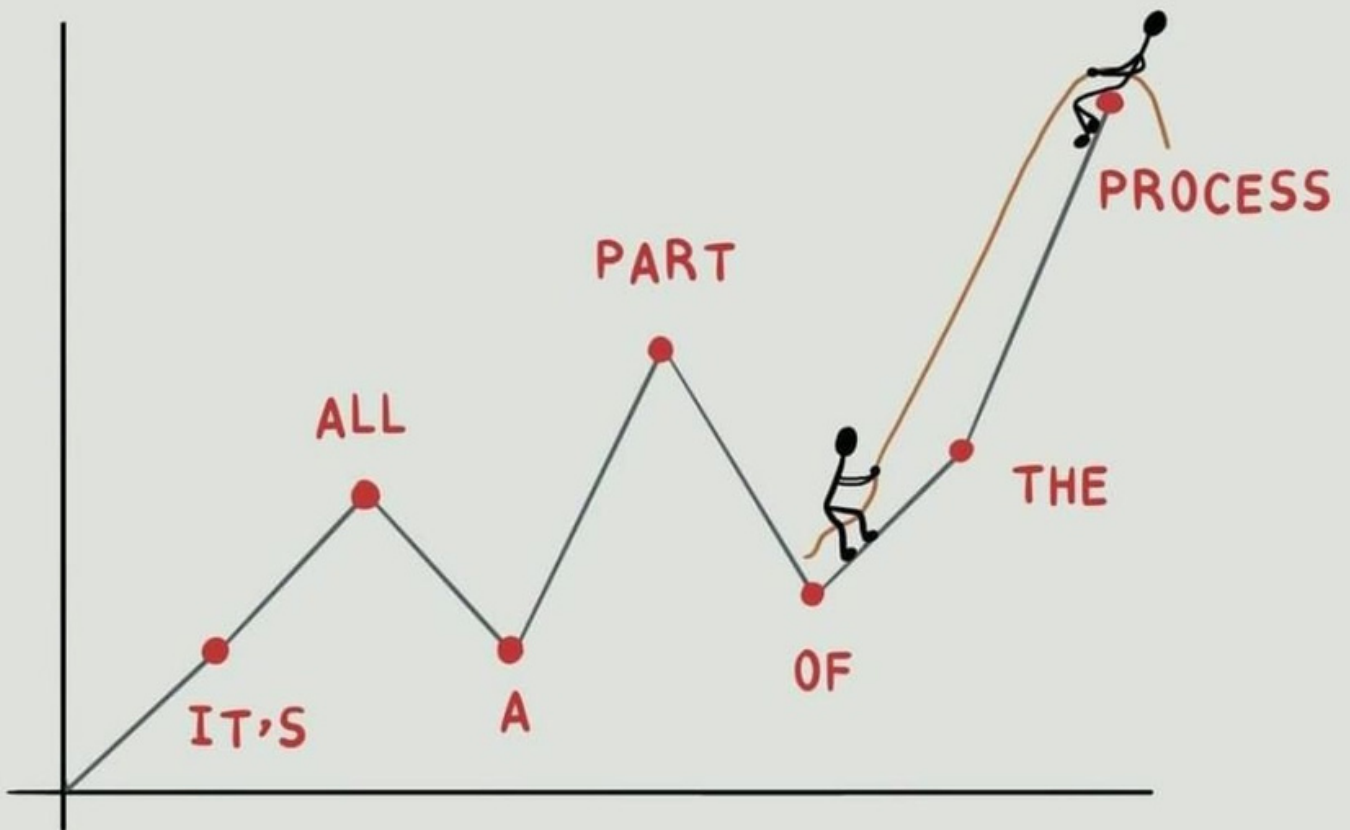


# THIS FISCAL

THE MONTHLY NEWSLETTER BY SIMANDHAR ENGAGEMENT COUNCIL



## INSIDE THIS ISSUE:

Success Stories from  
Simandhar- 2

REITs - A New Era of Real  
Estate Investments - 4

THE RECESSION  
DEBATE - 5

RBI JUNE MPC MEETING  
UPDATES - 8

# SUCCESS STORIES FROM SIMANDHAR



**Ganapati Hegde**  
Licensed US CPA



**Kandarp Dave**  
Licensed US CPA

## PLACEMENTS

 **Akshita Surana- EY**

 **Jigar Variyavwala - Deloitte**

 **Bhavya Manwani-  
SPA Associates**

 **Sukrut Mathadhikari - EY**



## SPECIAL SHOUTOUT

**Student of the Month**



**Debdip Ghosh**

# Congratulations

## US CPA ALUMNI OF JUNE



ARNAB JAN LAHKAR



MAHENDRA NABARIA



PRACHI SARAF



SRUSHTI SHER

## US CPA ALUMNI OF JUNE



POOJA KAMBLE



PULKIT



CHAITANYA



SUPRIYA S

## CPA ALUMNI CELEBRATIONS



[www.simandhareducation.com](http://www.simandhareducation.com)

#ThinkCPAThinkKCMandhar



[www.simandhareducation.com](http://www.simandhareducation.com)

#ThinkCPAThinkKCMandhar

# REITS - A NEW ERA OF REAL ESTATE INVESTMENTS

Contributed by  
**Nikhil Asrani**



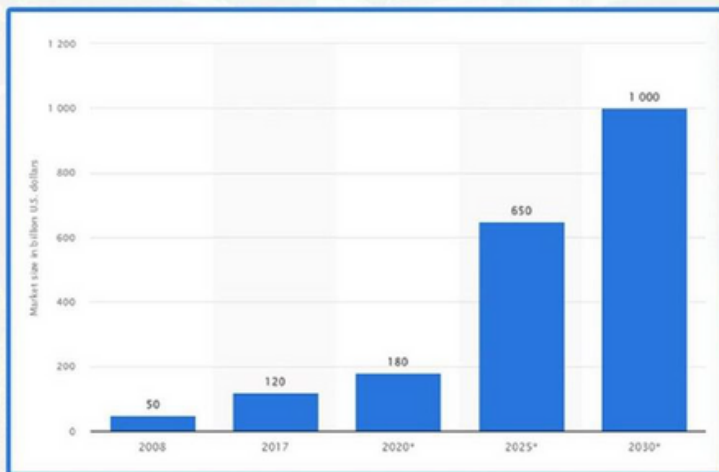
Real estate transactions have remained notoriously **old-school**, which makes buying and selling real estate more difficult than it needs to be. Traditional property transactions are notorious for being too time-consuming, too complicated, and too expensive to name only a few issues that are affecting the modern real estate investor. Now, an increasingly **tech-centric public** is seeking more efficient real estate solutions that will fit with their modern lifestyles.

## Real Estate at this point in time?

Market Indices like **Nifty 50**, **NASDAQ**, **Dow Jones**, **SGX** have shown early signs of upward movement. In India, The Economic conditions have become more favorable, The current fiscal's "**Nation-building Budget**" primarily focusing on Infrastructure with a record allocation of **7.5 Lakh crore** on Capital expenditure for the current fiscal.

### Did you know?

The market size of the Housing market in India is estimated to reach **\$1 trillion by 2030**.



This bullish environment has never been formed in the last **Four Decades in India**, Favorable Economic Conditions like Real estate at Attractive buy prices, Increasing urban population density, Easy access to loans at affordable interest rates to the credit worthy, Affordable housing with generous government incentives, Proposed multi-modal connectivity to various Economic Zones, strong government policies and effective Regulatory environment are **attracting investments** in the industry. Niti Aayog expects real estate to reach a market size of **\$1 Trillion by 2030**. The demand for real estate is increasing day by day and changing from a buyer's market to a seller's market.

**REITs (Real Estate Investment Trusts)** are stock market listed investments that allow investors exposure to predominantly Commercial Real Estate

without having the hassle of purchasing and managing the estate. REITs are similar to Mutual Funds, they allow multiple investors to pool in their investments, which is then professionally managed. The hassle is transferred to them but the returns are always ours.

## Working of REITs-

In India, REITs have a 3 tiered structure comprising of a Sponsor, a Trustee and a Manager.

**The Sponsor** - Responsible for setting up the REITs and appointing the Trustee. The REITs Sponsor along with the sponsor group are mandatorily required to hold 25% of units for the first 3 years after the formation of a REITs.

**The Trustee** - Assets of the REITs in a Trusteeship are held for the benefit of unitholders. Trustees are also required to oversee the activity of the manager and ensure the timely distribution of dividends.

**The Manager** - Manager is Entity that specializes in Facilities Management



## Regulatory Landscape

### Who oversees them?

SEBI mandates that REITs in India have to

1. Invest at least 80% of investments in commercial properties that have to be rented out to generate income. The remaining assets of the trust (up to the remaining 20% limit) can be held in the form of stocks, bonds, cash, or under-construction commercial property.
  2. At least 90% of the rental income earned by the REIT has to be distributed to its unitholders as dividends or interest.
- Stock market **listing of REIT** is mandatory.

### Taxation-

Any dividend or interest earned from REITs is taxable according to the investor's applicable slab rate. Capital Gains from the sale of REITs units are covered by Short Term Capital Gains taxed at 15% if holding period of units is less than 1 year and Long Term Capital Gains at 10 % above Rs 1 lakh, similar to taxation of equity investments. However **Indexation benefits** are not available on REITs.

### How can REITs help me earn?

REITs relatively have **lower correlation** with other assets, making them an **excellent portfolio diversifier** that can help reduce overall portfolio risk and increase returns. REITs entities enable efficient utilization of economies of scale in managing the assets, thus keeping the cost incurred low which enables greater returns for investors at a **relatively cheaper** price considering other overheads and the hassles if managed personally.

REITs can be purchased at your fingertips, similar to purchasing mutual funds, making it extremely easy for full-time working professionals. They are traded in open markets, so investors are sure of not being fooled on purchase price, and are **highly liquid** in nature.

### A Glimpse of REITs listed in India



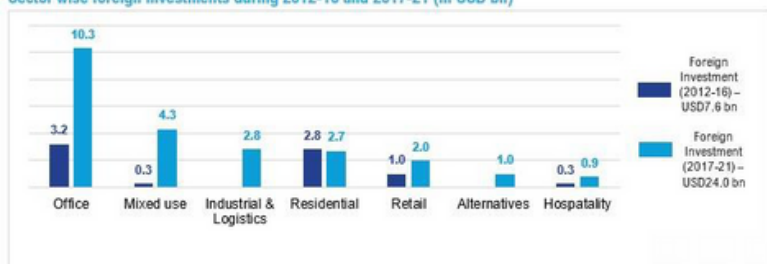
**Embassy REIT** is India's first publicly listed REIT. It predominantly operates in India's best performing office markets of Bengaluru, Pune and the National Capital Region(NCR).

**Mindspace Business Parks REIT** offers a gateway to one of the largest Grade-A office portfolios in key Commercial markets of India. They also undertake sustainability initiatives, that enables tenants to enjoy an efficient and eco-friendly work environment.

**Brookfield India Real Estate Trust** is India's only institutionally managed public commercial real estate vehicle. They aspire to be the leading owners of high quality income producing Commercial real estate.

### Conclusion

Sector wise foreign investments during 2012-16 and 2017-21 (in USD bn)



Source: Colliers

Office space remains critical for employees to socialise, interact and help each other out, essentially it is critical for an employee to feel part of the company. **Foreign capital inflows** into Indian real estate have jumped three times to touch **\$24 billion during the 2017-2021** period backed by healthy demand, surging at a steady pace QoQ. REITs are pretty new in the country but the growth in the real estate sector is driving them and making them popular with time. Hope you had a great time reading this Article!

# THE RECESSION DEBATE

Contributed by  
**Abhishek Khanra**



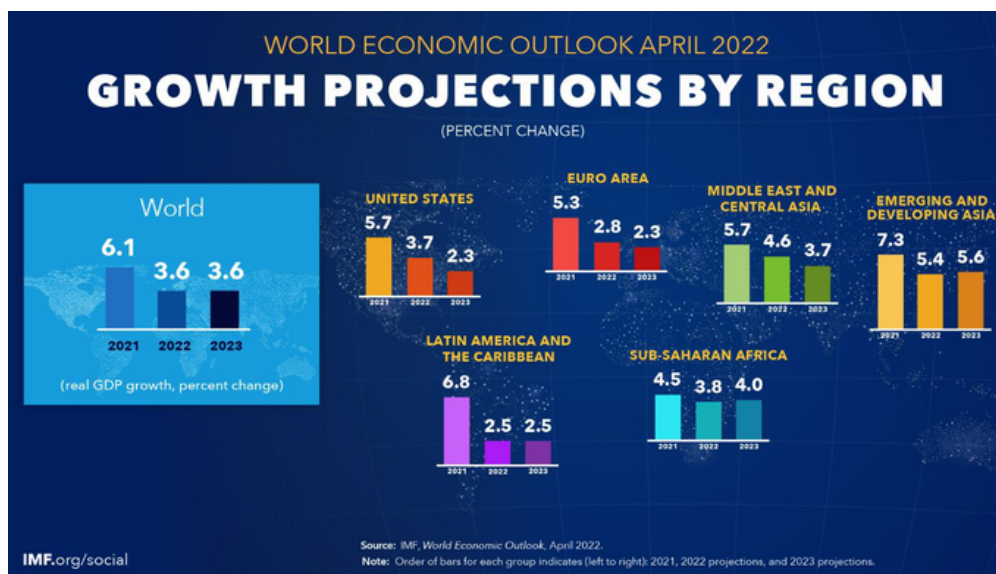
## INTRODUCTION

We have a very interesting debate going on in today's market among investors. Are we in a Recession? What we as Retail investors should do in this macro environment. Let's understand this scenario with some data-backed points.

What is a Recession: Simply put, a recession is a period where economies exhibit a temporary slowdown in terms of trade, industrial activities, employment etc. All these can be identified by a fall in GDP by two successive quarters.

## THE IMF GROWTH SCANNER

Having said that, let's look at IMF's growth projections for various regions in the world for 2022 and 2023. (Kindly refer to the figure below):



As we see above, major economies in the world would witness slower growth rate in the coming year, i.e., 2023. For example, United States would grow by roughly 2.3% as compared to 3.7% in 2022. Same applies to the European Nations as a whole where they would grow 0.5% slower.

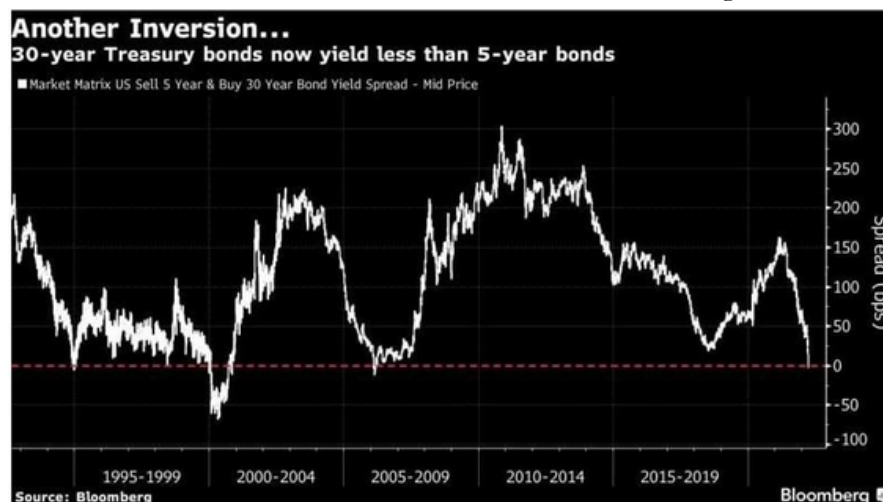
## YIELD INVERSION DYNAMICS

Now let's look ahead with a different data point – Yield Curve Inversion (refer to the figure below):

What is Yield Curve Inversion – It refers to a period when the short-term interest rates of fixed income securities (for example, US Treasury Bonds) are higher as compared to long-term. Under normal circumstances, the yield on longer maturity period debt is higher than shorter ones.

It is believed that there is a strong correlation between Recession in the economy and Yield Curve Inversion. According to studies, we have witnessed 28 Yield curve Inversion, and we have had Recession in all those scenarios. So, putting the long story short, we are already in a Recession.

The classic retail investors mistake in this situation is mixing Recession with Depression.



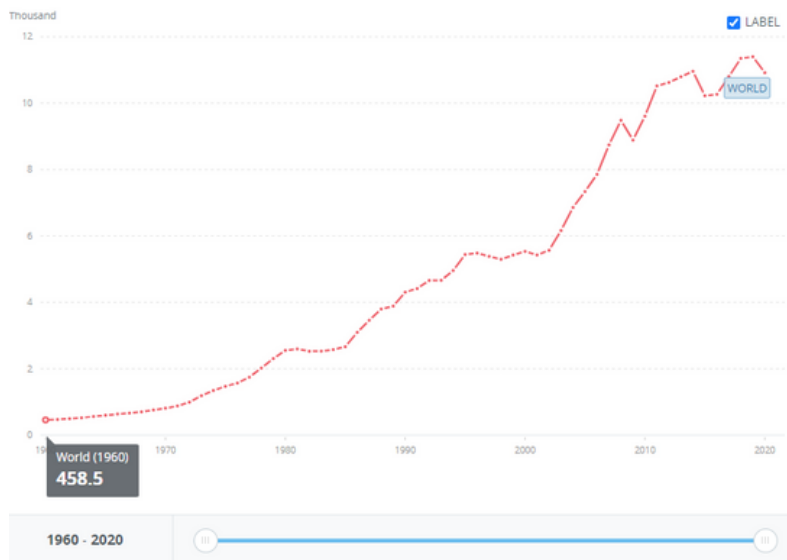
Depression is referred to a macroeconomic situation when there is slowdown for a prolonged, sustained and long-term period of time. The United States witnessed the Great Depression between 1929 and 1939 where the GDP shirked by more than 50 percent and the Indices took roughly 15 years to recover from the lows.

So, are we currently in such an economic downturn – NO.

We have been facing a slowdown along with high inflation which is more inclined to Stagflation. At this time when the interest rates are being raised by Central Banks across the globe to counter inflation, does it mean that the world cannot afford to grow? Steps should be taken to make sure the world witness growth since it cannot afford more degrowth.

## THE SEVERITY OF RECESSION SICKNESS

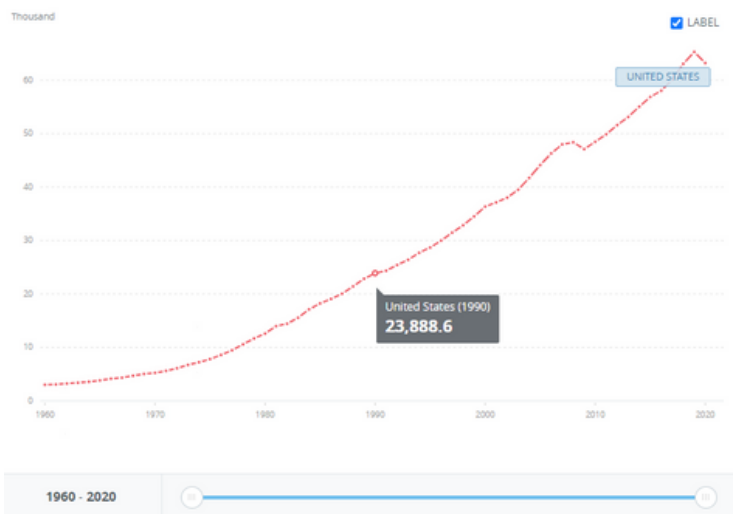
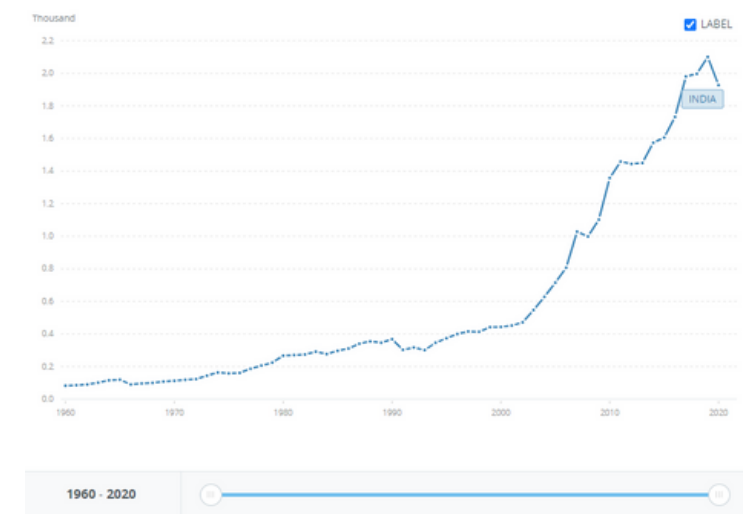
As Retail Investors instead of making panicky moves in our investment strategies, we should understand the severity of this recession we are currently undergoing. To understand this, lets pull out one data point which is GDP Per Capita of the World in comparison to that of India and United States for last one decade.



Simply put, GDP Per Capita means the value added by every citizen in this world. If we look above at the data for one decade (please refer to the diagram above from World Bank), the World has hardly witnessed any GDP Per Capita growth.

Now, if we look at the GDP Per Capita of economies like India and United states, they have upscalled significantly. (Please refer to the diagrams below).

It simply illustrates the fact that the world is witnessing Assymmetric Growth. It means some parts of the world like India, United States are getting richer, however other parts are witnessing very slow or negligible growth. This in turn is an alarming sign from the world point of view.



## NAVIGATING RECESSION – GOVERNMENT VIEWPOINT

As an investor we have understood that the severity of the problem is Assymmetric Growth. At the same time, we need to understand what steps a country can take in order to pull out from an recession.

**Printing more currency:** This is the step that has been carried out extensively since 2008. This is generally done to fuel economic growth and increased liquidity. With almost 80 percent of all the currency printed since 2020, we have witnessed a situation, where Developed Country like the US has more inflation than those Developing countries like India. Hence this is not a step that the world is looking to exercise currently.

**Increase Public spending:** The Government should be willing to invest more in the economy, one of such example is Infrastructure. This would be leading to more job creation, demand in the related / ancillary industries and public demand from an individual point of view.

This demand creation would help to increase economic activity from a medium to longer term view. A lot of care must be taken to the fact that what sources of fund a Government uses to increase public spending, for example external sovereign debt, Issue of Bonds, Currency printing etc. since each would have different implications.

**Decrease in Taxes:** Decrease in taxes would mean more disposable income for fellow citizens. However this contradicts the fact that the government would have lesser funds available for public spending in a recessionary environment. Hence, a balance should be maintained and the world is currently stuck in this dilemma.

**Increase in Productivity:** This is one of the most important factors to be undertaken. A government investing in innovative technologies is likely to witness maximum output. Currently there has been a debate going on in India where it argues whether India should invest in Manufacturing sector which it lacks in or it should look to strengthen its Services Sector.

**Private Investments:** Private Investments are the key to sustained economic growth. For example, in India we have witnessed the growth of the startup ecosystem in the last decade which has been a good boost. As a part of current initiative, the Indian government is trying to pick up private investment through the PLI scheme which might prove to be a game changer.

## NAVIGATING RECESSION – GOVERNMENT VIEWPOINT

**Hedge your Risks:** The best way to hedge your risk as retail investor would be to create an emergency fund (ideally 6-12 month of your monthly expenditure), a Term life cover and a Health cover (apart from existing corporate or Employer Health cover)

**Diversity based on Geographies:** We as investors need to identify growing, innovative, productive economies in terms of spending and make our investments rather than investing in one geographic location. Our choices should be the one's which would be able to navigate the slow growth recessionary phase the world currently exhibits.

# RBI JUNE MPC MEETING UPDATES

The Central bank's MPC meet comes in the backdrop of **high inflationary concerns and evolving geo-political scenarios**. In the last meeting which concluded on May 4, RBI hiked rates by 40-basis-points. Bankers believe increments of 25 basis points each will not work now and the RBI will have to go for a higher 50 basis point move to have any effect on prices. With rising inflation we shall see the repo rate increase to a peak of **6.50%** in December from **4.90%** now.

The RBI has already hiked its benchmark repo rate by **90 basis points** this fiscal year. Bankers said food and fuel remain pain points for India. In the absence of any change in the global outlook and with the government unlikely to tighten spending, the RBI has no choice but to **lead the fight against inflation**. The government has tasked the RBI to ensure the consumer price index-based inflation (CPI) remains at **4 %** with a margin of **2 %** on either side. Governor Shaktikanta Das also said inflation is likely to hover around **6.7%** for the current year **2022-23**, raising the forecast from the **5.7 %** seen earlier.

Inflation Projections	Real GDP Projections
Q1 at 7.5%	Q1 at 16.2%
Q2 at 7.4%	Q2 at 6.2%
Q3 at 6.2%	Q3 at 4.1%
Q4 at 5.8%	Q4 at 4.0%

Going forward, the inflation data for the **US market** is expected to dictate the near-term trend among the global bourses.

**BusinessToday.In**

## RBI HIKES AS INFLATION BITES

The Reserve Bank of India Monetary Policy Committee (MPC) meeting held from June 6 to June 8 detailed its outcome today.

- Repo Rate hiked by 50 bps to **4.9%**
- FY23 Inflation projected at **6.7%**
- GDP growth estimated at **7.2%**

That will make the Indian financial market **less attractive** to foreign investors and accelerate outflows from the Indian bond and equity market. That will put further pressure on the Indian rupee Depreciation of the rupee will increase the rupee cost of imported goods such as **crude oil, chemicals and fertilisers, active pharmaceutical ingredients and electronics**. Back-to-back announcements from RBI in May and June gives **the market confidence** and reassurance that the RBI is **not falling behind the curve** and is more proactive in its efforts to curb inflation and **stabilize the Indian economy**.

- Nikhil Asrani



# BOOK RECOMMENDATION OF THE MONTH

## THE ART OF THE GOOD LIFE- CLEAR THINKING FOR BUSINESS AND A BETTER LIFE BY ROLF DOBELLI

The Art of the Good Life- clear thinking for business and a better life, is a self-help book written by Swiss writer Rolf Dobelli which contains 52 intellectual tools or templates to manoeuvre through life and take better decisions. It is good read for anyone who cannot dedicate a lot of reading time during their day as the chapters are quite concise to read.

The age-old question that each mind has once thought of – what does it mean to live a good life?

Of course, this book will answer this question but not in the most stereotypical ways. It points out how one gets caught up in the most surface level and seemingly basic problems in one's life and also provides means to focus on the bigger picture. It challenges our ideas of what makes a good life, stating that happiness and security does not lie only in stability, but in constant transformation and change.

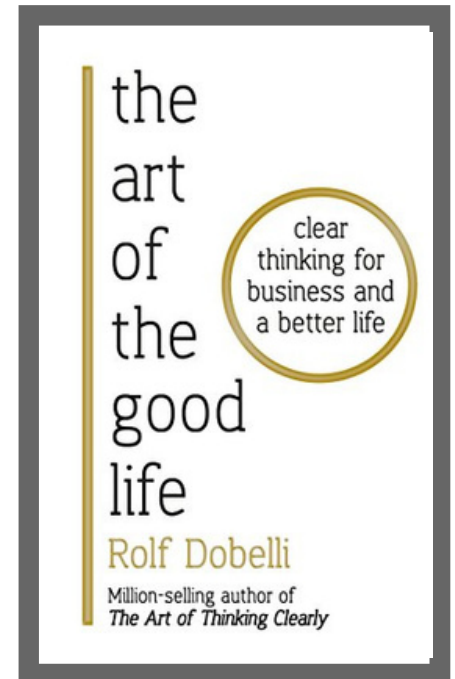
Like any other self- help book this book isn't the recipe to a perfect life, but it serves as a reminder of how we can create our own versions of it.

### Fresh perspectives - Ideas from the book I would want to highlight

- One of the chapter focuses on how staying fixated to a plan can bring one difficulty, instead it is important to re analyze and change plans when needed, how life is an ongoing process of creation and evolution, not something that will stay the same forever.
- We all know that hard work is the key to success but the book very interestingly points out that luck, timing and chance are equally contributing factors to success.
- This book also talks about our dependency on technology and how its seemingly time saving abilities, could turn out to be counter- productive.
- How to shift from external to internal validation.
- Mental subtraction is an effective way of tricking your brain into valuing the positive aspects of your life more highly.
- How to devote energy only to the things that most matter to us by prioritizing and doing the right things at the right time.
- If you run your own race you won't lose.
- The less self-important you are the better your life would be.

For anyone looking for short bite sized reading each day, definitely an interesting read.

Lastly, I would say one needs to read to this book with an open mind as not everything mentioned in the book applies to or aligns with our beliefs or ideas. Even if we don't agree to some of the ideas it definitely makes us think which is the main purpose of reading.



Recommended by

**Akshita Surana**



# THE MONTH @SIMANDHAR

## CORPORATE TIEUPS



## LAUNCHED SAAMARTH WORKSHOP



### [Additional Resources - Access Here](#)

**Editors** - Digital Marketing Team - Zaki Khan

**Contributors** - Nikhil, Akshita, Abhishek

**Special Thanks** - Sukrut and Tanmoy, Harshil

**Note** - If you have access to Corporate Leaders in your network who would be interested in interacting with the SEC community and students, do reach out to the Corporate Relations Cell.

The information and opinions contained in the Newsletter have been compiled or arrived, based upon information obtained from reliable sources. Such information has not been independently verified and no guarantee, representation of warranty, express or implied, is made as to its accuracy, completeness, or correctness. All such information and opinions are subject to change without notice. This news letter is only for PRIVATE CIRCULATION. Actions might be taken against people who circulate this report without prior permission from Simandhar Education, its directors, or employees.

Social Media handles :   

For suggestions, clarifications & your valuable feedback write to us at [sec@simandhareducation.com](mailto:sec@simandhareducation.com)