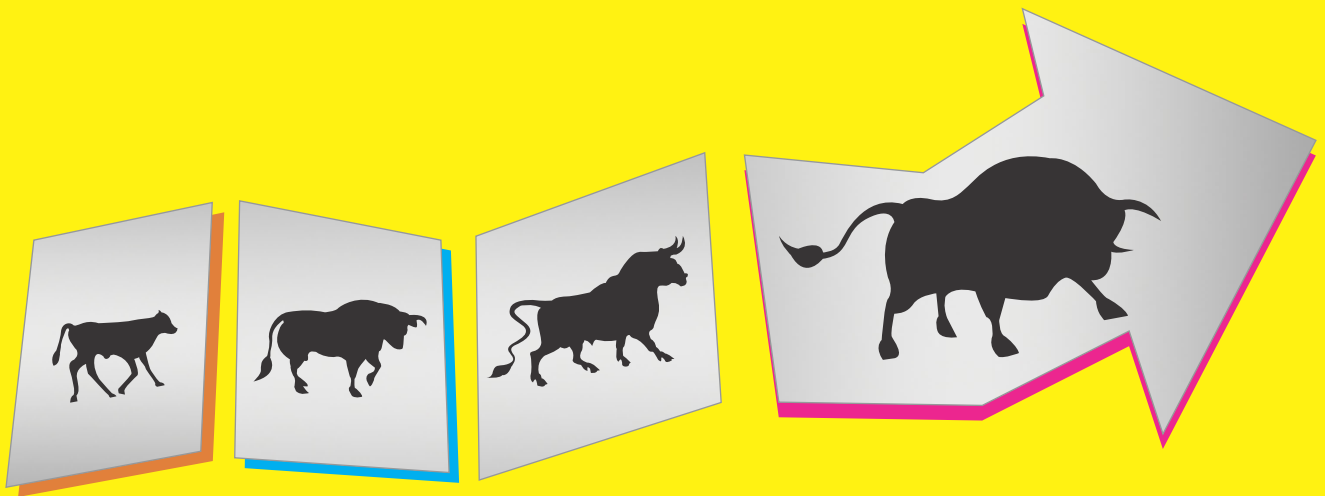


# MONTHLY Communique

As on 31<sup>st</sup> March 2022



## **BUY RIGHT : SIT TIGHT**

Buying quality companies and riding their growth cycle

**THINK EQUITY**  
**THINK MOTILAL OSWAL**

**MOTILAL OSWAL**  
Asset Management  
**PORTFOLIO STRATEGY**

**BUY RIGHT**  
**SIT TIGHT**

# Value Strategy

## Investment Objective

The Strategy aims to benefit from the long term compounding effect on investments done in good businesses, run by great business managers for superior wealth creation. Value is a large cap\* oriented strategy where investments are made with long term perspective with industry leaders.

\*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

## Portfolio Holdings

Particulars	% Allocation
Icici Bank Ltd.	10.99
Max Financial Services Ltd.	7.79
Sbi Cards And Payment Services Ltd.	6.04
H C L Technologies Ltd.	5.91
Hdfc Bank Ltd.	5.80
Larsen & Toubro Ltd.	5.73
Sbi Life Insurance Company Ltd.	4.95
Home First Finance Company India Ltd.	4.60
Dr. Reddy's Laboratories Ltd.	3.99
Thermax Ltd.	3.60
V I P Industries Ltd	3.45
Bharti Airtel Ltd.	3.42
Infosys Ltd.	3.33
United Spirits Ltd.	3.22
Tube Investment Of India Ltd.	3.06
Hindustan Unilever Ltd.	2.65
G R Infraprojects Ltd.	2.64
Muthoot Finance Ltd.	2.59
Maruti Suzuki India Ltd.	2.57
Mahindra & Mahindra Ltd.	1.94
Lic Housing Finance Ltd.	1.92
Au Small Finance Bank Ltd	1.89
Kotak Mahindra Bank Ltd.	1.75
Ultratech Cement Ltd.	1.50
Jubilant Foodworks Ltd.	1.02
Go Fashion Ltd.	0.85
Religare Enterprises Ltd.	0.72
Godrej Consumer Products Ltd.	0.51
Bajaj Finance Ltd.	0.49
Fsn E-commerce Ventures Ltd.	0.31

Data as on 31<sup>st</sup> March 2022

## Details

Fund Manager	: Shrey Loonker
Co-Fund Manager	: Susmit Patodia
Strategy Type	: Open ended
Date of Inception	: 18th February 2003
Benchmark	: Nifty 50 TRI
Investment Horizon	: 3 Years +

## Sectors

Particulars	% Allocation
Banking	20.42
NBFC	15.65
Non-Lending Financials	13.47
Software	9.23
Construction Project	8.37
Consumer Discretionary	7.68
Auto & Auto Ancillaries	7.56
Pharmaceuticals	3.99
Industrial Capital Goods	3.60
Telecom - Services	3.42
Consumer Staples	3.15
Cement	1.50
Retail	1.15
Cash & Cash Equivalents	0.80

Data as on 31<sup>st</sup> March 2022

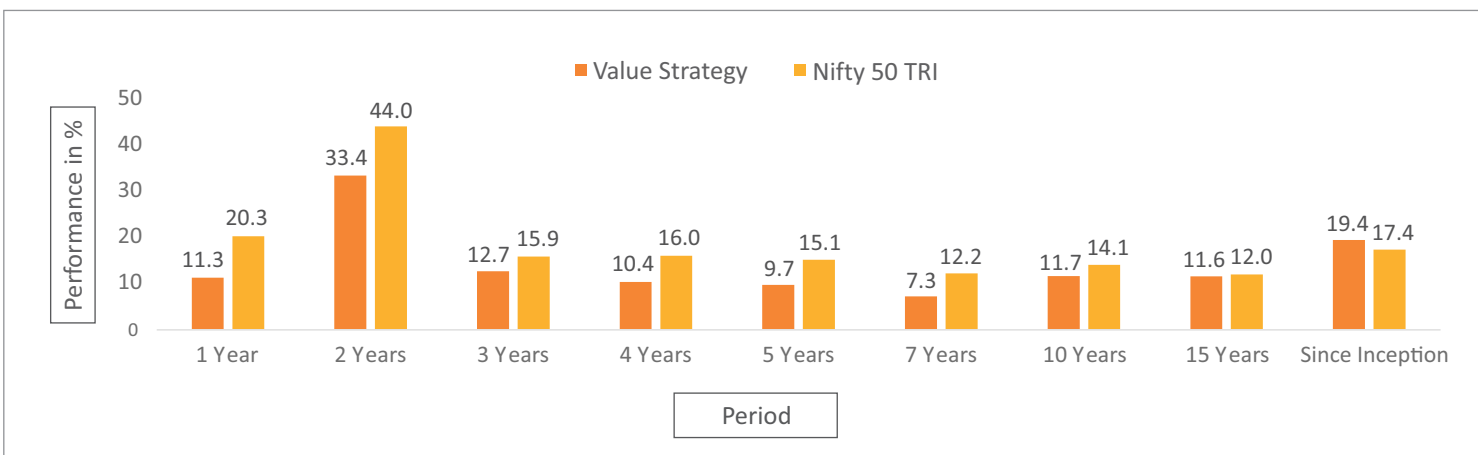
## Market Capitalization

Market Capitalization	% Equity
Large cap	68.7
Mid cap	20.9
Small cap	9.6
Cash & Cash Equivalents	0.8

## Key Portfolio Analysis

Performance Data (Since Inception)	Value	Nifty 50
Standard Deviation (%)	18.8%	19.2%
Beta	0.9	1.0

Data as on 31<sup>st</sup> March 2022



Value Strategy Inception Date: 18th Feb 2003; Data as on 31st March 2022; Data Source: MOAMC Internal Research; Please Note: Returns up to 1 year are absolute & over 1 year are Compounded Annualized. Returns calculated using Time Weighted Rate of Return (TWRR) at an aggregate strategy level. The performance related information is not verified by SEBI. All portfolio related holdings and sector data provided above is for model portfolio. Returns & Portfolio of client may vary vis-à-vis as compared to Investment Approach aggregate level returns due to various factors viz. timing of investment/ additional investment, timing of withdrawals, specific client mandates, variation of expenses charged & dividend income. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

# Next Trillion Dollar Opportunity Strategy

## Investment Objective

The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from the Next Trillion Dollar GDP growth. It aims to predominantly invest in Small and Mid Cap stocks\* with a focus on identifying potential winners that would participate in successive phases of GDP growth. Focus is on businesses benefitting from growth in GDP.

\*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

## Portfolio Holdings

Particulars	% Allocation
ICICI Bank Ltd.	9.93
L&T Technology Services Ltd.	9.82
Kotak Mahindra Bank Ltd.	7.49
Voltas Ltd.	6.71
Page Industries Ltd.	6.04
Tech Mahindra Ltd.	5.22
Gland Pharma Ltd.	4.87
Max Financial Services Ltd.	4.68
Ipca Laboratories Ltd.	3.92
Eicher Motors Ltd.	3.87
ITC Ltd.	3.17
State Bank of India	2.97
Larsen & Toubro Infotech Ltd.	2.69
Container Corporation of India Ltd.	2.59
Clean Science and Technology Ltd.	2.47
Godrej Industries Ltd.	2.30
Emami Ltd.	2.29
Bosch Ltd.	2.27
Cummins India Ltd.	2.16
Bharat Forge Ltd.	2.11
Hindustan Petroleum Corporation Ltd.	1.97
Tata Consultancy Services Ltd.	1.83
Aegis Logistics Ltd.	1.56
Birla Corporation Ltd.	1.51
Larsen & Toubro Ltd.	1.48
Alkem Laboratories Ltd.	1.46
Vedant Fashions Ltd.	1.44
Bayer CropScience Ltd.	1.39

Data as on 31<sup>st</sup> March 2022

## Details

Fund Manager	: Manish Sonthalia
Strategy Type	: Open ended
Date of Inception	: 03 rd August 2007
Benchmark	: Nifty 500 TRI
Investment Horizon	: 3 Years +

## Sectors

Particulars	% Allocation
Banking	20.38
Software	19.57
Consumer Discretionary	12.75
Pharmaceuticals	10.24
Auto & Auto Ancillaries	8.25
Consumer Staples	5.46
Non-Lending Financials	4.68
Chemicals	3.87
Oil & Gas	3.53
Transportation	2.59
Others	2.30
Industrial Products	2.16
Cement	1.51
Construction Project	1.48
Retail	1.44
Cash & Cash Equivalents	-0.21

Data as on 31<sup>st</sup> March 2022

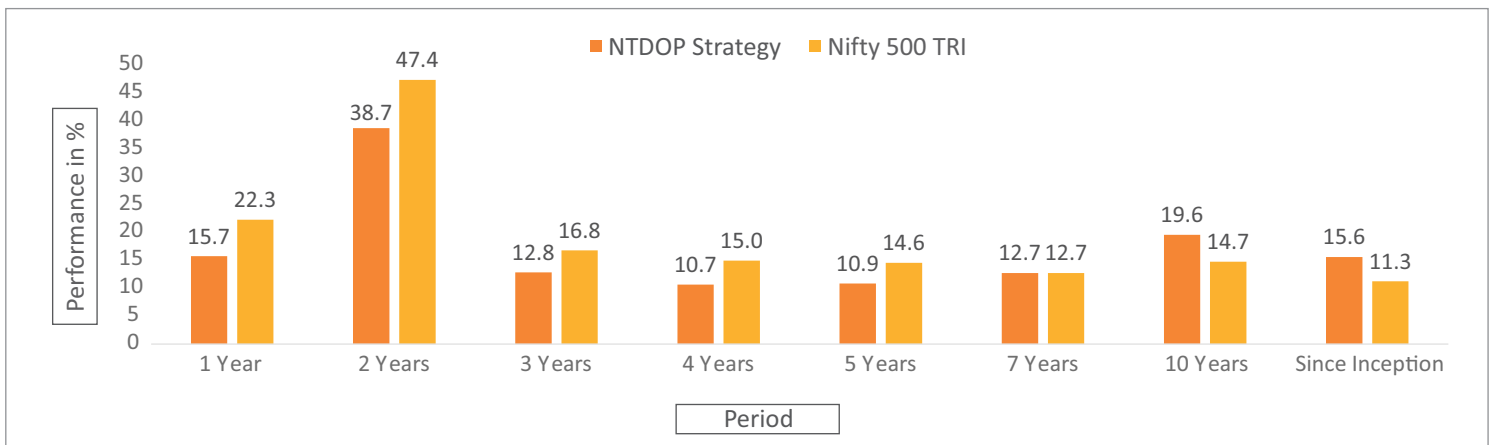
## Market Capitalization

Market Capitalization	% Equity
Large cap	43.5
Mid cap	53.6
Small cap	3.1
Cash & Cash Equivalents	-0.2

## Key Portfolio Analysis

Performance Data (Since Inception)	Value	Nifty 50
Standard Deviation (%)	17.5%	18.4%
Beta	0.9	1.0

Data as on 31<sup>st</sup> March 2022



NTDOP Strategy Inception Date: 3rd Aug 2007; Data as on 31st March 2022; Data Source: MOAMC Internal Research; Please Note: Returns up to 1 year are absolute & over 1 year are Compounded Annualized. Returns calculated using Time Weighted Rate of Return (TWRR) at an aggregate strategy level. The performance related information is not verified by SEBI. All portfolio related holdings and sector data provided above is for model portfolio. Returns & Portfolio of client may vary vis-à-vis as compared to Investment Approach aggregate level returns due to various factors viz. timing of investment/ additional investment, timing of withdrawals, specific client mandates, variation of expenses charged & dividend income. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

# India Opportunity Portfolio Strategy

## Investment Objective

The Strategy aims to generate long term capital appreciation by creating a focused portfolio of high growth stocks having the potential to grow more than the nominal GDP for next 5-7 years across market capitalization and which are available at reasonable market prices. The strategy is for investors who are keen to generate wealth by participating in India's growth story over a period of time.

The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

## Portfolio Holdings

Particulars	% Allocation
Can Fin Homes Ltd.	6.10
VIP Industries Ltd.	5.85
Kajaria Ceramics Ltd.	5.38
Central Depository Services (India) Ltd.	5.18
Angel One Ltd.	5.14
Birla Corporation Ltd.	4.95
Gland Pharma Ltd.	4.86
Persistent Systems Ltd.	4.65
Mastek Ltd.	4.27
Blue Star Ltd.	4.24
SBI Life Insurance Company Ltd.	3.93
Birlasoft Ltd.	3.80
ICICI Securities Ltd.	3.68
Century Plyboards (India) Ltd.	3.35
Max Financial Services Ltd.	3.29
Supriya Lifescience LTD	3.14
Ipca Laboratories Ltd.	3.07
Globus Spirits Ltd.	2.58
Clean Science and Technology Ltd.	2.47
KEI Industries Ltd.	2.38
Amber Enterprises India Ltd.	2.34
Prince Pipes and Fittings Ltd.	2.04
Greaves Cotton Ltd.	1.98
Blue Dart Express Ltd.	1.83

Data as on 31<sup>st</sup> March 2022

## Details

Fund Manager	: Mr. Manish Sonthalia
Strategy Type	: Open ended
Date of Inception	: 15th Feb. 2010
Benchmark	: Nifty Smallcap 100 TRI
Investment Horizon	: 3 Years +

## Sectors

Particulars	% Allocation
Non-Lending Financials	16.08
Consumer Discretionary	15.79
Software	12.72
Pharmaceuticals	11.07
NBFC	6.10
Construction	5.38
Capital Markets	5.14
Cement	4.95
Industrial Products	4.35
Consumer Staples	2.58
Chemicals	2.47
Industrial Capital Goods	2.04
Transportation	1.83
Cash & Cash Equivalents	9.51

Data as on 31<sup>st</sup> March 2022

## Market Capitalization

Market Capitalization	% Equity
Large cap	8.8
Mid cap	22.5
Small cap	59.2
Cash & Cash Equivalents	9.5

## Key Portfolio Analysis

Performance Data (Since Inception)	Value	Nifty 50
Standard Deviation (%)	18.2%	20.2%
Beta	0.8	1.0

Data as on 31<sup>st</sup> March 2022



IOP Strategy Inception Date: 15th Feb 2010; Data as on 31st March 2022; Data Source: MOAMC Internal Research; Please Note: Returns up to 1 year are absolute & over 1 year are Compounded Annualized. Returns calculated using Time Weighted Rate of Return (TWRR) at an aggregate strategy level. The performance related information is not verified by SEBI. All portfolio related holdings and sector data provided above is for model portfolio. Returns & Portfolio of client may vary vis-à-vis as compared to Investment Approach aggregate level returns due to various factors viz. timing of investment/additional investment, timing of withdrawals, specific client mandates, variation of expenses charged & dividend income. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

# India Opportunity Portfolio Strategy V2

## Investment Objective

The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from India's emerging businesses. It aims to predominantly invest in Small and Midcap stocks\* with a focus on identifying potential winners. Focus on Sectors and Companies which promise a higher than average growth.

\*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

## Portfolio Holdings

Particulars	% Allocation
Can Fin Homes Ltd.	6.22
VIP Industries Ltd.	5.84
Birla Corporation Ltd.	5.54
Kajaria Ceramics Ltd.	5.36
Angel One Ltd.	5.13
Central Depository Services (India) Ltd.	5.11
Gland Pharma Ltd.	4.84
Persistent Systems Ltd.	4.70
Mastek Ltd.	4.37
Blue Star Ltd.	3.95
SBI Life Insurance Company Ltd.	3.90
Birlasoft Ltd.	3.80
ICICI Securities Ltd.	3.57
Century Plyboards (India) Ltd.	3.47
Max Financial Services Ltd.	3.34
Supriya Lifescience LTD	3.13
Ipca Laboratories Ltd.	3.09
Clean Science and Technology Ltd.	2.56
Globus Spirits Ltd.	2.56
KEI Industries Ltd.	2.56
Amber Enterprises India Ltd.	2.32
Prince Pipes and Fittings Ltd.	2.03
Greaves Cotton Ltd.	1.96
Blue Dart Expr	1.88

Data as on 31<sup>st</sup> March 2022

## Details

Fund Manager	: Mr. Manish Sonthalia
Strategy Type	: Open ended
Date of Inception	: 5th Feb. 2018
Benchmark	: Nifty Smallcap 100 TRI
Investment Horizon	: 3 Years +

## Sectors

Particulars	% Allocation
Non-Lending Financials	15.92
Consumer Discretionary	15.57
Software	12.86
Pharmaceuticals	11.07
NBFC	6.22
Cement	5.54
Construction	5.36
Capital Markets	5.13
Industrial Products	4.52
Chemicals	2.56
Consumer Staples	2.56
Industrial Capital Goods	2.03
Transportation	1.88
Cash & Cash Equivalents	8.77

Data as on 31<sup>st</sup> March 2022

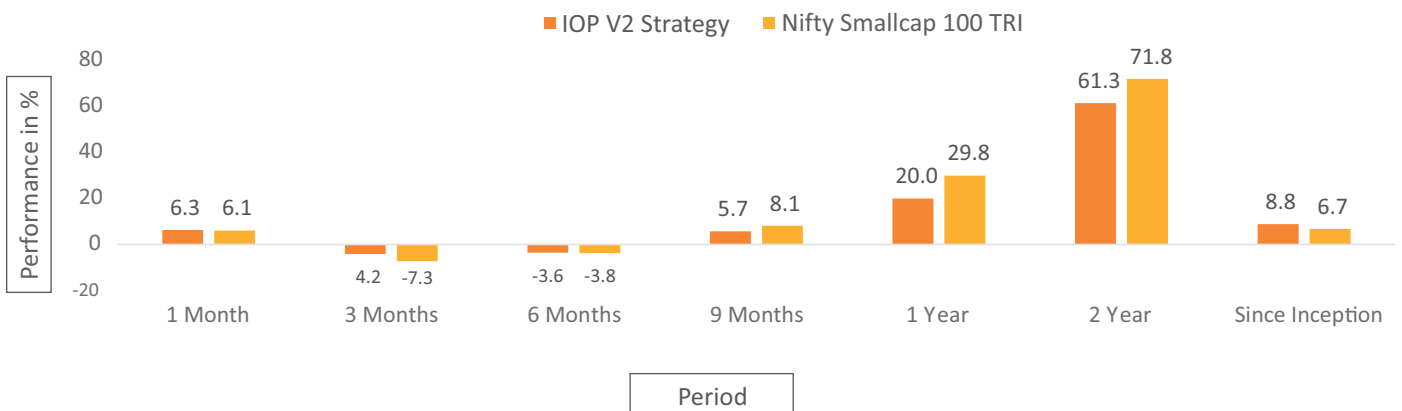
## Market Capitalization

Market Capitalization	% Equity
Large cap	8.7
Mid cap	22.6
Small cap	59.9
Cash & Cash Equivalents	8.8

## Key Portfolio Analysis

Performance Data (Since Inception)	Value	Nifty 50
Standard Deviation (%)	18.8%	20.2%
Beta	0.8	1.0

Data as on 31<sup>st</sup> March 2022



IOP V2 Strategy Inception Date: 5th Feb 2018; Data as on 31st March 2022; Data Source: MOAMC Internal Research; Please Note: Returns up to 1 year are absolute & over 1 year are Compounded Annualized. Returns calculated using Time Weighted Rate of Return (TWRR) at an aggregate strategy level. The performance related information is not verified by SEBI. All portfolio related holdings and sector data provided above is for model portfolio. Returns & Portfolio of client may vary vis-à-vis as compared to Investment Approach aggregate level returns due to various factors viz. timing of investment/ additional investment, timing of withdrawals, specific client mandates, variation of expenses charged & dividend income. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

# Business Opportunities Strategy

## Investment Objective

The investment objective of the Strategy is to achieve long term capital appreciation by primarily investing in equity & equity related across market capitalization. It aims to predominantly invest in emerging themes with focus on themes like affordable housing, agricultural growth, GST and value migration from PSU banks to Private Sector Banks. The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

## Details

Fund Manager : Mr. Manish Sonthalia  
Associate Fund Manager : Mr. Atul Mehra  
Strategy Type : Open ended  
Date of Inception : 18th Dec. 2017  
Benchmark : Nifty 500 TRI  
Investment Horizon : 3 Years +

## Portfolio Holdings

Particulars	% Allocation
ICICI Bank Ltd.	13.29
Max Financial Services Ltd.	11.32
Tata Consultancy Services Ltd.	11.31
HDFC Bank Ltd.	9.85
Larsen & Toubro Infotech Ltd.	9.22
Kotak Mahindra Bank Ltd.	8.74
The Phoenix Mills Ltd.	6.38
Axis Bank Ltd.	6.35
HDFC Life Insurance Company Ltd.	4.93
Eicher Motors Ltd.	4.69
Safari Industries (India) Ltd.	4.65
Blue Star Ltd.	4.61
Maruti Suzuki India Ltd.	4.53

Data as on 31<sup>st</sup> March 2022

## Sectors

Particulars	% Allocation
Banking	38.23
Software	20.53
Non-Lending Financials	16.24
Consumer Discretionary	9.26
Auto & Auto Ancillaries	9.22
Construction	6.38
Cash & Cash Equivalents	0.13

Data as on 31<sup>st</sup> March 2022

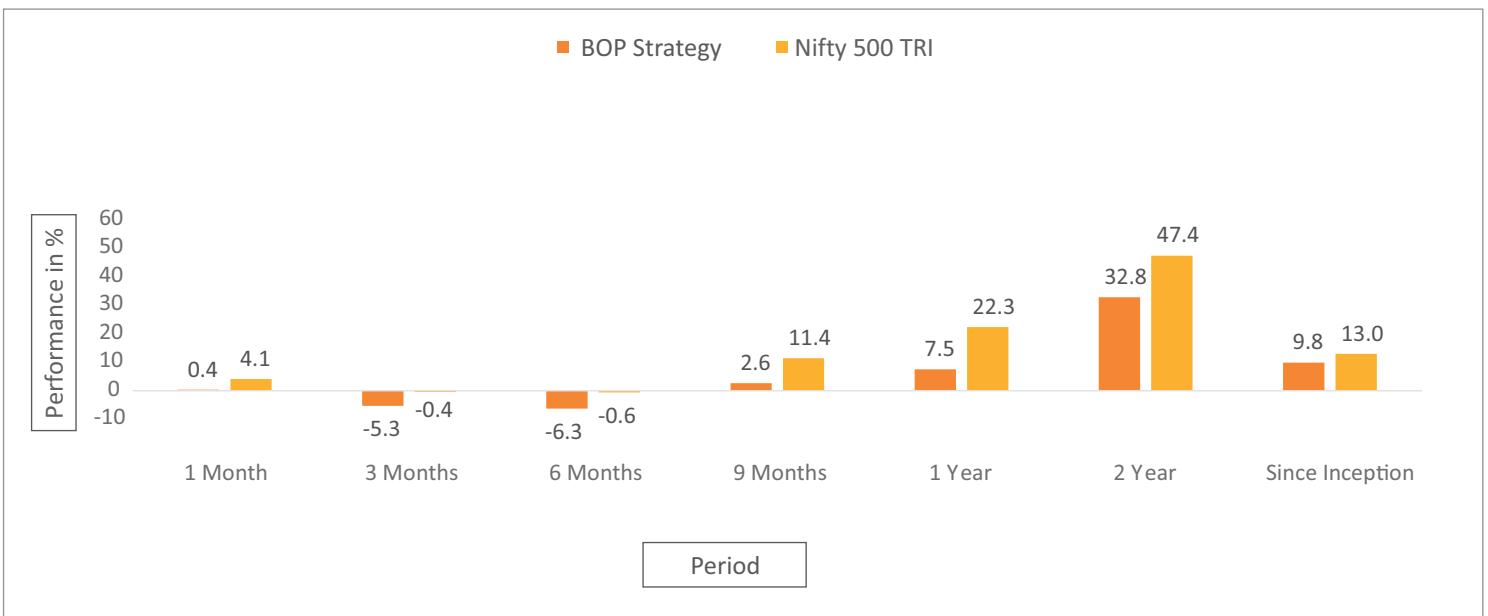
## Key Portfolio Analysis

Performance Data (Since Inception)	Value	Nifty 50
Standard Deviation (%)	18.3%	18.4%
Beta	0.9	1.0

Data as on 31<sup>st</sup> March 2022

## Market Capitalization

Market Capitalization	% Equity
Large cap	72.9
Mid cap	11.3
Small cap	15.6
Cash & Cash Equivalents	0.1



BOP Strategy Inception Date: 16th Jan 2018; Data as on 31st March 2022; Data Source: MOAMC Internal Research; Please Note: Returns up to 1 year are absolute & over 1 year are Compounded Annualized. Returns calculated using Time Weighted Rate of Return (TWRR) at an aggregate strategy level. The performance related information is not verified by SEBI. All portfolio related holdings and sector data provided above is for model portfolio. Returns & Portfolio of client may vary vis-à-vis as compared to Investment Approach aggregate level returns due to various factors viz. timing of investment/ additional investment, timing of withdrawals, specific client mandates, variation of expenses charged & dividend income. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

# Focused Midcap Strategy

## Investment Objective

Majority of weights for investments to be drawn from stocks in 101st to 400th companies in terms of full market capitalization. Minority weights for investment might also be drawn from stocks beyond number 400 and from top 100 companies in terms of full market capitalization. As far as possible Companies should be drawn from a mix of sectors representing changing nature of society and economics in India.

The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

## Portfolio Holdings

Particulars	% Allocation
Persistent Systems Ltd.	6.85
Amber Enterprises India Ltd.	6.26
Angel One Ltd.	6.13
Globus Spirits Ltd.	5.87
L&T Technology Services Ltd.	5.60
Gland Pharma Ltd.	5.55
Polycab India Ltd.	5.19
Mastek Ltd.	5.11
SBI Life Insurance Company Ltd.	4.92
Max Financial Services Ltd.	4.80
APL Apollo Tubes Ltd.	4.66
Prince Pipes and Fittings Ltd.	4.15
SUPRIYA LIFESCIENCE Ltd.	4.07
Astec LifeSciences Ltd.	3.92
Ajanta Pharma Ltd.	3.69
ICICI Securities Ltd.	3.41
Dixon Technologies (India) Ltd.	3.10
Tata Consumer Products Ltd.	3.06
Zomato Ltd.	1.25
Fino Payments Bank Ltd.	0.94

Data as on 31<sup>st</sup> March 2022

## Details

Fund Manager	: Mr. Rakesh Tarway
Strategy Type	: Open ended
Date of Inception	: 24th Dec. 2019
Benchmark	: NIFTY MidSmall400 TRI
Investment Horizon	: 3 Years +

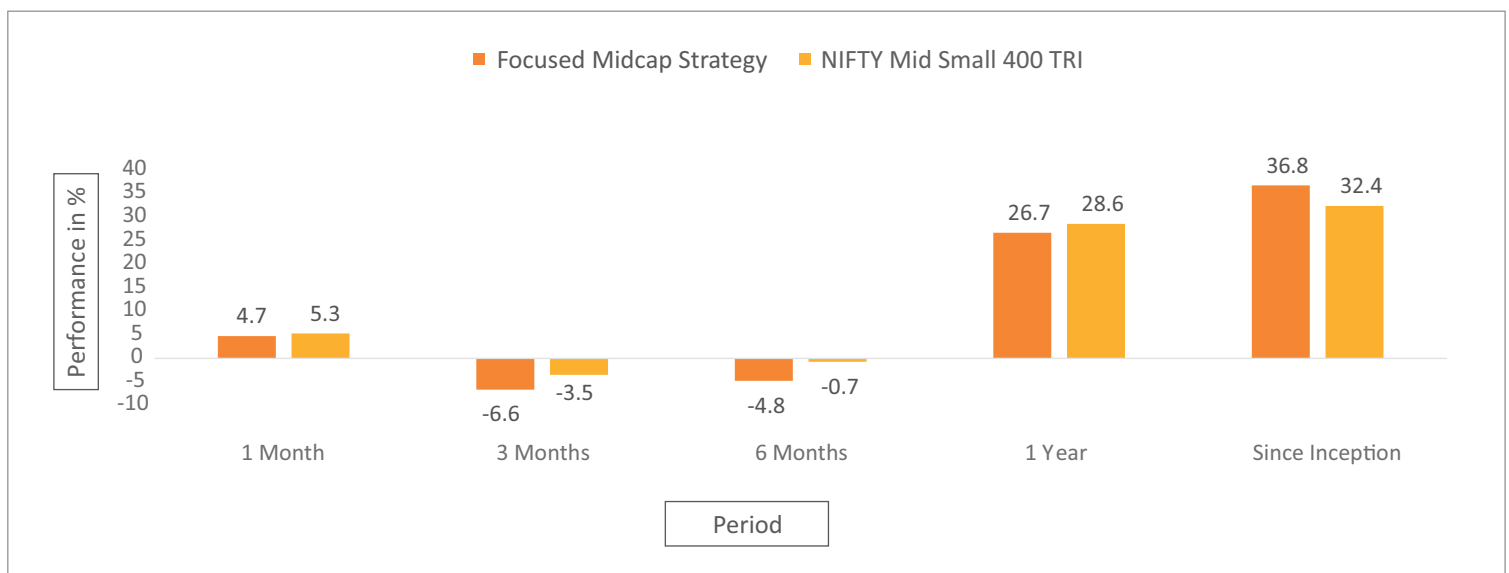
## Sectors

Particulars	% Allocation
Software	17.56
Pharmaceuticals	13.31
Non-Lending Financials	13.13
Consumer Discretionary	9.35
Consumer Staples	8.93
Capital Markets	6.13
Industrial Products	5.19
Metals and Mining	4.66
Industrial Capital Goods	4.15
Pesticides	3.92
Technology	1.25
NBFC	0.94
Cash & Cash Equivalents	11.47

Data as on 31<sup>st</sup> March 2022

## Market Capitalization

Market Capitalization	% Equity
Large cap	14.8
Mid cap	37.3
Small cap	36.5
Cash & Cash Equivalents	11.5



FMS Strategy Inception Date: 24th Dec 2019; Data as on 31st March 2022; Data Source: MOAMC Internal Research; RFR: 7.25%; Please Note: Returns up to 1 year are absolute & over 1 year are Compounded Annualized. Returns calculated using Time Weighted Rate of Return (TWRR) at an aggregate strategy level. The performance related information is not verified by SEBI. All portfolio related holdings and sector data provided above is for model portfolio. Returns & Portfolio of client may vary vis-à-vis as compared to Investment Approach aggregate level returns due to various factors viz. timing of investment/ additional investment, timing of withdrawals, specific client mandates, variation of expenses charged & dividend income. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

# Stock Rationale (quarter ending 31<sup>st</sup> March 2022)

## Value Strategy

### Entry Rationale:

#### Go Fashion India Pvt Ltd.

- As per the management, in short term, a 30% growth on topline is easily doable with 20% Area growth and 10% SSG. Same Store Sales Growth (SSSG) can be higher owing to 10% price hike which hasn't reflected in the sales – since the hike is taken only on new products
- Management has guided store addition of 120-130 stores per annum
- SSG growth is higher because of new product additions and conversion of unbranded to branded. Growth will be penetration led both in terms of reach and products
- Reach expansion in new as well as existing cities and product expansion – company still covers 60-70% of the addressable market hence still scope for further product and category introduction

#### Religare Enterprises Ltd.

- Religare Enterprises is a diversified financial services company with primary focus on lending, health insurance and retail broking operations
- Company has a robust brand image in its domestic market, which is reflected through various awards being conferred on it for its strong and quality operations
- Strong performance of its health insurance unit reflects growth in demand for its offerings. The company's health insurance operations are undertaken through Care Health Insurance Limited which is 3rd largest in the health insurance segment
- Positive economic outlook for India would enable performance for banking, financial services and insurance sector in the country

#### FSN E-Commerce Ltd.

- Nykaa is the largest multi-brand beauty & personal care (BPC) retailer in India which enjoys the largest share amongst the online beauty retailers.
- Company has ~2,500 brands on its platform with presence across 80 stores
- Among top names, 5-6 brands comprise ~50% of its GMV
- The company has a community of ~15 million registered users and caters to 1.5 million orders a month. The company has been rapidly expanding its brand portfolio through partnerships and collaborations with brands from across the globe
- Nykaa boasts a robust inventory model with high availability and authenticity since products are sourced directly from manufacturer/brands
- Company invests heavily in technology and digital branding with a team of over 150 to continuously enhance user experience and has tie-ups with 100+ bloggers for brand promotions

#### UltraTech Cement Ltd.

- UltraTech Cement has taken up various initiatives to increase production under brownfield and green field projects. Up to INR 65b of expansion investments are expected to increase grey cement capacity to 136.2MTPA by FY23
- It also intends to increase clinker production capacity to 11.4 MTPA and cement production capacity to 19.5 MTPA by FY23.
- Company has large presence in the construction market and utilizes its diversified brand portfolio to enhance brand value and revenues

#### Godrej Consumer Products Ltd.

- Company continues its focus on profitable sales growth across operations in key countries of Africa, US and Middle East
- Due to recent inflation issues and resulting volume impacts, Indian FMCG industry has witnessed a slowdown – but Godrej consumer currently stands at an attractive valuation to its earnings when compared to staples' peers

#### Bajaj Finance Ltd.

- Bajaj Finance has boasted resilient asset quality with little to no impact over oil or macro issues in the country. Its exposure to auto sector has also shown robust quality despite chip shortage issues
- Company has also provisioned ~60bps of loans to safeguard against any potential wave of Covid which provides a cushion against any surprises



# Stock Rationale (quarter ending 31<sup>st</sup> March 2022)

- Planned fintech capacity shall also allow company to derive revenue via new products and cross selling between existing entity and the fintech company
- Recent correction since Oct'21 levels and added valuations through the fintech capacity, Bajaj finance seems more attractive than before

## Exit Rationale:

### GSK Pharmaceuticals Ltd.

- Revenues have declined by 17.7% YoY and by 16.4% QoQ to Rs. 6487 mn. EBITDA decreased by 30.9% YoY and by 34.3% QoQ to Rs. 1144 mn. EBITDA margins decreased from 21% in Q1FY20 to 17.6% in Q1FY21. Profits decreased by 2% YoY and 19.6% QoQ to Rs. 1110 mn

## ■ NTDOP Strategy

### Entry Rationale:

#### Vedant Fashions Ltd.

- Vedant Fashions plays on a franchisee led capex model with couple of lease models – capex, opex and inventory responsibilities are tied up with the franchisee
- 80% of sales are derived from marriage segment with 50% attributed to bride and groom segment; this is achieved through 4 brands allowing upselling and cross selling within the company. Manyavar is the largest brand with 83% of sale share
- Men and Women wedding attire segment is estimated to be INR ~1 Lac Crs, with only 20% share to branded players. With an ASP between INR 12,500 and INR 18,000, company is well poised to capture incremental market share
- Company presents a strong balance sheet with an asset light model. This combined with ~40% market share in organized players and high margin across products, Vedant could deliver good levels of growth

## ■ IOP/IOPv2

### Entry Rationale:

#### Greaves Cotton Pvt Ltd.

- Greaves Cotton is a leading diversified engineering company with presence in automotive, non-automotive, aftermarket, retail, electric mobility solution and finance. Its presence in EV is expected to drive future growth
- Company has localized sourcing of most critical components in its EV segment (except lithium ion cells) from domestic partners thus reducing risk
- Acquisition of 74% stake in Bestway Agencies (brand name Ele), with remainder 26% to be acquired, Greaves Cotton also now has sizeable presence in two and three-wheeler EV space

#### Persistent Systems Ltd.

- Persistent Systems has shown encouraging deal wins with its highest Total Contract Value and shall help to continue leading its segment
- Acquisition of SCI and Shree Partners also provides positive outlook on growth aspects. Company is witnessing good traction in digital and cloud transformations. This shall aid in strong revenue growth for the company
- Despite attrition numbers being high for 9MFY22, management has highlighted that the same shall stabilize and remain flattish for the coming quarters
- Healthy deal pipeline and strong execution shall bode well for the stock

#### Amber Enterprises Ltd.

- Amber is the largest AC manufacturer in the country, which is set to benefit from (1) low penetration in Room AC segment (2) increasing outsourcing by brands, although contract manufacturers can see decline in volume as brands are taking part in the PLI schemes for component manufacturing and (3) diversification into Commercial ACs for adjacent markets like train/metro etc
- Import substitution in RAC and components combined with policies such as PLI, non-tariff barriers shall also aid growth in the segment
- Amber has crossed the entry barrier issue in the contract manufacturing segment by earning the confidence of its largest partners over time. From delivering components to assembling RACs, Amber has become a trusted partner for many clients
- Growing urbanization, replacement of window RAC to split RAC, focus on domestic manufacturing and immunity to brand market share are key drivers for Amber

# Stock Rationale (quarter ending 31<sup>st</sup> March 2022)

## Exit Rationale:

### Alkem Laboratories Ltd.

- Alkem Labs has witnessed significant price erosion in its US base portfolio which affected 3QFY22 numbers. Company also faces raw material and logistics related headwinds
- Rise in crude oil prices, Key Starting Material (KSM)/APIs import from China and surge in logistics issues create unfavorable headwinds for the company

### Suprajit Engineering Ltd.

- Possible Value trap hence the stock was exited for better opportunities

### Gabriel India Ltd.

- Possible Value trap hence the stock was exited for better opportunities

### Emami Ltd.

- Possible Value trap hence the stock was exited for better opportunities

### Aegis Logistics Ltd.

- Despite the proposed JV with Vopak, the scalability of the logistics division under the JV are a concern
- This is highlighted as Pipapav and Kandla LPG terminals are moved to the JV too
- EBITDA margins could be under pressure as logistics form the largest segment at 63% in FY21 EBITDA

### TTK Prestige Ltd.

- Possible Value trap hence the stock was exited for better opportunities

## ■ FMS Strategy

## Entry Rationale:

### SBI Life Insurance Company Ltd.

- Leading growth among life insurance companies at 25%+ and valuations are at around 40-45% discount to HDFC. We expect valuation gap to bridge between HDFC Life and SBI Life combined with high growth. Both these factors will lead to quite meaningful return for the stock in next 2-4 years. If a large cap company can grow at a higher rate and valuations are reasonable it is always preferred to buy v/s a small cap company. One also needs some stabilizers in a small cap folio as times are not always same for small caps in India

## Exit Rationale:

### Emami Ltd.

- Possible Value trap hence the stock was exited for better opportunities

### Muthoot Finance Ltd.

- Muthoot finance has witnessed subdued growth in loan book as compared to previous periods
- Gold prices aren't expected to support as interest rates could rise going forward. 3QFY22 results were flattish due to high provisions and slow AUM growth (due to high auction levels)
- These issues scale up since other lenders have started their focus on gold loans; this shall create competitive pressure and impede business growth
- High credit cost, elevated write-offs and muted AUM growth for its subsidiaries are a concern for the growth story

### LIC Housing Finance Ltd.

- Rising interest rate environments shall put pressure on yields for the company. FY23 estimates for earnings have been reduced too
- Company is posting incremental restructuring with 3QFY22 loan restructuring at INR 490Cr. Total restructuring pool stands at INR 7,470Cr (3.1% of the loan book)
- We presume the company to be a value trap and have exited for better opportunities

# Stock Rationale (quarter ending 31<sup>st</sup> March 2022)

## MAS Financial Services Ltd.

- MAS Financial services has higher exposure to informal sector. Cash flows from these businesses are dependent on recovery post Covid disruptions. High possibility of rising NPAs
- Regional concentration in Gujarat and Maharashtra (77% of branches) pose a risk against the company in case any policies face drastic changes or if there are any swings regional sentiment
- NBFCs/MFIs faced with lower collections and liquidity stress add another layer of risk due to default concerns

# Risk Disclosure And Disclaimer

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