

An Unclaimed Legacy: Who After Jhunjhunwala?



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Mumbai: It's been three years since Rakesh Jhunjhunwala, India's best known individual investor, passed away. Last week, seasoned Dalal Street participants paid rich tributes to the late billionaire investor, reminiscing about the heady mix of earthy wisdom, tenacity, and pluck—bordering on daredevilry—that catapulted Jhunjhunwala to legendary status. But, in an industry obsessed with the next big thing, few had a clear answer to the question: Who can fill the space Jhunjhunwala left behind?

Jhunjhunwala's scale as an individual investor remains unmatched even today. The numbers tell the story. As of June 30, the family's listed portfolio, overseen by his wife Rekha, was worth over ₹64,000 crore or about \$7.8 billion. Other families too have amassed enormous wealth in recent years, but few had captured the imagination of the common man the way Jhunjhunwala did, thanks to his larger-than-life public persona.

Most of this wealth has been created in the past two decades, aided by early bets in the once-ignored stocks such as Titan and Lupin.

Today's investing bigwigs continue to follow that playbook—scooping up overlooked micro-cap stocks and holding them till they become market darlings. The strategy has paid off handsomely in recent years as Indian markets have risen from strength to strength, resulting in most stocks delivering dizzying returns. The question then is: Why haven't their portfolios caught up with Jhunjhunwala's?

One big differentiator is leverage. Jhunjhunwala often buttressed his trading and investments with sizable borrowed money that increased his buying power and magnified the returns.

"Rakesh was extremely gutsy and came from a generation that used leverage liberally," said seasoned investor Shankar Sharma. "Now who would dare to build a big position in a stock (Titan) in 2003, with leverage, just after going through a rough patch before that?" Most big investors these days avoid aggressive investment bets with borrowed money. When they do use leverage, it is mostly confined to their trading portfolio, which is usually just a fraction of their long-term holdings. While that has shielded them from sharp drawdowns, it has also capped the potential of outsized gains.

Their restraint with leverage re-

flects a preference for peace of mind over the mental strain of borrowed bets, choosing a quieter life over elevated risk-taking. By contrast, Jhunjhunwala was cut from a different cloth—willing to embrace risks that few others dared to take on.

In a way, leverage was his sharpest weapon and the hardest one to replicate. "Like Jacques Kallis (the former South African cricketer), he was an all-rounder par excellence in long-term investing, trading and risk-taking across asset classes—a combination that will be near impossible to emulate," said Nilesh Shah, managing director, Kotak Mutual Fund.

Skills apart, timing and luck mattered too. It was also about being at the right place at the right time, a factor that even Warren Buffett has credited for his wealth creation. The foundation for the Jhunjhunwala family's wealth today was laid nearly two decades ago when the Sensex was between 5,000 and 20,000. Back then, market inefficiencies priced some of the future winners at throwaway prices, while lax corporate governance standards meant information was always skewed, giving a set of market participants an edge.

Now, with the index at 80,000, a lot of those inefficiencies have been eliminated in the face of a wider set of institutional and retail investors, along with a far tighter regulatory regime. As valuations remain rich across the board and bear markets become shorter, the scope for building fortunes from contrarian bets has narrowed considerably.

"It will be very difficult for anybody in the current generation to replicate that success purely from investing because it came from a confluence of events," Sharma said. "In theory, replicating Rakesh's success is doable but you can't use the same playbook for that because economic realities have undergone a change."

In cricket, the saying goes that records are meant to be broken. In investing though there are no records, only shifting goalposts.

The best that today's investors could do is buy potential winners with the hope that one of them is the next Titan without expecting to become the next Jhunjhunwala. "What people must understand is that Rakesh Jhunjhunwala's astounding success is a freak case. It's not realistic because his Titan bet was an outlier," said Sharma. "When a large leveraged dominant trade works out, it's genius. But what if it doesn't? Are you prepared for the cost of it all?"

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