

The Art of Discovering Today's Multibaggers Day Before Yesterday

The sharp rally in mid- and small-cap shares in the last three years has given fund managers the opportunity to pick winners that helped boost performance of their schemes. Mid-cap and small-cap stocks have outperformed large-cap stocks by a huge margin over the last three years. As per data from Value Research, the mid-cap fund category's three-year annualised return is 34.51% against the large-cap category's 18.16%. The BSE Midcap index is up 133% over the last 3 years, surging from 5,601 to 13,050. As economic growth was slow due to a series of global and local factors, smart fund managers took over to identifying and picking up mid-cap stocks with a bottom-up approach. "Fund managers have done a great job in identifying mid-cap companies," says Kaustubh Belapurkar, director (fund research), Morningstar, India. We take a look at some fund managers who were quick to spot stocks which gave these high returns:

—Prashant Mahesh and Rathina Sabhapathy


R JANAKIRAMAN

FUND: Franklin India Prima Fund / Smaller Companies Fund

STOCKS: Finolex Cables, JK Lakshmi Cement, Atul

The Chennai-based fund manager is known for his consistency in performance and for his sharp stock picking acumen. One of the early ones to identify Finolex Cables and JK Lakshmi Cement which have given high returns.


VINEET SAMBRE

FUND: DSP Blackrock Microcap Fund / Small and Midcap Fund

STOCKS: SRF, Finolex Cables, Atul, CEAT

The micro-cap fund has been one of the best performer in its category. The fund manager is credited with identifying several stocks ahead of competition. He bought into SRF in Nov 2013, and in CEAT in June 2014, and Finolex Cables at sub ₹100 levels and Atul at ₹300 levels, thereafter increasing stakes in the companies over the last six months.


S KRISHNA KUMAR

FUND: Sundaram Select Midcap

STOCKS: SRF, Bajaj Fin, Ashok Leyland

Though the fund holds SRF since November 2004, the fund manager meaningfully increased stake post Oct 2013, sensing the opportunity in the stock. He has been an early entrant in Bajaj Fin, holding the stock and increasing stake since September 2010.


HARSHA UPADHYAYA

FUND: Kotak Select Focus Fund

STOCKS: HPCL, JK Lakshmi Cement, Ashok Leyland, Bajaj Finance

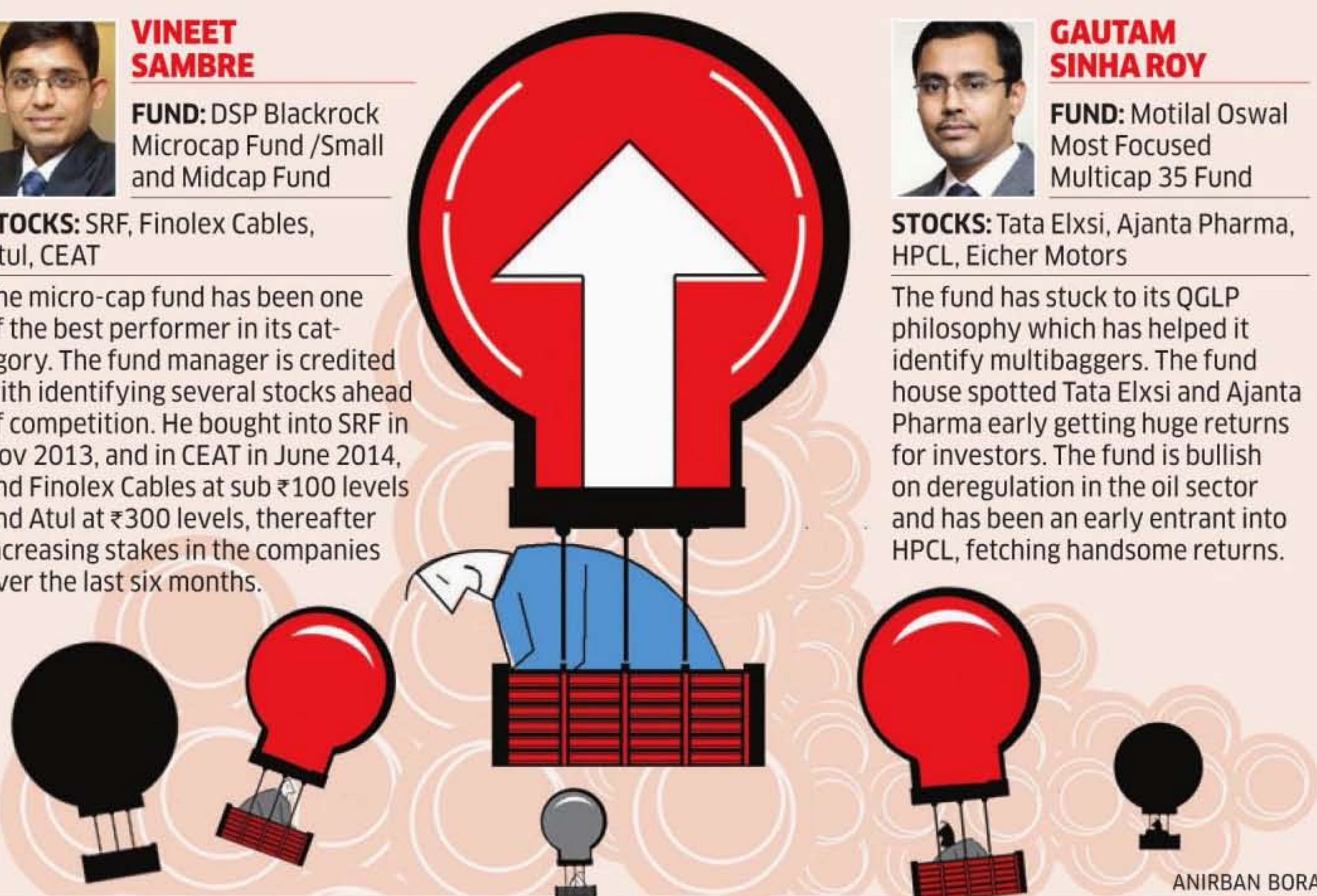
Harsha has been quick at spotting opportunities in the midcap space with the coming in of the new govt. The fund entered HPCL in March 2014 to bag multibagger returns. JK Lakshmi Cement and Bajaj Finance also yielded handsome returns.


GAUTAM SINHA ROY

FUND: Motilal Oswal Most Focused Multicap 35 Fund

STOCKS: Tata Elxsi, Ajanta Pharma, HPCL, Eicher Motors

The fund has stuck to its QGLP philosophy which has helped it identify multibaggers. The fund house spotted Tata Elxsi and Ajanta Pharma early getting huge returns for investors. The fund is bullish on deregulation in the oil sector and has been an early entrant into HPCL, fetching handsome returns.



ANIRBAN BORA

STOCKS WHICH RETURNED MORE THAN 500%

Stock	Mcap (₹ Cr)	CMP (₹)	% Gains	Top schemes that hold the stock
SRF	9,844	1,625	979	Sundaram Select Midcap • DSP BR Microcap
TVS Motor	15,678	338	896	Franklin India High Growth • Reliance Vision
CEAT	4,185	1,064	856	Mirae Asset Emerging Bluechip • DSP BR Microcap
Bajaj Finance	12,415	1,087	821	HDFC Midcap Opp, Birla Frontline • Sundaram Select Midcap
Aurobindo Pharma	46,974	786	807	HDFC Equity • HDFC Top 200
Finolex Cables	6,699	441	752	Franklin India Smaller Companies • DSP BR Microcap
Ajanta Pharma	17,149	1,953	616	Most Focused Multicap 35 • Most Focused Midcap 30
JK Lakshmi Cement	5,569	469	591	UTI Midcap • Franklin India Smaller Companies • Kotak Select Focus
Atul Limited	6,389	2,176	587	DSP Microcap • Reliance Mid and Small Cap • Franklin India Smaller Cos
Tata Elxsi	4,772	1,549	566	Most Focused Midcap 30 • Union KBC Small and Midcap
Eicher Motors	62,423	23,056	531	Most Focused Multicap 35 • SBI Bluechip, DSP BR Top 100
HPCL	42,312	399	513	HDFC Midcap Opp • Most Focused Multicap 35 • SBI Bluechip • Kotak Select Focus
Ashok Leyland	24,830	81	493	Kotak Select Focus • Sundaram Select Midcap

NOTE: 1) A Group stocks with absolute return of 500% and above considered for 3 year period 2) Tax saving schemes, sector funds, close end funds not considered 3) Top three schemes holding largest market value in stock as on August 31 considered.

SOURCE: Accord Fintech, Compiled by ETIG Database, Value Research