

# Gaurav Sharma from Equirus Wealth on India's Wealth Management Prospects and GIFT City's Growth

Equirus Wealth Private Limited ("Equirus Wealth" "Equirus"), a prominent holistic wealth products platform established in 2018, is known for its dedicated services to India's High Net-Worth (HNW) and Ultra High Net-Worth (UHNW) clients. This platform was founded by a group of experienced professionals, each specializing in creating tailored solutions for this specific demographic. Recently, Hubbis had the chance to engage with Gaurav Sharma, the Principal Officer at Equirus Wealth Private Limited (IFSC Branch). During our conversation, Gaurav provided insights into the future opportunities he envisions for Equirus Wealth, its clients, and the broader wealth management industry in India in the coming years. He elucidated on the potential offered by both onshore and international collaborative developments, as well as the evolving prospects in the newly emerging jurisdiction of GIFT City.

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**GAURAV SHARMA**  
Equirus Wealth

### Opening the discussion,

Gaurav described his role as the principal officer for the GIFT City fund. He outlined his responsibilities and approach to client service in wealth products. Gaurav explained that his job involves providing guidance to both direct clients (B2C) and business-to-business clients (B2B), emphasising the importance of understanding each client's specific needs, especially in terms of risk assessment. His role is to ensure fund management, and risk management, including overall activities of the Fund as per regulatory requirements.

### The Importance of Tailored Client Strategies

Addressing a question about differentiating in a competitive market, Gaurav highlighted the importance of a tailored

approach to each client at Equirus. He discussed the necessity of understanding a client's risk tolerance, exemplifying this with a scenario involving investment in small caps or large caps, as and when client invest, which have higher volatility compared to larger indices like the NIFTY. This individualised approach is key for standing out in a crowded field.

Furthermore, Gaurav provided a perspective on the scale of the industry. "The size of the mutual fund industry in India, in terms of assets under management, amounts to USD 600 billion. "This figure," he observed, "underscores the vastness and potential of the wealth management sector in India, particularly as it is experiencing exponential growth."

### Navigating Custody and International Investment Challenges

Turning his attention to GIFT City Alternative Investment Funds ("GIFT AIF") Gaurav clarified the custody arrangement for fund within the context of GIFT City and prospects for international investors, namely ultra-high-net-worth clients, in this context. He addressed concerns and misconceptions about the operational and regulatory aspects of investing in India through GIFT City located Funds registered under International Financial Services Centres Authority (IFSCA).

He homed in on the logistical arrangements. "Axis Bank acts

as the Banker and Custodian for GIFT City AIF," he explains. "This choice was driven by the need for a reliable custodian to handle investments in dollars, especially targeting Non-Resident Indians (NRIs) and foreign investors. The fund is designed specifically for offshore investment through GIFT City, excluding Indian domestic money."

He further detailed the administrative and accounting aspects of the funds. The fund accounting will be managed by KFin Tech, a listed entity known for its capability in handling fund accounting and other necessary services.

He went on to describe the investment and transfer process for foreign investors. He noted that they do not engage in hedging emphasising the need to outperform and deliver returns above the depreciation value of the rupee, ensuring profitability for the investors upon withdrawal of their funds.

### Future Projections

The discussion shifted to a longer-term perspective, focusing on the development of India's financial sector over the next five years. Gaurav Sharma recognised the substantial interest from foreign investors in India, attributing it to the country's robust economic growth. He contrasted India's growth rate, approximately 7-8%

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according to the International Monetary Fund (IMF), with that of other major economies like China GDP, which is projected to grow at about 5% in 2023 & expected to grow at 4.6% in 2024 . Gaurav highlighted how India, despite its high interest rates, continues to show strong performance, drawing a comparison with the United States, where higher interest rates are anticipated to decline as the economy slows.

He then turned his attention to the internal dynamics of India's economy, emphasising its self-sustaining nature, largely driven by domestic consumption. Gaurav pointed out the Indian government's initiatives to boost exports, particularly through Production Linked Incentive (PLI) schemes and the burgeoning digital economy. He specifically noted the success in the mobile application sector, where India has started to see significant export sales.

Delving into investment strategies, Gaurav mentioned that historically, the Indian market has experienced more positive than negative returns. "There has been an average annual growth rate of 14.5% over a decade," he reports, "signalling the potential for even greater returns in specific sectors, such as small caps, which are capable of delivering 20-25% compound annual growth rates."

### Key Priorities

From his perspective as a Principal Officer, Gaurav mentioned that a good start for Equirus in GIFT City would be to reach USD5 million in fund, recognising this as a realistic goal in the near future, given the current learning curve they are on.

He then delved into the motivations behind setting up the business, emphasising the significant investment of time in the learning process at the early stages. Gaurav pointed out the numerous areas where they are still gathering knowledge, including tax issues, processes, and understanding the governance of the Reserve Bank of India (RBI) and foreign Federal policies. He accepted that this phase involves facing new challenges, making mistakes, and learning from them to become wiser over time.

Looking ahead, Gaurav highlighted the importance of distribution in growing the business. He noted that it's challenging to onboard direct foreign clients, as they may not be familiar with many funds in the industry. He stressed the need for effective distribution channels and building strong relationships to attract investment. Gaurav underscored that the initial two years are crucial for establishing these distribution networks.

Bringing the discussion to a close, Gaurav expressed confidence that with the right approach and experience, they could potentially raise USD10-USD20 million with more to follow. Gaurav pointed out the significance of understanding the potential of various regions like Europe and the Middle East and attracting distributors and investors who wish to access India's markets. There is a need for a unique investment proposition and the nascent development of GIFT City has significant potential for Indian capital markets, and asset managers. Equirus has no doubt that it intends to be at the forefront of this opportunity.

Examining GIFT City from a broader perspective, Gaurav acknowledged its nascent status, and the challenges fund houses

face in attracting substantial investment. He identified a lack of expertise in foreign distribution as a significant challenge, suggesting

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that the industry is currently undergoing a learning process to overcome these hurdles. He shared insights from conversations with fund houses operating in GIFT City, illustrating an industry-wide effort to adapt and grow in this innovative environment.

### Building a Successful AIF in GIFT City

Gaurav elaborated on the significance of Alternative Investment Fund (AIF) within GIFT

City's context. He posited that cultivating a successful AIF for foreign investors in GIFT City is likely to be a long-term process.

Gaurav expressed optimism about the future of GIFT City. "We are predicting significant investment inflows from foreign investors, including endowment funds, in the next five to six years." He underscored the beneficial tax incentives for businesses setting up in GIFT City, aiding their growth and profitability.

However, he also acknowledged the challenges in targeting foreign customers, particularly in the initial stages. These challenges include the necessity for extensive travel and the effort required to establish a strong international brand. Gaurav emphasised that establishing a foreign fund in GIFT City is an expensive and complex proposition, necessitating careful planning and strategic execution.

## Our Engagement with India in 2024

The Hubbis Team eagerly anticipates delving further into the themes explored this January with industry leaders at our upcoming [India Wealth Management Forum 2024](#).

The Forum aims to expand upon the crucial insights gained from industry leaders regarding key opportunities and challenges in the market. We will explore a range of topics, including the evolution of wealth management, addressing the needs of India's HNW and UHNWI families, enhancing client services, optimising investment offerings, talent acquisition strategies, the significance of GIFT City, and more.

For more information, [please visit the forum's homepage](#). If you have any questions regarding this article, or the forum - from discussion topics to participation details - [feel free to reach out to us](#).

