
Author Interview

Rahul Saraogi

Rahul Saraogi is a value investor who was born in India and moved to the US to study. It was at that time he became interested in economics and investing. He also became enthralled by Indian economic history and realized that both Indians and Westerners had problems with understanding India. He saw an edge that he decided to pursue. He moved back to Chennai, India to become a full-time investor and now manages Atyant Capital. In 2014 he wrote a book called *Investing in India: A Value Investor's Guide to the Biggest Untapped Opportunity in the World*. Please read more about Atyant Capital and Saraogi on:

<http://atyantcapital.com>

His insightful book *Investing in India* is available on [Amazon](#). Read our review of the book here: www.investingbythebooks.com

InvestingByTheBooks: First of all, thanks a lot for taking the time to answer our questions and for sharing your wisdom with our readers. You wrote in the book that you felt that neither Indians nor others have a good understanding of India from an investment perspective. Do you think that has changed over the last years?

Rahul Saraogi: No, I don't think that has changed much. I see very few investors looking at context when evaluating India and opportunities in India.

IBB: With yourself, Mohnish Pabrai, Sanjay Bakshi, Prem Watsa and Saurabh Madhavan and many, many more, India has a fantastic group of value investors. What do you attribute that to? Is the search for bargains embedded in the culture in some way?

RS: India is an old civilization with 5,000 years of recorded history. It has had property rights and private capital for millennia. Indians therefore intuitively understand capital and return on capital. India also has one of the oldest stock markets in the region. It is probably the combination of the two that creates so many value investors.

*IBB: In 2014 when your book *Investing in India* was published the Indian market was at a low, how is the situation now after the peak in September 2018? From a perspective of a bottom-up value investor I guess that should be measured with how many bargains it's possible to find at the moment...*

RS: I find that the Indian market is full of opportunities and my enthusiasm today is higher than it was when the book came out in 2014.

IBB: As an outsider it's not easy to get exposure to Indian equities, of course there are mutual funds, but you begin the book by explaining that foreigners have a hard time understanding India (and Indians themselves too!) and many funds are managed by managers that are not on the ground. Do you have any advice for us?

RS: I will repeat that it is a poor idea to sit far away and buy individual Indian stocks. My recommendation is to access the market either through a mutual fund or an alternative investment fund.

IBB: Have anything major happened in India over the last years that has been a game-changer for investors? Are you worried that the upcoming election might change the ground rules in some direction?

RS: India's financial system is fully deleveraged and cleaned up. Macro indicators are in great shape. Inflation is low and there is plenty of spare capacity. Combine this with attractive valuations and the opportunity appears quite asymmetric.

IBB: On a different note, we have understood that you practice the ancient meditation technique Vipassana. Can you tell us a bit about how it works, how it's helping you and where to read more about it?

RS: Vipassana changed my life. You can read more about it at <http://www.vridhamma.org>. It is the original teaching of the Buddha and is a very simple path. It helps one build equanimity and is essential for anyone affected by the manic-depression of Mr. Market.

IBB: Now I will go over to the book specifically. When I read it I didn't know a lot about India - I really liked that it covers investing but also how it's a story about the country and its culture. There are so many investing books that can be found to understand the basics. Why did you focus so much on describing the country and relatively little on describing the craft of value investing?

RS: The beauty of value investing is that it is very simple. What there is to be learned about value investing has already been written by the investment greats. The hard part is practicing value investing. To really be able to practice value investing you have to become an established Vipassana meditator. Wiley would not have published a book about Vipassana meditation :-), so I thought I would write about things that would be important for a value investor who is looking at India to know.

IBB: Something you emphasized was the difference between the 28 states of India which may be surprising for people who don't understand the country. When researching a specific idea would you recommend investors to have a larger margin of safety, or possibly completely stay away from companies in certain states?

RS: My attempt was not to say that some states are better than others. It was to highlight the dramatic differences which you clearly picked up. The consequence of these stark differences is that it is very dangerous to invest in India with broad "generalizations." It related to the metaphor of the 6 feet man drowning while crossing a river that was on average 5 feet deep. One should always have a large margin of safety in investing. The future is always unknown.

IBB: I was fascinated with your metaphor between India and the bamboo plant and how it spends years developing the root system and then in a matter of weeks shoot out of the ground. Which states have improved the most since you wrote the book?

RS: I once again do not want to single out states. I believe every state has improved from where it was a few years ago.

IBB: What (if something) would you have changed with the book if you had written it now?

RS: I got a lot of feedback that people wanted "more", and they wanted more detailed specifics. If I was to update or re-write the book, I would go into greater detail on many aspects and write more.

IBB: As you can understand from the name of our website - we love books! Which Indian investment books would you recommend and also what are your other favorites (they don't need to be about investing)?

RS: There are no Indian investment books that I want to recommend. Investing books that are worth reading:

1. [Reminiscences of a Stock Operator](#) by Edwin Lefèvre
2. [Poor Charlie's Almanack](#) by Peter Kaufman
3. [Essays of Warren Buffett](#) by Lawrence Cunningham
4. [You Can Be a Stock Market Genius](#) by Joel Greenblatt

RAHUL SARAOGI IN 10 SECONDS

Traditional Value Investing or Compounders?

I don't know the difference. I like to buy compounders at a discount (when I can find them) which is value investing

Buffett or Munger?

Munger - he is the bigger thinker

Gold or Cash?

Cash. Gold is a bigger hallucination than cash. (All money is a hallucination - it is a story - read [Sapiens](#) by Yuval Noah Harari)

Goa or Florida?

I like both places for short periods.

Management or Company Fundamentals?

One without the other is useless (by Management I mean good governance)

Niklas Sävås

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