

# **INVESTMENT ADVISORY PORTFOLIO - EQUITY**

March 2023

# 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

# 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	-1.2	3.6	-9.5	0.9	-0.2	3.0	-3.9	3.0
2023	-3.6	-6.4	-2.8	-4.6	-4.3	-6.0	-3.5	-6.0

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 2023, as on as on 28th February 2023, not full year

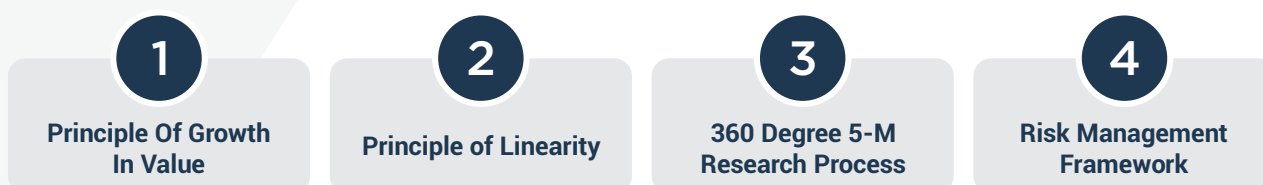
Superior Performance Across Market Cycles									
Period	Market Cycle	NS Industry Leaders	Nifty 100	NS Mid & Small Cap	Nifty Mid & Small Cap 400	NS Multi Cap	Nifty 500	NS 5Tx5T	Nifty 500
Aug 2013 - Jan 2018	Bull Phase	38.6	17.0	54.4	30.6	30.4	19.3	33.0	19.3
Feb 2018 - Feb 2023	Bear Phase	8.1	8.3	5.6	8.1	12.6	8.3	13.1	8.3
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 - 28th Feb 2023	Bull Phase	131.4	121.3	152.1	180.8	163.0	132.6	138.0	132.6

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

# INVESTMENT PHILOSOPHY

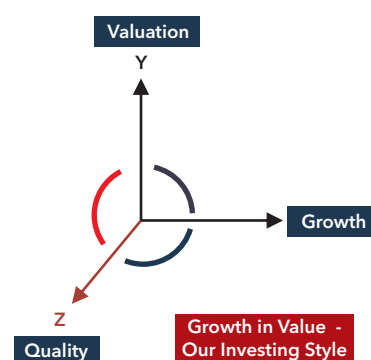
Narnolia follows the 'growth in value' investment philosophy and has demonstrated a successful track record measured in terms of superior risk adjusted return over a long period. Quality always prevails. Along with quality, in a growing economy like India where on every production or consumption parameter 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:



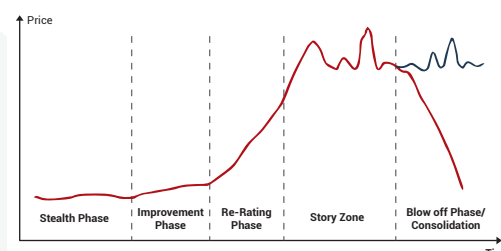
## 1 PRINCIPLE OF GROWTH IN VALUE

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.



## Investment Decisions:

### M5 Research Framework that connects Macro seamlessly with Micro

**M5**

Multiples  
Valuation Envelop Equation

**M4**

Modeled Headline Financial Numbers  
PL, BS, CF, Schedule

**M3**

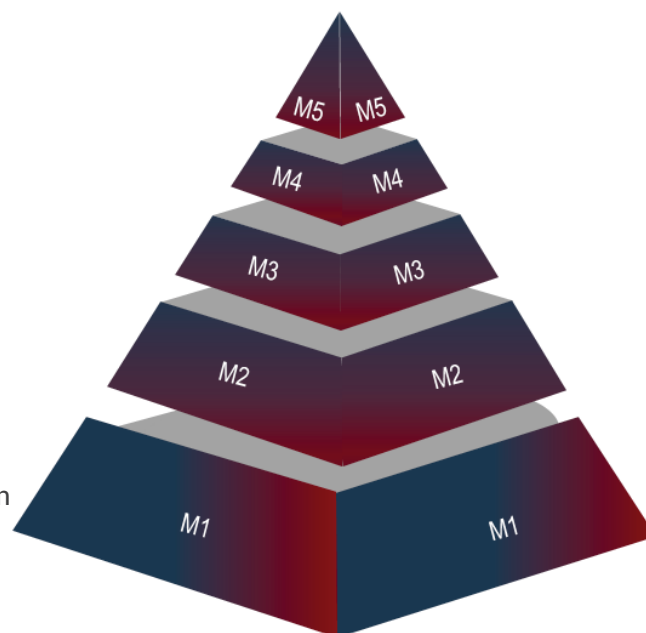
Business & Financial Moat  
Sources of earnings quality

**M2**

Management Strategy  
Finance, HR, Product, Pricing, Supply Chain

**M1**

Market  
Addressable Market & it's changing dynamics



## 4 Pillars of Risk Management Framework

**01**

Stock Limit  
Limits on Maximum weightage on single stock

**02**

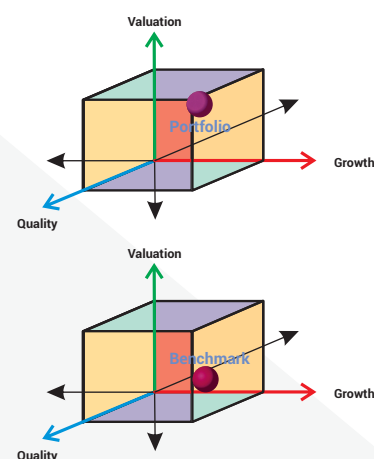
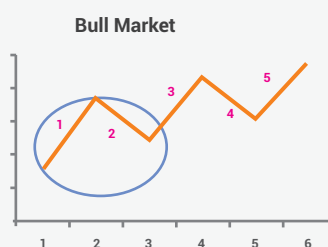
Sector Limit  
Limits on Maximum weightage on single sector

**03**

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

**04**

Fundamental Quadrant – QGV  
Limits on Maximum weightage on single sector



# INVESTMENT PROCESS

## WITH WELL DEFINED 5 STAGES & 112 SUB PROCESSES



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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020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## 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, DDP	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 undergoing 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 3QFY21 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 Oddanchatram 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	Expected 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. 93 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 KNRCON has invested Rs 183 Cr in 3 HAM projects.

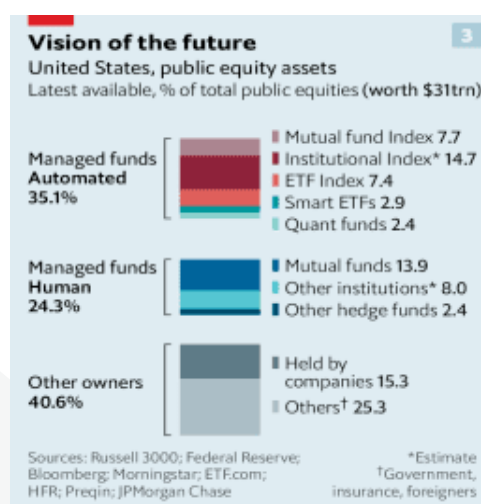
EPC Projects	State	Awrad Date	Appt. Date	Project Cost (Rs/Cr)	Months
Hubli – Hospet Section of NH - 63	Karnataka	8-Aug-16	15-Mar-17	731	36
Dindigul-Bangalore Road ( Pollachi to Coimbatore)	TN	25-May-16	16-Jan-17	415	24
Other Road Projects				256	
Kanchuganahalli to Jigani	Karnataka	7-Mar-19	1-Aug-19	135	24
Ramanathapuram and Sungam Junctions flyover	TN	25-Mar-19	1-Aug-19	208	24
Khairatabad 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 Upplipalayam	TN	26-Aug-20	20-Dec-20	1,157	48
Cheyyur – 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	3QFY22	4QFY22
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	13	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	15	14	26	10	7	9	9	16
Ramanathapuram and Sungam Junctions flyover	TN	25-Mar-19	1-Aug-19	208	24	10	13	27	7	8	10	15	11
Khairatabad 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	12	-	-	-	-	8	10	25
Avinashi Road in Coimbatore City from Goldwins to Upplipalayam	TN	26-Aug-20	20-Dec-20	1,157	48	-	-	-	8	36	14	59	104
Cheyyur – Vandavasi Polur Road including ECR link	TN	4-Jan-21		539	39	-	-	-	1	3	1	5	11
Chennai Kanyakumari Industrial Corridor Project, Chennai	TN	22-Jan-21		109	39	-	-	-	-	-	-	2	3
Four-laning of Bangalore-Mangalore Section including 6-lane flyover	Karnataka	20-Mar-21		1,101	24	-	-	-	-	-	-	11	22
HGCL- Widening of Existing Service roads	Telangana	13-Sep-21		313	15	-	-	-	-	-	-	6	9
<b>Expected in FY22</b>						-	-	-	-	-	-	-	2
<b>EPC 1</b>		Nov-21	Mar-22	500	24	-	-	-	-	-	-	-	25
<b>EPC 2</b>		Feb-22	Jun-22	800	24	-	-	-	-	-	-	-	5
<b>EPC Total Revenues</b>						194	197	161	86	77	127	157	288

## Quant Needs Human Insight to Work

Rapidly growing Investment Advisory Portfolio investments has brought many new entrants, using quant based AI models but will eventually turnout to be an inefficient way for wealth creation

- **Mr. Ray Dalio, founder of Bridgewater House**, world's largest Hedge fund: "If somebody discovers what you've discovered, not only is it worthless, but it becomes over-discounted, and it will produce losses. A machine-learning strategy that does not employ human logic is bound to blow up eventually."
- **Warren Buffett**, "So the really big money tends to be made by investors who are right on qualitative decisions but, at least in my opinion, the more sure money tends to be made on the obvious quantitative decisions."
- **Allocation decision and rebalancing decisions** are more important than selection decisions in overall return which requires foundation of qualitative research.
- **Analysis data of business, not of business man**





# Why Investment Advisory Portfolio - Equity?



Designed to retain the flexibility of direct ownership for. Wealth Creation



Provides the discipline, professional competency, & long term approach similar to that of a Mutual Fund/PMS



Empowers the individual investor with the power of Award-Winning, Multi-Asset, Multi-Strategy Research

## 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 the leaders of their respective industries & are also showing 'growth in value' characteristics with expected higher return ratio.

**Portfolio Snapshot** - Min. Inv. Amt.: ₹ 3,00,000 | Top Up Amt.: ₹ 50,000 | Time Horizon: 3 yrs | Exp. CAGR: 14% | No. of Stocks: 12-18



## NS Mid & Small Cap Theme

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

**Strategy** - Identifying & actively investing in companies with improving fundamentals in the NS Mid & Small Cap Investment Universe. Tactical weight allocation under the sub-classes to get positive returns while managing the risk.

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



## 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 & caps.

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

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



## NS 5Tx5T Thematic Advisory Portfolio

**Objective** - This portfolio provides a unique theme-based investing opportunity in the Indian market & focuses on themes that should form part of India's next growth engine

**Strategy** - 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.

**Portfolio Snapshot** - Min. Inv. Amt.: ₹ 5,00,000 | Top Up Amt.: ₹ 100,000 | Time Horizon: 3 yrs. | Expected CAGR: 18% | No. of Stocks: 15-20



Investment Advisory Portfolio Performance				
	1 Year	3 Years	5 Years	Since Inception
NS Industry Leaders (ID: 1st oct.2009)	0.9	16.7	9.4	18.3
NS Mid & Small Cap (ID: 1st April 2013)	-0.1	18.9	6.9	22.9
NS Multi Cap (ID: 1st oct. 2009)	0.7	20.5	13.7	17.5
NS 5TX5T (ID: (1st April 2013)	-0.6	16.6	14.0	20.5
Vs Benchmark				
Nifty 100	0.4	14.7	9.5	9.7
Nifty Mid & Small 400	5.2	22.2	9.1	16.3
Nifty 500	1.5	16.3	9.4	9.9/ 12.6

Please Note: Data is as on February 2023, 1yr is ABSOLUTE returns. 3yr/5yr/SI figures are CAGR Returns. ID - Inception Date

## Value of INR 1Cr as on February 2023

### Invested in October 2009

NS Multi-Cap INR 8.7Cr VS Nifty 500 INR 3.5Cr  
NS Industry Leaders INR 9.5Cr VS Nifty 100 INR 3.6Cr

### Invested in April 2013

NS Mid & Small Cap INR 7.7Cr VS Nifty Mid & Small 400 INR 4.4Cr  
NS 5Tx5T INR 6.3Cr VS Nifty 500 INR 3.2Cr





## 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

Growth-in-Value Framework & Fundamental Bottom-Up Analysis. Companies with improving/higher returns ratio are favored. A rigorous bottom up research of business financials & management strategies for companies in our investment universe - Information mining, financial modeling, investment thesis, active tracking for changes in earnings & quality outlook

### 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



**Cap Exposure**  
Large Cap Stocks



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

### 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.

### 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

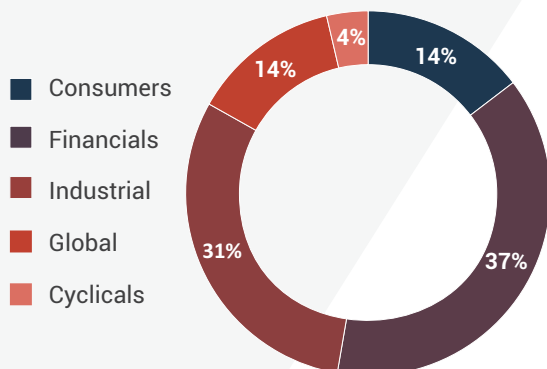
#### Earnings & Quality: Both should be evolving in linear manner

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.



## NS INDUSTRY LEADERS THEME

### Portfolio Composition



### Portfolio Holdings

COMPANY	%	COMPANY	%
ICICIBANK	11%	AXISBANK	6%
LT	9%	DMART	4%
BHARTIARTL	9%	MCDOWELL-N	4%
TCS	8%	DRREDDY	4%
HDFCBANK	8%	ASTRAL	4%
SBIN	7%	ISEC	3%
RELIANCE	7%	CYIENT	3%
CUMMINSIND	7%	BAJFINANCE	3%
M&M	6%		

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

Years	NS Industry Leaders	Nifty 100
1 Year	0.9	0.4
3 Years	16.7	14.7
5 Years	9.4	9.5
Since Inception (1st Oct 2009)	18.3	9.7

### Performance Attributes

	Portfolio	Benchmark
Alpha	8.6	
Beta	1.0	
R - Square	74.2	
Sharpe	0.9	0.6
Standard Deviation	19.7	17.1
Max Drawdown	-37.2	-38.1
Annual tracking Error	10.0	
Information Ratio	0.9	

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

Year	Current	Average	Best	Worst
3 Month	-6.16 / -9.7	4.76 / 2.83	39.96 / 32.88	-32.79 / -37.3
6 Month	-1.15 / -5.68	9.61 / 5.72	60.47 / 47.26	-30.24 / -34.28
1 Year	0.87 / 0.4	20.03 / 11.65	100.05 / 93.7	-30.25 / -33.53
2 Year	10.56 / 7.92	20.23 / 11.52	62.3 / 50.34	-14.49 / -13.67
3 Year	16.67 / 14.72	20.35 / 11.03	47.41 / 23.00	-6.04 / -6.33
4 Year	14.55 / 11.74	20.76 / 11.04	41.78 / 18.07	4.48 / -0.28
5 Year	9.45 / 9.48	21.17 / 11.21	36.69 / 18.32	4.43 / -2.02

Please Note: Data as on 28th February, 2023. 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

Growth-in-Value Framework & Fundamental Bottom-Up Analysis. Companies with improving/higher returns ratio are favored. A rigorous bottom up research of business financials and management strategies for companies in our investment universe - Information mining, financial modeling, investment thesis, active 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



**Cap Exposure**  
Mid & Small Cap Stocks



**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: 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: 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



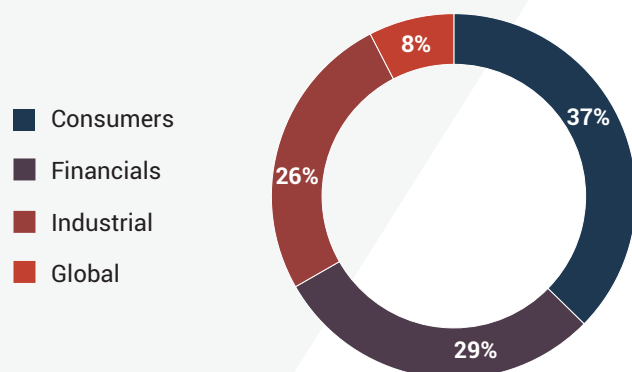
#### Small Cap Companies

- 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

### Portfolio Composition



### Portfolio Holdings

COMPANY	%	COMPANY	%
NH	6%	TVSMOTOR	4%
AIAENG	6%	DEVYANI	4%
IDFCFIRSTB	6%	CAMS	4%
CUMMINSIND	5%	ISEC	4%
ICICIGI	5%	TTKPRESTIG	3%
ZYDUSWELL	5%	NAZARA	3%
SUPRAJIT	5%	SSWL	3%
CANBK	5%	VIPIND	3%
BALKRISIND	4%	MCX	2%
CYIENT	4%	CONCOR	2%
ACE	4%	MOLDTKPAC	2%
CANFINHOME	4%	GRSE	2%
VRLLLOG	4%		

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

Years	NS Mid & Small Cap	Nifty Mid & Small 400
1 Year	-0.1	5.2
3 Years	18.9	22.2
5 Years	6.9	9.1
Since Inception (1st April 2013)	22.9	16.3

### Performance Attributes

	Portfolio	Benchmark
Alpha	6.6	
Beta	1.1	
R - Square	85.4	
Sharpe	0.9	0.7
Standard Deviation	26.6	21.8
Max Drawdown	-51.6	-50.0
Annual tracking Error	10.5	
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	-5.9 / -6.27	6.7 / 4.83	73.54 / 43.33	-30.56 / -34.2
6 Month	-6.45 / -3.87	14.41 / 10.21	94.54 / 57.47	-28.84 / -33.81
1 Year	-0.14 / 5.21	32.44 / 22.57	147.6 / 121.26	-33.12 / -37.33
2 Year	7.76 / 13.74	29.07 / 19.51	93.49 / 67.84	-22.94 / -23.37
3 Year	18.86 / 22.23	25.19 / 15.56	63.8 / 35.5	-10.26 / -12.19
4 Year	16.88 / 17.01	23.8 / 14.4	57.67 / 32.27	4.36 / -2.14
5 Year	6.93 / 9.12	21.33 / 13.52	45.58 / 27.25	4.11 / -2.47

Please Note: Data as on 28th February, 2023. 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

Growth-in-Value Framework & Fundamental Bottom-Up Analysis. Companies with improving/higher returns ratio are favored. A rigorous bottom up research of business financials and management strategies for companies in our investment universe - Information mining, financial modeling, investment thesis, active tracking for changes in earnings & quality outlook

### 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



#### Cap Exposure

Large, Mid & Small Cap Stocks



#### Fee Plan

2.5% p.a. of your Investment Value + GST

### 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.

### 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

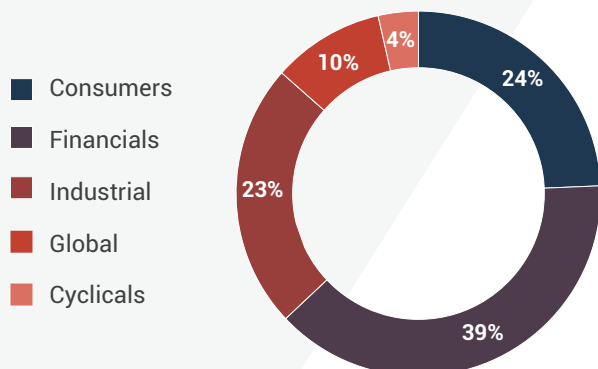
#### Earnings & Quality. Both should be evolving in linear manner

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.



## NS MULTI CAP THEME

### Portfolio Composition



### Portfolio Holdings

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

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

Years	NS Multi Cap	Nifty 500
1 Year	0.7	1.5
3 Years	20.5	16.3
5 Years	13.7	9.4
Since Inception (1st Oct 2009)	17.5	9.9

### Performance Attributes

	Portfolio	Benchmark
Alpha	7.7	
Beta	1.0	
R - Square	88.6	
Sharpe	0.9	0.6
Standard Deviation	18.7	17.5
Max Drawdown	-38.4	-38.3
Annual tracking Error	6.3	
Information Ratio	1.2	

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

Year	Current	Average	Best	Worst
3 Month	-7.42 / -8.95	4.56 / 2.89	36.54 / 33.32	-36.38 / -36.72
6 Month	-4.56 / -5.26	9.13 / 5.81	58.12 / 49.18	-32.2 / -34.19
1 Year	0.66 / 1.47	19.08 / 11.98	112.46 / 98.9	-28.12 / -34.28
2 Year	11.9 / 9.17	19.02 / 11.94	64.57 / 53.42	-12.64 / -15.78
3 Year	20.52 / 16.27	18.47 / 11.31	39.26 / 23.5	-5.49 / -7.57
4 Year	19.26 / 12.84	18.38 / 11.31	32.86 / 20.39	2 / -0.71
5 Year	13.69 / 9.41	18.47 / 11.53	29.41 / 19.73	2.06 / -2.19

Please Note: Data as on 28th February, 2023. 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.

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## 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

Growth-in-Value Framework & Fundamental Bottom-Up Analysis. Companies with improving /higher returns ratio are favored. A rigorous bottom up research of business financials and management strategies for companies in our investment universe - Information mining, financial modeling, investment thesis, active tracking for changes in earnings & quality outlook

### 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



#### Cap Exposure

Large, Mid & Small Cap Stocks



#### Fee Plan

2.5% p.a. of your Investment Value+GST

## STOCK SELECTION PROCEDURE INVOLVING 3 BROAD PROCESSES

### MQC

1

- 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

### 360 Degree Deductive Logic Framework

2

- 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.

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

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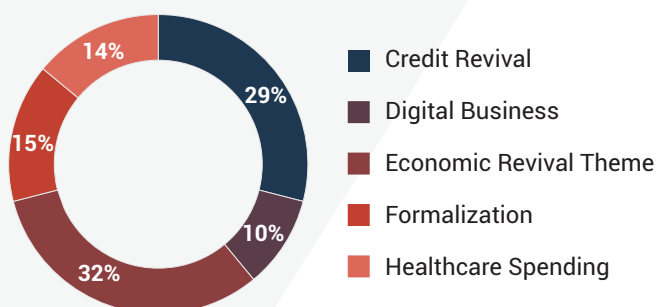




## NS 5TX5T THEMATIC ADVISORY PORTFOLIO

### Portfolio Composition

#### Selected Themes for NS 5TX5T



### Portfolio Holdings

COMPANY	%	COMPANY	%
ICICIBANK	12%	ACE	6%
SBIN	11%	CUMMINSIND	4%
TCS	10%	ISEC	4%
BRITANNIA	8%	CONCOR	4%
SBILIFE	7%	SUPRAJIT	4%
DMART	7%	PRAJIND	4%
HDFCBANK	7%	LT	3%
NH	7%	NAZARA	3%

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

Years	NS 5TX5T	Nifty 500
1 Year	-0.6	1.5
3 Years	16.6	16.3
5 Years	14.0	9.4
Since Inception (1st April 2013)	20.5	12.6

### Performance Attributes

	Portfolio	Benchmark
Alpha	7.9	
Beta	1.0	
R - Square	81.7	
Sharpe	1.0	0.7
Standard Deviation	19.6	17.6
Max Drawdown	-37.9	-38.3
Annual tracking Error	8.4	
Information Ratio	0.9	

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

Year	Current	Average	Best	Worst
3 Month	-6.41 / -8.95	5.33 / 3.57	35.33 / 33.32	-32.51 / -36.72
6 Month	-2.58 / -5.26	11.38 / 7.44	51.55 / 49.18	-30.08 / -34.19
1 Year	-0.59 / 1.47	24.64 / 15.58	100.25 / 98.9	-20.98 / -34.28
2 Year	9.84 / 9.17	23.08 / 14.02	57.04 / 53.42	-7.33 / -15.78
3 Year	16.56 / 16.27	20.89 / 12.01	42.99 / 22.57	-1.01 / -7.57
4 Year	19.59 / 12.84	20.14 / 11.76	36.07 / 20.39	6.63 / -0.71
5 Year	14.04 / 9.41	19.4 / 11.55	32.11 / 19.73	6.01 / -2.19

Please Note: Data as on 28th February, 2023. 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.

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