



# HOW TO SPEED UP LEARNING

## -Resources and tools

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# Introduction

Materials Scientist at a Swedish metals company  
Investing Experience- 4 years

Interest in Investing started from my father  
Started casual reading in 2010 and entered markets in 2012.

Mentors- VP seniors

# INVESTING STYLE

- Core PF of 8 stocks. Max allocation 20%.
- Satellite PF of 4-5 stocks- Small caps/Turnarounds/Techno-funda
- Excited by disproportionate future, management with delayed gratification attitude
- Risk averse- Exit on first signs of trouble Kaveri. No contra bets
- Major winners- Avanti, Page, Ajanta, Kaveri, Poly Medicure, Repco, Gruh, PI, Shilpa, Alembic...mostly by cloning.
- Big losers- Hawkins

# LEARNINGS..

- Avoid mistakes – Cyclical, high debt cos etc
- Allocation is as important as stock selection
- Distinguish between luck and skill
- Independent thinking- *“Do own research otherwise you won't know when to hold and when to fold”*
- Pay for quality
- Average up. Don't look at purchase price
- Maintain a decision log with reasons to buy/sell

# LEARNINGS..

- “*Amateurs book profits, Professionals cut losses*”. Don’t sell on slight overvaluation. Great managements find avenues to keep growing....Sold Ajanta at 1400-1500
- Du Pont analysis – Asset turns and margins both are important
- Don’t look at ticker too many times. Don’t chase hot stocks. Focus on the playing field, not on scorecard.
- Learn to recognize bubbles, tops/bottoms
- Infrequent bets – Punch card with 20 holes. Cash is a position

# RESOURCES....

*Assuming very basic understanding about financial ratios and financial statements*

# BOOKS

*“It is way better to read and reread fewer books but good and timeless ones and then think. Unfortunately many people absorb too many new books and information without thinking.” - Peter Bevin*

- The Five Rules For Successful Stock Investing- Pat Dorsey
- Common stocks uncommon profits- Phillip Fisher
- One up on wall street- Peter Lynch
- Valuation- Copeland
- The Thoughtful Investor- Basant Maheshwari



BUT...

STOP READING BOOKS...

for a while

# HOW TO BE A BETTER INVESTOR?

*Know your position better than most*

Ian Cassel

# INVESTING IS SIMPLE BUT NOT EASY

- Munger and Buffet have already laid out what there is to investing.
- Why we cant practice things-
  - **Lack of focus**
  - Thrill of new ideas, Action
- Take a simple idea and take it seriously-Researching few ideas per year is enough. Understand business model deeply. RoE/RoCE are outcomes of a business models

# READING

I have realized that following are more important than books

- RHPs
- Annual reports- at least 5 years
- Concalls
- Industry specific magazines/books
- Read about many companies of the sector- For ex researching about Syngene involved reading about Divis, Suven, Dishman, PI Industries, Wuxi Apptech.
- I read brokerage reports to gauge consensus

# BLOGS

- Sanjay Bakshi <https://fundooprofessor.wordpress.com/>
- Farnam Street [www.farnamstreetblog.com](http://www.farnamstreetblog.com)
- Ian Cassel <https://microcapclub.com>
- Jana Vembunarayanan <https://janav.wordpress.com>
- Anil Kumar Tulsiram [contrarianvalueedge.wordpress.com](https://contrarianvalueedge.wordpress.com)

# TOOLS

- Evernote
  - Build a database of Industry info and detailed stock research
  - Paid version allows pdf annotation
- Pocket – Save articles to read later
- Magzter – Great collection of magazines
- Twitter, youtube (Google talks)
- Kindle combined with highlights
- Screener
- Google alerts

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Market Cap.: ₹ 2,222.35 Cr.

Stock P/E: 19.81

Listed on [BSE](#) and [NSE](#)

Return on capital employed: 17.46%

Return on equity: 14.17%

Price to Cash Flow: 24.11

EVEBITDA: 12.49

Working Capital Days: 104.42

Current Price: ₹ 174.60

Dividend Yield: 1.15%

[Company Website](#)

Return on assets 5years: 20.46%

Dividend Payout Ratio: 26.81%

Price to book value: 3.39

Market Cap to Sales: 4.18

Gross block: ₹ 443.72 Cr.

Book Value: ₹ 51.56

Face Value: ₹ 1.00

52 Week High/Low: ₹ 282.00 / ₹ 144.30

Debt to equity: 0.13


Debt: ₹ 84.14 Cr.

Return on equity preceding year: 26.38%

Return on invested capital: 18.99%

Quick Ratio Lookup:

Enter a ratio name

 [+ Manage quick ratio](#)

# ORGANIZING DATA

1	Business	Horizon	Investment thesis	Conviction	Valuation	at Price	CMP	Allocation	Risks	Monitorables	Developments in FY17
2		2025	CRAMS in agrochem space. Good relation with innovator companies where PI is sole or one of 2 suppliers. Entry to pharma is added upside.						Currency	Order book, new molecule launches	
3		2025	Contract manufacturing of innovator drugs can give exponential growth. New client additions will slowly and steadily add to pipeline.						Contract terminations, USFDA, Currency, delay in Mangaluru	Number of clients, molecules in advanced stages	Amgen dedicated center, Acquired Strand technology
4		2020	Growing base medicines+Upsides from Auctus, Omnicem,						Debt, USFDA, currency, delay in auctus Omnicem commercialization	ANDA/Launch of Auctus molecules. Capacity expansions	
5		2025	Huge pipeline in oncology, large capex completed. Planning 10 years ahead.							DMFs, ANDA? EIR for formulations plant.	
6		2020	Huge ramp up in R&D to give disproportionate results from FY19. Good pipeline with many Para4 molecules and good DMFs. Entering oncology space. Improving margins						USFDA, Currency	ANDA, DMF filing rate. Onco, injectibles commissioning	ANDA approvals= , EIR from USFDA
7		2020	Housing finance company with low ticket size which lends to non salaried and hence lower competition. Theme should pick pace due to govt scheme Housing for all by 2022						Competition is intensifying. If there is stress in sector it will be difficult because of monoline		
8		2017	Stable cash generating business. Ad revenues will go up as economy picks up. Radio is fast growing business. Demerger possibility						Competitors gaining ad share by offering low rates	UP election ad growth, Radio demerger, buyback	Demerger approved
9		2018	Industry leader in shrimp feed. Increasing shrimp cultivation in India and good global demand. JV with Thai Union for shrimp processing						Diseases		
10			Diversified multi-line fin company which will do well as economy picks up. Conservative approach to scale								CDPQ investment of

Google spreadsheets – live prices

Add columns for current PE/PB, fair PE



# SUCCESS PATTERNS

- Creating a new market- Apple/CCD
- Oligopolies- Exide/ARBL
- Technical/IP intensive businesses- CRAMS, Pharma
- Moving up the value chain eg. API to formulations
- Move towards B2C
- New generation of promoters- Alembic
- Turnarounds- Indo Count
- Brands, Pricing power
- Shift from unorganized to organized market- Symphony
- Spin offs

# TIPS!

- Enjoy the process. Analyse businesses for fun
- Filter signal to noise eg patents in Suven
- Connect the dots
- Identifying Perception gaps
- Don't act on tips

- **It is hard work...inch by inch, day by day**

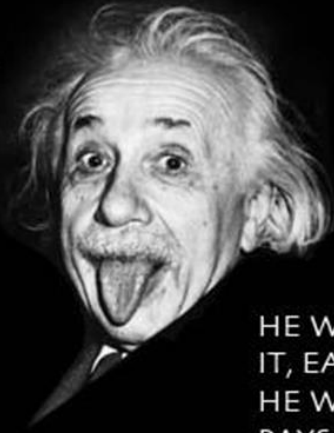
“Many people cannot find success because they lack the patience to go through the process to become who they want to be.” Pastor T.D. Jakes

- Be humble-

“Market loves to destroy egos because only through humility can it prepare your mind to accept truth. Just like military training, the market needs to tear you down and destroy all your selfish beliefs and tendencies before it can build you back up.” Ian Cassel

- Find your own path

"COMPOUND INTEREST  
IS THE 8TH WONDER  
OF THE WORLD. . .



HE WHO UNDERSTANDS  
IT, EARNS IT . . .  
HE WHO DOESN'T . . .  
PAYS IT"--ALBERT EINSTEIN

## Further reading

- Business model generator
- Excellent threads on VP
- Peter Bevelin books

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