

Good horse sense

Investing in racehorses can get you better returns than punting on the market

You don't really have to be The Baron from Chennai (Dr M A M Ramaswamy) to own a prize stable. This month, the Royal Western India Turf Club (RWITC) has made it that much easier for the *hoi polloi* to invest in thoroughbreds. On July 12, 1998, the RWITC passed a resolution allowing the formation of syndicates with upto 10 members for the joint ownership of racehorses.

The RWITC's move to allow syndicates may make investing in racehorses in India accessible to the common or garden high net-worth individual as opposed to a preserve of the filthy rich. The fact is that syndication helps to cut possible losses to acceptable proportions. It also allows them to diversify into a portfolio of several horses running in different classes on different courses.

What does the average racehorse earn in a year? Well, Elusive Pimpernel won 22 races from 23 starts and earned Calcutta-based Deepak Khaitan over Rs 1 crore in a span of two years. But Elusive Pimpernel, bought from ex-Punjab chief minister H S Brar's Dashmesh Stud Farm, was no average racehorse. Elusive Pimpernel boasted the finest pedi-

gree and as he grew he acquired the build of a champion.

But even less high profile horses can earn handsome returns. And in some cases even what the racing fraternity thinks are non-winners can give a 14.5 per cent return on investment. For instance, The Kid was bought by Delhi-based Renuka Bajaj as a yearling from J K Stud Farms at a throwaway price (Rs 40,000). She invested another Rs 60,000 towards The Kid's annual upkeep and basic training fees. The Kid finally won his first race as a three-year old colt. After that it has been no looking back — he has won five handicap races earning more than Rs 3 lakh. "Everyone swore The Kid would be a dead investment but he's come good," says Bajaj.

Says Delhi racing manager Kulwant Singh, "On an average, horses could win a race a season or two a year. They start racing as two-year-olds and peak at five or six. There have been quite a few that have continued to race at the highest level until the age of seven."

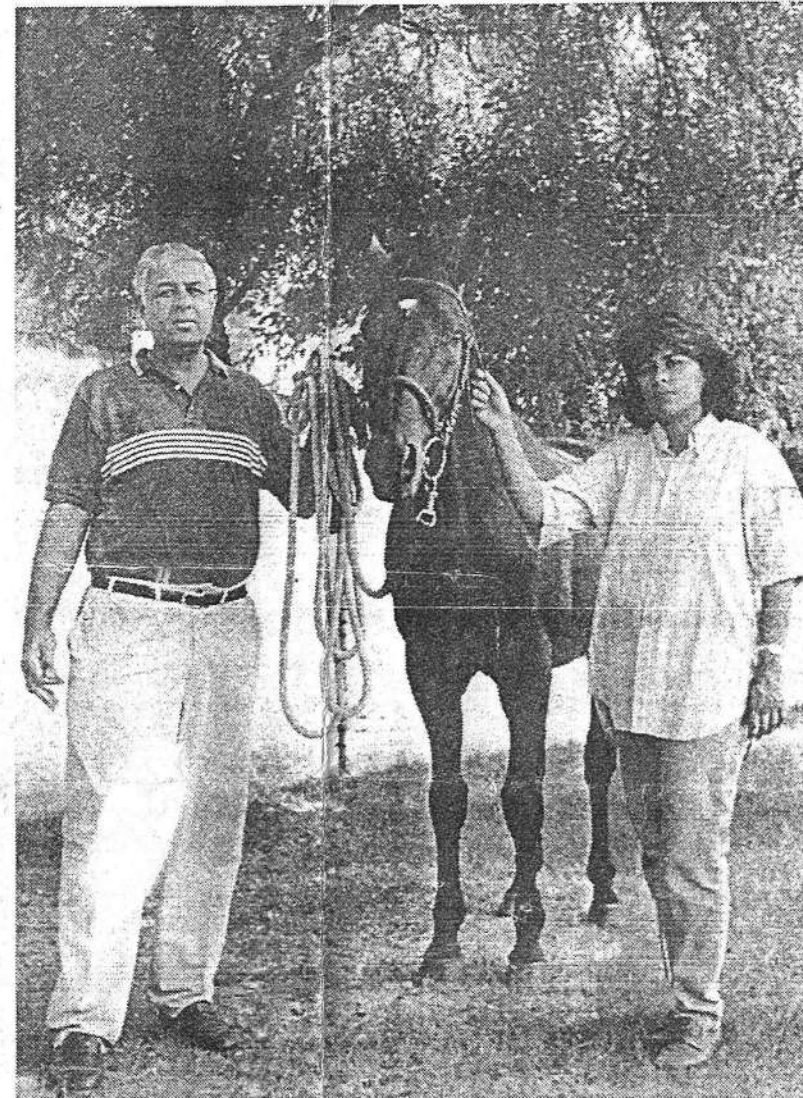
How racetrack investing works

"All you have to do in India is buy a sound horse, and you are reasonably sure of winning your investment back," says Delhi-

based Major Pradeep Mehra who is an astute judge of horseflesh and owner of Usha Stud Farms. That's a guarantee you wouldn't get from the stockmarket, but there are reasons why investing in racehorses is safer than investing in common stocks.

Firstly, basic training fees are fixed at Rs 5,000 per month across the country. But the stake money in India is exceptionally high compared to the maintenance cost of keeping a stable. This gives owners the opportunity of not only recovering their investment but making a hefty profit. Secondly, the level of competition allows most racehorses to win a sufficient number of times although they may not be Classic or Graded Race winners. An astounding 75 per cent of racehorse owners in Britain never win a single race. Thirdly, in India there are 5,000 horses in training which have a shot at 2,000 races. This puts the odds in favour of Indian racehorse owners.

"But you have to define your objective. And be realistic," says Major Mehra. He advises beginners not to set their hearts on winning the Derby. "If you have a budget of Rs 1.5 lakh or Rs 2 lakh, approach a trainer with a reputation of succeeding with early winners such as Dallas Todywalla in Mumbai, C D Katrak or Gurdev



Major Pradeep Mehra and daughter Ameeta of Usha Stud Farms with Razeen, the First Stallion of Indian racing

Singh in Delhi. Enlist the trainer's help to pick a yearling from an early foal from a line known to be precocious and fast. Then have fun winning five or six races."

The debate on Fillies versus Colts is as old as racing. Colts are harder but mares have an inherent value because they produce offspring. "Good pedigree mares which are big sweepstake winners have a resale value of Rs 3 to Rs 4 lakh," points out Kulwant Singh.

Says leading breeder Major Mehra: "Sires like our Razeen and Steinbeck have been imported from the US as fortunes are made or lost at the toss of the genetic dice.

There is no stallion market in India for even the Triple Crown winner. Therefore, some people prefer to invest in fillies." Dr M A M Ramaswamy's mare Forest Fantasy is the fastest Indian racehorse, having run one and a half miles in a whizzing 2 minutes 30 seconds. She has a residual value of over Rs 50 lakh and yet The Baron will never part with her.

Selecting the right horse

With over 1,750 foals coming up for sale every year supply outstrips demand in India. So how do you decide on the horse to buy? Pedigree: "Anything bred in

ancestry to one of these founding sires — The Byerly Turk, The Darley Arabian and The Godolphin Barb. And if a horse's bloodline does not go back to the trio it is simply not a thoroughbred.

Confirmation: "The legs are the most important part of a racehorse. If there is a visible defect such as puffiness of the joints or swellings on the tendons, it means you are on dangerous ground," says Ameeta Mehra, manager of Usha Stud Farms.

Stud farms: The ability of a horse is 30 per cent genetic and 70 per cent environmental. In the US, the upbringing differential

the blue will be expensive, so look for the progeny of a sire who has established himself in producing a number of race winners. Then look at the dam line (the foal's mother's pedigree) which should have produced winners as well," says racehorse owner and businessman T K Bajaj. To be labelled a thoroughbred, a horse has to trace back its

between a top farm and an ordinary one would be a maximum of 5 per cent. In India, the differential would be 50 per cent.

Therefore, stick to the top farms which produce yearlings to suit every pocket from Rs one lakh to Rs 30 lakh. The current racing year belongs to the Usha Stud Farms with resident stallion Razeen's offspring in full cry. The Poonawalla brothers (Cyrus and Zavaray) are also in the reckoning with their farms in Pune producing derby winners. Experts consider the Dashmesh Stud farm in Muktsar a strong third.

Most racehorse owners tend to buy directly from the stud farms when the fillies and colts are barely 18 months. The leftovers come up for sale at auctions held across the country just after they have turned two. The majority come to Mumbai where the RWITC conducts the major auction sale of the year. Broadly speaking, it is cheaper to buy at the auctions.

The bargain horse

In India, there is one more factor which comes into play irrespective of pedigree or confirma-

INDIVIDUAL OWNERSHIP: As the name suggests, this is a person who owns thoroughbreds which are registered exclusively in his or her name — what you would call a sole proprietor. The biggest individual owner in India is Chennai-based Dr M A M Ramaswamy who is known to turf addicts as The Baron. He probably owns more than 250 racehorses and his racing silks gold with a brown belt are seen in every centre in the country.

SYNDICATE OWNERSHIP: The Royal Western India Turf Club (RWITC) passed a resolution on July 12, 1998 allowing the formation of syndicates with upto 10 members for the joint ownership of a racehorse. According to this new directive, two people have to be nominated as syndicate managers. The members can always take it in turns to share the responsibility of being the syndicate manager, as also enjoy the glory of leading in the winning horse.

The RWITC's move to allow syndication is likely to encourage people with average means to take to the sport.

Ownership patterns

OWNING A LEG: Up to four individuals have always been allowed by the turf authorities to combine their resources to buy a racehorse. Technically, this makes them the "owner of a leg." The Khatau family had great success in the 1980s with members of the clan pitching in to buy a leg of a horse.

LIMITED COMPANY OWNERSHIP: Most of the big names in the racing circuit have adopted this form of ownership. Thus, you have Vijay Mallya representing United Bloodstock Breeders and Racing Pvt Ltd. Similarly, Calcutta-based Deepak Khaitan represents Soom Stud Farm Pvt Ltd. The advantages of funnelling business through a limited company are the same for racehorse owners as for any other businessmen. The company may collapse but the owners are insulated from possible meltdowns and having their personal assets seized.

(Note: Regardless of the form of ownership, take out an insurance policy on your thoroughbred. The GIC offers the standard safeguards.)

tion — the markings. Every horse has a circular marking or located on its forehead. If it is located below eye level, it is considered a bad omen in India and a horse is called an *Ansoodhar*. Several superstitious Marwari racehorse owners will not touch an *Ansoodhar* with a bargepole, often forcing breeders to give away *Ansoodhars* at throwaway prices.

"If one can wrangle a discount on a brilliant yearling just because of its markings, I think as an owner your acquisition has already brought you luck by saving you money," says Major Mehra. *Ansoodhars* can fetch hefty discounts of upto 25 to 30 per cent.

The acquisition of *Ansoodhars* have proved to be a stroke of pragmatic genius for some. For instance, Indictment owned by Khushroo Dhunjibhoy, Deepa Dhunjibhoy, Major Mehra and Ameeta Mehra won the prestigious McDowell Indian Derby in 1997 earning his connections Rs 20.5 lakh. Moreover, a Triple Crown winner, Indictment has gone on to win Rs 81,17,348 in stake money!

● UTTARA CHOUDHURY