



Citrus Advisors

Investment Advisory Services
May 2022



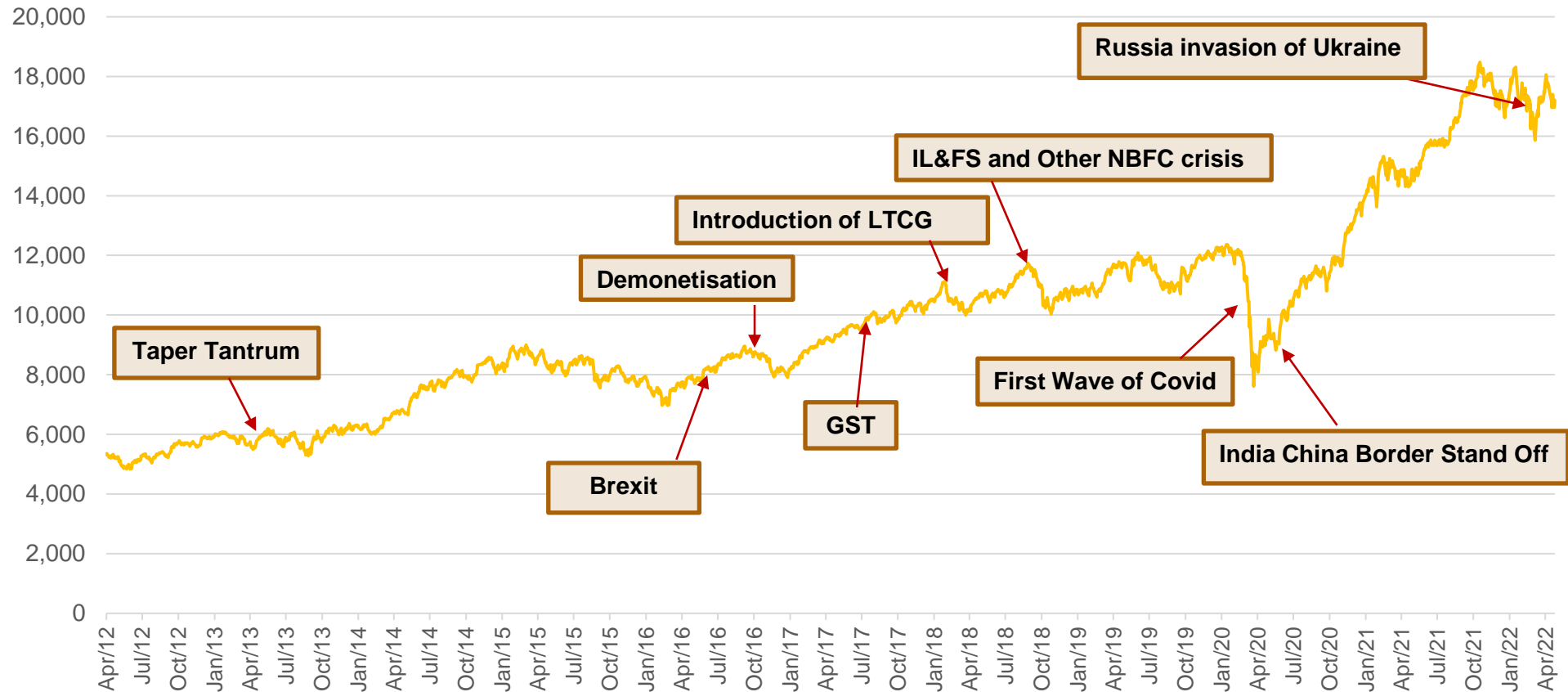
Crystal Ball Gazing

How do we see the next decade shaping up?



Last decade

Many headwinds but market always resilient



In the short run, the market is a voting machine, but in the long run, it is a weighing machine
-Ben Graham

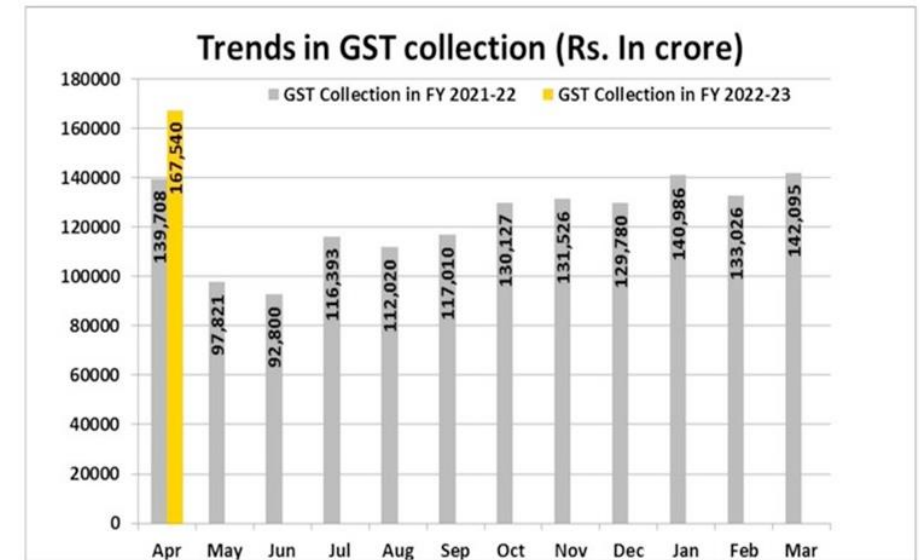
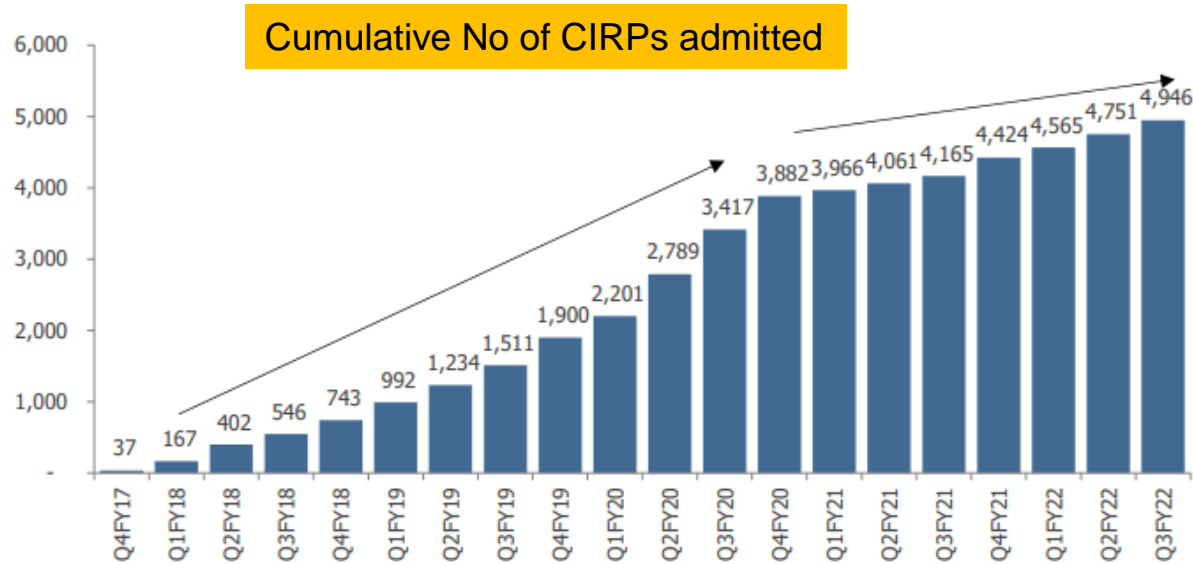
Last decade saw many positives

Some of the key positives

- Stable political & regulatory regime – This can be seen in India's rank in Ease of doing business

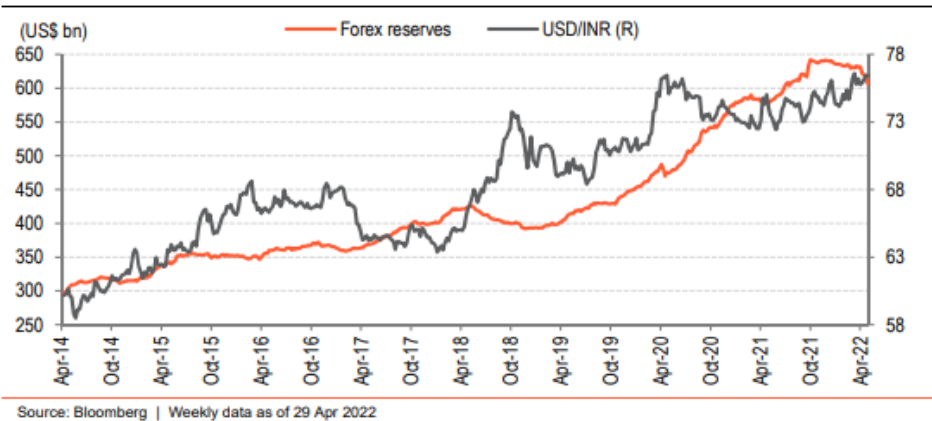
	2014	2015	2016	2017	2018	2019
India Rank	142	130	130	100	77	63

- Some key policy initiatives - IBC + RERA + GST that has had a structurally positive impact



Last decade saw many positives (cntd)

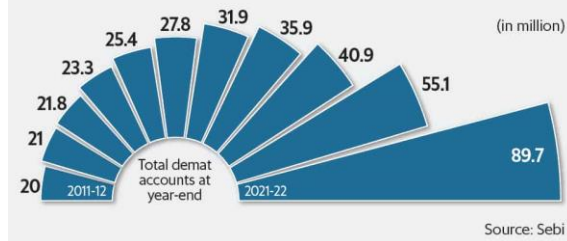
- Strong growth in Forex reserves



- Rise in retail participation

A giant leap

India closed FY22 with 89.7 mn demat accounts, adding a record 34.6 mn new accounts during the fiscal, Sebi data shows.



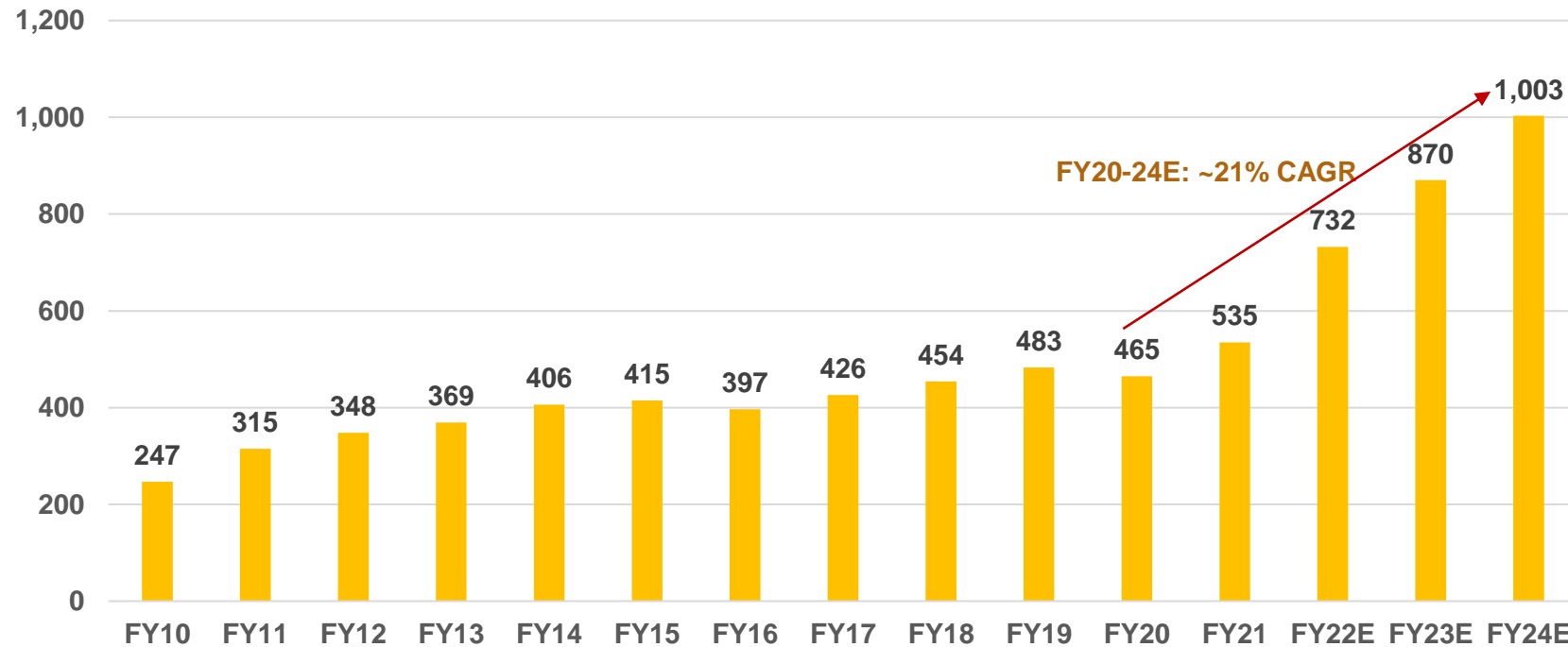
- Earnings pick up

- From FY12 to FY22E, Nifty EPS has grown nearly 3-fold from Rs. 247 to Rs. 732 in FY22E



**Next decade
belongs to India**

Earnings to drive robust returns



Source: Motilal

- Seeing an earnings upgrade cycle after a long period of tepid earnings growth between FY15-FY20.
- Despite a very tough FY21, we see ~21% earnings CAGR from FY20-24E.
- Short-term hiccups will come & go, but in the end stock prices are a slave of earnings

Economy to grow to \$ 5 trillion and beyond

- Indian economy to reach \$5 tn in the next 5 years and \$8.5 tn in the next 10 years.
 - Steady rise in per capita income to create a flywheel effect for discretionary consumption
 - As per IMF, India is projected to be a \$5trn economy by FY27 on the back of strong recovery post pandemic

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
PAST NUMBERS & PROJECTIONS								
EARLIER NUMBERS FOR INDIA (released in April)								
GDP in \$trn*	2.67	3.04	3.29	3.58	3.89	4.23	4.57	4.92
GDP in ₹ tm*	198.01	236.44	268.14	302.31	338.46	378.09	419.63	464.14
Implied ₹ value against the \$	74.16	77.78	81.5	84.44	87.01	89.38	91.82	94.33
NEW NUMBERS FOR INDIA								
GDP in \$trn*	2.67	3.18	3.53	3.89	4.27	4.68	5.10	5.53
GDP in ₹ tm*	198.01	236.44	268.14	302.31	338.46	378.09	419.63	464.14
Implied ₹ value against the \$	74.16	74.35	75.96	77.71	79.26	80.79	82.28	83.93
NUMBERS FOR CHINA								
	2020	2021	2022	2023	2024	2025	2026	2027
GDP in renminbi tm	102.56	112.58	121.59	132.04	142.04	152.27	163.03	174.54
GDP in \$trn	14.86	17.46	19.91	21.86	23.62	25.35	27.17	29.13
Implied renminbi value against the \$	6.9	6.45	6.11	6.04	6.01	6.01	6.00	5.99
Note: Projections from 2022-23 onwards for India and 2022 onwards for China; *at current prices Source: IMF								

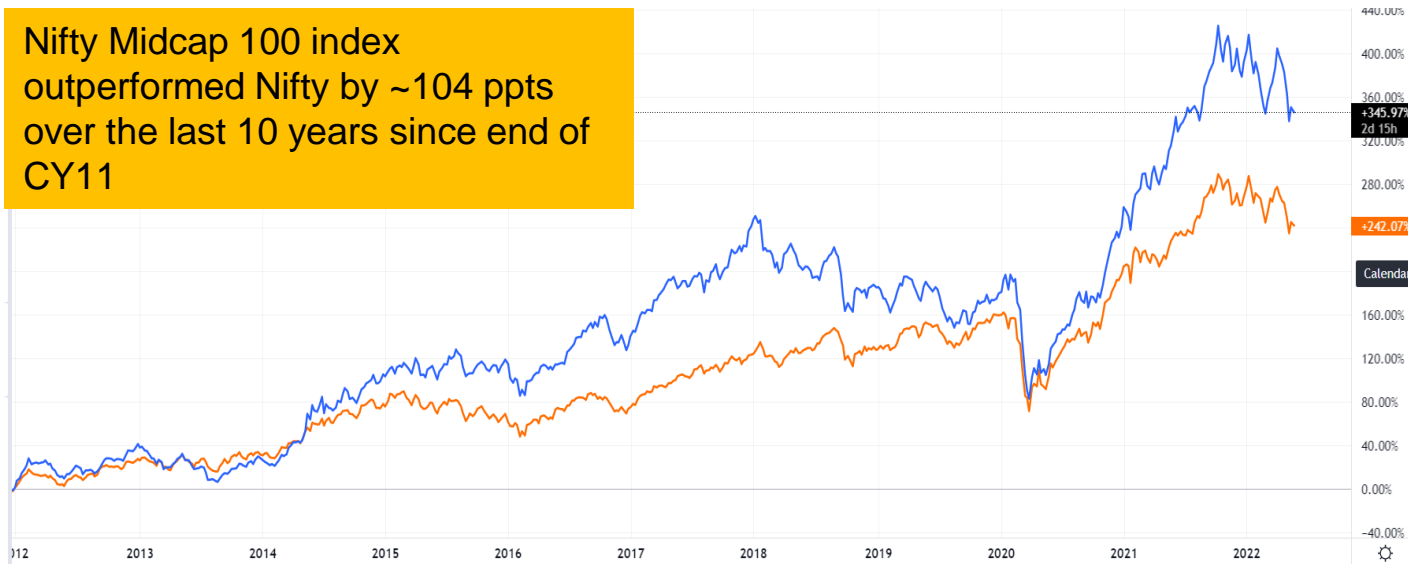
India Infra Upgrade

- John F Kennedy: "American roads are not good because America is rich, but America is rich because American roads are good"
- Union Minister for Road, Transport and Highways, Nitin Gadkari has committed to expanding the National Highways (NH) network across the country with the aim of constructing 18,000 km of NHs in 2022-23 at a record speed of 50 km per day. The overall target is to develop 2 lakh kms of National Highway network by 2025.
- Other modes of transport such as Inland waterways, Freight corridors, Railways, etc. also see faster execution and this will create flywheel effect to the India's economy.

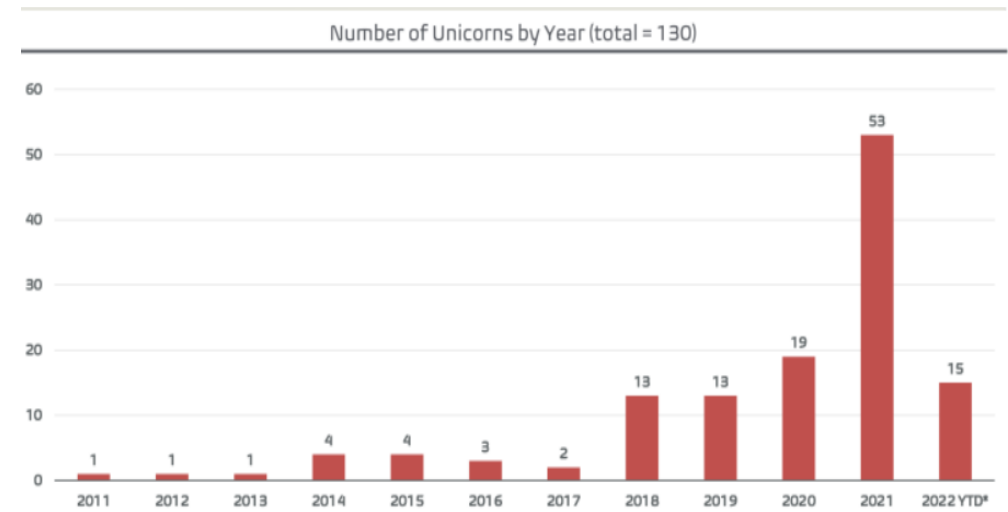
Rising Entrepreneurship

- Rising entrepreneurial culture in India & supportive regulatory regime will give rise to many emerging opportunities:
 - In the listed small & midcap space. Over the last 10 years the midcap index was up ~346% vs. ~242% for the Nifty Index, resulting in many multibaggers. We expect the trend to continue over long term
 - Potentials unicorn startups of tomorrow – saw rapid acceleration over the last 2-3 years

Nifty Midcap 100 index outperformed Nifty by ~104 pts over the last 10 years since end of CY11



Indian Unicorns over last 10 years



Source: Iron Pillar Holding as of 31st March 2022

Energy self reliance

- Energy self reliance:
 - India's focus on Green Hydrogen as a cleaner form of energy and to reduce dependency on imported fossil fuels. Aims for 80% Hydrogen to be Green by 2050
 - The road is long and we expect this to kick-start capex for Renewable Energy, Power Transmission and energy storage super-cycle
 - As per Investec, there is capex opportunities of ~USD 400bn across the value chain, 85%+ of which will be towards RE generation, storage & supply.
 - Some of India's competitive advantages – 1) Potential to generate inexpensive Renewable Energy, 2) 3rd largest consumer of Hydrogen currently 3) Government's pro-activeness

Equity culture to become pervasive

- Equity culture to become more pervasive & avenues beyond mutual funds will be explored
 - Traditional asset classes (including Mutual Funds) are no longer sufficient to satisfy holistic wealth management requirements of the individuals.
 - Traditional asset management industry will need to innovate constantly to meet Investor expectations.
 - Indians will increasingly look to diversify to offshore investment options
 - Exposure to asset class will largely be captured through passive products and Wealth creation will require advisors who can provide intelligent asset allocation & rebalancing.
 - Hence role of advisors to create, preserve & grow wealth will be recognized more.

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