**Incremental Learnings ( Ankit )**

* The role of profitability margins ( PBILDT/Gross Margins ) & Operating efficiency
* Recently completed capex but low utilization of that capacity
* Scale & Size matters ( Scalability )
* Beware of companies that are too optimistic at the top of their cycle
* Cheap + business in transition + industry tailwinds are potential multibaggers

**Incremental Learnins ( Anant Jain )**

* Minimize variables
* Long term tailwind
* Sustainable base earnings
* Ability to reinvest large capital for a long time at high incremental ROC
* Avoid sectors with rapid change
* Avoid leverage
* Avoid new businesses ( even if they are cheap ) unless there is clarity on quality, growth reinvestment ability & capital allocation
* Returns = f ( PE , Growth )
* PE = f ( Growth, Balance sheet , Liquidity )
* Majority return is due to re-retating and not due to growth
* Aim for 15% return + optionalities

**Incremental learnings ( Ayush Mittal )**

* No one knows what is a good company ( it’s a mystery )
* A good company has high margins
* a sustainable business model
* It has something unique
* From the qualitative POV - it will be a leader in numbers, have some unique proposition, few competitors and a fantastic customer base
* From the quantitative POV – efficient balance sheet, throwing out good cash flow, reducing debt that gets converted to market cap, phenomenal margins
* All great businesses are unique in nature
* When Avanti feeds OPM went down I stayed put. Give time if you feel that the business has not changed & the balance sheet quality has improved
* I am most comfortable with efficient balance sheets
* Both Premco & Daichi have done capex that will double business – if capex is a greenfield expansion there be prepared for consolidation in the business numbers

**Manoj Dua ( Investment style )**

* Prefer investing in sectors that are facing headwinds or some dilemmas
* 3 things are important ( ROC>COC, is it sustainable & how much risk are you taking )
* One should always have a different perception
* Oligopolies are great businesses to invest in
* No balance sheet stress
* Skin in the game ( promoter holding is decent )
* What is the strategy to reduce cyclicality
* Consider Asymmetric bets ( Pay only for a part of the business and let the optionality play out )
* If ROC > Growth there will always be free cash flows

**Tirumala Rao ( Incremental learnings )**

* Do you have any extra edge? Invest in companies where you have an edge over others
* Buy cheap ( valuation very important )
* Once a company reaches a certain size it will expand ( at least 80-100 CR at an EBITDA level )
* Background of promoters very important
* Books recommended ( Common stocks & Common sense, Art of execution , High returns from low risk investment )

**Hitesh Patel ( Incremental learnings )**

* Most companies in the sector going in for capex is usually a sign of trouble ( supply increases)
* Keep a buy list ready at all times with a price that you would be willing to pay for

**Dhwanil Desai ( Incremental learnings )**

* What is the normalized margin for the business? ( Dominos example )
* Company makes upfront investments – cost of which passes through the P&L while revenue has not been recognized
* Look for Operating leverage
* Look for High opportunity size + small revenue base + limited competitors

**Kenneth Andrade ( Investment style )**

* If you buy cheap - even if you make a mistake you won’t be punished. Buying cheap takes care of the MOS
* No debt
* Scalable
* Tremendous cash flow
* 2 yrs cash flow >= Mcap ( continue to look for Mcap that is lower than 2 yrs cash flow )
* Reasonable div yield
* Be in the right sector
* The business has to be available cheap with limited or no competition
* When only one company makes a profit industry is at the bottom
* Look at supply when analyzing cyclicals. Cycles are in favour because of short supply or supply should reduce
* Love businesses where one person makes losses and other is making a profit
* Go with the largest company in that sector
* Draw a value chain before analyzing the company.
* Prefer companies that are single product companies and are the best at what they do
* Look for an industry where consolidation is happening
* KA screen for companies ( Consolidation + Reasonable ROE + No leverage + Still making profit + putting in a lot of capex)
* Look at EV/Sales in a down cycle – market share going up
* Which industry is creating the most jobs?
* Asset turnover = capacity utilization

**Sandeep Kapadia (Incremental Learning)**

* Look for business patterns in the same sector but different geography (for e.g US). They may repeat in India e.g Rajiv Jain from GE Capital Joined Bajaj Finance in 2007 and replicated the business model
* Look for adaption in emerging markets
* Emerging industry dynamics ( moving to cloud, AI etc )
* Peer comparison is very useful
* Look for innovation
* Look for where capital is getting allocated
* Keep an eye out for movement in total assets
* Both Operating leverage & Financial leverage help
* Management credibility very important
* Wealth creation happens from maximum pessimism

**Some items on Dhwanil Desai’s checklist**

* Industry size = at least 10 times topline
* Ind growth >=10%
* Ind type ( fragmented or consolidated)
* Competitive intensity ( Duopoly or oligopoly)
* Price elastic or inelastic
* Regulatory impact on pricing & cost
* Impact of substitute products
* Entry barriers
* Customer bargaining power
* Supplier bargaining power
* Customer Concentration risk
* Supplier concentration risk
* Impact of exchange rate fluctuation
* Ability to pass on RM costs
* Replacement cycle ( replacement of products)
* Has biz been tested across business cycles
* Does biz model generate any competitive advantage
* Is competitive advantage resulting in any pricing power
* Number of moving parts
* New products launched at regular intervals
* Return on incremental invested capital is most important metric

**Vinay Parikh ( invst style )**

* Put odds in your favour
* Never confuse the outcome with the process ( a tail can never wag the dog )
* It is absolutely necessary to put a framework around what you know.
* Patience is key
* In commodity markets ( look for EV/Replacement cost of assets )
* The behavioral part is most tricky to master and the trickiest
* Look for the historical PE range and when low there is an opportunity
* Look for FCF & WC pattern – it should be going out of whack
* A large part of the valuation resides in the terminal value
* Growth rates & margins – are they sustainable
* MOS sometimes resides in the lack of penetration
* A DCF always undervalues a good business
* Buy a business that cannot be reconstructed.