

## Are you missing out on multibagger stocks? Devina Mehra reveals how smart investors spot them

Are you missing out on multibagger stocks? In a market chasing overnight riches, Devina Mehra, Founder and Chairperson of First Global, reveals why 99% of investors fail to catch them — and how true multibaggers are spotted only in hindsight.

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Devina Mehra advised don't chase multibaggers, but chase the process. Focus on data, cash flows, risk management, and portfolio discipline.

In a year when the BSE Sensex has eked out a modest 4.5% gain, and mid- and small-cap indices have slipped into the red, the conversation around “multibagger” stocks — those rare investments that multiply wealth many times over — continues to capture investors’ imagination. But according to Devina Mehra, Founder and Chairperson of First Global, most investors are chasing an illusion.

Speaking with Rahul Jain, SEBI-registered Individual Research Analyst, Mehra offered a candid perspective on why 99% of investors miss

multibaggers, how to build conviction the right way, and what separates luck from genuine skill in long-term investing.

“People throw around the term ‘multibagger’ very casually,” Mehra said. “A real multibagger isn’t just a doubler or tripler — it’s a stock that goes up five to seven times in a reasonable period of time. If something doubles in ten years, even a fixed deposit might have done better!”

But Mehra cautioned that multibaggers can only be identified in hindsight. “Nobody — not me, not Buffett — knows in advance that a stock will be a multibagger,” she said. “You might expect a stock to double or triple, but 10x? That visibility doesn’t exist.”

Her own career offers striking examples. “Two big ones people associate with me are HDFC Bank and Amazon,” she shared. “We first wrote about HDFC Bank in 1996, calling it a ‘baby’ destined to grow into a ‘Mr. Universe.’ Even Aditya Puri couldn’t have predicted how big it would get.”

Similarly, Mehra’s 2001 call on Amazon, when every Wall Street firm had issued a “Sell,” has since become legendary. “The stock was around \$1 post-split. Even Jeff Bezos didn’t know what would happen 20 years later. But for the first time, Amazon showed real free cash flow — around \$220–240 million. That’s when we realised the business wasn’t going bankrupt anymore.”

## **Looking for gem**

Mehra warns that conviction can easily morph into bias. “Conviction is just belief in a story,” she said. “Once you get married to a stock, you stop questioning it. Don’t fall in love with conviction — fall in love with data.”

Her approach, she explains, is cashflow-driven, not sentiment-driven. “Most investors stop at the income statement — profits, margins, revenue growth. But cash flow tells you if the company can survive. Amazon’s turnaround came when the cash flow turned positive, not when profits did.”

## **Luck, probabilities**

Even the world’s best investors get it wrong most of the time. “If someone truly had a system to spot multibaggers, at least one fund manager in history

would have gotten 50% of picks right — but none has,” Mehra said. “Even Warren Buffett sells 85% of what he buys within two years.”

She calls investing “a mix of skill, discipline, and luck — but never certainty.” The key, she stresses, is to accept that the future is probabilistic, not predictable. “After 2020, if you still think the future is certain, you haven’t learned anything. Who predicted COVID or the bull run that followed?”

### Investors should note

Devina Mehra advised don’t chase multibaggers, but chase the process. Focus on data, cash flows, risk management, and portfolio discipline. “The big winners reveal themselves only in hindsight,” she said. “Your job isn’t to predict them — it’s to stay invested long enough, in the right businesses, for luck and probability to work in your favour.”

In a market obsessed with instant gratification, Mehra’s reminder is clear — multibaggers aren’t found; they are endured.

