

Best Value Oriented Investment Management Firm - India

Redart Capital

Fact File



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Redart is a fundamental value oriented investment management firm that looks to bring together the various aspects of Fundamental, Technical and market information analysis to generate long and short investment ideas. Anuj Didwania, Fund Manager, told us how the firm is excelling in the tricky Indian market.

At Redart, we are a very focused firm in as much as we stick to what we feel we have a competence in. Value investing requires the patience to wait for the right opportunity, and the stomach to swing big when it presents itself. In India alternatives are relatively new and so we feel like we are among the pioneers in this space at the current time. The laws and tax implications are still evolving around alternatives so one has to be careful of how one grows and expands.

We feel there are two things that investors need to consider above all else: 1) How long has the fund manager/firm managed risk in the respective market i.e. years of experience? And 2) What percentage of his assets are in the fund – i.e. does he eat his own cooking? If the firm/manager clears these two hurdles – then obviously comes the returns and the risk of the fund and its performance. We have been investing in India by taking risk positions for 14 years now – that is more than two complete business cycles. 90% of the fund manager's liquid net worth is in the fund.

We have contained risk (i.e. negative drawdowns) to a minimum and delivered returns well in excess of the benchmark Indices. The ability to sit out bad markets and participate in good ones – is not an easy task in volatile emerging markets like India. We feel we have demonstrated this ability well and this is what differentiates us.

A growing market

Hedge funds are only about two years old in India - i.e. funds that are domiciled in India. Hedge funds domiciled overseas that focus on India have been around for over 10 years – but India based funds are relatively new. This is a slowly growing space as Indian institutions do not yet invest in hedge funds. The only investors are HNIs. This limits the growth potential. Also there is tax ambiguity on some aspects – which if clarified – would greatly add confidence to HNIs to invest more into this space. The biggest challenge is gaining investor confidence over time. In the last cycle – most investors got burned badly and now no one wants to take any risk on a new strategy/product. I guess over time when funds deliver (hopefully!) returns to investors – hedge funds will really become an asset class of some size.

In India, the regulators and the Government want to open the financial markets slowly – which is understandable. Looking at the experience of open markets like the US over 2007-08 – it's hard to argue against being cautious. Greed is good – but not always. So for the time being, growing a hedge fund in India will be a slow and laborious process. We look forward to this – as we see ourselves investing for the next 50 years in India – and are happy to grow slowly with the market. ■

Best for Due Diligence - UK

TenIntelligence

Fact File



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TenIntelligence is a specialist provider of corporate due diligence, fraud and brand protection investigation services with offices in London and Dubai. We spoke to their founder and CEO, Neil Miller, about the expertise and services TenIntelligence offer specifically in the financial services industry.

Having spent a very successful fifteen years in the investigative due diligence industry, TenIntelligence was my brainchild with the overarching aim to provide a new standard of due diligence to clients.

We work hard to provide our clients with a new standard of due diligence and to be their specialist provider of choice.

In regards to due diligence, we furnish private clients and corporate investors with relevant background intelligence to enable them to make sound investment decisions, whilst knowing their compliance and regulatory fears are protected. We examine background, character, experience, financial history and reputation of individual hedge fund managers, private equity entities, asset management firms and the securities they are investing in. We identify the hidden risks by reporting on adverse elements before a prospective deal, engagement or transaction is completed, helping clients to avoid potentially costly mistakes. We also offer our clients corporate fraud investigations, digital forensics, surveillance and brand protection services.

Our analysis of new territories, emerging markets, beneficial owners, counterparty risks, Enhanced Due Diligence and ongoing monitoring also contributes to our clients receiving a new standard of due diligence.

What separates us from our competitors is that we have operatives on the ground, collecting information and delivering insight to clients first hand. With our offices and operatives in Dubai, UAE, we also have a leading edge in

providing information from the Gulf Region. Not many of our competitors are able to compete with this outstanding information reach and insight.

Having such a wealth of experience is very beneficial for the challenges the financial industry face in the UK. The regulatory landscape is complex. Not only is the financial industry still adapting to the aftermath of the financial crisis, but it has also had to contend with a new regulatory regime brought about by the Financial Services Act 2012.

There is an increased focus on risk management with substantial responsibility and accountability placed on senior management. However, we think these regulatory changes and requirements are embraced more and more in recognition of it being vital to the reputation of the industry. We suspect compliance and enforcement will increase in the foreseeable future.

Business is about taking risks, but by mitigating risk will determine which businesses become successful and those that do not. Regulation is necessary, as it will help safeguard the industry's reputation and protect companies from adverse risk and regulatory breaches.

We manage a variety of different due diligence projects simultaneously on a regular basis. Reacting to clients' needs and their timelines is one of the key strengths of TenIntelligence. These projects usually run in different parts of the world, with language and cultural barriers that our clients may not be aware of. Providing consistent advice and information on a timely basis is what makes TenIntelligence distinctive. ■