



ARPIT SHAH
Co-Founder & Director
CARE PMS

FUTURE-PROOFING YOUR WEALTH: **Global Disruptions, Local Opportunities**

The ongoing Middle East tensions highlight a simple reality - India cannot control global shocks, but it can control its preparedness.

We've seen this before. Oil spikes lead to the same outcomes- **inflation rises, the rupee weakens, and macros come under pressure, margins contract.** The difference this time is frequency. These shocks are no longer rare; we have seen this movie before.

Even at \$80-85 crude, the hit is sharp :

+50 bps inflation, WPI ~5%, CAD ~1.6%, growth narrowing to ~6.3%, and a ₹1.6 lakh crore fiscal hit. Yields harden. Rupee feels the heat.

The real shift? Markets adjust. Businesses adjust. The bigger takeaway is that India's growth path remains intact - but the quality of that growth will now depend on **how well we reduce external dependencies.**

POLICY SHIFT: SELF-RELIANCE MOVES TO THE CENTRE

Expect the government to sharpen its focus on **self-reliance, with double force.**

We are likely to see:

- More **push** on **domestic energy production** and faster build-up of **strategic reserves**
- Stronger **incentives** for **renewables** and **alternative energy**
- Continued thrust on **manufacturing and import substitutions** in **staple categories**
- Focus on **critical minerals, mining,** and **supply chain security**

The market may or may not move uniformly. Stock and Sector selection will matter more than ever. Where to Look Next?

DEFENCE: OPPORTUNITY, BUT REQUIRES A NEW LENS



Defence as a sector will remain in focus. But investors need to be careful about what they are buying. Modern warfare is changing. The **Russia-Ukraine, Op Sindoer, Iran-Israel-USA, conflicts** have already shown that wars today are increasingly driven by **Drones and Anti-Drone setups, Surveillance systems, Electronic warfare, and Software-led capabilities**, rather than just traditional platforms using heavy machineries.

The opportunity is real but it will reward those who look beyond legacy businesses.

RENEWABLES: FROM OPTIONAL TO INEVITABLE



Renewables are no longer just an ESG theme - they are now a strategic necessity.

For a country heavily dependent on imported oil and gas, accelerating **solar, wind, and emerging areas like green hydrogen** is the most logical path forward. Policy support here is likely to grow more and remain strong and consistent.

Opportunity seems promising but in this sector, identifying **efficient operators, strong balance sheets, and scalable models** will be the key and not just capacity & order-book announcements.

BANKING: NAVIGATING A TIGHTER CYCLE



In the near term, **higher yields and tighter liquidity** can increase cost of funds, but reward them later through better lending spreads provided they have the balance sheet to navigate the transition.

ENERGY: THE CORE VULNERABILITY INDIA CAN'T IGNORE



Energy remains India's biggest macro risk. Every global disruption reminds us how dependent we still are on imports.

The government response this time is unlikely to be temporary. Expect a more serious push towards **domestic exploration, strategic reserves, and diversification of energy sources**. Policy will increasingly favour players who reduce dependence on volatile global supply. It extends to **critical minerals, power inputs, and the broader resource ecosystem**.

For investors, the opportunity is not just in upstream plays, but across the broader ecosystem—**storage, logistics, and companies enabling energy security**.

FERTILIZERS: POLICY-BACKED STABILITY



This is where we, Care PMS see an opportunity. Over the last few months, we have been **selectively accumulating quality names in the fertilizer space, presently having 15% exposure**, focusing on businesses with strong efficiency and reducing their import dependency through a backward integration. India remains structurally dependent on imports **~25-30% of Urea and a significant share of complex Raw material** are sourced globally. Gulf countries export about 45% of global exports of complex raw material for fertilizers. The current disruption is not a demand issue, but a **cost and logistics shock**.

India cannot risk food inflation or shortage

So govt:

- Increases **subsidy**
- Ensures **plants keep running**
- Prioritizes **domestic producers**

Risk gets transferred from company -> government

- Domestic plants run at **higher utilization**
- Efficient players operate **better than subsidy assumptions.**
- Cash flows improve as policy becomes more proactive

NOTE FOR INVESTORS: TIME TO EVOLVE THE PLAYBOOK

Since 2020, one thing is clear, **macros are no longer stable.** Global shocks, policy shifts, and geopolitical events are now frequent, not exceptions.

In such an environment, the old approach of “buy and forget” needs an upgrade. **It’s now about “buy right and stay active.”**

Geography is now a double-edged sword.

What accelerates growth in one phase can amplify risk in another.

Take **L&T** as one lens. It has 7L+ cr of order book and ~37% of it is tied to the Middle East. If tensions ease, this very exposure can turn into a sharp upside trigger. But if volatility persists, it becomes a pressure point

Which is why this is no longer a market for static thinking.

Returns will increasingly come from being active and dynamic - not from simply holding on.

WHERE TO FOCUS

The direction of capital is also becoming clearer.

- **Follow Government policies but don’t ignore Valuations**
- **Back Domestic Strength**

Businesses driven by **India’s own consumption and internal growth** are better placed than those heavily dependent on global cycles.

In a world that is changing faster, investing cannot remain static. The edge will not come from reacting to every event, but from positioning in the right direction and staying agile along the way.