SAGE PAGE 2023

CARBON CREDITS
THE NEXT BUSINESS OPPORTUNITY

FINANCIAL LEARNING CURVE OF 2022

WHAT TO WATCH FOR IN 2023

COVER STORY
INDIA IN 2032!

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Editor's Notes

ARCHANA CHETTIAR

Editor-in-Chief

I hope you have a fantastic New Year, and we look forward to hearing from you. Do share your opinions on
createwealth@researchandranking.com

Let us know what you'd like to see in the next edition.

Last year Zomato and Spotify's year-end review motivated my colleague Vinay and me to create Research & Ranking's yearly review magazine, Sage Page. The overwhelming response we received from you prompted us to make the magazine an annual affair.

This year our team grew, and our colleagues Ankita and Nabil joined our efforts to create another memorable yearly review. We've attempted to share an impartial view of what happened in 2022 and what you can look forward to in the New Year.

A lot of effort, time, and thought has gone into creating a magazine that gives you a 360-degree view of the year that was. But, of course, we loved every minute spent writing, re-writing, and editing to share the final version.

Through the Sage Page, we hope to help you recollect, learn something new, and look forward to 2023. I hope you read through and tell us what you loved about the magazine. The magazine would still be a word document without our fantastic designers supporting us. Surabhi Salvi was remarkable and open enough to indulge our thoughts and ideas on the presentation and design.

Note from the MD

MANISH GOEL

I believe **Wealth creation requires the same ingredients** as you need to succeed in any sphere of life. Patience, Perseverance, Discipline, and Evidence-based decisions make for a winning combination. You cannot go wrong if you follow them diligently. These principles are pillars of our investment philosophy. Our goal is to help investors realize their financial dreams and ambitions through systematic investments based on our research and technology-backed methodology.

We offer hassle-free, simple yet effective wealth creation solutions that solve the real investing challenges of today. And how do we do it?

We have an amazing team that works ceaselessly to identify new investment opportunities; build robust and user-friendly technology-based platforms. They work round the clock to solve all your queries, and lastly, develop fascinating content to make you an Informed Investor.

Thank you for taking the first step towards creating sustainable wealth and building a formidable portfolio. I hope you have good financial health and enjoy the fruits of planned investments.

I wish your families and you a Happy and Healthy New Year!

Index

I. Introduction

II. Story of Nifty and Sensex so far

III. Top Gainers & Losers (as on december 15)

IV. Cover Story: India in 2032!

V. Interview with the MD & Founder!

VI. Market Events That Caught Our Attention!

VII. Guide to Finding & Investing in New Age Companies

VIII. Carbon Credits –The Next Business Opportunity

IX. R&R Times (Media Presence)

XI. Financial Learning Curve of 2022

XII. Five Effective Mantras to Get Financially Fit In 2023

XIII. What to watch for in 2023

XIV. Financial Resolutions for 2023

Introduction

Dear Reader,

Welcome to the second issue of Sage Page, a yearly magazine Research & Ranking publishes.

Last year's Sage Page was a hit! So this year, we've thought of upping the financial insights we share on each page, giving you an intuitive glimpse into the world of Investing and what you can look forward to in the New Year.

Our team has loved brainstorming ideas and working to create the magazine just for you. We are sure you will find Sage Page worth the effort.

2022 was a roller-coaster!

Adding to the woes was Russia declaring war on Ukraine in February. The battle was just the beginning of issues that plagued countries globally. The twin effect of the Russia-Ukraine conflict and the constant Fed interest rate hikes meant rising inflation, increasing crude and commodity prices, and geo-political and supply chain issues, not to mention the umpteen lives lost in Russia and Ukraine. Moreover, the strengthening dollar had FIIs turning sellers to the tune of 1.22 lakh crore. At the same time, the Corporate Bond market outstanding grew four-fold to Rs. 40.20 trillion in FY22 compared to Rs 10.51 trillion a decade ago.

Economies were under pressure to ensure their citizens had adequate food and other commodities. However, commercial activities soon picked pace in the second quarter, with businesses recording growth and profits despite the adverse conditions. The constant interest rate hikes forced the central banks to raise interest rates to bring down inflation.

After months of lackluster performance, the bulls were back in action. Another thing worth looking at was increased participation from retail investors, with the number of Demat accounts crossing 100 million for the first time this year. The secondary market buzzed with plenty of businesses announcing dividends, bonus issues, and stock splits. Mergers and acquisitions weren't far behind, with companies looking to consolidate and strengthen their market positions.

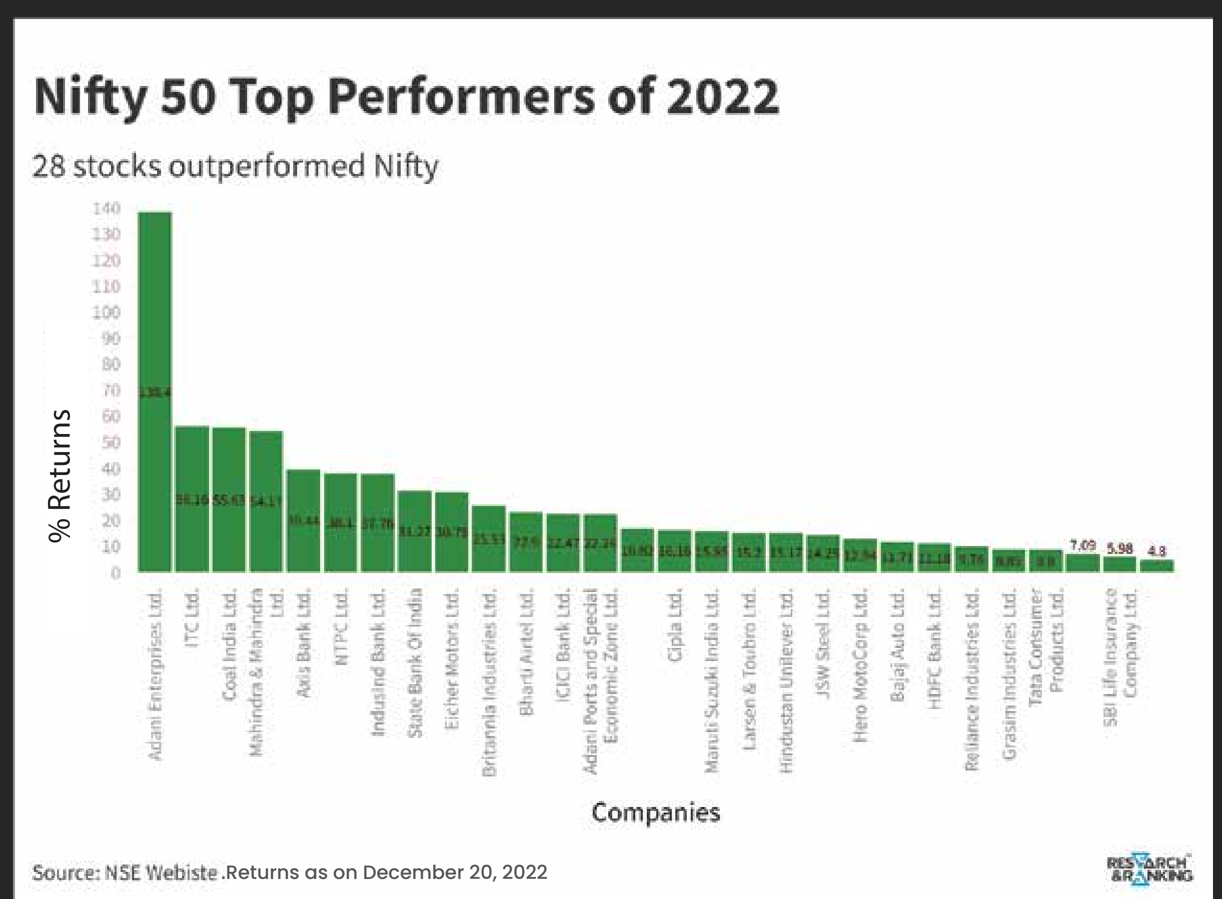
Join us as we look at the top gainers and losers of the year, some events that crossed our investment radar, critical developments during the year, our journey over the years, an interesting interview with the MD, and not to forget what next year has in store.

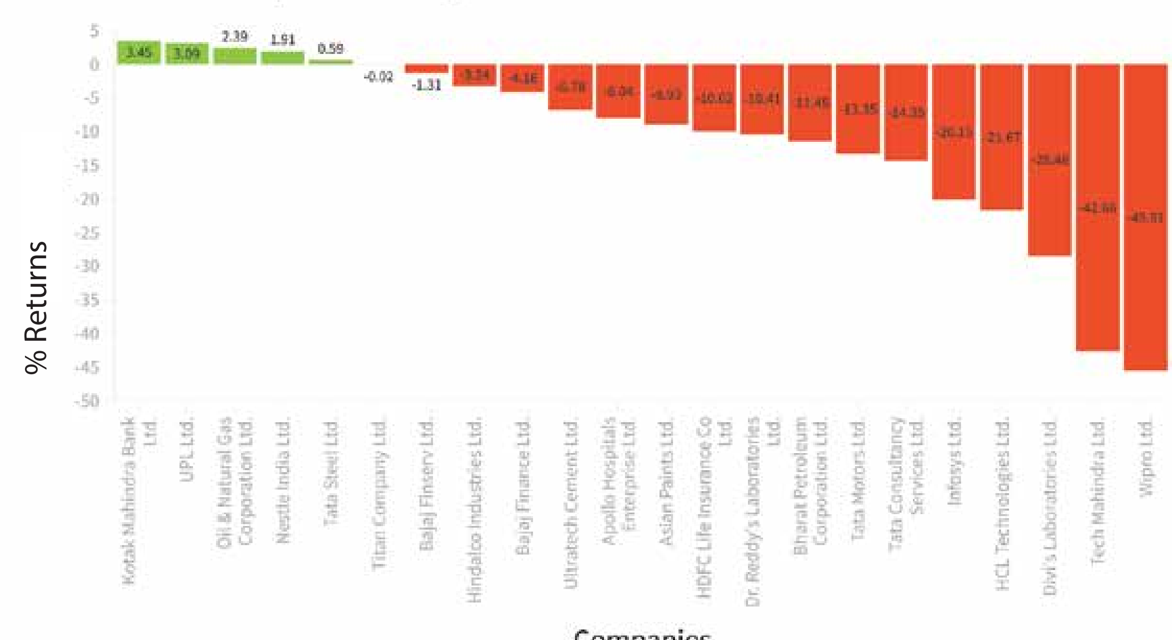
Marketing Team

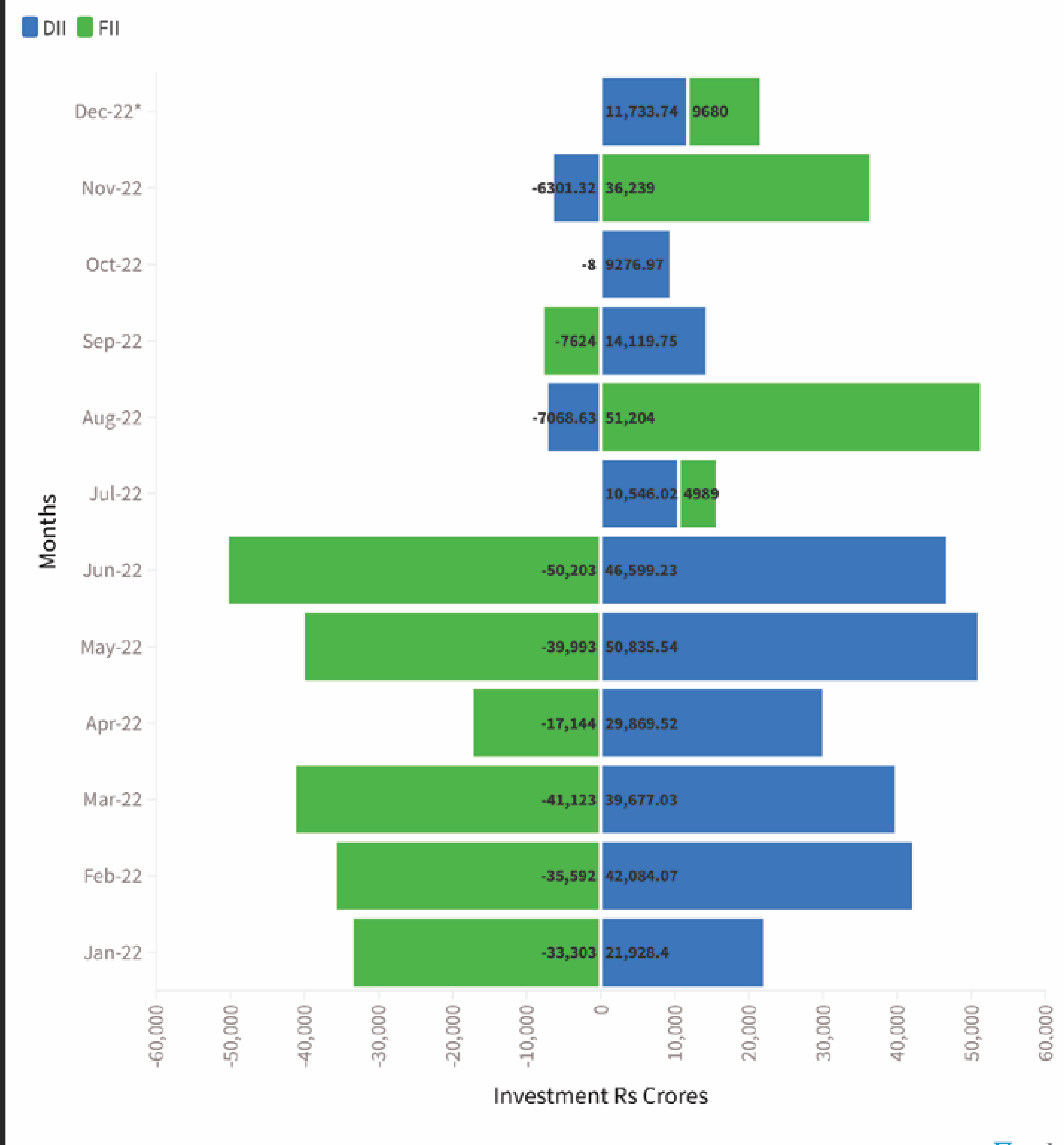
Research & Ranking

Story of
Nifty and Sensex so far

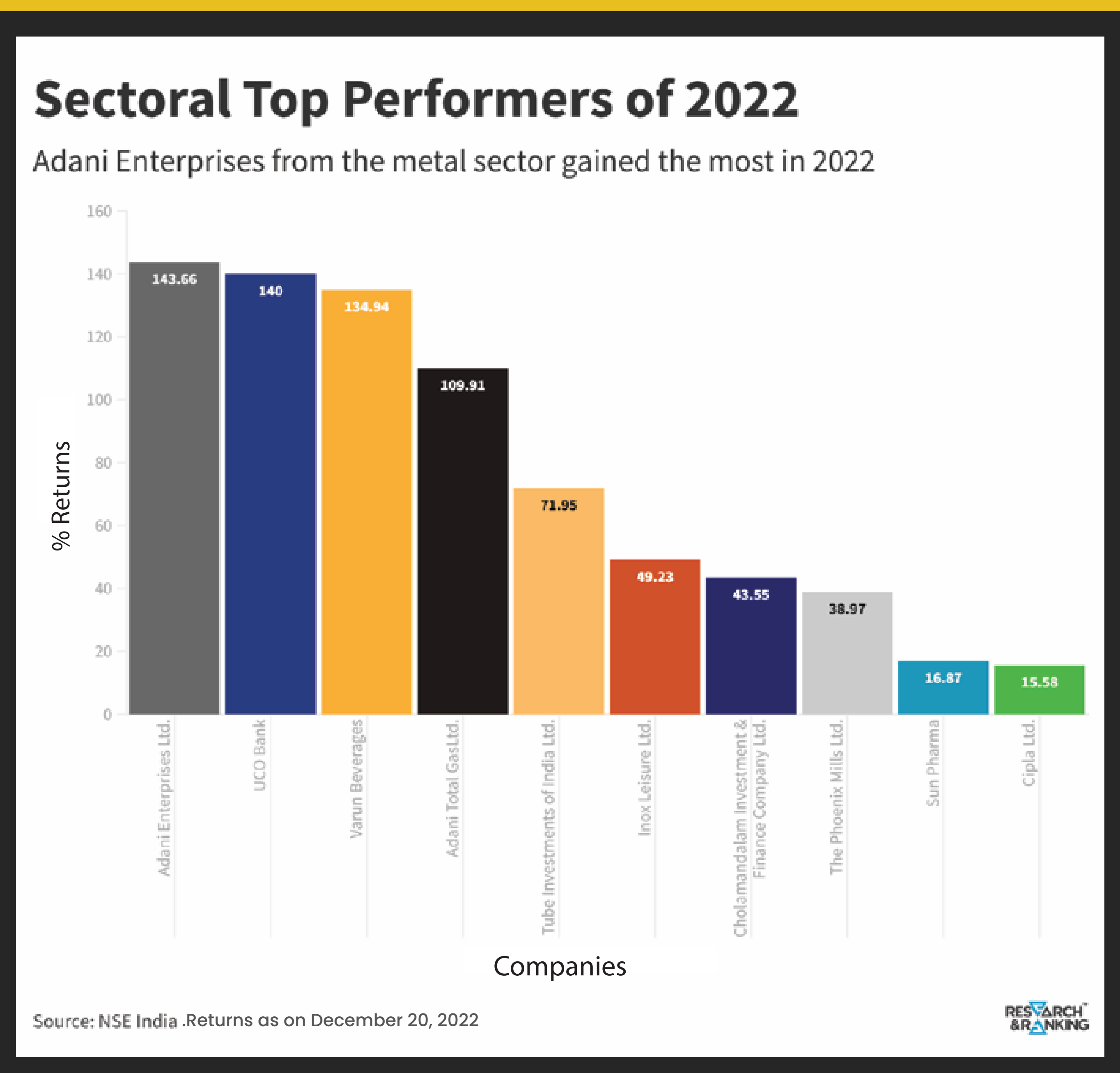
Nifty 50 Gainers and Losers

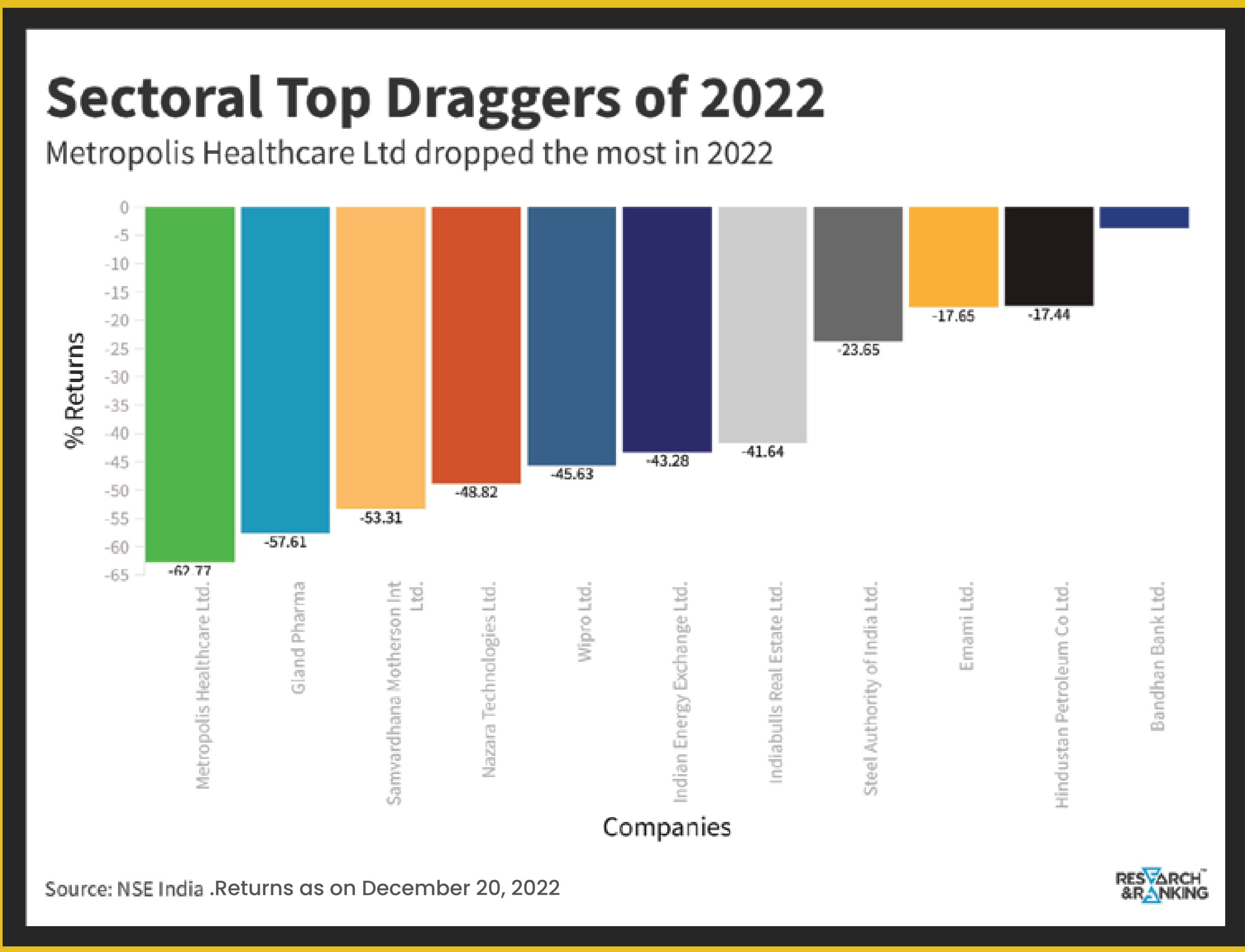





DIIs and FIIs Monthly Equity Investments in 2022
DIIs bought a total of 2.63 Lakh crores while FIIs sold 1.23 lakh crores
DII FII
Dec-22*
Nov-22
Oct-22
Sep-22
Aug-22
Jul-22
Jun-22
May-22
Apr-22
Mar-22
Feb-22
Jan-22
11,733.74
9680
-6301.32
36,239
-8
9276.97
-7624
14,119.75
-7068.63
51,204
10,546.02
4989
-50,203
46,599.23
-39,993
50,835.54
-17,144
29,869.52
-41,123
39,677.03
-35,592
42,084.07
-33,303
21,928.4
Months
-60,000
-50,000
-40,000
-30,000
-20,000
-10,000
0
10,000
20,000
30,000
40,000
50,000
60,000
Investment Rs Crores
Source: NSDL, moneycontrol .Data as on December 20, 2022
RESEARCH &RANKING

Nifty Sectoral Indices





By Vinay Mahindrakar

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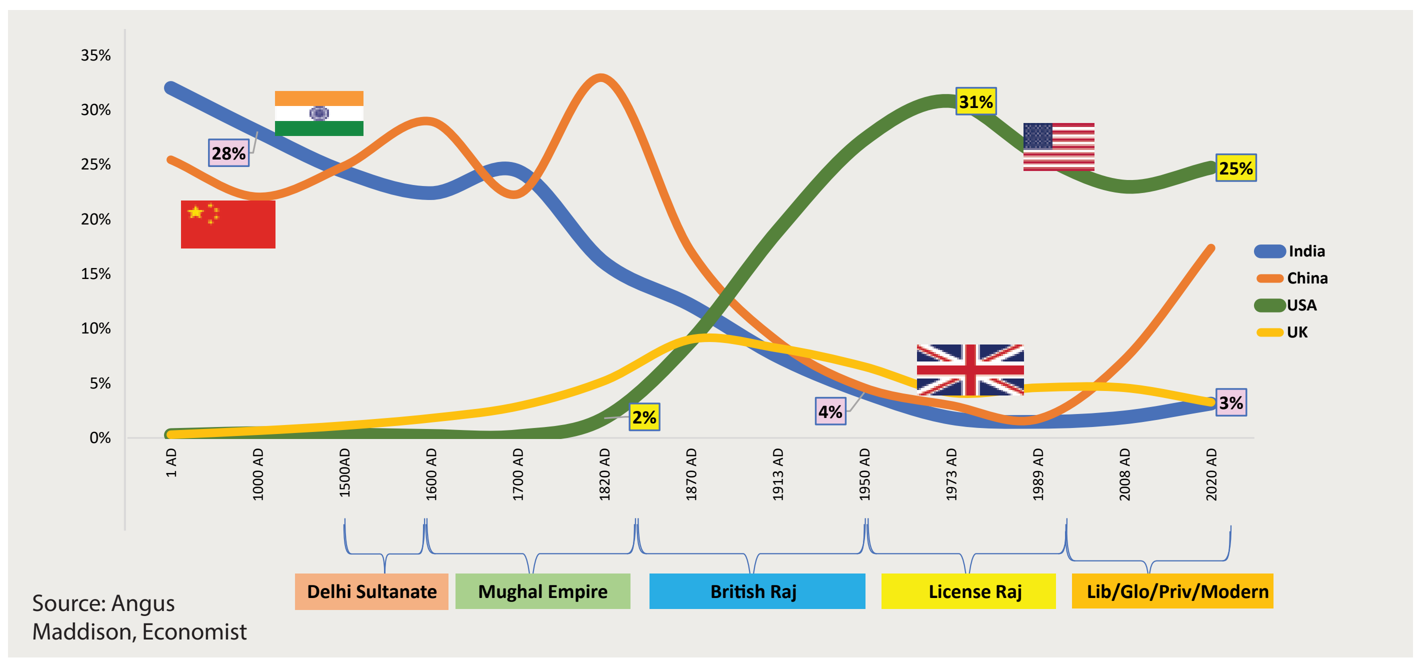
INDIA- THE THIRD-LARGEST ECONOMY AND MARKET BY 2032!

Can India perhaps go back to contributing over 28% to the Global GDP like it did 2000 years ago? Perhaps not or maybe yes. But that's a question for later.

India's share of world **GDP over 2000 years**



Right now it's time to focus on why financial experts' believe India's on the cusp of a boom, becoming the third-largest economy and market by 2032. The last two decades have been about China, and it's India's turn now.

Debabrata Patra, Deputy Governor, Reserve Bank of India (RBI) said, "If India achieves a growth rate of 11% in the decade it could become the second-largest economy by 2031 and not 2048 as projected earlier. He believes India could also surpass China to become the largest economy by 2060 even if it maintains a 4-5% growth momentum in 2040-50 at his Azadi Ka Amrit Mohotsav address in Bhubaneshwar in August.

The latest Morgan Stanley report - **Why This Is India's Decade** published in October echoes the same.

Ridham Desai, Morgan Stanley's Chief Equity Strategist for India believes India could surpass Japan and Germany to become the third-largest economy by 2027 and the third-largest stock market by 2030 thanks to favorable global trends and strategic investments India made in technology and energy. The graph below shows how quickly India has moved up the rankings since 2010.

Ten largest economies by GDP

Ranking	1980	1990	2000	2010	2020	2032
1	United States	United States	United States	United States	United States	China
2	Soveit Union	Japan	Japan	China	China	United States
3	Japan	Soveit Union	Germany	Japan	Japan	**INDIA**
4	West Germany	West Germany	United Kingdom	Germany	Germany	Japan
5	France	France	France	France	United Kingdom	Germany
6	United Kingdom	Italy	China	United Kingdom	**INDIA**	United Kingdom
7	Italy	United Kingdom	Italy	Brazil	France	France
8	Canada	Mexico	Canada	Italy	Italy	Brazil
9	Brazil	Brazil	Mexico	**INDIA**	Canada	Canada
10	China	Canada	Brazil	Russia	South Korea	Russia
	INDIA	**INDIA**	**INDIA**			

The next decade could belong to India, however the US and China economy will be equally important. The only factor that could change is the prominence India may gain among global peers. If you wonder how then here is what we think.

The size and scale of India's opportunities will play a crucial role in its economic growth. Morgan Stanley forecasts India's GDP more than doubling from the current $3.4 trillion to $8.5 trillion in the next decade. India could likely add over $400bn to its GDP every year, a number that only the US and China have outdone before.

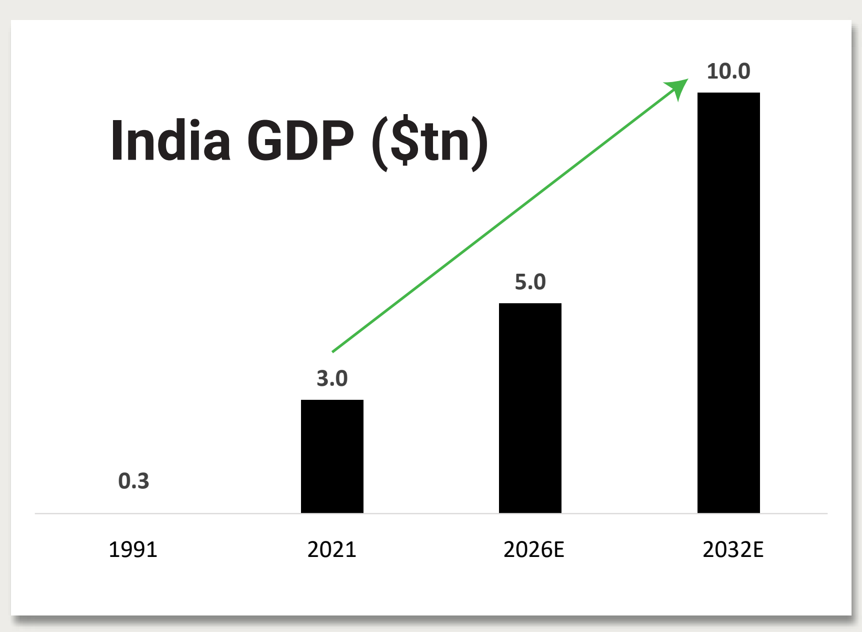
What's fueling these projections? Favorable domestic demand, global trends, changing policies that focus on boosting investments and creating jobs moving away from redeployment.

Per IBEF, India's GDP at current prices is projected to reach $447.44 billion (Rs. 36.85 lakh crore) in the first quarter of 2022–23, up from$ 394.13 billion (Rs. 32.46 lakh crore) in 2021–22, which is a growth rate of 13.5%.

GDP RACE FROM SIXTH RANK TO THIRD RANK IN 2032

With a $3.1 tn economy, India is the sixth largest economy

By 2032, India's GDP is projected to rank as World's no 3 at $10 tn at an average annual growth rate of 11.5%



According to these numbers, India is the world's fastest-growing major economy. The Indian investment industry has benefited from this Indian economic growth. Domestic investments in the Indian market have increased from retail investors, mutual funds, and PE/VC firms. India stock market will be the third-largest in the world by 2030. Furthermore, it offers a developing and prosperous ecosystem for domestic and foreign investments in the India economy.

Domestic Investment in Indian Economic Growth

Retail investors made up an all-time high of 7.42% of shareholders in companies listed on the National Stock Exchange (NSE) as of March 31, 2022, up from 7.33% as of December 31, 2021.

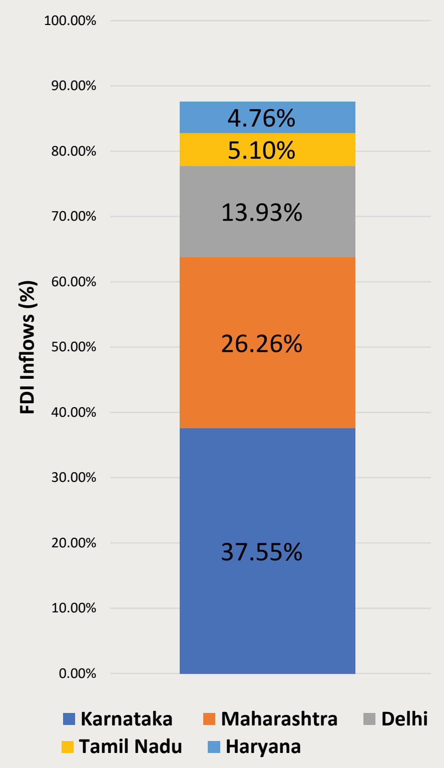
Foreign Direct Investment (FDI) in Indian Economic Growth

The development of India's financial system, infrastructure enhancement, and easing restrictions on Foreign Direct Investment (FDI) has contributed to the country's investment boom. So, the government has promoted a favorable FDI policy to investors, with most sectors allowing 100% FDI via the automatic mechanism for better Indian economic growth.

The FDI policy is also revised frequently to keep the India stock market a desirable and welcoming place for investors. As a result, the India economy achieved its highest-ever annual FDI influx of $ 83.57 billion in FY22, an astounding 85.09% increase over FDI inflows of $ 45.15 billion in FY15.

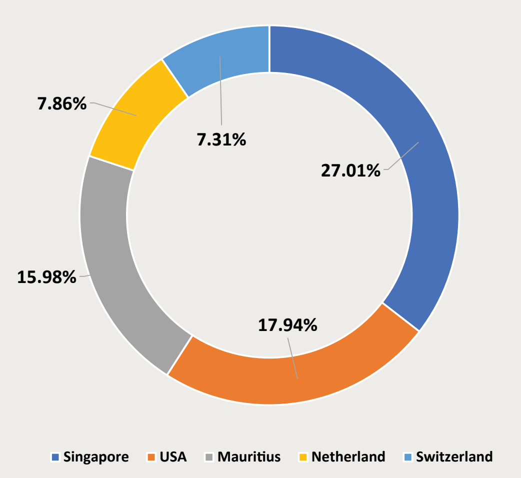
A 76% YoY increase from $ 12.09 billion in FY21, FDI equity inflows into the manufacturing sector totaled $ 21.34 billion in FY22. Singapore had the most significant FDI equity inflow into India in FY22, followed by the US and Mauritius, as shown in the pie chart below.

Top 5 States receiving highest FDI Equity Inflow during FY 2021-22

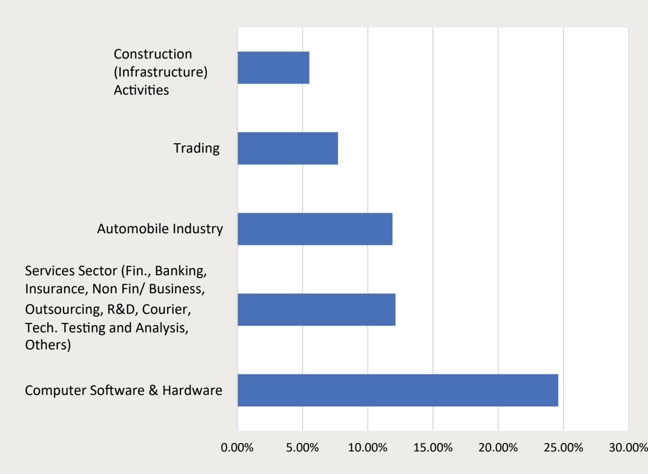


The manufacturing sectors have seen a 76% growth in FDI equity inflow in FY 2021–2022 (USD 21.34 billion). On the other hand, the Computer Software and Hardware and the Services Sector have received the subsequent highest sector FDI Equity Inflow during FY2021–2022.

Top 5 Countries For FDI Equity Inflows into India FY 2021-22



FDI Inflows (%)



Private Equity (PE)/Venture Capital (VC)

India's Private Equity (PE)/Venture Capital (VC) investment environment is likewise scaling new heights, with growth in deal size, deal activity, and fundraising, as well as developments in term sheets and benchmarking procedures. So, PE/VC investment activity reached $ 34.1 billion across 714 deals in the first half of 2022 (January-June), representing a 28% YoY surge adding to the Indian economic growth. PE/VC made the most significant investments in startups, totaling $ 13.3 billion across 506 ventures.

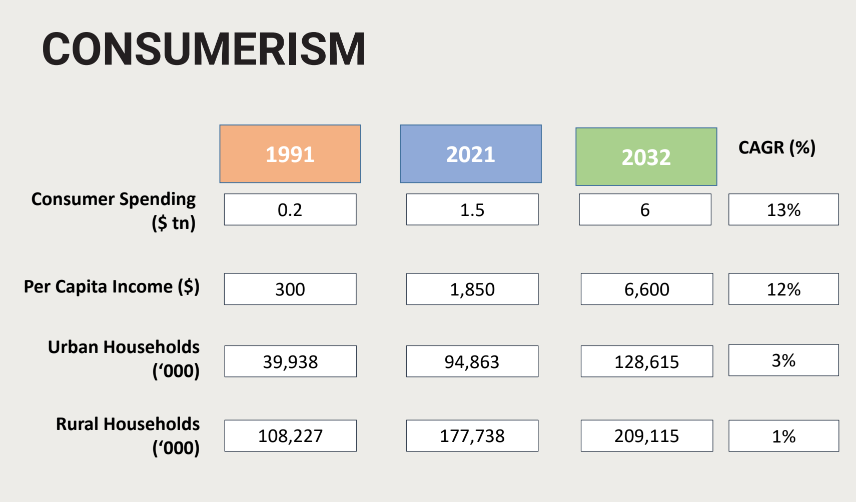
Let's observe the factors that make India a desirable investment.

- **Global Offshore Workforce:** One of the main forces behind the expansion of India's economy has been outsourcing a wide range of services to that country. India has become a popular destination for companies looking to outsource non-core activities due to its large English-speaking workforce and low labor costs. As a result, the country's services sector has expanded to account for more than half of its GDP in Indian economic growth.

  Over the next decade, the number of people working in India for jobs outside the country is expected to more than double, reaching over 11 million, as global outsourcing spending rises from $180 billion per year to around $500 billion by 2030, according to Morgan Stanley Research. CEOs today are more at ease with working from home and India in a post-COVID environment.

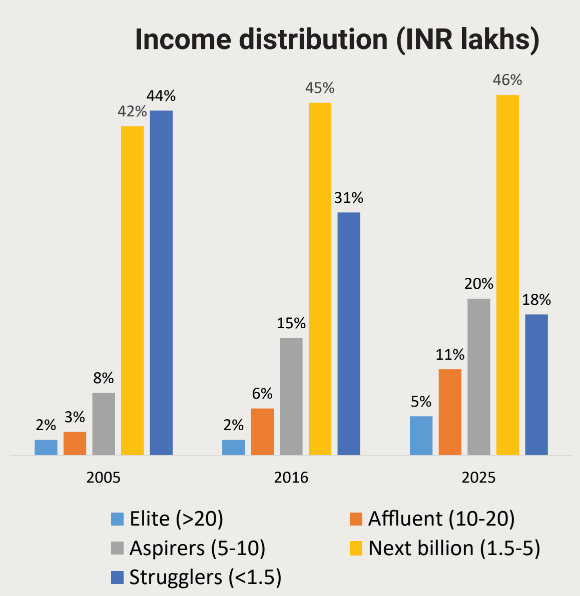
- **India's Consumer Spending, Credit, and Digitalization:** India consumer spending has skyrocketed. Non-grocery retail is seeing the most growth, including apparel and accessories, leisure and recreation, and household goods and services, among other things.

  India's income distribution could shift over the next decade, causing overall consumption to double from $2 trillion in 2022 to $4.9 trillion by the end of the decade. As India's income distribution shifts, India's overall consumption could more than double.



CONSUMERISM

	1991	2021	2032	CAGR (%)
Consumer Spending ($ tn)	0.2	1.5	6	13%
Per Capita Income ($)	300	1,850	6,600	12%
Urban Households ('000)	39,938	94,863	128,615	3%
Rural Households ('000)	108,227	177,738	209,115	1%



India launched the Aadhar national identification program ten years ago. It laid the groundwork for a digital economy. Among other things, the Aadhar system generates biometric IDs to establish proof of residency, making digitizing financial transactions a breeze. This project is now a component of IndiaStack, a decentralized public utility that provides a low-cost comprehensive digital identity, payment, and data-management systems.

IndiaStack has many applications, including a network to lower credit costs; making loans more accessible and affordable to consumers and businesses. Credit availability is a critical factor in economic growth. The Morgan Stanley Research team estimates that the credit ratio to India's GDP over the following decade could rise from 57% to 100%.

India's Energy Access and Transition: India's energy access and transition is the third pitch. India's economic growth has traditionally been linked to the price of oil. However, optimists predict a significant green energy transition that will attract more investment and make India's energy self-sufficient and competitive.

According to India Utilities and Industrials analyst, the increase in India's energy sector investments will contribute to a virtuous investment cycle, with more jobs and income, savings, and in turn, more investment.

India's Government Initiatives

The Indian government is undertaking several initiatives to boost the country's economy, including structural reforms, infrastructure investment, and the promotion of entrepreneurship and innovation. These policies create a favorable environment for business growth and the overall expansion of India's economy.

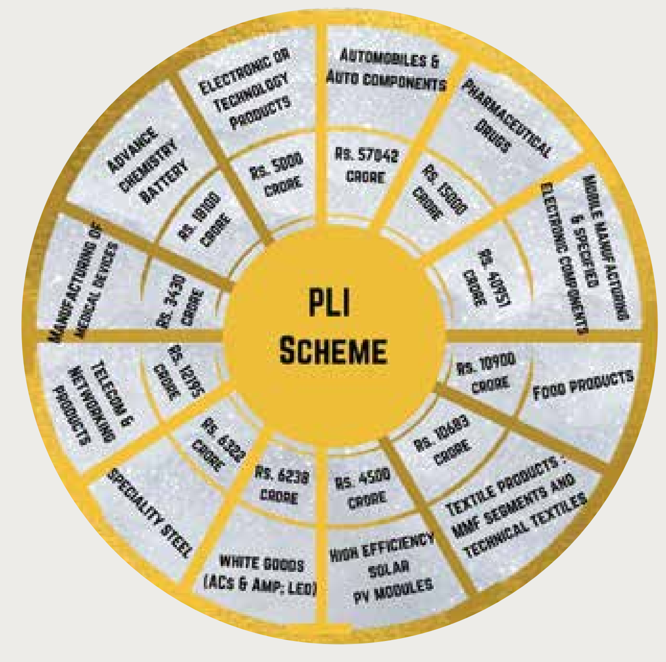
Manufacturing is another area where India has the potential for significant growth. The government has launched initiatives, such as the **"Make in India, PLI Schemes"** to promote the country as a manufacturing hub and attract investment in this sector. If these initiatives are successful, they may help to create jobs and propel Indian economic growth.

PLI SCHEME

- First introduced in March 2020 triggered by supply issues owing to Covid
- Initially targeted only 3 industries- Pharma (API), medical devices and electric components.
- Today around 15 sectors with an outlay of INR ~3 lakh crore.
- Offers cash incentive for three to five years on the incremental sales
- Aims to boost the country's manufacturing sector

Pillars of policy

- Creation of large scale manufacturing capacity
- Import substitution
- Increase in exports
- Encourage foreign investments
- Employment generation



PLI SCHEME- FROM A CLOSED ECONOMY TO A COMPETITIVE PLAYER

Sr No	Sector & Outlay % (INR Bn)	Outlay (INR Bn)	Projected increase	Incremental sales	Job creation
1	Semiconductor (29%)	760	1700	5000	450,000
2	Electronics (15%)	386	110	10,500	200,000
3	Auto and components (10%)	259	425	2,300	750,000
4	Solar Modules (9%)	240	910	500	160,000
5	Advanced chemical cell (7%)	181	450	920	200,000
6	Pharmaceutical drugs (6%)	150	180	1800	12,000
7	Telecom & Networking (5%)	122	33	1820	40,000
8	Food Products (4%)	109	61	1,200	250,000
9	Textile and Apparels (4%)	107	190	3,000	750,000
10	IT Hardware (3%)	73	25	1,600	36,000
11	Pharmaceutical APIs (3%)	69	54	420	12,000
12	Specialty steel (2%)	63	396	5,600	68,000
13	White goods (2%)	62	46	810	44,000
14	Medical Devices (1%)	32	10	650	18,000
15	Drones (0.1%)	1	50	15	10,000
	TOTAL	2,616	4,641	36,135	3,088,000

Apple may have migrated some of its manufacturing facilities to India during the year due to a substantial increase in iPhone 14 production. The business is currently finalizing the launch of iPad production in India. The table below shows the manufacturing sector's annual growth rate, as the National Informatics Center reported, demonstrating the industry's slow but steady growth.

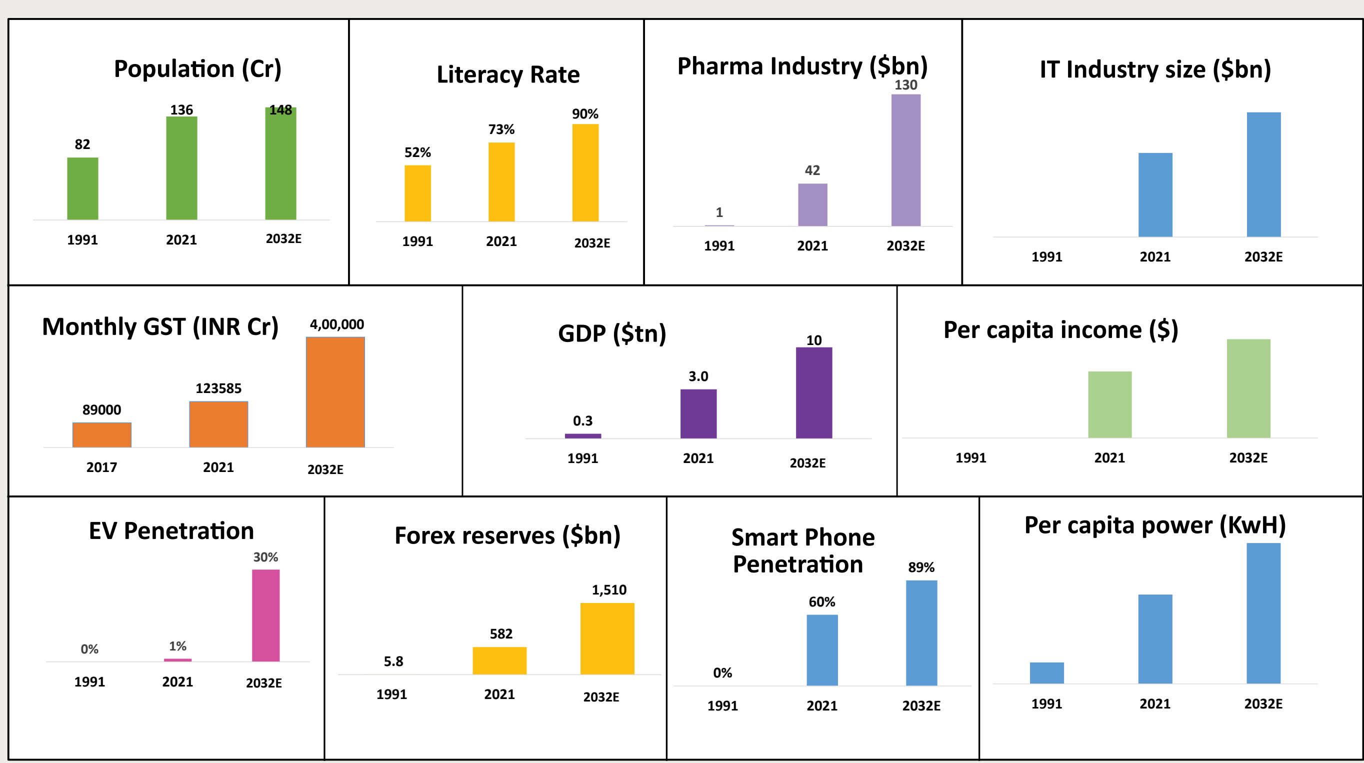
The startup ecosystem in India: It is one area where India is seeing significant growth. The country is home to many technology startups dedicated to providing innovative solutions in fields such as e-commerce, Fintech, and healthcare.

These startups are attracting significant investment from both domestic and foreign investors, and they are critical to Indian economic growth. However, investing in India is a long-term strategy. Therefore, it has some dangers, such as a protracted global recession, unfavorable geopolitical developments, and changes in domestic policy, a shortage of skilled labor, energy constraints, and commodity volatility.

As India's economy develops over the next decade, it will become more relevant to global investors in the same way China is today. Emerging Market expert Mark Mobius is also allocating his investments to India. India's upcoming decade may mimic China's trajectory from 2007 to 2012. According to Morgan Stanley Reports, India has the most compelling growth prospect in Asia in the following years.

The graph below shows where each sector will have to be for India to become the third-largest economy and stock market in the world.

IN A NUTSHELL...



And if India truly grows as anticipated then here's how you can expect SENSEX would look in 2032

HOW WOULD SENSEX LOOK IN 2032

Big would get bigger

Consolidation could play a big role in the next few years. Like telecom industry, other companies like IT, Pharma could follow suit.

Baby Bell syndrome

Re-alignment of business like hiving off, demerging and listing it in the index

New age companies

Nanotechnology; robotics, artificial intelligence,SaaS, online e-commerce players will contribute in a big way

By Archana Chettiar

FOR MORE ARTICLES

INTERVIEW

WITH MD & FOUNDER

Well, we've just given you an idea of India in 2032. Our MD & Founder, Manish Goel is a staunch believer in India's growth story. We often have him reiterating the fact in all his interactions with Customers and the teams. So, we thought we'd also share his views on a few questions about Research & Ranking and the stock market for the New Year.

LET'S SEE WHAT HE HAD TO SAY

By Ankita Bhadauria

01 How has the past year been for Research & Ranking?

There comes a time when everything looks possible. FY22 has been one such year – a year replete with endless possibilities. I am saying this with tremendous conviction and deep humility. This year has been like the window of opportunities that helped us prioritize innovation and make the leap to emerge stronger. There are some key expanses that I would want to highlight:

Crossing new milestones: On the business front, we have generated a top-line growth of 2.5X compared to the revenue in FY21, adding 30,000 customers, including 4900 premium customers and over 7 lakh registered users.

Building the dream team: An organization is as good as its team. So, we've invested substantially in building a formidable leadership team with best-in-class talent in critical functions like Sales, Technology, Compliance, and Operations. Our team is 300+ across five locations today, while the corporate office at Marathon Futurex is bigger and better.

New Strategic and business initiatives:
Commitment to investor education led to the launch of Informed InvestoRR, an initiative close to my heart. It is a platform that aspires to formalize investor education. The existing customers and investor community at large have applauded this initiative. In June this year, we launched an upgraded Informed InvestoRR, available as a dashboard and a mobile application (both iOS and Android versions). We expect over 1 lakh app downloads in the next few months.

We will be rolling out MultiplyRR, an affordable DIY Technology enabled Investment Advisory Platform for investors with a little investible surplus. Only 3.7% of Indians invest in equities compared to 12.7% in China and a staggering 55% in the US. As the market expands, so will the growth runway for this game-changing product. This past decade, we have seen the emergence of millionaires who have gained from successful business exits. With established families having distinguished financial legacies, accomplished professionals, and prosperous NRIs, we believe there is a niche but prodigious cohort keen to diversify and expand their holdings. **The Ten Trillion Opportunity (TTO)** addresses the discerning needs to drive the private wealth business to grow to financial and succession planning. Building fully automated systems will play a vital role in the seamless scaling of our business, allowing us to improve effectiveness, optimize processes, and enjoy substantial cost savings.

We launched TrackeRR for the customer onboarding journey too. Again, a platform to improve inter-departmental coordination, consolidate reporting, eliminate redundancies, and even deploy transactional communication to our customers, giving us a single customer view.

02 R&R has given superior returns since inception; what do you attribute this performance to?

Our investment journey began in 2014 under the umbrella of Research and Ranking. From 1st April 2014 till 30th September 2022, the Nifty 50 Index has delivered 155% returns, and our model portfolio return stands at an impressive 818.9%.

Stay focused on the big picture and filter out the short-term noise.

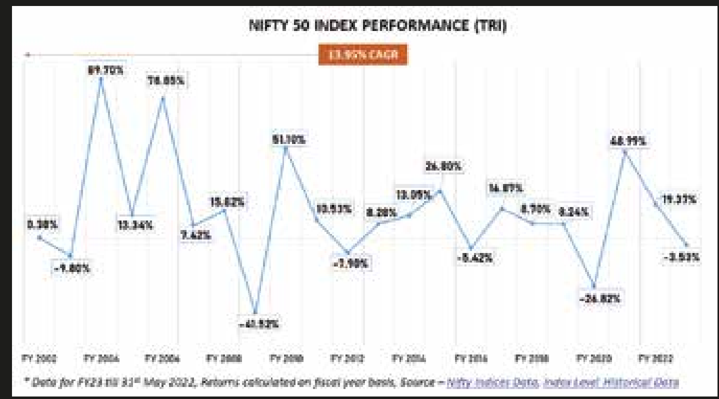
We have never taken our eyes off the big picture. In this case, India's nominal GDP growth rate of 12% over the last 20 years. With the right structural factors now in place, we expect to grow at the same nominal rate, if not higher, in the next decade. We understand the strength of India's structural growth story well. That's why we never wavered when global agencies downgraded India's GDP for FY23 or when the Ukraine-Russia war threatened a widespread recession. We also didn't let inflation scare us when it started climbing to multi-decadal highs.

Use each crisis as an opportunity to buy more

The markets have been through a dot-com bubble, the 2008 financial meltdown, the 2016 demonetization, and the recent pandemic, yet it still delivered 13.95% CAGR returns. However, the growth has not been similar. The graph shows you the market was down by 41.52% or 26.82% in some years. However, because we focus on the long-term and fundamentals of investing, we used each of these crises as an opportunity to accumulate more healthy and growing businesses.

Have a fundamental driven long-term approach to investing because market sentiments and liquidity can distort short-term trends.

We invest based on the fundamentals of companies only. We follow a simple seven-step framework to ensure we are selecting the best companies to invest in. **This framework includes identifying companies that:**



- Have had consistent earnings growth of 15% or more over the past 5 years
- Are operating in high-growth sectors
- Generate high free cash flow
- Keep their leverage low - we prefer a debt-to-equity ratio of less than 1-x
- Earn high returns on capital employed - the minimum threshold should be 15% averaged over 5-10 years
- Preferably have promoter holdings of more than 50%
- And are run by visionary and quality management

While these steps ensure we can select quality businesses with enduring moats, we do not stop here. Our process also includes rigorous monitoring and interaction with various stakeholders to develop a deeper understanding of the businesses we invest in.

Finally, follow a prudent risk management strategy

We don't invest in a business just because of its quality. We also research to estimate the company's actual value and invest only when we find them at a discount to their intrinsic value. It is what we call the margin of safety. And it's a crucial part of our investing process.

The risk mitigation process also includes calibrated diversification. It's better to own a few stocks than many because it's easier to manage. We prefer owning 20 to 25 stocks. Of course, we recommend timely rebalancing and sector rotations to take advantage of emerging long-term themes and trends.

03 What are R&R's growth plans for the next two or three years?

We have experienced growth in the B2C space. However, we can extract considerable value by exploring the B2B2C landscape and building capabilities to reach out to this segment. We are identifying suitable partners to stitch strategic alliances.

Despite the extensive flexibility offered by our online business model, developing an extensive offline presence with franchisees and offices will attract walk-in business and cement our credibility, helping to catapult us into a different league. The actionable insights we derive from the extensive internal data at our disposal will let us enhance productivity and improve our customer Life Time Value.

One of our key focus areas is continuously securing our data environment. We can elevate our perception, establish authenticity, and drastically reduce customer acquisition costs by transforming our business into a brand. We do this through digital channels and have also begun leveraging other media outlets.

Our customers have turned into our foremost evangelists. While we continue to uphold our presence as a category leader and grow exponentially in India, foreign markets such as Dubai and Singapore hold umpteen opportunities – especially for our premium offerings. We may consider developing a presence in these elite financial centers.

We live in a world where organizations in the financial space are either evolving into Fintech companies or getting obsolete. Thankfully, our domain expertise and technological capabilities are second to none. Nevertheless, we continuously augment our technology capabilities to become a valuable Fintech brand.

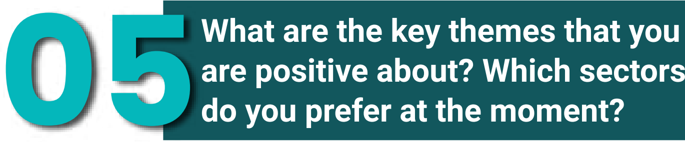
Within 3 years, we are confident that we will cross the 1 00,000 happy customers' milestone. We want to become a household name that educates, empowers, and helps investors adopt the right approach while investing in equities and creating wealth. From my vantage point, the confluence of our vision, intent, strategy, and execution is crystallizing breathtakingly. **So, the rendezvous with our destiny to be a 'Profit-driven Unicorn' will likely occur within 3 years from now.**

04 What is your view on the equity markets at current levels? And what is your outlook on the markets for FY2023-24?

The markets are currently trading at 22 times FY23 estimates and 18.5 times FY24 estimates, which is a healthy range. Moreover, we're likely to see corporate earnings growth of 14-15% EPS during this year (FY23) and may witness a healthy growth rate of 19-20% during FY24. Hence, markets should deliver 13-20% in the next year from current levels. In other words, the Nifty is expected to be in the 21,000-22,000 range by next year.

Nifty earnings growth expectation

Year	FY22	FY23E	FY24E
Nifty EPS (Rs)	732	837	1,000
YoY Growth	36%	14%	19%



05 What are the key themes that you are positive about? Which sectors do you prefer at the moment?

There are five main themes to consider when thinking about the economy's future: financialization, consumption, digitization/ emerging tech, manufacturing, and cleantech-including e-mobility.

1. Financialization refers to the growing importance of the financial sector in the economy. The trend toward higher financial adoption is gaining strength, supported by low penetration, digitization, and rising awareness. Industries that would benefit from this trend include private banks, insurance companies, asset managers, depository and registries, and agents.

2. Consumption fuels growth across the automotive, discretionary/lifestyle, and consumer electrical sectors. The key factors aiding this growth include favorable demographics, rising affluence, and urbanization.

3. Digitization /emerging tech landscape is expanding rapidly, resulting in the growing importance of niche IT/ITes and automation service providers. Key factors leading to this tech revolution in the country can be primarily attributed to India's ever-increasing mobile and internet penetration.

4. The manufacturing sector has been rising due to the cost advantage and government push. Still, recently it has gained even higher thrust due to the diversification needs of global economies away from China (China+1). As a result, it has increased opportunities in capital goods, specialty chemicals, and pharmaceuticals.

5. Similarly, the **clean energy/e-mobility** sector has seen a policy push by the government, leading to an increase in renewable and electric vehicle production.

06 What would be your advice to investors looking to create wealth via equity investments?

First and foremost, for an investor to be able to create wealth via equity investments, it is essential to understand that it's a journey – a long and consistent journey. I believe **wealth creation** must be a fundamental right of every individual. At Research & Ranking, we attempt to make investors understand the following: **Clarity + Consistency + Compounding = Creation of Wealth**

For investors to get clarity, it is important to educate themselves. Understanding how markets function and how certain events impact them is vital. It will eventually help them stay consistent with their investments.

Regarding consistency, please remember there will be good/bad years that are part of the same journey. At this stage, one should not quit; it is imperative to have patience. In fact, take advantage of the situation to infuse more money, which will compound over time.

Albert Einstein called **"Compounding the 8th wonder of the world"**, and we reiterate the same.

So, allow it to work in your favor. Refrain from bothering too much about the percentage of returns. For e.g., 10 lakh – 10 years – 25% while 10 lakh – 15 years – 20%. Here 10 lakh is higher than 10 years.

I hope I have answered most questions you've had in mind and given you a clear picture of our path to becoming a Unicorn. So please stay connected with us and reap the market's long-term growth benefits.

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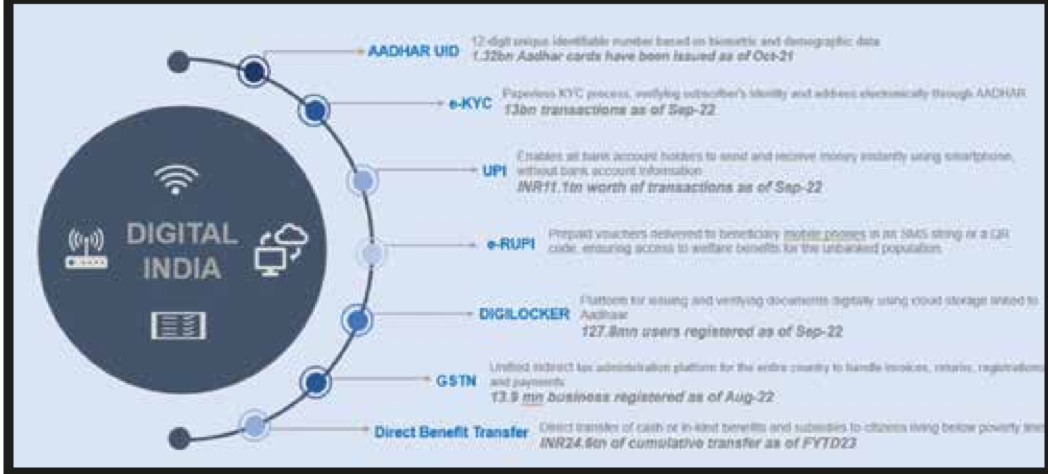
07 What is your vision for India in 10 years? Where do you think India will be in 2032?

India is currently in the midst of a momentous transformation. In 2007, we reached a GDP of 1 trillion USD, only 60 years after independence. Then, due to a combination of positive factors such as favorable demographics, economic reforms, and rising consumption, as well as increased globalization, we progressed rapidly from USD 1 trillion to USD 3 trillion.



Additionally, the government is promoting Indian manufacturing and exports, as well as developing the digital stack including E-KYC, Addhaar, UPI, ONDC, and digital currency. This could be a defining factor that unleashes secular growth opportunities for India over the next decade.

Source: Morgan Stanley research

We, therefore, are very optimistic that India's GDP is set to grow in multiples and project it to reach $10 trillion by 2032, making it the third-largest economy in the world.

Year	1991	2021	2032E	FY21-FY32 CAGR %
GDP ($ tn)	0.3	3.2	10.0	11.0%
Consumer Spending ($ tn)	0.2	1.5	6.0	13.4%
Per Capita Income ($)	300	1,850	6,600	12.3%
Urban Households ('000)	39,938	94,863	1,28,615	2.8%
Rural Households ('000)	1,08,227	1,77,738	2,09,115	1.5%
Mobile Penetration	0%	60%	89%	NA

India is a country that should not be overlooked by any serious investor because of the growth potential the markets offer in the next decade. Based on historical Market cap to GDP trends, it is safe to say that the Indian market capitalization can rise up to USD 11-12 trillion between FY2022 to FY2032, which is a CAGR growth of 12-13%. This makes for a very compelling investment story for both domestic and foreign investors.

R&R JOURNEY OVER THE YEARS

2009

A BUSINESS IDEA AND STRATEGIC PLAN

- Birth of Equentis Capital Pvt. Ltd in November
- Setting up our **first Office in Mumbai**
- Deciding to set up an advisory to help investors understand there's more to stock marketing than trading and short-term gains.

2010

BIRTH OF EQUENTIS WEALTH ADVISORY SERVICES PVT. LTD

2015

- Got SEBI IA (Investment Advisory) License.
- Creating our Fintech Platform for personalized equity portfolios.

2016

- Launched Research & Ranking, a technology -enabled Fintech platform.
- Onboarded the first subscriber of R & R.

2017

- Celebrated First 1000 customers
- Launched our Premium Membership Program
- Established Tech Center & Sales office in Delhi.

2018

- Celebrated 100 PMP Subscribers
- Launched a new product - Dhanwaan for HNI's.
- Introduced a full-fledged Customer Service Team.

2019

- Expanding and setting up offices in Bangalore to scale up the PMP operations.
- Celebrated 100 Dhanwaan Subscribers.
- Inaugurated Corporate Office in Mumbai

2020

- Crossed the mark of 10000 Paid Subscribers.
- We turned cash positive and grew 2.4x
- Grew to 150+ Member Team

2021

- Business grew
- Added more teams,
- Set up our second corporate office in Mumbai
- Built and launched Tech Software: CustomeRR & TrackeRR
- Celebrated 3000 Premium subscribers and 20000 customers

2022

- Launched a new premium product -Ten Trillion Opportunity (TTO) for U-HNI's.
- Launched an Ed-Tech platform - Informed InvestorRR.

2023

So what's next?

We have plenty planned for the next year.

Progress is the ONLY Constant.
Ready to be a part of the progress

Come Join Our Family

By Archana Chettiar

OUR STOCK RECOMMENDATIONS & PERFORMANCE

Company	Company Name	Date of Rec.	Date of Exit	Buying Price	Exit Price	Duration	Gain in %
westlife	Westlife Development Ltd	24-Feb-22	7-Sep-22	₹ 464	₹ 678	7 Months	46%
Continental Coffee	CCL Products (India) Ltd	31-Aug-21	6-Sep-22	₹ 374	₹ 499	12 Months	33%
IHCL	Indian Hotels Co. Ltd	27-May-22	6-Sep-22	₹ 225	₹ 310	12 Months	33%
V3	Varun Beverages Ltd	27-Jun-22	16-Aug-22	₹ 775	₹ 1039	2 Months	34%
The India Cements Ltd	India Cements Ltd	27-Jan-22	1-Jul-22	₹ 218	₹ 161	5 Months	-26%
The Phoenix Mills Limited	Phoenix Mills Ltd	26-Feb-21	30-Jun-22	₹ 795	₹ 1184	16 Months	49%
INOX Live a Movie	INOX Leisure Ltd	22-Jun-21	30-Jun-22	₹ 318	₹ 500	12 Months	57%
homefirst	Home First Finance Company India	3-Feb-21	18-Nov-21	₹ 544	₹ 794	9 Months	46%
Alkem	Alkem Laboratories	23-Sep-20	23-Sep-21	₹ 2743	₹ 3963	12 Months	44%
KNRC	KNR Constructions	28-Apr-21	27-Aug-21	₹ 195	₹ 320	4 Months	64%
CUMI	Carborundum Universal	27-Mar-21	26-Jul-21	₹ 474	₹ 681	4 Months	44%
	Aditya Birla Fashion & Retail	23-Dec-20	30-Jun-21	₹ 153	₹ 221	6 Months	47%
Hero	Hero MotoCorp	19-Apr-20	28-May-20	₹ 1806	₹ 2361	40 Days	31%
Kansai Nerolac	Kansai Nerolac Paints	22-May-20	2-Jul-20	₹ 360	₹ 463	41 Days	29%
emami	Emami	12-Dec-19	26-Aug-20	₹ 310	₹ 360	8 Months	16%
V3	Varun Beverages	28-Jul-20	16-Dec-20	₹ 688	₹ 974	5 Months	42%
Page Industries Limited	Page Industries	18-Aug-20	17-Dec-20	₹ 19101	₹ 27247	4 Months	43%
SBI card	SBI Card	28-Feb-20	2-Jun-20	₹ 700	₹ 611	96 Days	-13%
Endurance	Endurance Technologies	23-Oct-20	5-Jan-21	₹ 1009	₹ 1418	75 Days	41%

KNOW MORE

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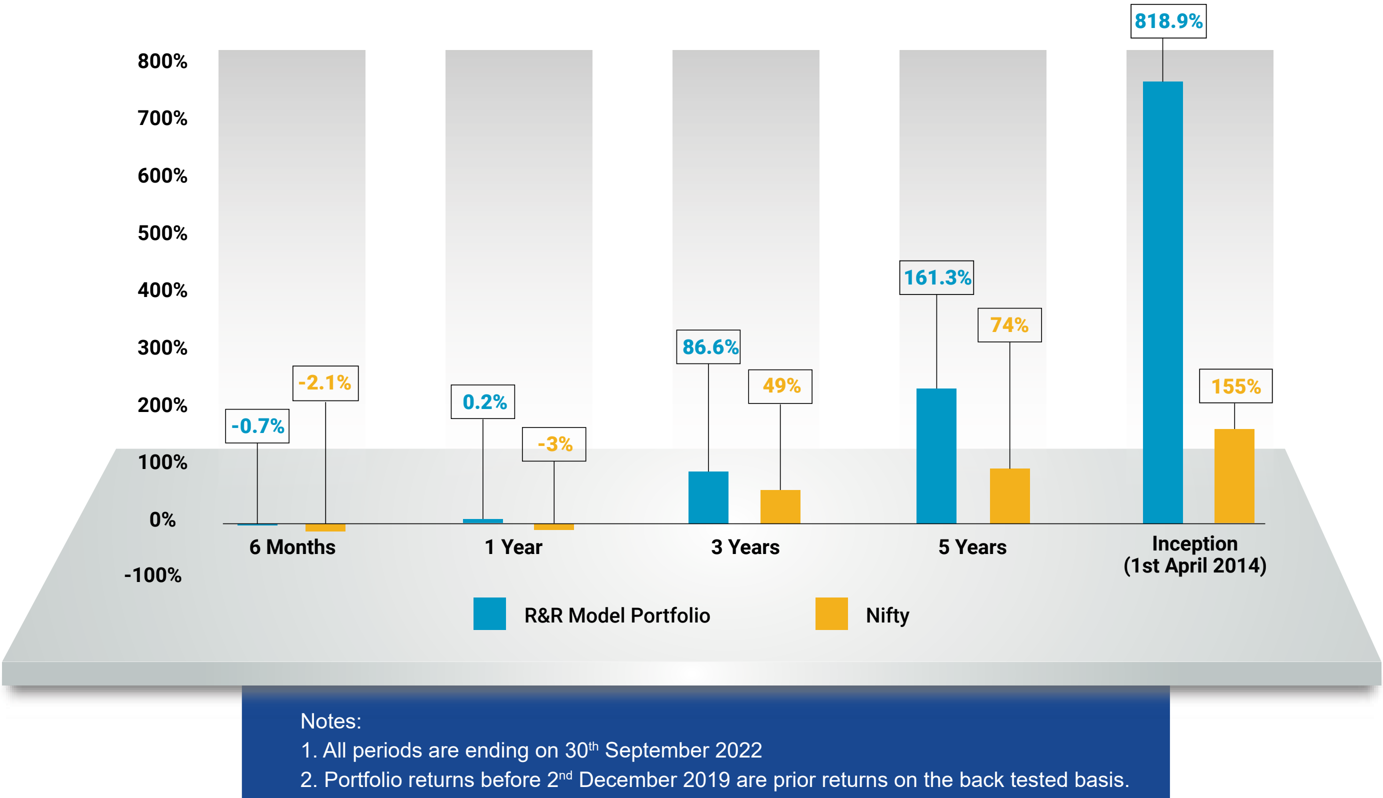
OUR PAST PERFORMANCE



Notes:

1. All periods are ending on 30th September 2022
2. Portfolio returns before 2nd December 2019 are prior returns on the back tested basis.
3. Returns are better if one invests with a long term horizon i.e. 5 years or more.

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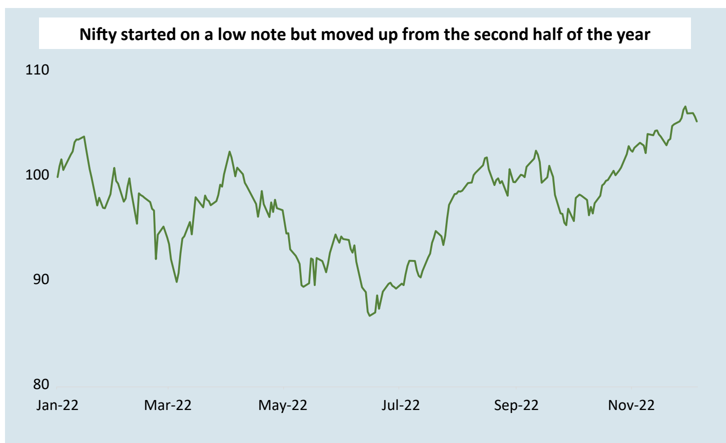
MARKET EVENTS THAT CAUGHT OUR ATTENTION

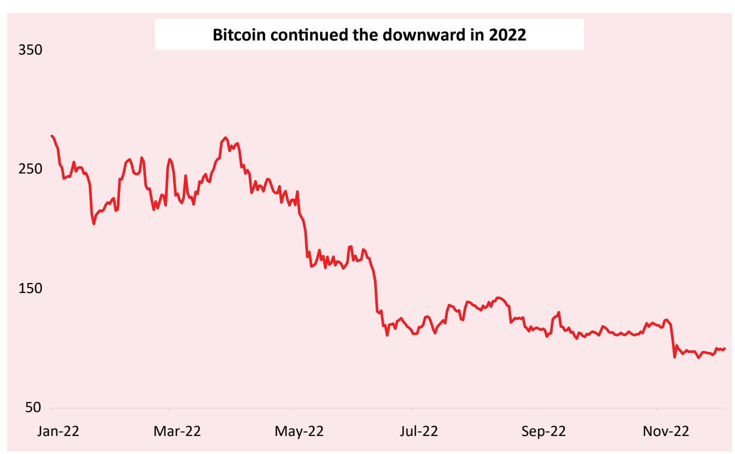
2022 started on a low note, but later picked up momentum. We witnessed several events that occurred throughout the year. Some events were quite memorable with a few leaving a lasting impact on investor fortunes. We pored over several stock events and picked the most unforgettable ones just for you!

FTX The Rise and Fall of a Crypto Exchange

No doubt that 2022 was yet another splendid year for the Indian stock markets. Although the year started on a low note, the stock market rose to new highs as time progressed.

While the Indian stock markets squiggled, the crypto markets stuck to their downward trajectory throughout 2022 as shown in the images below.





The images clearly show how the Nifty and Bitcoin fared in 2022. The stock market is up 5.30% in December since the beginning of 2022, and Bitcoin is down 61%.

However, the year also saw one of the biggest crypto exchanges by volume crash spectacularly in a short period gracing the headlines:

Cryptocurrency exchange FTX saw its valuation plummet from $32bn to $0 in a day.

Founder Sam Bankman-Fried's (SBF) net worth vanishes from $16bn to $0

Loss of $150bn cryptocurrency market value in 3 days.

So, what happened? How did a high-flying company that was invincible a few months ago, vanish? The story has several lessons for investors wanting to be in the small-cap space. So, let's unfold the rise and fall of FTX and learn from it.

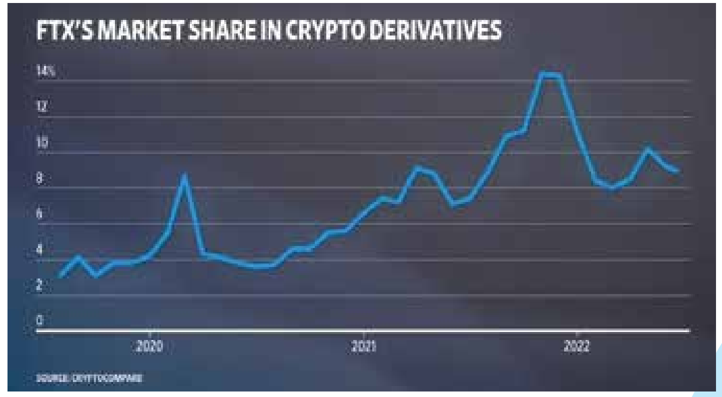
FTX – The Company

SBF founded FTX -a cryptocurrency exchange in 2019. It promoted liquidity, coin, and token transactions. Users could connect their wallets, place trades, exchange digital currencies, enter derivative contracts, or buy/sell NFTs.

What attracted investors

FTX's wide range of products and easy-to-use desktop and mobile trading apps drew crypto investors of all skill levels, from beginners to seasoned professionals. In addition, the FTX platform offered a comprehensive range of orders, from fundamental market orders to more complex trailing stop orders.

FTX, the centralized global crypto currency exchange separated itself from its competitors by offering innovative products like derivatives, options, and leveraged tokens.



It supported more than 300 crypto currencies, which is a very large number compared to its competitors. Its support of **nine fiat currencies** that let investors deposit and withdraw via a wire transfer.

Its 2021 revenue rose 1000% from $89mn to $1bn and FTX was the third-largest crypto exchange by volume.

Sam Bankman-Fried – The CEO

Sam Bankman-Fried, an **MIT graduate with Physics major**, worked at Jane Street, a quant trading firm before setting up his Crypto hedge fund / market maker (Alameda Research) in 2017 and the crypto exchange

FTX in 2019. The 30 year old cultivated the image of an altruistic billionaire, relying heavily on influential YouTubers to amplify his message.

He went on an advertising blitzkrieg - **Celebrity endorsers** were supermodel Gisele Bundchen, NFL star Tom Brady, Seinfeld creator Larry David, Steph Curry and Naomi Osaka. In April '22, FTX hosted an exclusive Crypto Bahamas event and SBF was pictured shaking hands with celebrities like Tony Blair, Bill Clinton, Katy Perry, and Orlando Bloom at the $3,000-a-ticket event.

The company had its name on a basketball arena, sponsored F1 teams. Financial Times reported SBF was the second-largest donor to the Democrats after George Soros. He also bailed out other cypto companies like SushiSwap, Voyager Digital, and BlockFi.

Funding: FTX attracted a lot of investors because of near God-like status, SBF's strong educational background, rapidly growing revenues, meteoric rise of the crypto industry, strong set of influencers, and comprehensive product. It was able to raise a total of $2bn in various funding rounds, with the latest funding round of $400mn in Jan '22 coming in at a skyrocketing valuation of $32bn. It boasted of elite investors including Softbank, Sequoia Capital, Ontario Teachers' Pension Plan, Temasek Holdings, Binance, Blackstone, Dan Loeb's Third Point, Naomi Osaka, Tiger Global and Tom Brady.

Date	Funds Raised
July '21	$1Bn
Oct '21	$ 420Mn
Jan '22	$ 400Mn
Total	$1.82Bn

FTX –The Beginning of the Fall

The turmoil at FTX began soon after CoinDesk reported Alameda Research's leaked balance sheet showed Alameda was heavily dependent on FTX's native token, FTT. SBF has reiterated on forums in the past that the two companies he owned Alameda Research and FTX operated independently. This revelation proved otherwise. Per Reuters, SBF had transferred $10 billion of

customer funds from FTX to Alameda which was in complete breach. Following the report, Binance CEO Changpeng Zhao decided to liquidate their holdings of FTT, prompting other investors' to sell, causing the token to crash 78% in a single day. **Failing to secure funds, FTX, FTX US, and Alameda Research filed for bankruptcy.**

Alameda Research CEO Caroline Ellison admitted that top company executives at FTX and she were aware of SBF's decision to move customer funds to Alameda. The root of FTX's problems were losses at Alameda that most FTX executives were unaware of.

Moreover none of the investors were part of the FTX board, which is highly suspicious.

The crash unfolds

Situation unfolded rapidly at FTX	
Nov 2, 2022	CoinDesk reported Alameda Research heavily dependent on FTT
Nov 6, 2022	80% FTT lost in 72 Hours
	Binance said it will offload FTT based on recent valuations
	Selling pressure, $4Bn withdrawals hit FTX, backlogged
Nov 8,2022	$6Bn withdrawals, liquidity crunch
	Binance offered to buy FTX in non-binding LOI
Nov 9, 2022	Binance backed out of FTX deal citing problems are too large
Nov 11, 2022	FTX used customer assets to fund risky bets
	FTX unable to cover withdrawals
	SBF resigned as FTX CEO
	FTX and affiliates filed for bankruptcy

Impact of the Crash

- 1mn+ people were barred from withdrawing funds. Liabilities were estimated to be between $10bn and $50bn, investors were stuck, while Sequoia and Softbank wrote down investments to zero.
- Five different authorities were investigating FTX
- The prices of bitcoin and other digital currencies this year declined -> crypto firm bankruptcies -> exposed loose lending practices and rampant risk-taking.
- Investors, celebrities, and elite figures who bought into SBF's vision were left wondering –**How did this happen?**

John J. Ray III was appointed as the new CEO of FTX group. He oversaw Enron's liquidation after it filed for bankruptcy in 2001. He was successful in securing $1.7bn settlement with Citigroup in 2008, after Citigroup was accused of helping Enron mislead investors.

Marcelo Claure, ex. Softbank COO said, "It could be a long time before creditors are able to recover their owed funds. Mt. Gox, the Japanese crypto exchange that failed in 2014 is yet to repay their creditors.

By Research

The Growth and De-growth of EdTechs in India

The coronavirus pandemic led to nationwide shutdowns forcing malls, schools, roads, restaurants, offices, etc., to close doors. Just as commerce and offices found online options like Zomato, Amazon, Microsoft Teams, Zoom, etc., the budding EdTech industry saw an opportunity to capture a pie of the education industry in India.

The pandemic gave the Indian EdTech space a boost, coining four unicorns, Vedantu, Eruditus, upGrad, and Unacademy. With everyone stuck at home, including office goers, the industry witnessed 300%-400% customer growth over the last two years.

Unicorn: It is a term a venture capitalist Aileen Lee popularized to distinguish a private company (business) with the valuation of $1Bn.

But as they say, "all good things come to an end" the frenzy around online learning and upskilling from home seemed to end in 2022. What went wrong?

Indian EdTech Startup's Folly: Many believed the EdTech space would have a hard time in India. Although the word EdTech has become commonplace now, you can trace the first reference to technology in education (as we remember) over a decade ago.

EdTech: In simple words, it's an amalgamation of education and technology – teaching performed using the technological means like smartphones, tablets, interactive projection screens etc.

You may remember those e-class pen drives advertised behind Sundaram notebooks. The business model failed due to a lack of innovation. But EdTech Startups that emerged in the recent past, such as **Vedantu, BYJU's, upGrad, and FrontRow** for instance, brought in innovations never thought of before. Yet, they struggled to remain profitable while managing their marketing and tech expenses.

Earlier, the reasons EdTech Startups failed were the talent gap in India, low internet and smartphone penetration, lack of funding and belief, inability to find the right business, and revenue models, among a few others.

However, the reasons are slightly different today.

Toxic Environment Pushes Educators and other Employees to Quit: The talent gap is almost nil, but this time online educators did not feel like teaching at an EdTech firm because of their extremely toxic culture.

SALES JOB IS A BIG TRAP.

THE LEARNING APP is claimed to be India's most valued company with extremely unprofessional and unethical work culture.
I was working with for 15 months and this company had not paid my basic salary. At the time of Interview I was promised 7LPA + 3 LPA but at the time of onboarding I got only 5 LPA as fixed after giving 200% for the company they are so shameless that they had not paid my basic salary.
When I asked for the basic salary I got exit letter from the company.

If anyone is joining please keep few things in mind.

1. You have to be a slave of and not an employee.
2. You can't complain for anything incase you are dying also your manager will ask you revenue not your health.

3. Minimum 2 lacs revenue in a month or you will be kept in pre sales for 3.6 LPA with minimum 4 hours calltime.

4. Kindly don't go to your HRBP or HR-AVP for any solution or else you will loose your job.
Live Evidence :-
employee Id:-

5. Please be Atmnirbhar in the company because no one will listen to you.

Please don't be the part of this TRAP because has the most unprofessional work culture. please clarify if anything is wrong.

Change in the Parent's mindset: With schools, colleges, and offline classrooms reopening, the parents' mindset also shifted. Many believed their child's confidence and social skills would not improve if they continued taking lessons online.

Some were worried about not knowing what their children watched or read on the screen during online lectures. Because of this, parents re-enrolled their children in local offline tuition centers.

Funding winter: Since 2020, along with the pandemic, the Indian EdTech industry has grown exponentially on the back of one more contributor – VC Funding. According to reports, the Indian EdTech Startups saw a total investment of $2.22Bn against $553 million received in 2019.

But in 2022, the VC fund flow slowed down. The reasons were the global headwinds like the Fed interest rate hikes, the geopolitical crisis between Russia and Ukraine, rising crude prices, and the tumbling of tech stocks in major financial markets.

It's not only EdTech companies but also the startup community that struggled to attract VCs in 2022. The reasons above had several EdTechs going on a mass layoff drive.

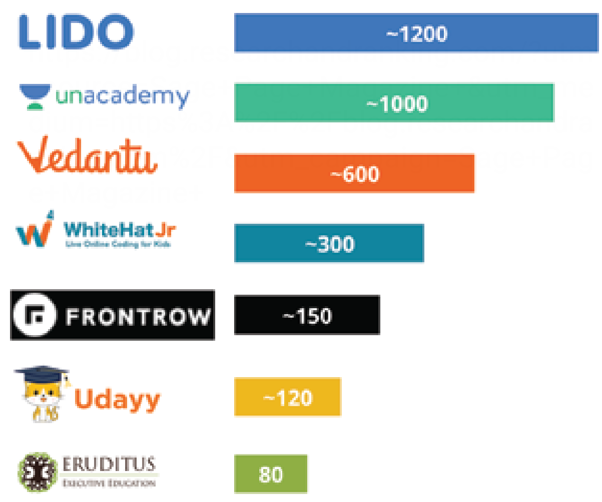
Layoff, Layoff, and More Layoffs

The Indian EdTechs laid off over 3000 employees this year alone. The number of employees being asked to leave or forced to resign increased every month.

It started with Lido Learning, a LIVE online classes' platform for Grades KG-10 (Kindergarten to 10) students, asking over 1200 employees to resign via an online town hall meeting in February. The Founder, Sahil Sheth, told his employees that the company was in financial distress. Most employees asked to leave were from the sales and marketing departments.

A month later, Softbank-funded unicorn, **Unacademy,** fired around 100 employees. The startup laid off a few educators and some from PrepLadder's marketing & sales team, calling it a restructuring exercise.

In April, Unacademy asked another 600 employees to leave, tallying up to 10% of its workforce. Following the trend were **Vedantu,** a specialized platform for competitive exams preparation; WhiteHat Jr, a code-teaching platform for kids; FrontRow, a platform that helps master passion. Udayy, and Eruditus laid off employees soon after.



Udayy's Sunset –How it Shut shop:

Udayy, an online platform for Grades K-12 (Kindergarten to 12) students founded in 2019, fired its staff and shut down operations. The startup's co-founder, Saumya Yadav, announced the winding up of functions and promised to return the remaining capital of around $8.5Mn to its investors.

The reason the Udayy shutdown was relatively straightforward. It operated in the K-12 segment, which became challenging once the schools and colleges reopened. Parents' priorities for children and their capacity to spend on education changed.

The founders considered selling their business to more prominent players before shutting shop. But their discussions still had yet to materialize.

Not Every EdTech Faced a Hard Time

Major EdTech players, including the most significant Indian Unicorn, Byju's, were facing a tough time; but a particular segment of EdTech players was not affected as much.

Scaler, an online code-teaching platform for adults, planned to invest $50Mn in mergers and acquisitions in 2022. The startup's founders, Abhimanyu Saxena and Anshuman Singh felt there was an opportunity for consolidation thanks to the recent decrease in valuations of tech companies. The company expected it would spend on marketing and growth projects in 2022.

upGrad's chairman Ronnie Screwvala stated that the company planned to hire 3,000 people in the next three months. Joining these two EdTechs is a Unicorn, **Physics Wallah**. It became a unicorn in 2022 and had plans to expand aggressively. The startup's founder Alakh Pandey wanted to grow its presence in segments it has yet to operate. So they hired close to 150 people every month for several roles.

Indian EdTechs

What's Next?

Most EdTech players are planning to go offline. Byju's and Unacademy have set up offline training centers. They have made provisions for a hybrid learning model too.

Several upskilling players like **Stoa School, Scaler,** and **Imarticus Learning i**ntroduced elements of offline learning in their course models. For example, Stoa School organized city-wide meetups and three-day residency programs. It conducted the first offline meetup in Bangalore in June 2022. However, its teaching sessions remained online.

Scaler partnered with co-living startups to provide its learners a customized living space called Scalerverse (Scalers' own universe). But their classes continue virtually.

EdTechs entering the offline market have their pros and cons. Industry experts believe that the **customer acquisition cost (CAC)** will go up as they must invest in physical classes and related infrastructure.

There's still scope for a rise in the revenue per user. Offline classes may push EdTechs to charge a higher fee because users get access to physical classes, doubt-solving sessions, and more.

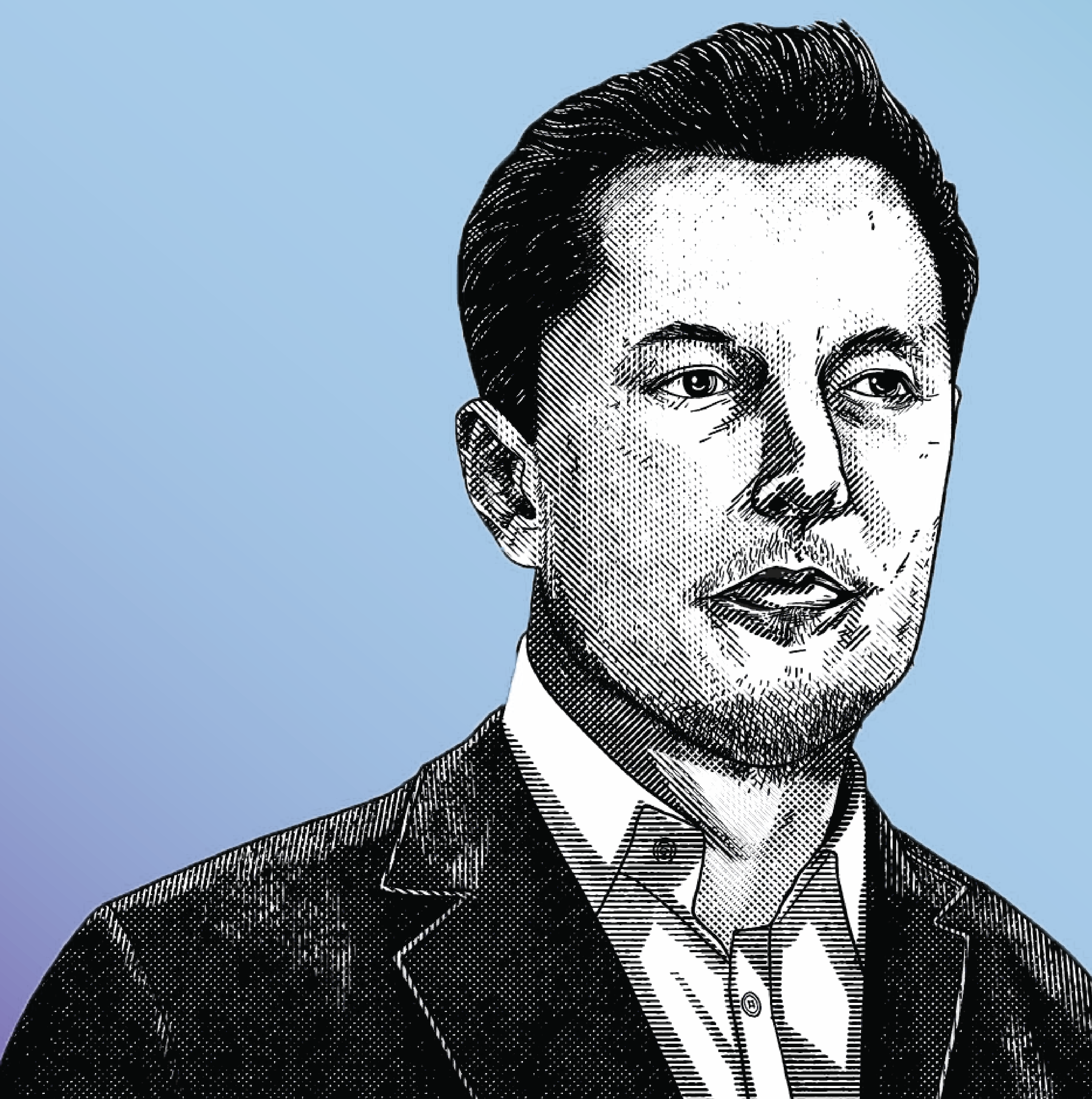
Undoubtedly, the EdTech players struggled, but not all were stressed. A segment that found business a challenge caters to students from kindergarten, schools, and colleges. Players in the upskilling or higher education segment are standing firm in the game.

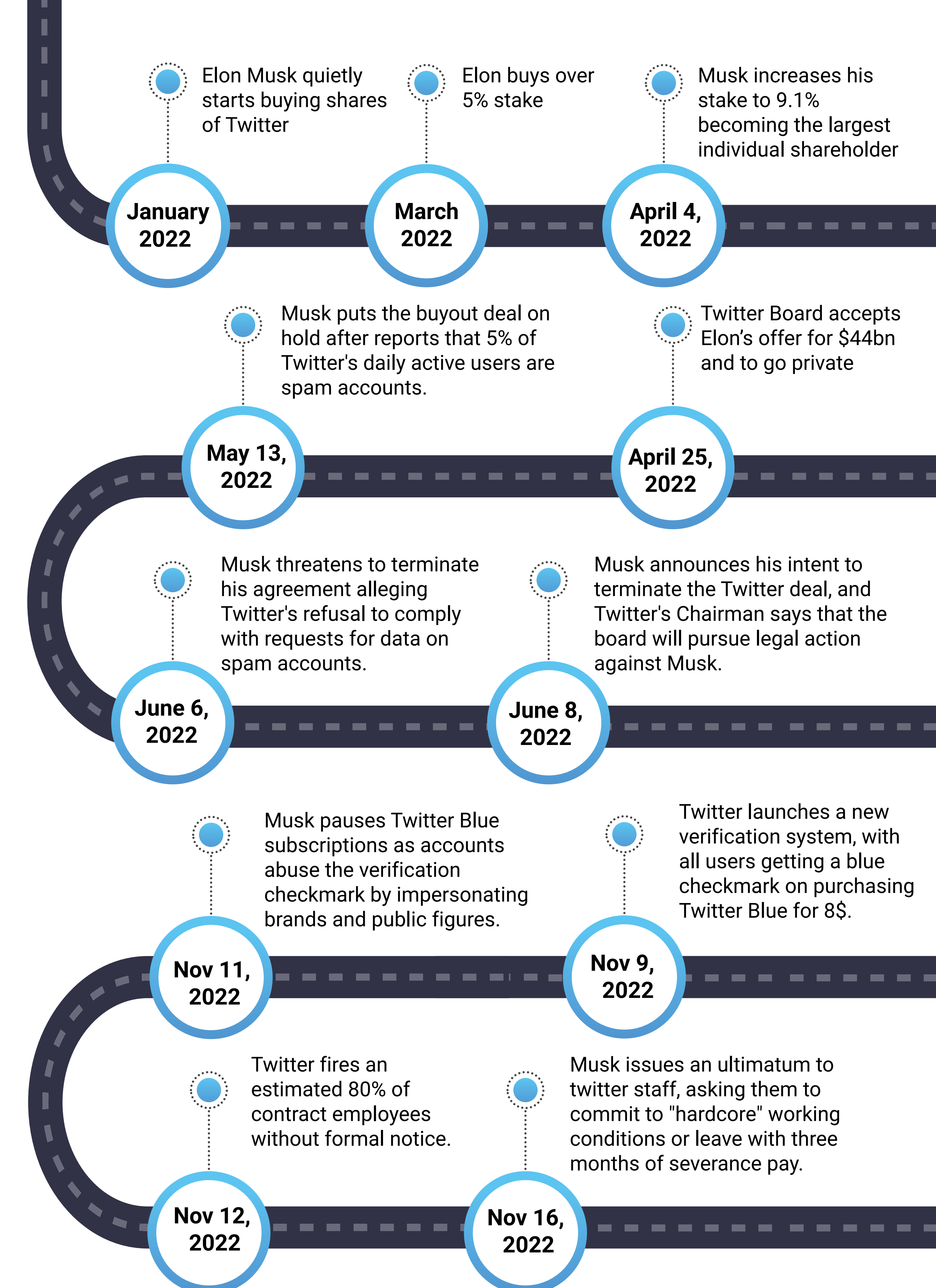
Three Unicorn EdTechs that planned to go public postponed their plans because of the current industry slowdown. Unacademy and Vedantu founders plan to make a public debut in the next two years. Byju's, on the other hand, is reportedly looking for an overseas listing at a valuation of $40Bn.

By Vinay Mahindrakar

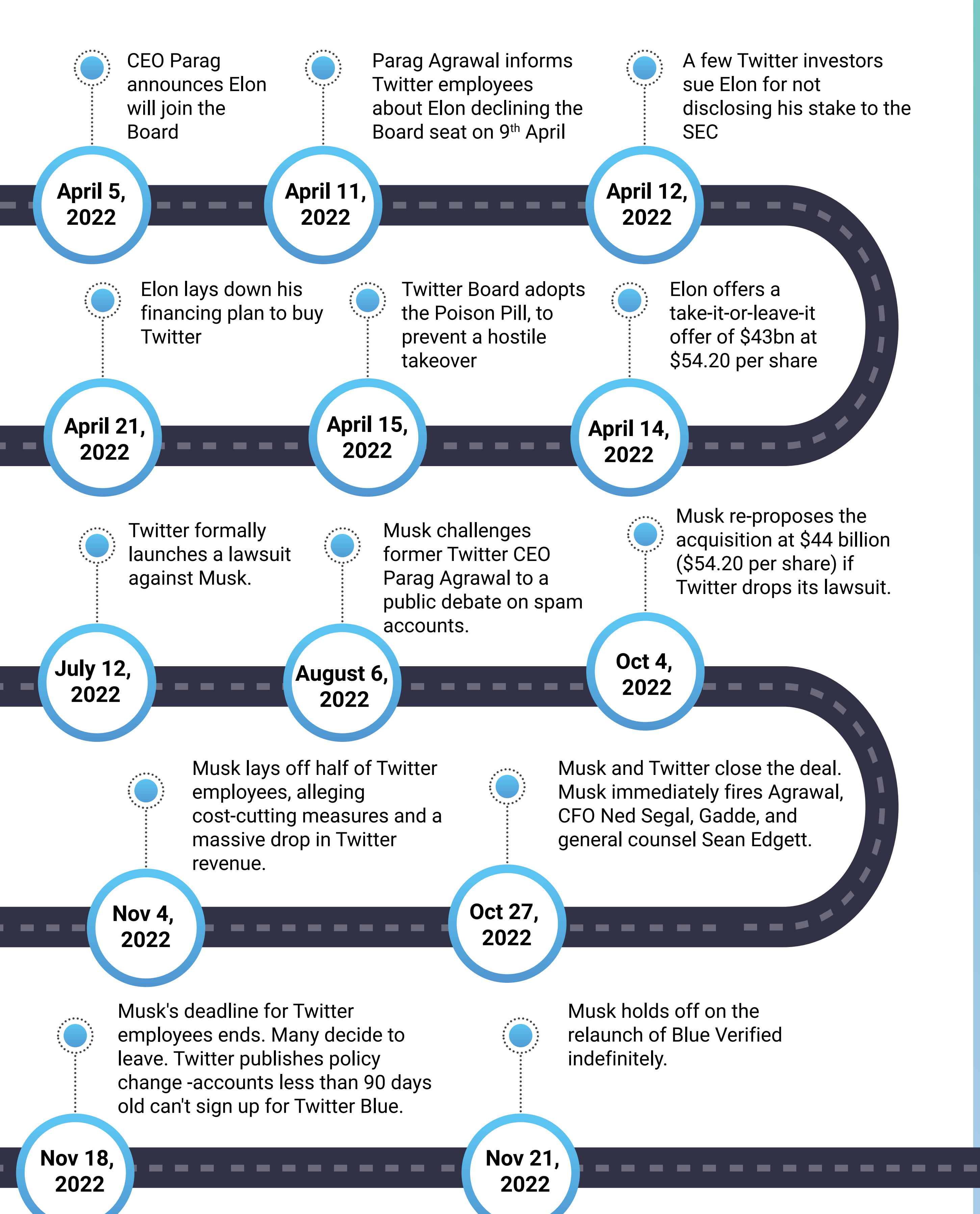
FOR MORE ARTICLES

Elon Musk's
Twitter Buyout Saga





Source: Company media reports



By Nabil Shaikh

What can Equity Investors Learn from these Market Events?

- Understand promoter interest in all their companies, not just the company under evaluation. Check related party transactions and be circumspect if it's a meaningful part of revenues or assets.
- Don't get excited about a company based on the Promoter's flamboyance, the brand ambassadors that represent it, or a strong investor base.
- Understand the entire up and down cycle of an industry.
- Diversify portfolios despite how good or compelling an investment is.
- Even the best investors can be caught on the wrong side of an investment.
- Investment ideas must be clear and not opaque, regulatory approval ensures sustainability.
- Strength of an industry is not determined in its up cycle but in its resilience during the down cycle.

KNOW MORE

Reliable Guide to Identifying Good New-age Businesses to Invest in Today

2021 was an excellent year for the stock markets. Many new-age companies filed for their Initial Public Offerings (IPOs). Last year, the new-age startups-turned-unicorns list on the stock markets included businesses like Zomato, Nykaa, and others.

Zomato's Dalal Street debut was followed by Nykaa, PB Fintech (Policybazaar's parent), One 97 Communications (Paytm'sPaytm's parent), and CarTrade. Until last year, the stock markets had never seen such new-age businesses list on the stock markets.

Earlier, a company would need consistent profits, tangible assets, positive cash flows, etc., to attract significant investor bids. However, most tech-based companies received applications several times their actual IPO sizes despite recording losses and negligible physical presence.

The IPO performance of listed new-age companies.

Company	IPO Subscription (Times)	Issue Price	Listing Price	Listing Gains
Nazara Technologies	175.46x	₹ 1,101.00	₹ 1,990.00	81%
EaseMyTrip	159.33x	₹ 187.00	₹ 206.00	10%
Nykaa	81.78x	₹ 1,125.00	₹ 2,001.00	78%
Zomato	38.85x	₹ 76.00	₹ 115.00	51%
CarTrade	20.29x	₹ 1,618.00	₹ 1,600.00	-1%
PB Fintech	16.59x	₹ 980.00	₹ 1,150.00	17%
Paytm	1.89x	₹ 2,150.00	₹ 1,955.00	-9%
Delhivery	1.63x	₹ 487.00	₹ 493.00	1%

Source: Public sources, news articles, and NSE

Except for Paytm and CarTrade, the remaining six companies are listed at higher prices than their issue prices. The investment space is changing. Business models are evolving, and businesses are moving from tangible to intangible assets using tech. They are transitioning from the capital to tech-intense processes.

What's more, investors seem to be welcoming these new ideas. So, it's safe to say that the future belongs to such disruptive ideas, and we will see many of them making stock market debuts.

While this may be true, you may wonder – **Most of the listed new-age companies are down from their all-time highs, so can you trust them? Are they any good? And if they are, how can you identify which company is worth your money?**

Let's understand about new-age businesses before learning how to pick good opportunities to invest in.

What are new-age companies?

New-age companies have emerged from users' problems that traditional companies could not resolve. These companies rely heavily on innovative technologies to address the niche need of their target audience. For example, Zomato addresses the need to get food at home, and Paytm saves you from the pain of going to the bank to transfer money. While traditional companies look to achieve market share in existing industries, new-age firms tend to create and dominate a market.

Being a dominant player in the industry helps businesses achieve significant valuation premiums that let them raise more capital from venture capitalists. Common types of new-age business models are marketplaces, feeds, subscriptions, platforms, and aggregators.

The table below lists a startup and the need it addresses.

Startup	Need they address	Model
Zomato	Food delivery	Restaurant aggregator/Ecommerce
Zepto, Dunzo	Instant grocery delivery	Marketplace/Ecommerce
PharmEasy, 1MG	Medicine Delivery	Marketplace/Ecommerce
LazyPay, Slice	Instant Financing	Lending Platform
Trivago	Hotel booking	Hotel aggregator
Voot, MxPlayer	Entertainment at home	Subscription

Since these companies follow an evolved business model, studying them using a mainstream approach used to study traditional asset-heavy firms is impossible. Moreover, you can't examine such companies using a single method because each is at a different evolution stage. However, you can consider several Key Performance Indicators (KPIs) to determine whether a firm is good to invest in.

TAM and SAM

Total Available Market or **TAM** is a crucial indicator to gauge the business potential of a new-age business. In addition, this indicator can help you estimate the revenue a new-age company's product or service can generate. Thus, the vaster the addressable market base, the more opportunities.

Look at Zomato, for instance. The food-tech startup's TAM is huge. Almost every person living in mega and metro cities with access to the internet and mobile smartphones is likely to order food using Zomato delivery services.

Nykaa, a fashion and beauty e-commerce site, has a vast but relatively lesser TAM than Zomato because its user base has more women. However, the company introduced a separate website called Nykaa Man to get the male audience to shop on the website.

SAM stands for **Serviceable Available Market.** Look at Zomato's presence in Mumbai. All of Mumbai is Zomato's TAM.

But not everyone in the city will order food from the platform. **For example, 10%** of the population will not order food because it **prefers home-cooked food, 5%** will only **go to restaurants** to eat food, and another **8%** will only be able to order food if they **can afford it.** So, the SAM for Zomato becomes 77% (100-23).

Active and Non-Active users

While TAM helps you guess "how many" a new-age firm can reach, the sum of **Active and Non-Active or Transacting and Non-transacting** users indicates the number of users a company has managed to acquire in reality.

For a mobile app-based platform, an approximate number of total users can be the total number of downloads. For, e.g., Cred, a credit card payment platform, has over 10 Million downloads.

All new-age companies spend a lot of money on discounts, freebies, attractive welcome kits, cashback, etc., to acquire users and get them to transact or spend money on the platform. As a result, they attract a massive pool of users; however, a problem arises when they stop using the services after the first transaction. It divides the pool into two – Active users and Non-active users.

It's concerning if the number of Non-active users is higher than active users.

CLV and CAC

CLV, a short form for **Customer Lifetime Value**, is an important metric to determine the future income of a new-age business. For example, if an annual subscription to an OTT platform is Rs. 200 and a customer is expected to use the services for the next ten years, the CLV of that customer would be Rs. 2000 (Rs. 200 x 10 years) for the OTT platform. The CLV is just an indicative figure and can't be considered the exact revenue a company can generate from a particular customer in the future.

Whereas CAC stands for **Customer Acquisition Cost**. Acquisition cost here is the total money a company spends to acquire each new customer. This includes freebies, discount coupons, cashback, and other frills a company offers. CAC is calculated by dividing the sales and promotion expenses by the number of acquired customers.

For example, Company A acquired 10 customers, the cost of sales is Rs. 1000, and the company spent Rs. 75 each to acquire 10 customers. Therefore, the acquisition cost would be Rs. 175 [(1000 + 750)/10]. **A company is considered a bad pick if the CAC is higher than CLV.**

GMV and AOV

GMV stands for **Gross Merchandise Value,** while AOV's full form is **Average Order Value**. The GMV calculates the total value of sales, and AOV measures the average amount a customer spends each time a purchase is made. **To figure GMV: multiply AOV x the Total number of transactions.** Consider transactions because the same customer can make more than one transaction. As a result, several new-age companies involved in the payments business (Phonepe) consider **Gross Transactional Value (GTV)** as GMV.

In addition to the above KPIs, you must consider the market share of a new-age company in the SAM. Per our research, Nykaa has ~30% market share in the online Beauty and Personal care (BPC) segment, and Zomato claims ~50% of the online food delivery market.

While it is significant for new-age companies to attract new customers to gain a sizeable market share, a percentage of repeat orders, i.e., new or re-orders from the existing customers, implies that the customers are satisfied with the business and prefer sticking to it. Therefore, it is **a matter of concern if the repeat orders are decreasing though new customer acquisition is in full swing.**

On the back of the fast-evolving technology and shifting consumer preferences, an existing new-age business may become irrelevant tomorrow. Thus, these companies constantly search for small emerging startups to invest in or acquire them. For example, as the deliver-to-home model is mainstream, new entrants are betting on fast(er) delivery to make a dent in the industry. Hence, Zomato bought the small related startup Blinkit. This behavior implies that the company wants to stay relevant in the long term.

Last but not least is the path to profitability. Except for Nykaa, none of the startups that turned unicorns listed in the previous year were profitable. But at some point, they must turn profitable. A business must sustain itself for an extended period and create shareholder value. So, how do you know the company is on the path to profitability?

Look at the **contribution margin that gauges per unit profit.** Simply subtract variable costs, such as incentives, logistics, cashback, etc., from revenues to calculate this metric. It's crucial that a new-age business eventually reduce the contribution margin/profit as it scales up and the company matures.

This insightful article will help you decide whether to invest in new-age companies. Remember, due diligence and financial planning are equally essential to create substantial wealth.

By Vinay Mahindrakar

CARBON CREDITS

The Next Business Opportunity

As countries take steps to decarbonize their economies and reverse climate change, carbon credits are proving to be a potent tool for governments globally to ensure carbon emissions are reduced.

An incentive-based system, carbon credits are designed to motivate companies to limit their greenhouse gas emissions and choose a greener path to conduct their business operations. Let's understand what carbon credits are and how they can open up new business opportunities for companies.

What are Carbon Credits?

Firstly, the terms carbon credits and carbon offsets are frequently interchanged, but they are entirely different and should not be confused.

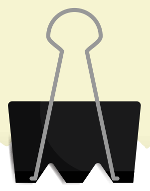
Carbon credits are like permits that work like permission slips for emissions. For example, a unit of carbon credit permits a business to generate 1 tonne of CO2 emissions. These credits followed all the United Nations Climate Change accords and the 1997 Kyoto Protocols when carbon was recognized as a tradable good. Governments allocate carbon credits to every business organization based on the nature of their business activity. These credits act as a cap for carbon emissions.

If the organization generates fewer tonnes of carbon emissions than allocated, it can trade, sell, or hold the surplus credits. When a company trades or sells its carbon credits, they earn a profit. It's like reward points for low pollution of the atmosphere.

Carbon Offsets

In carbon offsets, businesses earn carbon credits on removing a tonne of carbon dioxide from the atmosphere. It can be done via operating renewable projects, carbon and methane capture, improving energy efficiency, land use for reforestation, and other eco-friendly processes as a part or outside of their regular business activity.

Businesses can trade the offset credit points generated with other companies looking to reduce their carbon footprints. There are no geographical boundaries with whom companies can exchange or sell carbon credits, as climate change is a global concern.



Did you know

Tesla earned carbon credits revenue worth $1.46 billion in FY 2021? It was almost 3% of the total revenue. Tesla earns carbon credits from its various clean energy initiatives.

What is the Carbon Credit Market?

The carbon credit market plays a vital role between all the buying, selling, and trading of carbon credits. The market decides the price for carbon emissions as per the evolving market conditions. Every year, governments systematically reduce the allocation of carbon credits to companies to force them to choose a greener path and penalize polluting companies. It makes the carbon credit market dynamic and encourages businesses to choose low-carbon paths.

There are two types of carbon credit markets -one is regulated, and the other is voluntary.

The regulated marketplace is called a cap-and-trade program and is a common term for government environmental regulatory programs.

The cap-and-trade program works in many ways to reduce companies' carbon footprints. For example, as regulators lower the total carbon emission cap each year, carbon credits in the open market become more expensive. As a result, companies will have more incentive over time to invest in clean technologies and reduce carbon footprints.

While the voluntary carbon credit market is optional and is driven by companies, who take responsibility for offsetting their own emissions and do more than what is stipulated by the government. These companies are primarily driven by corporate social responsibilities, ethics, and the intention to make the atmosphere greener.

Overview of the Global Carbon Credit Market

The global carbon credit market is shaping up rapidly as economies around the world are racing to become carbon net zero. In 2019, the global carbon credit market was valued at $211.5 billion, and it is expected to grow at a CAGR of nearly 31% from 2020 through 2027, with a value reaching $2.7 trillion.

While it is difficult to gauge the market size of the voluntary carbon market, rough estimates show that it has quadrupled since 2020 and has reached $2 bn in 2022.

In 2021, the value of traded carbon dioxide permits in the global market grew by 164% to $851 billion, and 90% of the worldwide trade was done from the European Union's Emission Trading System (EU ETS), which is the world's most established carbon market.

Most carbon credits are priced between $40- $80 per metric tonne of CO_2. This number varies greatly depending on market conditions and other factors at play.

Carbon Credit Market in India

India has very ambitious climate goals with a long-term goal of reaching net zero emissions by 2070. It is also committed to reducing the emission intensity of its GDP by 45% by 2030 compared to 2005 levels, or 60 million tonnes a year. Carbon net zero provides a massive opportunity for Indian businesses to tap the rapidly growing carbon credits markets.

Between 2010 and 2020, India issued 17% of all voluntary carbon market credits issued globally, bringing in significant capital for climatic financing.

Indian companies must depend on international carbon marketplaces and often trade them at lower prices to meet their carbon credits requirement or sell extra carbon credits. So, a domestic union was formed to establish a national carbon marketplace to help Indian businesses achieve their climate goals.

Indian companies such as Adani Green, carbon off setter- EKI Energy Services, etc., have shown interest in developing a national carbon credit market. The lower house of the Parliament has also passed the necessary amendments in the Energy Conservation Bill 2022 in that direction.

Indian Companies to Benefit Most from Carbon Credits

Companies that choose a greener path to business activities would gain significantly from the evolving carbon credit market. For instance, Tata Power sold 87,351 Certified Emission Reductions (CERs) in FY 21, generating revenue of ₹1.44 crores. And, with a target of a fivefold increase in green capacity by 2030, Tata Power will gain significantly from the carbon offsets. In addition, civic bodies like Chennai and Indore Municipal Corporation are earning revenue by selling carbon offsets in the International markets.

Companies involved in sectors such as renewables, carbon capture, waste management, sustainable development, emission reduction technologies, and clean technologies benefit the most from the country's clean development mechanism program.

So, are you ready to get started on lowering your carbon emissions and earning carbon credits and offsets? If you haven't begun yet, now is the time to do so, considering the market potential for carbon credits.

Disclaimer Note: The numbers mentioned in this article are for information purposes only. He/she should not consider this a buy/sell/hold from Research & Ranking. The company shall not be liable for any losses that occur.

R&R

THE ECONOMIC TIMES

ETMarkets Smart Talk: Manish Goel shares top strategies to become a successful investor

"If someone wants to enter the markets, they should consider at least a 5-year horizon. Then if we consider the long-term averages of GDP growth and Nifty growth in our country. The GDP average for 21 years was over 12%, and Nifty growth for the same period was around 14%. Investors can expect a similar range of compounding or a little more than that in the range of 20% but they must be patient. An investor must enter the markets with a long-term mindset and ignore the noise."

Is there a silver lining to the falling equity market? Jaspreet Singh Arora weighs in

bt | Business Today

At a time when most of the stocks are down on a year-to-date (YTD) basis, Jaspreet Singh Arora, chief investment officer, Research & Ranking, sees a couple of factors which are in favour of Dalal Street. In an interaction with Business Today, Arora also shared his top themes, investment strategy and views on the available buying opportunities in the beaten-down market.

Research & Ranking's new campaign highlights the benefits of investment in equities

The campaign emphasises the importance of equity investing to create wealth.

Research & Ranking, an equity investment advisory firm and part of the Equentis Group, launched a new campaign titled "Naya Zamaana Nayi Soch".

Make your investments work for the long term

The key metric is your portfolio's compounded annual growth rate

YOUR MONEY

MANISH GOEL

LONG-TERM INVESTING is a proven and effective way for retail investors to create wealth. Investing experts speak about investing in good stocks and forgetting about them. Although that may have worked for certain investors, it doesn't mean that you take the long-term investment approach for granted. Here are five things to keep in mind if you are planning to invest for the long term:

Defining long term

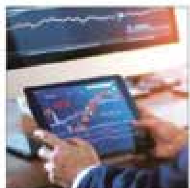
Firstly, an investor may want to define the time span of 'long term'. For certain investors, the long term might be five years whereas for others it could be more than a decade. Depending on this, you may suitably allocate capital, align your goals and set expectations. For instance, if you are investing for creating a corpus over the next five years that can be used for the down payment of a new house, then your investment approach would be different as compared to investing for building a corpus for retirement that could be two decades away.

Tracking companies in a stock portfolio

We conduct thorough research before investing in a company. But investing for the long term doesn't mean that you should stop tracking the company after investing. You have to scrutinise transcripts of the calls that the management has with analysts and the annual reports to look out for any red flags. By thoroughly analysing annual reports for the past five to seven years, you would be able to infer whether the company lives up to its commitments and is on the right track.

Being cognizant of CAGR

Investors speak about stock portfolios that have offered 2x returns, 4x returns, or 10x returns. But you have to evaluate the compounded annual growth rate (CAGR) of your portfolio to understand whether the investment strategy has worked over the long term.



LONG-TERM INVESTING

- Never be complacent about your holdings. Keep monitoring your portfolio's performance
- Be sure how you want to define the time span of 'long term'
- Don't get emotionally attached to a stock. Take rational decisions

For instance, if your portfolio goes up by 3x over 12 years, then such a portfolio has earned a CAGR of just 9.59%. This portfolio would have even underperformed the index as Nifty has offered a CAGR of almost 14% over the last couple of decades.

Avoiding emotional attachment to stocks

Quite often, retail investors may get emotionally attached to a stock. This would prevent an investor from taking rational decisions when it comes to selling the shares of such a company when it underperforms. Worse, if a retail investor needs funds, then he may end up selling shares of a company that holds tremendous promise to grow rather than selling shares of an underperforming company to which he is emotionally attached.

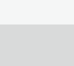
Practising sector rotation

There could be certain sectors in your portfolio that could underperform during a specific period. For example, there have been phases of underperformance and high performance for companies in sectors such as pharmaceuticals, NBFC and capital goods. Therefore, you have to keep a close eye on these sectors if you are planning to take comparatively long-term positions in these stocks. If your investment thesis in such sectors does not play out, you may need to replace shares of companies in such sectors with that of companies from other sectors.

Long-term investing requires you to remain patient for your holdings to grow. It also requires you to never be complacent about your holdings and keep monitoring the performance of your portfolio.

The writer is founder and director, Research & Ranking

FINANCIAL EXPRESS Wed, 05 October 2022 https://epaper.financialexpress.com/c/70404258



Research & Ranking launches Ten Trillion Opportunity for HNIs & UHNIs to invest in India

NEW DELHI: India's leading equity investment advisory brand and a part of Equentis Wealth Advisory Services Private Limited, Research & Ranking, launched focused solution for high net worth individuals (HNIs).

TIMES

By Ankita Bhadauria

TH

Research & Ranking unveils investor education platform

Research & Ranking, an equity investment advisory firm, has announced the introduction of its fintech education platform - 'Informed InvestoRR' to help people how to invest in stock markets. Sanjeev Anand, whole time director, Equentis Group, of which Research & Ranking is a part, said, "Informed InvestoRR will provide relevant, actionable, and highly researched content that will make an investor far more confident, far more informed, and far more equipped to deal with situations in the equity markets."

ET

Ashish Bajaj Joins Equentis Wealth Advisory as CTO

Prior to joining Equentis, Ashish spent 4 years with DSP Mutual Funds as Chief Technology Officer driving digital transformation and building inhouse engineering capabilities.

FINANCIAL EXPRESS
Read to Lead

Research & Ranking launches #ShareBazaarKaRavan educational campaign

Research & Ranking has launched its educational campaign #ShareBazaarKaRavan. On the occasion of Dusshera, Research & Ranking has made an effort to reach out to Bharat to connect and impart education on stock market investing. The campaign video has been shot and edited by its creative agency Smart Magic Productions. The campaign is being promoted across all major social media platforms such as Facebook, Instagram, Twitter, LinkedIn and YouTube.

moneycontrol

Daily Voice | Check these 5 investment themes for long-term wealth creation

From current levels, the market should deliver 15 percent in the next year. In other words, Nifty is expected to be in the 19,000-20,000 range by next year.

WHAT RETIREES SHOULD KEEP IN MIND WHILE INVESTING IN THE STOCK MARKETS

We welcome your views and comments at mintmoney@livemint.com

Should retirees avoid the stock market just because it is volatile? No, because equity investments help earn inflation beating returns and create long-term wealth. Retirees, though, should keep funds aside for the short term—sufficient to last for two-three years—before investing in equities. Here are the key reasons why retirees should invest in equities.

Higher returns: Historically, equity has offered higher returns than other asset classes. For instance, over the last decade, gold has generated a CAGR (Compound annual growth rate) of approximately 5.43%. Fixed deposit rates have been falling over the last decade and are presently hovering around 5%. According to the Reserve Bank of India's House Price Index, the average return from owning real estate between June 2010 and June 2020 was 11.6% per year. Between October 2012 and October 2022, this was less than 9%. The actual returns on real estate might be lower if one considers the interest charged on housing loans. However, Nifty has generated CAGR of about 12% during this period. One would also do well to remember that equity is a highly liquid asset.

Inflation beating returns: Advancements in healthcare and a rise in standards of living mean humans enjoy longer lifespans. It is likely that one may live 25-30 years more post-retirement. In case of early retirement, this number could be higher. If one invests only in debt or fixed-income instruments, one may not beat inflation or create wealth. However, investing judiciously in equity can help one get the benefits of compounding and high returns to create lasting wealth in the long term.

Investment corpus: If an individual who has retired at the age of 60, invests Rs 25 lakh in an equity portfolio that provides a CAGR of 15%, then the value of this portfolio would be Rs 1 crore in 10 years by the time they turn 70. A portion of this corpus can be used for some discretionary expenditures such as holidays, part of it kept aside for contingencies, and balance continued for further compounding. Just like 50 is the new 30 now, 70 is the new 60 and we see several elderly couples going on vacations in groups or with families even well past 70 years of age.

Have experience? Use it: Some retirees have a deeper understanding or knowledge of a few sectors or some companies. This would enable them to make informed decisions about investing in the right stocks. Second, retirees have a better understanding of the developments taking place over the long term.

Dividend income: One of the best ways to earn from equity investments is through dividends. Sometimes, the dividend yield can be on par or higher than the yield offered by real estate or even fixed deposits. One can look for dividend aristocrats, i.e., businesses that have kept increasing their dividends over the last 25 years.

It is important to remember that risk appetite and investing horizon will differ for investors. It is usually recommended that retirees invest 20-25% of their portfolio in equity. However, depending on one's retirement corpus and risk appetite, a retiree can also invest up to 30-35% in equity.

Retirees can consider investing in comparatively less volatile stocks such as large-caps with robust fundamentals. Hence, retirees could lower the risk of their stock allocation by focusing on dividend-paying, less volatile blue chips without reducing expectations on their anticipated returns.

Retirees must remember to complete due diligence thoroughly before investing. If one does not have enough knowledge, then it is necessary to seek suitable guidance from a registered investment advisor and this is the right approach to creating wealth.

> It is usually recommended that retirees invest 20-25% of portfolio in equity

Before investing in equities, retirees must set aside an amount equivalent to around three years of living expenses in fixed deposits or similar liquid instruments. This can serve as an emergency corpus.

Additionally, it is recommended for a retiree to own health insurance to handle medical exigencies. The surplus can be invested in equity through a combination of lump sum and systematic investment plans. Since equity is volatile in the short term, there is a chance of one's capital being eroded if the broader markets aren't doing well. This would help a retiree to avoid encountering a situation where funds are required at short notice, and the value of one's invested corpus is down.

Jaspreet Singh Arora is chief investment officer at Research & Ranking

FINANCIAL LEARNING

CURVE OF 2022

To say the past year proved to be a disappointment for retail investors would be an understatement. Nevertheless, many were drawn into the markets by the 2021 excitement driven by low-interest rates: stocks surged, businesses grew, and markets popped. And then 2022 landed with a crash.

Global benchmark indices indicate that 2022 was a lackluster year, with the SP500 index falling 15% year-to-date. In the UK, the FTSE100 index had a tough time during the year and fell 5% year-to-date (YTD), while the German DAX30 index fell 13.91% YTD. Moreover, many blue chip stocks also saw their stock prices plummet, a sign that most global stocks lost the gains of 2021.

After witnessing bright signs of economic recovery in 2021, most investors believed 2022 would follow in the same vein. But the geopolitical issues, rising inflation, and commodity prices put paid to dreams of 200% gains. Yet, though such times are challenging, they are also when you can learn something from them.

Here we discuss

TOP INVESTMENT LESSONS FROM 2022

Bear Markets Are Unavoidable

After a steep stock market crash in early 2020 during the pandemic, the stock market went on an extraordinary bull run in a short period. Nifty50, used as a gauge for the stock market's performance, had more than doubled by early November 2021 from its March 2020 lows. For perspective, before the crash beginning in mid-February 2020, it had taken the Nifty 50 over 18 years to reach the 7000 milestone and over 6.8 years for the next 8000 points.

Turmoil Brings Opportunities

The sooner you accept bear markets are here to stay, the faster you can find the opportunities in turmoil and use them to your advantage. Specifically, down-market periods can be a chance to pick great stocks at discounted rates lowering your average costs eventually. CMP is the average price you pay per share of a particular stock.

For example, if you bought 20 shares of a stock at Rs. 200 per share, your average CMP would be Rs. 200. If you purchased 20 more shares at Rs. 100 each, your average CMP would be Rs. 150. If the price increased to Rs. 300 and you bought 20 more, your average CMP would be at Rs. 200 again.

A falling market can be an opportune time to lower your average costs, especially if you've been buying shares in a bull market before. Reducing your average costs is ideal as it will eventually decide your gains or losses when you sell shares later. Two investors can sell the same number of shares at the same price, but the one with the lower average costs will earn more profits.

Predicting Stock price movements is impossible

One of the best things you can do is be consistent through the good, the bad, and the ugly in the stock market. Doing so may be easy when it is the Bull market and your investments are soaring. But, consistency is more problematic when the markets turn volatile or steeply fall. After all, logic says holding off investing till prices reach their bottom makes sense, isn't it?

Yes, it does make perfect sense, but in theory only. The issue is that the stock market does not behave logically, and trying to predict when stocks you like will bottom out is just that: an estimate. Nobody can forecast how the stock market will move in the short-and-long-term. You can use metrics and other factors to make an educated deduction, but you can't know for sure.

Trying to time the market is a useless game and challenging to do consistently in the long term. Instead, you can save yourself from trouble using the rupee-cost averaging. Rupee-cost averaging means you invest a fixed amount (SIP) at set intervals regardless of the stock prices. This method allows you to control your urge to time the market as the investment schedule is fixed.

You may invest when prices are high or low. The critical factor is that you eliminate emotions from investment decisions and believe the average costs will even out in time.

Inflation is cyclical - and so are interest rates.

The Russia-Ukraine war may have triggered the rise in inflation. However, experts expected inflation to rise. Like the downturn in a business, falling inflation levels are always followed by rising inflation. So, creating a portfolio that can either ride out or handle inflation is an exercise you must do periodically.

Considering the same logic, the aggressive stance central banks have taken means the inflation will moderate, and the interest rates will fall too. It's a case of when and not if.
Moreover, other countries are over-levered, but the Indian economy is not. Businesses and the government have used the last two years to make structural and tactical changes giving India an edge. As a result, India is poised to become the third-largest economy in the world.

People will adjust, change, and develop.

People are hardwired to adjust to circumstances, change, and grow from adversity. For instance, the pandemic could have caused death by billions and destroyed humanity. Instead, we developed vaccines within a year for the market via innovative technology. Had we given up, the scenario today would have been entirely different. Likewise, another crisis will be looming around the corner, like climate change, the next virus wave, global wars, terrorist attacks, or something else. All you must remember is –**This, too, shall pass.**

Unpredictability is the name of the game.

The short-term markets will always move unpredictably. And this year has not been as volatile as 2020 was. NIFTY is up 7% for the year but fell 15% at one point. The broader markets were worse. So, your journey in the equity market may not be as smooth as an FD, but to make gains, you must live with a bit of pain in the short term. Even if NIFTY was down in the first six months of 2022, not investing in the markets was a wrong bet. The idea of managing volatility is to spread your risks across assets, commodities, countries, and currencies.

By Archana Chettiar

This is 2023, and the New Year calls for a new list of resolutions, with no surprise! So, have you added

Financial Freedom or investing wisely to your resolutions list yet?

Personal finance expert Dave Ramsey said it best

> ***"You must gain control over your money Or, the lack of it will forever control you!"***

Personal finance is about meeting your short-and-long-term financial goals like buying a new vehicle, owning a bigger house, saving for education, your startup, or retirement – we can go on and on as the list is never-ending. Achieving these goals depends on how much you earn and spend, your lifestyle, and how you can fulfill these needs within your financial boundaries.

Becoming financially literate is vital to make the most of income and savings and achieving Financial Freedom in a true sense.

5 Effective Mantras To Get Financially Fit In 2023

Like improving your health, creating wealth to manage to achieve financial freedom must be included in your to-do list.

To all those who want to stick to their resolution to become financially fit, here are five effective mantras that can help you.

01 THERE IS NO SHORTCUT TO HEALTH OR WEALTH

You need more than a video or poster to get Disha Patani's perfect body or Tiger Shroff's rippling muscles. You've got to sweat it out to develop that kind of fitness. Select any approach you want - pump iron, swim, run long distances, cycle challenging terrains, or anything that gives you a kick. The Key is to be regular and consistent. Don't expect miracles overnight; they are neither possible nor healthy. Instead, give your best shot every day, and watch the miracle unfold gradually.

The plan does not differ much from your portfolio investments either. You won't make money if you admire star investors' portfolios. You must work to build a robust portfolio yourself. And it takes time. You must study businesses, talk to management, customers, suppliers, dealers, and fellow analysts, do channel checks, study the company's financials and check corporate governance issues (if any). A lot of hard work goes behind building a portfolio of stocks that will compound your wealth year after year. There's no shortcut here.

02 BE PATIENT, AND PERSEVERANT

Fitness is not a weekend job, nor is it one-dimensional. You must exercise regularly, regulate your diet, get adequate sleep, handle stress effectively, and juggle between work and personal commitments. None of these can take a backseat; not even for a while. You must be consistent with your efforts, patient with the results, and persevere despite obstacles.

Your equity portfolio also demands a regular regimen of reading, researching, and discussions with your financial advisor. It's not every day you come across a stock that qualifies as a multi-bagger. If your portfolio does not underperform the benchmark indices, you've made a start. And, if you can beat the index, you're improving. If you can do that year after year, you've become a pro. The whole journey takes time, effort, and commitment from you, but the results will be gratifying.

03 DON'T FALL FOR "INSTANT RESULTS”

Miracle drugs will always be available to boost sports performance or muscle growth. But don't fall for any of these "miracles." They are dangerous and will only ruin your health over the long- term. Real fitness comes from actual practice and exercise, not through shortcuts.

Similarly, wealth creation doesn't happen when you follow sure-shot tips, or "chase momentum, or run after penny stocks. Instead, you build wealth by giving time to your investments. As a famous saying goes, **"Time in the market is more important than timing the market."**

04 BE CONSISTENT – DON'T LET DISRUPTIONS SWAY YOU AWAY

While you will stick to your fitness plan as much as possible, there will be days when things will go "off-plan." It could happen due to health reasons, personal/professional commitments, or numerous other reasons. It's okay, and it's expected. The Key is to get back to your regimen as soon as possible.

You may need to withdraw some of your equity investments, which were meant for the long term, for unforeseen reasons. Secondly, you may be unable to invest for a few months due to liquidity demands elsewhere. The Key is to **get back to investing** as soon as things normalize.

Abraham Lincoln famously said, *"It's not about how many times you fall, but how many times you get back up."*

05 HIRE A COACH TO REACH YOUR GOAL FASTER

Without a doubt, you must do all the heavy lifting yourself. However, getting an expert to coach you can help a lot. I can personally vouch for this - as an aspiring marathoner a decade ago. My performance picked up as soon as I joined a running group trained by an expert coach. There are other benefits as well - you meet new people, learn from their experiences, and make new friends.

In your wealth creation journey through Equity, you should be vigilant regarding your investments and decide on the financial risk yourself. However, you can always hire experts like us at **(Research and Ranking)** to handhold you in your wealth creation journey.

We don't promise miracles or overnight success.
But, we do promise a disciplined and effective way to create long-term wealth.

We hope you use the **5 Effective Mantras** we've shared with you.

But wait, would you like to know the ideal equity allocation for your age? Turn the page over.

By Archana Chettiar

KNOW MORE

MY AGE EQUITY ALLOCATION

HOW MUCH SHOULD IT BE?

No one should have a 100% allocation in equities. However, considering the volatile nature of the markets, investing only a part of your surplus income or savings in Equities is recommended.

Here we tell you how much you should invest in equities based on factors such as age, investible surplus, financial goals, lifestyle, etc.

Have you seen anyone invest in an asset and not expect to profit? Well, we haven't yet. However, every investor invests with the idea of profiting from investments. That's why choosing the best stocks, fixed income, and short-term instruments with care become imperative.

How much of the pie should you keep aside for Fixed Income, Bonds, and Equity? Yes, all investors have thought about this sometime. But before we decide on a number, let us understand asset allocation.

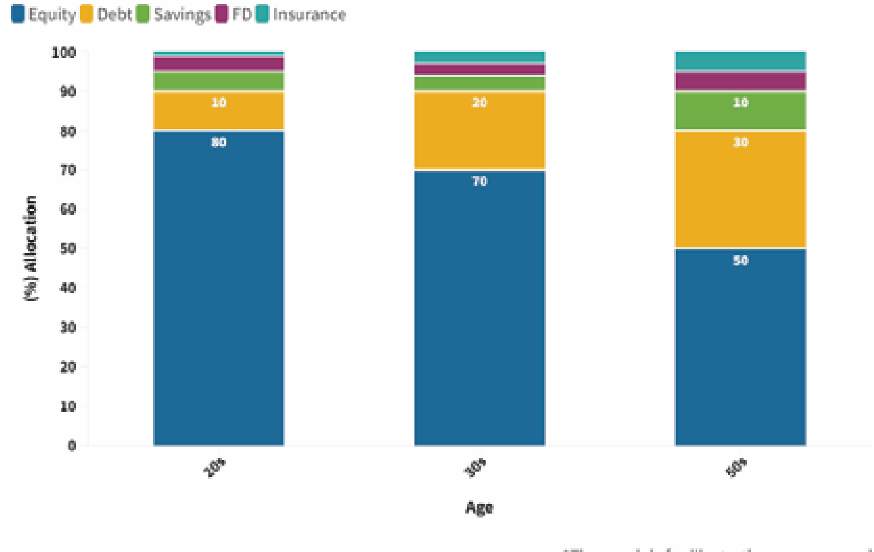
ASSET ALLOCATION

Earning an income is not rocket science. But to become wealthy, an investment plan for the long term is what you need. So invest early if you want to achieve your goals.

Devoting a sum based on **hearsay** will not help you. Instead, choosing the correct asset allocation based on your risk profile is the right approach. To balance your risks and rewards, asset allocation is a tactic where you spread your surplus amount across assets such as stocks, FDs, cash, gold, and others.

No two people will have the same asset allocations despite the same financial goals. For example, with higher risk tolerance, Investor A allocates more money to Equity than FDs and bonds. On the other hand, investor B, with a low-risk tolerance, allocates more to FDs and bonds and less to equity investments.

Does this mean just allocating is enough? No. **Getting the asset allocation right is vital** as it plays an essential role in portfolio management.



The graph above shows how Investor A's asset allocations may change based on his age and stage of life.

ASSET ALLOCATION IN PORTFOLIO MANAGEMENT

Having the highest return-generating Equity will only help if you have prudently allocated your funds. An optimum asset allocation is Key to financial liberation. Earmarking lets you understand where, how, and how much to invest?

However, age plays a crucial role in asset allocation and portfolio management. Remember, every investor is different, so the asset allocations will also differ. It means you cannot have a one-size-fits-all asset allocation. What's more, as you age, the distribution also changes based on your life stages.

Investor A, at 20, has a high-risk capacity and appetite, so he invests a considerable amount in equities. At 30, he reduces the equity share some and adds to his fixed-income investments. The same investor at 50 reduces his equity investments by 50% and increases his debt holding significantly.

Factors such as **risk appetite** and **capacity** also influence your asset allocation. Risk appetite is your comfort with market fluctuations and fall in your investment value, while risk capacity is your financial tolerance to incurring investment losses.

For example, Vinay, a 30-year-old, works in an MNC and earns a good salary. But his investment portfolio has debt funds and other fixed-income instruments. In such a case, Vinay will be a conservative investor. Though his age and financial health mean he can invest in Equity, his low-risk appetite makes him do the opposite.

We saw how your **age** affects asset allocation, like your **risk appetite** and **capacity.** But how do these three factors influence asset allocation? First, let us understand the fundamental principle underlying the relationship between the three factors.

RELATION BETWEEN

AGE, RISK APPETITE, AND ASSET ALLOCATION

Your risk appetite is inversely proportional to your age. It means as you age, your capacity to take financial risks reduces.

When you are young, your capacity to earn is high, so you can move on to better opportunities and increase your income. However, your savings may be the only source of income after retirement. It means your capacity to take risks is minimal.

Does this mean after retirement, an investor cannot invest in Equity? On the contrary, investors can invest in Equity anytime if they have the risk capacity and tolerance.

The rule of thumb for the asset allocation principle is a rule where your exposure to investment risks must reduce with age. It refers to the proportion of Equity in your portfolio as they offer higher returns at more significant risks.

To know how much you can invest in Equity, subtract your age from 100. For instance, if you are 20, your equity allocation would be 100-20 = 80. It means 80% can be equity-oriented investments, and the rest can be fixed-income instruments and debt funds. Similarly, for a 65-year-old, the equity allocation would be 100-65= 35, i.e., 35% in Equity and 65% in debt and other fixed assets.

Does this always hold true? Unfortunately, no. This rule emphasizes the long investing horizon of the investor over his/her risk-taking ability. It also focuses on allocation modification based on age alone, without considering other factors.

For example, A young investor may have the age but is struggling to earn enough to fulfill his EMI payments and meet unexpected needs. Though he has age on his side, he may be dipping into his wealth too often and have little or no savings to absorb any investment losses.

On the other hand, an elderly investor may have a short investing horizon, need more income than growth, and be wealthy enough to bear the possible risks of equity investments. These examples show the rule of thumb used for equity allocation can be wrong. And age alone does not decide your equity allocation.

If you can hold the investment for a long time, choose growth over income, and tolerate losses without risking your wealth, then you may want to invest in Equity.

We've seen the different factors that can affect your asset allocations, the relation between them, and how only your age cannot define your equity ratio in optimal asset allocation.

Here's how much your equity allocation should be

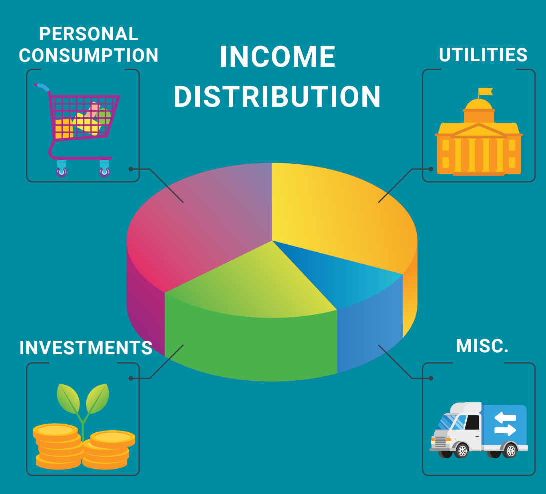
Your equity allocation can **start as a 50:50** ratio, where half your wealth is invested in growth-oriented products like Equity. The remaining half can be in income generators like fixed-income assets, bonds, etc.

Make changes to this ratio based on your situation. For example, if you have a steady and rising income, regular and growing savings, no debt, and increasing wealth after considering inflation, then investing 80% of your money in Equity makes sense.

However, if you feel you aren't meeting all the conditions, reduce your equity exposure to 60%. Lower your risk exposure for the situation you cannot meet till you have a minimum of 20% investment in Equity.

One rule you could follow is fixing 25x of your annual spending as your wealth creation goal.

Your age does not decide your retirement. However, if you have enough wealth to generate the money you need to spend normally, you can retire. Keep this rule in mind when you decide on your financial goals. Remember, your wealth is based on your income, spending, and asset allocation. So have a system that will help you become wealthy enough to not work for your everyday needs.



By Archana Chettiar

WHAT TO WATCH FOR IN

The Russia-Ukraine War declared on 24th February was a geopolitical game changer. That's not all the Fed hikes and the rising inflation kept everyone waiting on tenterhooks. Not only did economies battle with inflation, rising commodity and crude prices, but Russia suffered sanctions from the US, EU and 40 other nations too.

Can we predict how the market will fare or the events that will have a lasting impact next year? Not really, but we can hope to make an educated guess based on factors that have played a role throughout 2022.

TRENDS TO WATCH OUT FOR IN THE NEW YEAR

- With a recession looming over, investors may be cautious about investing. However, a few sectors to watch for next year are the Consumer Discretionary, Healthcare & Pharma, BFSI, IT and PSUs.
- FM Nirmala Sitharaman stated that the budget for FY24 will set the template for the next 25 years. The budget is expected to focus on capital spending, infrastructure development, incentivizing domestic manufacturing, and boosting growth. No big announcements regarding additional taxes are expected.
- RBI may opt for one more rate hike in February 2023. It forecasts that CPI inflation will be around 5.9% in Q4 FY23, 5.0% in Q1 FY24, and 5.4% in Q2 FY24. With the inflation predicted to be in the RBI tolerance band of 2% to 6% after February, further rate hikes may be put on hold.
- In India, 5G is expected to cover the entire country in the coming year. Jio has promised to do so by December 2023 and Airtel by March 2024. The 5G rollout could be at least 3 times faster than the 4G rollout.
- Mega IPOs expected in 2023 are Oravel Stays (OYO), Fab India, Navi Technologies, Tata Technologies, EBIX, Ixigo, and others.

- IMF expects India's GDP growth rate for 2022 to be 6.9% and 6% for 2023, the highest among large economies. China at 4.4% and Australia at 1.9% will follow India. IMF expects Germany and Russia to de-grow in 2023. Recession, if any, would be restricted to a select few countries.

- In the US, inflation reached a 40-year high at 9.1% in June 2022. Since then, the inflation has cooled off to 7.11% in November. With Fed's 2% inflation rate target, expect further interest rate hikes in 2023. The terminal Fed's fund rate is expected at 5%. While these rates may peak in 2023, they may remain elevated to achieve a target inflation rate.

- China's GDP is likely to grow by 3.2% in 2022 compared to the GDP growth rate of 8.1% in 2021. It will be the lowest growth rate in the last 30 years. The zero COVID policy and severe lockdowns in China's major cities and industrial hubs are significant contributors to this decline in growth. With this background, expect China's unlocking theme to play out. The government has begun to lift some of the strict COVID policies. China's GDP is expected to pick up to 4.4% in 2023. But with the recessionary fear world over, China will have to rely on domestic demand for growth.

- G20 Summit will be hosted by India in Pragati Maidan on the 9th and 10th of September, 2023. India will host more than 200 meetings in over 50 cities across different work streams next year. The G20 nations account for 85% of the world economy, and the presidency will offer India the opportunity to steer the agenda.

- The end of the Russia-Ukraine war in 2023 could be the most significant tailwind for the world economy, which is looking at a recessionary environment now. Persistent inflation and high energy prices have affected the European region, and an end to the war could help alleviate some of these headwinds.

- The systemic credit growth is expected to be around 14-15% YoY over FY22-24. The systemic year-on-year loan growth was 17.5% in December 2022 due to pent-up demand and low base effect.

- The credit growth may normalize and be healthy between FY23-24 because of an increase in consumption and private CAPEX.

- India will host the ICC Cricket World Cup between October and November 2023. This is the first time the competition will be held entirely in India. The previous World Cup edition, hosted by the UK in 2019, generated a total economic impact of $450 million. Cricket being the most popular sport in India, the economic impact of this event will be much greater than in the UK. This isolated event can help boost tourism, hotel, and restaurant businesses and generate new jobs.

- State elections are to be held in 9 states in India in 2023 – Rajasthan, Chhattisgarh, Madhya Pradesh, Karnataka, Telangana, Tripura, Meghalaya, Nagaland, and Mizoram. These state elections will set the tone for the 2024 general election, representing 116 out of the 543 Lok Sabha seats.

We hope to see you in 2023 and help unpack the events happening in through the year.

By Ameya Khandekar

Financial Resolutions for 2023

We'll, it's not New Year if you don't make a few resolutions. Quite often the list is the same, about exercising diligently, maintaining a diet, or creating a better work-life balance. Why not resolve to do something else this year?

Yes, PROMISE TO INVEST RIGHT AND CREATE WEALTH.

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