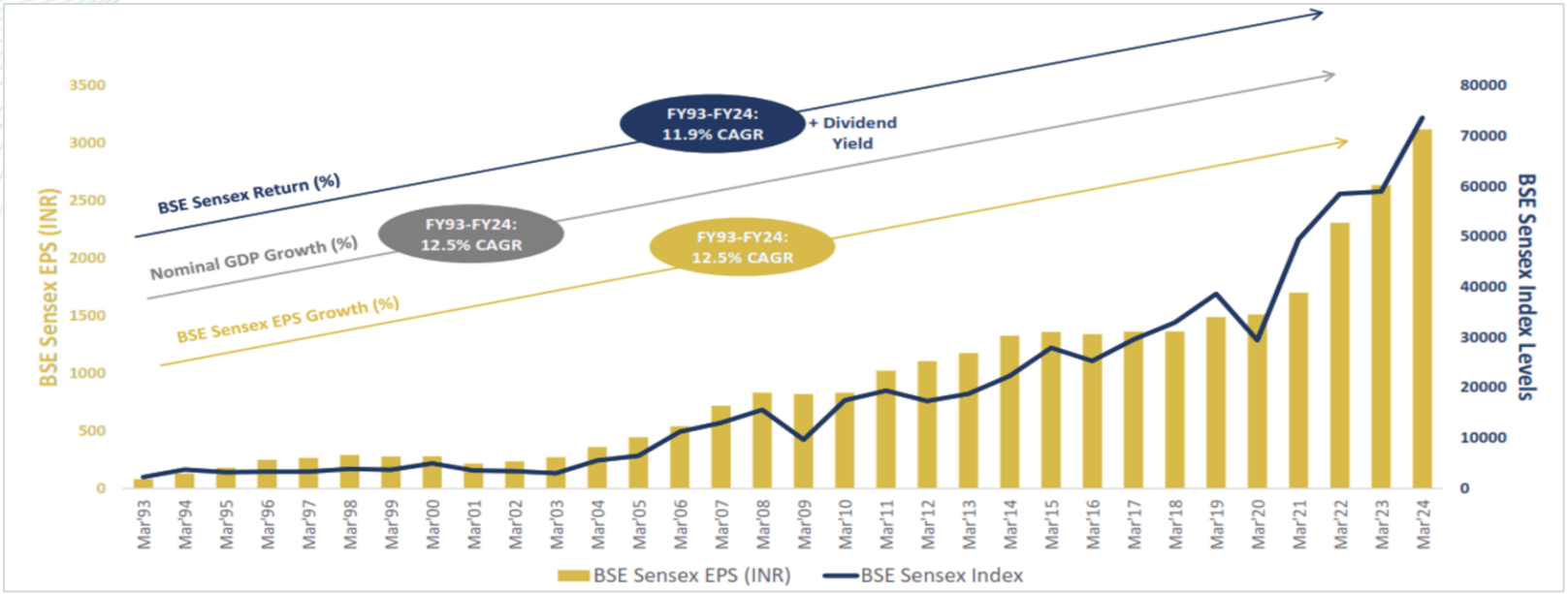

Data Source: MOSL, Bloomberg and Internal Research of WhiteOak Capital.

Nominal GDP growth fosters a favorable economic environment that enhances corporate earnings, which in turn positively influences BSE SENSEX returns.

In the long term Indian GDP is expected to grow @6.5-7% with an Inflation of 4% (+/- 2%) giving a Nominal GDP rate of 11-12%.

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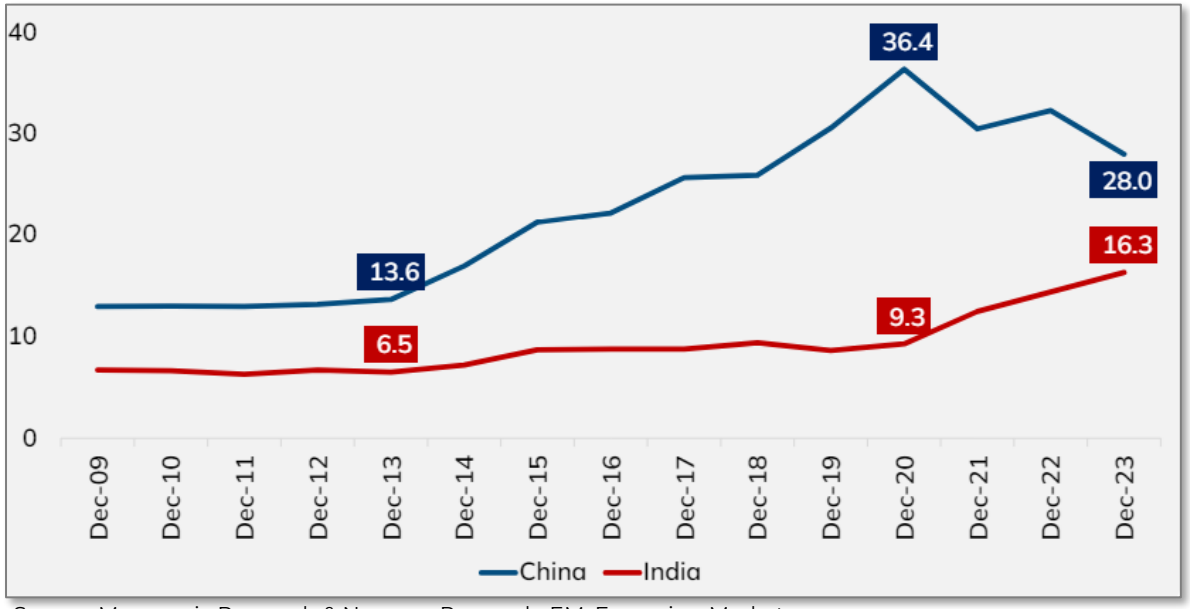
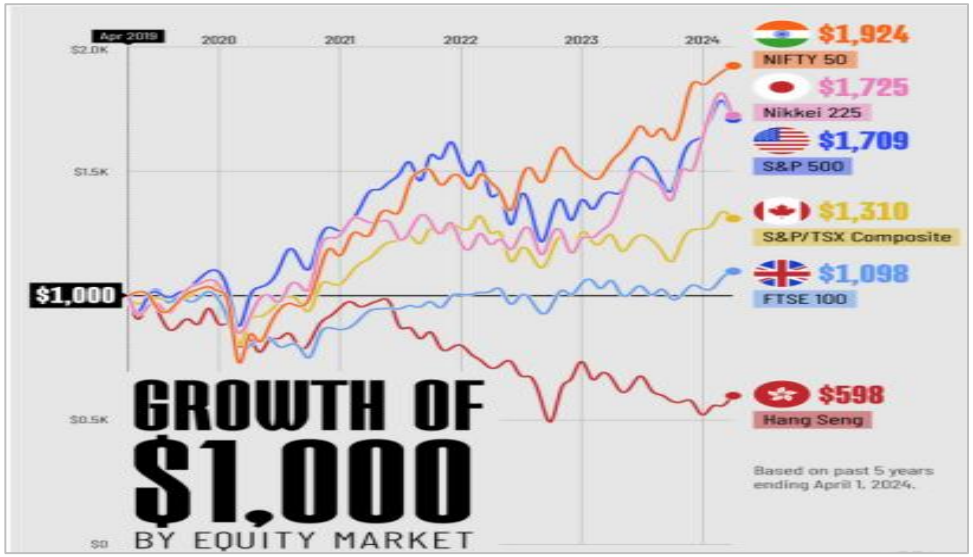
India’s share in MSCI EM Index has more than doubled in the last 10 years



Source: Macquarie Research & Nuvama Research. EM: Emerging Market.

Indian markets are unfolding as an attractive investment option amongst Emerging Markets with the support of global geo-politics, strong domestic macros and expectations of upcoming sturdy growth.

Indian Equity Market: Outperformance in the last 5 years in USD terms



- Despite steadily reducing FPI ownership In Indian Equity markets (20% to 17% in 1 yr.), significant inflows from both Domestic Institutional Investors (DII) and increased Retail participation (27% to 30% in 1 yr.) have led to low volatility and high returns
- Increased Retail participation reflected in 9 Cr. new Demat accounts opened in the last 4 years (225% jump) and 100 Bn. UPI transactions in FY24.

Big Trends in the Economy

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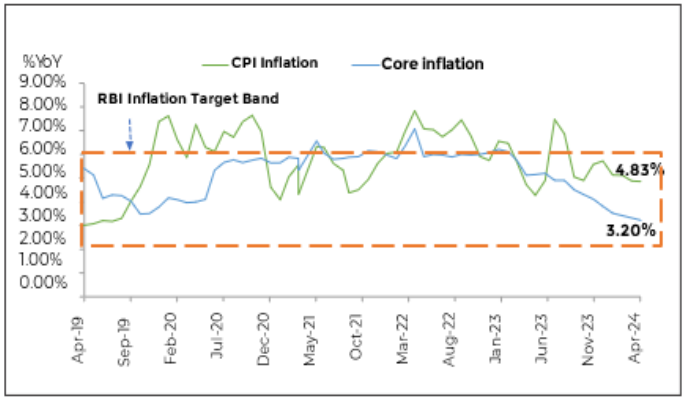
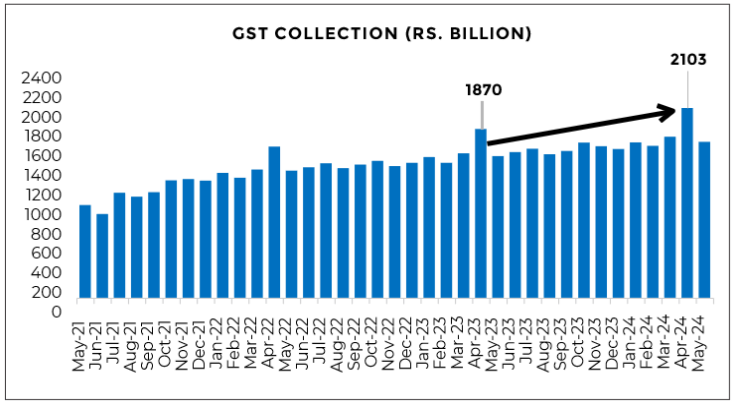
CPI Inflation



GST Collection



- **RBI's inflation targeting of 4%(+-2%) has brought stability, predictability & transparency in Monetary policy. It has met the objective of maintaining stable prices within this range over the medium term.**
- **GST Revenue Collection indicates a shift towards the formalization of the Indian economy. The number touched a record high of INR 2.1 lac crore in April, 2024.**
- **Direct Net Tax Collection in FY24 @INR 3.82 Tn. (up 21%) owing to strong economic growth & better compliance**

Big Themes to Play Out in Next 5 years

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1. Energy Transition -Power Utilities, Equipment players, Consultancy
2. Rise of Domestic Manufacturing – Multiple sectors (Electronics, Autos, Chemicals, Semiconductors)
3. Weaponization of Supply chains – Mining rare earth minerals, equipment
4. Housing- Cement, Building Materials, Home Improvement
5. Water – Contractors, Equipment & Material Suppliers
6. Railways – Manufacturing & EPC Contractors
7. Rearming – Defense PSUs

Source: Bloomberg

Indian Energy Theme – A Multi Decade story

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- India among the largest and fastest growing energy markets
- Stable policies combined with past underinvestment in select segment of value chain could improve cash flow from extant business
- With a shift from combustion to electrification, energy consumption ex of coal & oil to grow at 6.4% CAGR through 2050
- Redeployment of cash flow from traditional energy business into green energy could enhance value
- India's natural advantage in green energy to result in India moving from energy deficiency to energy self-sufficiency
- Energy segment is underrepresented in the broader market index; valuations reasonable
- Energy self-sufficiency could insulate government policies from external turbulence like oil price spike
- Global Tailwinds – Energy demand is increasing with growth in data centres and climate change.

Source: BP Energy Outlook 2023; 2050 estimates are for Net Zero scenario, SBIMF research

Source: Bloomberg

Manufacturing as a Driving Force for Economic Growth

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Country	High Growth Phase	Average Real GDP in High Growth Phase	Manufacturing share at start of High Growth Phase	Manufacturing share at the end of the High Growth Phase
Thailand	1985-1991	9.30%	21.9%	28.2%
China	1990-2005	9.80%	9.1%	32.0%
Indonesia	1983-1996	6.30%	13.4%	24.1%
Vietnam	2010-2022	6.10%	19.2%	25.8%
India	**2023-2030**	??	**15%** ??	

Most Asian peers have higher share of manufacturing in GDP

Source: Bloomberg

- **India's Manufacturing share in GDP targeted to grow from ~15% to 20% by 2030**
- **India GDP is expected to be USD 7 Tn by 2030**

Substantial Capex by the Government and Private Sector

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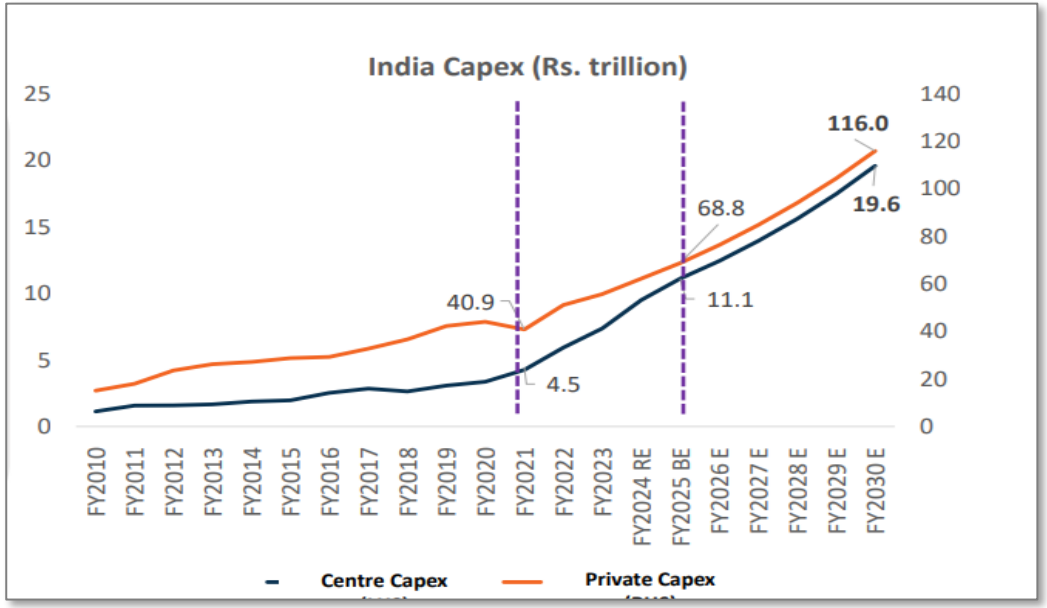

Source: Union Budget – 2010 – 2024

- **Centre Capex growth of ~5X (INR 20 Tn by 2030 from INR 4.5 Tn in 2021)**
- **Private Capex growth of ~3X (INR 116 Tn by 2030 from INR 41 Tn in 2021)**

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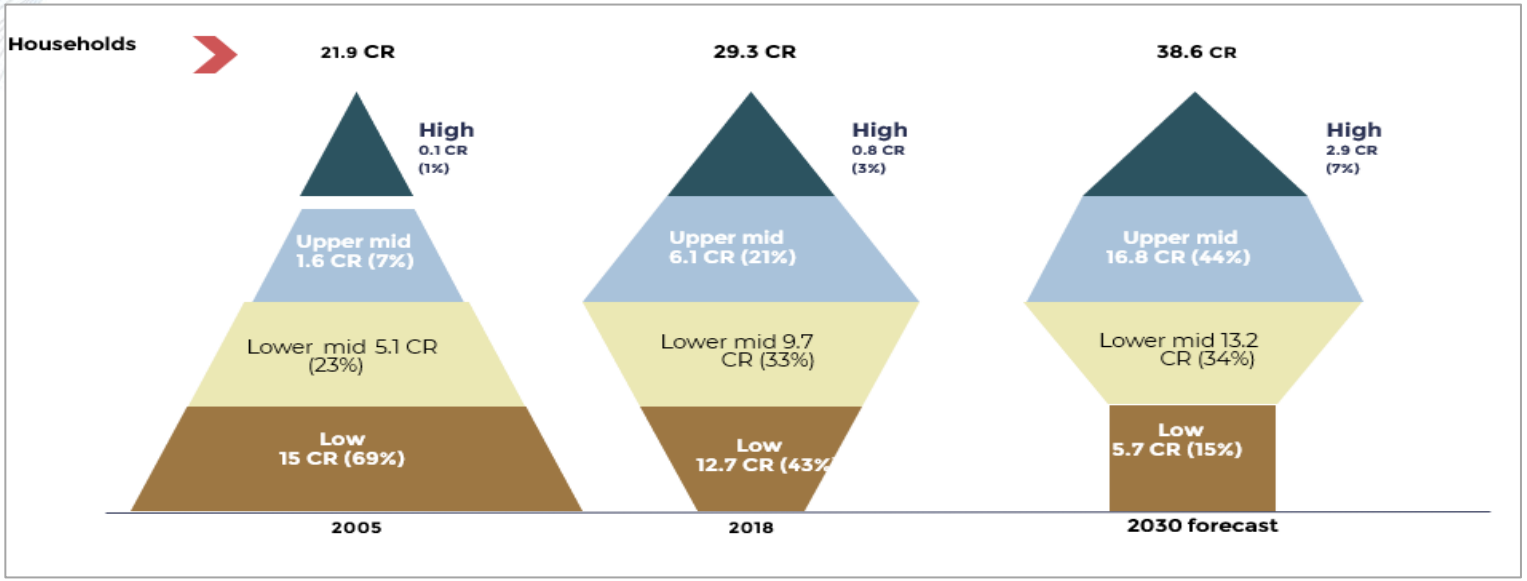
Rise of the Mass Affluent



Source: PRICE projections based on ICE 360 Surveys (2014,2016,2018), Note: Low: <INR 2.5 lacs, Lower Mid: INR 2.5 -5.5 lacs, Upper mid: INR 5.5 – 27.5 lacs, High: >INR 27.5 lacs. Projections with annual GDP growth assumed at 7.5%

According to a report titled 'The rise of 'Affluent India' by Goldman Sachs Research, this cohort of affluent consumers will increase from around 60 Mn (Income of more than USD 10,000 p.a.) in 2023 to 100 Mn people by 2027. 'Strong Wealth Effect' from 80% rise in the market cap of India in the last 3 years, 65% rise in the price of Gold, 30% rise in property prices, double income earning households generating higher disposable incomes, nuclear families, robust economic growth, a stable monetary policy, and high credit growth are factors attributed to this massive shift.

Elevating Value: Premiumization Across Market Segments

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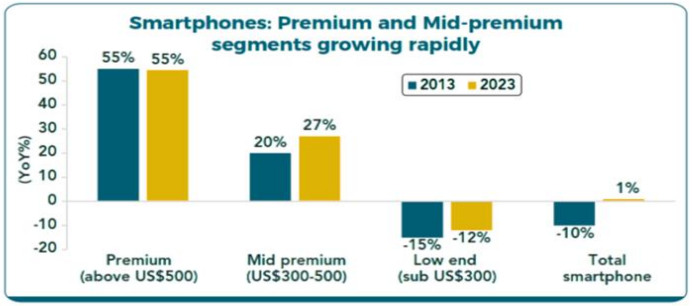

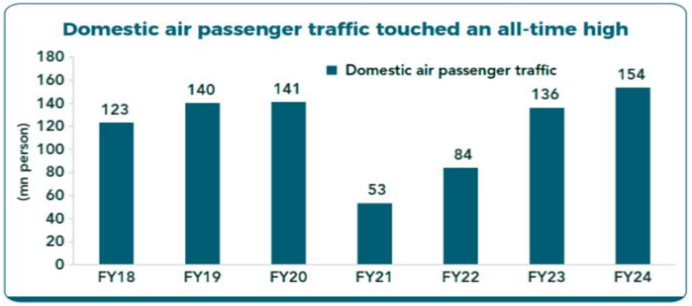

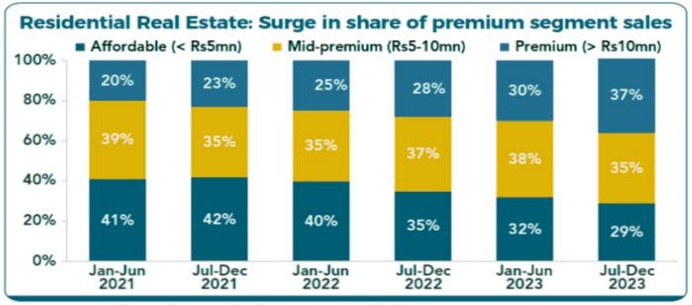

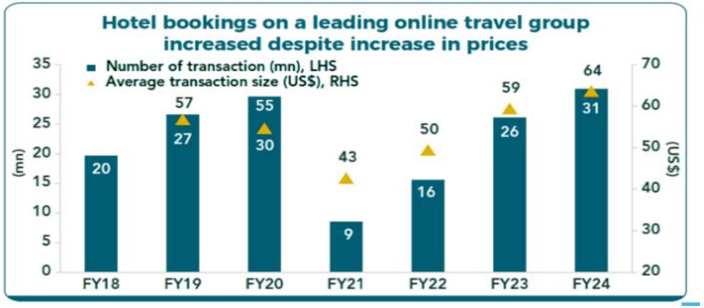

Source : CMIE , Knight Frank, International Data Corporation (IDC), ^ Company Data.

Massive Growth in the Mass Affluent Segment has led to movement of Demand “Up the Value Chain”

The Long-term Case for Indian Equities

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Economic Evolution **2024 USD 4 Tn- 5th Largest** **2030 est. USD 7 Tn – 3rd Largest**	❑ Once in an era transformation ❑ Multi-generational opportunity
Strong domestically driven growth **Consumption =58% of GDP**	❑ Key driver for global growth over the coming year ❑ Attractive demographics, domestic consumption and investment
Profitable and diverse corporate universe **20-year RoE=17%**	❑ Superior corporate profitability, superior asset mix ❑ Entrepreneurially driven capital allocation
Institutional infrastructure of a mature democracy **Net Democracy score 9/ 10***	❑ Independent Central Bank, Election Commission and Judiciary ❑ Strong property rights under a Common Law system

Source: IMF, Bloomberg, Polity Database, White Oak: 2030 est from CEBR(The Centre for Economics & Business Research)

Achievements/ Awards

- Winner- Women in Wealth Management, WealthBriefing Asia Awards 2024
- Businesswoman Entrepreneur Excellence Award, Delhi Management Association Women Entrepreneur Awards 2023
- Partner, Rajul Kothari listed amongst India's Top Women in Finance -2023 by Equalifi
- SME Champion, United Nations Women WEP Award, 2022
- The Asset Triple A Award for Best Boutique Wealth Manager, India, 2022
- Indian Achiever's Award for Promising Company, 2021-22
- The Asset Triple A Award for Best Wealth Manager- Experience, India, 2021
- Partner, Vinita Idnani listed amongst India's Top 100 Women in Finance-2020 by AIWMI
- Think Big Advisor Award for Successful team building 2019
- Managing Partner, Sapna Narang listed amongst India's Top 100 Women in Finance-2019 by AIWMI
- CNBC TV 18 Award for Best Performing Individual Financial Advisor (Mega Cities-North), 2018-19
- CNBC TV 18 Award for Best Performing Individual Financial Advisor (Mega Cities-North), 2017-18
- CNBC TV 18 Award for Best Performing Individual Financial Advisor (Mega Cities-North), 2014-15
- Think Big Advisor Award for Successful team building 2014
- CNBC TV 18 Award for Best Performing Individual Financial Advisor (Women), 2013-14
- CNBC TV 18 National Award for Best Performing Individual Financial Advisor (National), 2012-13
- Managing Partner, Sapna Narang nominated for board position – FPSB, USA for 2013-17
- Numerous Certificates of Recognition and Achievement Awards from the Industry
- Founding member of the Foundation of Independent Financial Advisors (FIFA) in India

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Thank You

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