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Pradeep Gupta, Co-founder & Vice Chairman, Anand Rathi Group

INVESTMENT **INSIGHTS**

Pradeep Gupta's penchant for the capital markets goes back to the early days of his career, when he was a member of the Jaipur Stock Exchange. Having learnt everything from scratch as a first generation entrepreneur, with his rich experience and dynamic leadership, he has played a pivotal role in laying the foundations of the retail and institutional broking arms of the Anand Rathi Group, of which he is the co-founder and vice chairman. In a Q&A with **MARWAR**, Gupta talks about his roles and responsibilities as group vice-chairman, his views of the Indian economy and markets, the outlook for 2020, and more.

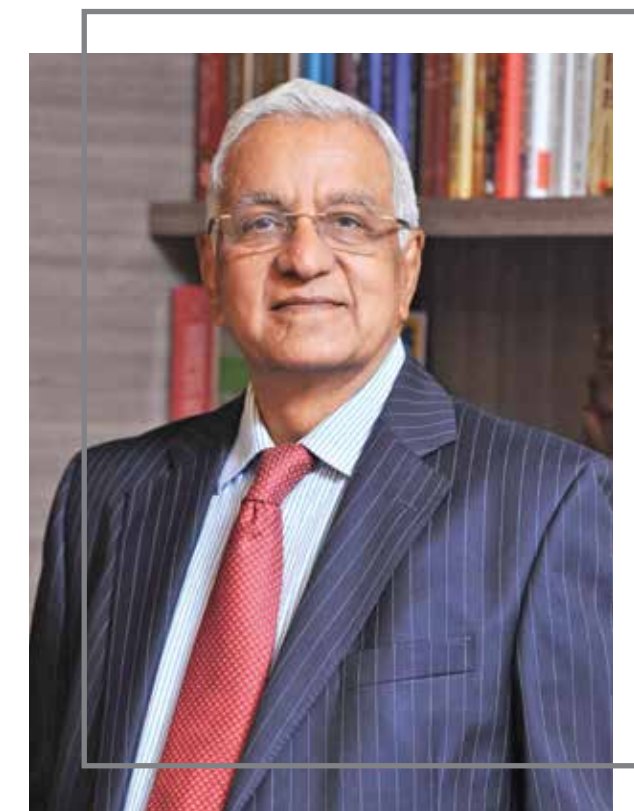
When did you join hands with Mr Anand Rathi and co-found the Anand Rathi Group with him?

In 1994, Mr Anand Rathi stepped down as Senior President of Indian Rayon (Aditya Birla Group of Companies) to start his entrepreneurial journey and obtained membership of the Bombay Stock Exchange (BSE), under the professional category. Around the same time, I too applied and became a member of the National Stock Exchange (NSE), so as to venture into the financial world. Soon we discovered that we had similar values and beliefs, our philosophy and core values matched, and that prompted us to collaborate and provide better services and create actual value. With that, we joined hands and started our business full swing the same year.

Right: Anand Rathi, Chairman, Anand Rathi Group

What are the key areas in which the Anand Rathi Group specialises?

We cater to almost all investor segments and map their requirements and objectives for the products and services we offer. Thus, we service retail, HNI, ultra HNI and institutional clients through our various products and services such as Equity, Commodity, Currency,



Derivatives, Funding & Financing, Mutual Funds, PMS, Structure Product and so on. These services are catered via our differentiated segments such as Investment Services (Preferred & Privilege), Private Wealth Management, Financing via NBFCs, Investment Banking, Institutional Equities, Commodities and the Insurance segment.

As vice chairman of the Anand Rathi Group, what do your responsibilities entail?

A great deal of my time was spent in the initial stages of building a strong foundation of good employees and establishing long-term client relationships. We created a structure where each business was handled by a 'Business CEO'. Over the years, as the business grew and as we expanded, it became my role to primarily assist the CEOs towards growth of the business. I spent my time in business and process reviews, as well as expansion and growth strategy. With my team, we constantly worked on client management and strengthening our relationship with existing and new customers, given that customer meetings and interactions help in formulating new business strategy and creating products and services on the basis of actual client needs, while keeping all other macro factors also in place.

There is a feeling in the market that India's economic growth is likely to remain subdued in the near future. How realistic is this fear?

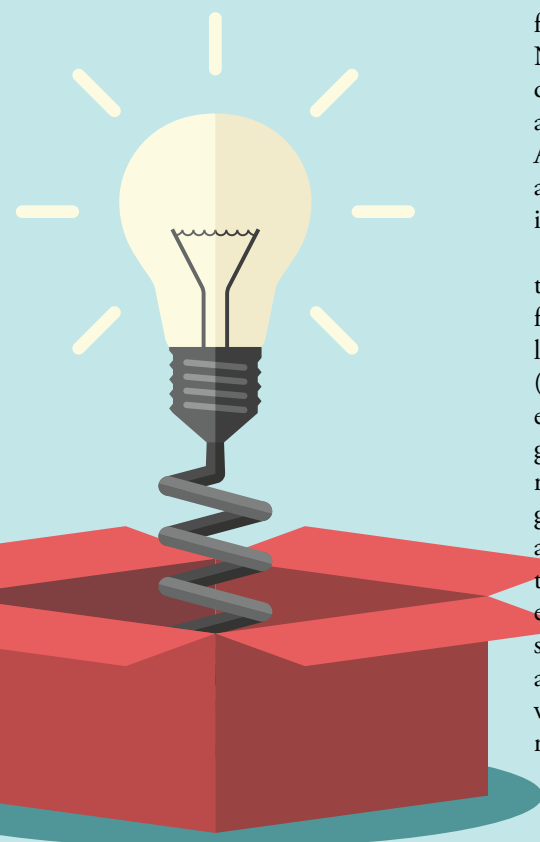
I am of the opinion that we have a lot of scope for further growth and expansion. I foresee a lot of opportunities, taking into consideration the current and future development that our economy is poised to undergo.

The start of this financial year saw some ups and downs, with sentiments being shaken due to domestic and global factors. There has been volatility in the capital market for the last 4-8 months and these concerns are affecting the positive sentiments which drove the markets earlier.

There are a few positive conditions which are emerging as a result of the favourable impact of the government's fiscal policy, measures taken to increase



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government spending to improve the economy and the recent corporate tax cut. The government is working continuously to accelerate growth and address issues, which is evident from the slight improvement seen in bank credit outtake, effective lending rate, exports and non-oil imports—all of which are a positive step towards reviving economic growth.

India's GDP growth, as of July-September 2019, was at a six-year low, which again doesn't augur too well for the economy. Your comments.

The outlook has been downgraded for not only the Indian economy but also for economies across the globe. Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system, taking a toll on business confidence, investment decisions and global trade. India's GDP has been at its lowest in over six years at 4.5 per cent in the July-September 2019 quarter—mainly due to the slowdown in private consumption, investment, export, lack of credit (money to produce goods) growth and demand in the market.

The Reserve Bank of India has reduced its GDP forecast for the financial year 2020 to 5 per cent from 6.1 per cent earlier. Several factors such as progressive funding crunch in the aftermath of the NBFC crisis of 2018, high cost of funds despite the RBI's deep cuts in policy rates and lack of government spending till August '19 have led to payment backlogs and contributed to the deep deceleration in India's GDP.

The numbers aren't as gloomy as they look, however. I see several reasons for GDP growth picking up next year, like various sector-specific measures (for example, NBFCs, exports and real estate) by the government to revive growth; the relaxation in corporate tax rate and measures to boost supply side growth. Despite the positives highlighted above, I do recognise that the severity of the slowdown has been more than we expected and entrepreneurial sentiment is seriously down. The government has been actively working towards a revival plan which would hopefully result in growth revival.

While the equity market sentiments continue to remain positive, how do you feel they could be impacted by factors such as subdued auto sales, weak output by several sectors and recent government reforms?

Both the government and the RBI have already initiated measures to support growth, especially for sectors such as NBFCs, real estate, exports and telecom, which have been most impacted by the recent developments. We expect such measures to continue and culminate into the next budget.

The equity market works on sentiments and fundamentals and the market always perceives progress and growth ahead of the curve. That top-line growth is not accelerating as expected and auto sales is subdued are already being discounted by the present market scenario. I feel that the markets are now looking at possible future growth followed by liquidity coming from FIIs, FPIs and domestic investors.

Though Q2 GDP pointed to a deepening slowdown in the economy, most experts expect earnings and economic growth to pick up in the next financial year.

What would you wish from the upcoming budget?

The budget for 2020-21 is keenly awaited for the expected second wave of structural reforms and pulling the economy out from the Q2 low of 4.5 per cent.

The Finance Minister’s comments indicate reforms to boost the economy would continue. Also, she has hinted at tweaking personal income tax rates in the upcoming Budget—the middle-class tax payers may get respite, therefore—that are likely to be implemented as part of the Budget proposals.

The government has taken a slew of reforms in recent months to boost credit in the market, focusing on offering incentives to banks to increase lending; but the same needs to be aggressively worked upon to revive and kick-start growth. One can expect stimulus and measures from the government and RBI to revive the economy.

As the vice chairman of the Anand Rathi Group, what is your mission and vision for the group? Where would you like to take it in the next five years?

We are constantly looking at organic and inorganic growth, and in the next five years I would like to see my company amongst the top companies by constantly growing and innovating in my field.

Tell us a little about your family (wife, children).

My wife, Priti Rathi Gupta can be best introduced as a financial feminist. One of the pioneering women in the commodities and currency sector in India, she has founded and leads Anand Rathi Commodities Ltd. She is currently MD & Promoter, Anand Rathi Group. Learning from her own life journey and experiences, she firmly believes that actively managing money gives women the power to fuel their dreams and aspirations. Priti aims to bridge the gap between women and finance with her brainchild, LXME. She is also an independent thinker and an entrepreneur at heart. Along with LXME, she has also created her own film production company.

My daughter, Aishwariya has completed her education from Warwick and Oxford and is now based out of London. She is working with E&Y, and working hard, and she’s doing excellently and progressing in her field. My son, Krishnav, has completed his schooling and is now pursuing his mechanical engineering from the Imperial College of London. ✨

*Below:
Pradeep
Gupta
(centre)
with wife
Priti Rathi
Gupta
(left),
daughter
Aishwariya
(standing)
and son
Krishnav
(right)*

