

Twitter Thread by Sajal Kapoor



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Wasn't easy to book losses in this #Antibiotics business after waiting for 4 long years. Was even more difficult re-entering the same business after few months when [@punitbansal14](#) broke the news of a major yield improvement and slew of R&D filings across the Antibiotics spectrum!

Comfy trades seldom reward

Humans are social animals and therefore naturally look for social validation of any thesis, and going with the herd, when it comes to investing. It's brutally honest to accept that none of my big gainers were 'approved' by market participants when initiated. Few examples from last 10Y ...

1. Wasn't comfortable betting on Chemicals in 2013-2014, but industry structure shifts were clear
2. Wasn't comfortable loading up on CDMO/APIs in 2019 when Pharma was in doldrums
3. Wasn't comfortable buying this animal pharma business with pledged promoter holding and terrible return ratios with stock hitting lower circuit in 2018
4. Wasn't comfortable buying this 'commodity API' business at lower circuit just after getting de-merged from parent in 2018
5. Wasn't comfortable ignoring the hot pharma stocks of 2014 with ROCE of 35-40% and instead buying a rank under-performer mid-cap in 2014, investing heavily in long-gestation R&D in an unproven segment called Biologics. The stock had a flat 2004-14 'rear view' shareholders returns
6. Wasn't easy to not just stay invested, but continue to average up this APIs to FDFs to CDMO to Biologics play amid some deafening noise and gibberish on social media

Contrarian investing is never easy. Comfy trades sound damn easy, but they seldom reward ... !



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