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FOR PRIVATE CIRCULATION ONLY

KARVY PRIVATE WEALTH

INDIA 2017 WEALTH REPORT

Equities lead the charge for Wealth Creation

KARVY PRIVATE WEALTH

Foreword

Of structural reforms, formalisation & wealth creation

It gives me immense pleasure in presenting to you the 8th edition of our India Wealth Report. Every year, we do an in-depth analysis of the Global and domestic wealth patterns through an assiduous collection of data to study where and how Indian Individuals have placed their hard-earned wealth; which are the asset classes that gaining investors' confidence and which are the ones that are falling out of favour. Like every year, our research has thrown up new insights into the changing dynamics of investment behaviour and of course, some interesting trends.

After losing a bit of traction, financial assets have regained their pole position in FY17, as the stellar performance of the equity markets attracted investors in droves. Importantly, wealth creation through equities has not been restricted to big institutional investors as individual participation too saw a huge jump via the direct as well as mutual funds route. Undoubtedly, equity has been the champion asset class this year, outshining other asset classes by a wide margin. With individual wealth growing more than 26% in equities, Indians seemed to have cashed in on every opportunity arising from the current stock market bull run. The rising wave of equity was also reflected in the record amount of fund raising through the IPO route in 2017, making it the best year for investors in the primary markets in recent Indian history. Even pre-IPO deals, buying part stake in unlisted equities have seen a significant uptick. As Q2 GDP growth figures of 6.3% sent out a signal of economic recovery, share of equities in financial assets pie is all set to rise further in the coming years.

Meanwhile, growth in the equity asset class prompted investors to assign larger investments in mutual funds, insurance and pension funds, which recorded double digit growth in FY17. Also, the Government's demonetisation move pushed up wealth held in savings and current deposits. Predictably, cash holding witnessed a steep decline on account of demonetisation.

With focus shifting to financial asset classes, individual wealth pattern saw a trend reversal with investment in physical assets slowing down a bit. While wealth held in gold and real estate remained almost steady, other gems and jewellery attracted more interest from investors.

With implementation of large scale structural reforms such as demonetisation, introduction of Goods and Services Tax (GST), the new Bankruptcy Code, Real Estate (Regulation and Development) (RERA) Act, the pace of growth of economy is likely to accelerate.

According to ancient Hindu mythology, the fight between Gods and demons led to 'Samudra Manthan', which eventually became the cause of origin of nectar of immortality- 'Amrita'. Similarly, the changes seen in the form of these structural reforms will eventually give birth to a more transparent, business friendly and efficient Indian economic system.

This year, apart from covering an exclusive note titled 'Opportunity – Unlisted Equity' for the first time, we have also included additional features on Investing in Portfolio Management Services , Why you may need a Family Office, Is wealth in Bharat growing faster than India as part of our special coverage. Hopefully, readers will get a holistic view on investment trends at both ends of the spectrum.

We end this report with our projections of asset class preferences over next 5 years. By FY22, we expect the total individual wealth to reach ₹ 639 lakh crore, growing at a CAGR of 13.18%. In the next 5 years, equity as an asset class will be the major growth driver of this wealth creation. We expect direct equity to grow at a CAGR of more than 21% over the next 5 years, surpassing other asset classes by huge margin. Please read on for more details.

I am confident that you will find this study useful both as a reader and an investor. Please write to me if you wish to have more detailed discussion on any of the contents of this report at abhijit1.bhave@karvy.com

Happy reading,

Keep Growing with Karvy Private Wealth

Abhijit

Abhijit Bhave
Chief Executive Officer
Karvy Private Wealth

INDIA

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EXECUTIVE SUMMARY

Since we started publishing the India Wealth Report in 2009 we have witnessed the Individual wealth in India growing by leaps and bounds, multiplying by almost three times. FY17 is no exception with wealth growing owing to a string of reforms in India and a cyclical recovery of the global markets in the offing.

The World's largest economy, the United States of America has recorded a GDP growth rate of 3% in July-September period of this year with falling unemployment rate. Eurozone is showing high consumer confidence despite Brexit concerns. Japan is slowly coming out of a decade long deflationary trend. China is also chugging ahead with a projected GDP growth rate of 6.7% this year. Against this backdrop, International Monetary Fund (IMF) has revised its growth outlook upwards.

India's macroeconomic parameters look healthy in the long term inspite of a temporary blip in its growth figures this year on account of a slew of structural reforms, such as implementation of GST, RERA, new insolvency and bankruptcy code and demonetisation leading to formalization of Indian economy. With the recent steps such as recapitalization of banks, the economy is all set to follow a northward trajectory in the coming years. As more sectors come under the fold of formal economy, asset allocation is witnessing a structural shift with financial assets gaining an upper hand over physical assets.

In FY17, total wealth grew by 10.91% to reach ₹344 lakh crore. The wealth in financial assets held by individuals grew substantially by 14.63%, while it grew by 5.92% in physical assets showing a trend reversal from last year when financial assets grew at a slower rate of 7.15% with physical assets growing at a faster rate of 10.32%. Direct equity, mutual fund, saving bank deposits and pension funds have been various sub assets classes which propelled growth of wealth held in financial assets.

On the macroeconomic front, GDP grew at a slower rate of 6.7% in FY17 as compared to 7.1% in FY16. This was majorly attributed to demonetisation of high value currencies announced by the government which pulled down consumption demand in the second half of FY17. However, many economists are of the view that Indian economy is going through a transition with implementation of various structural reforms and will soon see the positive impact on our growth rate.

Meanwhile, direct equity was one of the key growth drivers in FY17 and is likely to remain so in coming years. Savings deposits growth surged 28% during this period on account of demonetisation, while mutual funds witnessed a whopping 39% rise. However, small savings schemes lost a bit of sheen on the back of lower yields. Interestingly, the proportion of financial assets in the total wealth pie has increased on year-on-year basis to 59.27%. In case of physical assets, the proportion to total assets has come down to 40.73% in FY17 from 42.65% a year ago. This trend is likely to continue in coming years as more sectors come under the fold of formal economy.

Going forward, it is estimated that individual wealth in India is likely to nearly double to touch ₹ 639 lakh crore by FY22. While wealth held in financial assets is likely to grow at 14.60% CAGR, physical assets are expected to see an annual growth rate of 11%. The proportion of financial assets in total individual wealth is expected to increase to around 63% by FY22 from 59.30% currently.

Global Individual Wealth

Global HNWI population increased by 7.5% to reach 16.6 million in calendar year 2016 as compared to a growth of 4.9% in 2015[1]. Wealth expanded by 8.2% in 2016 to US$63.5 trillion as against a growth of 4% in 2015. HNWI[2] wealth is expected to surpass US$100 trillion by 2025. Ultra HNWI[3] posted a strong growth rate of 8.3% in population and 9.2% in wealth year-on-year basis. Ultra HNWIs have proven to be the major growth drivers. They account for more than one-third of HNWI population and hold 87% of total HNWI wealth.

Russia had the largest growth in number of millionaires, with a growth rate of 20% as compared to last year. Other countries like Indonesia, Netherlands, Norway, Thailand, Sweden, Taiwan, Canada, Brazil and France have also shown double digit growth compared to global average of 7.5%.

The largest proportion of wealth was held in equity and debt assets (including cash) at 31.1% and 45.3% respectively. Equity proportion grew more than 6% and debt grew its proportion by almost 4% in 2016. The proportion of other asset classes like real estate and alternative assets decreased comparatively on y-o-y basis.

Individual Wealth in India

Individual wealth in India is calculated by considering only wealth held by individuals and HNIs across various asset classes. A detailed classification on both financial and physical asset along with trends and forecast has been explained in this report. Wealth held by government and institutional investments is excluded from the report.

In FY17, the individual wealth in India expanded to ₹344 lakh crore from ₹310 lakh crore in FY16. Individual wealth witnessed a higher growth rate of 10.91% in FY17 against 8.50% in FY16. India also created higher number of high-net-worth-individuals with a growth rate of 9.5% to 2.19 lakh HNWIs versus the global average of 7.5% and Asia Pacific region's 7.4%[4]. Meanwhile, the preference of Indians is also slowly but definitely shifting to financial assets over physical assets on year-on-year basis.

Table 1: Total Individual Wealth in India in FY17

Category	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-O-Y (%) Change	Proportion FY 17	Proportion FY16
Financial Assets	2,03,90,576	1,77,88,216	14.63	59.27%	57.35%
Physical Assets	1,40,09,717	1,32,26,838	5.92	40.73%	42.65%
Total	**3,44,00,293**	**3,10,15,054**	**10.91**	**100.00%**	**100.00%**

Individual Wealth in Financial Assets

Individual wealth in financial assets grew by 14.63% to ₹ 203.90 lakh crore in FY17. Over 66% of individual wealth in financial asset was held in direct equity, fixed deposits, insurance and saving bank deposits in FY17.

In FY17, one of the major growth drivers was mutual funds recording a growth rate of 39.21% against 12.95% in FY16. This was attributed to positive performance of equity market and increased contribution from the individual investors. Saving deposits also posted a growth rate of 27.85% as cash inflows into the bank accounts surged post demonetisation.

Interestingly, wealth in direct equity grew by 26.80% in FY17 against a 13.84% fall in FY16. Direct equity now holds 18% of total wealth pie of individual financial wealth in India.

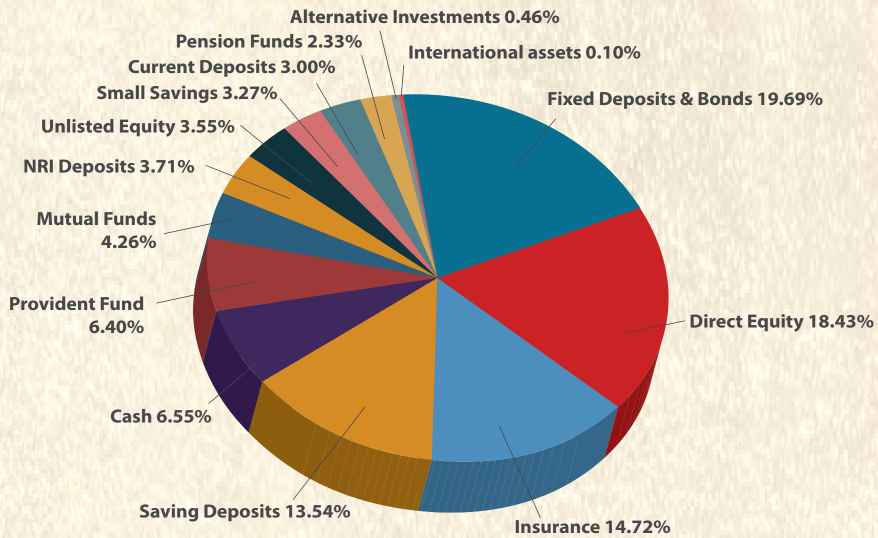
Source: 1, 4 - World Wealth report, 2017 - Capgemini; 2, 3 - HNWI are individuals having US$1 million or more investable wealth and Ultra HWNI are Individuals having US$30 Million or more investable wealth; Investable wealth excludes primary residence, collectibles, consumables and consumer durables.

Table 2: Classification of Individual Wealth in India based on Financial Assets

Financial Assets	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-O-Y Change (%)	Proportion FY 17 (%)	Proportion FY16 (%)
Fixed Deposits & Bonds	40,14,624	36,81,658	9.04	19.69	20.70
Direct Equity	37,58,255	29,63,882	26.80	18.43	16.66
Insurance	30,01,230	25,47,563	17.81	14.72	14.32
Saving Deposits	27,60,811	21,59,478	27.85	13.54	12.14
Cash	13,35,200	16,63,432	-19.73	6.55	9.35
Provident Fund	13,04,316	11,51,027	13.32	6.40	6.47
Mutual Funds	8,68,396	6,23,825	39.21	4.26	3.51
NRI Deposits	7,57,200	8,26,727	-8.41	3.71	4.65
Unlisted Equity	7,23,127	5,86,118	23.38	3.55	3.29
Small Savings	6,67,613	6,58,596	1.37	3.27	3.70
Current Deposits	6,10,931	4,37,262	39.72	3.00	2.46
Pension Funds	4,75,227	3,92,682	21.02	2.33	2.21
Alternative Investments	92,963	77,503	19.95	0.46	0.44
International assets	20,684	18,462	12.04	0.10	0.10
Total	**2,03,90,576**	**1,77,88,216**	**14.63**	**100.00**	**100.00**

It is estimated that individual financial wealth in India will almost double to ₹ 403 lakh crore by FY22 at a CAGR of 14.60%. Direct equity and mutual funds are expected to be the growth drivers of this northward trend, growing by 164% and 127% respectively over the next 5 years

Figure 1 How finanacial wealth reshaped in FY17
Breakup of Individual Wealth in Financial Assets



Meanwhile, major drags to total individual wealth included cash, NRI deposits and small savings in FY17. All these asset classes had shown double digit growth on y-o-y basis in FY16.

Individual Wealth in Physical Assets

Growth of individual wealth in physical assets slowed down to 5.92% in FY17 as against 10.32% recorded in FY16. Real estate and Gold together held 92% of wealth in physical assets and over 37% of total individual wealth pie.

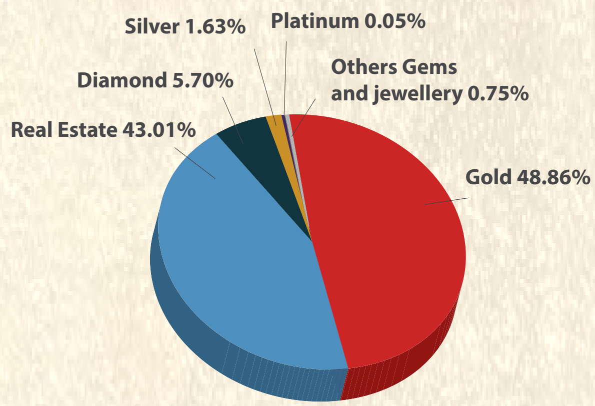
Table 3: Classification of Individual Wealth in India in Physical Assets

Physical Assets	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-O-Y Change (%)	Proportion FY 17 (%)	Proportion FY16 (%)
Gold	68,45,167	65,90,575	3.86	48.86	49.83
Real Estate	60,25,206	55,47,254	8.62	43.01	41.94
Diamond	7,98,240	8,02,840	-0.57	5.70	6.07
Silver	2,28,916	2,01,169	13.79	1.63	1.52
Platinum	6,998	6,452	8.46	0.05	0.05
Others Gems and jewellery	1,05,190	78,548	33.92	0.75	0.59
Total	**1,40,09,717**	**1,32,26,838**	**5.92**	**100.00**	**100.00**

The growth rate in physical assets has slowed down on the back of subdued investor sentiments and high price of real estate which kept people from new purchases. Also, events such as demonetisation have adversely impacted the demand for realty projects. Investors also followed a 'wait and watch approach' after announcement of key reforms like RERA and GST, which has further dampened the demand environment in the short term.

Individual wealth in physical assets is expected to grow to ₹236 lakh crore by FY22 at a CAGR of 11%.

Figure 2 How physical wealth reshaped in FY17
Breakup of Individual Wealth in Physical Assets



Classification of individual wealth in Key Asset Classes

Table 4: Classification of Individual Wealth in India in Key Asset Classes

Asset Class	FY 17 Amount (₹ Crore)	FY 16 Amount (₹ Crore)	Growth (%)	Proportion FY17 (%)	Proportion FY 16 (%)
Equity	57,70,095	45,42,420	27.03	16.77	14.65
Debt (including cash)	1,44,46,810	1,31,15,652	10.15	42.00	42.29
Alternate Assets (Including Gold & Other precious metals & gems)	81,58,182	78,09,728	4.46	23.72	25.18
Real Estates	60,25,206	55,47,254	8.62	17.51	17.89
Total	**3,44,00,293**	**3,10,15,054**	**10.91**	**100.00**	**100.00**

As can be seen from the above table, across the key asset classes, there has been an increase in proportion, primarily in equity asset class and the trend is likely to continue to grow in the coming years.

Key Trends

1	Total wealth held by individuals in India has grown by 10.91% to ₹ 344 lakh crore. Individual Wealth in financial assets grew by 14.63%, while that in physical assets grew by 5.92%. This is in contrast to the previous year when the growth of wealth held in physical assets was higher than the growth of wealth held in financial assets.
2	Direct equity has been the main growth driver in FY17 growing at 26.8% as compared to de-growth of 13.8% in the previous year.
3	The positive sentiment also helped propel Mutual Funds which grew at over 39% over the previous year as individuals increasingly identify this asset class as a better way to participate in the equity markets.
4	Current Deposits and Saving Deposits grew handsomely by over 39% and 27% respectively, primarily on account of demonetisation of high value currency notes.
5	Over 66% of individuals wealth in Financial Assets were held in Direct Equity, Fixed deposits, Insurance and Saving Deposits.
6	We expect wealth held by individuals to reach ₹ 639 lakh crore by FY22 at a steady CAGR of 13.18% per annum.
7	The implementation of various reforms such as GST, RERA, new insolvency and bankruptcy code and recapitalization of banks among others are likely to move more informal sectors into the formal economy and hence, boost GDP growth and individual wealth in the medium to long term.
8	There is increasing trend of HNIs investing in unlisted equity to be part of the start up / private equity story apart from the quest to have higher anticipated returns on account of unlocking of potential valuations upon listing on stock exchanges.
9	There is an increasing trend of ultra HNIs looking at engaging with Family Office set-ups to not only help them in managing investments but also help in ensuring a relevant structure to preserve, grow and manage their wealth for generations to come.
10	Direct Equity Investments are expected to be the main growth drivers for the future and are expected to grow at a CAGR of more than 21% over the next 5 years.

Section 1

ECONOMIC OUTLOOK

The Global economy is on a recovery mode. After close to a decade of economic slump, developed nations have started showing improvement in GDP numbers. World's largest economy- the United States of America has recorded a GDP growth rate of 3% in July-September period with increase in consumer confidence index. Such brisk pace of growth coupled with falling unemployment numbers augur well for the economy. Meantime, despite concerns, China has not run out of steam and is estimated to grow at 6.8% in 2017. Eurozone is also slowly coming out of woods though worries over Brexit linger. In Asia, Japan is coming out of a 15 year-long deflationary period with a sustained exit from the deflation likely by 2019. Considering the growth momentum in the first half of this year, the IMF forecasts a stronger rebound of global economy in 2017. As per its projections, growth rate is likely to rise to 3.6% in 2017 and 3.7% in 2018.

The decline in commodity prices is also lower than that seen in 2016 and still remains mostly above 2016 averages. This has resulted in recovery of gains or reduction of losses for the commodity exporting nations though they still have a long way to go, especially the countries dependant heavily on commodity exports. Oil prices, which have seen a downturn since 2014, have seen a recovery this year due to the production cut initiated by the Organization of Petroleum Exporting Countries (OPEC) since January 2017. Prices of iron ore and steel have also firmed up on the back of robust Chinese demand. On the other hand, commodity importing nations like India continue to enjoy the lower commodity prices which are aiding reduction in their current account deficits leading to better growth numbers.

The growth outlook for the World economy remains positive with emerging economies growing at higher rates than the developed economies by a respectable margin.

Globally, among the developed economies, growth is led by the United States with a steady recovery in economic activity. The Eurozone is projected to see the uptick in economic growth till the end of 2017, with a slight slowdown likely in 2018. Japan is looking at a robust growth in 2017, but sustaining this growth in 2018 will be crucial. The United Kingdom, owing to Brexit is expected to see a slowdown in growth for the next in.

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erm. Emerging
Europe will see a
short-term uptick in growth in 2017-2018 owing to stronger than expected growth in Turkey.

India to remain on a firm growth path

Despite the temporary blip in GDP figures, India will remain one of the bright spots of global economy in coming years. During the first three quarters of 2017, country's growth momentum has slowed down owing to the after effects of demonetisation. Also, disruptive impact of Goods and Services Tax (GST), which was introduced from July 2017, played its role in pulling down consumption demand in the short term. All these factors resulted in dragging the FY18 first quarter GDP growth to 5.7% against 6.1% for the previous quarter.

However, we can see some signs of green shoots already visible in the Indian economy. The GDP growth rate for Q2 has gone up to 6.3%. CPI has cooled down and settled in a comfortable range backed by a good monsoon. This is despite the rate cuts and fresh inflow of liquidity for banks with RBI adjusting the SLR requirements and freeing up capital for lending. The banking system has also transmitted the rate cut to end users, resulting in lower interest rates for lending.

To boost growth further, the Government of India has come up with a slew of policy measures this year. In an important move, mega public sector bank recapitalization plan has been unveiled in October this year under which ₹ 2.11 lakh crore will be infused over 5 years to overcome the bad loans problem and support credit growth. Similarly, public investment for highways development has received a boost through a planned investment of ₹ 7 lakh crore under the 'Bharatmala' project.

Meanwhile, policy measures undertaken by the government has prompted global rating agency, Moody's to upgrade India's sovereign credit rating. Another global agency, Standard and Poor's (S&P) has also acknowledged the structural reforms implemented in India in the last two years. Against the backdrop of these measures, International Monetary Fund (IMF) has projected India's growth figures at 7.4% for 2018, which will again push the country as the fastest growing large economy of the world.

Section 2

GLOBAL INDIVIDUAL WEALTH

Sound performance of various global equity markets pushed up the number of HNWI population with Asia Pacific region leading the global pecking order. While HNWI population increased by 7.5% in calendar year 2016 against 4.9% in 2015, their combined wealth expanded by 8.2% in 2016 to US$63.5 trillion[5] against 4% in 2015. Rise in equity markets was attributed as the major reason behind this phenomenon. With rise of equity indices in major economies, allocation in this asset class also jumped.

Table 5: Global Individual Wealth in Key Asset Classes

Key Assets	2016 Proportion (%)	2015 Proportion (%)
Equity	31.1	24.8
Debt (including cash)	45.3	41.6
Alternative Assets	9.7	15.7
Real Estate	14.0	17.9
Total	**100.0**	**100.0**

Maximum proportion of wealth was held in equity and debt assets at 31.1% and 45.3% respectively in FY17. While equity saw the maximum growth rate of 6%, debt grew by almost 4%. Other asset classes like real estate and alternative assets contracted on year-on-year basis. Among the HNWI population, ultra HNWI comprises more than one-third of the total population, and holds 87% of total HNWI wealth.

As far as addition of new millionaires is concerned, Russia has minted maximum millionaires with a growth rate of 20% as compared to last year. Other countries such as Indonesia, Netherlands, Norway, Thailand, Sweden, Taiwan, Canada, Brazil and France have also shown double digit growth compared to global average of 7.5%. Hong Kong, Singapore, New York and London have emerged as the most preferred offshore investment destinations for HNWI's in Asia Pacific region.

Slowing growth in world's second largest economy, China impacted its wealth creation with growth rate of wealth slowing down to 9.1% in 2016 down from 16.2 % in 2015. Meanwhile, Japan grew by 6.3% in 2016 down from 10.9% in 2015.

However, both China and Japan remained the fastest growing region in terms of HNWI population and wealth. They account for 73% of Asia pacific HNWI population and 68% of HNWI wealth[6].

With major economies clocking higher growth, global HNWI wealth is expected to surpass US$100 trillion[7] by 2025. Similarly, Asia-Pacific HNWI wealth is likely to exceed US$40 trillion by 2025.

Source: 5, 6, 7 World Wealth Report 2017 - Capgemini

Section 3

INDIVIDUAL WEALTH IN INDIA

Individual wealth in India is calculated by considering only wealth held by individuals and HNIs across various asset classes. Wealth held by government and institutional investments is excluded from the report. We have for the first time covered Unlisted Equity as a separate sub-asset class.

Assets considered in the India Wealth Report 2017 are :

Financial Assets

- Fixed Deposits & Bonds
- Direct Equity
- Insurance
- Saving Deposits
- Cash
- Provident Fund
- Mutual Funds
- NRI Deposits
- Unlisted Equity
- Small Saving
- Current Deposits
- Pension Funds
- Alternative Investments
- International assets

Physical Assets

- Gold
- Real Estate
- Diamond
- Silver
- Platinum
- Other Gems and Jewellery

Financial assets continued to retain its pole position in FY17 with more number of people reposing faith on this asset classes. With a 14.63% growth rate, financial assets had 59.27% share in overall individual wealth base in FY17. This can be attributed to rise in equity markets, improvement in corporate earnings apart from various policy measures taken up by the government. RBI monetary policy announcements with broad hints towards monetary easing also supported this trend. With major macroeconomic indicators like fiscal deficit, current account deficit and inflation on a healthy footing, financial assets continued to retain its dominant position. Meanwhile, physical assets lost investors' confidence to a great extent with growth rate tumbling to 5.92% in FY17 from 10.32% a year earlier.

Table 6: Total Individual Wealth in India

Category	FY 17 Amount (₹Crore)	FY 16 Amout (₹Crore)	Y-O-Y Chg (%)	Proportion FY 17 (%)
Financial Assets	2,03,90,576	1,77,88,216	14.63	59.27
Physical Assets	1,40,09,717	1,32,26,838	5.92	40.73
Total	**3,44,00,293**	**3,10,15,054**	**10.91**	**100.00**

Section 4

INDIVIDUAL WEALTH IN FINANCIAL ASSETS

4.1: Fixed deposits & Bonds

In FY17, bank fixed deposits and bonds topped the chart as the largest financial asset class to hold individual wealth. This segment comprises fixed deposits (both bank and corporate); deposits with NBFCs and RNBCs (Residuary Non-banking Companies) and bonds & debentures.

Table 7: Break-up of assets held in fixed deposits and bonds

Category	FY 17 Amt (₹Crore)	FY 16 Amt (₹Crore)	Y-O-Y Chg (%)
Bank Fixed Deposits	38,87,817	35,12,655	10.68
NBFC & RNBC Deposits	42,467	37,211	14.12
Corporate Deposits	1,597	15,356	-89.60
Bonds & Debentures	82,743	1,16,436	-28.94
Total	**40,14,624**	**35,65,222**	**9.04**

Bank Fixed Deposits

Demonetisation has given a big fillip to deposits in the banking system. While most of the deposits upon demonitisation happened in the saving accounts and current accounts, part of this money has also moved to Fixed Deposits.

However, with the monetary easing cycle kicking up, deposit rates have fallen in the banking system. On this backdrop, individual wealth in fixed deposits is likely to grow at a slower pace due to lower interest rates offered by banks and very strong performance of equity market. This has prompted shifting of money to mutual funds for longer durations seeing the return trend and future prospects of equity market.

Most banks are offering interest rates in the range of 6.5% to 7% on their fixed deposits. It is safe to say investors can no longer take solace in putting their money in traditional instruments like fixed deposits due to lower yield and an unfavourable taxation structure.

The wealth held by individuals in India in bank fixed deposits grew at a meagre 10.68% in FY17 to reach ₹38.87 lakh crore.

NBFC & RNBFC Deposits

Deposits garnered by the non-banking finance companies (NBFCs) jumped by 14.76% to ₹40,915 crore in FY17. Though deposit taking NBFCs took a hit post demonetisation, lower interest rate regime is likely to support the future growth trend of these financial entities as the rates of interest offered are higher than bank fixed deposits.

Residuary Non Banking Finance Company (RNBC) is a class of NBFC whose principal business is to receive deposits, under any scheme or arrangement or in any other manner and not being investment. RNBCs are seeing a decline in total deposits in recent years. In FY17, total deposits of RNBCs declined by 0.39% to ₹1,552 crore.

Table 8: Composition of assets in NBFCs and RNBCs

Category	FY 17 Amt (₹Crore)	FY 16 Amt (₹Crore)	Y-O-Y Chg (%)
NBFC	40,915	35,653	14.76
RNBC	1,552	1,558	-0.39
Total	**42,467**	**37,211**	**14.12**

Total individual wealth in NBFC & RNBC deposits was at ₹42,467 crore at a growth rate of 14.12%.

Corporate Fixed Deposits

The corporate fixed deposits on the other hand provide slightly higher returns on their investments as compared to regular bank deposits. These are considered as lucrative investment options. However, many defaults in the past by various companies have lead to a declining trend of corporate deposits in India. Today, very few corporate fixed deposits exist in the market place with very few new issuances.

The individual wealth in corporate fixed deposits stood at ₹1,596 crore in FY17.

Bonds & Debentures

In FY17, corporate bonds issuances surged with a healthy 41.48% rise to ₹ 31,150 crore during this period. Private placement was the most used mechanism for resource mobilization via corporate bonds. However, the overall bond market showed a decline of 28.94% with a total fund raising of ₹ 82,743 crore in FY17. Bond issuances tumbled in case of PSUs with a 45% dip as compared to previous year.

Table 9: Individual Wealth in Bonds & Debentures

Category	FY 17 Amt (₹Crore)	FY 16 Amt (₹Crore)	Y-O-Y Chg (%)
Corporate	31,150	22,017	41.48
PSU	51,593	94,418	-45.36
Total	**82,743**	**1,16,435**	**-28.94**

In June 2017, under the new guidelines of SEBI for deepening corporate bond market and increasing liquidity, an issuer has been permitted a maximum of 17 ISINs maturing per financial year. A maximum of 12 ISINs maturing per financial year will be allowed only for plain vanilla debt securities for both secured and unsecured non-convertible debentures while no separate category of ISINs will be provided to them. Furthermore, an entity can issue up to five ISINs every fiscal "for structured debt instruments of a particular category".

Notably, in the year 2016-2017, no tax free bonds were issued. In mid 2016, when equity markets took a severe blow, RBI allowed banks to use corporate bonds under the liquidity adjustment facility apart from issuance of masala bonds.

4.2: Direct Equity

In FY17, Equity as an asset class has outshined all other financial assets in terms of performance this year. As the impact of demonetisation started waning and slew of economic reforms were rolled out, bulls took complete control of equity markets.

Apart from major overhauling of Goods and Services Tax (GST) structure, government also gave a breather to the banking industry in terms of recapitalization. Public sector banks, which are reeling under huge bad debt burden, will be infused with ₹ 2.11 lakh crore to kick start lending activity as part this plan. Markets cheered the move with public sector bank stocks rising the most.

These structural reforms implemented by the government received thumbs up from global financial institutions with Moody's upgrading Indian sovereign credit rating. Such bullish mood got reflected in equity indices with benchmark indices frequently scaling new heights. Meantime, IPO issuances have also hit a record high of 35 so far this year with a fund raising of more than ₹ 46,000 crore.

In FY17, individual wealth in direct equity zoomed 26.8% to a massive ₹ 37.58 lakh crore. Investments by all categories soared, with promoters and institutional investors leading the pack. This is a welcome development from previous year when wealth in all three categories had seen a significant drop owing to a lack of confidence in the equity markets.

The stock market saw a lot of volatility throughout FY17. While during first half of the fiscal, the Sensex had charted a northward path, it started tumbling towards the latter half of the fiscal year. Meanwhile, demonetisation proved to be a landmark event for equity markets during this year. Post the demonetisation announcement in November 2016, markets dived down sharply with Sensex falling to as low as 25,765 by end of the month. Nifty also charted a southward trend falling below 8,000 mark.

As impact of note ban started waning, benchmark indices started showing slow recovery. Key market gauge- Sensex also regained 28,000 mark, indicating resilience of Indian equities. Robust risk appetite of global investors, strong participation by domestic investors coupled with a stable rupee boosted sentiments. Improved corporate earnings and positive developments over implementation of GST reform further boosted Dalal Street.

Towards the end of FY17, good news came in the form of strong macroeconomic data and FII inflows, whereby markets resumed their bull run aided by investors' robust risk appetite and a strong rupee. While the Sensex crossed 30,000 mark, the Nifty closed above 9,100 for the first time during this period.

This rise in Indian stocks has also been driven by funds from foreign institutional investors (FIIs). FIIs have bought local equities worth a net US$6.45 billion this year[8]. Meanwhile, ₹ 34,705.21 crore was raised through new share sale, follow-on public offers, sales to qualified institutional buyers and rights issues.

Table 10: Composition of Direct Equity holding based on Investor class

Investors	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	% of Market Capitalisation	Y-o-Y Change (%)
Promoters	54,68,791	41,78,798	45.66	30.87
Institution	52,52,369	40,82,629	43.85	28.65
Retail	12,57,261	10,49,043	10.50	19.85
Total	**1,19,78,421**	**93,10,470**	**100.00**	**28.66**

Table 11: Break-up of Individual Investments in Direct Equity

Individual Investments	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-o-Y Change (%)
Promoter individual	25,00,993	19,14,839	30.61
Retail individual	12,57,261	10,49,043	19.85
Total	**37,58,255**	**29,63,882**	**26.80**

Direct Equity has been the pillar of individual wealth growth in FY17. Not only has the wealth increased in this asset class, the positive sentiments have helped other sub asset classes such as Mutual Funds, Pension Funds also to grow at a rapid pace.

We expect Direct Equity to remain among the fastest growing large asset classes over the next 5 years, helping to grow the wealth held by individuals.

Source: 8 - SEBI

4.3: Insurance

The Insurance asset class consists of Life Insurance and the Employee Deposit Linked Insurance (EDLI) Scheme.

Table 12: Individual Wealth in Insurance

Category	FY 17 Amt (₹Crore)	FY 16 Amt (₹Crore)	Y-o-Y Chg (%)
Life Insurance	29,80,622	25,29,390	17.84
EDLI	20,607	18,173	13.40
Total	**30,01,229**	**25,47,563**	**17.81**

Total individual wealth in Insurance rose 17.8% to ₹30.01 lakh crore in FY17.

Life Insurance

With almost 36 crores lives insured, India is among the world's largest life insurance markets. The Insurance Regulatory and Development Authority (IRDA) forecasts that life insurance penetration in India to surpass 5% by 2020 from current levels of 3.2%.

Life insurance penetration is also expected to receive a boost from the government's low-cost insurance schemes such as the Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Bima Yojana. Provisions made in the Union Budget 2017 could also prove to be a game changer in increasing insurance penetration in India. With growing population, increased income levels, awareness campaigns by industry giants and government support, the industry is expected to grow at a rapid pace in the coming years.

In FY17, the individual wealth in insurance has grown 17.84% to ₹ 29.80 lakh crore[9].

Employees' Deposit Linked Insurance Scheme (EDLI)

The Employees' Deposit Linked Insurance (EDLI) is administered by EPFO. However, it is unlike the provident fund scheme where both employers and employees directly make a contribution. Instead, in the EDLI, 0.5% of salary/ wages are deposited into the scheme by the employer. All EPF subscribers are automatically enrolled under the EDLI. The scheme follows a fixed investment pattern prescribed by the Union Labour Ministry and one should note that the maximum sum assured under the EDLI scheme has been increased to ₹ 6 lakh in September 2015 from ₹ 3.6 lakh earlier.

Total individual wealth in EDLI in India was at ₹ 20,607 crore which was an increase of 13.40% over FY16.

4.4: Saving Deposits

A savings deposit account is one of the most basic financial instruments available for the common man to access money. This instrument also went on a roller coaster ride in terms of wealth held in FY17 due to demonetisation. Notably, high savings rate have always been one of the hallmarks of a robust Indian economy and the demonetisation drive saw saving deposits getting a huge boost from this move.

While growth in fixed deposits has been slow, savings deposits saw much growth and have grown at over 27.85%.

A slew of banks have since cut savings deposit rates to 3.5-4%. However, one can be sure that a major chunk of these deposits will find their way into more active investment avenues such as mutual fund schemes.

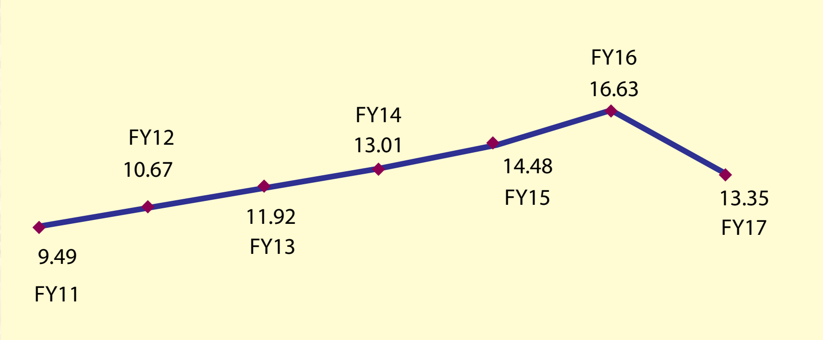
Meanwhile, rising savings deposits have also resulted in drastic reduction of zero balance accounts opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY).

Total savings deposits increased by 27.85% in the banking system to ₹ 27.60 lakh crore in FY17.

Source: 9 - Life Insurance Council

4.5: Cash

Figure 3 **Cash Circulation in India (in ₹ lakh crores)**



Cash was the asset class in focus in FY17. Demonetisation redefined the way individuals perceived cash in India. As per data from the Reserve Bank of India, total amount of cash in circulation decreased by 23.33% post note ban. However, cash made a comeback with circulation increasing to ₹13.35 lakh crore[10] as on March 31, 2017 from the lows of around ₹ 9.4 lakh crore seen during the initial days of demonetisation. Though, remonetisation picked up pace from February onwards, level of cash in the system has declined on an annualised basis.

Total value of currency notes in circulation had come down to ₹ 13.35 lakh crore post demonetisation, an overall decline of 19.75% as compared to the previous year.

4.6: Provident Fund

The provident fund is among the primary means of saving for retirement and a prime tax-saving option too, especially for the salaried class. This asset class has three components — the Employee Provident Fund (EPF), Public Provident Fund (PPF) held with banks and PPF held with post offices.

Together, individual wealth in Provident funds grew by 13.32% y-o-y to ₹ 13.04 lakh crore in FY17.

Table 13: Individual wealth in Provident Fund

Composition of PF	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-o-Y Change (%)
Employees' Provident Fund	9,02,567	7,85,312	14.93
PPF with Banks	3,37,778	3,07,495	9.85
PPF with Post Office	63,970	58,220	9.88
Total	**13,04,315**	**11,51,027**	**13.32**

Employees' Provident Fund (EPF)

Contributions to the EPF scheme usually begin between the ages of 20-25 when one starts working in an organization employing more than 10 people. This gives the employee an opportunity to save at least for 35-40 years till he/she retires at the age of 58 or 60. These investments made by subscribers/ employees are pooled together by EPFO and invested in financial instruments as per set norms. EPF is attractive from a long-term perspective as the compounded return at the time of retirement is exempted from tax.

Total wealth held by individuals under EPF stood at ₹ 9.02 lakh crore in FY17, a growth of around 14.93% over the corresponding financial year.

Source: 10 - RBI

PPF with banks

Public Provident Fund (PPF) is a popular long-term investment option for investors which not only offers safety of funds but also generates attractive returns. Importantly, the return is fully exempted from tax. Investors can invest minimum ₹500 to maximum ₹1,50,000 in a financial year and can get facilities such as loan, withdrawal and extension of the PPF account.

In FY17, individual wealth in PPF with banks has seen a growth of 9.85% to reach ₹ 3.37 lakh crore.

PPF with Post Offices

PPF is an effective tool of saving for those who are in areas which do not have easy access to the banking system. Apart from banks, an individual can open a PPF account in the post office.

In FY17, total individual wealth held in PPF with post offices rose 9.88% to ₹ 63,970 crore[11].

4.7: Mutual Funds

Mutual funds are almost emerging as the best investment option for common investors in the financial markets, who are caught between a relatively volatile direct equity market and low yielding traditional assets. Consider this: From about just ₹ 89,283 crore in 2003-04 — of which only 11% (₹10,000 crore) was in equity schemes — total AUMs have galloped almost 20 times to ₹ 17.54 lakh crore in FY17.

In FY17, massive entry of individual investor —especially from smaller towns — propelled mutual funds into newer heights. In FY17 alone, about 77 lakh investor accounts were added taking the total number of accounts to 5.54 crore led by growing interest from retail as well as HNI investors. This number stood at 59 lakh folios being added in the preceding fiscal. In the last two years, investor accounts have increased following robust contribution from smaller towns.

Overall, effect of demonetisation and eroding returns in bank/ post office-based investment schemes have pulled investors into mutual funds en-masse. While experts believed that AUMs would cross the ₹ 20 lakh crore mark by FY17 end, the industry has crossed this threshold in August 2017. However, MFs have miles to go as reports reveal that India's AUM to GDP ratio stood at 12%, much lower than the global average of 55%.

Table 14: Individual wealth in Mutual Funds

Type	FY 17 Amount (₹Crore)	FY 16 Amount ₹Crore)	Y-o-Y Change (%)	Proportion (%)
Equity	5,39,539	3,53,411	52.67	62.13
Debt	3,28,856	2,70,414	21.61	37.87
Total	**8,68,395**	**6,23,825**	**39.21**	**100.00**

Total individual wealth in mutual funds in India in FY17 was at ₹ 8.68 lakh crore which is an increase of 39.21% over the previous year[12].

4.8: NRI Deposits

In FY17, individual wealth in NRI deposits declined 9.9% to ₹ 7.57 lakh crore.

While NRE and NRO accounts have seen a steady growth, there has been a massive decline in FCNR deposits, primarily on account of maturity of US$25 billion which was raised in 2013 for a period of three years.

Table 15: Individual wealth in NRI Deposits[13]

Scheme	FY 17 Amt (₹Crore)	FY 16 Amt (₹Crore)	Y-o-Y Chg (%)
NRE-(RA)	5,39,150	4,72,941	14.00
FCNR-(B)	1,36,075	2,86,644	-52.53
NRO	81,974	67,135	22.10
Total	**7,57,200**	**8,26,720**	**-8.41**

NRI deposits took a hit post demonetisation and subsequent reduction in interest rates on term deposits. In fact, NRI deposits fell to a two-year low in FY17, as banks were busy keeping track of domestic deposits. However, the hit was largely limited to FCNR accounts mainly because of the FCNR redemption of about US$25 billion[14], which took place during September-November period. NRO and NRE(RA) deposits have grown steadily.

Source: 11, 13,14 - RBI; 12 - AMFI

4.9: Unlisted Equity

For the first time this year, we have added sections on wealth held by individuals in Unlisted Equities/ Private Equity. This includes the wealth of both individual promoters in their businesses and also by various investors. India being a state of entrepreneurs, there is a lot of wealth and value in businesses which may not be listed. This could include large names like TATA SONS, Times of India, Patanjali and Nirma to numerous small SMEs next door. This asset class holds immense potential and value waiting to be unlocked if the business gets listed.

Favourable political and economic factors is encouraging many companies to go public which may lead to unlocking value of these assets and give remarkable returns.

While on the face of it, investment into unlisted companies might seem to be extremely lucrative and attractive; investors should always look at the price at which they are buying any stock. There is neither any price discovery mechanism for valuation of these stocks nor any order matching mechanism to match demand with supply. Both buyers and sellers are dependent on intermediaries for getting the correct valuation for the stock transaction. There also have been instances where intermediaries have defrauded buyers by collecting money without delivering stocks against the same. To conclude, investment into private equity, unlisted shares, and pre IPO stocks can be lucrative and may yield high returns, but investors should be fully informed on the valuation, operational, liquidity and transactional risks involved in such transactions.

Wealth held by individuals in unlisted equity is estimated to be ₹ 7.23 lakh crore in FY17.

4.10: Small Savings

Small saving schemes are the investments done by individuals in post offices. Small savings schemes took a hit from the very beginning of FY17, when the government shifted to a quarterly revision of interest rates (returns) offered on various small savings instruments like Kisan Vikas Patra, Senior Citizen Savings Scheme and National Savings Certificate. However, there are two dimensions to the frequent revision in interest rates on small savings schemes. While base interest rates will be subject to change every quarter, the spread that some of these schemes enjoy vis-à-vis comparable government bonds will remain unchanged. Thus, under any circumstances, interest rates on these schemes will be around 25 bps higher than comparable G-Secs.

The following table gives latest interest rates for the July-September quarter

Table 16: New Small Savings Rates

Assets	Rate of Interest (%)	
	July - September 2016	July - September 2017
5 years recurring deposit	7.40	7.10
Kisan Vikas Patra	7.80	7.50
National Savings Certificate	8.10	7.80
Post office 1-year time deposit	7.10	6.80
Post office 2-year time deposit	7.20	6.90
Post office 3-year time deposit	7.40	7.10
Post office 5-year time deposit	7.90	7.60
Post office monthly income scheme	7.80	7.50
Post office savings scheme	4.00	4.00
Public Provident Fund	8.10	7.80
Senior Citizen's Savings Scheme	8.60	8.30
Sukanya Samriddhi Account	**8.60**	**8.30**

Source: Finance Ministry

Such interest rate cuts have created concerns among a large population of investors, who depend on the interest payments for a living. However, as small savings schemes offer some amount of safety as compared to relatively volatile capital market instruments, this asset class will continue to have a steady set of investors, especially for rural India. Also, even as interest rates on these schemes progressively decline, one must consider the 'real' rate of return (adjusted for inflation). Considering that inflation rates have fallen to about 2% on an average, the capital invested will still hold the same purchasing power over a period of time.

Wealth held in small savings has increased to ₹ 6.67 lakh crore in FY17, up nearly 1.37% against ₹ 6.58 lakh crore recorded in the previous fiscal.

Table 17: Individual wealth in Small Saving Schemes

Schemes	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-o-Y Change (%)
Post Office Monthly Investment Scheme	1,79,491	1,97,596	-9.16
Kisan Vikas Patra	99,851	96,893	3.05
Post Office Savings Bank Account	92,028	83,703	9.95
NSC issues	87,085	89,443	-2.64
Post Office Recurring Deposit Account	84,648	79,706	6.20
Post Office Time Deposit Account	79,043	72,549	8.95
Senior Citizen Savings Scheme	29,747	22,901	29.90
Other Certificates and Deposits	11,572	11,328	2.15
National Savings Scheme 87,92	3,258	3,590	-9.23
Indira Vikas Patra	888	887	0.20
Total	**6,67,613**	**6,58,596**	**1.37**

4.11: Current Account Deposits

Current account deposits are the most liquid asset and enjoys various flexibilities. Deposits in current accounts have surged 39.72% compared to last year. This could be credited to demonetisation which led many small businesses to deposit cash in hand into banks.

Table 18: Individual wealth in Current deposits

Category	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-o-Y Change (%)
TOTAL	**6,10,931**	**4,37,262**	**39.72**

The wealth held in current account deposits surged to ₹ 6.1 lakh crore in FY17

4.12: Pension Funds

Pension funds are the need of the hour in a country where around 20% of 1.2 billion-strong population lives below the poverty line. As such, India has three mainstream pension schemes, of which the youngest is the Atal Pension Yojana.

The total individual wealth in pension funds has increased by 21.02% to ₹ 4.75 lakh crore.

Table 19: Individual wealth in Pension Funds

Scheme	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-o-Y Change (%)
Employee Pension Scheme	3,00,669	2,73,366	9.99
National Pension Scheme	1,72,673	1,18,810	45.34
Atal Pension Yojana	1,885	506	273.53
Total	**4,75,227**	**3,92,682**	**21.02**

Employee Pension Scheme (EPS)

The Employee Pension Scheme administered by the EPFO is a long-term investment product that works on the concept of "defined contribution - defined benefit" for salaried employees. Contributions to the EPS are generated by diverting 8.33% from the monthly employer's share of provident fund contributions with addition of 1.16% of an employee's monthly wages from government. One can withdraw their EPS corpus before 10 years of service, else only after attaining the age of 58/60, which is upon retirement. One can also make early withdrawal after the age of 58 if no fresh EPF contributions are made and 10 years of service have been completed. The individual wealth held in Employee Pension Scheme stood at ₹ 3 lakh crore as of FY17 end.

National Pension System (NPS)

The National Pension System is managed by the Pension Fund Regulatory and Development Authority (PFRDA). Though the NPS' corpus is much lower, this new scheme's contribution to the overall pie is expected to increase steadily in coming years.

The NPS was launched on the 1st of January 2004 and was aimed at individuals newly employed with the central government excluding personnel in the armed forces. Since 2009, the NPS was made open to every Indian citizen between the ages of 18 and 60, which was recently raised to 65 years.

The corpus invested in the NPS is across four asset classes:

Asset Class E invests predominantly in equity market instruments.

Asset Class C parks money in fixed income instruments other than government securities.

Asset Class G invests in government securities.

Asset Class A invests in alternative investment schemes.

Subscribers can choose to distribute their entire pension wealth in C or G asset classes and up to a maximum of 50% in equity (Asset class E) for investors more than 35 years of age and a maximum 75% for investors less than 35 years. A maximum of 5% can be allocated towards Class A.

There are two accounts types for subscribers under NPS:

Tier I Account - where subscribers contribute his / her savings for retirement which may also include employer's contribution in case of corporate sector. Here, withdrawals are not allowed. It is solely meant for savings post retirement.

Tier II Account – It is also a voluntary saving account. But a subscriber is free to make as many withdrawals as he/she likes at any time. To open Tier II account, an active Tier I account is mandatory. The facility of Tier II account was made available from December 01, 2009 to all citizens of India including government employees and corporate sector subscribers not mandatorily covered under NPS.

Subscribers can also change their asset allocation upto two times every fiscal. Budget 2017 also announced that early withdrawals from the National Pension System (NPS) would be tax-free. Thus, subscribers can now withdraw 25% of his/her contribution for emergencies, prior to retirement. This will not attract any tax. Transfers from NPS to Provident Fund accounts will also be tax-free.

Total Individual wealth in NPS stood at ₹ 1.72 lakh crore in FY17, showing a growth of 45.34% over the previous year[15].

Atal Pension Yojana (APY)

The Atal Pension Yojana (APY) was launched in June 2015 to benefit workers in the unorganised sector who are not covered by EPF or NPS schemes and do not pay income tax. Under the APY, guaranteed minimum pension of ₹ 1,000/-, 2,000/-, 3,000/- , 4,000/-, 5,000/- per month will be provided at age 60 years depending on contributions. The government would also co-contribute 50% of the total contribution or ₹ 1,000 per annum, whichever is lower, to each eligible subscriber for 5 years. Under this plan, the subscriber will receive a fixed pension after the age of 60, depending on his contribution amount and tenure.

It is essential that, to receive the government contribution, the Atal Pension Yojana subscriber has to make regular monthly contributions during the entire year. Only then, government will credit 50% of the monthly contribution paid to the subscriber's account.

The individual wealth in Atal Pension Yojana stood at ₹ 1885 crore, a growth of 273% over the previous year[16].

4.13: Alternative Investments

Asset classes which do not qualify under the traditional assets such as equities, debt or real estate typically qualify as alternate investments. This asset class is broadly focused towards high net worth individuals (HNIs) who are interested in diversifying their portfolio. However, most options are less liquid and non-traditional with a high ticket size. They are, therefore, usually invested in by

Source: 15, 16 - NPS Trust

HNIs/UHNIs & family offices. Under this category, assets such as hedge funds, infrastructure funds, and venture capital funds attracted almost double the investments in FY17 as compared to FY16.

There are three categories of alternative assets. Brief features of these categories are[17]

Category I AIFs - AIFs which invest in start-ups or early stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the government or regulators consider as socially or economically desirable and shall include venture capital funds, SME funds, social venture funds, infrastructure funds and such other Alternative Investment Funds.

Category II AIFs - AIFs which do not fall in Category I and III and which do not undertake leverage or borrowing other than for meeting day to day operational requirements and as permitted in the SEBI (Alternative Investment Funds) Regulations, 2012. Various types of funds such as real estate funds, private equity funds (PE funds), funds for distressed assets, etc are registered as Category II AIFs.

Category III AIFs - AIFs which employ diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted derivatives. Various types of funds such as hedge funds, PIPE Funds, are registered as Category III AIFs.

Total Individual wealth in Alternative Assets was at ₹ 92,963 crore in FY17.

Table 20: Individual wealth held in Alternative Assets

Asset Class	FY 17 Amount (₹Crore)	FY 16 Amount (₹Crore)	Y-o-Y Change (%)	Proportion FY17
Structured Products	28,322	23,030	22.98	30.47
High Yield Debt	21,592	20,425	5.72	23.23
Private Equity Funds	16,287	13,569	20.03	17.52
Real Estate Funds	10,266	8,471	21.20	11.04
Hedge Funds	6,362	3,283	93.79	6.84
Sovereign Gold Bonds	5,259	1,373	283.05	5.66
Gold ETF	2,963	6,345	-53.31	3.19
Infrastructure Funds	830	457	81.37	0.89
Venture Capital Funds	727	243	199.52	0.78
Film Funds	352	304	15.52	0.38
Total	**92,963**	**77,502**	**19.95**	**100.00**

Structured Products

Structured products or market linked debentures are products where majority of the money is invested in fixed-income securities and the smaller portion in derivatives linked to an asset such as equities. They possess unique risk-return profiles that allow investors to alter their desired level of exposure. There are structures that provide capital protection and ones that do not.

Individual Wealth in this asset class grew almost 23% to ₹ 28,322 crore in FY17.

Source: 17 - SEBI

High Yield Debt

A debenture is a type of debt instrument which offers a fixed rate of interest for a specified tenure. Companies use debentures to borrow money. Debentures are simply loans taken by the companies and do not provide any ownership in the company.

Non-convertible debentures (NCDs) don't convert into equity shares thus can yield a higher interest rate. These NCD's are not risk-free. In fact, these carry higher risk. The main risk with NCDs is default risk by the borrower company. Such NCD's which offer a higher yield are typically called High Yield Debt.

A lot of HNIs/UHNIs who have the higher risk taking capacity invest regularly in high yield debt instruments, to get a higher fixed income.

Individual wealth in High Yield Debt has risen by 5.72% y-o-y in FY17 to ₹ 21,592.4 crore from ₹ 20,425 crore in FY16.

Private Equity Funds

The year 2016 witnessed a slight slowdown in private equity (PE) activity, with US$17 billion worth of investments across 682 deals as compared to US$19.8 billion across 852 deals in 2015.

Technology and e-Commerce together accounted for 30% of the total PE investments in terms of value and 57% of the deal volume in 2016, with US$ 5.1 billion invested across 388 deals. Financial services attracted investments worth US$3.1 billion across 65 deals—a majority of them in the non-banking financial company (NBFC)/microfinance institutions (MFI) space. Other sectors which contributed towards the investment activity were energy (US$2 billion), mainly driven by an increased interest in the renewable space, telecom (US$1.7 billion) and manufacturing (US$1.2 billion).

In terms of stage of funding, late stage and buyouts together accounted for 57% of the investment value in 2016, with a combined value of US$9.7 billion across 121 deals. 2016 saw exits worth US$7.7 billion across 214 deals. In terms of sectors, manufacturing saw the highest level of exit activity (US$2.3 billion), closely followed by technology and e-Commerce (US$1.5 billion) and financial services (US$1.1 billion). Over 44% of the exit value came

from strategic sales, which could be a precursor to higher corporate buyer activity in 2017.

PE funds grew by 20.03% y-o-y in FY17 with individual wealth rising to ₹ 16,287 crore from ₹ 13,569 crore in FY16. This was on the back of heightened confidence among investors, both global and domestic. With government measures to boost growth in the economy and increased investment attractiveness, PE fund very active are set to remain very active in the coming years.

Real Estate Funds

Real Estate funds pool assets from investors and deploy it across realty projects. These funds could be both domestic and offshore (money raised by foreign investment funds or through overseas investors) and are regulated by the Securities and Exchange Board of India (SEBI).

The structure: Promoted by Indian investment firms and registered with SEBI, these funds invest in commercial property, residential property, developed or under-developed for capital appreciation.

The benefits: Investors can get exposure to multiple projects under development in different geographies and professional expertise to manage funds on their behalf.

The individual wealth investment in Real Estate funds has increased by 21.20% to ₹10,266 crore in FY17 from ₹ 8,471 crore recorded in previous fiscal.

Hedge Funds

Hedge funds are category 3 of AIF as mentioned by SEBI, which heavily concentrates on advanced strategies such as leveraging, long and short derivative positions to generate high returns. Hedge funds in India have less than half-a-billion dollars in assets. But, a recent regulatory change may help their case boosting asset base in coming years.

The Reserve Bank of India (RBI) on 16 November removed restrictions on alternative investment funds —of which hedge funds are a sub-category—based in India accepting foreign capital. This paves the way for India-based funds to capture a bigger part of the multi-billion dollar India-dedicated hedge fund assets. Hence, subject to prescribed conditions, investments are likely to pick up in the near future. Unlike Category I and II AIFs (alternative investment funds) that are generally eligible for tax pass-through, Category III AIF trusts are taxed in accordance with trust taxation principles which are complex and could potentially lead to uncertainty in tax treatment for such AIFs and its investors.

Individual wealth held in Hedge funds was at ₹ 6,362 crore in FY17, a rise of 94% against ₹ 3,283 crore recorded in previous fiscal.

Sovereign Gold Bonds (SGB)

Sovereign Gold Bonds are government securities denominated in multiples of gram(s) of gold. They are a substitute for investment in physical gold. These bonds are issued by the Reserve Bank of India on behalf of Government of India and are traded on stock exchange. They are available in demat and paper form. Minimum investment which needs to be made is one gram with a cap of maximum investment at 500 grams. The issue price of the gold bonds will be ₹ 50 per gram less than the nominal value for the retail investors. These bonds carry sovereign guarantee, both on the capital invested and the interest and can be used as collateral for loans.

With Union Budget 2017 exempting any capital gains arising out of redemption of sovereign gold bonds, these instruments now deliver two streams of returns. One in the form of regular interest of 2.50% per annum on invested capital every six months and the other in the form of capital gains at the time of redemption in case the price at the time of redemption is higher. There has been an increase in investment in this type of bond due to the ease of handling, maintaining and the tax exemption on capital gains.

Individual wealth in Sovereign Gold Bonds has grown to ₹ 5,259 crore in FY17 against ₹ 1,373 crore in FY16[18].

Gold ETFs

Gold Exchange Traded Funds (ETFs) combine the flexibility of stock investment and the lure of holding gold. As they trade on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE),

Source: 18 - RBI

units can be bought and sold continuously at market prices. They are a risk-free alternative to holding physical gold and can be bought and sold instantly in the market in much smaller units. Direct linkage to market prices ensures transparency and also lowers its costs compared to physical gold. One gold ETF unit is equal to 1 gram of gold. However, individual wealth in Gold ETFs fell in FY17 to ₹ 2,963 crore[19]. Correction in gold prices and strengthening of rupee against dollar has pulled down domestic gold prices. Long term investors typically find Sovereign Gold Bond a better product which provides returns and is also more tax efficient. This coupled with sound performance of equity markets have led to decline in Gold ETF investments.

Infrastructure Funds

Infrastructure funds have been conceptualized to accelerate and channelize long term debts into infrastructure sector to help in the migration of project loans for operating assets from banks. This not only addresses concerns over asset-liability mismatch of banks, but also provides a long-term funding source to infrastructure sector. Through its innovative credit enhancement, it is expected to provide long-term low cost debt for infrastructure projects.

Government through its various policy measures is focusing on developing new infrastructure projects. ***The individual wealth in infrastructure funds almost doubled to ₹ 830 crore in FY17 from about ₹ 457 crore in the previous fiscal*.** This trend is likely to sustain as India pushes for more infrastructure spending to boost GDP growth. 'Bharatmala' project announced in October, 2017 is one such example in which around ₹ 7 lakh crore will be spent over the next five years for highway development. As per an Asian Development Bank report, India requires US$5.15 trillion investments in infra sector to sustain its current growth rate. On this backdrop, infrastructure funds are the space to watch out for in coming years.

Venture Capital Funds

The major difference between venture capital and private equity funds is that the former is often an early stage investing outfit, while the latter focuses on investments in an existing company, mostly unlisted, with assured cash flows that may require restructuring to increase efficiency. Venture capital funds usually invest in start-ups and are often termed as riskier capital investments.

Venture capital funding in India has bounced back after a slowdown last year. Top venture capitalists are of the opinion that focus of these funds are now on leaders in each sector and on companies that are capital efficient.

Individual wealth in Venture Capital Funds increased to ₹ 727 crore in FY17, a rise of 200% over FY16.

Film Funds

India houses the world's largest film industry in terms of ticket sales. Film funds invest in various aspects of the industry like marketing, distribution, and technological adoptions among others. Prudent investors can use this asset class to diversify his/her portfolio. Apart from traditional music rights and copyrights, movies have online streaming rights, cable and satellite rights and a plethora of other rights associated with it. However, these are risky funds since there are very few blockbusters.

Investing in the film industry might sound as an attractive proposition. However, it is much riskier than perceived. Thus, these funds are usually meant for investors with high risk appetite.

Individual wealth in film funds grew by 2.7% y-o-y to ₹ 352 crore in FY17.

Source: 19 - AMFI

4.14: International Assets

Diversification is an essential investment principle. It protects a portfolio from being seriously affected by negative events arising from single asset class or single market. International investing, in particular, is a strategy which investors, predominantly HNIs and UHNIs use as a means for diversification.

Table 21: Individual Wealth in International Assets

Category	FY 17 Amt (₹Crore)	FY 16 Amt (₹Crore)	Y-o-Y Chg (%)
Equity/Debt [20]	14,878	12,288	21.08
Fund of Funds[21]	1,401	3,548	-60.51
Deposits [22]	4,403	2,625	67.73
Total	**20,684**	**18,462**	**12.03**

With all the volatility found in stock markets, it's difficult enough to pick winning stocks, let alone, winning economies. This is where diversification through international investing can help. Every year, the economic performance of a country will fluctuate and this undoubtedly affects the stock market. By investing in different markets as opposed to investing only in India, you can reduce the impact of country or region-specific economic and geopolitical problems. Developed markets are generally considered to be larger with matured financial markets and are perceived to be less risky investments. Rest of the countries are broken down into emerging markets, which are then sub-categorized as advanced, secondary and frontier emerging markets with varying levels of size, gross domestic product (GDP), liquidity and populations.

Investing in international assets helps reducing the impact of downturn of a specific economy and to increase returns on portfolios. Furthermore, availability of international products has increased dramatically with globalization of equity markets, enabling an average investor to take advantage of these products at a reasonable price.

Fund of Funds (FOF) are typically a mutual fund investment strategy where investments are made in a portfolio of other investment funds. This strategy invests in different underlying assets instead of investing directly in bonds, stocks and other types of securities.

Investing in an FOF also allows investors with limited capital to tap into diversified portfolios with different underlying assets, which are hard to access through individual investment.

There has been an overall increase to ₹ 20,684 crore, an increase of 12% y-o-y in wealth held by individuals into international assets in FY17.

Source: 20, 22 - RBI; 21 - AMFI

Section 5

INDIVIDUAL WEALTH IN PHYSICAL ASSETS

Traditionally, individuals in India hold a large proportion of their wealth in gold and real estate. Both these asset classes constitute 91.86% of physical assets and held 37.39% of total individual wealth pie. In FY17, growth of individual wealth in physical assets slowed down to 5.92% in FY17 against 10.32% recorded in FY16. This decline is majorly attributed to demonetisation which affected both gold and real estate.

Table 22 Classification of Individual Wealth in India in Physical Assets

Category	FY 17 Amt (₹Crore)	FY 16 Amt (₹Crore)	Y-o-Y Chg (%)
Gold	68,45,167	65,90,575	3.86
Real Estate	60,25,206	55,47,254	8.62
Diamond	7,98,240	8,02,840	-0.57
Silver	2,28,916	2,01,169	13.79
Platinum	6,998	6,452	8.46
Other gems and jewellery	1,05,190	78,548	33.92
Total	**1,40,09,717**	**1,32,26,838**	**5.92**

5.1: Gold

From the dawn of civilization, gold is a part of India's cultural heritage. This precious metal holds emotional value for Indians from time immemorial. Despite India being a country with a large rural population with low per capita income, gold holds its equal sway over both rich and poor. Its golden sparkle enamours all.

Gold is also of auspicious value with good amount of importance in Hinduism and Jainism. From child birth to marriage; from religious festivals to social occasions, gold is the most favourite precious metal for donation. It seems Indians infatuation with gold is a never-ending saga.

Gold also has a lot of practical value. For the areas still not sufficiently penetrated by the banking system in the country, gold still provides a lot of financial security to rural people as it can be mortgaged for receiving immediate liquidity during the time of emergency. No wonder, with such affinity, India is the second largest consumer of gold in the world. While nearly 3/4th of country's gold demand is in the form of jewellery, India constitutes around 27% of global gold jewellery market[23].

Eventful year

2017 is an eventful year for this precious metal with dynamic demand and pricing scenarios. From demonetisation to introduction of GST, from changed Know Your Customer (KYC) norms to 45-day strike of jewelers, the commodity has seen a lot of events affecting consumer behavior.

Demand for gold, which dropped drastically post demonetisation in line with other commodities, started picking up from the beginning of the year. Pent-up demand pushed imports to jump 15% to 123.5 tonne during the January-March period of this year, a World Gold Council report said. However, introduction of GST from July acted as a spoiler. Gold jewellery demand fell by 25% during July-September period. Changed KYC norms introduced in August also played its part in the overall demand environment. The Gems and Jewellery industry was brought under the umbrella of Prevention of Money Launder-

Source: 23 - World Gold Council

ing Act (PMLA), making it mandatory to comply with KYC documentation for all transactions of ₹ 50,000 and above. This severely dented rural demand where cash transactions were widely prevalent. Jewellers throughout the country had also protested the move of introduction of PAN cards for all jewellery purchases above ₹2 lakh and went on a 45-day long strike. Eventually, the notification was rolled back in October providing much-needed relief to the industry.

Meanwhile, frequent policy changes have taken its toll on the gold demand. Domestic gold consumption saw a sluggish demand in FY17.

Total wealth held by individual in gold was ₹68.45 lakh crore with a marginal growth of 3.86% as compared to 15.31% last year.

Pricing outlook

Commodity prices usually take a cue from international markets and gold is no exception. Factors like rate hike by US Federal Reserve, geopolitical events like those arising out of North Korea and demand from key markets like China and India will definitely influence gold pricing going ahead. Gold is also highly sensitive to US interest rate hikes. Spot gold has inched higher from December last year to trade at around US$1,290 per ounce in November this year. However, sustenance of current price level will hinge on US Fed's decision on rate hikes in the coming days.

In India, gold price has witnessed a marginal hike of 1% in FY17. Going ahead, demand and pricing of the commodity will critically depend on rural demand and stabilization of regulatory environment. Performance of equity market is also an indicator to watch out for as it may prompt some shift in asset allocation, impacting investment related demand of the yellow metal.

Times are changing

Demonetisation and introduction of GST are slowly changing buying pattern of consumers with digital payments slowly making its way into a cash dominated industry. As awareness is increasing, consumers are opting for purchasing digital gold at market-linked prices over buying physical gold coins. Some e-payment firms have introduced 'Digital Gold' to facilitate buying of the commodity in digital form. Further, introduction of sovereign gold bond schemes by the government is intended at encouraging buyers to hold gold in paper form.

5.2: Real Estate

The real estate sector in India is going through a transitional phase due to implementation of landmark reforms that will change the way real estate business functions in coming years. These reforms include:

1. Demonetisation
2. Implementation of RERA
3. Implementation of GST

Due to these reforms there will be medium to long-term benefits accruing to the real estate sector from the buyers' point of view. However, if you go by sentiments on the supply side, which includes financial institutions and developers, they are still trying to catch up to these new developments in real estate sector. The sector has been impacted in the short run due to these policy measures as customers are still in the wait-and-watch mode from the angle of confidence and transparency. For the developers, this is 360 degree change of their business model because it's a new era for them. This definitely is a new paradigm shift for the real estate sector. The type of upsides that we used to see in real estate investment earlier where price doubles in 3 or 4 years is history now. One harsh reality for the real estate sector as an investment avenue is that the sector will have to compete with other investment avenues now, especially the equity markets. Definitely, both the consumers and developers have a very positive medium to long-term outlook. But currently, sentiments are a little subdued from a short-term perspective.

As developers are optimistic about the sector, it will eventually increase sales volume. Notably, sales in the National Capital Region (NCR) and Mumbai Metropolitan Region (MMR) have come down drastically by 50% to 70% from the peaks of 2010 and 2011. The developers are still recovering from demonetisation and implementation of

RERA. Currently, developers are rushing to clear all the ready inventories to have valuable cash flows into their systems. Customers also have an advantage here of zero GST payments on an Occupancy Certificate (OC) received property which reduces the cost of the property by 7% apart from the advantage of purchasing a ready to move in property. Interestingly, developers are not looking at any drastic price escalation for now though there will be some nominal price rise in the future.

Interest rates have also touched 8.3% to 8.4% levels, similar to that of 2009-10 periods when we had 8% or 8.25% on home loans. Due to implementation of RERA, customers' confidence on developers and their deliverables has increased. This makes us to presume that the bell curve of real estate sector, which has hit the bottom, will soon see a northward move.

Meanwhile, customers are still on a wait and watch mode before investing in real estate sector as they expect price correction. As per analysts, correction has already taken place if one considers inflation-adjusted prices. Also, with the advent of RERA, we are now seeing an era of consolidation among developers where most of the category 'B' or 'C' developers are either doing a JV with category 'A' developer or even selling themselves to the larger developer group as they cannot keep up to the stringent requirements to be followed under RERA. This would eventually reduce the number of new launches and thereby reduce the supply of inventory in the market creating a price stagnancy due to which prices may not go down in the long run. But, currently there doesn't seem to be much of a mismatch in demand and supply of real estate.

Back in 2008, just after the financial crisis, affordable housing was just a name. There was no real steam in it. Now, affordable housing is getting full support of the government. For instance, affordable housing has been given infrastructure status with the successful implementation of Pradhan Mantri Awas Yojana. The gap between demand and supply is also slowly reducing due to subsequent focus on this segment by developers to avail the benefits and perquisites which come along with it. The Q3 and Q4 of FY18 should see start of a sound recovery of the real estate sector considering the following factors:

❖ Customer sentiments towards the developer are favorable due to implementation of RERA which gives them the confidence of getting timely delivery of their home
❖ Realistic Pricing – no unnecessary increase in pricing by developers
❖ Due to affordable housing, demand and supply mismatch is slowly fading
❖ Government initiatives for housing for all – Pradhan Mantri Awas Yogana
❖ Home loan rate on a downward trend after demonetisation reducing the cost of borrowing for the customers

The individual wealth in real estate grew 8.62% to reach ₹ 60.25 lakh crore in FY17.

5.3: Diamond

Indian market has high growth potential for diamond. Though historical factors have pushed away the country from the chart of top consuming nations, it is fast catching up, with global diamond industry looking at India as the next growth spot. India accounts for 7% of global diamond consumption, while the US consumes 47% of all diamonds produced, followed by China at 16%[24]. However, rapid wealth creation, women empowerment and increasing urbanisation are pushing the demand curve northwards. According to a Bain & Company report, India is likely to become the third-largest market surpassing Europe and Japan by 2020. Apart from the consumption, 90% of the world's diamonds are being cut and polished in India[25].

Despite such bullish outlook, diamond industry has been negatively impacted due to policy changes this year. Demonetisation, introduction of GST and new KYC norms impacted demand environment to an extent during this period. Jewellers' strike and a weak rupee against dollar also impacted this downtrend. Meanwhile, India's exports of cut and polished diamonds between April to November jumped by 12.2% to US$15.4 billion, the Gems and Jewellery Export Promotion Council said. This is a welcome sign as the growth rate has been achieved despite disruption in workflow in major diamond cutting hubs like Surat and Saurashtra in Gujarat.

Diamond is for all

Meanwhile, the industry is fast evolving with the changed dynamics and trying hard to appeal to the large middle class of the country. With the launch of world's first diamond futures exchange in September, a small investor can now buy 1 cent of diamond for as low as ₹3,200. He/she will be able to take physical delivery after accumulating 1 carat in the exchange. This is likely to make diamonds popular among Indian middle class in coming years who perceive the precious metal as too expensive and exclusive for rich classes.

Individual wealth in diamonds in India has remained stagnant and stood at ₹ 7.98 lakh crore in FY17.

5.4: Silver

Silver is normally considered as the smaller sibling of gold. It also has a lot of religious significance in India like gold. Apart from jewellery and silverware, it is also used for industrial purposes. India is one of the top importers of silver globally and a key determinant of pricing and overall demand scenario. According to The Silver Institute, India consumed 160.6 million ounces of silver in 2016, accounting for 16% global silver demand. Like other commodities, demand for silver has also been affected in FY17 on the back of demonetisation, GST implementation and changed KYC norms.

Source: 24 - Bain and company; 25 - IBEF

Domestic facts[26]

* Indian silverware fabrication is the largest in the world, consuming 34.1 million ounces in 2016
* India is also the largest silver jewellery fabricator in the world, with off take of 53.9 million ounces in 2016
* The country is also world's fourteenth largest producer of silver
* Indian physical bar investment suffered a steep decline with more than 60% drop to 36.5 million ounces as bar and coin sales hit their lowest level in six years in 2016

Total individual wealth held in silver grew to ₹2.28 lakh crore in FY17, a 13.79% rise over the previous year .

5.5: Platinum

Platinum holds the future. Increasingly, this metal is trending among Indian youth, making it a promising commodity in coming years. Currently, China is world's largest market for platinum jewellery, representing 60% of global demand. But, India is fast catching up. The country has emerged as the new growth driver for the metal with growing popularity of it being used in men's jewellery. Interestingly, this segment has grown over 10 times in just 7 years[27].

According to World Platinum Investment Council, demand for the metal was the highest in 2016 with an 11.5% increase. Studded platinum jewellery contributed most to the sales growth during this period. Platinum bands, bracelets, bridal jewellery, rings and chains are the other segments recording rapid growth. Importantly, platinum is receiving wider acceptance in the men's jewellery segment. Rising popularity among millennials, demand as wedding jewellery and increasing awareness will support platinum's future growth in India.

Individual wealth in platinum in India was at ₹ 6,998 crore in FY17 with a growth rate of 8.47%.

5.6: Other Gems and Jewellery

The gems and jewellery sector plays an important role in Indian economy with a contribution of around 6-7% to country's GDP[28]. This is one of the fastest growing sectors in India and provides employment to more than 1 million people. Notably, Indian market for gems and jewellery sector consists of precious and semi-precious coloured stones, synthetic stones and pearls. Gold, diamond and silver are not included under this list and are shown in separate sections.

Despite India being a leading player in the global gems & jewellery sector, organised players still hold less than 10% share of the total market. Majority of the business still comes from unorganised players.

Total individual wealth in Other Gems and Jewellery has been estimated to be ₹1.05 lakh crore in FY17, a growth of about 33.92% as compared to the previous year.

Source: 26 - World Silver Survey 27D; 27 - World Platinum Investment Council; 28 - IBEF

Section 6

INDIVIDUAL WEALTH: INDIA VS WORLD

Similar to trends around the world, debt instruments continued to rule the roost in India. However, the dominance, somehow, slackened in FY17 with equities gaining a bit of upper hand. Equity as an asset class emerged as the theme of the fiscal year. Positive economic outlook prompted rebalancing of portfolios with higher allocation towards equities. The allocation towards other asset classes reduced as compared to the previous year.

The table below gives a comparative view of Indian individuals' investment share against their global counterparts.

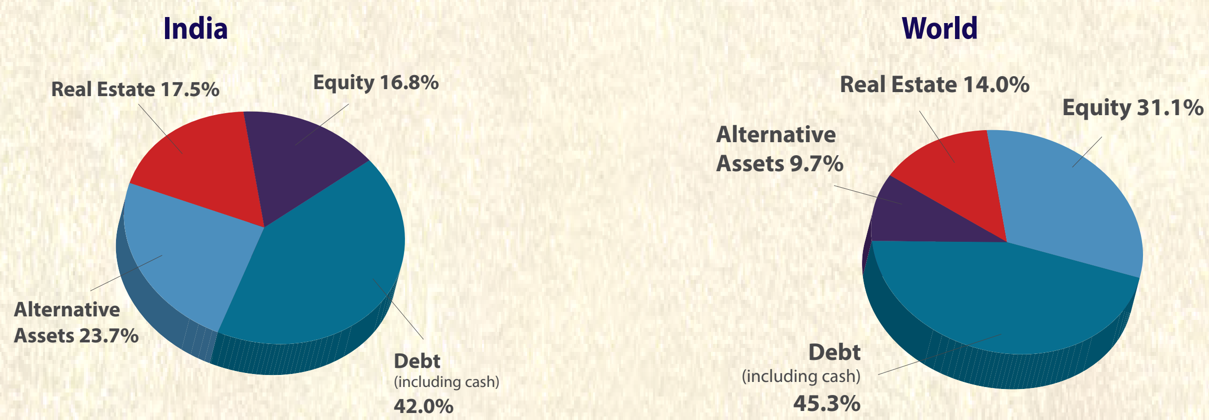
Table 23: Individual Wealth - India Versus World

Category	FY17 Proportion (%)		FY16 Proportion (%)	
	India	World	India	World
Equity	16.8	31.1	14.7	24.8
Debt (including cash)	42.0	45.3	42.3	41.6
Alternative Assets	23.7	9.7	25.2	15.7
Real Estate	17.5	14.0	17.9	17.9
Total	**100.0**	**100.0**	**100.0**	**100.0**

Meanwhile, higher return from equities prompted investors to allocate less money to alternative investments. Share of alternative investments which include categories such as gold, structured products, venture capital/ private equity funds and real estate funds declined both globally and in India in the fiscal year.

Globally, investments in equities rank just next to debt investments; Indians, however, rank equities at the bottom with just 16.8% share.

Figure 4 **Composition of individual wealth in India Vs World**



However, a trend reversal seems to be in the offing. With rising investors' participation in Indian equity markets, the country's wealth distribution pie is likely to align with global pattern in the coming decade.

Section 7

EXCLUSIVE NOTE

7.1: Opportunity – Unlisted Equity

The rise of the unlisted equity

2017 has been a bumper year for initial public offers (IPOs), and is being hailed as one of the best performing years for new listings, with companies raising a record amount of money from the primary market. In just three years, IPOs worth over ₹1.25 lakh crore have hit the market, and unlocked a market capitalisation of over ₹8.5 lakh crore till November 2017.

The boom in the IPO segment is driving huge demand for shares of unlisted companies. Demand is highest for companies that are in the pre-IPO stage or those that have received regulatory approval for an IPO.

Typically, investors buy these unlisted stocks from specialised intermediaries or dealers. You can even invest in such companies by purchasing these from employees who own stock options and would like to exit.

Catch them early

Why is there such a great deal of investor interest in the unlisted space? People invest in these companies to a) get the shares at a lower valuation than the issue price, b) get a confirmed allotment and c) make significant gains when the company gets a listing on the stock markets.

Transactions in unlisted stocks have gained momentum in the last two years. The total wealth held by individuals alone in unlisted companies is around ₹7.25 lakh crore. Stories of equity investors, promoters and shareholders reaping huge profits on their investments in start-ups, especially post IPO, are spurring a new generation of investors to try this offbeat investing idea. But investors are advised to tread with caution.

Diligence is due

Investments in unlisted companies can turn out to be extremely lucrative but it is imperative that the investor pays close attention to price. Valuations can be arbitrary due to the lack of proper price discovery in the absence of a formal market and trading volumes. Both buyers and sellers depend on intermediaries to arrive at a valuation for the transaction.

Without a mechanism for oversight, transactions are also fraught with the risk of fraud, as unscrupulous intermediaries have been known to collect money from investors and then not deliver shares.

Another concern also is that pre-IPO exits are difficult as the market lacks liquidity. And some companies may never get to an IPO, in which case your money will remain locked in the company.

While investment in private equity, unlisted shares, and pre-IPO stocks can yield high returns, investors must do their due diligence on the valuation and liquidity of the shares buy and evaluate the transactional risks before diving in. Retail investors and risk averse investors may be better off waiting for listing of IPOs to put their money into such companies.

India is on a high growth trajectory, and many experts believe that the economy can triple in size in the next decade. If that does happen, you can be sure many companies would look to go public and unlock potential valuations. This, in turn, will create greater interest in the unlisted space.

7.2: Investing in Portfolio Management Services (PMS)

Power in the portfolios

High net worth Indians are increasingly looking beyond plain vanilla investment options such as mutual funds and direct equity in their quest for generating higher returns from invested capital. They are turning to the more personalised and focused investment strategies to generate higher return on capital that portfolio management companies can deliver to them. In the last year, firms offering PMS have seen a 50% growth in their number of clients to touch one lakh this year. These companies have also seen a corresponding rise in their assets under management. Till September 2017, PMS companies managed a total of ₹ 13.43 lakh crore out of which discretionary portfolio management services (PMS) constituted ₹ 10.64 lakh crore during this period.

What exactly is a Portfolio Management Service?

Portfolio management services offer specialized and personalized investment strategies using either a single or a mix of asset classes, including equity, debt, real estate and gold among others.

With the present bull run being witnessed by Indian equity markets, equity PMSs are undoubtedly the most popular with maximum money invested in these kinds of services.

These services are ideal for HNWIs, who are already heavily invested in traditional assets like mutual funds, and stocks among others. PMS allows them to expand their investment strategy with thematic or specialised portfolios that are actively managed by dedicated fund managers.

Unlike mutual funds, where investors hold units, under PMS, a client holds the actual securities.

The good thing about a PMS is that you have complete visibility of all actions on your portfolio. All trades are made in your name and held in your demat account.

Flavours of PMS

Portfolio management services come in two flavours – discretionary and non-discretionary. The difference between the two is essentially in the level of investor involvement in decision-making. A manager of a discretionary portfolio will take all the decisions on his own to achieve the objectives for the client; in the non-discretionary model, the fund manager will provide advice on the strategy and portfolio, but leave the investment decision to the client.

Investors can choose from a range of fee options, including a fixed percentage of funds managed or variable with profit-sharing, where the fund manager makes money only if the portfolio generates returns or the combination of both the two options.

Key trends

With rising equity markets, PMS is increasingly gaining traction among wealthy Indian investors. According to data released by Sebi, assets under management under discretionary category rose to ₹ 10.64 crore by the end of September, up 10% against the same period of last year. Similarly, in non-discretionary category, AUM increased by around 11% to ₹ 83,000 crore during this peri-

od. Advisory segment under PMS has also seen a growth of 4% over last year. This uptrend is likely to continue with more wealthy investors opting for PMS as Indian economic performance firms up in coming years.

The Bottom Line

Portfolio management services can deliver market-beating returns, but a lot depends on the fund manager. If you are considering PMS, you are better of due diligence on the track record of the fund manager. Make sure that strategy and asset allocation of the PMS is in line with your risk appetite.

7.3: Why you may need a Family Office

The 1990s was a turning point for the fortunes of Indian entrepreneurs and business owners. Liberalisation spurred rapid economic growth and a boom in the capital markets that translated into a windfall for an entire generation of entrepreneurs and business owners.

More than 25 years later, India's super rich are realising that they now have the responsibility to ensure a smooth transition of their wealth across generations to come and leave a rich legacy.

To achieve that, they are turning to family offices, specialised and dedicated setups that are ready to help them manage their wealth and investments.

Consider these numbers

- India is in the middle of one of the largest transfers of wealth from one generation to another – almost \$128 billion of wealth will pass into the hands of a new set of torch bearers in the next ten years.
- The number of super affluent people is growing at a rapid pace. India adds nearly 500 ultra high net worth individuals (net worth > \$30 million) every year, says a Knight Frank report. This number is expected to double in the coming years.
- Not surprisingly, therefore, family offices manage as much as 20% of India's wealth, pegged at \$3 trillion, according to the Global Wealth Report 2016 by Credit Sussie.

So, what exactly is a family office and how are the rich using it to leave their footprints on the sands of time?

An idea whose time has come

In 1882, John D Rockefeller set up the world's first Family Office to manage his personal and philanthropic finances. Almost 50 years later, as the family's wealth grew, his son turned the office into an independent entity, managed by professionals. The sixth generation of Rockefellers are now reaping the benefits of their founding father's vision.

Today's family offices are professionally-run, specialized operations that have teams of diverse experts coming together to provide a wide range of services, including financial, legal, research and administrative.

Fundamentally, Family Offices perform two critical functions:

- ***Managing Corpus & Wealth:*** Safeguard and grow the family's personal wealth through carefully-selected investments, astute asset allocation and prudent tax planning.
- ***Setup:*** Set up structures and processes for smooth estate and succession planning and ensure that decisions about the family's wealth are aligned to its mission, vision and values.

Under these two broad pillars, family offices provide an array of services -- be it philanthropic investments or strategic equity investments, property management or personal tax advice, succession planning or M&A. Some family offices go beyond financial and wealth planning, and offer lifestyle and personal counselling services to their clients.

The way to wealth

Business owners and entrepreneurs are aware that their next generation may want to chart their own course rather than take forward the family fortune and that succession disputes are common as wealth gets passed down through the generations. They realize that with some foresight and expert help, they can plan for such future challenges. Family offices are playing an important role in helping the wealthy achieve four objectives:

1. ***Protect their wealth:*** A family office advises on asset allocation, risk mitigation, insurance and tax planning and provides services such as record-keeping and property management to keep the family wealth secure.
2. ***Multiply wealth over time:*** Be it investing in art or equities, funding start-ups, acquiring companies or buying global properties, family offices provide well-researched investment advice that drives long-term growth of wealth.
3. ***Smoothly transfer wealth across generations:*** Succession battles and Inheritance disputes often splinter families and dissipate their wealth. Legal advisors and governance experts create succession and estate plans that ensure smooth transfers of wealth and assets.
4. ***Give back to society:*** The new generation of entrepreneurs and founders are looking for ways to do their bit for the world. Family offices are helping them do that. Be it investing in social enterprises or creating non-profit trusts and foundations, researchers and legal advisors do the due diligence and help clients make the right choices.

Different strokes for different folks

Depending on one's requirement, one could look at engaging with either a Single Family Office or Multi Family Office. The wealthy are using a mix of arrangements for their family offices.

Single Family Office: Many of the ultra-rich run it like a company with a team of legal advisors, wealth managers and administrators on the rolls; some outsource their wealth management to firms that have specialized family office solutions and others use a mix of the two, in-housing wealth routine management, while outsourcing specialized advice.

Multi-Family Office: The wealthy who are seeking more affordable solutions settle for multi-family offices – a set-up that offers its services to a group of families, instead of exclusively to one family.

But, no matter what the set-up, these offices are playing a critical role in helping affluent Indian families realise their vision of how their wealth should be used in the interests of their generations to come and society at large.

Plan your Family Office

As an ultra-HNI, your time is one of your most valuable assets, which is why you need a transparent and reliable partner to plan, set up and manage your family office. Karvy Wealth can help set up a family office that is in line with your needs – be it a Multi Family Office, a Single Family Office or as your own family office. Our suite of family office services include:

- Investment Office
- Financial risk-return management
- Tax, trust and estate planning
- Legal services
- Family governance
- Legacy planning
- Philanthropy
- Accounting and reporting

7.4: Is wealth in Bharat growing faster than in India

A steady but quiet revolution is gaining pace across the Indian countryside in 2017. After a lull of about three years, rural India is booming once again, and has the potential to power the country's economic engine forward. Be it mobile phones or internet usage, automobiles or FMCG, rural consumption is seeing an upside. Nowhere this boom is more evident than in banking and financial services space where bank deposits, mutual fund investments and insurance premium collections are growing at a breakneck pace. Direct equity investments, too, are picking up in mofussil India. We are also witnessing greater interest for alternate investment funds (AIFs) such as private equity and real estate funds among others in smaller towns and cities across the country.

A bountiful monsoon, the government's financial inclusion drive and increasing penetration of BFSI companies into the B15 cities are driving demand for a wide range of financial services. As far as mutual funds are concerned, inflows into mutual funds are on a rise across the country and rural India is no exception. Once risk averse investors of small cities are increasingly looking at equities for higher returns through mutual fund route. According to Association of Mutual Funds in India (AMFI) data, MFs have seen their assets under management (AUM) soaring in 2017 by 30%, which is driven more by increasing participation from B15 cities. AUM in the B15 cities increased to ₹3.79 lakh crore by the end of September this year, a growth of 38% over the same period of previous year. Growth in AUM in B15 cities exceeded that of T15 cities which grew at 28% during this period.

The highest growth in assets under management has come from smaller cities such as Ranchi, Madurai, Siliguri, Jabalpur, Bhavnagar, Gorakhpur, Vasco, Bilaspur, Shillong and Kharagpur. Larger B15 cities such as Ludhiana, Nagpur, Indore, Patna, Bhubaneshwar, Cochin, Rajkot, Guwahati, Coimbatore and Nashik have also witnessed a tremendous surge in investors' interest.

Meanwhile, affluent Indians, and many of them beyond the big cities, are increasingly looking to park their funds in alternative investment funds (AIFs) having interesting themes such as private equity, real estate funds and pre-IPO based AIFs. From Satara to Siliguri, the wealthy are taking the AIF route in a big way, which is evident from the rising assets under management of the AIF industry. Total Individual wealth in alternative assets was at ₹ 92,963 crore in FY17, up around 20% over previous fiscal year. Similarly, wealthy people in rural India are also turning to more personalised and focused investment strategies provided through

Portfolio Management Services (PMS) to generate higher return on capital.

The government's drive to bring larger sections of the population into the banking system has spurred huge penetration of financial services across the countryside. According to RBI, the total balance in 'Pradhan Mantri Jan Dhan Yojana' stood at ₹ 69,026 crore by November this year with 18 crore accounts from rural areas. Besides the Jan Dhan drive, the Reserve Bank of India's move to grant small bank licenses to microfinance institutions (MFIs) is increasing penetration of the formal banking system in rural areas, and creating demand for a wider bouquet of financial services.

Boom in deposits

This robust rural growth is reflected across the board, even beyond Jan Dhan accounts. Banks have recorded a substantial rise in deposits in current, savings and term deposits in the last one year. Deposits in rural and semi-urban areas grew at a much faster pace than in urban branches. Predictably, the highest growth was seen in the savings deposits category owing to demonetisation. Deposits in savings accounts grew 28%, with a whopping 31% growth in rural branches in last one year.

However, rural India remains underinsured to a great extent, though things are changing for better. Penetration of life insurance industry rose to 2.72% in FY17 with premium growth of 8% during this period. With greater awareness and acceptability of insurance products across rural markets, companies are comfortably exceeding their premium collection targets.

What is driving the growth?

The main reasons for the rural resurgence are:

- The Indian government's financial inclusion drive and the growth of small rural banks are bringing large number of unbanked people into the formal banking system. This is reflected in the growth in Jan Dhan accounts and bank deposits.
- Good monsoons in FY17 has translated into higher farm income, which in turn is driving up demand for a wide range of products. For the first time in two years, rural consumption is growing in double digits. According to data from Kantar Worldpanel, rural sales of FMCG products during July- September period of this year grew by 13% both in value and volume terms compared to the same period in 2016. This is the fastest rate of growth in the last three years. Meanwhile, demand in urban areas grew only at 4% by value and 1% by volume.
- SEBI drive to push mutual fund products in B15 cities and beyond in the last five years has begun to show results. Asset management companies (AMCs) have increased their focus on rural markets, which is reflecting in the numbers – both in terms of investors and assets under management. Campaigns like the Mutual Fund Sahi Hai drive have been immensely successful in creating awareness about the benefits of investing in MFs across India.

Rural recovery brings a lot of good news for the Indian economy as rural demand constitutes a major portion of overall consumption demand in the country. If consumption from hinterland retains its momentum, it can be a force multiplier for India's GDP growth in the coming years.

Section 8

SURVEY OF HNI INVESTMENT BEHAVIOUR IN INDIA

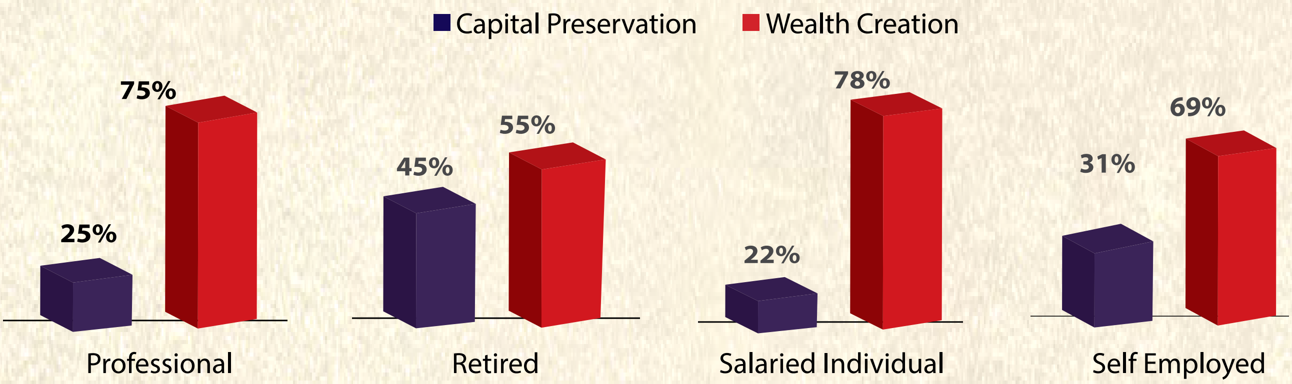
Karvy Private Wealth conducted a survey across 15 cities where 1,000 HNI clients participated to give their views on their investment priorities and understand the behaviour of investment patterns of HNIs in India and future trends. The cities covered in the survey included Bangalore, Chandigarh, Chennai, Cochin, Delhi, Gurgaon, Hyderabad, Jaipur, Kolkata, Kolkata, Lucknow, Mumbai, Noida, Pune, Trivandrum. Here are some of the key findings.

Philosophy behind investing

Around 95% respondents of the survey follow asset allocation strategy out of which around 69% respondents choose wealth creation over capital preservation. This could also be due positive outlook about India, which most HNIs would want to leverage.

This year, we have also seen a shift of attitude towards wealth creation especially among salaried class. This was in contrast to last year when the preference was capital preservation. Today, 78% of salaried class invests for wealth creation against 67% last year. In case of retired persons, capital preservation was the major objective until now but has shifted, albeit slowly towards wealth creation.

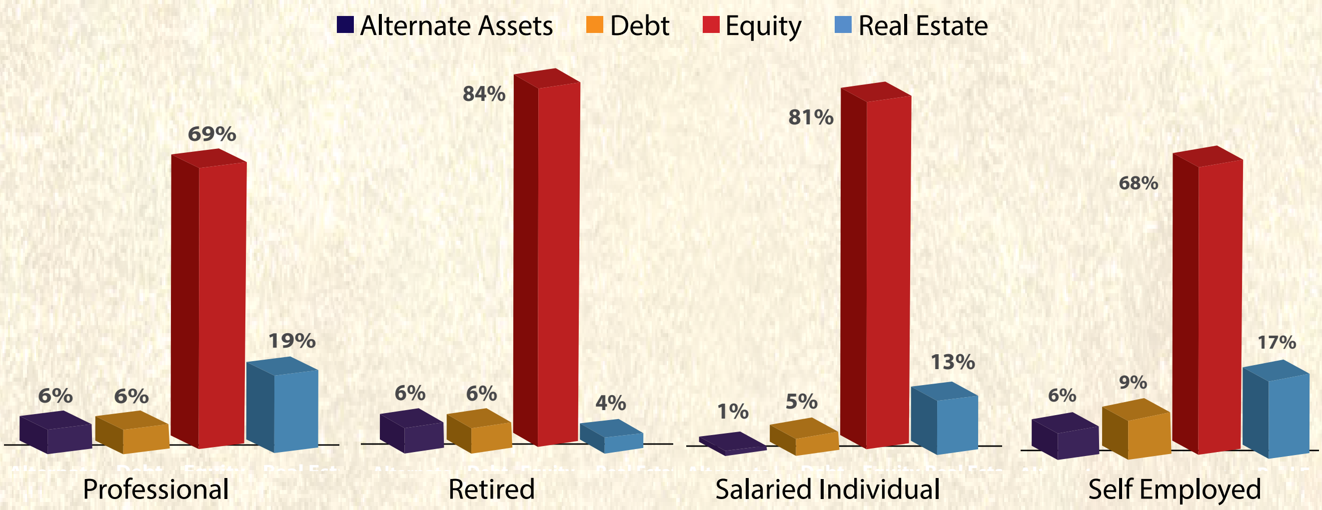
Figure 5 **Philosophy behind investing**



Asset class preference

Equity has gained preference over other asset classes this year with around 79% respondents preferring to invest in equity against only 53% last year. This can be attributed to sound performance of equity markets

Figure 6 **Asset class preference**

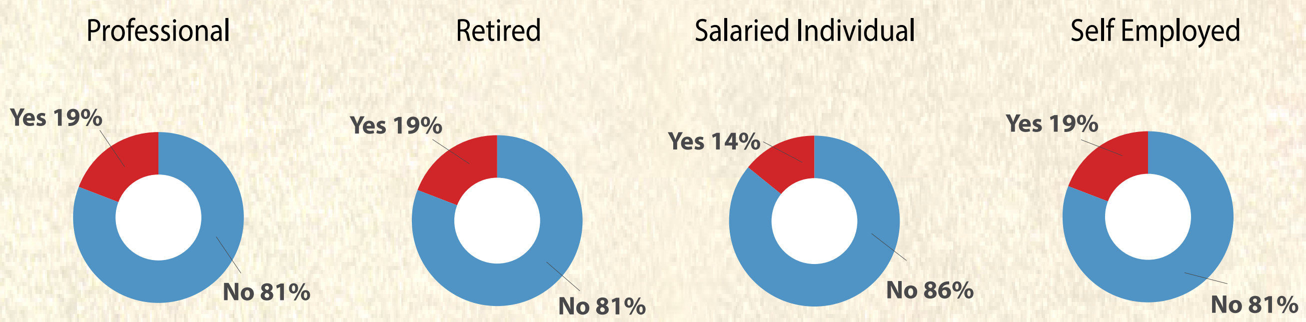


this year. Share of real estate remained stable at 12% whereas debt saw a downward trend with only 6% of respondents preferring to invest in debt instruments due to falling interest rates on fixed tenure instruments. Meanwhile, alternative assets remained the least favourite with only 4% people considering investment in these assets.

Investing in Alternative Investments

Alternative asset is yet to gain momentum in India due to lack of knowledge, availability of information, and requirement of huge investment. Therefore, this class of asset is majorly confined to a few set of HNI / UHNI individuals. Only 4% people preferred investment in alternative asset. However, 17% of total respondents did invest in this asset class with the rest preferring to stay invested in traditional financial instruments.

Figure 7 Investing in alternative investments



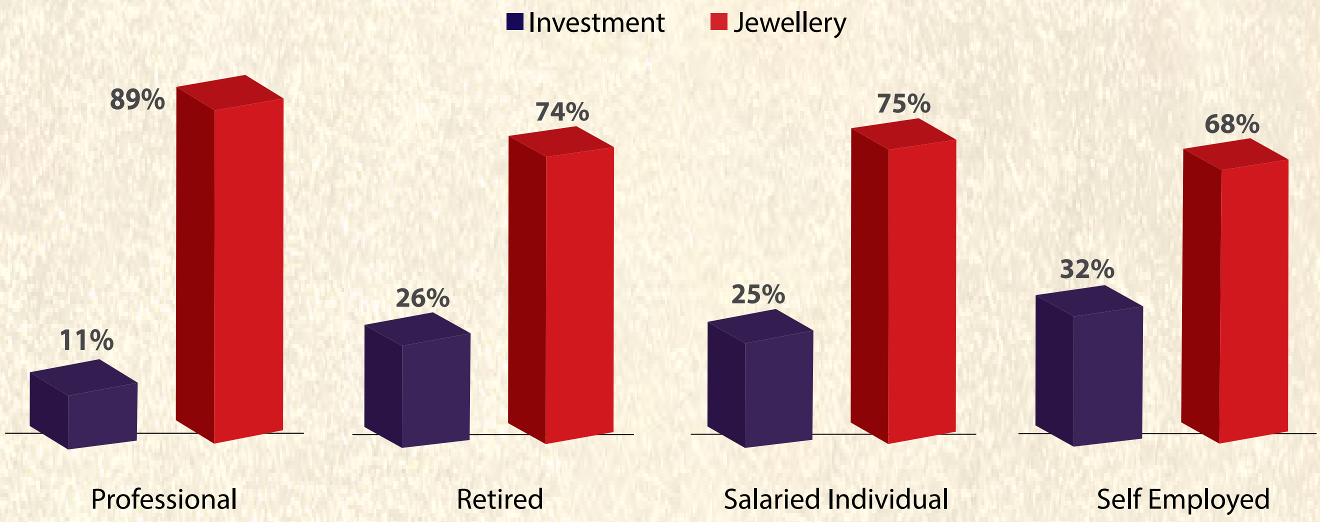
Investing in International assets

Only 3% of total respondents of the survey invested in international assets. International assets still remain a far cry for investments among Indian investors given the fact that the Indian equity markets are doing very well. Total individual wealth in international asset was less than 1% in FY17.

Investing in Gold

Of the total respondents, 74% consider gold as jewellery for personal consumption and only 26% considered it as investments. Gold amounts to 21% of total individual wealth in India followed by real estate at 18%. This shows that gold is still the most preferred asset class amongst various other assets. Share of gold in the total wealth expected to come down to almost 15% by FY22 from current 20% and will shift towards equity as per the survey.

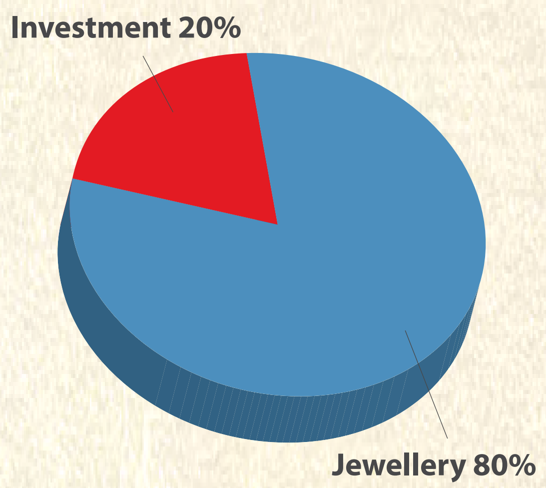
Figure 8 Philosophy behind investing in Gold



Investing in Diamonds

Though Indians are not very fond of diamonds, this trend is likely to change with more demand for diamonds this year, says a Bain report. Only 57% HNIs purchased diamonds out of which 80% considered it as jewellery and only 20% as investment.

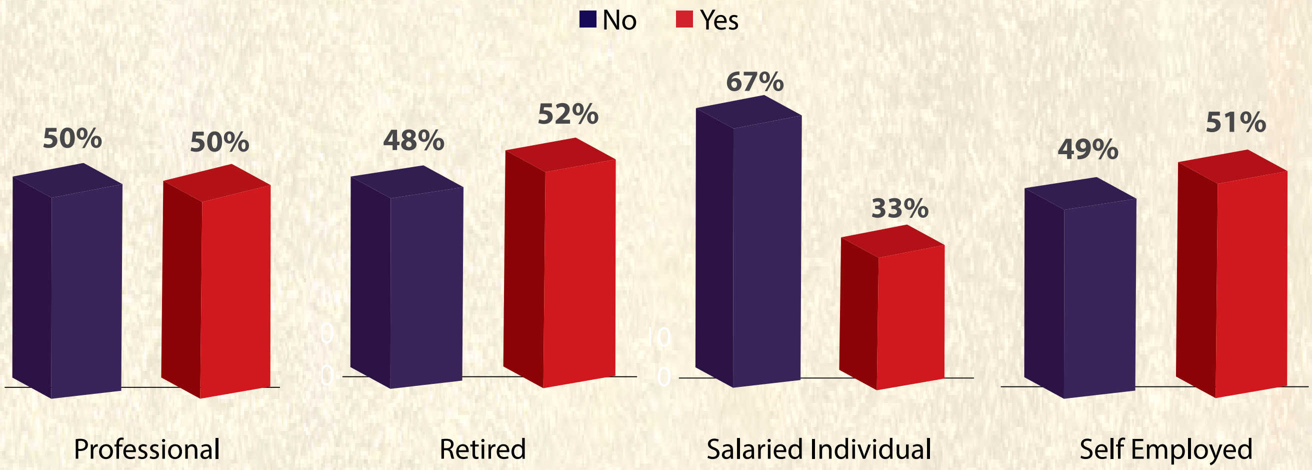
Figure 9 Diamond as jewellery or investments for HNIs?



Investing in Real Estate

Real estate investments constituted 18% of total individual wealth. However, only 12% of respondents preferred real estate this year due to high price, delayed delivery, uncertainty and lack of clarity over regulations. Things are likely to change for better post implementation of RERA in coming years. Around 69% people surveyed considered real estate investment for rental and resale purposes.

Figure 10 Do you own a second home?



43% people in the survey said they have second homes with 46% preferring to invest in ready to move properties to avoid issues like delays in delivery. Around 41% respondents consider buying commercial properties and land. Builder reputation has emerged as the prime factor for buying property.

Philanthropy & Discretionary spends

As far as philanthropy is concerned, only 43% of respondents of the survey showed interest to give back to the society. They are willing to spend a proportion varying from 0.5 to 1.5% of their wealth for charitable purposes.

As a sign of conservatism, 63% of HNIs said that they have not planned any discretionary spends in the coming year. Out of this, half of respondents showed interest on experiences with more than one third of people showing inclination towards luxury purchases.

Section 9

FUTURE OF INDIAN INDIVIDUAL WEALTH

Indian household savings have been witnessing some massive structural shifts of late. Households in India have historically been quite risk-averse and wary of investing their savings into volatile or uncertain return-based assets. A pursuit of safe bets has always driven India towards making investments in unproductive assets like gold. This pattern is slowly changing over time, especially since demonetisation in November 2016. Also, the country has seen a major shift in attitude from capital preservation to wealth creation this year.

With a likely growth rate of India's GDP at 6.7 % in FY18 and 7.4% in the next financial year, the country will remain a key growth driver of global economy. Growth outlook till 2022 also remains positive with an average growth rate of 7-8%. Against this backdrop, individual wealth in India is expected to grow at a handsome CAGR of 13.18% till FY22 and is likely to nearly double to ₹ 638.89 lakh crore by FY22.

In the next five years, financial assets will witness much faster growth rate as compared to physical assets. As far as individual contribution is concerned, financial asset will form almost 63% of the total individual assets pie by FY22. Physical assets will be restricted to 37% of the total wealth.

Table 24: Individual wealth forecast

Asset Type	FY 17 Amount (₹Crore)	FY 22 Amount (₹Crore)	CAGR (%)	Proportion FY17 (%)	Proportion FY22 (%)
Financial Asset	2,03,90,576	4,03,08,172	14.60	59.27	63.09
Physical Asset	1,40,09,717	2,35,80,854	10.98	40.73	36.91
Total	**3,44,00,293**	**6,38,89,026**	**13.18**	**100.00**	**100.00**

Figure 11 Breakup of Financial and Physical Assets in FY17

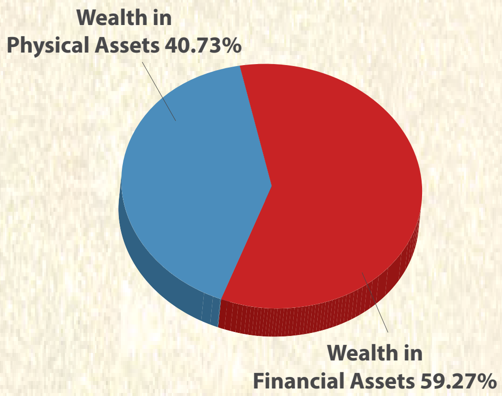
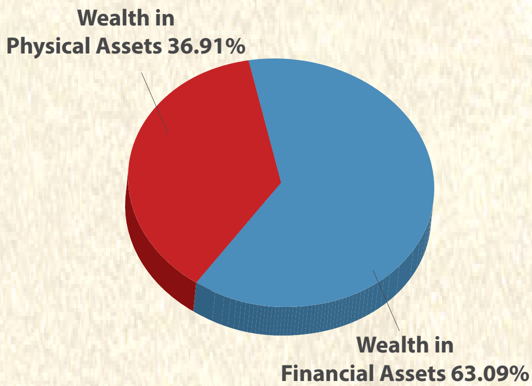


Figure 12 Breakup of Financial and Physical Assets in FY22



Projected financial wealth – asset class wise distribution in FY22

Financial assets are likely to almost double by FY22 to reach a figure of ₹ 403 lakh crore in FY22 as compared to 204 lakh crore in FY17. Faster growth in Direct Equity will be the major drivers of such growth. Rising wave of mutual funds will also supplement this uptrend. We therefore expect that by FY22, the share of financial assets in the investment will rise to 62.86% from 59.30% in FY17.

Table 25: Projected Financial Wealth – Asset Class wise distribution in FY22

Asset Class	FY 17 Amount (₹Crore)	FY 22 Amount (₹Crore)	CAGR (%)	Proportion (%)
Direct Equity	37,58,255	99,18,615	21.42	24.61
Fixed Deposits & Bonds	40,14,624	72,35,625	12.50	17.95
Insurance	30,01,230	57,27,466	13.80	14.21
Savings Deposits	27,60,811	45,59,632	10.56	11.31
Provident Fund	13,04,316	27,14,447	15.79	6.73
Cash	13,35,200	24,96,148	13.33	6.19
Mutual Funds	8,68,396	19,67,103	17.77	4.88
Unlisted Equity	7,23,127	17,64,845	19.54	4.38
NRI Deposits	7,57,200	13,23,152	11.81	3.28
Current Deposits	6,10,931	8,65,494	7.21	2.15
Pension Funds	4,75,227	8,41,966	12.12	2.09
Small Savings	6,67,613	6,40,078	-0.84	1.59
Alternative Investments	92,963	2,17,942	18.58	0.54
International Assets	20,684	35,659	11.51	0.09
Total	**2,03,90,576**	**4,03,08,172**	**14.60**	**100.00**

Projected physical wealth – asset class wise distribution in FY22

Despite rise in share of financial assets, physical assets will remain resilient to an extent. Individual wealth in physical assets is likely to grow by 68% to ₹236 lakh crore in FY22 from ₹140 crore in FY17. Despite low growth, real estate and gold will remain the most favoured asset classes in the overall physical assets pie.

Meanwhile, performance of physical assets will remain subdued as compared to financial assets primarily due to factors like attitudinal shift, liquidity, faster growth of equity markets among others.

Table 26: Projected Physical Wealth – Asset Class wise distribution in FY22

Asset Class	FY 17 Amount (₹Crore)	FY 22 Amount (₹Crore)	CAGR (%)	Proportion (%)
Real Estate	60,25,206	1,21,61,584	15.08	51.57
Gold	68,45,167	96,80,035	7.18	41.05
Diamond	7,98,240	12,35,112	9.12	5.24
Silver	2,28,916	2,31,022	0.18	0.98
Platinum	6,998	17,055	19.50	0.07
Others Gems and jewellery	1,05,190	2,56,045	19.47	1.09
Total	**1,40,09,717**	**2,35,80,854**	**10.98**	**100.00**

Section 10

KEY TRENDS

1	Total wealth held by individuals in India has grown by 10.91% to ₹ 344 lakh crore. Individual Wealth in financial assets grew by 14.63%, while that in physical assets grew by 5.92%. This is in contrast to the previous year when the growth of wealth held in physical assets was higher than the growth of wealth held in financial assets.
2	Direct equity has been the main growth driver in FY17 growing at 26.8% as compared to de-growth of 13.8% in the previous year.
3	The positive sentiment also helped propel Mutual Funds which grew at over 39% over the previous year as individuals increasingly identify this asset class as a better way to participate in the equity markets.
4	Current Deposits and Saving Deposits grew handsomely by over 39% and 27% respectively, primarily on account of demonetisation of high value currency notes.
5	Over 66% of individuals wealth in Financial Assets were held in Direct Equity, Fixed deposits, Insurance and Saving Deposits.
6	We expect wealth held by individuals to reach ₹ 639 lakh crore by FY22 at a steady CAGR of 13.18% per annum.
7	The implementation of various reforms such as GST, RERA, new insolvency and bankruptcy code and recapitalization of banks among others are likely to move more informal sectors into the formal economy and hence, boost GDP growth and individual wealth in the medium to long term.
8	There is increasing trend of HNIs investing in unlisted equity to be part of the start up / private equity story apart from the quest to have higher anticipated returns on account of unlocking of potential valuations upon listing on stock exchanges.
9	There is an increasing trend of ultra HNIs looking at engaging with Family Office set-ups to not only help them in managing investments but also help in ensuring a relevant structure to preserve, grow and manage their wealth for generations to come.
10	Direct Equity Investments are expected to be the main growth drivers for the future and are expected to grow at a CAGR of more than 21% over the next 5 years.

About Karvy

Karvy Group

The Karvy Group, established in 1982 and headquartered at Hyderabad, India is the Country's leading financial services conglomerate. The Group has grown steadily over the years, establishing a global presence with a wide range of financial services offerings. The Group enjoys leadership positions and competitive advantage in most business segments. A highly diversified enterprise has over 28,000 employees, spanning a vast network of over 1000 offices in about 600 cities / towns across India, UAE, Bahrain and the United States of America. Given such a well-established network, that touches the lives of millions, Karvy enjoys significant brand loyalty among investors, both individual and institutional.

The Group covers the Entire spectrum of financial services, such as registry and share transfer, stock broking, distribution of financial products (including equities, mutual funds, bonds, IPOs, and fixed deposits), wealth management, corporate finance, commodities broking, NBFC, data management services, insurance broking, investment banking, and depository participant, among others.

In order to ride new opportunities presented by the changing business scenario, Karvy has diversified into two new businesses viz. data analytics and market research.

Karvy Private Wealth

Karvy Private Wealth is the Wealth management arm of Karvy Group providing exclusive and customised wealth management solutions to High net-worth individuals (HNIs) and families based on their specific needs. With the widest range of product offerings backed by industry's finest brains, Karvy Private Wealth is a complete wealth management boutique.

This of course is built upon the Strong belief of the Group of providing clear , unbiased and most appropriate investment solutions to our esteemed clients and prospects.

Karvy Private Wealth is an open architecture firm at 2 levels – asset class level and product level, offering a comprehensive range of investment solutions across all asset classes including debt, equity, real estate and alternate assets.

At Karvy Private Wealth, we constantly work to grow your wealth over a long period of time to fulfill your financial aspirations and goals.

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KARVY PRIVATE WEALTH

Mumbai Office Address: 702, Hallmark Business Plaza,
Sant Dnyaneshwar Marg, Bandra (East),
Bandra Kurla Complex, Mumbai - 400 051

Registered Office Address: Karvy Stock Broking Ltd.,
Karvy House 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad - 500 034

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