

# **INVESTMENT ADVISORY PORTFOLIO - EQUITY**

December 2022

# ABOUT NARNOLIA

- Narnolia Group was founded in 1997 and it is celebrating its Silver Jubilee in 2021-22.
- **India's Oldest Investment Advisory Product Manufacturers** with a track record of 18 yrs of research & 12 yrs of real-time performance, not based on any hypothetical back-tested data.
- Recognized as the **2nd Largest Registered Investment Advisor (RIA) of the Country, 2020-21** - by BSE STAR & Associates.
- **Industry Leading Performance: Narnolia Multi-Cap PMS Strategy Rated 4 Star, by CRISIL for 2020-21 & 2021-22 and Best PMS on 5 year Performance across all Categories: Rank 2 from IIM - Ahmedabad.**
  - Absolutely, Relatively & Consistently (ARC) - Generated over 20% absolute return with 10% Alpha over the last 12 years.
  - Performance by Design, not by Chance. Country's largest research team of 30 analysts, truly process-driven (112 sub-processes), Promoter led, Growth-in-value Philosophy, 360\*5M Research parameters (Risk Management)
- **Industry Leading Network:** > 40 National & Regional brokers, Large and prestigious institutions.
- Not a single complaint lodged against these products of the firm with any of the regulators since inception.

## Prestigious Recognitions



**Most Consistent Portfolio Manager  
of the Country 2018 & 2019**  
by BSE Tefla's



**2nd Largest Registered Investment  
Advisor (RIA) of the Country, 2020-21**  
Awarded by BSE Star & Associates



**Narnolia Multi-Cap PMS Strategy  
Rated 4 Star, 2020-21 & 2021-22**  
by CRISIL

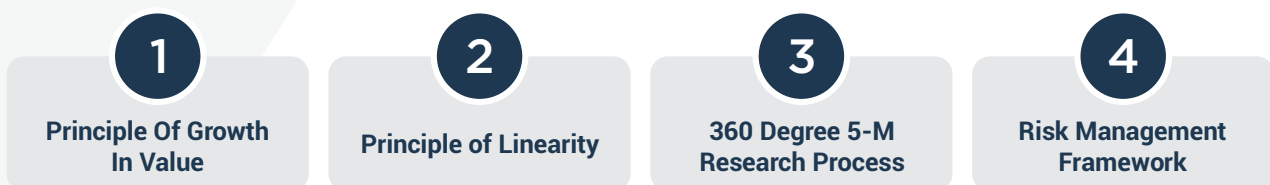


**Best PMS on 5 Year Performance  
Across All Categories - Rank 2  
On Risk Adjusted Rolling Returns**  
By IIM Ahmedabad, 2022

# INVESTMENT PHILOSOPHY

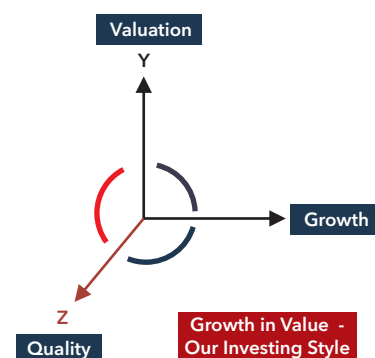
Narnolia follows the 'growth in value' investment philosophy and has demonstrated a successful track record measured in terms of superior risk adjusted return over a long period. Quality always prevails. Along with quality, in a growing economy like India where on every production or consumption parameter upside potential is still humongous. Majority of existing market leaders remain minuscule in the global context. Indian markets over the last thirty years since the great economic reform has oscillated between phases of out-performance by quality companies and phases of out-performance by growing businesses. 'Growth in Value' combines the advantages of these two fundamental parameters and helps create superior performance.

As explained briefly hereunder, this philosophy supported by the principle of linearity, 360 degree 5-M research framework and the risk management framework, one of the most comprehensive techniques, has helped us to generate superior risk adjusted return on an absolute, relative and consistent basis- not just by chance but by design:



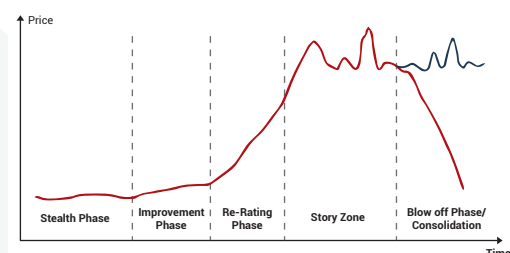
## 1 PRINCIPLE OF GROWTH IN VALUE

We practice 'Growth in Value' investment framework. Here the word 'value' comes from 'being valuable' or 'Quality'. A company that is exhibiting or is expected to exhibit 'growth in value' becomes our investment candidate. This usually happens when due to business situation or management strategy or the inherent moat of the business, a company starts having higher and/or rising RoE, RoCE and the Free Cash flows. This is also accompanied by the company exhibiting higher return ratio than it's peers as well as broader stock universe.



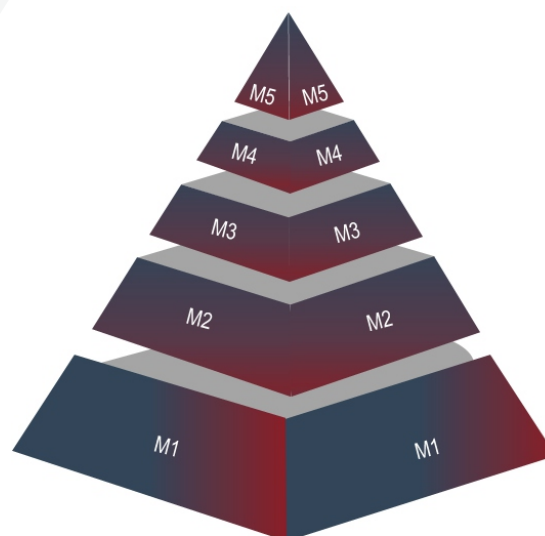
## 2 PRINCIPLE OF LINEARITY

Company with good capital allocation and favorable business regime show rising margins and asset turnover yielding into higher return ratios. These businesses usually undergo valuation re-rating resulting into long term superior wealth creation in the stock market.



### 3 360 DEGREE 5-M RESEARCH PROCESS

5 Sub-Processes that seamlessly connects the big picture market opportunity, management strategies, operational and financial moat with financial model of the company and the valuation multiple



#### M1 - Market

Every business whether on the product side or services has an addressable market. And each addressable market is being served by various peer companies. Understanding that Addressable Market & its changing dynamics is key to deciphering the quality, scalability and sustainability of the business. Ex.- A good quality, technologically superior private sector bank's business in large part is about the value migration opportunity from PSU banks. The quality of the depositors as well as borrowers that are value migrating to a bank is key to sustainable out-performance of that private bank.

#### M2 - Management Strategy

Long term business success is all about the strength of the management. Market cycles change and it's the quality of the management that ensures outperformance across the cycle. Decoding Management requires a clearer understanding of its Strategy of product positioning, pricing, supply chain, HR, sources and application of funds etc.. Ex.- While continuing with deepening its distribution reach, during the Covid-19 related lockdown, a FMCG company with smart SKU management and packaging strategy delivered 30% y-o-y growth way ahead of its peers.

#### M3 - Moat of the Business

Any company with sustainable high quality has specific operating and/or financial moat. Identifying the source of that moat is key to identifying sustainable competitive advantage. Ex.- an Indian tyre company has highest EBITDA margin in the world, an Indian retailer has lowest payable days and highest inventory turn delivering most competitive price to consumers, An Indian auto OEM moat of rising market share and realization hit a roadblock when it's technological constraint hit it's earlier strategy of filling the price whitespaces.

#### M4 - Model Financials

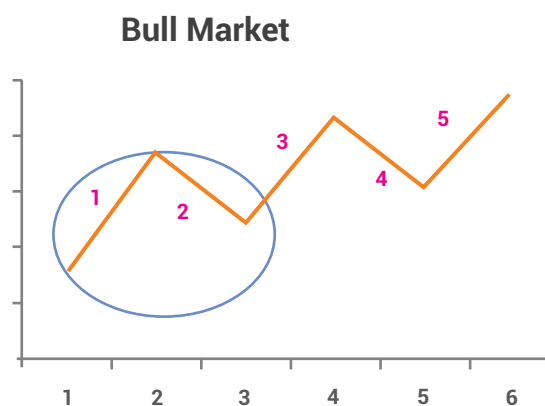
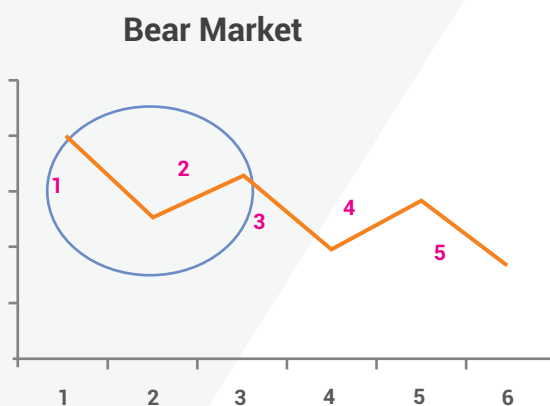
Modeling the Financial Numbers – Annual & quarterly Profit statement, Balance Sheet, Cash flow statement, account schedules, revenue & cost drivers not only help in understanding how much price one can pay for future earnings but it also acts as an early indicator when investment thesis is not working. Companies where one is not able to model financials with reasonable degree of confidence are beyond the analyst's circle of competence and need to be avoided.

#### M5 - Multiples-

Valuation Ascertaining the Valuation Envelope for a company is both a science and an art. It requires identifying the right valuation multiple to work with, Company's own immediate as well as long period valuation range and also of it's peer as well other comparable businesses. A prior knowledge of the location of the current valuation multiple inside the valuation envelope ensures sufficient margin of safety as well as upside potential.

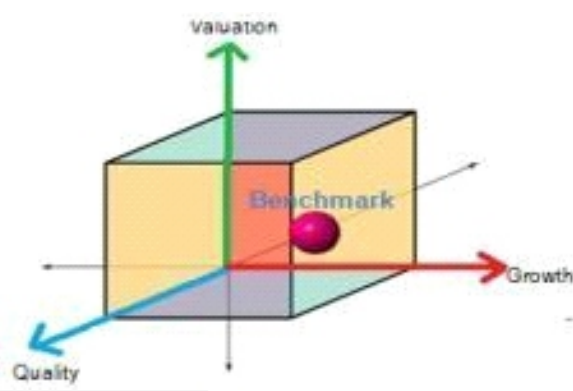
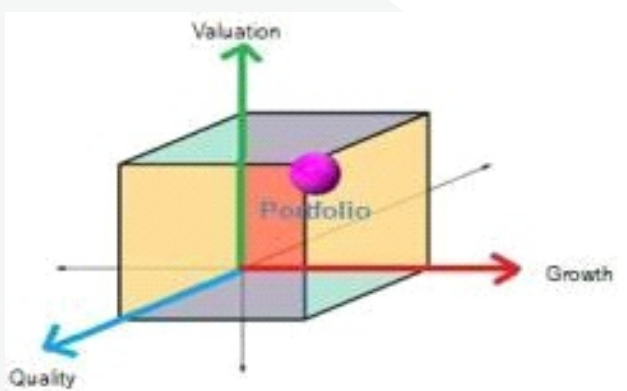
## 4 RISK MANAGEMENT FRAMEWORK

- a. **Stock Limit:** Limits on Maximum weightage on single stock
- b. **Sector Limit:** Limits on Maximum weightage on single sector
- c. **Stock Review:** Under-performance with higher volatility on 2 consecutive market swings. If any of our portfolio stocks under performs for two consecutive swings and exhibits higher volatility, that stock gets marked for Sell/Review



- d. **Fundamental Quadrant - QGV:** With rapid changes in the economy and the business landscape, the attributes of the portfolio keeps changing in relation to that of the benchmark. Tracking these changes pro-actively keeps the fundamental hygiene of the portfolio intact.

Attribute	Quadrant 1	Quadrant 2	Quadrant 3	Quadrant 4
Quality	Low	Average	Good	Very Good
Growth	Poor	Average	Good	Very Good
Valuation	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile



# INVESTMENT PROCESS

## WITH WELL DEFINED 5 STAGES & 112 SUB PROCESSES



- Data analytics on over 2600 Listed Sectors & liquidity
- Grouping of stocks into 4 Caps, 10 filters
- Regularly: Analysis of Information & Quarterly Results
- Analyzing each company's valuation, growth & financial history of last 10 years
- Selecting Stocks with potential of showing linear improvements in their ROE/ Cash Flow
- Rigorous bottom up fundamental analysis of companies
- Involves 360 degree 5-M Research process
- Summarizing Financial & Business Modelling Templates
- Building Trackables & Forecasting Future Financials
- Thesis Building & Allocation Results
- News /Event impact tracking on investment thesis
- Risk Assessment
- Price-Swing Analysis

As a result of our wide coverage of 2600 stocks & 112 sub- processes and proprietary data base of businessmen, evolved over the years, we are able to generate superior risk adjusted returns. We use quant for elimination only and not for selection.

## Good Businesses - From 2600 -> 200 -> 80: Quant assisting Quality

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Net Sales	996	740	-	-	-	-	4,798	4,172	5,277	4,172	2,703	2,244	2,137	1,932
Sales growth%	38.5	54.4	(100.0)	(100.0)	-	-	15.0	54.4	10.0	54.4	20.4	5.0	10.6	25.3
Operating Profit	192	148	-	-	-	-	734	583	866	835	432	342	320	291
Operating Profit Growth%	24.3	47.5	-	-	-	-	18	35	18	93.2	26.5	6.7	9.9	57.4
Profit After Tax	77	79	-	-	-	-	302	448	480	448	214	225	269	272
Profit After Tax Growth%	14.5	83.5	(100.0)	(100.0)	-	-	12	81.5	12	83.5	8.4	(14.5)	(3.1)	71.2
Other Income	9	5	-	-	-	-	5	4	1	4	7	-	-	-
Dividend Paid Amt	-	-	-	-	-	-	-	-	-	1.0	3	0	0	0
Net Worth	1,868	-	-	-	-	-	2,809	2,312	2,868	2,312	1,868	1,624	1,434	1,212
Minority In Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt (All Borrowings)	1	-	-	-	-	-	-	-	-	1	231	264	-	-
Long term borrowings	0	-	-	-	-	-	-	-	-	0	182	221	-	-
Short term borrowings	1	-	-	-	-	-	-	-	-	1	49	43	-	-
Gross Block	407	-	-	-	-	-	-	-	-	1,354	1,270	1,076	-	-
Intangible Assets (Part of GB)	0	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress	2	-	-	-	-	-	-	-	-	2	10	0	-	-
Investments	490	-	-	-	-	-	-	-	-	490	715	645	-	-
Working Capital	1,749	-	-	-	-	-	-	-	-	737	424	307	-	-
P/B	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	3.08	3.74	3.01	#N/A	3.21	1.70	2.59	-
ROE%	-	4.3	#DIV/0!	#DIV/0!	-	-	17.9	19.4	2.1	2.6	19.4	13.1	13.9	18.6
ROCE%	-	-	-	-	-	-	17.9	19.4	2.1	-	19.4	13.1	12.1	15.7
2 Yr Total P/B	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPM%	64.5	55.5	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-	-	-	100.0	65.7	66.4	69.9	-
EBITDA%	20.5	20.0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-	-	-	20.0	16.0	15.2	15.0	-
NPM%	8.2	9.9	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	10.5	10.7	1.1	10.7	9.0	10.0	12.0	-
Total Asset Turnover (times)	2.0	-	-	-	-	-	-	-	-	1.8	1.4	1.2	1.1	-
Debt / Equity	-	-	-	-	-	-	-	-	-	-	0.0	0.1	0	-
No of Shares	28.1	#N/A	#N/A	#N/A	#N/A	#N/A	28.1	28.1	28.1	#N/A	28.1	14.1	14.1	14.1
CMF	213.2	#N/A	#N/A	#N/A	#N/A	#N/A	307.3	307.3	307.3	#N/A	213.2	196.4	207.3	207.3
Market Cap	5,995	#N/A	#N/A	#N/A	#N/A	#N/A	8,641	8,641	8,641	#N/A	5,995	2,762	2,762	2,762
Dividend Yield	-	-	-	-	-	-	0.06	0.05	0.01	#N/A	0.12	0.00	-	-
OPM%	20.5	20.0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-	-	-	20.0	16.0	15.2	15.2	-
WC to Turnover %	-	-	-	-	-	-	-	-	-	-	27.3	18.9	-	-
GB-Capex to Turnover%	-	-	-	-	-	-	-	-	-	-	50.2	57.0	-	-
Receivables to Turnover%	-	-	-	-	-	-	-	-	-	-	31.9	21.2	-	-
Payables to Turnover%	-	-	-	-	-	-	-	-	-	-	25.7	36.9	-	-
Inventory to Turnover%	-	-	-	-	-	-	-	-	-	5.5	5.5	5.5	-	-
Net Cash from Operating Activities	-	-	-	-	-	-	-	-	-	298.0	394.2	-	-	-
Net Cash from Investing Activities	-	-	-	-	-	-	-	-	-	64.9	(290.0)	-	-	-
Net Cash from Financing Activities	-	-	-	-	-	-	-	-	-	(274.9)	(89.8)	-	-	-
Cash-Current Investments	-	-	-	-	-	-	-	-	-	117	424	-	-	-

### Extensive Guide to 2600 companies' PL, BS, Holdings & Valuations over ~ 15 years

- 130000+ Research Reports
- 5000+ Concalls
- 10000+ Mgmt Interview
- 5+ Yrs Guidance History

## Good Businessmen: Past + Present Track Record (for Future Earnings)

Our extensive Resource Base of businessmen built over the years saves us from many of the simple mistakes of investing

GUIDANCE FOR	MGMT NOTE
<b>2QFY22</b>	
CAPEX	Capex of Rs 150 cr for plant machinery and equipment is expected.
DEBT	Standalone debt was around Rs 100 Crs as on H1FY22 which has been repaid as of now.
REVENUE, EBITDA	Company guided Rs 3000 cr of revenue for FY22 and margin to be around 18-19%.
ORDER INFLOW	Expected order inflow of Rs 2000-2500 Crs for FY22.
<b>1QFY22</b>	
ORDER INFLOW	Expected Rs 2000-3000 cr of order inflow for FY22.
TOPLINE	Management guided topline to be around Rs 3400 cr for FY22.
MARGIN	EBITDA margin [STANDALONE] guidance stands at 17-18% for FY22.
TAX, DEP	Tax rate guidance stands at 27% while Depreciation guidance is Rs 120-130 cr for FY22.
CAPEX	Capex guidance for FY22 is Rs 140-150 cr out of which Rs 42 cr has been done in Q1FY22.
<b>4QFY21</b>	
ORDER INFLOW	Bidding of 4-5 projects are underway and average ticket size is Rs 1000cr. Management expects order inflow of around Rs 3000-4000 in FY22.
CAPEX	Management guided Capex to be around Rs 100-130 cr in FY22.
MARGIN	Management guided margin to be around 14-15% in FY22 due to hike in raw material prices.
<b>3QFY21</b>	
Revenue	Revenue guidance of Rs 2500 cr for FY21 and expects growth in revenue of 15-20% in FY22.
Order Book	YTO Company has received 4000 cr of order inflow. Company will be completing 3 HAM projects by June and is expecting to get another Rs 3000-4000 cr of order by March. The total order book by year end is expected to be around Rs 10000 cr.
Capex	Capex in 9M FY21 is around Rs 60 cr and by year end total capex would be around Rs 100 cr. For FY22, company plans Capex of Rs 100-120 cr.
<b>2QFY21</b>	
Order Inflow	The company is expecting 2000 to 2500 Cr order inflow in the 2H FY21.
Order Book	The company is expecting to add 3000Cr order to the order book.
Capex	Capex -35Cr in 2QFY21 and total CAPEX is 100-120 Cr for FY21.
Depreciation	The management expecting that the depreciation will increase in 3QFY21 and 4QFY21 which may be around 40 Cr.
<b>1QFY21</b>	
NHAI Awarding	NHAI ordering has picked up in June. Till July 460 Km of orders have been awarded against target 4500 Km for FY21.
Appt. Date	Company has completed financial closer of Otdanchatram Madathukulam HAM project on 22nd May 2020 and expected appointment date in first week of September.
Equity Requirement	Total equity requirement in all HAM projects Rs 624.28 Cr of which Rs 223.49 Cr has already been invested. Balance equity will be invested over the period of 3 years with Rs 250 in FY21, Rs 110 Cr in FY22 and Rs 40.79 Cr FY23.
Order Inflow	Expecting Rs 2000 Cr inflow for FY21. 1QFY21 order inflow was Rs 2300 Cr of 2 Irrigation inflow.
<b>3QFY20</b>	
Revenue Guidance	Revenue growth will be 10-15% in FY21 based on the current order book.
EBITDA M	EBITDA M will remain in the range of 18-19%.
Order Inflow	Management is targeting Rs 1000-1500 Cr order inflow in the 4QFY20 and around Rs 2000 Cr of new orders in FY21. Targeting 2 HAM and 1 Irrigation projects in the 4QFY20. Management is confident to get 2 road projects.
Debt	Debt will be remaining at level of 330 Cr at the end of the FY20.
<b>2QFY20</b>	
Revenue Guidance	Management expects revenue of Rs 2300-2400 Cr in FY20 and Rs 2600-2700 Cr in FY21
EBITDA M	EBITDA margin is expected to be 17-18%.
Capex	Capex done in H1FY20 is Rs 140 Cr. 30 Cr capex was done for irrigation and balance Road. Total Capex of Rs 200 Cr will be done in FY20. In FY21 it will be Rs 100-120 Cr.
<b>1QFY20</b>	
Revenue Guidance	Management expects revenue of Rs 2400 Cr in FY20. Irrigation projects are likely to contribute around Rs 500-600 Cr in revenue in FY20.
EBITDA M	Normal EBITDA M will be 16-17%. It may be higher in Q2FY20 as the company has received Rs 53 Cr of arbitration award and around Rs 30 Cr will be contributed in bottom line. 15-18% EBITDA margin on irrigation projects.
Order Inflow	Expect another Irrigation order of worth Rs 800 Cr from Telangana.
Equity Requirement	Total equity requirement is Rs 611 Cr and out of it INKBCON has invested Rs 183 Cr in 3 HAM projects.

EPC Projects	State	Awrad Date	Appt. Date	Project Cost (Rs/Cr)	Months
Hubli – Hospet Section of NH - 63	Karnataka	8-Aug-16	15-Mar-17	731	36
Dindigul-Bangalore Road ( Pollachi to Coimbatore)	TN	25-May-16	16-Jan-17	415	24
Other Road Projects				256	
Kanchuganahalli to Jigani	Karnataka	7-Mar-19	1-Aug-19	135	24
Ramanathapuram and Sungam Junctions flyover	TN	25-Mar-19	1-Aug-19	208	24
Khairtabad Zone - I	TN	7-Dec-19		166	60
Secunderabad Zone of GHMC	TN	11-Dec-19		241	60
Avinashi Road in Coimbatore City from Goldwins to Upllipalayam	TN	26-Aug-20	20-Dec-20	1,157	48
Cheyur – Vandavasi Polur Road including ECR link	TN	4-Jan-21		539	39
Chennai Kanyakumari Industrial Corridor Project, Chennai	TN	22-Jan-21		109	39
Four-laning of Bangalore-Mangalore Section including 6 -lane flyover	Karnataka	20-Mar-21		1,101	24
HGCL- Widening of Existing Service roads	Telangana	13-Sep-21		313	15
<b>Total EPC Projects</b>				<b>5,370</b>	

EPC Projects	State	Awrad Date	Appt. Date	Project Cost	Months	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22E	4QFY22E
Hubli – Hospet Section of NH - 63	Karnataka	8-Aug-16	15-Mar-17	731	36	13	45	18	25	37	18	5	-
Dindigul-Bangalore Road ( Pollachi to Coimbatore)	TN	25-May-16	16-Jan-17	415	24	12	9	19	1	-	1	-	-
Other Road Projects				256		68	100	28	9	12	12	12	12
Kanchuganahalli to Jigani	Karnataka	7-Mar-19	1-Aug-19	135	24	25	42	15	6	8	9	8	16
Ramanathapuram and Sungam Junctions flyover	TN	25-Mar-19	1-Aug-19	208	24	10	13	52	5	7	10	15	31
Khairtabad Zone - I	TN	7-Dec-19		166	60	5	6	25	2	2	5	7	15
Secunderabad Zone of GHMC	TN	11-Dec-19		241	60	30	-	-	-	-	12	17	29
Avinashi Road in Coimbatore City from Goldwins to Upllipalayam	TN	26-Aug-20	20-Dec-20	1,157	48	-	-	-	8	36	14	59	69
Cheyur – Vandavasi Polur Road including ECR link	TN	4-Jan-21		539	39	-	-	-	1	2	1	2	8
Chennai Kanyakumari Industrial Corridor Project, Chennai	TN	22-Jan-21		109	39	-	-	-	-	-	-	-	2
Four-laning of Bangalore-Mangalore Section including 6 -lane flyover	Karnataka	20-Mar-21		1,101	24	-	-	-	-	-	-	-	11
HGCL- Widening of Existing Service roads	Telangana	13-Sep-21		313	15	-	-	-	-	-	-	-	6
<b>Expected in FY22</b>													3
EPC-1		Nov-21	Mar-22	500	24								25
EPC-2		Feb-22	Jun-22	800	24								5
<b>EPC Total Revenues</b>													288

## Investment Advisory Portfolios

### NS Industry Leaders Theme



**Objective** - Grow with the leaders of today by investing in a portfolio consisting of the top 3 players of their respective industries.

**Benchmark** - Nifty 100 Index

**Portfolio Snapshot:** Min. Investment Amount - 3,00,000 | Top Up Amt. - Rs 50,000 | Time Horizon - 3 yrs | Expected CAGR - 14% | No. of Stocks - 12-18

### NS Mid & Small Cap Theme



Portfolio that invests in good quality and growing small cap companies for long term wealth creation.

**Benchmark** - Nifty Mid & Small 400

**Portfolio Snapshot:** Min. Investment Amount - 3,00,000 | Top Up Amt. - Rs 50,000 | Time Horizon - 7 yrs | Expected CAGR - 18% | No. of Stocks - 20-30

### NS Multi Cap Theme



India's oldest running Investment advisory portfolio that invests in a diversified set of shares using the 'growth in value' philosophy.

**Benchmark** - Nifty 500 Index

**Portfolio Snapshot:** Min Investment Amount - 5,00,000 | Top Up Amt. - Rs 1,00,000 | Time Horizon - 5 yrs | Expected CAGR - 15% | No. of Stocks - 20-30

### NS 5Tx5T Thematic Advisory Portfolio



This Portfolio invests in sub-sets of 4-6 Themes out of multiple themes underlying the economic buoyancy. Stocks would be from all the three namely- large, mid & small cap segments of the market

**Benchmark** - Nifty 500 Index

**Portfolio Snapshot:** Min. Investment Amount - 5,00,000 | Top Up Amt. - Rs 1,00,000 | Time Horizon - 3 yrs. Expected CAGR - 18% | No. of Stock - 15-20



## NS INDUSTRY LEADERS THEME

### OBJECTIVE

Long term capital appreciation by investing in companies that are the top-3 players of their respective industries.

### STRATEGY

NS Industry Leaders Theme identifies companies that are leaders of their respective industry and are showing growth in value characteristics with expected higher return ratio

### PROCESS - Fundamental Bottom Up Research

Information mining, financial modeling, investment thesis, active & rigorous tracking for changes in earnings & quality outlook.

### WHY NS INDUSTRY LEADERS THEME?

Companies with a proven track record of industry outperformance, effective leadership and efficient management usually find themselves as the NS Industry Leaders. In an uncertain economic environment these are the best companies to buy as these companies are run by proven management and leadership team than can navigate difficult times.

### KEY FEATURES OF NS INDUSTRY LEADERS THEME

#### Investment in the leaders industries

Investment in the industry leader ensures good governance and continuous innovation in the management

#### Cap Risk:

The Investment advisory portfolio will have exposure to leaders of the segment which comprise of mostly large cap stocks

#### Benchmarking:

The Investment advisory portfolio will be benchmarked against the Nifty 100

#### The portfolio:

The portfolio will consist of 12-18 stocks to provide superior returns.

#### Growth in Value Framework:

Companies that have improving/higher return ratio are favored.

#### Bottom Up Analysis:

A rigorous bottom up research of business financials and management strategies is carried out for all portfolio companies.

### Benchmark - Nifty 100 Index



**Minimum Investment Amt.**  
3,00,000



**No. of Stocks**  
12-18 Stocks



**Time Horizon**  
3 Years



**Expected CAGR**  
14%



**Top-up /Withdrawal Amt.**  
50,000



**Fee Plan**  
2.5% p.a. of your Investment Value + GST





## NS INDUSTRY LEADERS THEME

### STOCK SELECTION PROCEDURE INVOLVING 3 BROAD PROCESSES

1

#### MQC

- M - Momentum In Return Ratios The RoE, RoCE or the Free Cash flows of company must be increasing
- Q - Quality Return ratios versus its peer as well as broader stock universe.
- C - Capital Allocation Management strategy on Allocation of funds

2

#### 360 Degree Deductive Logic Framework

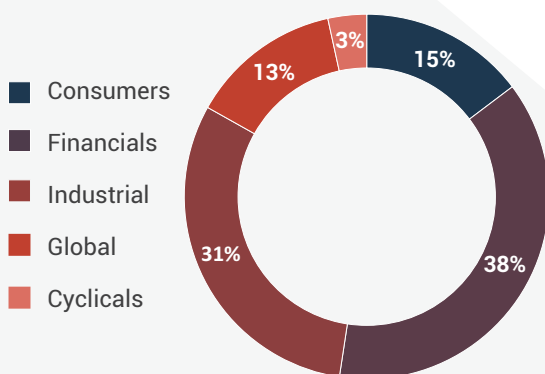
- Sustainable Valuation possible & factors impacting while identifying when market is under- pricing the company
- Outlook on the company Financials-why a company is considered trading below its intrinsic value
- Building a detailed business & financial model to realize the sources of earning & quality delta for the company.
- Management strategy in terms of its finances particularly in terms of source & deployment of capital, marketing strategy in terms of its products, segments, pricing etc.
- State of addressable market & identifying the changing dynamics of that addressable market.

3

#### Earnings & Quality: Both should be evolving in linear manner

There are three moving parts in terms of fundamental- stock price relation. These are changes in earnings, quality and valuation. Every company in its evolution passes through various stage of its progress. We prefer buying where linearity or a consistent positive delta is expected in earnings profile and the quality profile of the company. A stock before selection for portfolio should be first identified into what stage it is into.

### Portfolio Composition



### Portfolio Holdings

COMPANY	%	COMPANY	%
ICICIBANK	12%	M&M	5%
BHARTIARTL	9%	DMART	5%
LT	8%	MCDOWELL-N	5%
SBIN	8%	DRREDDY	4%
TCS	7%	ASTRAL	3%
RELIANCE	7%	ISEC	3%
HDFCBANK	7%	BAJFINANCE	3%
AXISBANK	6%	CYIENT	2%
CUMMINSIND	5%		



## NS INDUSTRY LEADERS THEME

### Return Profile vis a vis Benchmark (CAGR)

Years	NS Industry Leaders	Nifty 100
1 Year	2.7	9.5
3 Years	18.7	15.8
5 Years	11.7	12.2
Since Inception (1st Oct 2009)	19.2	10.7

### Performance Attributes

	Portfolio	Benchmark
Alpha	8.5	
Beta	1.0	
R - Square	74.1	
Sharpe	1.0	0.6
Standard Deviation	19.9	17.2
Max Drawdown	-37.2	-38.1
Annual tracking Error	10.1	
Information Ratio	0.8	

### NS Industry Leaders Return Profile vis a vis Nifty 100 (Rolling Returns\*)

Year	Current	Average	Best	Worst
3 Month	5.35 / 4.46	4.82 / 2.88	39.96 / 32.88	-32.79 / -37.3
6 Month	13.07 / 12.83	9.61 / 5.68	60.47 / 47.26	-30.24 / -34.28
1 Year	2.7 / 9.55	20.45 / 11.84	100.05 / 93.7	-30.25 / -33.53
2 Year	22.8 / 20.27	20.36 / 11.5	62.3 / 50.34	-14.49 / -13.67
3 Year	18.73 / 15.8	20.43 / 10.95	47.41 / 23	-6.04 / -6.33
4 Year	16.01 / 14.28	20.89 / 10.98	41.78 / 18.07	4.48 / -0.28
5 Year	11.73 / 12.18	21.46 / 11.23	36.69 / 18.32	4.43 / -2.02

Please Note: Data as on 30th November, 2022. The 1 year and less than one year returns are ABSOLUTE returns & rest are CAGR returns. The above portfolio allocation will be assessed every month to ascertain sector and scrip reshuffling. Kindly contact your RM for the latest allocation.

\*Rolling return is the average annualized return on a particular date. Rolling return is used to eliminate the bias present in point-to-point return. As financial markets are volatile, rolling returns provide a clearer picture of performance than the point-to-point return.



## NS MID & SMALL CAP THEME

### OBJECTIVE

Long-term capital growth by investing in smaller but growing companies of India

### STRATEGY

Active investing in NS Mid & Small Cap investment universe by identifying companies with improving fundamentals. Tactical weight allocation under the sub-classes to achieve positive return along with managing the risk.

### PROCESS - Fundamental Bottom Up Research

Information mining, financial modeling, investment thesis, active & rigorous tracking for changes in earnings & quality outlook.

### Benchmark - Nifty Mid & Small 400



**Minimum Investment Amt.**  
3,00,000



**No. of Stocks**  
20-30 Stocks



**Time Horizon**  
7 Years



**Expected CAGR**  
18%



**Top-up /Withdrawal Amt.**  
50,000



**Fee Plan**  
2.5% p.a. of your Investment Value + GST

### WHY NS MID & SMALL CAP?

Most of the multi bagger stock today were NS Mid & Small Cap few years back. Over the last 2 years, NS Mid & Small Cap stocks have seen sharp fall owing to credit squeeze, demand slowdown and over ownership during 2017. NS Mid & Small Cap theme portfolio is not meant as core portfolio for an investor but some tactical allocation by investors in NS Mid & Small Cap theme can be highly valuable.

NS Mid & Small Cap Companies perform well in up cycles. The continuous rate cuts by the RBI will create base for next bull market to start.



#### Large Cap Companies

- Large Cap Companies: As defined by SEBI, The Top 100 companies by market capitalization fall into the category of Large Cap Companies.
- These companies are the most liquid in nature. They have their Beta closest to 1 and run in sync with the overall market.



#### Mid Cap Companies

- Mid Cap Companies: SEBI defines Mid Cap Stocks as the ones who fall in 101st to 250th company by Market Capitalization.
- These stocks tend to be riskier than the large cap stocks & less risky than Small Cap stocks. They however offer more great potential than the large cap stocks



#### Small Cap Companies

- The 251st onward companies as per full market capitalization can be called as small cap stocks
- These stocks are the most volatile in nature. They become inconsistent during recessionary phases, however they outperform Large & mid cap companies in Bull periods.



## NS MID & SMALL CAP THEME

### KEY FEATURES OF NS MID & SMALL CAP THEME

#### Investment in high risk but high gain

Mid & Small Cap stocks are usually high risk high gain opportunities

#### Cap Risk:

The Investment advisory portfolio carries cap risk as it is exposed primarily to the Mid & Small capitalization stocks.

#### Benchmarking:

The Investment advisory portfolio will be benchmarked against the Nifty Mid & Small Cap 400 Index.

#### The portfolio:

The portfolio will consist of 20-30 stocks to provide superior returns.

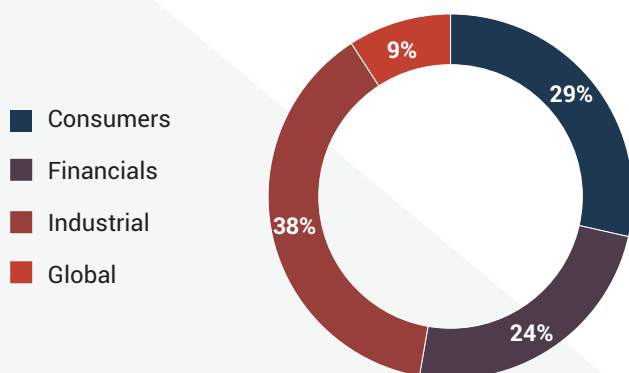
#### Growth in Value Framework

Companies that have improving/higher return ratio are favored.

#### Bottom Up Analysis:

A rigorous bottom up research of business financials & management strategies is carried out for all portfolio companies.

### Portfolio Composition



### Portfolio Holdings

COMPANY	%	COMPANY	%
AIAENG	6%	VRLLOG	4%
IDFCFIRSTB	6%	TTKPRESTIG	4%
PRAJIND	6%	ISEC	4%
ZYDUSWELL	5%	CYIENT	4%
NH	5%	MOLDTKPAC	3%
CUMMINSIND	5%	CAMS	3%
CONCOR	4%	CANBK	3%
CUB	4%	NAZARA	3%
BALKRISIND	4%	VIPIND	3%
DEVYANI	4%	SSWL	3%
TIMETECHNO	4%	INTELLECT	2%
ACE	4%	GRSE	2%
ICICIGI	4%		



## NS MID & SMALL CAP THEME

### Return Profile vis a vis Benchmark (CAGR)

Years	NS Mid & Small Cap	Nifty Mid & Small 400
1 Year	-3.6	6.4
3 Years	22.8	24.7
5 Years	7.8	10.2
Since Inception (1st April 2013)	24.4	17.6

### Performance Attributes

	Portfolio	Benchmark
Alpha	6.8	
Beta	1.1	
R - Square	85.4	
Sharpe	0.9	0.8
Standard Deviation	26.9	22.0
Max Drawdown	-51.6	-50.0
Annual tracking Error	10.6	
Information Ratio	0.6	

### NS Mid & Small Cap Return Profile vis a vis Nifty Mid & Small Cap 400 (Rolling Returns\*)

Year	Current	Average	Best	Worst
3 Month	-0.58 / 2.55	6.78 / 4.86	73.54 / 43.33	-30.56 / -34.2
6 Month	7.67 / 13.13	14.44 / 10.13	94.54 / 57.47	-28.84 / -33.81
1 Year	-3.57 / 6.41	32.83 / 22.76	147.6 / 121.26	-33.12 / -37.33
2 Year	19.98 / 28.53	29.2 / 19.43	93.49 / 67.84	-22.94 / -23.37
3 Year	22.85 / 24.69	25.23 / 15.42	63.8 / 35.5	-10.26 / -12.19
4 Year	17.79 / 17.84	23.9 / 14.35	57.67 / 32.27	4.36 / -2.14
5 Year	7.83 / 10.21	21.54 / 13.59	45.58 / 27.25	4.11 / -2.47

Please Note: Data as on 30th November, 2022. The 1 year and less than one year returns are ABSOLUTE returns & rest are CAGR returns. The above portfolio allocation will be assessed every month to ascertain sector and scrip reshuffling. Kindly contact your RM for the latest allocation.

\*Rolling return is the average annualized return on a particular date. Rolling return is used to eliminate the bias present in point-to-point return. As financial markets are volatile, rolling returns provide a clearer picture of performance than the point-to-point return.



## NS MULTI CAP THEME

### OBJECTIVE

To participate in the India growth story through investing in the Indian equity markets by building a diversified portfolio across various sectors and caps.

### STRATEGY

Multicap Portfolio prefers stocks which fall under the 'Growth in Value' theme and passes through the '360-degree Deductive Reasoning Framework.

### PROCESS - Fundamental Bottom Up Research

Information Mining-> Financial Modeling-> Investment Thesis-> Active & Rigorous tracking for changes in Earnings & Quality outlook.

### WHY NS MULTI-CAP?

NS Multi Cap opportunity Model is meant to be a core buy and hold portfolio for investors who aim to capitalize the wealth creation opportunity in the Indian economy. This Investment advisory portfolio comprises of flexible and judicious mix of large, mid and small cap companies to have the right kind of stability to sail through tough times as well as has the right force to outperform in the long term.

The stock selection for this Investment advisory portfolio is the unique feature as it backed by rigorous bottom up research blended with the Top down Approach of understanding the changes and opportunities in the addressable market of the company.

### KEY FEATURES OF NS MULTI CAP THEME

#### Investment in the Fasted growing companies of the country

India is set to become a 5 trillion dollar economy by 2025 and will create opportunities for wealth creation across investment theme- investment, consumption, credit.

#### Cap Risk:

Nifty 500 universe consists of stocks from all three cap: large, mid and small

#### Benchmarking:

The Investment advisory portfolio is benchmarked against the Nifty 500 Index

#### The portfolio:

The portfolio will consist of 20-30 stocks to provide superior risk adjusted returns.

#### Growth in Value Framework

Companies that have improving/higher return ratio are favored.

#### Bottom Up Analysis:

A rigorous bottom up research of business financials and management strategies is carried out for all portfolio companies.

### Benchmark - Nifty 500 Index



**Minimum Investment Amt.**  
5,00,000



**No. of Stocks**  
20-30 Stocks



**Time Horizon**  
5 Years



**Expected CAGR**  
15%



**Top-up /Withdrawal Amt.**  
1,00,000



**Fee Plan**  
2.5% p.a. of your Investment Value + GST



## NS MULTI CAP THEME

### STOCK SELECTION PROCEDURE INVOLVING 3 BROAD PROCESSES

# 1

#### MQC

- M - Momentum In Return Ratios The RoE, RoCE or the Free Cash flows of company must be increasing
- Q - Quality Return ratios versus its peer as well as broader stock universe.
- C - Capital Allocation Management strategy on Allocation of funds

# 2

#### 360 Degree Deductive Logic Framework

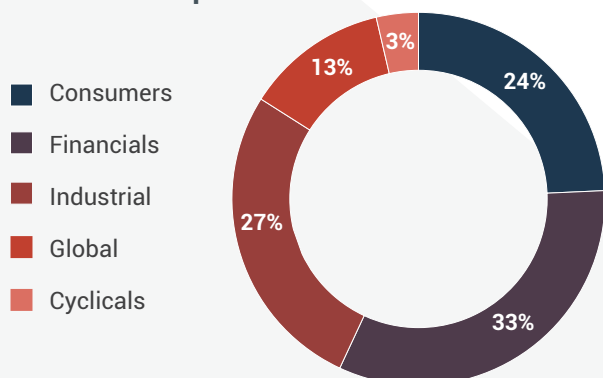
- Sustainable Valuation possible & factors impacting while identifying when market is under- pricing the company
- Outlook on the company Financials-why a company is considered trading below its intrinsic value
- Building a detailed business & financial model to realize the sources of earning & quality delta for the company.
- Management strategy in terms of its finances particularly in terms of source & deployment of capital, marketing strategy in terms of its products, segments, pricing etc.
- State of addressable market & identifying the changing dynamics of that addressable market.

# 3

#### Earnings & Quality: Both should be evolving in linear manner

There are three moving parts in terms of fundamental- stock price relation. These are changes in earnings, quality and valuation. Every company in its evolution passes through various stage of its progress. We prefer buying where linearity or a consistent positive delta is expected in earnings profile and the quality profile of the company. A stock before selection for portfolio should be first identified into what stage it is into.

### Portfolio Composition



### Portfolio Holdings

COMPANY	%	COMPANY	%
ICICIBANK	10%	CONCOR	4%
HDFCBANK	10%	SBILIFE	4%
SBIN	8%	VIPIND	3%
RELIANCE	8%	ASTRAL	3%
INFY	7%	INTELLECT	3%
LT	7%	SUPRAJIT	3%
BHARTIARTL	6%	MCDOWELL-N	3%
BRITANNIA	6%	DRREDDY	3%
M&M	5%	TIMETECHNO	2%
DEVYANI	4%	CRISIL	2%



## NS MULTI CAP THEME

### Return Profile vis a vis Benchmark (CAGR)

Years	NS Multi Cap	Nifty 500
1 Year	5.4	8.9
3 Years	22.3	17.6
5 Years	15.8	1.7
Since Inception (1st Oct 2009)	18.5	10.8

### Performance Attributes

	Portfolio	Benchmark
Alpha	7.7	
Beta	1.0	
R - Square	88.6	
Sharpe	1.0	0.6
Standard Deviation	18.8	17.6
Max Drawdown	-38.4	-38.3
Annual tracking Error	6.4	
Information Ratio	1.2	

### NS Multi Cap Return Profile vis a vis Nifty 500 (Rolling Returns\*)

Year	Current	Average	Best	Worst
3 Month	3.09 / 4.05	4.65 / 2.94	36.54 / 33.32	-36.38 / -36.72
6 Month	8.57 / 12.94	9.21 / 5.76	58.12 / 49.18	-32.2 / -34.19
1 Year	5.45 / 8.86	19.48 / 12.18	112.46 / 98.9	-28.12 / -34.28
2 Year	25.23 / 21.97	19.07 / 11.89	64.57 / 53.42	-12.64 / -15.78
3 Year	22.32 / 17.56	18.43 / 11.19	39.26 / 23.5	-5.49 / -7.57
4 Year	20.95 / 15.03	18.33 / 11.22	32.86 / 20.39	2 / -0.71
5 Year	15.82 / 11.74	18.59 / 11.57	29.41 / 19.73	2.06 / -2.19

Please Note: Data as on 30th November, 2022. The 1 year and less than one year returns are ABSOLUTE returns & rest are CAGR returns. The above portfolio allocation will be assessed every month to ascertain sector and scrip reshuffling. Kindly contact your RM for the latest allocation.

\*Rolling return is the average annualized return on a particular date. Rolling return is used to eliminate the bias present in point-to-point return. As financial markets are volatile, rolling returns provide a clearer picture of performance than the point-to-point return.





## NS 5TX5T THEMATIC ADVISORY PORTFOLIO

### OBJECTIVE

This portfolio provides a unique theme-based investing opportunity in the Indian market. As India approaches towards becoming a 5 trillion economy by GDP, the total Market Cap of Indian companies will also set to increase by 11-12% CAGR. Some of the market cap gains will come from new listings but a large part of the gains will come from select themes. This strategy focuses on themes that should form part of India's next growth engine.

### STRATEGY

The portfolio will consist of 15-20 stocks to provide superior returns. 2-6 stocks from each of the chosen 4-6 Selected Themes. Maximum Weight on any stock will be 10% while maintaining sector diversity

### PROCESS - Fundamental Bottom Up Research

Information Mining-> Financial Modeling-> Investment Thesis-> Active & Rigorous tracking for changes in Earnings & Quality outlook.

### KEY FEATURES OF NS 5TX5T THEMATIC ADVISORY PORTFOLIO

#### Investment in NS 5TX5T Thematic Advisory Portfolio

This fund would invest in sub-sets of 4-6 Themes out of multiple themes underlying the economic buoyancy. Stocks would be from all the three namely- large, mid & small cap segments of the market.

#### No Cap Risk:

The Investment advisory portfolio will consists of stocks from all three cap: large, mid & small.

#### Benchmarking:

The model portfolio will be benchmarked against the Nifty 500

#### The portfolio:

The portfolio consist of 15-20 stocks to provide superior risk adjusted returns..

#### Growth in Value Framework

Companies that have improving/higher return ratio are favored.

#### Bottom Up Analysis:

A rigorous bottom up research of business financials & management strategies is carried out for all portfolio companies.

### Benchmark - Nifty 500 Index



**Minimum Investment Amt.**  
5,00,000



**No. of Stocks**  
15-20 Stocks



**Time Horizon**  
3 Years



**Expected CAGR**  
18%



**Top-up /Withdrawal Amt.**  
1,00,000



**Fee Plan**  
2.5% p.a. of your Investment Value + GST



## NS 5TX5T THEMATIC ADVISORY PORTFOLIO

### STOCK SELECTION PROCEDURE INVOLVING 3 BROAD PROCESSES

# 1

#### MQC

- M - Momentum In Return Ratios The RoE, RoCE or the Free Cash flows of company must be increasing
- Q - Quality Return ratios versus its peer as well as broader stock universe.
- C - Capital Allocation Management strategy on Allocation of funds

# 2

#### 360 Degree Deductive Logic Framework

- Sustainable Valuation possible & factors impacting while identifying when market is under- pricing the company
- Outlook on the company Financials-why a company is considered trading below its intrinsic value
- Building a detailed business & financial model to realize the sources of earning & quality delta for the company.
- Management strategy in terms of its finances particularly in terms of source & deployment of capital, marketing strategy in terms of its products, segments, pricing etc.
- State of addressable market & identifying the changing dynamics of that addressable market.

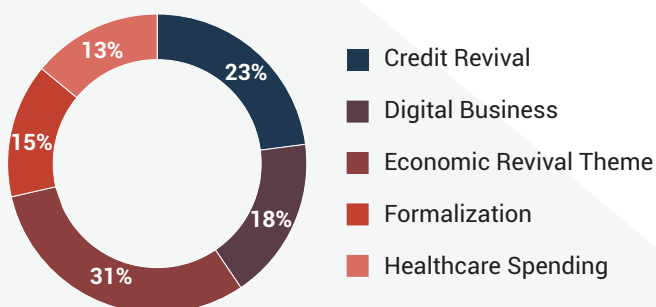
# 3

#### Earnings & Quality: Both should be evolving in linear manner

There are three moving parts in terms of fundamental- stock price relation. These are changes in earnings, quality and valuation. Every company in its evolution passes through various stage of its progress. We prefer buying where linearity or a consistent positive delta is expected in earnings profile and the quality profile of the company. A stock before selection for portfolio should be first identified into what stage it is into.

### Portfolio Composition

#### Selected Themes for NS 5TX5T



### Portfolio Holdings

COMPANY	%	COMPANY	%
ICICIBANK	12%	PRAJIND	6%
SBIN	12%	CONCOR	5%
TCS	9%	ACE	5%
SBILIFE	8%	ISEC	5%
DMART	8%	SUPRAJIT	4%
CUMMINSIND	7%	VRLLOG	3%
BRITANNIA	7%	NAZARA	3%
NH	6%	INTELLECT	1%



## NS 5TX5T THEMATIC ADVISORY PORTFOLIO

### Return Profile vis a vis Benchmark (CAGR)

Years	NS 5TX5T	Nifty 500
1 Year	3.2	8.9
3 Years	20.2	17.6
5 Years	16.0	11.7
Since Inception (1st April 2013)	22.0	14.1

### Performance Attributes

	Portfolio	Benchmark
Alpha	7.9	
Beta	1.0	
R - Square	81.6	
Sharpe	1.1	0.8
Standard Deviation	19.7	17.7
Max Drawdown	-37.9	-38.3
Annual tracking Error	8.5	
Information Ratio	0.9	

### NS 5T X 5T Return Profile vis a vis Nifty 500 (Rolling Returns\*)

Year	Current	Average	Best	Worst
3 Month	4.09 / 4.05	5.49 / 3.66	35.33 / 33.32	-32.51 / -36.72
6 Month	13.67 / 12.94	11.47 / 7.42	51.55 / 49.18	-30.08 / -34.19
1 Year	3.15 / 8.86	25.47 / 15.97	100.25 / 98.9	-20.98 / -34.28
2 Year	21.13 / 21.97	23.37 / 14.01	57.04 / 53.42	-7.33 / -15.78
3 Year	20.18 / 17.56	21.01 / 11.86	42.99 / 22.57	-1.01 / -7.57
4 Year	20.44 / 15.03	20.16 / 11.65	36.07 / 20.39	6.63 / -0.71
5 Year	15.98 / 11.74	19.64 / 11.62	32.11 / 19.73	6.01 / -2.19

Please Note: Data as on 30th November, 2022. The 1 year and less than one year returns are ABSOLUTE returns & rest are CAGR returns. The above portfolio allocation will be assessed every month to ascertain sector and scrip reshuffling. Kindly contact your RM for the latest allocation.

\* Rolling return is the average annualized return on a particular date. Rolling return is used to eliminate the bias present in point-to-point return. As financial markets are volatile, rolling returns provide a clearer picture of performance than the point-to-point return.

# PERFORMANCE

Calendar Year wise Performance								
Calendar Year	NS Industry Leaders	Nifty 100	NS Mid & Small Cap	Nifty Mid & Small Cap 400	NS Multi Cap	Nifty 500	NS 5Tx5T	Nifty 500
2010	36.3	17.9	-	-	31.1	14.1	-	-
2011	-22.7	-25.8	-	-	-21.1	-27.2	-	-
2012	44.0	30.6	-	-	35.8	31.8	-	-
2013	3.3	6.5	-	-	7.1	3.6	-	-
2014	68.7	33.2	91.4	63.2	60.3	37.8	64.8	37.8
2015	25.9	-2.4	37.9	9.0	16.3	-0.7	16.4	-0.7
2016	15.6	3.6	14.5	3.8	3.1	3.8	8.6	3.8
2017	36.9	31.0	67.3	55.3	34.9	35.9	39.1	35.9
2018	-8.2	1.1	-25.1	-18.0	-4.7	-3.4	-2	-3.4
2019	8.0	10.4	0.3	-2.9	17.8	7.7	19.5	7.7
2020	22.8	14.9	37.2	24.6	24.3	16.7	25.3	16.7
2021	35.2	25.0	43.6	51.3	40.6	30.2	41.2	30.2
2022	1.5	7.4	-6.5	2.7	3.2	6.3	-0.9	6.3

Inception date for Industry Leaders and NS Multi Cap is 1st October 2009 and for NS Mid & Small Cap & NS 5Tx5T is 1st April 2013 so returns are calculated accordingly and for calendar Year 2022, as on as on 30th November 2022, not full year

Superior Performance Across Market Cycles									
Period	Market Cycle	NS Industry Leaders	Nifty 100	NS Mid & Small Cap	Nifty Mid & Small Cap 400	NS Multi Cap	Nifty 500	NS 5Tx5T	Nifty 500
Aug 2013 - Jan 2018	Bull Phase	38.6	17.0	54.4	30.6	30.4	19.3	33.0	19.3
Feb 2018 - Nov 2022	Bear Phase	10.0	11.1	7.3	10.0	15.1	10.8	15.4	10.8
1st Jan 2020 - 23rd March 2020	Bear Phase	-31.7	-37.1	-31.3	-35.4	-36.5	-36.8	-32.0	-36.8
23rd March 2020 - 30th Nov 2022	Bull Phase	146.6	145.1	168.0	199.6	184.1	155.4	154.3	155.4

\*Returns Greater than 1 year are CAGR returns rest are Absolute returns

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