

Bhaiyya's now game for PE play

Trust Rakesh Jhunjhunwala To Bring His Midas Touch Into Private Equity Space

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DALAL street was never like this — anonymous, faceless fund managers who sit in front of lifeless grey screens and move millions of dollars in and out of the market with the click of a mouse.

Up until the advent of the FIIs, it was a place where the market makers were referred to by colourful pseudonyms. It was place where big brokers had distinctive trading styles and clear preferences for certain stocks. It was time when 'buy bank' meant buy SBI stock, when 'sell cement' meant sell ACC. It was a time when knowing the market meant knowing when Ramjibhai would come and buy in to support Bajaj Auto. It meant you knew the target at which Manekbhai would exit the stock. Legends were made and destroyed. Harshad, Damani, Kayan, Ketan Parekh, Nimish Shah were men who dictated the market.

Though times have changed, and today the market movers have been replaced by jargon spewing technical chartists, who look at shoulder and neck patterns to determine when to sell, hold or buy. The market movers of yore have given way to a global mercenary — the omnipotent hedge fund.

And yet in this universe of the anonymous trader there is one man who has carved out an identity of his own. In the cacophony of a trading room, at the peak of market hours, when somebody whispers Rakesh bhaiyya has entered a stock, all ears perk up. Every trader in the room scans his screen to see what's happening with the stock. There is a sudden urgency to find a research report on the company concerned. And no one rests till they can understand what Rakesh Jhunjhunwala has seen in this hitherto obscure stock.

TOP PICKS



LIST OF COS JHUNJHUNWALA HAS INVESTED IN

1	A&Z Engineering
2	Concord Biotech
3	Care Hospitals
4	Dharti Dredging
5	KLT Auto
6	Manish Pharma
7	Pegasus Asset Reconstruction
8	Tops Security
9	John Energy
10	JBCN Management Consulting
11	Nandan Biomatrix
12	Hungama Mobile
13	Inventurus
14	LeConcierge

signed and tales are woven around Mr Jhunjhunwala's stock selection. There's just no denying that like the pied piper, wherever he goes there will be a host of traders following in the hope that they can bag the next 'chakri', or multi-bagger.

Bhaiyya is what everyone calls him, out of respect or fear is anyone's guess. He is not an

turn into rage. He is tall and well built with a voice so authoritative that it could well belong to an army colonel.

Mr Jhunjhunwala is aware of his reputation and some say that he even uses it to his advantage. However, ask Jhunjhunwala and he will tell you that like all good traders, he tries to keep his trades discreet. He trades on his own screens or with brokers whom he trusts.

Mr Jhunjhunwala is modest about his success and says, "The daily trades made by me are not as big as people make it out to be. In fact it's not even a noticeable percentage of the daily volumes. It is the foreign funds that control the volumes these days."

The hallway of his office is filled by portraits of legendary traders including George Soros and his 10 commandments for trading and investing. Famous quotations pepper all corners of his office. And he himself has coined some pretty well-known one liners like *Jaldi le aur jaldi de* — buy fast, sell fast.

And while that might be his best-known quote, the truth is that he can be patient. Very patient. Some of the investments he has made years ago, and continues to hold on to them. If he believes that he can play an active part in changing the future of a company he is willing to spare the time and take a board seat.

However, at the end of the day, he is a man who trusts his gut. Investment theory might demand discipline and control for a good trader, but Mr Jhunjhunwala is passionate, impulsive and aggressive. And he is not willing to change that.

Legends evolve over time, and today Mr Jhunjhunwala too, is moving into the world of private equity. Despite four screens on his table, he spends more time and most of his profits investing in unlisted companies. Over the past one year, he has moved his money

of which are pure start-ups.

So, the big question is — can Mr Jhunjhunwala bring his Midas touch into the PE space as well? He thinks he can and is putting his money where his mouth is. In his new avatar, he has hired two consulting whizkids — Manish Gupta and Rajiv Agarwal — to manage his PE investments. It cannot be called a fund as it is part of the overall portfolio of investments owned by Rare Enterprises.

So how much money has he pitched into this arena? Mr Jhunjhunwala is wary at putting a number to his total unlisted company investments. When we push him, he says a conservative estimate would be Rs 300 crore, but it could be as large as Rs 500 crore. And that does not mean that he is done as he says, "I don't have a target for investment, we just look at the opportunity and the valuation and pick up a substantial stake."

So how does he structure his PE investments? He says that he would like to take a 10-30% equity stake on an investment ticket of \$10 million and more. And any particular sectors that he sees potential in? He says that it's difficult to peg the sweet spots for his investments, given that they have been made in companies like the school management firm JBCN in Mumbai to a bio-fuel company Nandan Biometrics in Hyderabad. He has invested in Care Hospitals in Hyderabad and in Dharti Dredging & Constructions, which has been in the business for more than 50 years. The list goes on with Mumbai-based KLT Automotive to Pegasus Asset Reconstruction, a company promoted by AK Basu, ex-IDBI, and William DaSilva, ex-SBI Capital Markets.

Most entrepreneurs seek investment from Mr Jhunjhunwala because he can help them take their companies public. But he does not see going public as the end-game. "If the company is good enough then it will go public, but there is no hurry. I don't have



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companies are doing."

He is helping his investee companies to recruit professionals, acquire land and get clearances. To him this is more than just a percentage gain, but the opportunity to help entrepreneurs realise their dreams.

Says Mr Jhunjhunwala, "When you invest at such an early stage, you develop an emotional attachment to the companies. After all you are working with people. Their dreams and desires are linked with your investment."

If all goes well, Mr Jhunjhunwala might well do something that no other legend of Dalal Street has ever done — become the only 'bhai' who has been successful both as a trader as well as a private equity investor. Then he could change to buying quickly and selling slowly.