



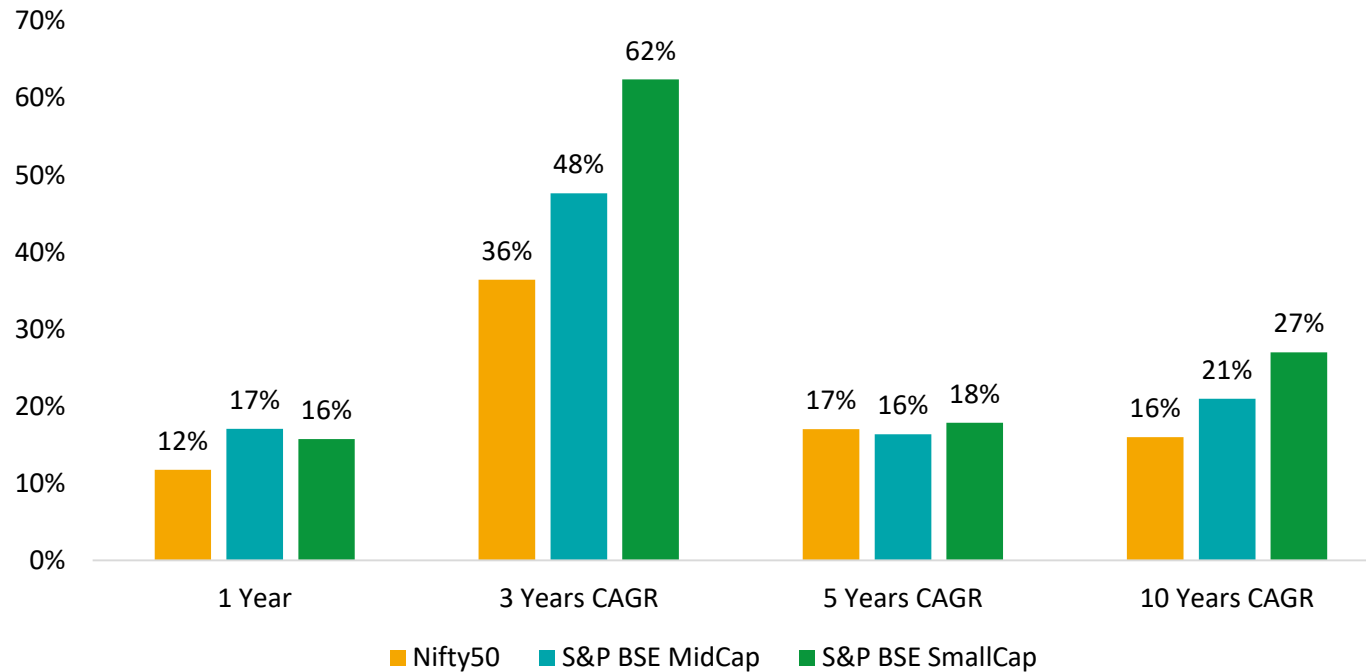
Multi-baggers - Let's find them

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23-06-2023

Indian Markets Returns

Large Cap, Mid Cap & Small Cap Performances (CAGR)

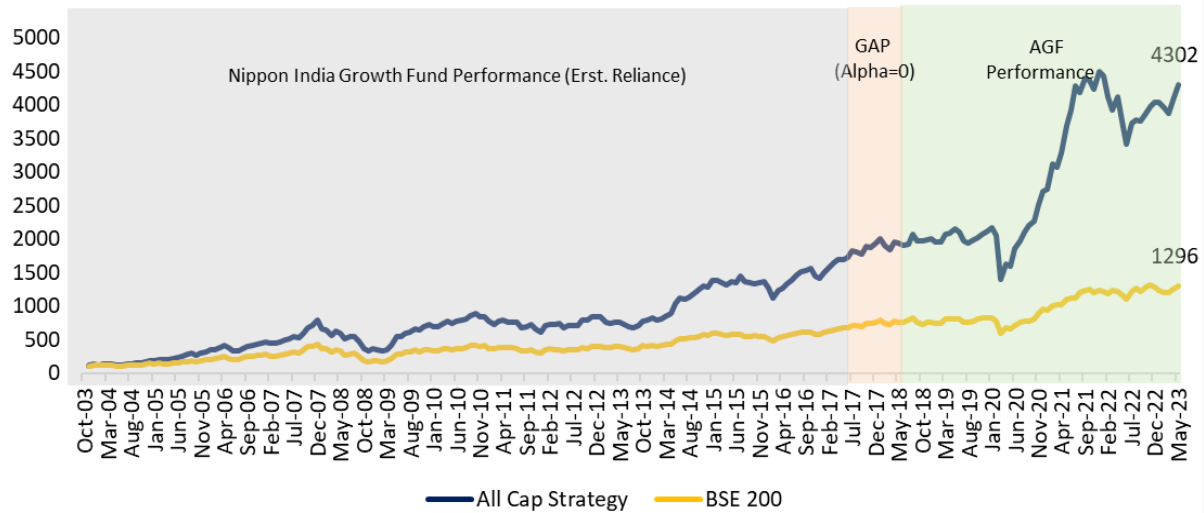


Few Mutual Funds have also been Multi-Baggers

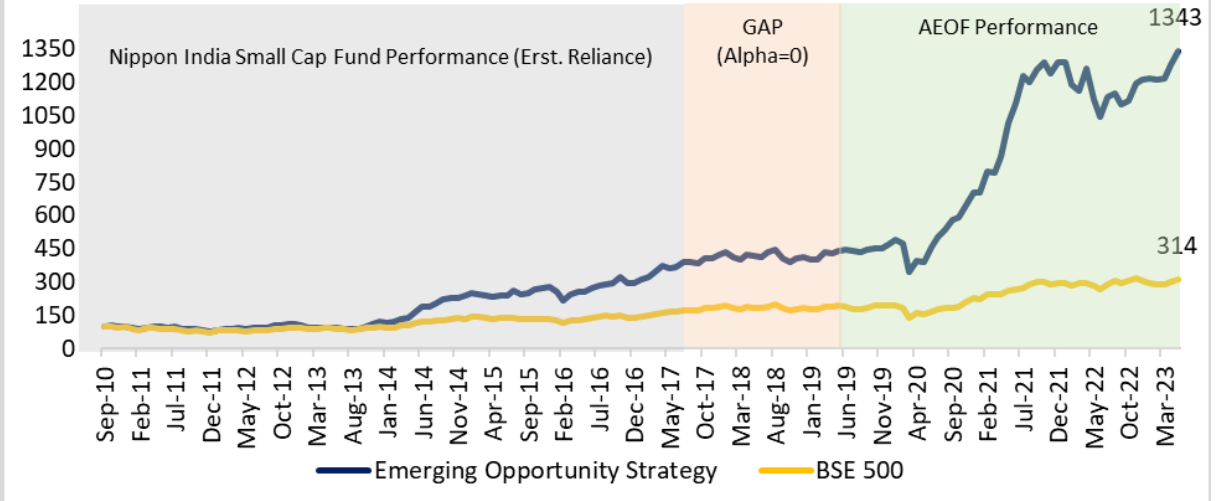
Fund Name	Launch Date	Years	Return Since Launch%	NAV	Notes
Nippon India Growth	08-10-1995	27	21.91%	2422	242 Times
Franklin India Prima	01-12-1993	29	18.94%	1683	168 Times
HDFC Flexi Cap	01-01-1995	28	18.43%	1236	123 Times
Franklin India Flexi Cap	29-09-1994	28	17.63%	1062	106 Times
Franklin India TaxShield	10-04-1999	24	20.75%	957	95 Times
HDFC TaxSaver	31-03-1996	27	23.13%	879	87 Times
Sundaram Mid Cap	30-07-2002	20	23.45%	809	80 Times
HDFC Top 100	04-09-1996	26	18.70%	804	80 Times

Sunil's track record

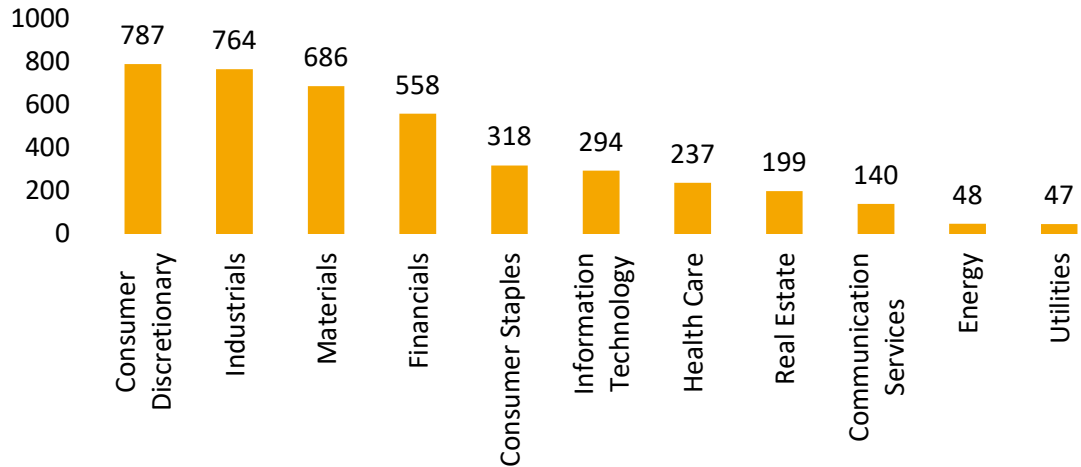
All Cap Strategy



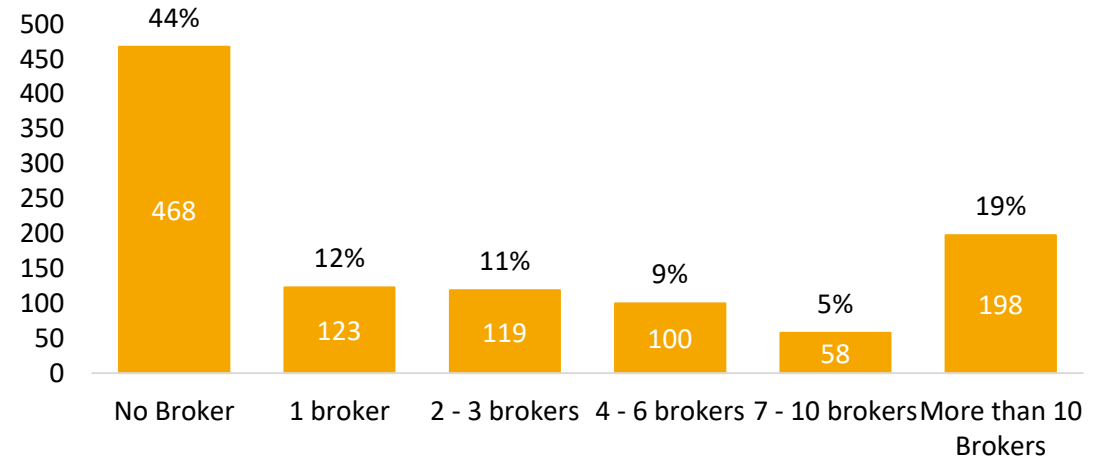
Emerging Opportunities Strategy



Indian equities-diversified and lots of choices



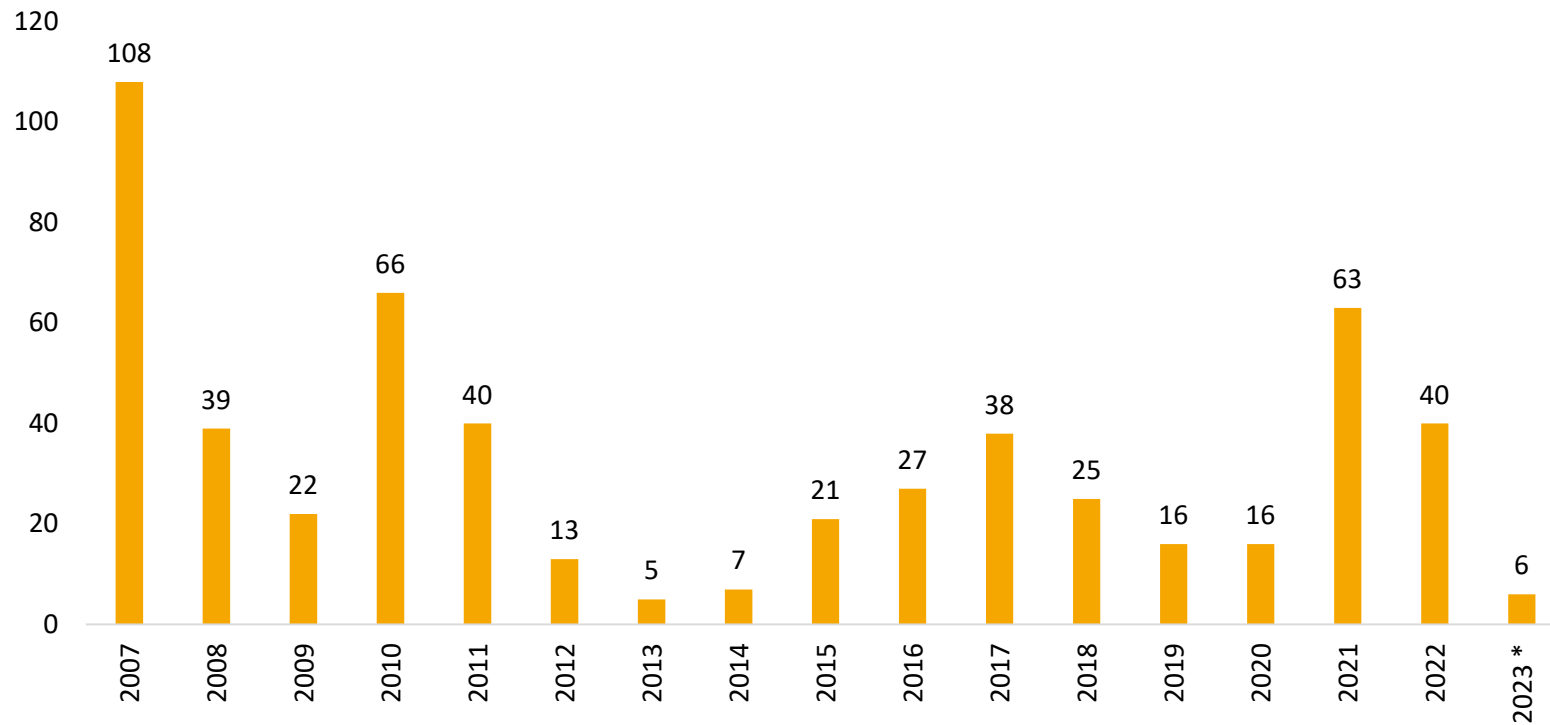
Six thousand listed companies diversified across sectors



Sell side analyst coverage on Indian companies having market capitalisation of more than INR 500Cr (\$60mn).< INR 4000 Cr (\$5bn)

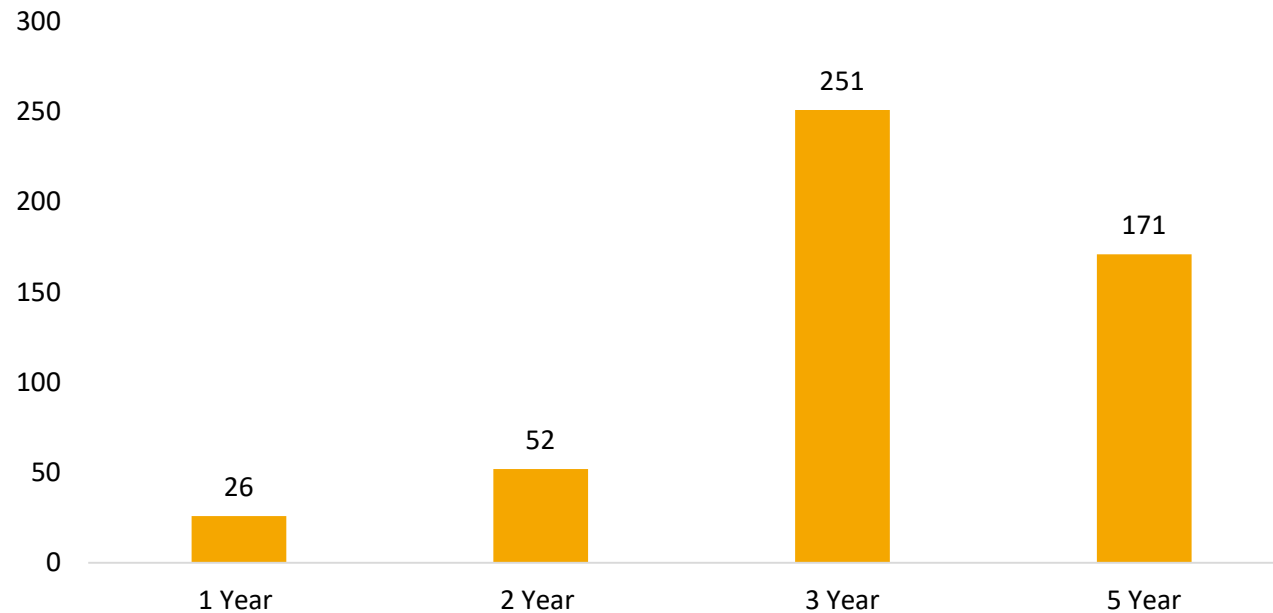
New companies, new businesses, IPOs

Number of IPOs in each year



It has been a great time for stock pickers

BSE 500 Companies whose Absolute return is more than 100%



131 stocks have given more than 200% absolute returns in 3 Years

List of Multi Baggers Companies

Company Name	Sector	Industry	CMP	Mcap Rs crs as on 19-06-2023	1yr chg	2yr chg	3yr chg	5yr chg
CG Power and Industrial Solutions	Capital Goods	Electric Equipment	364	55,544	118%	347%	5521%	609%
Lloyds Metals & Energy Ltd.	Iron & Steel	Steel/Sponge Iron/Pig Iron	381	19,216	188%	753%	3745%	2446%
Tata Teleservices (Maharashtra) L	Telecom	Telecommunication - Service Provic	76	14,842	-37%	146%	1817%	1459%
KPIT Technologies Ltd.	IT	IT - Software	1,072	29,388	128%	353%	1587%	
Tanla Platforms Ltd.	IT	IT - Software	1,029	13,834	-4%	29%	1414%	3449%
Poonawalla Fincorp Ltd.	Finance	Finance - NBFC	341	26,213	50%	130%	1338%	108%
Tejas Networks Ltd.	Consumer Durables	IT - Hardware	711	12,036	69%	321%	1266%	130%
Tata Elxsi Ltd.	IT	IT - Software	7,683	47,844	-2%	111%	778%	487%
Gujarat Fluorochemicals Ltd.	Chemicals	Chemicals	3,164	34,761	25%	178%	751%	
Jindal Stainless Ltd.	Iron & Steel	Steel & Iron Products	328	26,980	222%	240%	737%	323%
APL Apollo Tubes Ltd.	Iron & Steel	Steel & Iron Products	1,324	36,708	54%	70%	730%	635%
Persistent Systems Ltd.	IT	IT - Software	4,939	37,997	55%	95%	722%	498%
Saregama India Ltd.	Media & Entertainment	Film Production, Distribution & Ente	341	6,566	-13%	27%	702%	375%
Elgi Equipments Ltd.	Capital Goods	Compressors / Pumps	534	16,913	37%	155%	631%	300%
Linde India Ltd.	Inds. Gases & Fuels	Industrial Gases & Fuels	4,363	37,206	54%	182%	616%	873%
IIFL Finance Ltd.	Finance	Finance - Investment	517	19,662	58%	103%	614%	-26%
Tube Investments of India Ltd.	Automobile & Ancillaries	Cycles	2,975	57,487	100%	150%	604%	1145%
Cyient Ltd.	IT	IT - Software	1,513	16,737	97%	76%	585%	113%
Rail Vikas Nigam Ltd.	Infrastructure	Engineering - Construction	124	25,938	313%	297%	560%	
Mahindra Lifespace Developers Lt	Realty	Construction - Real Estate	463	7,179	18%	135%	558%	116%
KEI Industries Ltd.	Electricals	Cable	2,239	20,195	88%	219%	552%	440%
K.P.R. Mill Ltd.	Textile	Textile	637	21,784	15%	108%	528%	426%
Brightcom Group Ltd.	IT	IT - Software	32	6,421	-30%	330%	523%	1512%
Prince Pipes and Fittings Ltd.	Plastic Products	Plastic Products	672	7,431	15%	-3%	521%	
Praj Industries Ltd.	Capital Goods	Engineering - Industrial Equipments	393	7,222	15%	10%	505%	374%
Sonata Software Ltd.	IT	IT - Software	1,016	14,239	105%	87%	499%	332%
Raymond Ltd.	Textile	Textile - Weaving	1,731	11,527	93%	314%	494%	80%

List of Multi Baggers Companies

Company Name	Sector	Industry	CMP	Mcap Rs crs as on 19-06-2023	1yr chg	2yr chg	3yr chg	5yr chg
eClerx Services Ltd.	IT	BPO/ITeS	1,773	8,693	41%	51%	494%	106%
Cholamandalam Investment and Finance Ltd.	Finance	Finance - NBFC	1,133	93,104	77%	110%	473%	250%
IDFC Ltd.	Finance	Finance - NBFC	107	17,102	139%	99%	449%	120%
Capri Global Capital Ltd.	Finance	Finance - Investment	749	15,448	13%	49%	448%	818%
Balaji Amines Ltd.	Chemicals	Chemicals	2,370	7,678	-15%	-8%	443%	308%
Triveni Turbine Ltd.	Capital Goods	Engineering - Industrial Equipments	408	12,971	156%	261%	437%	271%
Shree Renuka Sugars Ltd.	Agri	Sugar	43	9,225	-4%	62%	436%	190%
ABB India Ltd.	Capital Goods	Electric Equipment	4,328	91,718	100%	149%	433%	257%
JSW Energy Ltd.	Power	Power Generation/Distribution	254	41,693	21%	61%	429%	255%
HFCL Ltd.	Telecom	Telecommunication - Equipment	69	9,443	17%	30%	426%	97%
Mastek Ltd.	IT	IT - Software	1,982	6,063	0%	-8%	426%	275%
Century Plyboards (India) Ltd.	Construction Materials	Wood & Wood Products	618	13,736	22%	49%	418%	138%
Tata Power Company Ltd.	Power	Power Generation/Distribution	223	71,304	6%	84%	416%	204%
Intellect Design Arena Ltd.	IT	IT - Software	616	8,367	-2%	-17%	410%	217%
Indian Bank	Bank	Bank - Public	283	35,246	94%	102%	403%	-20%
Cummins India Ltd.	Automobile & Ancillaries	Diesel Engines	1,877	52,019	93%	125%	398%	176%
Hitachi Energy India Ltd.	Capital Goods	Electric Equipment	4,117	17,447	31%	127%	392%	
Borosil Renewables Ltd.	Construction Materials	Glass	549	7,160	-11%	108%	392%	117%
The Indian Hotels Company Ltd.	Hospitality	Hotel, Resort & Restaurants	396	56,262	85%	202%	390%	207%
Trident Ltd.	Textile	Textile - Spinning	33	17,000	-9%	102%	389%	458%
Supreme Petrochem Ltd.	Chemicals	Chemicals	412	7,756	-4%	12%	387%	182%
Lakshmi Machine Works Ltd.	Textile	Textile - Machinery	12,815	13,691	48%	100%	384%	62%
Deepak Fertilisers And Petrochemicals Industries Ltd.	Chemicals	Fertilizers	565	7,151	-1%	31%	384%	101%
CIE Automotive India Ltd.	Automobile & Ancillaries	Forgings	526	19,945	161%	142%	382%	94%
Shoppers Stop Ltd.	Retailing	Retailing	804	8,818	85%	255%	372%	54%
KSB Ltd.	Capital Goods	Engineering - Industrial Equipments	2,179	7,586	61%	130%	370%	166%
Bharat Electronics Ltd.	Capital Goods	Engineering - Industrial Equipments	125	91,226	59%	156%	368%	231%

List of Multi Baggers Companies

Company Name	Sector	Industry	CMP	Mcap Rs crs as on 19-06-2023	1yr chg	2yr chg	3yr chg	5yr chg
ICICI Bank Ltd.	Bank	Bank - Private	923	6,45,583	34%	46%	154%	216%
ITC Ltd.	FMCG	Cigarettes/Tobacco	454	5,63,611	72%	122%	146%	70%
State Bank Of India	Bank	Bank - Public	569	5,07,632	29%	38%	208%	109%
Bajaj Finance Ltd.	Finance	Finance - NBFC	7,385	4,47,468	36%	21%	174%	225%
Larsen & Toubro Ltd.	Infrastructure	Engineering - Construction	2,363	3,32,165	59%	60%	163%	80%
Asian Paints Ltd.	Chemicals	Paints	3,310	3,17,480	28%	9%	104%	161%
Axis Bank Ltd.	Bank	Bank - Private	966	2,97,401	52%	31%	132%	87%
Adani Enterprises Ltd.	Trading	Trading	2,404	2,74,033	15%	62%	1473%	1748%
Titan Company Ltd.	Diamond & Jewellery	Diamond & Jewellery	2,970	2,63,633	53%	74%	204%	234%
Bajaj Finserv Ltd.	Finance	Finance - Investment	1,542	2,45,596	31%	29%	162%	160%
Sun Pharmaceutical Industries Ltd.	Healthcare	Pharmaceuticals & Drugs	1,001	2,40,233	26%	50%	105%	79%
Ultratech Cement Ltd.	Construction Materials	Cement & Construction Materials	8,267	2,38,670	60%	24%	116%	127%
Tata Motors Ltd.	Automobile & Ancillaries	Automobiles-Trucks/Lcv	566	1,87,913	45%	68%	452%	86%
JSW Steel Ltd.	Iron & Steel	Steel & Iron Products	772	1,86,501	39%	15%	297%	136%
Mahindra & Mahindra Ltd.	Automobile & Ancillaries	Automobiles - Passenger Cars	1,403	1,74,504	41%	79%	181%	57%
Adani Ports and Special Economic Zone Ltd.	Logistics	Port	736	1,58,997	10%	6%	111%	103%
LTIMindtree Ltd.	IT	IT - Software	5,050	1,49,413	26%	24%	169%	199%
Tata Steel Ltd.	Iron & Steel	Steel & Iron Products	114	1,39,325	26%	4%	255%	105%
Siemens Ltd.	Capital Goods	Electric Equipment	3,806	1,35,543	64%	88%	257%	281%
Hindustan Aeronautics Ltd.	Capital Goods	Defence	3,893	1,30,160	103%	284%	451%	318%
DLF Ltd.	Realty	Construction - Real Estate	485	1,20,077	60%	65%	200%	148%
Grasim Industries Ltd.	Diversified	Diversified	1,760	1,15,864	36%	19%	193%	74%
Tech Mahindra Ltd.	IT	IT - Software	1,093	1,06,524	13%	2%	103%	57%
Vedanta Ltd.	Non - Ferrous Metals	Metal - Non Ferrous	281	1,04,267	6%	11%	166%	25%
Varun Beverages Ltd.	FMCG	Consumer Food	802	1,04,137	113%	202%	392%	607%
Adani Power Ltd.	Power	Power Generation/Distribution	264	1,01,707	1%	130%	594%	1325%
IndusInd Bank Ltd.	Bank	Bank - Private	1,301	1,00,971	61%	31%	169%	-33%
Bank Of Baroda	Bank	Bank - Public	194	1,00,169	103%	142%	312%	51%

List of Multi Baggers Companies

Company Name	Sector	Industry	CMP	Mcap Rs crs as on 19-06-2023	1yr chg	2yr chg	3yr chg	5yr chg
Hindalco Industries Ltd.	Non - Ferrous Metals	Metal - Non Ferrous	426	95,798	28%	15%	182%	89%
Eicher Motors Ltd.	Automobile & Ancillaries	Automobile Two & Three Wheelers	3,495	95,631	34%	29%	101%	17%
Interglobe Aviation Ltd.	Aviation	Airlines	2,433	93,792	49%	43%	137%	98%
Cholamandalam Investment and Finance	Finance	Finance - NBFC	1,133	93,104	77%	110%	473%	250%
ABB India Ltd.	Capital Goods	Electric Equipment	4,328	91,718	100%	149%	433%	257%
Bharat Electronics Ltd.	Capital Goods	Engineering - Industrial Equipments	125	91,226	59%	156%	368%	231%
Adani Transmission Ltd.	Power	Power Generation/Distribution	807	89,992	-60%	-35%	264%	430%
Ambuja Cements Ltd.	Construction Materials	Cement & Construction Materials	453	89,860	27%	33%	137%	126%
Havells India Ltd.	Capital Goods	Electric Equipment	1,337	83,733	25%	34%	136%	148%
Tata Consumer Products Ltd.	Agri	Tea/Coffee	857	79,593	20%	16%	126%	222%
Bajaj Holdings & Investment Ltd.	Finance	Finance - NBFC	6,983	77,717	56%	99%	175%	125%
Apollo Hospitals Enterprise Ltd.	Healthcare	Hospital & Healthcare Services	5,143	73,948	39%	60%	275%	386%
Adani Total Gas Ltd.	Gas Transmission	Gas Transmission/Marketing	658	72,335	-69%	-48%	362%	
Tata Power Company Ltd.	Power	Power Generation/Distribution	223	71,304	6%	84%	416%	204%
SRF Ltd.	Chemicals	Chemicals	2,405	71,281	10%	70%	233%	550%
TVS Motor Company Ltd.	Automobile & Ancillaries	Automobile Two & Three Wheelers	1,338	63,560	81%	119%	263%	126%
Trent Ltd.	Retailing	Retailing	1,706	60,650	64%	101%	200%	436%
Jindal Steel & Power Ltd.	Iron & Steel	Steel/Sponge Iron/Pig Iron	575	58,630	74%	48%	295%	158%
PI Industries Ltd.	Chemicals	Pesticides & Agrochemicals	3,856	58,498	56%	35%	148%	396%
Tube Investments of India Ltd.	Automobile & Ancillaries	Cycles	2,975	57,487	100%	150%	604%	1145%
The Indian Hotels Company Ltd.	Hospitality	Hotel, Resort & Restaurants	396	56,262	85%	202%	390%	207%
CG Power and Industrial Solutions	Capital Goods	Electric Equipment	364	55,544	118%	347%	5521%	609%
Canara Bank	Bank	Bank - Public	305	55,322	68%	107%	184%	16%
Shriram Finance Ltd.	Finance	Finance - NBFC	1,470	55,086	28%	6%	129%	3%
IDFC First Bank Ltd.	Bank	Bank - Private	81	53,845	157%	41%	214%	97%
Indian Railway Catering And Tourism	Hospitality	Travel Services	668	53,404	12%	66%	135%	
Astral Ltd.	Plastic Products	Plastic Products	1,971	52,930	61%	33%	286%	337%
Polycab India Ltd.	Electricals	Cable	3,531	52,924	65%	82%	341%	



Identifying Multi Baggers

Different Characteristics

Change in Management

- Management is one of the most important factors that drives corporate performance as also the perception (P/E) of a company
- A competent management team is a must; it can be promoter driven or professional management
- There have been many instances of change in management leading to a sharp turnaround in a company's performance – loss to profit, faster growth, tough decisions, etc
- Improvement in performance also leads to a significant rerating of multiples, leading to possibilities of multi-bagger
- Change in management can be – change in ownership, Private Equity takeover, new professional management (CEO)

Consistent Profit Growth

- Some companies tend to be ignored by the markets for historic reasons and trade at lower multiples
- However, consistency in growth and profitable growth is ultimately recognized
- $\text{Market Price} = \text{EPS (earnings)} * \text{PE (perception)}$
- Consistent growth is well appreciated by investors as it provides growth visibility, leading to higher multiples. This is a sure shot recipe for a multi-bagger
- Concept of compounding also plays out over a period of time

Split in Businesses of the Company

- Few companies have multiple unrelated businesses in a single listed entity
- A challenging business eats into the profits made by the other good business
- Leads to lower reported profits as also dents the multiple
- Splitting the company into different entities, each engaged in one business vertical has invariably led to improving valuations and multiples
- The reported profits increase and the PE also improves

Extra Ordinary or One-off Write offs

- Few companies see some one-off expenses or write-offs impact their one or few year's profits
- Though it is very obvious, markets do look at reported profits, depressing their market cap
- Once these one-offs stop, the reported profits see a big jump
- Multiples also rise leading to disproportionate returns from the stock
- Similar instances can be in the form of a loss-making business being sold off or in the case of banks, loan loss provisions on advances given in earlier years, depressing the current year's profits

Net Loss or Low Net Profit But Cash Profit

- Spotting a turn-around early has been a very rewarding analysis
- Companies that have faced a rough past but are emerging out of it invariably give very high returns to investors if identified early
- First indication of turn-around is a net loss or smaller net profits, but sustainable higher cash profits
- Many times this is accompanied by a reduction of debt despite a net loss as there is a significant cash profit and operating cash flow
- Eventually the company starts to report good net profits and also benefits from lower interest due to a reduction in debt



Operating Leverage

- Few sectors and companies have huge operating leverage
- Gross margins are high and so are fixed costs
- There is room to produce more because capacities also exist
- When revenues increase, the fixed costs do not go up in the same proportion, leading to a jump in reported profits

Completion of Major Capex

- Companies take up capital expenditures from time to time
- In some sectors, capacity increase is lumpy, takes time and is a step-up phenomenon
- In initial years, the Balance Sheet size jumps (debt also increases) but revenues do not increase as the capacity increase is under implementation
- Once the capacity comes on stream and is efficiently utilised, on the same balance Sheet the revenues jump. Leading to higher profits as well as all-return ratios
- Operating leverage also comes into play

Change of Perception

- As humans, we all have past memories and preconceived perceptions
- Negative memory is stronger than positive memory
- Not so pleasant experience with a company or promoter lingers in our thoughts, leading to a closed mind in re-evaluating companies
- Have seen many instances of a change in promoter behavior, move to professionalize management, forward looking next-gen joining management
- The performance also improves, but more importantly, there is a sharp swing in perception (P/E)

Cyclicals in Downturn

- Quite a few investors say no to investing in cyclicals
- However, returns made in cyclicals outpace most sectors. The only thing is buying time has to be right, as cycles tend to be shorter
- The sheer size of the business (in qty) means that a small up move in product prices leads to a big move in reported profits
- Integrated manufacturing is the key
- Strong companies that survive sector downturn phases with good Balance Sheet end up making disproportionate profits
- Returns tend to be also huge though cyclical

Cheap by way of Valuations, Lagging Triggers

- Kabhi chalta hi nahi hai, No growth, no triggers, some other reasons
- Such companies usually trade at low P/E multiples but have decent operations and business track record
- Any positive change in the historic parameters leads to a quick and significant rerating.
- Many times markets wait for confirmation of changes and that gives the opportunity
- Institutional ownership is zero or very low and thus when rerating happens, the momentum tends to be very high



New Themes

- Fundamentals are fine but themes are the buzzword every time
- Dynamic world and therefore new themes keep on popping up
- Difficult for value-conscious players but returns tend to be sharp and high
- Very few companies are listed normally in in-fashion themes leading to a scramble to invest
- Works well when one is right but invariably the in-themes lead to many other companies opting for listing in the same space

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