Twitter Thread by jeevan patwa



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#Suven – Journey of my first 50 bagger…

I bought #Suven first in Apr 2013 around Rs 20…today after almost 7.5 years, its Rs 1000 (Suven pharma 920 adjusted for bonus + Suven Life 80)..CAGR of almost 68% for 7.5 years. I am fortunate to hold it throughout the journey and

1/n

add on multiple occasions on way up. Like to share my experience in this thread for everyone's benefit..

First time I bought because I like the management focus on R&D. It had chosen the most difficult therapeutic area in pharma which is CNS and it was investing the cash

2/n

flow it used to earn from CRAMS. It also used to write off all the R&D expenses in the P&L instead of capitalizing it in BS. That gave me lot of comfort about management quality.

I kept on adding as funds keep coming. I remember giving a public presentation on Suven in

3/n

Mumbai at one analyst meet in Nov 2017 when it was trading at Rs 160. There was a huge call option embedded at that time in the form of SUVN-502. That would have been the blockbuster molecule if succeeded with market potential of $10 Bn plus..result was due in Dec 2019,

4/n

I loaded around 250-300 knowing the value of CRAMS business itself is more than 300.

SUVN-502 failed in phase-II trials, stock was down 15% from 300 to 250 in a single day, I added heavily. it was largest allocation in my portfolio because I knew the value of CRAMS business

5/n

Staying invested for long time compounds wealth as well as your business understanding. Higher allocation comes with higher conviction and higher conviction comes with higher degree of research…

6/n

#Suven got demerged. #Suvenlife was trading around Rs 20-30. I added further because it was having cash equal to Rs 25 per share. Later #Suvenpharma listed around 300, went down to 160 due to Corona meltdown…it was time to add more since one of the finest CRAMS business

7/n

with highest margins and highest return ratios was available at 7x P/E…

Don’t get anchored to your initial buying price. if the hypothesis is intact, ride it with conviction..add more

Today, combined value is Rs 1000 (Life + Pharma adj for bonus)…still 4x in a year

8/n

Suvenpharma is at its inflexion point..FY22 and further growth trajectory would be very different..Its doing capex of 920 crs which is more that its FY20 sales of which 320 crs getting commissioned by Mar 21…

How many companies does capex equal to their annual sales !!

9/n

and that too when the RoCE and operating margins are 40% plus…

Multibaggers can be achieved with Vision, patience and hard work…

n/n