



**DIGITIAN
CAPITAL**



FUTURE FOCUS

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Warren Buffett and his investment philosophy (Part 4)

DIGITIAN VIEW!

In my series of **Investment GURU**, I have covered so far **nine Gurus - Benjamin Graham, Peter Lynch, William J O'Neil Philip A Fischer, Thomas Row Price Jr, John Templeton, John Boogle, Joseph Piotroski, and Carl Icahn.** To end the series, I started with the most influential investor of all time - **Warren E Buffett.** (For the **First and Second and third part Read March/ April /May newsletter**)

As I mentioned earlier all investors can learn from the Warren Buffet and fine tune their mistakes. That is the main purpose of my series on Guru Investors. In the part 4, I will mainly touch upon seling and exit points as pointed by Buffet.

• Pricing Power

The main important factor is to understand whether the business has a pricing power. Buffet is very clear *If you've got the power to raise prices without losing business to*

a competitor, you've got a very good business. And if you have to have a prayer session before raising the price by a tenth of a cent, then you've got a terrible business. I've been in both, and I know the difference.

- Buffet cautions you *Our goal is to find an outstanding business at a sensible price, not a mediocre business at a bargain price.*
- *The dumbest reason in the world to buy a stock is because it's going up.*
- Pricing power is the biggest margin of safety.

Selling or exit from an Investment :

- The most complex part of any investment is to determine exit point. In case of Value investing since entire focus is on holding

“..It is a great opportunity to get access to the long term Investors' investment book with a research capsule, buy/hold/sell real time guidance, and get a return of 20%-60% in 6-12 months - this is the unique offer Surrogate Investor brings ”

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2023%	2022%
S & P	4179	4522	8.2%	17.8%	-19.5%
Nasdaq	12935	14245	10.1%	36.1%	-33.1%
FTSE 100	7481	7406	-1.0%	-0.6%	0.4%
Shanghai CompSITE	3204	3220	0.5%	4.2%	-15.1%
NIFTY	18545	19711	6.3%	8.6%	4.5%
Nairobi SE 20	1546	1625	5.1%	-3.0%	-11.7%
Egypt SE 30	17529	17512	-0.1%	19.6%	22.5%
Tanzania All Shares	1821	1835	0.8%	-2.4%	-0.9%
Nigeria SE 30	2021	2273	12.5%	23.4%	7.0%
Morrocco All Shares	11041	11546	4.6%	6.6%	-18.9%
Bangladesh DSE 30	2198	2197	0.0%	0.1%	-13.3%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2023%	2022%
Gold	1973	1958	-0.8%	7.0%	0.05%
Crude Oil	72.78	78.53	7.9%	-8.7%	10.98%
WTI Oil	68.20	74.06	8.6%	-7.6%	6.14%
Copper	3.69	3.84	4.1%	0.3%	-13.35%
Iron Ore	105.07	112.38	7.0%	1.0%	-1.08%
Aluminium	2252	2258	0.3%	-5.1%	-15.03%

the stock as long as you can . Given this mental set-up it will be always hard to determine the right time. Buffet also did not talk much about exit from the stock.

Mr. Market is kind of a drunken psycho. Some days he gets very enthused, some days he gets very depressed. And when he get really enthused you sell to him, and if he gets depressed, you buy from him. There's no moral taint attached to that.

This gives some sense that he is talking selling stocks gradually in the Bull market. *A bull market is like sex. It feels best just before it ends.*

However from the practice of Berkshire Hathaway, we observed that if there is a mistake in picking a stock then sell could be at a time. Otherwise the sell in small quantities with each highs.

As he always maintains, even if you follow everything right since your decision is primarily for a future event you may fail sometimes. Then he suggested *“Should you find yourself in a chronically leaking boat, energy devoted to changing vessels is likely to be more productive than energy devoted to patching leaks”*.

Buffet explicitly mentions two types of Mistakes which needs to be avoided

The first one : **Mistake of Omission.** Buffet acknowledge that he should have made a big investment in Wal-mart but he felt the stock price of wal-mart was bit high at that time. He could have earned \$10 billion in profit. This is a mistake of omission for which he can still pardon himself.

The second one : **Mistake of Commission :** Buffet invested in US Air without fully knowing the business of Avaitaion Industry. He suffered loss and learned the hard way about the airlines business. he is more critical of mistake

of commission. Since mistake of omission still reflects discipline in action while mistake of commission reflects a breakdown of that discipline which is more dangerous even if you lost less for it.

Good Investments are very rare :

According him an investor need to be patient and within his circle of competence, thus may be only 10% of the market is available to him so good investment will be far and few. You need discipline. Overall if you are lucky, you will be able to get 15-20 good investments in your life time. Charlie Munger says that *if you take out the top 15 investments in Berkshire's portfolio, you will get only average portfolio return.* That's why Buffet suggests that *one should carry a mental punch card with 20 blank slots representing only 20 investment decisions in a lifetime and should punch a hole once he gets a good investments.*

This will improve the chances of a successful outcome - eliminating hasty and impulsive decisions. Quality should govern your investment strategy.

Try to avoid the Macro Trend :

Buffet suggests that if your business analyses of the company you invested in is correct and continue to holds good for long term value then you need not to be bothered by macro trend / externalities. In his long investment career he chronicled all externalities **but those have no impact on his strategy of investment and no one could also predict such event. So Do not panic** on macro event or externalities. The recent example is that of Covid 19 where investments strongly bounced back manifold.

However, at the same time you need to be watchful of micro event which

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2022 %	Inflation %	GDP (USD Bn)
USA	25283	48264	1.4%	6.50%	23420
China	17300	7620	5.2%	2.5%	16000
India	3500	3210	6.1%	5.6%	3050
Egypt	423	49	5.5%	15.20%	340
Kenya	118	23	5.1%	6.6%	118
Tanzania	71	7	5.2%	5.3%	62
Morocco	147	11	3.1%	8.30%	122
Nigeria	454	54	3.20%	20.2%	445
Bangladesh	425	68	6.0%	9.10%	400

Forex	Monthly Open	Monthly Close	Monthly Change %	2023%	2022%
EUR USD	1.063	1.123	5.64%	5.1%	-5.57%
GBP USD	1.241	1.308	5.40%	8.5%	-11.00%
USD INR	82.510	82.146	0.44%	0.7%	-9.95%
USD KES	138.650	141.000	-1.67%	-12.6%	-8.24%
USD EG POUND	30.900	30.890	0.03%	-19.8%	-36.58%
USD TZS	2365	2434	-2.83%	-4.4%	-0.95%
USD NAIRA	461.000	777.000	-40.67%	-42.5%	-8.00%
USD TAKA	107.150	108.750	-1.47%	-5.1%	-16.98%



creates the rare opportunity to get into good companies at a good price. In order to do that you need a cash chest as well. This types of opportunities come every 5-7 years,

Try to be an Independent Thinker

This is one of the greatest learning for value Investor. Buffet did not understand and invest in high-tech high flying stocks since he felt that these are at nonsensical price and are detached from long term realty. However, millions of investors followed these companies in mindless imitation.

Benjamin Graham mentions *"You are neither right or wrong because people agree with you. You are right because your facts and reasonings are right"*. Buffet followed his guru advise and always tried to maintain independent thinking habit with his own facts and reasonings. The learning is : **Do not make a decision just because it is popular or mindless contrarian thing to do**

Happy Investing

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for Stocks in USA & India
We told you

Performance during Covid: India



Debashish



Saugata

Name of the Company	Date of Purchase	Entry Price	Actual Gain Published in Dec2021	Actual Gain Published in March 2022	Actual Gain Published in June 2023
NGL Fine Chem	13-Mar-20	302	767%	729%	572%
Tata Elxsi	27-Apr-20	790	646%	646%	883%
RACL Geartech	4-Aug-20	65	897%	897%	2085%
Arman Financial	8-Feb-17	243	327%	327%	826%
Shivalik Bimetal	5-Feb-21	69	443%	697%	933%
Newgen Software	7-Apr-20	116	373%	477%	610%
Trident	1-Oct-20	6.55	648%	740%	419%
Indian Bank	11-Jan-21	87	Not in List	94%	287%

Still **Missed it ?**

Surrogate Investor gains 40%+ p.a



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<https://www.digitiancapital.com/SurrogateInvestor/Login.aspx>

Be a millionaire Start Surrogate Investment ? for Small & Medium Investors

World First digital surrogate investor platform is now ready and for the first 6 months registration is **FREE**

Surrogate Investment refers to getting the benefits of Investment in stock like a professional without the pain of tracking the stock, studying the market trend and the time it takes to do the same. **REAL TIME**

Why it is a success:

- **Skin in the game:** the fund managers picked up these shares and invested in themselves basis proprietary Research
- **Time to market:** They are keeping daily watch on the stock/market behaviour and that of the global trend
- **Regular Profit booking:** They make profit and you make too in the short run

- **Professional Expertise & Performance Track:** Fund managers are super Qualified Professional Experts with their Return CAGR varies between 35%- 48% over last 10 years

What you have to do ?

- Have your trading account for full control of your money
- Act fast when Buy and Sell advice is given and make Huge Profit
- Only pay Back if you made money

Success returns :

Surrogate Investors are making 100%+ to 450% annualised return from each trade

New Service : Surrogate Investment

Digitian Capital (DC) has launched a new service "Surrogate Investment". We have come across many of our readers who may not have USD 100,000 or equivalent to join the club and make their investment fortune. Further, we understand **TRUST & BELIEF** are two big factors confronting the medium value investors. The service is designed to address these issues while creating a family of DIGITIAN investors :

The features of Surrogate Investment (SI) :

1. Invest your own Money through your own custodian account (so no money transfer)
2. Only two markets : India and USA
3. Atleast investable funds of USD 20,000 or AED 10,000 or INR 10,00,000
4. Digitian Capital would give you names of only 1(one) share (on the basis of our model **WINGS to freedom**)
5. You will invest yourself on the basis of that Tips on that share
6. Digitian will advice you to sell the the shares at right point in time.
7. You transfer 20% of the profit you generated out of the sale of shares. (Say you invested USD 20000/- in Apple and you sold it at USD 24000 then you will pay DC, USD

800 (20% of gain of USD 4000)
8. On receipt of USD 800 DC will provide you another name of shares where you will invest again USD 20000 or more.

If you have a loss from a tip it will be adjusted first from subsequent gain, before upside kicks in.

So it is **SIMPLE .. SIMPLE**

Why You should avail this service?

- You do not have time like Professional Fund Managers like us, so you are getting a professional specific advise
- Your money is in your own account. You can sell whenever you want
- Digitian capital is doing all the hard work, Selecting the share, monitoring the performance of the company, attending AGM and Investors Conference, advising you the buy and sell time with entry and exit price.

Fees for the Service :

- a) ZERO UPFRONT Fees
- b) Upside of 20% of the profit **only on realisation** of the profit (So Zero risk)

Process :

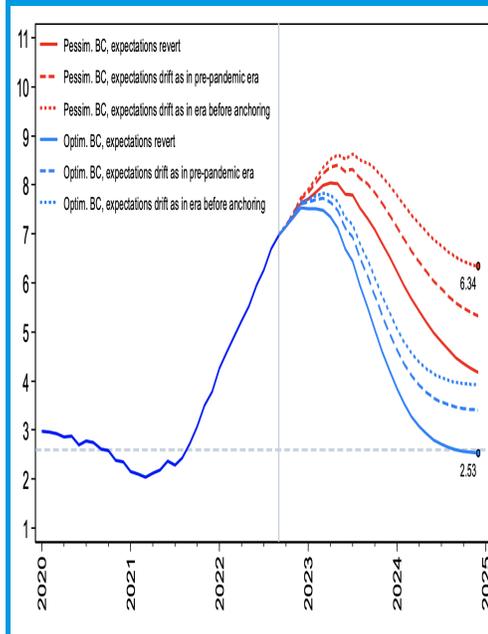
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- 2) Start Your millionaire Journey

BEST CHART OF THE MONTH

Increase in Fed rate since 1988

Time Period	Duration (Months)	Total Change (%)
Mar 1988 - May 1989	14	3.23
Feb 1994 - Feb 1995	12	2.67
Jun 1999 - May 2000	11	1.51
Jun 2004 - Jun 2006	24	3.96
Dec 2015 - Dec 2018	36	2.03

In comparison in 9 months Fed increased 4.5% during 2022 the fastest in the four decades



Fed is looking for an Inflation rate of 2% p.m. Given the current inflation level at 6.5% it seems that pain will be long driven it may not be before first half of 2025 the inflation falls to 2%;



VALUE INVESTING

Debashish Neogi

“ Gambling does not require any skill while Investing for long term requires ability to take an informed decision of the business future of company, patience and long term perspective of the market.. Investment is not gambling”

How to find a Microcap Multi-bagger ? (PART 1)

A full fledged Masterclass on Microcap Multi bagger was aired by SOIC in July 2023. This was a unique opportunity to get the view of Super Investor Debashish Neogi The entire episode is over 3 hours and is available to the paid Subscriber of SOIC. The cost of SOIC subscription is Rs 15000/- (\$200) annually.

Our readers will get a FREE glimpse of his view on this interesting Topic in installments in our Newsletters. (keep Reading)

Arman Financial (10 times multi bagger) (MFI - sub sector Finance)

- MFI is a structural growth story with cycles in between. The cycles keep getting shorter in last decade.
- MFI is not a lending business but a “collection business “. Arman had robust collection system;
- Promoters were humble, humane and down to earth .
- The successor is conservative , works in market , down to earth, have studied and worked in USA, experienced Lehman crisis
- Had consistent ROA and ROE of above 4% and 20% pa

- Cost of operations was very less

The value of business I have seen?

In February 2020, I wrote a tweet when Arman profit was down at Rs 21 crore that in 3 years the PAT will be more than Rs 100 crore and ROE will be more than 30%. So I expected the Share price to be reflective of this value and now in 2023 it gets reflected.

Arman Financials -my personal insight



Compounded Sales Growth		Compounded Profit Growth		Stock Price CAGR		Return on Equity	
10 Years:	38%	10 Years:	40%	10 Years:	56%	10 Years:	21%
5 Years:	40%	5 Years:	67%	5 Years:	45%	5 Years:	23%
3 Years:	26%	3 Years:	31%	3 Years:	68%	3 Years:	20%
TTM:	80%	TTM:	196%	1 Year:	82%	Last Year:	32%

Like Ramdeo Agarwal says Courage to buy and patience to hold make volatility your friend

Volatility in Armaan Financials	Price (Rs)	Fall
Feb-17	238	
Feb-20	1,098	
Apr-20	320	-71%
Dec-20	750	
May-21	525	-30%
Oct-21	1,015	
Feb-22	730	-28%
Apr-22	1,218	
May-22	990	-24%
Nov-22	1,575	
Mar-23	1,240	-21%

RACL Geartech = 20 Times Multi Bagger (Auto components)

- Because the earlier promoters were not focused the company went into BIFR in 2001, that time they had only 13 crore turnover but debt of 55 crore;
- Then the employees headed by the Plant head who is a engineer (and holds a post

graduate degree in export mgt) Gursharan Singh(CMD) took over the company. He being a technical guy carved out a clear and focused strategy;

- Strategy—mainly focus on Niche export market where there is reasonable volume, where pricing is not an issue but what matters -quality , technology and timely delivery

Continued Page 6

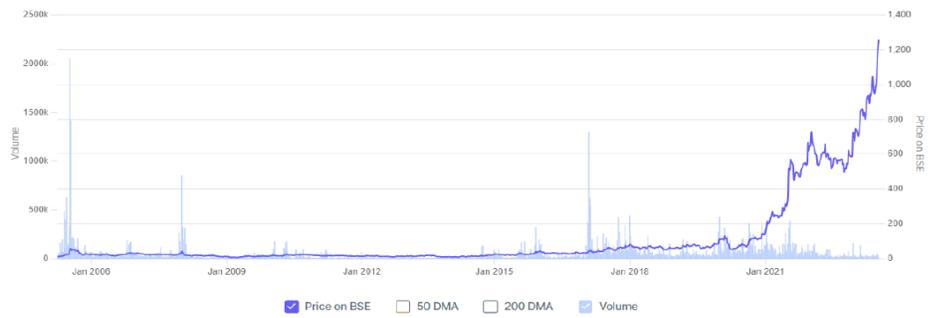
- Their first client was a Japanese company Kubota which speaks of about quality of RACL itself . After that there was no looking back . At regular interval over years , they got good clients of international repute . Today their main clientele includes premium global companies

The value of business I have seen?

In June 2020 I have tweeted the value I have seen in RACL

1. Important reputable clientele
2. Contributes to major component part which may not be costly to the principal company but they need it;
3. Good Pricing Power - even on such low revenue volume of Rs 200 crores with superb Operating Margin and hence the operating leverage will be at play once they achieve a revenue of RS 500 crore in 2025
4. Seasoned promoter with Industry experience
5. They have a niche place in two wheeler (luxury) and tractor with some stickiness to clients.

RACL Clientele Logo :



Compounded Sales Growth		Compounded Profit Growth		Stock Price CAGR		Return on Equity	
10 Years:	14%	10 Years:	37%	10 Years:	53%	10 Years:	19%
5 Years:	21%	5 Years:	37%	5 Years:	80%	5 Years:	23%
3 Years:	19%	3 Years:	27%	3 Years:	148%	3 Years:	24%
TTM:	32%	TTM:	52%	1 Year:	110%	Last Year:	25%

TATA ELXSI - 10 times Multi bagger (IT Industry)

One of the biggest concerns for investors 5–10 years ago, was Tata Elxsi’s dependency on Jaguar Land Rover. The company had been working with them since 2000 and the ties only grew stronger after Tata acquired JLR. At one point, the car maker alone contributed 25% to the company’s top line. It’s contribution started waning. Tata was able to offset the negative impact by driving sales across other channels. But even today, JLR (is turning around)alone contributes 16% to the company’s revenues.

Marquee clients with long associations(Top account >20 years in automotive ,Media and Broadcast top account >12 years). Besides Strong partnerships such as Google ,Microsoft , Apple, Intel, etc

Strong execution framework: Lowest cost of delivery , highest offshore, and lowest attrition(6%) translate into superior margin & efficiencies. To me Innovation is culture driven which is a factor of openness & transparency , experiment ,engagement ,continuity etc—possibly the best company in India on culture !

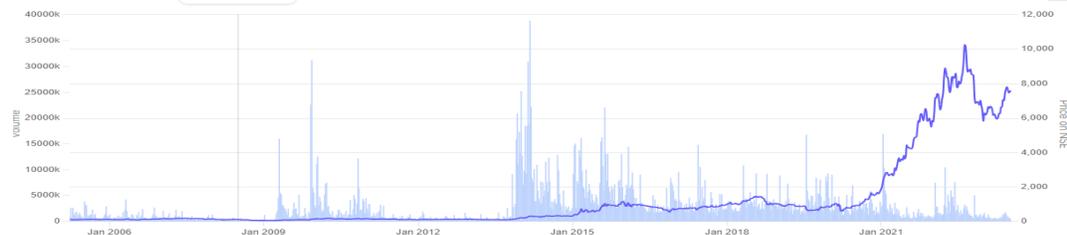
IT industry generates lot of free cash flow .On an average IT companies have around 27% of Total asset in cash(Tata elxsi is at 51%) @ 65%(required for acquisition in Healthcare space

The value of business I have seen?

In July 2020 I wrote a note on the value I have seen in Tata Elxsi;

- Domain capabilities in automotive (ADAS), media & broadcast (OTT) supplemented by design practice

Macro Tailwind-large and growing global R&D pool across automotive (USD 160bn Automotive R&D, USD 35bn automotive software development), broadcast & communication, and medical devices (USD 48bn R&D spend)e value I have seen in Tata Elxsi;



Compounded Sales Growth		Compounded Profit Growth		Stock Price CAGR		Return on Equity	
10 Years:	18%	10 Years:	38%	10 Years:	55%	10 Years:	36%
5 Years:	18%	5 Years:	26%	5 Years:	41%	5 Years:	35%
3 Years:	25%	3 Years:	43%	3 Years:	102%	3 Years:	37%
TTM:	27%	TTM:	38%	1 Year:	-6%	Last Year:	41%

Be a millionaire Start **SURROGATE INVESTMENT Platinum** ?

After the success of Surrogate Investor for small and medium value investors We have introduced **SURROGATE INVESTMENT Platinum**

Surrogate Investment **Platinum** is for High Value Clients who does not have time to monitor their Investment and they are only interested in the return in their portfolio.

Why it is a success:

- **Skin in the game:** the fund managers picked up these shares and invested in themselves basis proprietary Research
- **Time to market :** They are keeping daily watch on the stock/market behaviour and that of the global trend
- **Regular Profit booking :** They make profit and you make too in the medium to long term
- **Professional Expertise & Performance Track:** Fund managers are super Qualified Professional Experts with their Return CAGR varies between 35%- 48% over last 15 years

Why it is a better structure than market Portfolio Management?

- **Full Control over your dedicated Investment Account in your own name with a 3rd Party Large Banking Brokerage :** Open an account yourself with the a large Brokerage. Our Team will buy and sell in your account depending upon shares selected by our Super Investors
- **Tax Advantage:** Since it is in your own account, you can take advantage of Long term and short gain without paying double taxation
- **Full control of your Investment Fund:** you control the bank account linked to the trading account so there is ZERO RISK and no TRUST DEFICIT.
- **ZERO FEES or UPFRONT PAYMENT :** only transfer to Digitian Capital after you earned an upside (only on realisation) All control is in your hand
- **A separate Digital Account with Digitian Capital :** This will track trading results for easy reference.

What is the structure of **SURROGATE INVESTMENT Platinum** ?

- **Minimum Investment Requirement :** USD 500,000 or INR 3 crores
- Markets : INDIA & USA
- **Open a dedicated Brokerage Account with any Large banking Brokerage**
- **Minimum Investment : 12 months for each stock**
- **Allow Digitian Capital processors to Buy and sell shares in your account**
- **Quarterly Review of Investment performance and upside payment to Digitian Capital**



DIGITIANS are those who born in or after the year 2000 and will be a dominant force through 2075. They are completely different in usage of their left brain and motor nerves. They are different from the Millennials in behaviour, thinking and action.

The world is changing superfast – media, communications, banking, currencies, education, retail channels, health & medicines, travel and tourism, consulting, manufacturing, agriculture, – every sectors facing disruptive innovations; Nano technology, internet of things, artificial intelligence and robotics will be overwhelmingly embedded. In this age, model disruption, extinction, miniaturisation, real time delivery, speed and virtualisation are neo normals.

We make you ready for them

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Presently DIGITIAN is raising money from Equity Investor in various classes (A, B and C) depending upon investment amount. This is a Unique opportunity to select a Zero Tax destination to Invest money especially for Diasporas. If you need to know about Investment opportunities, Please write to us for more details at info@mydigitian.com

- ⌘ Unique Access to Frontier & Emerging Markets
- ⌘ Value Stock Pick
- ⌘ Online Investment Platform
- ⌘ Cheaper Cost
- ⌘ Multi-bagger return
- ⌘ Open & Transparent Upside Sharing

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