



Pune | Mumbai | Hyderabad



## The Investment Panorama

(Strategies, opportunities, and  
analytical insights)

Knowledge Series

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## ❖ Introduction



Investment strategy plays a vital role in the lives of everyone today, whether they are ordinary individuals, salaried workers, or high-net-worth individuals (HNIs). People from all walks of life are in search of the perfect investment strategy. However, as Warren Buffett, one of the most successful investors of all time, once said, "There's no one-size-fits-all investment strategy."

This sentiment has been expressed by numerous personal finance experts and seasoned market veterans. The notion of a universal investment strategy is a myth—an idealistic concept that exists only in theory. In reality, each investor's financial journey is shaped by their own unique circumstances, including risk tolerance, financial goals, and investment timelines.

In this guide, we will explore various investment strategies and their associated risk factors, providing you with an overview of approaches you can consider. We'll delve into different investment categories, ranging from traditional stock market investments to emerging opportunities like NFTs and drone technology. Additionally, we'll share insights from successful investors who have navigated these strategies effectively.

By the end of this guide, you'll have a better understanding of the investment landscape and be equipped to make informed decisions that align with your personal goals and risk appetite. So, let's embark on this exciting journey.

## • Different kind of investment strategies:

### ❖ Value Investing



- Let us understand value investing by example: say you are buying a mobile phone at full price Vs buying phone at heavy discount, be it a same model, with same resolution and same storage, just price differences. similarly, this works with shares in stock market, share value can change even if the underlying value of the assets (features of mobile phone) remains the same.
- But problem in stock market is that we don't know when the sale starts and there is advertisement of sale. A knowledge gap when filled via extensive research can really help finding stocks with strong underlying assets.

Value investing is investing in stocks that appears to be trading for less than intrinsic or book value of shares.

Opportunity for buying the stocks arise when market overreacts to good or bad news, thus creating a gap between trading price & fair price of shares.

- A watch and jewellery company was trading at a mere ₹3 per share. Recognizing its intrinsic value and potential for growth. A well-known investor held onto his investment, which eventually soared to over ₹3,500 per share. His belief in value investing principles paid off handsomely.
- Following factors shall be kept in mind while picking up the Value oriented stocks:
  - Financials: High Return on capital employed (ROCE)

➤ Opportunity for company in future: Sector can grow 3X,7X or even 10X, market share in industry.

➤ Management: High Quality management and sustainable competitive advantage.

### ❖ Growth Investing



- Growth investing is like planting a young, fast-growing tree. You can start by selecting a type of tree which can thrive in particular climate and soil, similar to choosing a company with high growth potential. Once you plant the seedling, you nurture it with water, sunlight, and nutrients—much like investing your money in a promising company and watching it develop.
- But there's a snag, which most investors lack while investing in growth-oriented stocks, that is "Patience". Growth requires patience, as the tree slowly becomes strong and tall, just as your investment needs time to grow.
- However, unexpected weather conditions can pose risks, much like the challenges a growing company may encounter. If all goes well, your tree will eventually thrive and produce fruit or become a stunning part of the landscape. Similarly, as company matures and becomes more profitable, this can offer you significant returns over a period of time.
- A visionary entrepreneur who launched a prominent online beauty retailer in India identified a high-growth potential in the beauty and wellness sector

showcasing the potential of identifying and investing in high-growth companies early.

- Following points shall be kept in mind while picking up growth-oriented stocks:
  - Any change in policy by government favouring company significantly and thus the potential growth rate.
  - Total addressable market (TAM): By accessing market size for particular industry, when there is large TAM and company has large and expanding market opportunity.
  - These stocks might get overvalued when market overreacts to particular stock.
  - Even if the company tends to grow faster than usual, one must check whether stocks are exposed to areas of the market that are sensitive to economic swings. Growth strategy have market volatility and risk involved.

#### ❖ Passive Investing



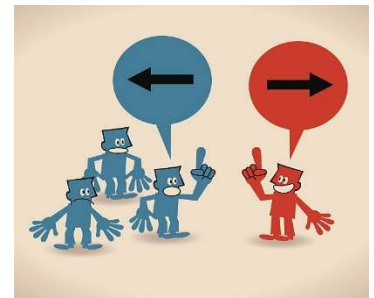
- Passive investing is like setting your car on cruise control during a long road trip. Once you set the speed, the car maintains a steady pace without your constant input, allowing you to enjoy the ride.
- The above example clearly shows that passive investing is for people looking forward for long term investment without hassles for buying and selling of stocks and keeping track on updates and news in market.
- Long road trip, in other words says trip started early, it can be very said that passive investment

can be the option for people willing to invest in market (for lucrative returns) at early age, but time and money to be dedicated to market can become a restriction.

- Passive investing frees you from the need to monitor your investments constantly, offering a low-cost, time-efficient strategy for long-term growth.
- This involves choosing index funds or exchange-traded funds (ETFs) that track a market index. This approach simplifies the investment which would provide broad diversification in investment.
- Deepak Shenoy, the founder of Capital mind, is a strong advocate of passive investing. He believes that for most individual investors, it's challenging to consistently beat the market through active stock picking. Instead, he recommends investing in low-cost index funds or ETFs, which provide broad market exposure and diversification. Shenoy himself follows this strategy, investing in the Nifty and Sensex index funds, and has reaped the benefits of long-term wealth creation through passive investing.

- Following points to be kept in mind while passive investing:
  - Selection of right funds is essential before starting in for passive investment. Look for funds and ETF's that has achieved reputable market benchmarks especially in long term returns.
  - Consistent contribution is needed while passive investment, hence planning monthly cash flows and income is essential.
  - Most essential, yet challenging quality required is holding onto your investments in funds in market ups and downs. Resist the temptation to make frequent changes based on short-term market movements.

#### ❖ Contrarian Investing



- Contrarian investing is like shopping for clothes at the end-of-season sales. Where most customers seek to stores during the peak season when all the new styles and trends are on display. However, prices are at their highest during this time, and the stores are crowded.
- A contrarian shopper, on the other hand, goes to the store at the end of the season when most people have moved on to the next trend. The racks may seem less exciting, but the shopper finds great deals on high-quality items that are deeply discounted. By going against the crowd and shopping when others are not, the contrarian shopper can save money and sometimes find hidden gems.
- General belief of contrarian investor is that emotional swing in market due to certain news can led to overreactions by investor (probably herd mentality) which can lead to undervaluation or overvaluation of stock. By buying and selling the same, contrarian aim to profit when market corrects and recognizes the asset's true value.
- It might seem that there's overlap between contrarian and value investing. As both seek to buy undervalued assets. However, value investors focus more on a stock's fundamentals to identify undervalued opportunities, whereas contrarian investors focus more on market sentiment and news given.



- ❖ Indexing and dividend growth strategy:



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- **About:** You've heard of digital art and collectibles fetching mind-boggling sums as exclusive NFTs (non-fungible tokens) globally. Well, that mad craze is coming to India in full force!
- **Investing:** In India, there are many platforms and marketplace which enable creators and collectors to create, buy, and sell NFTs. Many artists in world are already making waves with their fantasy-themed digital art NFTs.

➤ **Risk involved:** The NFT space is still highly speculative and volatile. Lack of regulation and potential for fraud, as seen in the recent "NFT rug pull" scams, pose risks. There are also concerns about the long-term value and utility of NFTs, as well as the environmental impact of their energy-intensive minting process.

➤ **Example:** Vignesh Sundaresan, also known as Metakovan, made headlines in 2021 when he purchased Beeple's digital artwork "Everydays: The First 5000 Days" for a staggering \$69 million, becoming one of the most expensive NFT sales ever. This high-profile purchase brought global attention to the NFT craze and showcased the potential of investing in this emerging digital asset class.

➤ **Fit For:** All investor categories willing to take calculated risks.

#### ❖ Govind Bhandar (Cattle Farming)



➤ **About:** It's no longer just crop ki kheti - now desi investors are putting their funds into cattle farming too! Cattle farming is a traditional Indian investment avenue, where investors buy livestock like cows, buffaloes, or goats. They can earn income from dairy, meat exports, or breeding.

➤ **Investing:** There are many companies which allows investors to purchase livestock and earn income from dairy, beef exports etc. There are also specialized cattle wealth management firms offering livestock as an asset class.

➤ **Risk Involved:** Cattle farming investments come with their own

set of risks. Animal health issues like diseases or accidents can lead to significant losses. Climate risks, such as droughts or floods, can also impact the viability of cattle farming operations. High maintenance costs for feed, veterinary care, and housing facilities can eat into profits, while market volatility in dairy and meat prices can affect returns.

➤ **Example:** Indian American entrepreneur and investor Gururaj "Desh" Deshpande, the co-founder of Sycamore Networks, has invested in cattle farming in India through his company. His venture aims to improve dairy productivity and farmer incomes, highlighting the potential of this traditional investment avenue for generating sustainable returns.

➤ **Fit for:** Determined small investors, salaried professionals open to hands-on ventures.

#### ❖ Uranium Bijon Se Khazāna:



➤ **About:** With India's massive nuclear energy goals, expect huge demand for uranium resources in the coming decades. By either investing in uranium mining companies or approved commodity funds, you could stake an early claim on these radioactive riches!

➤ **Investing:** A government corporation, which is a state-owned enterprise, is one of the major players in the Indian uranium mining industry. Investors can also consider investing in global giants, which has operations worldwide.

➤ **Risk Involved:** Uranium mining and trading come with significant risks. Regulatory risks, including

changes in government policies or environmental restrictions, can impact operations and profitability. Environmental concerns surrounding uranium mining, such as radioactive waste disposal and water contamination, also pose risks. Geopolitical tensions in countries can also affect the same.

➤ **Example:** In 2019, the Indian government announced plans to revive the Uranium Corporation of India (UCI) by investing over \$700 million to ramp up domestic uranium production and reduce import dependence for its nuclear power plants. This move underscores the growing importance of investing in uranium resources to support India's energy security and sustainability goals.

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➤ **Fit for:** Risk-taking investors willing to wait for long-term rewards.

#### ❖ EVs/Battery Manufacturing:



➤ **About:** With the growth of electric vehicles (EVs) and India's push for lithium-ion battery manufacturing, investments in this sector could be promising.

➤ **Investing:** Leading EV makers or potential unicorns in business like through start-up investment funds.

- **Risk Involved:** EV and battery manufacturing industries require significant capital investments and face risks from technological disruptions. Supply chain constraints, particularly for critical raw materials like lithium and cobalt, can impact production and profitability. Competition from established global players with deep pockets and advanced technologies also poses a threat to emerging Indian players in this space.

- **Example:** In 2022, one of India's largest conglomerates, announced plans to invest billions in establishing an integrated renewable energy manufacturing facility, including advanced battery storage solutions. This strategic move by a major players highlights the immense potential and investor interest in the electric vehicle and battery manufacturing sectors.

- **Fit For:** Futuristic investors comfortable with technology plays)

#### ❖ Drone Economy:



- **About:** Don't just keep droning on about investments - The drone industry in India is expected to turn heads, with great potential of applications in various sectors like agriculture, delivery, surveying, and more.
- **Investing:** Many Drone makers, does training academies like Drona Aviation or end-user service startups leveraging drones for last-mile delivery, agriculture and more.
- **Risk Involved:** The drone industry faces regulatory uncertainties, with evolving laws

governing drone operations and privacy concerns. Technological limitations, such as battery life and payload capacity, can also restrict the widespread adoption of drones. Competition from global players with more advanced drone technologies and established market presence poses a threat to domestic companies in this sector.

- **Example:** Indian drone startups, raising million in funding from investors underlies the growing investor confidence in the drone industry's as potential applications across various sectors, such as agriculture, delivery and surveying.

- **Fit For:** Investors sniffing out disruptive technologies early.

#### ❖ Real Estate Investment trust (REITS):



- **About:** Tired of watching the real estate market boom from the sidelines? Well, now you can own a piece of the action without the hassle of direct property ownership. REITs are companies that own and operate income-generating real estate properties, allowing investors to gain exposure to the real estate market without direct property ownership.
- **Investing:** Investors can buy shares of listed REITs on stock exchanges or participate in IPOs shares of listed REITs on stock exchanges or participate in IPOs.
- **Example:** Recently, listed REITs, raised millions through its initial public offering (IPO). This landmark event showcased the appetite for REITs among Indian investors, who recognized the potential for diversification,

steady income, and exposure to the real estate market without the hassle of direct property ownership.

- **Fit for:** Those who are seeking for portfolio diversification, risk-averse investors, long-term investors, and those looking for an inflation hedge.

- **Risks Involved:** Cyclical real estate market, Interest rate fluctuations (affecting borrowing costs), Regulatory changes.

#### ❖ Conclusion

In conclusion, "Investing is not just about making money; it's about securing your financial future. Whether you're a seasoned investor or just starting, the strategies and opportunities outlined in this guide offer a wealth of possibilities to achieve your financial goals.

Remember, successful investing is a journey, not a destination. It requires patience, discipline, and a willingness to adapt to changing market conditions. Appreciate the dynamics of investment strategies, but always stay true to your personal risk tolerance and financial objectives while investing.



## ❖ Compliance Calendar

Sr No.	Date	Description
1	07-May-24	ECB-2, Return of External Commercial Borrowings
2	07-May-24	TDS / TCS Payment
3	11-May-24	GSTR-1, Monthly Return of Outward Supplies
4	13-May-24	IFF, Optional Upload of B2B invoices, Dr/Cr notes under QRMP
5	15-May-24	Electronic Challan cum Return (ECR), E-Payment of PF
6	15-May-24	ESI Challan, Payment of ESI
7	15-May-24	Form 27EQ, Quarterly Statement of TCS for January-March.
8	20-May-24	GSTR-3B, Summary Return cum Payment of Tax by Monthly filers.
9	30-May-24	LLP-11, Annual Return of Limited Liability Partnership for FY 2023-24
10	31-May-24	Form 24Q, 26Q, 27Q, Quarterly statements of TDS for Quarter 4 of FY 2023-24
11	31-May-24	SFT Return (Specified Financial Transaction) for the FY 2023-24

## ❖ GC Corner

We enjoyed RPL Season 4.0, enthusiastically played between 8 teams with remarkable sportsmanship and unique display of our teamwork.



## ❖ Giant Connection LLP

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## ❖ Special Mention

Thank You, **Sanket Chandak**, for compilation of the Knowledge series.