

Please read the company presentation released and check page no 18 point no 6. You can almost conclude that buyback will be cancelled for sure, maybe there will be little bit of dividend. However that is also doubtful. Now they are telling that- they will not produce the number but work for the number- Joke of the day, but anybody is trapped believe the management and pray to God that someday those numbers will come in reality.

Follow the tagline " jago grahak jago" this is new tagline of sebi. If you will look and analyse the whole situation it's a farce and slap in the face of investor-

1. Ex sebi director is on the board of director.
2. Vakrangee was included in nifty quality 50 index or so.
3. News channel anchor who are becoming sage postfacto- Most of them are fooling people. After each quarterly result these channel use to invite Nandwana. Not only this cnbc has done 30 min special programe on- why vakrangee is performing so well. Analyst named Dharmesh Kant has predicted that it can double from valuation of 37000 mcap. I was sitting on profit of 2.8 lakh in 6 month but I was waiting for long term capital gain and hearing these intelligent people advice- I did not sell at 515 inspite of knowing that something is wrong. I came out partially in rally around 240 and left share of 50k (punting).
4. All big names in shareholder.
5. Check the number of buy reports issued by institutions. All are posted on Vakrangee website. This shows the ability of self proclaimed expert- you should understand that this is also a big fraud going on- For eg- MOSL, Equity intelligence, kotak, Basant Maheswari, or any investor with lot of fan following use to purchase 100000 share of company x and crowd use to chase; that person use to sell 50000 share at double price in 3 month. Hardly anything use to change in company in 3 month. But now that person capital is free. That why it is said- Bull make money; bear makes money but hog get slautered.
6. Now one new pandit is on rampage- respecting forum policy I will not do personal attack but hope pepole can make out. This is why RJ use to tell that tips are injurious to health and wealth, but these people use to claim to make us RJ. In market there are very few honest people and most of them don't run twitter account.

In last all people who got cheated should remember RJ words of wisdom:

1. We have done a mistake in analysing and recognising a person and not market.
2. No regret; only learning.
3. Make a mistake so that you can live to make other.

I am having a suggestion : why our senior member should not start a thread in which only quality of promoter and management of any company should be discussed and not numbers and ratios? Because it use to become really difficult for a new person to search these informations in between so many comments.

4 Replies

Reply



atul1082

14h

Good write up and I also experienced the same on these so called experts.

Your suggestion on management quality, integrity etc is good but it would remain an individual perception and gaps will again be disastrous for the writer especially for small and mid cap companies. Therefore it could be a mix of financial performance and management, but own due diligence will still have to be done

1 Reply

Reply



UservijayVijay

13h



rajेशhaaidu:

why our senior member should not start a thread in which only quality of promoter and management of any company should be discussed and not numbers and ratios

Members of any forum have diverse intentions. Some would prefer to push the price up for them to benefit. The data was in public domain and it is individual's responsibility to check facts discussed on the forum.

Reply



shreys

13h



rajेशhaaidu



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In my opinion, discussing management quality isn't a value additive proposition. Our evaluation is often fraught with our biases. When share price is appreciating people wax lyrical about management quality. When there's a meltdown management is criticised. There aren't many methods in which we can objectively evaluate the top leadership. And,

even when there were tell tale signs of something dishonest brewing, investors were blinded by the stratospheric targets provided by institutions. At the end of the day, its important that we shed entitlement. No one in the market owes us anything at all. As you've rightly mentioned, we're enveloped by manipulation. We'll have to adopt the policy of distrusting before trusting.



raieshaaidu

11h



atul1082

Dear Atul,

I am not suggesting that we should not do our due diligence or not look for the company's financial performance.

What I am trying to hint is that it will be good to analyse the quality of management within a year of investment. I agree with you that it's having lot of subjectivity involved, but inspite of that we can get benefited from views of our forum member where lot of seasoned investors are there.

Now also we use to discuss these things while discussing on any particular company, but it use to get lost in so many post. It's like SWOT analysis of promoter and management. Now also anyway, we use to do SWOT analysis of company, but according to me if some comapny is failing in quality of management and promoter, people should atleast know that risk in advance. So, that they can regulate their bet size.

Observe people around you (friends and relative over past 20 years or even more)- people's wealth and numbers change but habits (Honesty, trustworthiness, keeping your words inspite of difficulty, thinking- like your friend has helped because you was clever equivalent to promoter thinking that minority investors are partner or bakra, etc) don't use to change much over time (Yes agree few exceptions will be there, but exception does not makes the rule.) In hindi one old adage is there- "CHOR CHORI SE JAYE; PAR HERAPHERI SE NAHI."

It is very tedious and cumbersome job which can't be done by few people, but hope we can do it together, if we do it in structured manner like I will try to put down some point which everybody knows that they should do- but does time and energy and lack of information permits?

1. History check of management- Age, education, previous venture, relation with people around them.
2. How much they value their words.
3. Does they understand the difference between conditional statement and statements to creat sharemarket stir.
4. They are focused on increasing the value for all stakeholders or for themselves.

5. Does they try to siphon money via different mode. Even increasing the expense can be one- this is difference between Warren Buffet and our Tata, Birla or Reliance.
6. How management use to allocate capital.
7. If it is a family run bussiness, does leader treat minority shareholder equal to family member.
8. Cultural and ethical values- check emami (not recommendation or invested) and compare with 90% of gujrat based companies (no offense but that culture that atte mae namak jitna jhoot to chalta hae.) I am not discussing which is good and which is bad, but just trying to tell that we should know management belief system.
9. Focus and aspiration of management and reality check once in year or two. Vijay Kedia is good person to learn- SMILE.
10. Gossips about behaviour of management- I think most of you will agree that what our friends and relatives use to say in our absence use to define our character more accuretly- yes with definite caveat that their assesment can be wrong, but with good sample size chances are less.
11. Checking the conflict of interest of management. Eg. Supplying some raw material at higher cost through their pvt company to a listed company.
12. Why and how management is diluting or even increasing.
13. Management is profit driven or not- but we should keep a watch if they are too much profit driven. Both extreme can be bad.
14. To track management commentry and change in that and timing of informing the shareholders.
15. If promoter's relative or promoter himself is employee of company then is salary inline. Eg. A company named SRS - it was a loss making, but both broters were taking handsome salary. Promoter and director were same.
16. How many time company has tried to hide bad news in fear of share price fall- Be wary of this kind of management.
17. Character and tenacity of management- little bit can be known how they have handled adversity in their past. I would have given eg but it will become too long-read about promoter of Delta corp or most of the RJ's investment not trading bets.
18. Last but not the least- Long term behaviour of management- eg. Divis' management- only responsible to its shareholder and not to media. Does management come out when situation is bad or rosy or in both equally or never.

2

Reply



zygo23554 Top Contributor

10h



rajeshaaidu



rajeshaaidu:

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numbers and ratios? Because it use to become really difficult for a new person to search these informations in between so many comments.

I think your real intent here is - How do we put in place a framework to ensure that we do not get trapped in stories where the web of lies spread by promoter/management/media/analyst are not very apparent at first look? Not necessarily how do we evaluate management and promoters

I've been thinking about this since 2015 and have the following things in place to minimize the chances of getting caught in such stories -

1. Invest only in those companies that have been listed for 10 years and more. Any promoter who lists to pull a quick one is unlikely to wait for 10 years to do so. Let time work in your favour
2. Invest in stories where I can use multiple sources of information/data to triangulate the numbers being put forward by the management. I hence have a preference for brick and mortar businesses where it is relatively difficult to pull off accounting tomfoolery, once can always check what prices of raw material is, what the actual product sells at in the market and see if the margins and profits are possible
3. Never get taken in by management talk and aspirations of what they will do. Evaluate managements based on what they have done. Talk is cheap, actions and history speak louder than anything else
4. Stay away from stories where the management talks about a radically new business model that no one else is pursuing. This can be possible in information based industries but rarely in brick and mortar businesses. Whenever the rest of the competition is doing things the usual way and one company claims to do things differently - most of the time this is a red flag. Not many things in the world are unique, what one can do others can copy if that approach is indeed better. Case in point Treehouse owning all their centers while everyone else is running a franchise model. Easy way to siphon off money from the balance sheet in the form of ghost capex
5. Always triangulate market share data from independent sources like annual reports of competitors, industry reports and aggregates. If one had done this, he would have never gotten caught up in Manpasand beverages
6. Always read annual reports with a storyline approach. In my analysis model I have a separate sheet called annual report and conf calls messaging where I note down what management has been saying and doing over the past 10 years. The best stories are usually the most consistent and manage to get most of what they say done. If one gets too caught up in the details, one will miss a very important indicator like this one
7. Always see accelerated capital raising as a red flag. Look for innocuous statements like "board has approved raising debt limits to 1000 Cr from current level of 500 Cr". This is usually a precursor to booking phantom revenue, blocking the money in receivables, increasing investment in WC and finally writing off a chunk of this as unrecoverable. Study the Edserv story for how this played out
8. Always ask yourself - "if I were the promoter of this company and wanted to siphon funds off, what would be the easiest way of doing this?". Answer is usually found in balance sheet changes that the cash flows do not seem to match. Look for

resonance across all three financial statements. For e.g. If capital raising is done and invested into fixed assets which are not really producing much, look deeper. If capital raising is done and most of it is going to receivables, look deeper (Shilpi Cables)

9. Any company that does too much corporate action might be looking to confuse and overload people with too much information. I have serious reservations on what Talwalkars is doing
10. Any business action that is inconsistent with common sense - Satyam acquiring Maytas in 2008. For this very reason I have reservations on Talwalkars buying a gym chain in Sri Lanka while India remains a largely untapped market. I am by no means coming to any conclusion on the company or the management but all I am saying is something doesn't sound right to me and I am willing to pass for this very reason
11. Always looks for resonance, this you can do only if you have the ability to extract yourself from the overload of information and see things from a 20,000 ft level

Long story short, it is rarely about management quality. You can have high quality and highly educated managers pulling the worst of frauds.

Instead focus on patterns and try to hypothesize what they could imply
Build your own framework and add to it as you read and learn more
Have the humility to accept that you can still make mistakes after doing all this work

2 Replies

11
Reply



rajshaaidu

8h

Dear Friend,

It's nice to know that you have been thinking something like that for a long. However, I would like to clarify myself a little bit more-

I think what I am thinking, this forum is already having a thread very close to that - the art of triangulation. **But it is not arranged for the benefit of the reader.** Just bear me, while I try to explain-

1. You have raised very relevant doubts on few of the companies like Talwalakars, treehouse, shilpi cable, and so on so forth; but a person seeking information on Talwalkar or any of the other companies you have discussed- will he be able to get your view buried here in Vakrangee thread??? I think- No.
2. Making framework is easy thing or sufficient framework has been already built by some of great investor like Fisher or Buffet, **but getting those data in correct time on a particular company is difficult one.** I would like to hear counter point and not get confirmation bias, if I am not having any hidden intention to promote my stock prices.

3. For me honesty and dishonesty is a dynamic term and not so static as you have defined (No offense!). I will give you example- Amit Mantri (No personal attack, just I am writing my view based on history) was an active member on this forum and I use to appreciate his point of view, but now I use to read his point of view with a pinch of salt. Now, I can't take his views free from commercial interest. It is a big paradox- I use to keep this in mind while reading or listening anybody views and having no problem if people question my views- I also feel appreciated or dejected but that does not mean I should push my idea for some hidden agenda. I am talking about intention of the people and not what they are trying to show.
4. High quality and high education are two different thing. As Buffet points out in his one of the lectures- If a manager is smart and energetic but a crook- you are in deep trouble.
5. I don't agree with your point of view put forward in point number 3 and 4. Share market use to reward your future hypothesis and management aspiration and not historical data. As Buffet point out, If it was like that then historians would have been the richest man. All companies in start of their life will be based on talk and thinking- it is only in future it use to get decided that it is a cheap talk or great one. But, I would like to hear and read your point of view and discuss your hypothesis on siphon off and ghost capex thing in Treehouse- **But again same question do you think that I will reach to your point of view if I am interested party in Treehouse? I think, No!**
6. If anybody has done research on some company and gathered some information then anybody will love to listen and not waste their time provided he/she should back up with certain reasoning. It is problem with our education system where we have been taught to answer all problems in- wrong and right or true or false. We tend to forget that there are number of questions, where correct answer is - don't know, partially know, it can be told with a certain degree of accuracy.

Sorry, if I have hurt yours' or anybody's feelings in trying to clear myself. Nothing personal. I use to read and listen to all people but follow only those people where I found least amount of conflict of interest.

Reply



Gothamcapital

2h

Z zygo23554

If i am not mistaken ,vakrangee has been around for 25 plus years.