

Jhunjhunwala bought Titan at ₹5. The hard part was not selling

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Maxim: *Hold your winners — profit-booking is market timing* — after Rakesh Jhunjhunwala, as summarised by Dharendra Kumar, Value Research (2022)

"No one ever lost money booking a profit" may be the most expensive saying in Indian investing. Lasting fortunes are usually built on the few winners nobody sold.

Every profit you book is a decision to stop being right.

In August, Titan's shares touched a record ₹5,121, and the Jhunjhunwala family's 5.31% stake was worth about ₹24,000 crore, [Business Today reported](#). Rakesh Jhunjhunwala began buying the company in 2002–03. In the 23 years since, there has hardly been a quarter without a respectable reason to sell: a stretched valuation, a weak festive season, a gold-price shock, a market crash.

When he died in 2022, Dharendra Kumar of Value Research drew one lesson above the others from his record: Jhunjhunwala held his biggest winners "for much longer than a decade", kept adding to them, and treated the popular habit of booking profits as psychology rather than logic, [Kumar wrote](#). In a year when Indian portfolios have been bruised and the few green holdings look like the obvious thing to cash, that lesson is worth revisiting.

From 80 to 30, and still not selling

The real test came early. Jhunjhunwala told [Forbes India in 2014](#) that he had bought Titan at an average of around ₹5 a share. The stock ran to about ₹80, which would have been a sixteen-fold gain for anyone who booked it. Then it fell to about ₹30, and he watched roughly ₹300 crore of paper wealth disappear. He did not sell. "I never sold as I thought that neither EPS nor PE had peaked," he explained.

That sentence is the whole method. He was not refusing to sell out of loyalty. He was asking two questions, whether the company's earnings would keep growing and whether the market's valuation of those earnings had reached its limit, and the answer to both was no. In the same interview he described not switching out of Lupin when it looked fully priced: "Why would I not hold on to the investments that have given me good returns?"

He also knew the cost of the opposite choice. In 2005 he sold part of his CRISIL holding to buy a house in Mumbai. By 2014, he told Forbes India, the house might be worth ₹50 crore, while the shares he sold would have been worth about ₹700 crore, "and tax-free". "I wish I had not sold CRISIL," he said.

He was not a purist. He trimmed Titan in 2018, selling about 2.7% of the company for roughly ₹1,080 crore, [Business Standard reported](#), and he named his reasons to sell elsewhere: to cut borrowing, to fund a clearly better idea, or when earnings had peaked and the valuation was stretched. What he did not do was sell because a stock had simply gone up.

Why so much depends on so few stocks

The case for holding winners rests on an uncomfortable fact about markets: most of the wealth comes from a small minority of companies. Hendrik Bessembinder and colleagues studied more than 64,000 listed companies around the world from 1990 to 2020 and found that just 2.4% of them created all of the net wealth that stock markets added for shareholders. More than half of all stocks did worse than one-month treasury bills, according to their [paper in the Financial Analysts Journal](#).

If the returns are that lopsided, the rare winner is not one good stock among many. It is the stock that pays for all the others. Selling it at the first doubling, to "lock in" a profit, cuts off exactly the part of the distribution that does the work. Kumar made a similar point by way of Charlie Munger: selling to time the market gives you two ways to be wrong, because you must also judge when to buy back.

The idea is older than Indian markets. In 1972 Thomas Phelps, an American investment writer, studied stocks that had multiplied a hundred times and concluded that capturing such gains required patience and the will to hold on, as long as the companies kept increasing their earnings, [summaries of his book](#) note.

When holding turns into stubbornness

That last condition matters, because the rule is easily abused. In January 2008 Unitech, Suzlon and Jaiprakash Associates were market darlings. Nine years later, 120 of the 401 stocks in the BSE 500 were still below their January 2008 prices, and those three, along with DLF, Punj Lloyd and Indiabulls Real Estate, had lost about 85% while the Sensex rose 28%, [Business Standard found](#) in 2017. For most of them, holding on was not patience. Heavy debt and shrinking earnings had changed the businesses, and the price was reporting it.

Jhunjhunwala's own test separates the two cases. A winner whose earnings keep growing and whose valuation has not run wild deserves time. A former winner whose earnings have collapsed does not, however much it once made you.

Holding well, not just holding

Holding a winner is not doing nothing. It is checking the right things and ignoring the rest. Once a year, read the results of each stock that has done well for you and ask whether profits are still growing, whether the company still earns good returns on the money it uses, and whether its valuation has drifted far above its own history. If all three look healthy, the price rise is a reward, not a warning.

When a winner grows so large that it dominates your portfolio, trimming it to your planned weight is sensible risk control, and Jhunjhunwala himself trimmed Titan. But trimming to a plan is very different from selling everything because the number on the screen feels too good to last.

The same logic applies to mutual funds. A fund that has done well is not a fund to redeem; it is a fund to review against its benchmark and category, and keep while its process and manager are unchanged. Remember too that every sale of an equity investment held for more than a year triggers tax above the annual exemption, so profit-booking has a price even before you judge whether it was wise.

If you do one thing: Before you sell a winner, write down what you will do with the money. If the honest answer is “wait and buy it back lower”, you are timing the market, not managing a portfolio. Keep the winner, and save your selling for the day the business, not the price, gives you a reason.

Jhunjhunwala's Titan stake made headlines for its size, but the decision behind it was small and repeated: through two decades of bad days, he kept the core of a business that was still growing. The CRISIL shares he did sell bought him a house and a lasting regret. Most investors will never own a Titan. Many already own a winner they are itching to cash. Booking that profit will always feel prudent. It is worth asking first whether it is.

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