

# TIMELESS TIPS FROM RATAN TATA'S LIFE



**Capital**  
—SPROUT—

**Wealth Bulletin**  
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Greetings from Capital Sprout!

It gives me pleasure to share the October – 2024 issue of Capital Sprout's Wealth Bulletin, which will focus on 5 lessons for investors we have derived from the life of one of the great representatives of Indian Industrialisation late Mr. Ratan Tata.

With the passing of him, we have decided to pay him gratitude by learning lessons from his life, which he would have definitely wanted, as a visionary not just for himself and his companies, but also for the country.

Tata group of companies have always been a great risk free and high return investment. As a group of companies, they have adhered to great business ethics, and ideologies, without the financial dissatisfactions to its investors. There is a common parlance that ethics and money do not go hand in hand, however Tata group of companies have shown historically that high ethics can definitely give long term returns.

Ethical consideration is a must for an investor too. Investors should not indulge in unethical practices of stock markets such as insider trading, or invest their hard kept savings just on the basis of recent market trends. A rational investor should always go for an ethical business management, and look towards the long term, and sustainable growth.

I hope that readers will find this newsletter valuable in making their investment decisions.

*CA DR Rajesh Khandal*

# 1. DIVERSIFICATION OF PORTFOLIO

Any rational investor should diversify their portfolio, in order to mitigate any company/industry specific unsystematic risk arising due to management inefficiency, change of industry specific laws and regulations, labour strikes, etc.

Tata Sons today has its investments in many industries, such as information technology, steel, automotive, consumer & retail, infrastructure, financial services, aerospace & defence, tourism & travel, telecom & media and trading & investments.

Thus, any adverse effect in one company, would not play a large effect on the whole Tata Son's business investment portfolio. Taking lessons from this, a rational investor can also diversify their portfolio, with different type of companies, having different management ideologies, having its business in different industries, having different risks.



## 2. ETHICS

Late Mr. Ratan Tata has always focused on ethics rather than business gain. He pioneered the development of the Nano car, so as to cater to India's middle-class segment, who could not afford such luxury. This car was the cheapest car in the world at that time. He thought of the betterment of the people at large, even if, it was a financial loss of the company.

Investors, in the same way should look forward to investing in companies, with ethical management group/ethical board of directors making ethical financial decisions. This could cause the investor, a loss on a short-term basis, but a long-term outlook towards an investment is crucial. Companies with a sustainable growth rate are meant to grow leaps and bounds and are crucial in an economy.





### 3. LEARNING FROM MISTAKES

Tata Motors suffered a heavy loss on manufacturing and selling of the Nano Car, because of the lacunas in the marketing. The group marketed it as the cheapest car of India, which backfired on its image as a product. It failed tremendously and consistently lost value, peaking at ₹ 1,000 Crores, as per ex-Tata Sons chairman Mistry.

Tata Motors since the discontinuation of the Nano car in 2020, has again grown exponentially and as at today it claims to sell 1 million plus units of vehicles sold annually. It claim its spot in India amongst the top 3 players in passenger vehicles market.

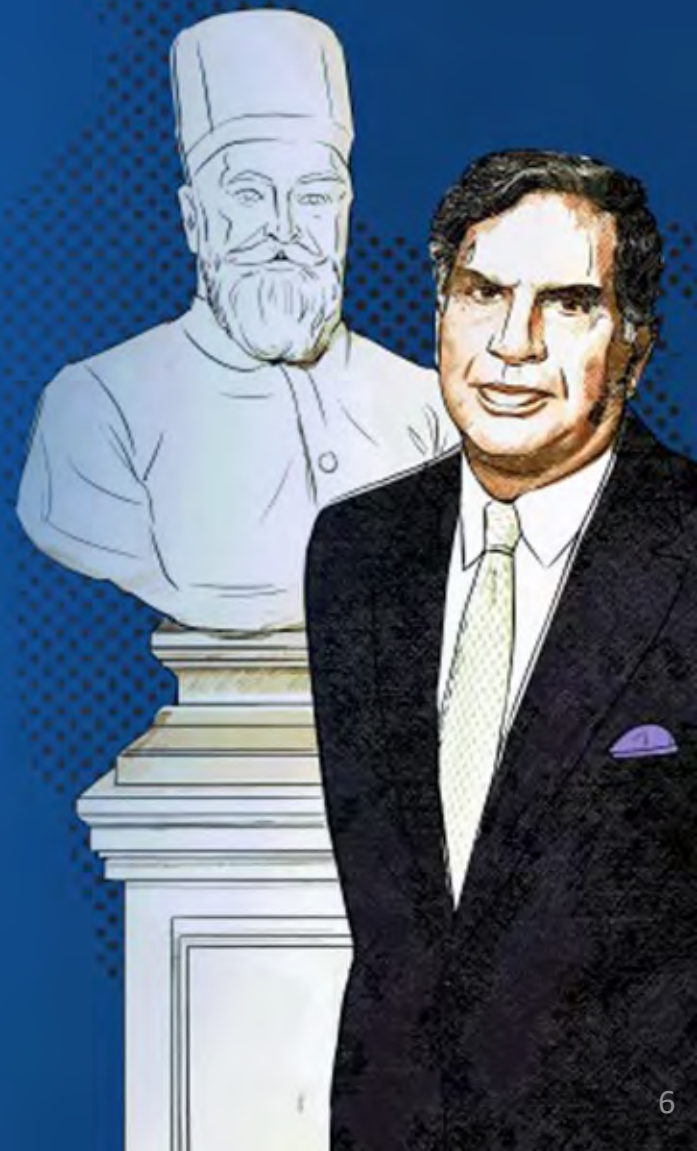




## 4.LEGACY PLANNING

Tata group today has successfully executed legacy planning of its assets and companies successfully. After Jamshetji Tata' demise, there has been little to no immediate decline in Tata group company's financial values and ethics. It has only shown exponential growth since.

This valuable lesson can be learnt by an investor for doing pro-active legacy planning of their portfolios and their assets. Legal heirs should be decided by drafting a proper legal will, which should contain all the details of the investor's inheritance, so as to avoid any confusion regarding the ownership of assets.





# 5. FOCUS ON INNOVATION

Ratan Tata has always been a visionary in the field of innovation and technology. He had ventured very early in current age successful startups like Ola, PayTM and Xiaomi.

A rational investor also should learn and have an outlook towards groundbreaking technology and current market trends to out-perform normal market returns.



# Reflection in the stock market

The lessons above clearly shows the results of the stock market performance of the group's scripts. Thus, good investment practice definitely shows returns. Below are the 5-year CAGR results of some companies of the group -

#	Company	Stock price as at 31-10-2019	Stock price as at 31-10-2024	5 Year CAGR on stock price
1	Tejas Networks Limited	74.55	1,341.85	78.26%
2	Trent Limited	541.65	7,128.35	67.44%
3	Tata Investment Corporation Limited	839.20	6,887.05	52.35%
4	Tata Motors Limited	177.70	834.05	36.24%
5	Tata Steel Limited	38.06	148.56	31.31%
6	Tata Chemicals Limited	276.35	1,148.90	32.97%
7	Tata Consumer Products Limited	317.00	1,002.55	25.90%
8	Tata Consultancy Services Limited	2,269.65	3,968.45	11.82%





# Conclusion

Even the most successful of investors and business giants have faced difficulties and losses at some point of time of their lives. Ratan Tata with their ever-calm demeanour have never taken a step back from their investments and have always backed their insights of a fruitful investment opportunity, and also have never shied away from discarding investment that have not been fruitful.

He has famously quoted that “Ups and downs in life are very important to keep us going, because a straight line even in an ECG means we are not alive.”

Let us all pay tribute to him and his ever-lasting legacy he has left to the Indian economy by remembering his vast contribution to the Indian Industrialisation age.

RIP Mr. Ratan Tata.



Ups and downs in life are very important to keep us going because a straight line even in an ECG means we are not alive.

Ratan N. Tata



# Performances

## Equity Market

Indices	01-10-2024	31-10-2024	High	Low
BSE S&P SENSEX	84,257.17	79,389.06	84,648.40	79,137.98
NIFTY 50	25,788.45	24,205.35	25,907.60	24,073.90

## Mutual Fund

### AUM Data of Mutual Fund for the Month of Oct 2024

(INR. In Lakh Crore)

Particulars	AUM As On 30-09-2024	Fresh Fund Mobilize During Oct- 24	Redemption During Oct-24	AUM As On 31-10-2024
Total AUM of all mutual funds scheme	64.59	12.31	9.91	66.99
AUM of equity oriented (growth) schemes	29.47	0.75	0.33	29.89

Source: Association of Mutual Fund of India (AMFI)

### SIP Contribution

(INR. In Crore)

Month	SIP Contribution	SIP AUM
Oct-2024	25,323	13,30,430

## FII & DII Inflow/Outflow Position

FII's selling in the month of Oct-24 is 1.14 Lakh.

DII's buying in the month of Oct-24 is 1.07 Lakh.

### Inflow/Outflow position in the month of Oct 2024

(INR. In Crore)

FII /DII	Gross Purchase	Gross Sale	Net
FII	2.99 Lakh	4.14 Lakh	(1.14) Lakh
DII	3.40 Lakh	2.33 Lakh	1.07 Lakh

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