

Agrawal bought Hero Honda at ₹30 in 1995 and held for 20 years

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Maxim: *Buy right, sit tight: the QGLP filter.* — Raamdeo Agrawal

Holding for decades only works if you bought something worth holding. Agrawal's four-letter filter is a way of deciding that before you buy, not after.

Sitting tight is easy to recommend and hard to do, and it only pays if the buying was right in the first place.

In 1995 Raamdeo Agrawal, co-founder of Motilal Oswal, put around ₹10 lakh into Hero Honda Motors at about ₹30 a share. He then did something most investors find almost impossible: nothing. He “held on for 20 years”, until the stock touched ₹2,600, he recalled in a September 2026 [Business Standard interview](#). He credits Warren Buffett's idea of long-term investing with teaching him to “stay with companies for extremely long periods”.

The same interview names his earlier and later winners: Vysya Bank, “my first 100 bagger”, and HDFC Bank, “the first real mega-bagger”. These were not lucky tips. In the early 1990s, he says, the first formal brokerage research in India covered companies such as HDFC Bank, Hero Honda and Infosys, and his team studied them closely.

Twenty years is a long time to hold anything. Over that stretch Hero Honda's shareholders lived through the dotcom crash, the 2008 collapse and many smaller scares. The business itself faced a real test of longevity. Honda and the Hero group had formed the venture in 1984, and Honda set up its own Indian unit in 2001. In December 2010 the Hero group said it would buy out Honda's 26% stake; when the deal terms emerged in March 2011, the shares fell nearly 12% in a day, [Business Standard reported](#). Investors had to decide whether the business could stand without its partner.

What made it possible to stay through all of this was not willpower alone. It was conviction about the business, formed before the first share was bought.

The filter behind the patience

Agrawal and his colleagues later formalised that conviction into a four-part test called QGLP, which anchors Motilal Oswal's annual Wealth Creation Study. In the [30th edition](#), published in December 2025, the firm spells it out. Quality means the quality of both the business and its management: durable competitive advantages, healthy returns on capital, and managers with integrity and competence. Growth means growth in earnings, whether from volume, pricing, mix or operating leverage. Longevity asks how long that quality and growth can last. And Price means a reasonable valuation relative to all three, with a margin of safety.

The study says the framework was inspired by Buffett's [2007 letter](#), which described the ideal business as one with a durable competitive advantage, able management and a sensible price; Motilal Oswal added explicit earnings growth. The order matters. Price comes last, because a cheap share in a business without the first three is not a bargain.

Sitting tight is the reward for getting the first three letters right. It is not a reason to ignore them later.

How rare the real compounders are

The most sobering numbers in the 2025 study are about scarcity. Starting from India's top 500 companies by market value in 2008, the study found that only 21 delivered price returns above 15% a year to 2025 while also growing profits above 15% a year and starting with a return on equity above 15%. That is roughly 4% of the list.

Price mattered, but not in the way many assume. Of the 35 long-term compounders the study identified, 19 started out with a price-to-earnings ratio below the Nifty 50's 17 times in 2008. In other words, many great compounders were not expensive when they began their run; the market had simply not priced in how long they would keep growing.

That is what the L in QGLP is for. The study's own valuation model shows how much longevity is worth: stretching a period of 20% earnings growth from five years to 15 raised the estimated intrinsic value by about two-thirds. And the study's simple compounding example shows why sitting tight matters: a rupee growing at 25% a year becomes about nine rupees in ten years, but more than 800 in thirty. Most of the reward arrives late, which is exactly when impatient investors have already sold.

The recent past shows both sides. The same study found that India's 100 biggest wealth creators of 2020–25 added a record ₹148 lakh crore of value, at 38% a year. Yet it also noted that eight of the ten biggest creators benefited from a significant re-rating of their price-to-earnings multiples. Some of that wealth came from earnings; some came from investors paying more for the same earnings. Re-rating flatters returns on the way up and can reverse.

Applying QGLP to your own stocks

You do not need a research team to use the filter. Four questions, asked honestly, do most of the work:

1. **Quality: would this business survive a determined competitor?** Look for a return on capital that has stayed high through a full cycle, and management whose annual reports you trust.
2. **Growth: where will the next five years of profit growth come from?** Name it: more customers, higher prices, a better mix. If you cannot, the market may be guessing too.
3. **Longevity: what could end the growth?** Regulation, technology, a partner leaving, a market reaching saturation. The longer the list, the shorter the runway.
4. **Price: what are you assuming?** Compare today's valuation with the company's own history and the market's. A great business bought at a price that assumes perfection leaves no room for ordinary disappointments.

A simple decision rule. Buy only when you can answer all four questions with conviction, and write the answers down. Then hold for as long as the answers to the first three still hold, whatever the share price does in between. Sell, or stop adding, when quality or longevity breaks, or when the price has run so far ahead that it assumes decades of perfection. A falling price on its own is not a reason to sell a QGLP business; it may be a reason to buy more.

Agrawal's Hero Honda holding looks obvious in hindsight. At the time, it required a view on a business that would hold for two decades and the temperament to ignore every crash in between. The study's numbers explain why few investors manage it: genuine compounders are rare, and most of the return comes late. "Buy right" is the hard analytical work. "Sit tight" is the hard emotional work. Neither works without the other.

Sources

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