COVER STORY

By Jeremy Lawrence

Shailesh Dash, founder and CEO of Al Masah Capital, raises money and builds businesses across multiple sectors, with a strategy that confirms the old adage: business is simple but it is never easy. He tells **Arabian Business** how he does it

"PROVIDE THE RIGHT SERVICES AND YOU'LL ALWAYS FIND CUSTOMERS"

Dressed in a well-fitted suit and luxury watch, Shailesh Dash looks much more like a successful corporate CEO than an entrepreneur. And yet it is the latter title he uses to describe himself. And he does have a point.

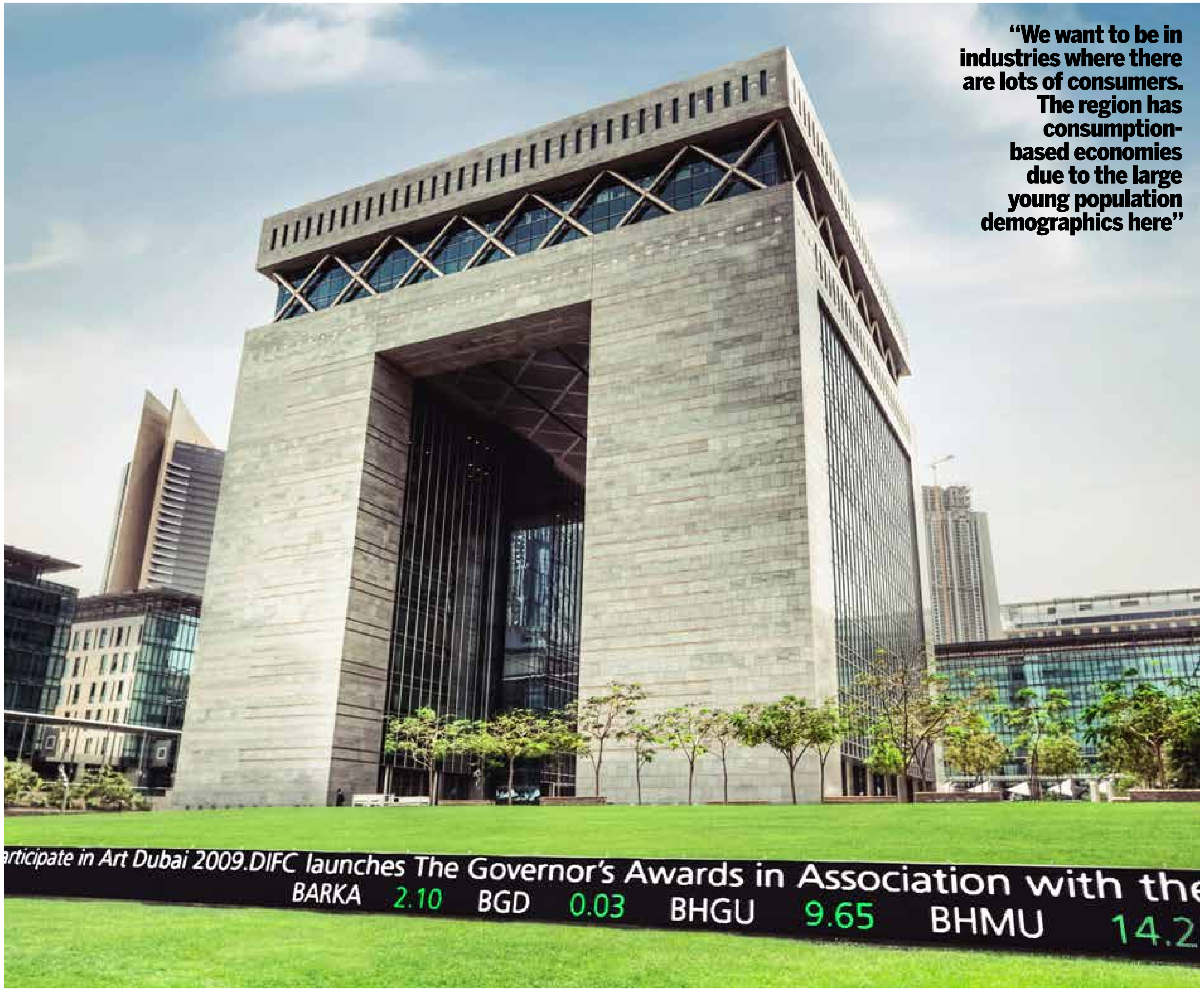
Picture your typical CEO, and you probably think of them running a big, successful business (which he does), rather than creating new ideas and new companies (which he also does). Arguably, then, the key to Dash's success is his ability to do both simultaneously.

To explain, Dash has founded several financial institutions that invest in the Middle East and South East Asia across various industries such as healthcare, education, food and beverage, logistics and financial services.

Since leaving his corporate role at Global Investment House (GIH) in Kuwait back in 2009, he has founded Al Masah Capital, Regulus Consultancy DMCC, Regulus Asset Management Limited, Avivo Group, Al Najah Education, Diamond Lifestyle and Gulf Pinnacle Logistics.

Currently, he is the founder and CEO of Regulus Capital Limited, a private equity advisory business with nearly $850m (AED3.1bn) in assets under management (AUM) in four sectors. He's also the founder and CEO of Al Masah Capital, which, over the last six years, has successfully raised more than $1.5bn (AED5.5bn).

These are big businesses, but ones that he has created. So in effect he is both CEO and start-up founder – at least in terms of mindset – which begs the question: how does he gain expertise across multiple sectors and then leverage it into success across all of them?



With offices in DIFC, Al Masah offers clients a full spectrum of debt management expertise and advisory services

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Upsides to the downside

In the case of Al Masah, founded in 2010, Dash was seizing opportunity in adversity. "People had really suffered during the financial crisis," he says in an interview at the *Arabian Business* offices. "The bankers and asset managers had lost their hard earned money. So we wanted to find a solution, particularly for regional investors, who were cautious about investing."

He explains that there was still money in need of a home, but risk appetites had changed. Dash wanted to respond to that sentiment, which he did by asking a lot of questions of the market and his investors. His assessment was that the crash had happened due to inflated asset prices and over-leverage. And yet growth, especially in the Gulf, was still good, with oil prices buoyant (at an average of $61 in 2009, adjusted for inflation). This meant it was the perfect time to buy assets at low prices, but he couldn't rely on investors willing to tie up cash in a company or blind pool for ten years.

"Family offices in particular had lost patience with this approach," says Dash. "They wanted to know about the business they were investing in and they wanted access to their money. They wanted transparency, better returns, and for those investments to be more regional so they could look and feel the returns. And finally they wanted to be in sectors where there was obvious demand. So we spent a year talking to these people to find out what they were looking for. And then we ensured we had the skillset in those sectors, which led us to our first big venture in healthcare, and then education."

Dash explains how they built businesses from there. "We'd find a sector, invest between five and 20 percent ourselves and then raise the rest from likeminded investors. We now have pension and sovereign funds, but back then it was mainly family businesses with a $1m (AED3.68m) or maybe $5m (AED18.4m) to spend. For this amount they could become a shareholder in a healthcare business and get eight or nine percent annual returns."

With these investors Dash went shopping for healthcare companies to form Avivo Group, which is now "probably number one in dental; number two and number three in derma and IVF; and we have 30 to 35 clinics in the UAE." Dash built a team of health-

Al Masah Capital, with its Real Estate fund setup capability provides investors with access to attractive opportunities in the region

Where is the Middle Eastern Goldman Sachs?

"There is no regional leader. Market depth is one of the reasons and that's because most Gulf funds have traditionally moved out to the US and Europe. Recently they've extended into more emerging markets but not nearly enough. Also, people think there are fewer opportunities here. It's only recently that Saudi Arabia has announced its intention to build really big projects.

"The UAE has long been doing that and it has had a very good effect on other Gulf countries, because its neighbours now want to give their people the same facilities. The aspiration levels are higher due to technology and social media. Citizens will ask why they have the same resources in their country but not the same facilities.

"That's why the recent steps taken in Saudi have been very positive and would be very good news for all the Gulf states seeing as it is the largest country. There is a vision and its leaders seem to be working toward it, but we have to give it time. It took 20 years to create Dubai."

care managers to integrate the different businesses and cross-sell products for each other.

And then he did it again in the education sector. Schools at that time had two-year waiting lists, and were also unaffordable to many families.

"There was a gap where people were looking for quality but in the middle class segment," he says. The result was Al Najah Education, which now has over 16,000 students across ten brands.

Affordability is an important principle that applies to all his businesses. "We are not at the low or high end. We think maximum demand is always in the middle where you can still deliver a quality product at a good price. So for example, top schools in Dubai charge between AED75,000 and AED110,000 a year. Horizon costs somewhere between AED37,000 and AED70,000, but is among the top-rated schools in Dubai. This is how we differentiate our model. We want to provide services that people can afford to pay for, in every sector that we are in."

While these seem like obvious sectors for success, Dash says the devil is in the detail. "Everybody was talking about healthcare and education back then, but it is difficult to make it happen. I can only think of about four names who were able to do so. Talk is cheap and it is all down to the implementation. This is where a skilled team, along with leadership and vision are important."

Growth markets of the future

Dash has plenty of ideas for other sectors to invest in, and the decision over which ones to choose comes down to a very simple formula. "We want to be in industries where there are lots of consumers," he says. "The region has consumption-based economies due to the large young population demographics here."

"We want to provide services that people can afford to pay for, in every sector that we are in"

Al Masah Capital looks at huge potential for growth in areas such as education and healthcare

"We could see a mid-cycle wobble rather than all-out crash. But the numbers don't indicate that it's a bubble"

100%

The stake owned by Al Najah Education Limited in Horizon English School in Dubai

To that end, he is already in logistics, a sector he thinks will explode due to the sudden rise in e-commerce. Indeed, Dash thinks by 2022 to 2024, the sector will be "three times its present size", though he has a warning: "Everybody is trying to get into that segment but only the best will survive."

He's also looking at real estate, but not in the way that most people in the region enter the market.

"What is the difference between London, New York or Singapore and here?" he asks rhetorically. "Over there, a 50-year-old real estate asset looks as good as new because it is so well maintained. And this is due to technology. You need to build new advances into maintenance programmes."

The problem here, he says, is that developers also manage finished buildings, when in reality it requires specialist third party companies. "It's a completely different skillset, and with the way construction is going, over the next 20 years you will need these services."

It's interesting to think a little more about that idea. Arguably in the past, this region's buildings had a shelf life of a few decades and could easily be torn down and replaced. But its more recent 60-storey-plus towers, as well as all those now famous landmarks, are here to stay – and will therefore have to be maintained. It will be a big business, and Dash is planning to be in it.

He lists other areas for potential involvement as "things we all need: electricity and water, especially water, and we will soon be in these

"The private sector and governments need to take more steps to provide the right products and services to meet the aspirations of their populations"

The logistics industry is set for tremendous growth with the rise of e-commerce

Avivo Group's strategy consists of targeting profitable healthcare assets

"Everybody is trying to get into that [logistics] segment but only the best will survive"

Do inflated share prices indicate another asset bubble?

"There are different views on this. Some people say it is like it was pre-2000 when you had a correction, but then again the world economy grew for another six or seven years after that slump. So the same could happen again. We could see a mid-cycle wobble rather than all-out crash. But the numbers don't indicate that it's a bubble. I know we've had cheap money and quantitative easing (QE) but growth has continued despite this being slowly withdrawn. And over here higher oil prices and government spending will help a great deal."

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▲ Dash says his firm is not yet ready to list on the stock market

sectors. Then there is food processing and agriculture. We don't have the skill-set for these fields on our team yet. But there is room for growth there as well."

IPOs and economies

Back in 2014, Dash was predicting an IPO for parts of his business by 2018. With that date around the corner, he is now more circumspect. "We still want to do it," he insists. "We've taken a lot of advice and studied this a lot but I don't see enough demand or liquidity. I don't think we're ready."

He points to the example of GEMS Education which is rumoured to be looking to float in London rather than Dubai. "It's a chicken and

▲ VAT will make firms reorganise along more professional standards, says Dash

"We have 40 to 50 million people to feed in this part of the world, and in the MENA it's more like 380 million people. So if you have a good product or service then consumption is not an issue"

egg situation," Dash continues. "IPOs are successful in a booming stock market. We don't have that today. Luckily Emaar always comes to the rescue but I'm not sure where it goes next. You are seeing governments trying to raise money – Aramco, ADNOC, Emaar is quasi-government – but you don't see the private sector coming in with IPOs and you won't see it unless they think there is enough liquidity in the market. An IPO means nothing if you cannot sell your shares."

All that said, he is bullish about the potential for regional growth. "I'm an optimist. We have 40 to 50 million people to feed in this part of the world, and in the MENA it's more like 380

▲ Al Masah Capital is among the market leaders in providing a full range of real estate advisory services for its clients in the MENA region

million people. So if you have a good product or service then consumption is not an issue. Plus we've seen the worst in terms of economic slowdown. Oil isn't at $30 anymore and I believe that prices of $55 to $70 are here to stay due to healthier global economies and the curb in supplies by OPEC countries."

This price range, he says, is a "comfortable level" for the Gulf countries to prove whether they can deliver on their 'vision' plans for a future

$55.5bn

The total value of real estate transactions in Dubai for the first nine months of 2017

that is less reliant on oil.

"In all parts of the Gulf and the MENA they need to deliver on their targets. And the UAE could advise the governments on those changes. Cash and buildings are not enough."

Dash thinks that VAT will help in that process. Though not particularly keen on the Gulf becoming a region that imposes taxes, he does think it will make companies reorganise along more professional standards.

"The private sector and governments need to take more steps to provide the right products and services to meet the aspirations of their populations. Taxes are implemented in countries where you have a lack of

Are family businesses planning properly for the future?

"Assuming your children can run the company as well as you is a mistake. They can have the right education and be surrounded with the right people, but they don't have the hunger that you did. It just doesn't happen. So we have to learn from international markets. To preserve the wealth of the family you need corporate governance. I've seen family businesses where no one works in the business. They get a monthly allowance but they don't run it; they provide the checks and balances and corporate governance instead."

resources. We have enough resources. But we have spent that money outside the region. The Dubai model has shown that investment has to be internal."

The next step

As the conversation draws to a close, he discusses the pros and cons of doing business in this region. Dash has offices in Singapore and business interests all over the world, but he likes the free flow of ideas and mix of people in Dubai, despite it not yet having the same levels of bureaucratic efficiency that Singapore has where, he says, he can open a bank account in less than an hour.

There is one final question to be asked before he leaves: what topics haven't we covered in this conversation that he talks about with fellow CEOs over dinner? "Quite honestly I don't have much time to go to restaurants," he replies. "Our businesses are young and there is so much to do."

Dash will admit to squeezing in coffee meetings from time to time, but doesn't share details on these occasions of his most vital resource: the people he works with. "The most important thing for my businesses is the quality of my staff and I'm not going to share those details with other CEOs. This is where the game-changing transformations happen. I've seen billion dollar businesses created in this market because of who was leading those companies. So I will talk about business but I'll keep some information to myself!"

He does impart one final piece of very useful advice, however, that would be of use to any entrepreneur or business leader: "Supply creates demand. If you provide the right services you'll always find customers." AB