



# 100 Baggers

My Learnings

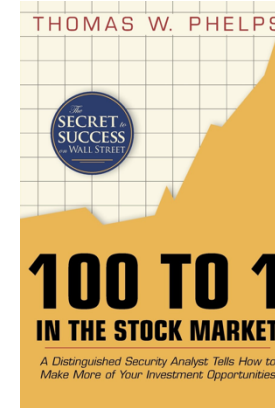
# My Journey...

- **Allure of passive income** drew me to investing
- Have **been investing** in the markets **since 2007**
  - 2007 – 2018: Via MFs
  - 2013 – 2018: Directly investing in stocks
- Prefer the **‘Buy & Hold Strategy’**
- Biggest learning so far: **Bet BIG** on high conviction stories!
- **Favourite investment books:**
  - One Up On Wall Street
  - Common Stocks and Uncommon Profits
  - 5 Rules For Successful Stock Investing
  - 100 Baggers
  - The Thoughtful Investor



# 100 Baggers: The Study

- Study carried by Thomas Phelps on stocks that made 100x returns
- Study covered stocks from 1926 to 1971
- Chris Mayers was impressed by the study and decided to update it
- His work updates the study from 1962 to 2014
- Interestingly both studies covered 365 such stocks
- Both studies discovered certain common traits needed to get to a 100 bagger!



100 to 1 in the  
stock market  
(1972)



100 Baggers  
(2015)

# 100 Baggers: Magic Formula

**What is the magic formula?**

Nothing but good old fashioned – **COMPOUNDING!**

<b>Return</b>	<b>Years to 100-bagger</b>
14%	35 years
16.6%	30 years
20%	25 years
26%	20 years
36%	15 years

# 100 Baggers: Is this for real?

## India Inc's enduring 100x stocks between 1994 and 2014

Company	Price Mult. (x)	Year of purchase	Company	Price Mult. (x)	Year of purchase	Company	Price Mult. (x)	Year of purchase
Infosys	2,902	1994	Glenmark Pharma	299	2000	Ipca Labs	150	2002
Lupin	1,170	2002	Hindustan Zinc	298	1997	NMDC	145	2003
Wipro	875	1994	CMC	277	1997	Gujarat Fluorochem	145	1994
Motherson Sumi	775	1999	KPIT Tech	247	2002	Ajanta Pharma	142	2004
Shree Cement	644	1998	Symphony	245	2009	Dr Reddy's Labs	140	1994
Kotak Mahindra	608	2000	TTK Prestige	233	2005	Coromandel Inter	139	1997
Emami	544	1996	Titan Company	232	2002	Berger Paints	137	1997
Vakrangee	525	2000	Cipla	222	1994	Shriram Transport	135	2002
Eicher Motors	452	2000	Hero MotoCorp	216	1994	CRISIL	127	1996
Aurobindo Pharma	452	1997	GRUH Finance	203	2002	United Breweries	125	2003
Blue Dart Express	417	1999	Mphasis	199	1995	Axis Bank	119	2000
Havells India	372	2000	Sesa Sterlite	196	2001	Crompton Greaves	118	1998
Amara Raja	368	1995	Godrej Inds	164	2002	Pidilite Inds	109	1994
Sun Pharma	347	1997	Jindal Steel	158	2002	Alstom T&D India	107	2002
P I Inds	343	2005	HDFC Bank	156	1996	Asian Paints	106	1994
Balkrishna Inds	310	1994	Supreme Inds	155	2002			

**Note:** The multiples are based on stocks being purchased at the lowest prices for the respective year, and held on to Mar-2014.

**List of Indian stocks that have delivered 100x returns**



# 100 Baggers: Finding Them

- **Start small:** Market cap (< 3250 crores), Sales (< 1100 crores)
- **Low multiples** preferred. Pay-up a bit if needed!
- **Growth:** Sales & Profits
- **Margin expansion**
- **Owner operator** with decent enough stake preferred
- Owner should be **good allocator of capital**
- Big addressable market & **long runway** to grow
- Does it have a **MOAT**? Avoids mean reversion in growth
- **Pricing power?** (check gross margins)
- **High returns on capital (ROEs > 20)** and the **ability to reinvest that capital** again and again and again **for a long period of time**
- **Is the company in a stable industry?**
- **Is the company addressing any human problem?**



# 100 Baggers: I found one! I found one!

- **Bet BIG**
- **Hold it** through thick & thin
- **Monitor it but don't dump it** on the slightest hiccup
- **Avoid macro news** & indicators: rupee / \$ movement, interest rates, oil price etc.
- **Don't chase returns** – who are you competing with anyways?
- **Don't get bored**
- **Hold** for at least **10 years**
- **Coffee Can Approach: Pick a good business & can it!**
- **A certain % of your portfolio** (preferably concentrated to a few such stocks)
- **You need luck!**



**Coffee Can It!**



Thank you