Raamdeo Agrawal
Co-Founder
Motilal Oswal Financial Services

CHAPTER 1

AMBITION IN HIS BLOOD

When you interact with Raamdeo Agrawal, you can’t help but notice the kind of steep learning curve he must have been over the last 35 years, starting from a Hindi-speaking agricultural family in Chhattisgarh to an intellectual, well-read successful investor cum entrepreneur and a self-made dollar billionaire.

Raamdeo's mother was instrumental in him taking up Chartered Accountancy, a degree that has been his stepping stone to the world of stocks. His mother's ambition was of a unique type though; she wanted every child of hers to become a professional in a different field and attain to excellence in their fields. Hence, all ofRaamdeo's siblings turned out very different. One of his older brothers is a practicing doctor, the other is a lawyer. A younger brother is an engineer, and somehow it was upon Raamdeoto become a Chartered Accountant. This for Raamdeo was his biggest asset in the world of finance.

At the age of 17, he started figuring out what it took to be a CA. First. he realised that he needed to shift to an English-medium college to get a Bachelor of Commerce (BCom) degree. So, in grade 11 he made this shift from Hindi to English medium, for which he was sent to Nagpur. He struggled to get his graduation degree and overcome the language barrier without which he could not pursue a CA.

After fighting a number of tiring battles with his handwriting, theory and language, Raamdeo persevered and finally passed CA in '83. He never gave up, simply because that wasn't an alternative that crossed his mind. He had to qualify as a Chartered Accountant, because failure would compel him to return to his village: a place without roads, electricity and, most important, opportunities.

When his engagement with academics was over, his struggle was worth it because, as a student of accountancy, he found opportunities to understand how large organizations run their businesses through the lens of an auditor.

Raamdeo was always driven to getting to the bottom of an issue, whether it was understanding how companies write their accounts, what facts they highlight, and what they don't. It's one of the key learnings about how businesses are able to sustain and thrive.

> **“He had to qualify as a Chartered Accountant, because failure would compel him to return to his village: a place without roads, electricity and, most important, opportunities”**

But this is where he acquired an interest in stocks. Here's where the roots of his long-storied investment journey was seeded. During his chartered accountancy days, he would analyse dozens of excel sheets and started to experiment with all kinds of ratios, cash-flow analyses and valuation exercises just to get a hang of what figured out behind the numbers, and how the stock market really ticks.

CHAPTER 2

BUILDING CONFIDENCE

A few months later, and long before Raamdeo jumped into the shoes of a stockbroker, he took his first steps into the world of investment - his elder brother provided him with seed capital to

invest in stocks. Thus, a journey of one of the finest investment minds began.

Initially, he was confident of doing well thanks to his background in Chartered Accountancy. He proposed the idea of investing to his brother, and later came to grips with the nitty-grittyof stock-market operations.

With his brother encouraging him to experiment, and giving him a free hand, he started investing in stocks. Nobody asked him any questions about his portfolio or why he made any of his investments, but as he was responsible for his brother's money, he never speculated. His philosophy was to invest and remain invested for a long time.

During the '80s, the stock-markets were just about gaining stature. Stock markets were not very expensive then, and the Indian economy

was growing at a decent clip. Raamdeo started off well. His investments turned into a tidy profit.

Like they say, a good start is a journey half done -Raamdeo's success in the stock market boosted his morale and his investing

“Peter Lynch had once said that investing without research is like playing stud poker and not looking at the cards”

confidence. This got him hooked onto stocks. From then on, the path of investments opened up for him. Note his words, “It was a kind of Buddhatva for me.”

He made his first investment in a company called Cem India. A roommate worked for the company and often took trips overseas. Raamdeo was curious about the business, and began to study the company. Initial reading signaled to him that the company's business was quite profitable. It was in the work of making foundations for buildings, a specialized job at that time, all over the world. Raamdeo studied the annual report and saw that it operated at very high margins as it was, in those days, into a high-niche business. He found the valuation very cheap at 5-6 PE multiple and purchased the stock.

The investment tripled in value, and he made a sizeable profit. Not only did the stock price blossom but so did his confidence. Raamdeo used to keep his eyes and ears open for opportunities. In interacting with a “stock-market expert” of the day, Raamdeo was advised to buy Kohinoor Mills.

It proved to be an ill-timed investment, and the stock floundered. In the next six months, Kohinoor Mills declared bankruptcy, wiping out a sizeable portion of his gains.

But the lesson he learned from that episode was that one shouldn't blindly follow experts. You should not invest until you are confident about the company.

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During this period, Raamdeo developed another passion – reading. Since not many books on investments were available widely at that time, he used to read financial fiction such as “Billion Dollar Sure Thing” by Paul Erdman, “The Money Changers” by Arthur Hailey, to name a few.

The last decade or so he says has seen an

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explosion in the availability of media and hence news and information and there is a steady influx of books. Regulation has improved dramatically and hence corporate disclosures are standardized, timely and consistent. Back then there were no timelines for companies to

publish annual reports, there are complete information arbitrage and he says that there were times someone read something in an annual report 6 months after it was published, he could act on some insights gleaned from the much delayed annual report and yet make money in the markets. As opposed to that, in todays world there is pretty much nothing that the market at large misses, information is complete and uniformly available to all participants and theres a totally different degree of difficulty in picking value.
He continues to read at least one or two books a month, and believes that being a passionate learner and reader is the vital factor that distinguishes a great investor from a good one.

As he puts it, "One should retire just a day before one stops reading or learning. Stock Markets are one place where continuous learning is necessary to stay in the game."

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The point is, as an investor, one should embrace the idea of reading regularly and understanding markets and economics and issues that can have a bearing on stock prices. Raamdeo read a lot, and consulted a few brokers and friends. But largely, books and annual reports were - and still are - his guides.

CHAPTER 3
THE START UP

He soon met his partner, who shared the same passion, the same drive and the same raw knowledge, Motilal Oswal. Raamdeo stayed in Lokhandwala, Mumbai, and had just bought a new scooter. Motilal stayed in the same locality and would often share a ride to work.

Atone of these rides, they started discussing stocks. Motilal's relatives wanted to invest in the stock market, and he himself was looking to start a business. Backed by capital from Motilal and the expertise of Raamdeo, the broking business kicked off. Raamdeo had a starting point for as far as investment went and Motilal

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had a starting point with getting the first client on the table! That was a key reAson to combine the "resources" or whatever semblance of

resources they had and work together. But basically, as Raamdeo says emphatically, they started pretty much with ZERO!

They started almost at rock bottom. From 1987 till 1990, Raamdeo and Motilal worked as sub-brokers.

In 1990, the duo decided to branch out on their own and borrowed money to purchase BSE membership in Motilal's name since he was the one who had three years' experience in the trading ring of the Bombay Stock Exchange.

As soon as they became a broker member, business began flowing in. The Harshad Mehta bull-run was just beginning. In the 1990-92 stock exuberance, the duo made tons of money.

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In that time, the broking firm's Rs. 15 lakh investment turned into a whopping Rs. 30 crore profit. Backed by the continuous profit of Rs. 2-3 crore from broking, the firm entered a new phase of explosive growth.

Sure, the subsequent crash wiped out part of the gains the firm made, bringing down the corpus to around Rs. 10 crore. Despite this, the firm was left with a Rs.10 crore surplus, which they slowly started deploying in expanding the business.

CHAPTER 4
FINDING BUFFETT

Till 1995, Raamdeo invested on the basis of common sense, and his understanding of the markets. He read hundreds of balance sheets and annual reports.

He was building and testing his knowledge and skills at the very same time, which to him is the best way of learning.

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Though he continued to be successful in the markets, he soon realized that much of the raw material was coming in the form of data, but the processing capacity was relatively weak and inconsistent because of the lack of proper frameworks. For him, "there was no method to the madness."

He tried to piece together the various learnings about why stocks ultimately did well, and why some companies generated tons of money for shareholders. What are the "ultimate characteristics" of companies that drive massive wealth?

A turning point in Raamdeo's quest for a framework of investing came when he chanced upon a book "The Warren Buffet Way" by Robert B Hagstorm. Later, he purchased a book of the newsletters that Buffett had published since 1967.

These letters guide investors in the stock market, telling them what mistakes to avoid on the path of long-term wealth creation. The stock market is all about how to think about creating wealth and these letters began to lay that investment foundation.

Raamdeo began to form of a thesis for his investments. The idea was to become a cohesive and consistent thinker. It was not necessary to have the highest IQ or a whiz-kid brain, but a smart process and a cohesive thinker to be a good investor. Raamdeo reasoned that if you know how to think right, coupled with a right temperament, you could beat the most intellectual individual in the market. "Without having a Ferrari I can still beat one if I am a better driver. I may not have the best machine, but I can still beat the best one if I am the better steward" he says, stressing upon the importance of this learning of his.

Buffett's letters to shareholders entrenched Raamdeo's idea of what constitutes good investment. The letters taught him that there was more to the market than EPS and PE. He also got introduced to certain ideas – how the Return of Equity metric is as important as, if not more than, what he previously focused on - Earnings per Share (EPS).
In the process, he found his guru and mentor – Buffet. He has often emphasized to the young the need to find a guru at an early age – whether it is through friends or reading books. A mentor is vital to help navigate the complexities of the modern era. In fact, Raamdeo often wished that he had heard about Buffett much earlier. He began to gather more of Buffett's teachings and writings. To his luck, Buffett was not only prolific, but was also extensively written about in the media.

Further, Buffett poured out all his rationale and understanding of complex scenarios beautifully

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in his annual reports of Berkshire Hathway. That formed the fulcrum of Raamdeo's education.

Not only did he assimilate all of this information but also started practicing them in his investments. He learnt from Buffett that diversification is nothing but protection against ignorance and applied this learning instantly. In '95, after this investment discovery, Raamdeo reduced his large, highly-dissipated 225 stock portfolio to a concentrated, well thought-out 15-20one.

Raamdeo acknowledges his success to Buffett as the one man who taught him patience. The books steered Raamdeo away from behaving like a ping-pong ball, bobbing in the market, to a calm investor, confident of his long-term investing abilities.

He started diligently travelling to Omaha every year, attending the Berkshire Hathway Annual General Meeting and listening to his guru. To this day, Raamdeo makes it a point to attend the meeting with his colleagues.

CHAPTER 5

THE MOST IMPORTANT LEARNING: QGLP FRAMEWORK

Over the years, he kept assimilating Buffett's knowledge and started studying companies for their wealth effect over long years. He started wealth creation studies 21 years ago, and has always sought to find companies that have provided outstanding returns – and analyse why they delivered such a high outperformance.

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In one such study, combining Buffett's teachings, and his own understanding of why some companies grow to become 100x in returns or 100 times bigger in market value, he narrowed down the analysis into a simple four-letter acronym: QGLP.

Q for QUALITY: of business and management

G for GROWTH: in future earnings

L for LONGEVITY: of growth and quality

P for PRICE: a favorable purchase price

Simply put, what one needs to create wealth in the markets - a company that is profitable, whose profits are growing rapidly and are re-invested to compound maybe even faster. Moats have to protect these profit-drivers; and the investment has to be acquired at a reasonable price.

Raamdeo had to internalize, and apply this new framework to everyday investing, and go beyond just numbers and growth and cash-flow, and create a framework so unique that it could be applied to all companies at whatever stage of growth and investment.

The framework enables one "how to think" about investing, ingraining it in the sub-conscious. To make a strong and solid investment, the whole framework must come into play simultaneously. For this, one cannot simply remember but has to internalize all of it. As Daniel Kahneman puts it, there is Type-1 thinking (fast, intuitive and subconscious) and Type-2 thinking (slow and with effort to be deployed). The way to move something from the Type-2 to Type-1 category is to keep on

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practicing. Raamdeo considers that the earlier you start practicing investing, the better it is for the process to get engrained in you.

For Raamdeo, **QGLP** formed this internalized framework, which became the mother of all frameworks. All the different frameworks of investing were incorporated within this overarching one." The four variables - **Quality, Growth, Longevity** at a **Reasonable Price** effectively helps gauge the earning power of any company.

Quality

The nature of a business can be understood by looking at the quality of both the business and the management.

While assessing the quality of business the main factor he looks at is **Return on Equity** and **Return on Capital Employed**. Some companies manage not only to earn a return on capital significantly higher than the cost of capital, but also sustain this over considerably long periods. This is termed **value creation**. Such above-cost-of-capital profit may be termed uncommon profit and such generating companies are called value creators.

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Uncommon profitability in percentage terms means that the return on equity (RoE) is more than the opportunity cost of equity (CoE).

THE TWO APPROACHES TO BENEFIT FROM VALUE CREATORS

1.Invest in well-established value creators preferably when marketsare down; and/or

2.Catch Value Creators early,ie, when they first emerge into the uncommon profit zone of a 15% RoE. This enables investors to participate more in the uncommon profits generated by a company over its lifecycle.

The opportunity cost of equity is usually taken as the long-period return on equity benchmark indices. In the Indian context, the long-period return of the BSE Sensex is 15%. Using the other approach for CoE, the risk-free rate in India is about 7% (post-tax).

Adding an equivalent equity risk premium, once again brings us to a CoE of around 15%. Thus, in India, any profit earned in excess of 15% is uncommon profit. Accordingly, all companies, which sustain RoEs over 15%, can be considered value creators.

Another quality of business-determining factors is the terms of trade of the company. It answers the question - "How does a company work?" A strong company, for example, will collect dues either immediately or without too much delay.

For example, in the pharma sector for the same trade, different companies offer varying credit

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periods – some for 90 days, some 60, while some don't offer credit at all. Next comes the amount that a company borrows – the less the better. Next, there should be strong, un-interrupted cash flow. The last factor to tick off the first box of the quality of management is that there should high pay-outs.

Logically, if the company doesn't need to borrow money and the returns are also high, it should be paying dividends to shareholders.

Quality of management is seeing the way the business has been run over the years and the wealth that has been created for investors; whether the management has competence, integrity and passion to run the business.
In most cases, great managements run great businesses. Yes, the management must be

"understand and have a strong belief in the present and future business of a company"

competent, but for Raamdeo more than this factor, it is the integrity of the management that matters.

In fact, one of Raamdeo's biggest lessons is not to sleep with crooks. He even believes that one should not spend even a minute with them. For him, Financial Technologies was one such, where he overestimated the opportunity. He purchased the stock for Rs 1,000. In about six months the value shrunk to 10% of its original price. For Raamdeo, it seemed like a well-managed company, but the market did not consider it that way. He had disregarded the advice and doubts on the promoters' integrity that came from market participants and ended up paying the price.

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Such companies will not pass the first criteria in the QGLP master-framework. Quality is the first - and foremost -deciding criterion.

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In fact, this is the basic reason he has even stayed away from the real -estate sector – there is competence but not necessarily integrity and transparency.

Growth

For Raamdeo, the next criteria is 'growth'. For example, you have to assess what and how much is the company's growth potential?

Not only one has to consider the next quarter, you also have to assess growth for the medium term and then be able to extrapolate for the next 5,10 and 20 years. To understand future earnings growth, one must first 'understand and have a strong belief in the present and future business of a company.' There will be many stocks in the market that make money for you. You don't have to buy them all. As an investor, you may not even understand all the businesses. But investment needs to be only in what one understands, and where one is able to size up future growth.

Sizing up this growth is not about playing with ball-point figures. Growth cannot be narrowed down to a quantitative top-down algorithm that sees the world growing at 2 percent, India at 6 percent, this industry at 12 percent; hence this company will grow 18 percent.

One has to examine the growth in earnings, i.e., understand what are the key drivers of profitable growth. Between the top- and bottom-line there are a whole lot of variables such as operating leverage, fixed and variable costs, and other such expenses that eat into earnings.

Bata bought its employee costs down from 25% to 10%, leading to a straight 15% gain in Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) and almost a 50% rise in profit, while revenue grew only 10-12%. This is

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crystal-ball-gazing Raamdeo style, which looks at profitable growth.

Longevity

Longevity of quality and growth is the next factor to assess. Companies are made up of franchise value and growth value. You have to look at a company and evaluate it in terms of for how long it could keep growing steadily.

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You have to determine the nature of the performance of the company – whether cyclic

or not, and whether sustainable. If companies fare well only because of some tailwinds today,

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the franchise may vanish once tailwinds turn into headwinds. Investing is not for the short term. You have to buy for 5 to 15 years. It is always approximate when you talk about the future. The main question here is predicting whether growth in the business can persist for a long time. For example, cyclic businesses such the metals will not have as long a longevity as secular businesses such as FMCGs and pharmaceuticals.

Price

Framed in Raamdeo's office is a card on which is written one of Buffet's most insightful quotes – "Price is what you pay. Value is what you get." Raamdeo purchased this in Omaha for $15, and this forms the very essence of his investing.

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For Raamdeo, value is the interplay not only of the present state of affairs of any company but, more importantly, about the future too. Value is the interplay of these two factors.
Once one has assessed the longevity of returns or growth, one tries to figure out how much money this company is likely to make in the next five, 10 or 15 years.

To determine whether a stock is under- or over-valued price is brought into the equation to assess whether or not there is a favorable value-price gap. This is where the investor can derive a margin of safety. If, according to Raamdeo, the company's value (based on future earning potential) is Rs. 10,000 crore and the current market cap is Rs. 5,000 crore, he would buy it.

However, Raamdeo doesn't mind trading off price for growth potential - for example, if Raamdeo were to encounter a 50 percent RoE, managed by a sound management with earnings growth of 25% for the next 10 years, he wouldn't mind buying it, even at a PE ratio of 35.

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Raamdeo's investment story in Hero Moto Corp (then Hero Honda) may soon become folklore. He invested in the two-wheeler stock for Rs.30 a unit in '96, then held it for the 20 years. He started off with the conviction that it was a terrific business run by a very strong management. Even during 2000-2003 when the stock did not budge from Rs225 he held on to it, very patiently. He didn't budge even when Hero and Honda parted ways.

Raamdeo had envisaged that Hero Moto Corp would lose its market share but would still lead the two-wheeler segment. His confidence was validated when the stock moved up to Rs. 2,600, giving returns of almost 90 times. Raamdeo is a core bottom-up thinker. He acknowledges the importance of top-down thinking in the sense that it helps to understand how the world works and helps understand the general environment, but the information and understanding is limited.

Everyone watches RBI policy to know where interest rates will go up or down. But the point is that if the US is raising rates, the RBI can't cut rates. When you listen to the US policy, on the other hand, they say we would like to raise rates but if the Chinese economy is slowing and global growth is faltering they are constrained to do so. Here's the point - there is no end to macro thinking. Moreover, in the last decade or so the world has become global with complex, incomprehensible interlinks. Hence, it is better to think bottom-up. Hero selling 5-6 lakh bikes a month, and 10% more in the festival season is definitely not hurt by US policy. For Raamdeo, bottom-up stock picking through the QGLP method takes care of Buffet's Rule One – "Don't lose money."

'Q' ensures that the management is so good that the company will not go down in the long term and criterion 'P' takes care that 'Q' is bought at a reasonable price. Once these two ends – 'Q' and 'P' – are tied tight, the investment ship will never sink. Raamdeo reckons that once you have understood the above two aspects, the next characteristic to watch and focus on is 'growth.' When you purchase quality at a reasonable price with an element of growth, there's nowhere for the stock price to go but skyward.

Raamdeo's QGLP formula is a constantly developing framework. Through the Annual Wealth Creation studies authored by Raamdeo, he and his team have closely studied the Quality and Growth aspect of the formula and

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are in the process of studying the principle of Longevity.

The investment philosophy 'Buy Right, Sit Tight', one followed by Motila lOswal Asset Management Company, is built on the fundamentals of Raamdeo's investing beliefs.

Buy Right' means buying quality companies at a reasonable price and 'Sit Tight' means staying invested in them for a long time to realize the full potential of the stocks.
Buying right is 99 percent of the job. Then the role of patience comes in. Once you have bought right you will be convinced of the need to be sitting tight. It is when you don't buy right and don't do your homework that the problems arise.

CHAPTER 6
IDENTIFYING THE WINNERS

Raamdeois a proponent of the 100x phenomenon. He began to notice factors that led companies to 100x growth. It was during 1993 that Infosys offered its shares in the Indian market valuing the company at Rs 31.5 crore. Infosys listed at Rs 50 crore, and the rest is history. The market cap then was Rs 50 crore; today it is more than 200,000crore – more than 4,000 times.

In fact, significant value has been created by the entire tech sector- the sector index itself has gone up 100x in 30 years. Although one does not get to see 100x companies every day, when one spots one of this sort he or she needs the vision to see these companies' future and the courage to act.

The other factor that drives such a performance in investors' portfolios is patience. Over the past 30 years, the index has been a 100-bagger. In investing, one needs to track a stock that will grow 100 times in 15 years to outstrip the market. In this growth economy, that's not such a difficult thing to do. "All the big wealth has been created with vision, courage and patience. If it is a 15-year story, one has to wait for that much time. It won't be a straight line through 15 years; there will be twists and turns."

> **"Many people may have the ability to develop a vision and see the potential of a company, but very few have the vision to act on this vision"**

Buffett has a method to spot a potential 100-bagger. First, the company should be relatively unknown. It should be small - typically, less than Rs 1,000 crore. Second, the management should be good. Within these parameters, the company should also be a market leader. This is a tough search. Price movement is not in one's control but if one is convinced about the company's potential, sooner or later, the market will recognize the stock - and reward its shareholders.

Many people may have the ability to develop a vision and see the potential of a company, but very few have the vision to act on this vision. But doing such a thing is not difficult, but it requires tremendous experience to be on top of one's own investing emotions.

Investing is about the future, so it is essential that one has the capability to prepare for the future. For Raamdeo, education is not vision. You may be from the top global educational institutions but you may still be a complete do-do. You need to read good magazines, biographies, news.

Learn how to develop a vision by seeing the past, and envisaging the future by understanding the changes that one sees in the society and environment around you. For Raamdeo, books are the storehouse of insights and the medium to enhance one's knowledge. Being an avid reader from the eight-ninth standard, Raamdeo would always wake up in the morning and pick up the newspapers first. Here is again where good books step in to increase the scope of vision from a narrow one to a 360 degree overarching view.

CHAPTER 7

HOW TO BEAT A CRISIS

Raamdeo adopts an extremely practical and rational approach when seeing a crisis. He was caught off guard in the bust, after the early 90's bull run. But, due to his practical, quality-oriented approach to investing in the stock market, he remained on the profitable side.

For him, and particularly his firm Motilal Oswal, it was the best thing that could happen. The bull-run and the cash it generated helped the firm scale up its business and expand the brokerage business.

The 1992 bull-run was madness because Rs 10 lakh turned into Rs 30 crore. When the market finally slumped, Raamdeo did suffer eventually, but still ended in the green zone - green with money. Although from 30 crores Raamdeo slumped back to 10 crores he had still made a huge net profit across the cycle. Raamdeo didn't speculate, but remained invested, and that's why the bull run of '92 saw him ending up still higher.

The tech boom and bust was the first time that Raamdeo after reading about cycles actually experienced one in real life. The 2001 bust was also the first time when he felt slightly jittery. After the dot-com era, brokerage businesses were in a slump, and Motilal Oswal experienced its most severe downturn in business, like many other brokerages. For the first time, the firm faced the issue of cutting staff salaries. Like all markets, there are cycles of excesses. Benjamin Graham talks about excesses in valuation, in markets, and in emotions. The experience about excesses comes automatically.

> **"In the stock market you can't create a large fortune in a straight line. Whenever things look too rosy or too easy there is something wrong"**

In 1992, Raamdeo was caught off guard, but during the dotcom boom of 2000, he often told his US investors that what you are seeing now in 2000, Indian investors experienced in 1992. "In the stock market you can't create a large fortune in a straight line. Whenever things look too rosy or too easy there is something wrong."

> **"Bull runs are always very irrational. It is in this irrational environment that some rational guys make money. Whenever the markets are in the mood of irrationality – upside or downside- rational guys make a lot of money"**

Back in the 2000s, it was difficult to get meetings with foreign investors. For instance, one meeting a day would be quite difficult. But after '03, things started changing. In New York, Raamdeo began to have about 8-10 meetings daily. Again there was a storm brewing. Suddenly hedge funds started looking at India.

Youngsters started to manage a billion-dollar funds. Such was the euphoria that these "hedge" fund investors would give Motilal Oswal easily Rs50-million and 100-million dollar trades. It led the firm to grow 100 times in three years - from a 10 crore turnover to a 1,000 crore turnover, from a two-crore profit to about 300 crores currently. While Raamdeo was hit by the busts, he always ended up on the profitable side in the end by investing in the better, sustainable and profitable businesses. "Bull runs are always very irrational. It is in this irrational environment that some rational guys make money. Whenever the markets are in the mood of irrationality - upside or downside-rational guys make a lot of money.

CHAPTER 8

THE SUCCESSFUL ENTREPRENEUR

According to Buffet, to be a good investor, one should have the experience of running a business. **Raamdeo is one of the only few investors in India who have the experience of being an investor, while running a business.** Buffet has commented that to be a good investor one has to be a good businessman. The rationale is that to be a good investor, one must understand how businesses are run.

To be a good businessman or CEO, one has naturally to be a good investor because one of the primary tasks of a successful CEO or any businessman is allocation of capital to the right opportunities so as to deliver consistent and high business returns to shareholders.

Raamdeo was certain that he wanted to be an investor and simultaneously run the business with partner Motilal. After setting up their business in 1987 and acquiring BSE membership in 1990, their next big milestone came after they entered institutional equities in 1994. Soon after that they launched their wealth-creation study in 1996.

By 2003 they launched their own PMS business using value strategy. In 2007 they launched their IPO; in 2013 they started their first active mutual-fund scheme. By 2015 their AMC and PMS business had crossed $1 billion. Now, Motilal Oswal Financial Services' market cap is almost $3 billion (of which both Raamdeo is a one-third owner)

Everyone learns compounding in grade VI, but Raamdeo truly understood the meaning and power of this concept in '91 – he realized the concept behind compounding and the markets. The world does not understand the power of compounding. Some are able to work out the math, but very few practice the power of compounding. Raamdeo is always interested in how businesses work. A simple act of making a dosa in a restaurant conjures all possible calculations in Raamdeo's mind, where he tries to assess how many dosas the cook is making, and trying to gauge volumes in the business. The key thing that Raamdeo always looks for is how competitive advantages are created, how costs are controlled, and how businesses are expanding. This ultimately creates the valuation - and in the long run, the greatest wealth.

It is very inspiring to note how education, ambition, hard work and passion can change paradigms for a person. It is very interesting to know how Raamdeo's pursuit in learning investments took him towards Warren Buffet as his Guru and the subsequent changes that happened in his investment style because of this. Raamdeo's QGLP - Quality, Growth, Longevity and Price has created impression on my mind.