

Analyse India – The Weekend MBA – Wizards of Dalal Street



In this show, Dalal street veteran, Ramesh Damani, interviews legendary investors from across India, with varied backgrounds and styles of investing – all of whom have had big success in the stock market, having seen multiple cycles.

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Interview with Mr. Sunil Singhania

- “If you have to create significant alpha in a growing economy like India, it has to be through mid and small caps.”
- “In one of the presentations we found out that the market cap of cigarette companies globally was significantly lower than market cap of spirit companies, in each of the markets. In India, the largest cigarette company is valued at a market cap of \$ 40 billion and the largest alcohol company is valued at a market cap of \$ 1.5 billion, for obvious problems. Our thought was that if the problem got sorted, we would double our money, but if it would not, we would quadruple our money.”



SUNIL SINGHANIA

Part 1 - <https://www.youtube.com/watch?v=KTki4W1JJR0>

Part 2 - <https://www.youtube.com/watch?v=vqGvtqFnKAo>

Part 3 - https://www.youtube.com/watch?v=5_bkpYK9b-U

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Interview with Mr. Kalparaj Dharamshi

- “The 3 ways of learning are reading, observing and committing mistakes yourself.”
- “Efforts of management differentiate between a 3-bagger and a 10-bagger. The difference between a Mastek, and say Infosys. Both started at the same time, both were in the same business and both were pioneers. See the difference in the market cap of both (respective market caps are – Mastek: 5000 crore and Infosys: 600,000 crore). It’s finally people who will make you money.”
- “If there is a crisis, it is an opportunity to buy”
- “Temperament, discipline and curiosity are more important than intellect.”



Kalparaj Dharamshi

Part 1 - <https://www.youtube.com/watch?v=ohmaSOZkv7M>

Part 2 - <https://www.youtube.com/watch?v=82-fu5kjoso>

Part 3 - <https://www.youtube.com/watch?v=Ub4Udy8Ejnl>

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Interview with Mr. Kenneth Andrade

- “Eliminate noise because the market will push you to do a lot of irrational things.”
- “Investment philosophy: Be early in the investment cycle. Look the other way if you don’t understand what it is (referring to stocks). It’s okay to ignore stocks. You have to identify where your skill sets are. My skill sets are not macros. My skill sets are buying a good company, watch it grow, participate with it over multiple cycles.”
- “We look for businesses that will continue to gain market share on the way down.”
- “The decorative paint segment is one industry where it is shown how monopoly can be created virtually out of cash flows. One company in the industry accounts for 70-80% of all cash flows in the business.”



Kenneth Andrade

Part 1 - <https://www.youtube.com/watch?v=decOUyNUYN4>

Part 2 - <https://www.youtube.com/watch?v=FoWhJJ2mfHs>

Part 3 - <https://www.youtube.com/watch?v=Y8gMUUnl1H4>

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Interview with Mr. Utpal Sheth

- “Adversity taught me things which I think I would not have learnt if I had done a MBA at Harvard.”
- “Wealth creation is a function of value creation. We investors don’t give enough credit to the company teams that create this much value.”
- “After joining RARE (Enterprises), when I first went to Titan, I realized that Titan was deploying its best talent in the watch business, which had great margins and not in its Jewellery business, which had significantly lesser margins. However, during my calculations, I realised that the ROCE on the Jewellery business was significantly higher than the watch business. More importantly, the scalability of the Jewellery business was far greater. To me, ROCE and scalability are two big mantras for long-term value creation for the company and wealth creation for the investor.”
- “I see structural change and leadership attributes. Whenever I see a confluence of these two, I feel the greatest opportunities are created.”



Utpal Sheth

Part 1 - <https://www.youtube.com/watch?v=HVskVd5ury0>

Part 2 - https://www.youtube.com/watch?v=HvdqajSXv_0

Part 3 - <https://www.youtube.com/watch?v=HTK4EIKcypQ>

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Interview with Mr. Govindh Parikh

- “Anybody will trust two companies in India more than Government of India. One is Sundaram Finance and one is HDFC. So, these two companies’ people will just blindly buy. Accounting has been so conservative; you can’t go wrong. Even if you buy at a wrong price, you are not going to lose money.”
- “You should have discipline to keep cash and a lot of patience. If you hold the shares and it comes down, don’t panic.”



Govind Parikh

Part 1 - <https://www.youtube.com/watch?v=T8JTPOhwhY4>

Part 2 - <https://www.youtube.com/watch?v=LCsrTs8QirA>

Part 3 - https://www.youtube.com/watch?v=DgKog_PbiOY

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Interview with Mr. Durgesh Shah

- “The laws of the market you will understand very easily if you understand the laws of nature. To start with, Rag (attachment) and Dvesh (hatred) is the commonality in nature. You conquer that and half the battle is won.”
- “Very few people believe that Radhakishan Damani and Rakesh Jhunjhunwala have a very small subset of common stocks; or Nemish (Shah) and Vallabh (Bhansali) have a very small subset of stocks. The faith and respect are much beyond ideas. Every one has their own ideas. Everyone is using the other guy is a bouncing board for finding loopholes for whatever they’re thinking. But, they’re quite clear and humble to accept that just because I like a certain stock doesn’t mean that you should be buying it.”



Durgesh Shah

Part 1 - <https://www.youtube.com/watch?v=006cjq895IE>

Part 2 - <https://www.youtube.com/watch?v=t-wfE7F8XTo>

Part 3 - <https://www.youtube.com/watch?v=E6Gw5-ILs4M>

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Interview with Mr. Rahul Rathi

- “Learnings have come from the mistakes I have made and one of the mistakes I want to share is J&K bank, where the data and the outcome didn’t match. Jammu & Kashmir bank has a clear monopoly to be able to recover money whenever they wanted. But as soon as they started lending in Bombay and Bangalore, the recovery mechanism in Jammu & Kashmir didn’t work and the NPA’s were much higher than expected. What we want to see is that current execution and their history – are they in sync or if they’re different, we need to re-evaluate.”



Rahul Rathi

Link : <https://www.youtube.com/watch?v=4-KOeUOQREo>

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Interview with Mr. Manish Sonthalia

- “What matters the most is the free cash flows of companies, not the profit and loss account. That is the determinant of the free cash flows. If you’re able to gauge the cash flow a business is able to earn over the next 5-10-15 years, it’s nothing but the present value of the future cash flows.”
- Investment philosophy: “The term is called QGLP. QGL is the value piece and P is the price. The difference between value and price is margin of safety. The value component is broken down into QGL. Q is the quality, as measured through quality of business and quality of management, G is for the growth part – we want to buy and L stands for longevity of growth. Longevity of growth is understanding the MOAT or competitive advantage of businesses are structural or cyclical.”



Manish Sonthalia

Link : <https://www.youtube.com/watch?v=FoYiPUblclg>

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Interview with Mr. Charandeep Singh and Mr. Varun Daga

- “Some of the most important thing about CAN SLIM was that it takes away the bias. You’re looking at stocks which are making new highs and you’re looking at stocks which are delivering great numbers. So, you don’t miss anything which goes up in price and delivers great numbers. I think that’s the most important part about CAN SLIM.”
- “We realised that promoters which don’t meet are one of the best promoters and the best companies to back.”



Charandeep Singh and Varun Daga

Link : <https://www.youtube.com/watch?v=DVHalfOrzbg>

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Interview with Mr. Rajeev Thakkar

- “We own Zydus Wellness, for example. These guys are into selling products which are substitutes. So Sugar Free is a substitute for sugar and Nutralite is a substitute for butter. So, anyone who gets diagnosed with a sugar condition or a cholesterol problem becomes a customer, more likely than not and then stays on as a customer for life. It’s a sticky kind of business and they have huge market share. It looks interesting, given that a lot of people have these conditions but are not diagnosed. So, as and when people start figuring out that they have health issues, you could see the customer base growing.”



Rajeev Thakkar

Link : <https://www.youtube.com/watch?v=0ZfQbDStgAI>

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Interview with Mr. Amit Goela

- “Professionally, I realised how leverage can kill clients, how leverage can completely change lives, how difficult it is to manage leverage. On the other hand, for those who can manage leverage, life can be very different also, you can make unlimited amount of money.”
- “On how he called the top of the market during the Global financial crisis: The CEO of Citi banks says “you can’t stop dancing till the music is on.” What more is there regarding froth (in the markets).”



Amit Goela

Link : <https://www.youtube.com/watch?v=jL22aa93IBc>

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Interview with Mr. Narender Nagpal

- “The specialty chemicals outsourcing industry is today where the Pharma industry was 15-20 years ago. Strong skillset and large manufacturing base. The customer set in the US or Europe, they don’t want to manufacture chemicals anymore in their home place. They’re outsourcing to the east. The natural location is China, but China is scaling back on chemical manufacturing because of environmental reasons. This opens up the space for India. When a customer comes to India, for a certain set of molecules, the company that we like is SRF. It stands out in its expertise in certain molecules. They have a long history of chemical engineering. What they’re doing smartly now is, they’re taking cash from the existing business (which are cash cows but aren’t growing) and redeployed that cash into high-technology business – moving up the value chain.”



Narender Nagpal

Link : <https://www.youtube.com/watch?v=IBXLcX6CSgQ>

Thank You for Watching

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