

NECKLACE GLITTERS

MARCH 2013

ROTARY CLUB OF MUMBAI QUEEN'S NECKLACE



Dear Friends,



Another month has flown by and we are racing towards the end of another busy and exciting year 2012-13

I am at a crossroad of thoughts: I read a very beautiful article which summarizes my emotions at this time!!!

Triumph over doubt...

Every action you take, is a triumph of your courage over your doubts. Go ahead and make the effort. Go ahead and see it through. Sure you have doubts. Everyone

does. They must not be allowed to stop you.

Idleness gives strength to your doubts, and as doubts grow stronger they immobilize you even more. If you let them, your doubts will quickly become a self-fulfilling prophecy. Yet as soon as you begin to take action, those doubts begin to lose their power. As soon as you start to make it happen, the doubts seem less and less real. Doubts may grow in your idleness to overwhelming proportions, but they have no power against your actions.

"Take the first step and watch your doubts step back. Keep on going, and leave them far behind." - Ralph Marston

This month gone by saw us cross a new milestone we received USD 30000 as a global grant which was committed to train 84 underprivileged youth for vocational courses. This is in line with the theme that I expressed at my installation **EMPOWER THE YOUTH**

"A dream will always triumph over reality, once it is given the chance." - Stanislaw Lem

I urge all members to donate generously their time and money. Please do make it a point to visit at-least 1 project before the year is over ; it will warm your hearts and open your purses !!

And all of us must do our bit to achieve this. For, unless we increase the number of hands available to carry out projects, we will never attain the next level of service to humanity.

"Conscience is the root of all true courage; if a man would be brave let him obey his conscience" - James Freeman Clarke.

It is together we can do wonders.

With warm regards

Radhika Mehta
President (2012-13)

Quotes

A group of students were asked to list what they thought were the present "seven wonders of the world"

Though there were some disagreements, the following received the most votes:

1. Egypt's great Pyramids
2. TajMahal
3. Grand canyon
4. Panama canal
5. Empire state ulding
6. St peter's basilica
7. China's great wall

While gathering the votes, the teacher noted that one student had no finished her paper yet. So she asked the girl if she was having trouble with her list. The girl replied , " Yes a little. I couldn't quite make up my mind because there were so many."

The teacher said, "well tell us what you have and maybe we can help." The girl hesitated, then read " I think the seven wonders of the world are :

1. To see
2. To hear
3. To touch
4. To taste
5. To feel
6. To laugh
7. And to love

The room was so quiet you could have heard a pin drop. The things we overlook as simple and ordinary and that we take for granted are truly wondrous!! A gentle reminder that the most precious things in life cannot be built by hand or bought by man.

" Each day comes bearing its own gifts . Untie the ribbons"

MEMBERS CELEBRATING THEIR BIRTHDAY & WEDDING ANNIVERSARY

Birthdays

Member 's Name	Birthdays
Rajen Shah	1st April
Shilpa R. Mehta	11th April
Vikash Berlia	13th April
Anju D. Siraj	17th April
Dr. Shailesh J. Divecha	18th April
Monisha Shah	28th April
Chaitanya Mehta	28th April
Devanshu Mehta	30th April



Anniversaries

Member 's Name	Anniversary
Mukesh & Leena Gandhi	2nd April
Shrikant & Sonal Dalal	15th April
Aziz & Dr Mahera Valiulla	18th April
Satish & Sarita Patwari	21st April
Vimesh & Mita Shah	25th April
Anju & Dharmendra Siraj	26th April



4th
Mar

MR RAAMDEO AGRAWAL "WEALTH CREATION NEXT TRILLION DOLLAR OF WEALTH"



India joined the club of countries with a Trillion Dollar GDP in FY08. The journey from US\$ 100 bn GDP to US\$ 1 Trillion took thirty years but only five years for US\$ 2 Trillion. The next Trillion Dollar GDP is expected to be added in next four years ie FY 17. The overall

business environment has been

enabled by strong GDP growth. The service sector driven by rapid productivity improvement is expected to lead future GDP growth. Due to sustained growth in consumer income, the manufacturing sector will be the key growth driver.

The per capita disposal income is expected to grow to US\$ 1150 by 2013 from US\$ 700 in 2007. The higher per capita GDP will result in an increase in disposal income where the discretionary spend will rise from 52% in 2005 to 70% in 2025. Companies with net sales of Rs 1000 crores to Rs 5000 crores have doubled from 2005 to 2011 and companies with net sales of above Rs 5000 crores have increased by three times from 2005 to 2011.

The next Trillion Dollar Opportunity strategy aims to deliver superior returns by investing in high growth companies at reasonable price and small and mid cap stocks with a focus on identifying emerging stocks / sectors.

Wealth Creation is the process by which a company enhances market value of the capital entrusted to it by the shareholders

The top 10 biggest wealth creators are ITC, TCS, HDFC Bank, MMTC, HDFC, SBI, Infosys, Tata Motors, Hind Unilever and Jindal Steel. ITC is the largest wealth creator for the first time ever beating RIL. The total wealth created during 2007-12 is Rs 16+ lakh crores.



TTK Prestige is the top 10 fastest wealth creator followed by LIC Housing, Coromandel, Eicher Motors, IndusInd Bank, MMTC, Jindal Steel, Bata Ltd, Titan Industries and GSK Consumer.

Economic Moat Fountainhead of Wealth Creation

"Great Companies to invest are like wonderful castles, surrounded by deep, dangerous moats, where the leader inside is an honest and decent person. The castle gets its strength from the genius inside; the moat is permanent and acts as a powerful deterrent to those considering an attack; and inside the leader makes gold but does not keep it all for himself. Roughly translated, we like great companies with dominant positions whose franchise is hard to duplicate and has tremendous staying power or some permanence to it".... Warren Buffett.

An Economic Moat refers to how likely a company is able to keep competitors at bay for an extended period. One of the keys to finding superior long term investments is buying companies that will be able to stay one step ahead of their competitors. An Economic Moat protects a company's profits from being attacked by a combination of multiple business forces.

Economic Moat or Sustainable Competitive Advantage is that which helps a business sustain superior long-term profitability amidst multiple pulls and pressures (commonly known as Michael Porter's Five Forces in management theory parlance).

Companies do not compete only with rivals for profit, but also with customers, suppliers, potential entrants and substitute products. Without Economic Moat, competition from rivals will ensure that high returns of a company are lowered to



the level of economic cost of capital ... or even lower. The sole financial objective of companies is to maximize return on capital invested in their business, and sustain the same for long periods of time. Capital always chases returns, and hence will find its way to businesses with high profits and profitability. If a company running a highly profitable enterprise does not have a deep and wide-enough Economic Moat, competition from rivals will ensure that its high returns are reduced to the level of the economic cost of capital (which includes a nominal level of profit), or in some cases even lower than that.

Moat Quote

The dynamics of capitalism guarantee that competitors will repeatedly assault any business "castle" that is earning high returns ... Business history is filled with "Roman Candles," companies whose moats proved illusory and were soon crossed."

Economic Moat & Equity Investing

Equity investing is about forgoing purchasing power today for much higher purchasing power in future, adjusted for inflation and net of taxes. Given this, much like companies, equity investors too chase high returns on their investments. In the long run, equity investors can only make as much money and return as the company itself makes. Hence, it pays to invest in companies with formidable Economic Moats, as this is the only way to ensure sustained superior profitability and wealth creation. Markets world over are replete with examples of how companies with "deep, dangerous moats" (read, sustainable competitive advantage) comprehensively outperform those without such moats, both in terms of financial performance and stock returns.





Companies with "deep, dangerous moats" outperform those without, both in terms of financial performance and stock returns. Markets worldwide are replete with examples similar to cross sector cases given below in India



(a) Hero Motor Corp v/s TVS Motor.

Today, Hero MotoCorp has gone on to become the world's largest two-wheeler company, whereas TVS Motor is struggling to retain its hitherto No. 3 spot in India's motorcycle market

(B) Bharti Airtel v/s Tata Teleservices

Bharti : India's No1 telecom company with global aspirations. In contrast, Tata Teleservices is yet to report a single quarter of positive profit

(c) L&T v/s HCC

L&T: Arguably India's answer to General Electric. In contrast HCC: Struggling to make profit plus issues like BOTs, Lavasa

(d) HDFC Bank v/s Central Bank

Despite its huge early mover advantage and seemingly wider reach, Central Bank today significantly lags HDFC Bank on all key performance metrics - deposit base, loan book, NPAs, ROTA, RoE, etc. HDFC Bank's FY12 PAT is almost 10x that of Central Bank, but even more significantly, its current market cap is a whopping 27x!

Economic Moat is dependent on two Sectors:

- (1) Industry Structure - Interplay of Buyer power, Supplier Power, Threat of new entrants/substitutes, etc and
- (2) Company Strategy - Distinct value proposition, Tailored value chain, Tradeoffs, Fit and Continuity over time.

Economic Moat Hypothesis

Investing in a portfolio of EMCs (Economic Moat Companies) should lead to sustained outperformance over benchmark indices across years, irrespective of market conditions.



Backtesting the Hypothesis

Step 1: The backtesting framework

1. Arrive at a list of EMCs as on March 2002 and invest in them
2. Monitor price performance from March 2002 to March 2012

Step 2: Deciding Economic Moat criteria

Step 3: The findings

- 1 EMCs handsomely outperform
- 2 EMCs' outperformance is earnings and valuations agnostic
- 3 EMCs' outperformance is sector agnostic
- 4 Future not too meaningful for EMCs, but critical for non-EMCs

Findings : EMCs handsomely outperform

1. Over 2003-12, overall return of 177 companies was 18%
2. EMCs returned 25% whereas non-EMCs returned 12%
3. Sensex return was 18%, implying 7% Alpha for EMCs and negative 6% Alpha for non-EMCs
4. Besides point-to-point outperformance, EMCs outperformed the Sensex in every year over the 10 years
5. After 3 years, EMCs outperformed even non-EMCs

Findings : EMCs' outperformance is earnings and valuations agnostic

Earnings agnosticism

- ◆ EMCs' strong competitive advantage which ensures that they enjoy a more-than-fair share of the growth inherent in most sectors in India

Valuation agnosticism

- ◆ Continuous rollover of EMCs' competitive advantage period (CAP)

Competitive advantage period (CAP) is the time during which a company is expected to generate returns on incremental investment that exceed its cost of capital.

CONCLUSION

☞ Consumer sector has bounced back into wealth creation ITC is the largest wealth creator, TTK Prestige the fastest, HUL back in top 10.

☞ Economic Moat protects the profit and profitability of companies from competitive attack.

☞ Extended CAP of EMCs drives superior profits and stock returns. Over 2002-2012, EMCs in India have meaningfully outperformed benchmarks.

☞ Breach of Economic Moat causes massive wealth destruction. The Telecom sector is a classic case.

☞ Markets seem poised to touch new highs in the next 12 months. On the back of earnings growth of 10-11%, imminent moderation in interest rate, and reasonable current valuation.

Mr. Agrawal is an Associated Director of the Motilal Oswal Asset Management Company Limited and the key driving force behind strong research capability. He has been instrumental in setting up the investment management philosophy of the firm. He is a Member of the Institute of Chartered Accountants of India and also an associate of the National Committee on Capital Markets of the Confederation of Indian Industry. Mr. Agrawal has mastered in equity research. He has been authoring the annual Motilal Oswal Wealth Creation Study since its inception in 1996. Mr. Agrawal has received the "Rashtriya Samman Patra" awarded by the Government of India for being amongst the highest Income Tax payers in the country for a period of 5 years from FY95FY99. He has also featured on 'Wizards of Dalal Street on CNBC TV 18'. In 1986, he wrote the book 'Corporate Numbers Game', along with co-author, Mr. Ram K Piparia.

18th
MAR

PREMIUM CO-HOST FOR "PEACE THROUGH LEADERSHIP" SEMINAR

Our Club was the Premium Co-host Club for "Peace Through Leadership" Seminar held at The Club, Andheri West. It was a Peace Seminar and a Leadership Seminar combined into one. The current serving Rotary International President Sakuji Tanaka and his gracious Lady Kyoko were the Chief Guests. The Guest of Honour was our very own Immediate Past Rotary International President Kalyan Banerjee.



The morning of 18th March saw RIP Sakuji and Imm PRIP Kalyanda visiting and motivating MMR VTT from England D 1130. Both appreciated the project and applauded efforts of D 3140 and 1130 to reduce Maternal Mortality in backward and tribal area of Jawhar. The Seminar began with Raageshwari's lilting rendition of the Peace song. This was followed by thrilling talks by Shalini Sharma who saved the life of the girl about to commit suicide. She was sent to Scotland Yard through Rotary's Ambassadorial Scholarship. Peace Scholar Pravin Dixit spoke on "Peace initiatives for Mumbai". This was followed by Kalyanda's spellbinding address on "Rotary's Role in International Conflict Situations". His thought provoking talk led to a standing ovation. However, the epitome of the evening was RI President Sakuji's talk on "Peace through Leadership" which led to another standing ovation. His simplicity endeared him to every Rotarian.

4th
MAR

CANCER SCREENING CAMP

Our Club had organized Cancer Screening Camp for 100 ladies at Strihitakarini, Lower Parel in association with Cancer Patients Aid Association, King George V Memorial Hospital.





25th
MAR

PRE-HOLI FELLOWSHIP

The Pre-Holi fellowship on 25th March was a super success with more than 150 Rotarians and spouses attending the party.

Each person was greeted in the traditional Indian style with tikka. The food was excellent.

The nostalgic hindi film songs rendered by Moni bhai, a one man orchestra, took us back to the golden era.

There was wonderful bonding between members and everybody had a great time.







25th
& 28th
MAR

ROTARY KOHINOOR VOCATIONAL TRAINING - ORIENTATION PROGRAMS

Two Orientation Programs had been organized at the Dadar&Kurla branches of Kohinoor Technical Institution on 25 th March and 28 th March, respectively.



A total of 84 students were inducted for training in six month vocational courses such as air-conditioning, refrigeration, electrical engineering and electronic engineering being conducted by Kohinoor. These students are from very poor background (eg. Tea stall vendor, driver, menial worker in village, jobless youth sitting in the village and farming.) The fees for each of the courses is Rs 21,500/-. Each student contributes Rs 6,500/- per course and the Club sponsors Rs 15,000/- per student per course. Applications of all students are jointly screened by Kohinoor and our Club. The teachers for each of the courses are dedicated and the Members of our Club who attended the Orientation Programs are satisfied about the courses being conducted by Kohinoor.

Kohinoor guarantees them employment with larger companies, offering salaries of over Rs 10,000 post probation / in house training. Once employed, they have to sign a bond to pay back Rs 500/- per month to Kohinoor, so as to subsidize the next batch of students.

14th
APR**DISTRICT ASSEMBLY 2013**

The District Assembly 2013 has been designed to assist Rotarians to empower themselves and their fellow members to be a part of the Rotary Vision and to meet the Club's goals. District Governor Elect Lata Subraidu and her team have decided to hold the Assembly at Hotel Renaissance, Powai on Sunday, 14th April 2013.

It has chosen a well-informed faculty from within and outside Rotary to support, inspire, motivate and supplement members' knowledge so as to ensure outstanding leadership in the Rotary Year 2013-14 and to ensure continuous excellence. For the information of new members and of those who have never attended one, the annual District Assembly prepares incoming Club leaders for their year in office. It also affords them an opportunity to meet with District leaders the District Governor Elect, incoming Assistant Governors, heads of District Committees who support Club projects and activities.

The Assembly is chaired by the District Governor-Elect. The participants include all incoming Club leaders such as President-Elects, incoming Secretaries, Treasurers, Committee Members and others. The topics covered at the Club Assembly include The R.I. Theme, Public Speaking and Leadership, roles and responsibilities of Club leaders, developing goals for the year, selecting and training team members and committee chair persons, Rotary resources, Case Studies, problem solving, team building and finalizing Club goals. Several authorized resources and manuals will be handed over at the Assembly which includes Club President's Manual, Club Treasurer's Manual, Administrative Committee Manual, Membership Committee Manual, Public Relations Committee Manual, Club Service Project Committee Manual and the Club Rotary Foundation Committee Manual. Such comprehensive training at one location, with the entire District Team participating, is a unique opportunity, one not to be missed and strongly recommended for Club Office Bearers and Directors.

Our President Elect Rtn Sanjiv is requesting for whole hearted participation by incoming leaders, including Directors and Chairpersons at the District Assembly. The registration charges are now Rs 3,500/- per person. Those members who have not yet registered are requested to do so immediately.

AN UPDATE ON POLIO NATIONAL POLIO PLUS COMMITTEE

India and therefore SEA Region is well on the way to being declared polio free, Which can happen in January 2014 if we continue zero polio status.

NO new Polio cases have been reported. The status of Polio cases is as under:

Year 2005 = 66 wild Polio cases
 Year 2006 = 676 wild Polio cases
 Year 2007 = 874 wild Polio cases
 Year 2008 = 559 wild Polio cases
 Year 2009 = 741 wild Polio cases (from 56 Revenue Districts)
 Year 2010 = 42 wild Polio cases (from 17 Revenue Districts)
 Year 2011 = 01 wild Polio case (from 01 Revenue District)
 Year 2012 = NO CASE (as on March 15, 2013)

2013	2012	2011
No New Case Reported	No New Case Reported	01 case in 01 revenue district (P1-01) district f/y 2011

POLIO CASES STATUS GLOBALLY AS ON March 12 2013.

Country Year	India	Nigeria	Pakistan	Niger	Afghanistan	Chad	TOTAL
Year 2012	0	122	58	1	37	5	223
Year 2013	0	4	5	0	1	0	10

FAMILY NEWS

POOJA, Daughter of Sanjiv & Heena Mehta got engaged to RAHIL on 31st March 2013

FAMILY NEWS

Rtn. Sunil and Anjali Shah's daughter Pooja has secured admission to the famous Steinhardt's School at NYU, in the intake of Fall 2013.