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Live tweeting highlights from our discussion with @SamitVartak moderated by @ishmohit1 and the DIA gang. @saket1974 @saketreddy @dadalife369 @cautkarshpandey @vishal_chandi

So let's begin -

1. Before looking at the valuation of a business, look at the fundamentals first.

On cyclicals -

2. We look for profit power, the ability of the company to control price and gauge profit. This is why we don't look at cyclicals.

3. With cyclicals, oftentimes the promoters themselves cannot predict pricing and profitability.

On building a portfolio -

1. Reducing the size of your portfolio too much can make it harder to find big winners, the ones that can give up to 40x in 10 years.

2. I look at 15-20 stocks as a balance between not spreading yourself too thin and not takeing too much risk.

On taking away market share -

1. Creating disruptions and innovating with new products allows you to take away market share. Example #APLApollo and the DFT technology.

2. Cash cows don't deliver outsized returns for an investor. Aggression and innovation is needed.

On themes -

1. It is very difficult to pre-empt a theme before it happens and predict how it will play out. Instead of that, I look for data.

2. Deleveraging and capex is taking place. Companies have become lean in this period.

3. Targeting export growth to grow is something the government is recognising now. They are focusing on it through the PLI scheme.

4. Real estate is looking good right now. Salaries have grown meaningfully without prices going up.

5. Building materials is a way to play both capex and the real estate theme. Developers themselves are also looking interesting.

6. Balance sheets have strengthened across banks, corporates, government and even the consumer looks strong.

7. Don’t pre-empt, focus on what is going on right now.

8. Being too early is the same as being wrong.

On credit,

1. Corporate credit growth looks tough, given the healthy balance sheets. Generally, it has been a big driver of growth.

2. When it comes to unsecured lending, that may also take a hit, their lending may become risky because of the impact of the pandemic on people.

3. Overall, it looks tough for credit growth without the support of corporate and unsecured lending.

When to sell -

1. To take the right sell call is hard, the biggest mistakes come when we exit too late or too early. Selling too early could make you miss a multibagger, while selling late can also be very problematic.

2. When results of companies disappoint, dig deep into what is causing the underperformance. Try and ascertain if it is a short term issue or a structural change. If it is a structural change, you may want to get out immediately.

3. You can only know if it is a structural issue or short term issue if you spent some time understanding the business.

4. Talking to other market participants, suppliers and competitors also helps in understanding the situation.

Advice for budding investors -

1. The ability to understand businesses better is the most important thing to build if one wants to outperform the market long term.

2. The insight from the study of businesses compound long term.

3. Incremental return from just reading diminishes, you need to allocate time to thinking about what you read.

4. Time spent thinking about what you read should be at least double of what you spent reading.

5. Spend time gaming out different scenarios in your mind.