

Investment Journey Of Vivek Gautam

- Lost my father in 1988 so financial position not strong.
- Started in college through IPO routes
- Timing was not good but with limited funds it was the best options
- - Had not much inkling about market then so paid lot of tuition fees

- Read Rich Dad Poor Dad so was convinced of not to be afraid of taking leverage .Said it will take years to save 10 lacs & then invest but u can straightaway take 10 lac loan & invest.
- Imp point is to earn more than the interest you are giving on loan.
- Tried to network with knowledgeable & helpful friends
- When Maruti IPO came in 2003 I had only 2 Lac Rs a friend told about financing being done by IDBI Bank
- Thanks to leverage I opened 7 demat accounts in family members name & was able to get firm allotment of 7000 Maruti shares instead of 1000 odd with my own money
- Same friend introduced me to a new HDFC Bank product LAS and Maruti shares pledged
- TCS IPO came in 2004 & applied for full 25 lacs using LAS & leverage
- One needs some big bets like TCS & Maruti for me to change the course of your life
- the journey started & continues till date

- But net effect of applying in so many IPOs & mkt purchases was my PF appeared like a zoo with nearly 50-60 holdings
- Came in contact with TED & made him my mentor
- Reduced my holdings from 50-60 to around 10-12 & performance of PF started improving automatically
- Also discovered Valuepickr & what a discovery!
- Learnt allocation most important and took big bets on quality small cap stocks
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Learnings

- Don't be afraid to take leverage
- Important part is where you are putting leverage money to
- I used it mainly for IPOs till the market boomed till 2010 till Coal India IPO
- It helps you to bet big in buying immediately without being forced to sell some thing
- Don't overdo it but one can have leverage max till 115-120% of your PF
- Though leverage has worked for me it's a double edge sword. So first build experience and confidence and then try
- Have a mentor who has already reached a place where you want to reach in 10-15 years.
- Ignore non achievers with a negative mindset
- Invest in networking
- Scuttlebutt most important
- Speak to management after doing lot of homework
- Invest in concentrated manner as then you know the story better than others

- Have a 3-5 year POV for any stock
- Temperament & patience most important for any successful stock investor
- Try to find undiscovered quality small /midcap co whose opp size is large , low PE stock & zero instl holding
- When both EPS & PE rises you find a big multibagger.Eg Avanti,Mayur,Astral,Aurobindo,GWR etc
- IPOs are not always Its Probably Overpriced but fertile ground for finding such gems and buy on listing inspite of biases against them .Eg Repco,JFL,Thyrocare,Syngene,VRL,Alkem ,Equitas,Ujjivan ,Advance Enzymes etc
- Study DRHPs beforehand & bet big on listing or thru GMP like NSE,PNBHFL,Varun Beverages .Eg above IPOs too
- Have a minimum ticket size allocation
- Average on upside once co executes forgetting price anchoring.Eg Shilpa/ Repco I bought 32 times
- Invest opp are like buses there is always another one coming.You don't have to get on everyone of them.

When to Sell

- Learn the art of selling & Sell
- When you find something better Eg I sold Icici Bank @1300-1400 pre bonus in 2013 into Astral@60-100.
- When story changes .Sold BOB on imminent arrival of new CMD in 2013.
- Due to overvaluation .Converted Astral@400 & 60 PE to Control Print@240 in July 15.Recently converted Page Ind@13000 into Indigo@765 & then to Manappuram@40
- Due to unethical behaviour, or management incompetence Eg sold PFS in May 2015 due to NPA recognition issues & converted into GWR @190-200.
- You sell when moat & growth are gone.Eg Telecom cos.

Checklist

- Prepare a check list before buying a stock & try to adhere it.
- My check list comprise of :
- Ethical Promoter who wont shortchange minority Shareholders
- Mine 80% bet is on people manning the organization essentially investing on entrepreneur.
- Big opportunity size
- Good ROCE
- Low valuation specially marketcap & PE
- CAGR expected to be in range of atleast 20-25%
- First gen entrepreneur with fire in belly to grow but not recklessly & he should have execution track record
- High promoter stake
- Low debt
- Leader in its own segment which is expanding fast
- Prepare a short note on stock highlighting your investment thesis

Mistakes Made

- Buying / Selling on impulse without due diligence
- Losing patience and selling out too soon Eg Sold Indocount at 10% gain at 80 Rs & TVS Tyres @1100 last year
- Buying without doing homework leading to low conviction
- Price anchoring. First saw Ajanta Pharma @60 Rs & didn't buy it for long
- Not selling inspite of seeing co performance deteriorating. Eg NHPC, Ramky
- Having too many stocks in your PF
- Having preconceived Biases. Eg NBCC/ Canfin & bias against govt/PSU cos
- Applying in junk IPOs with listing gain perspective .Eg Ramky@445/Tijaria @ 60
- Not betting big inspite of doing homework & having conviction. Eg Bajaj Finance Ltd/Garware Wall Ropes 2 recent examples

Patterns of Big Winners

- High promoter stake of atleast 55-70%
- First gen entrepreneur with fire in belly and burning desire to succeed
- Has a support network of his community and advisors
- Well educated and preferably in right age bracket of 40s
- Leader in niche market which itself is expanding fast eg Manappuram, Ujjivan, Avanti, Indigo, Repco, NHL
- Story changing with change in management or advent of dynamic 2nd generation & Promoter Eg Premco, Canfin,
- First listing in sector courtesy IPOs like Equitas, Ujjivan, Advance Enzymes,, Teamlease, Quickheal, Bharat Matrimoney, NSE,
- Low market cap vs big opp size
- Investment already made by PE players Eg like in Satin Credit & savvy investors & Ashish kacholia /Vijay Kedia .
- Go through qtrly shareholding pattern on BSE
- Tailwinds for sectors like MFI ,NBFCs,currently

Essential Qualities For a Good Investor

- Master your emotions. 90% of successful investing is controlling your emotions.
- Get rid of all distractions that promote short term thinking like TV, Politics, Noises like views on economy, watching your positions every second of trading day and
- Watching & getting impacted by prices of scrips going up which you are never going to buy .
- Strive to have friends that are better than you morally ,financially & try to rise to their level
- Be wrong as fast as you can ie avoid big losses
- Have the conviction to hold .
- Inactivity pays a lot in this profession.
- Take decisions. Scared money doesn't make any money.
- ROCE & scalability are 2 mantras of big wealth creation.
- 90% is management, 9% business & 1% other everything. Phil Fisher.

Essential Qualities For a Good Investor

- Overtime cos like humans get the reputation they deserve.
- Main losses comes from buying low quality scrips at time of favourable business conditions.
- Owner operator management make better decisions as their network is on line.
- Most multibaggers will hv long period of consolidations. Old stakeholders gets bored & sell out.
- Find a mentor who is 10 steps ahead of you.He has already achieved today what you want to achieve 10-15 years down the time .Find them reach out to them & learn from them.
- Allocate a good amount at least of minimum ticket size.

DISCLAIMER

- It is safe to assume that I am personally invested in any stock ideas that might be referred to in the presentation. My views will be biased. This is NOT a stock recommendation. Kindly do your own due diligence and/or consult a registered investment advisor before making any investment decisions.