



# Investment Approach

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Value Investor Meet –Mumbai - May 28<sup>th</sup> 2017

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## Portfolio Stats (2011 to 2017)

- Portfolio Size: 8 stocks in 2011 to 20 stocks at present with 75% allocation in ~15 stocks
- Churn Ratio (last six years): 8% -10% / year
- Average Hold Time: >4 years
- Average return : 30-32%
- Maximum allocation to a specific sector : <30%

# What has worked for me

- Buy good companies at relatively cheap price - basis of majority of investments done  
(should correct at least 30% from the peak price with all major fundamentals being intact including sector specific changes)
- Turn Around Stories (Started investing in such companies from 2015 onwards)  
(High risk – Investment purely on the basis of Management background and tracking company's performance in last 3-4 quarters )
- Upcoming sector as per the government policies
- Small and mid cap companies with solid management board

Basic Stats which I rely on but are not the binding criteria to invest

- Prefer not to do over analysis / analysis paralysis with numbers
  - Market Position/ Competition
  - Sales growth  $> 10$  (3-5 years)
  - OPM 5Year  $> 10$  (3-5 years)
  - Debt to equity  $< 1$  (Preferable but depend on sector as well)
  - Average return on equity  $> 10$  (5-10 years time frame)
  - Price to Earning  $< 20$
  - Price to book value  $< 3$
  - Unpledged promoter holding  $> 50$

# Continued.....

## **What has not worked for me**

- Concentrated portfolio investing – having 7-10 stocks.
- Buying the company stocks purely on the I.V./ tangible value of the company vs. current stock price or on investment ratios
- Impulse buying based on Research reports or sectoral headwinds

## **Triggers to Sell**

- Fundamental shift in company's management strategy and future plans
- Disruptive changes in the sector
- Corporate Governance issues

## **Core Principles followed**

- Don't be emotionally attached to your stocks
- There are ample opportunities available anytime to enter the market
- Diversify your investments in all available instruments including MFs, NPS, Gold and equities