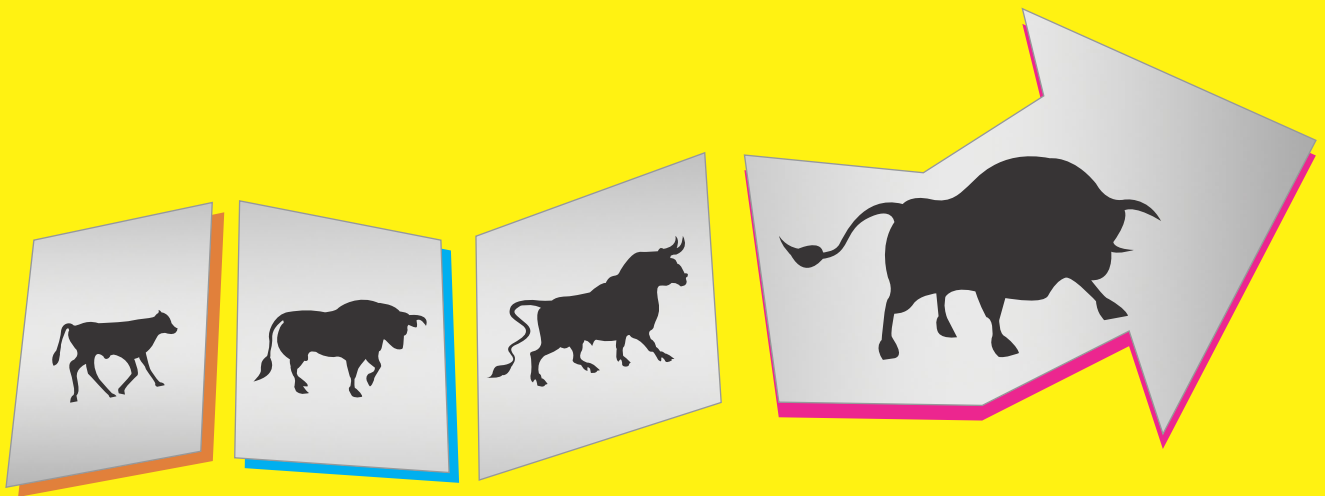


MONTHLY Communique

As on 30th June 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.	10.40
MAX Financial Services Ltd.	7.54
HDFC Bank Ltd.	6.31
SBI CARDS AND PAYMENT SERVICES Ltd.	5.84
Larsen & Toubro Ltd.	5.41
Maruti Suzuki India Ltd.	4.32
SBI LIFE INSURANCE COMPANY Ltd.	4.07
H C L Technologies Ltd.	3.90
Dr. Reddy's Laboratories Ltd.	3.84
HOME FIRST FINANCE COMPANY INDIA Ltd.	3.77
Infosys Technologies Ltd.	3.76
Tube Investment of India Ltd.	3.71
Thermax Ltd.	3.46
Bharti Airtel Ltd.	3.33
Vip Industries Ltd.	3.10
Hindustan Unilever Ltd.	2.49
Mahindra & Mahindra Ltd.	2.28
MUTHOOT FINANCE Ltd.	2.04
G R Infraprojects Ltd.	2.03
UNITED SPIRITS Ltd.	2.01
Au Small Finance Bank Ltd	1.92
LIC Housing Finance Ltd.	1.88
Kotak Mahindra Bank Ltd.	1.77
Bajaj Finance Ltd.	1.70
JUBILANT FOODWORKS Ltd.	1.53
UltraTech Cement Ltd.	1.36
GLAND PHARMA Ltd.	1.31
RELIGARE ENTERPRISES Ltd.	0.98
GO FASHION (INDIA) Ltd.	0.89
Godrej Consumer Products Ltd.	0.85
Tech Mahindra Ltd.	0.78
KPIT TECHNOLOGIES Ltd.	0.53
Info Edge (India) Ltd.	0.36

Data as on 30th June 2022

Details

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

Sectors

Particulars	% Allocation
Banks	20.40
Finance	16.21
Insurance	11.61
IT - Software	8.97
Construction	7.44
Automobiles	6.60
Pharmaceuticals & Biotechnology	5.15
Auto Components	3.71
Electrical Equipment	3.46
Telecom - Services	3.33
Consumer Durables	3.10
Diversified FMCG	2.49
Beverages	2.01
Leisure Services	1.53
Cement & Cement Products	1.36
Retailing	1.25
Personal Products	0.85
Cash & Cash Equivalents	0.53

Data as on 30th June 2022

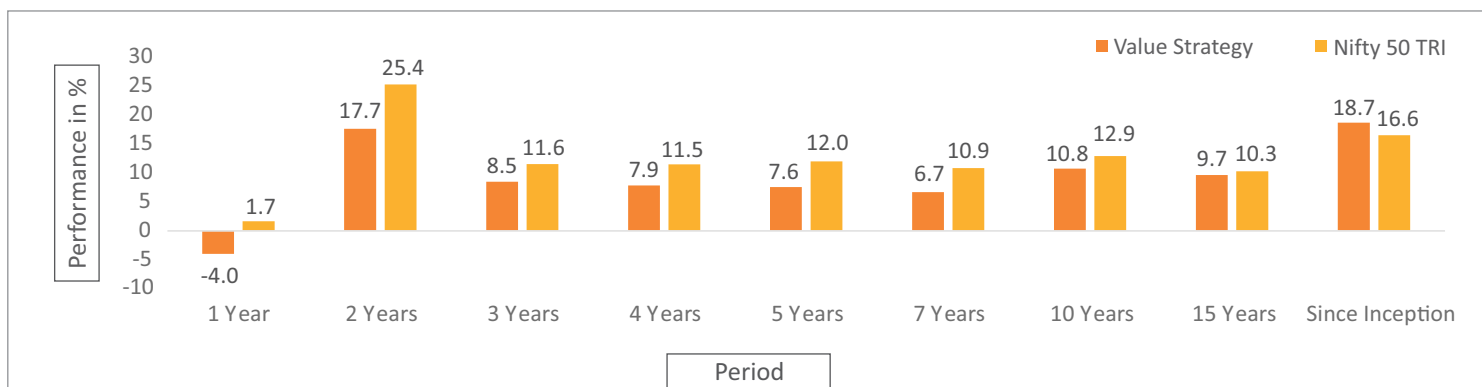
Market Capitalization

Market Capitalization	% Allocation
Large cap	68.1
Mid cap	20.0
Small cap	11.3
Cash & Cash Equivalents	0.5

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	22.8%	21.7%
Beta	1.0	1.0

Data as on 30th June 2022



Value Strategy Inception Date: 18th Feb 2003; Data as on 30th June 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

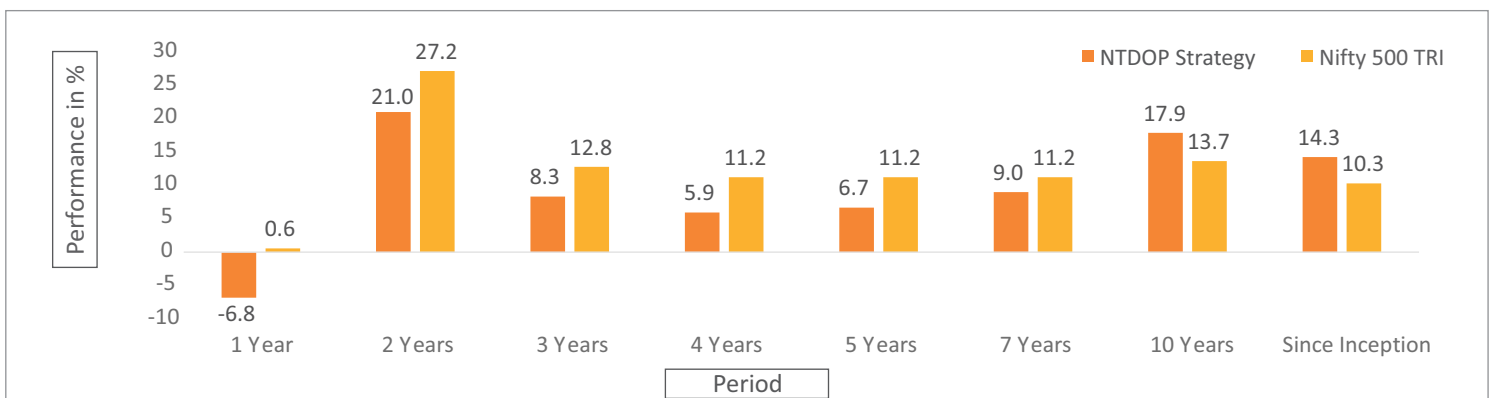
Portfolio Holdings

Particulars	% Allocation
ICICI Bank Ltd.	11.07
Kotak Mahindra Bank Ltd.	8.17
Page Industries Ltd.	6.48
Voltas Ltd.	6.04
L&T Technology Services Ltd.	5.74
MAX Financial Services Ltd.	5.60
Eicher Motors Ltd.	5.07
GLAND PHARMA Ltd.	4.63
Tech Mahindra Ltd.	4.01
ITC Ltd.	3.99
IPCA LABORATORIES Ltd.	3.80
State Bank Of India	3.23
Bosch Ltd.	2.76
Container Corporation Of India Ltd.	2.64
Emami Ltd.	2.48
Godrej Indus Ltd.	2.47
Cummins India Ltd.	2.27
Bharat Forge Ltd.	2.26
Clean Science and Technology Ltd.	2.13
Larsen & Toubro Infotech Ltd.	2.00
Tata Consultancy Services Ltd.	1.84
Hindustan Petroleum Corporation Ltd.	1.83
Aegis Logistics Ltd.	1.83
Vedant Fashions Ltd.	1.65
Bayer Cropscience Ltd.	1.61
Larsen & Toubro Ltd.	1.51
Alkem Laboratories Ltd.	1.39
Birla Corporation Ltd	1.28
Reliance Industries Ltd.	0.42

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	21.8%	22.1%
Beta	0.9	1.0

Data as on 30th June 2022



NTDOP Strategy Inception Date: 3rd Aug 2007; Data as on 30th June 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.

Portfolio Management Services | Regn No. PMS INP 00000670

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
Banks	22.47
Pharmaceuticals & Biotechnology	9.82
IT - Software	7.85
Textiles & Apparels	6.48
Consumer Durables	6.04
IT - Services	5.74
Insurance	5.60
Automobiles	5.07
Industrial Products	4.53
Diversified FMCG	3.99
Auto Components	2.76
Transport Services	2.64
Personal Products	2.48
Food Products	2.47
Petroleum Products	2.25
Chemicals & Petrochemicals	2.13
Gas	1.83
Retailing	1.65
Fertilizers & Agrochemicals	1.61
Construction	1.51
Cement & Cement Products	1.28
Cash & Cash Equivalents	-0.20

Market Capitalization

Market Capitalization	% Allocation
Large cap	45.9
Mid cap	51.2
Small cap	3.1
Cash & Cash Equivalents	-0.2

Data as on 30th June 2022

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
Vip Industries Ltd.	5.77
KAJARIA CERAMICS Ltd.	5.50
CENTRAL DEPOSITORY SERVICES (INDIA) Ltd.	5.19
KEI INDUSTRIES Ltd.	5.08
GLAND PHARMA Ltd.	5.05
Tvs Motor Ltd.	4.89
Birla Corporation Ltd.	4.59
Blue Star Ltd.	4.59
ANGEL ONE Ltd.	4.38
MAX Financial Services Ltd.	4.30
PERSISTENT SYSTEMS Ltd.	4.18
BIRLASOFT Ltd.	4.08
MASTEK Ltd.	3.77
CENTURY PLYBOARDS (INDIA) Ltd.	3.40
AMBER ENTERPRISES INDIA Ltd.	3.26
CANFIN HOMES Ltd.	3.12
BLUE DART EXPRESS Ltd.	3.05
APL APOLLO TUBES Ltd.	3.04
ROUTE MOBILE Ltd.	2.95
SUPRIYA LIFESCIENCE Ltd.	2.87
PRINCE PIPES AND FITTINGS Ltd.	2.75
GLOBUS SPIRITS Ltd.	2.68
SBI LIFE INSURANCE COMPANY Ltd.	2.38
Clean Science and Technology Ltd.	2.33
GREAVES COTTON Ltd.	1.19

Data as on 30th June 2022

Details

Fund Manager	: Mr. Manish Sonthalia
Strategy Type	: Open ended
Date of Inception	: 15 th Feb. 2010
Benchmark	: Nifty Smallcap 50 TRI
Investment Horizon	: 3 Years +

Sectors

Particulars	% Allocation
Consumer Durables	22.52
Industrial Products	12.06
IT - Software	12.03
Capital Markets	9.57
Pharmaceuticals & Biotechnology	7.92
Insurance	6.68
Automobiles	4.89
Cement & Cement Products	4.59
Finance	3.12
Transport Services	3.05
Telecom - Services	2.95
Beverages	2.68
Chemicals & Petrochemicals	2.33
Cash & Cash Equivalents	5.61

Data as on 30th June 2022

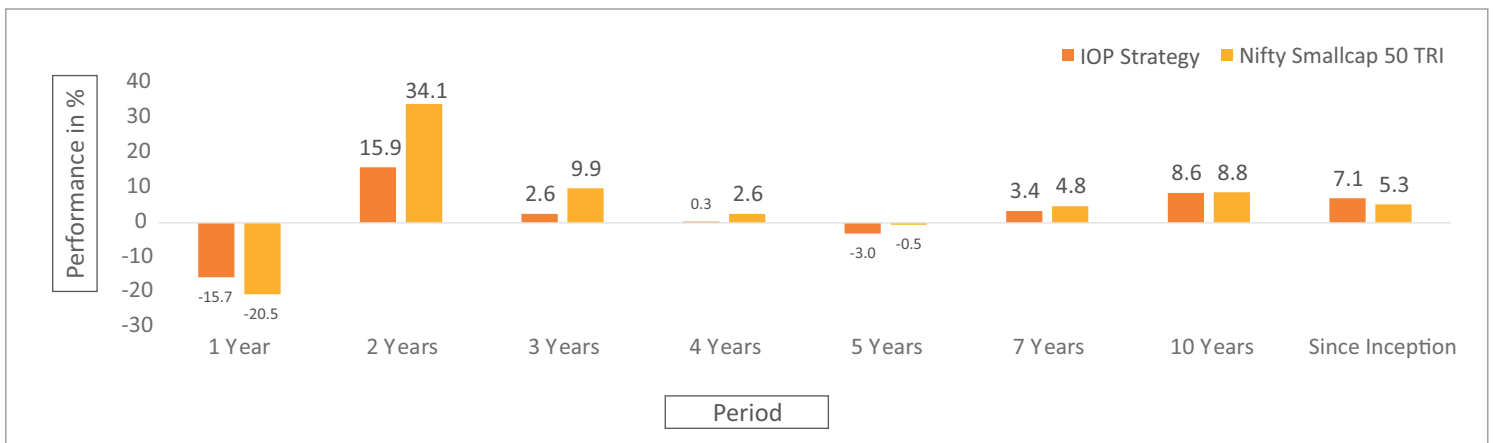
Market Capitalization

Market Capitalization	% Allocation
Large cap	7.4
Mid cap	24.2
Small cap	62.7
Cash & Cash Equivalents	5.6

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	29.6%	33.0%
Beta	0.8	1.0

Data as on 30th June 2022



IOP Strategy Inception Date: 15th Feb 2010; Data as on 30th June 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
Vip Industries Ltd.	5.57
Kajaria Ceramics Ltd.	5.50
Central Depository Services (india) Ltd.	5.20
Birla Corporation Ltd.	5.15
Kei Industries Ltd.	5.06
Gland Pharma Ltd.	5.04
TVS Motor Ltd.	4.89
Max Financial Services Ltd.	4.38
Angel One Ltd.	4.38
Blue Star Ltd.	4.28
Persistent Systems Ltd.	4.23
Birlasoft Ltd.	4.09
Mastek Ltd.	3.78
Century Plyboards (india) Ltd.	3.40
Amber Enterprises India Ltd.	3.26
Blue Dart Express Ltd.	3.24
Apl Apollo Tubes Ltd.	3.03
Canfin Homes Ltd.	2.98
Route Mobile Ltd.	2.96
Supriya Lifescience Ltd.	2.88
Prince Pipes And Fittings Ltd.	2.75
Globus Spirits Ltd.	2.66
Clean Science And Technology Ltd.	2.42
SBI Life Insurance Company Ltd.	2.39
Greaves Cotton Ltd.	1.19

Data as on 30th June 2022

Details

Fund Manager	: Mr. Manish Sonthalia
Strategy Type	: Open ended
Date of Inception	: 5 th Feb. 2018
Benchmark	: Nifty Smallcap 50 TRI
Investment Horizon	: 3 Years +

Sectors

Particulars	% Allocation
Consumer Durables	22.01
IT - Software	12.10
Industrial Products	12.03
Capital Markets	9.58
Pharmaceuticals & Biotechnology	7.92
Insurance	6.77
Cement & Cement Products	5.15
Automobiles	4.89
Transport Services	3.24
Finance	2.98
Telecom - Services	2.96
Beverages	2.66
Chemicals & Petrochemicals	2.42
Cash & Cash Equivalents	5.29

Data as on 30th June 2022

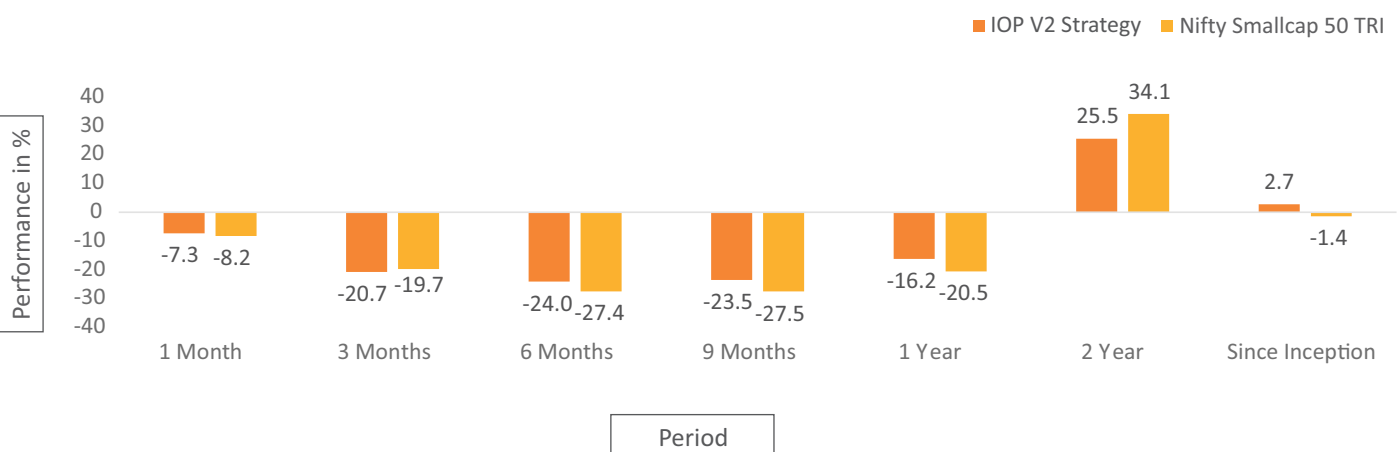
Market Capitalization

Market Capitalization	% Allocation
Large cap	7.4
Mid cap	24.5
Small cap	62.8
Cash & Cash Equivalents	5.3

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	29.1%	33.0%
Beta	0.8	1.0

Data as on 30th June 2022



IOP V2 Strategy Inception Date: 5th Feb 2018; Data as on 30th June 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
MAX Financial Services Ltd.	12.67
ICICI Bank Ltd.	9.92
HDFC Bank Ltd.	9.75
Phoenix Mills Ltd.	7.41
Larsen & Toubro Infotech Ltd.	6.43
Tata Consultancy Services Ltd.	6.24
Kotak Mahindra Bank Ltd.	5.96
Eicher Motors Ltd.	5.75
Axis Bank Ltd.	5.73
Maruti Suzuki India Ltd.	5.48
HDFC Life Insurance Company Ltd.	5.43
SAFARI INDUSTRIES (INDIA) Ltd.	4.75
Blue Star Ltd.	4.28
Infosys Technologies Ltd.	1.89
State Bank Of India	1.89
G R Infraprojects Ltd.	1.65
NTPC Ltd.	1.41
GUJARAT GAS Ltd.	1.23
GLAND PHARMA Ltd.	1.19
UltraTech Cement Ltd.	0.82

Data as on 30th June 2022

Sectors

Particulars	% Allocation
Banks	33.25
Insurance	18.10
IT - Software	14.56
Automobiles	11.23
Consumer Durables	9.03
Realty	7.41
Construction	1.65
Power	1.41
Gas	1.23
Pharmaceuticals & Biotechnology	1.19
Cement & Cement Products	0.82
Cash & Cash Equivalents	0.12

Data as on 30th June 2022

Key Portfolio Analysis

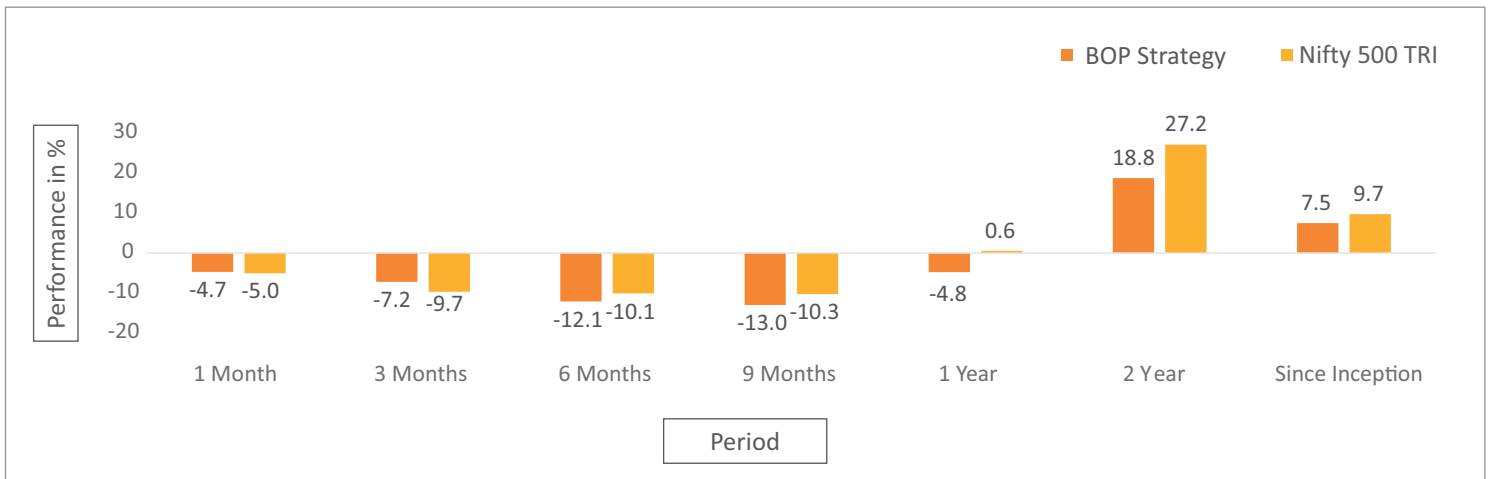
Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	21.0%	22.1%
Beta	0.9	1.0

Data as on 30th June 2022

Market Capitalization

Market Capitalization	% Allocation
Large cap	67.9
Mid cap	21.3
Small cap	10.7
Cash & Cash Equivalents	0.1

Data as on 30th June 2022



BOP Strategy Inception Date: 18th Dec 2017; Data as on 30st June 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
Astec Lifesciences Ltd.	6.79
Apl Apollo Tubes Ltd.	6.53
Tvs Motor Ltd.	6.10
Kei Industries Ltd.	6.04
Gland Pharma Ltd.	5.62
Prince Pipes And Fittings Ltd.	5.46
Amber Enterprises India Ltd.	5.28
Supriya Lifescience Ltd.	4.83
Angel One Ltd.	4.70
Mastek Ltd.	4.04
Tata Consumer Products Ltd.	3.82
Max Financial Services Ltd.	3.51
Polycab India Ltd.	3.23
Route Mobile Ltd.	3.10
Globus Spirits Ltd.	2.98
Persistent Systems Ltd.	2.92
Icici Securities Ltd.	2.89
L&t Technology Services Ltd.	2.52
Sbi Life Insurance Company Ltd.	2.25
Fino Payments Bank Ltd.	1.10

Data as on 30th June 2022

Details

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

Sectors

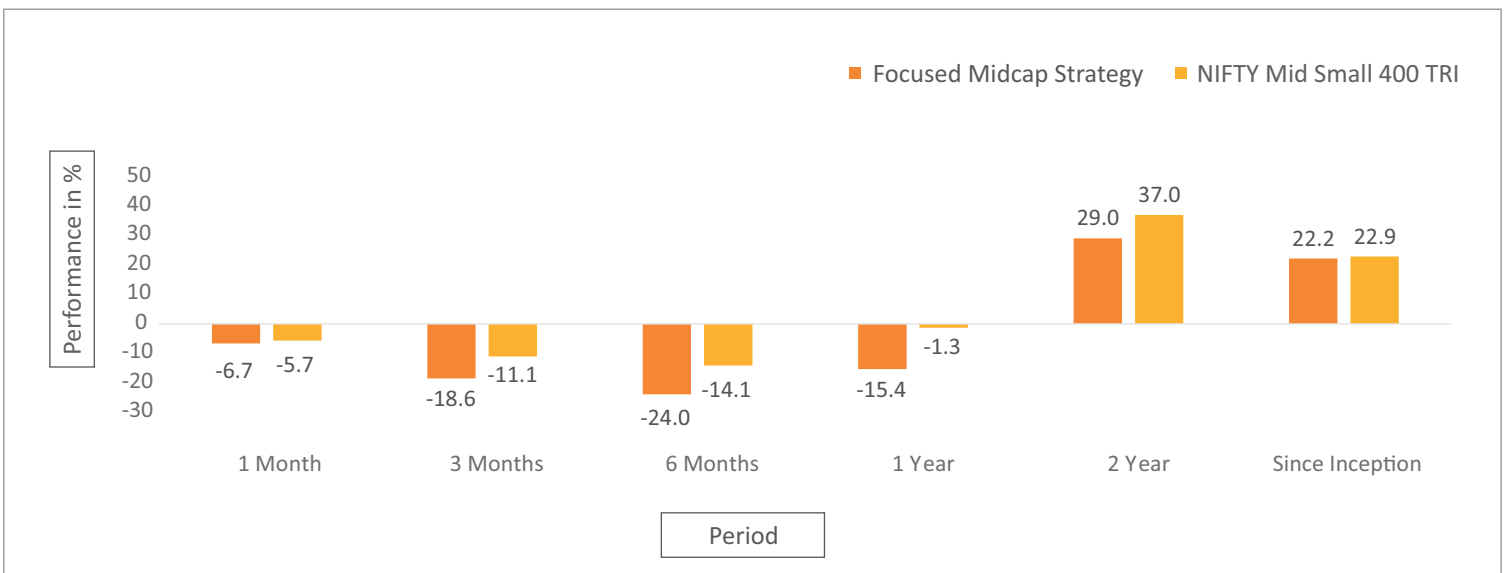
Particulars	% Allocation
Industrial Products	21.26
Pharmaceuticals & Biotechnology	10.45
Capital Markets	7.59
IT - Software	6.96
Fertilizers & Agrochemicals	6.79
Automobiles	6.10
Insurance	5.76
Consumer Durables	5.28
Agricultural Food & other Products	3.82
Telecom - Services	3.10
Beverages	2.98
IT - Services	2.52
Banks	1.10
Cash & Cash Equivalents	16.29

Data as on 30th June 2022

Market Capitalization

Market Capitalization	% Allocation
Large cap	11.7
Mid cap	27.7
Small cap	44.3
Cash & Cash Equivalents	16.3

Data as on 30th June 2022



FMS Strategy Inception Date: 24th Dec 2019; Data as on 30th June 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.

Stock Rationale (quarter ending 30th June 2022)

Value Strategy

Entry Rationale:

Info Edge India Ltd.

- Recruitment vertical has witnessed strong growth driven by record hiring, big deal wins and higher attrition in IT. Non-IT recruitment is expected to make a comeback.
- Company should see good growth traction in its 99acres vertical on high multiyear demand for Real Estate in India. Growth should continue to be driven by elevated marketing spends on account of multiple players in the market.
- Jeevansathi vertical shall be poised to gain market share by offering multiple paid services free of cost, but the same shall affect margins. Despite the same gains in market share can be seen as a positive indicator
- Company's investments (Zomato, Policybazaar and others) are also expected to scale up in the medium to long term which shall prove to be additive to the overall valuation

Tech Mahindra Ltd.

- Tech Mahindra has continued to display robust growth in revenue and deal wins. TCV stands at 1B as of 4QFY22 largely driven by 5G deal. Management expects this trend to continue. The overall growth momentum in Communications is expected to continue
- Although spends increased this quarter (wages, D&A, utilization etc.) company has managed to pull back SG&A costs to a record low for helping margins. The aim is to improve them on a quarterly basis
- Tech Mahindra is well positioned to benefit from growth engines in enterprise and 5G driven tech investments by telcos
- Couple of highlights from FY22 include acquisition of 10 companies worth ~INR47b and addition of more than 10,000 freshers – age pyramid correction will aid margins more in FY2023

KPIT Technologies Ltd.

- KPIT Technologies is an IT-software company that provides solutions to mobility companies for autonomous and cleaner products
- In an environment where issues related to mobility technology are easing out, their expertise in this domain make them a preferred pick for autonomous software solutions
- Major focus areas are power train (Conventional and electrical), autonomous technology (vision and control systems), connectivity and diagnostics
- KPIT has healthy cash reserves and stands at a zero debt status in a robust/increasing demand environment; this coupled with end-to-end client management and flourishing deal wins, company is set to post healthy earnings

Gland Pharma Ltd.

- Gland has been enhancing its offerings by adding complex products to its portfolio, scaling the product at the global level, expanding capacity to aid manufacturing as well as increased backward integration
- Company has delivered healthy earnings growth with consistent compliance and strong return ratios and yet has corrected 40% over the past 10-12 months – this provides reasonable valuation
- Backward integration combined with niche injectables product pipeline and its expansion in China shall prove to deliver healthy and consistent earnings growth for the company

Exit Rationale:

FSN E Commerce Ltd.

- The position was a tactical call and the same has been exited after earning the desired returns

Stock Rationale (quarter ending 30th June 2022)

■ NTDOP Strategy

Entry Rationale:

Reliance Industries Ltd.

- Reliance Jio shall continue to post healthy earnings and growth momentum based on its tariff hikes and increasing ARPU combined with its market leadership position
- Further expansion of JioFibre, 5G plan rollouts and acquisitions in the digital space are factors for incremental growth
- Reliance Retail, with presence in various segments such as Electronics, Fashion/Lifestyle and Grocery, has posted respectable growth over 2 years adding up to 29% stores in FY20-22. Digital platforms of Ajio and Jiomart have continued to gain traction through covid times. With the revival in economy, footfalls in stores have improved considerably surpassing pre-covid levels across segments
- Recent acquisitions include Clovia, Zivame, Netmeds and Urban Ladder. They've also acquired a stake in Indian designer wear brands – AK-OK, Abraham & Thakore, and Abu Jani Sandeep Khosla and formed a JV for a new brand with Rahul Mishra during the quarter.
- O2C business has witnessed margin pressure due to recent Russia Ukraine war led sanctions by major importers, but cost rationalization of oil and gas shall normalize EBIT levels

■ IOP/IOPv2

Entry Rationale:

APL Apollo Tubes Ltd.

- APL Apollo Tubes is a market leader in the structural steel tubes segment with sole domestic market share at ~50%; in contrast the next 5 players in the segment have a cumulative market share of ~38%
- Structural steel tubes fare better compared to RCC structures in terms of i) a higher strength-to-weight ratio, ii) a faster completion time, iii) higher carpet areas, iv) 40-50% less dead weight, and v) higher recyclability etc. and have a consumption share of 30-40% globally
- For Apollo, this ratio is at 6%. Leadership in this segment and shift towards structural tubes in Real Estate and Infra activities create significant tailwinds
- Market leadership, growing demand for its products and improving margins create a good bet on the company

TVS Motors Ltd.

- Outlook on order is positively attributed on the basis of strong book for products such as Raider, Jupiter, NTorq and Apache. Healthy sales across products could enable TVS Motor Company to grow faster than its segment
- Management's focus remains on expanding its EV capacity, portfolio, and reach. It is also scouting for an investor in its NBFC business, which can unlock value – TVS Credit Services has been crucial in managing the liquidity crunch for the company. TVS Motors holds an ~85% stake in the NBFC
- Semiconductor shortages have impacted production for a couple of models but TVS has added suppliers to ease pressure

Route Mobile Ltd.

- Visibility of business from MNOs is high as average tenure of contracts is 3 years for SMS firewalls
- Company services a wide base of enterprises involved in social media, banking/fintech, e-commerce, travel aggregators etc globally and domestically. This diverse revenue stream reduces risk factor
- With incremental implementation of digital communication being witnessed across industries and the acceleration provided by the pandemic, Route Mobile can capitalize with the right stream of products and services
- Negative working capital allows company to have a flexible management over pricing with its tie-ups; which also have options under pre-paid and post-paid mode, driving sustainable margins

Exit Rationale:

ICICI Securities Ltd.

- Company's client acquisition momentum has begun to slow down
- ICICI Securities has posted weaker 4QFY22 numbers primarily drag by lower traction in broking, slowdown in issuer services and higher costs. Investment Banking segment is also facing headwinds due to market volatility

Stock Rationale (quarter ending 30th June 2022)

- Though the company has improved AUM in its mutual fund distribution segment, growth in revenue witnessed slowdown which lead to contraction in yields
- Bottom line has also been flattish since the past few quarters

Ipca Laboratories Ltd.

- EBITDA margin remained flattish due to higher costs which are expected to continue in the coming quarters. Other factors contributing to subdued performance is the delayed commissioning of Dewas plant and evident issues in the exports business
- Ipca Labs has posted a slowdown in Anti-Infective and Anti-Malarial segments due to ease of covid infections
- Key risks include regulatory clearance for Pithampur and Pipariya plants and adverse changes in the regulatory landscape and other changes in the regulatory landscape

■ BOP Strategy

Entry Rationale:

UltraTech Cement Ltd.

- Ultratech, with pan-India presence, is the market leader in the domestic cement industry.
- UltraTech will be the beneficiary of –
 - a) Expected recovery in demand;
 - b) Pan India presence that enables it to benefit from the price hikes across different regions;
 - c) High operating leverage - a 1% rise in prices increases EBIT by 5%; and
 - d) Increasing focus on improving cost efficiency and reducing leverage.

Infosys Ltd.

- Despite concerns on reduction in demand for the sector, management has guided that large deal momentum hasn't been disturbed
- Company has also provided commentary regarding refocusing in certain parts of EU, which show high growth potential under M&A and outsourcing opportunities
- They are currently renegotiating their contracts with clients and the benefit of price hikes shall reflect in coming quarters
- Infosys believes that digital transformations are becoming a necessity for all sectors and players which bodes well given its solutions; they've chalked out opportunities in applied AI, Automation, IoT, embedded software, and emerging technologies
- Company has provided growth levers which include the above and pyramid rationalization, operating leverage and optimizing sub-contractor usage

State Bank of India.

- SBI has demonstrated a strong improvement in asset quality, which has been resilient over the past few quarters, aided by improved underwriting and significant mobilization in customer engagement by the recovery team
- Retail growth is likely to remain strong. This, along with a pick-up in the SME and Corporate book (as the un-utilized limit continues to moderate), will support loan growth.
- With arguably the best liability franchise (CASA ~46%), SBI has a better position to manage costs in a rising interest rate framework
- Despite substantial growth in the previous few quarters, SBI is available at reasonable valuations with its subsidiaries delivering ample contribution to growth

GR Infra Ltd.

- In an industry plagued with overleveraged balance sheets, irrational bidding, inconsistent management strategies and weak governance standards, GR Infraprojects (GR) has been able to carve out a niche for itself.
- This is on account of its disciplined bidding, strong execution/ engineering capabilities, focussed control over its balance sheet and consequently healthy cashflow generation.
- Led by a strong leadership and management team, we believe GR should continue to benefit from govt's thrust on road construction; and successful diversification into new segments can add additional growth avenues resulting in shareholder value creation.

Stock Rationale (quarter ending 30th June 2022)

Gland Pharma Ltd.

- Gland is a niche sterile injectables contract development and manufacturing company (CDMO) with a resilient base business.
- Additionally, we see biosimilars contract manufacturing and injectables in China as long-term opportunities that can fundamentally shift the growth trajectory ahead.

Gujarat Gas Ltd.

- Gujarat Gas (GGL) is India's largest city gas distribution company with ~1.5x volumes vs second largest competitor.
- GGL's mix is skewed to the more cyclical Industrial / Commercial segment (75% volumes) while the domestic segment (CNG and Residential) makes up 25% of volumes. Given its size and infrastructure, GGL enjoys a quasi-monopoly in India's largest city gas market.
- GGL volumes are poised to revive as economics and regulations encourage shift to cleaner gas. Competitiveness and stricter regulations will drive the shift to gas from alternates

NTPC

- NTPC is an idiosyncratic play on thermal power demand and transitioning towards renewables, aided by its size and profitability (renewables capex mix at 40% plus by FY25E).
- NTPC is uniquely positioned given its:
 - i) Unique advantage to leverage its thermal plants to blend-in renewables;
 - ii) Ready access to human and financial capital (at low cost); and
 - iii) Risk framework which protects against downside.

■ FMS Strategy

Entry Rationale:

KEI Industries Ltd.

- Tailwinds such as increased government spending on infrastructure projects and higher private capex in select industries, topline growth is expected to remain strong
- Management has affirmed its focus on increasing revenue share from its Wires/dealer network. Share improved from 34% in FY21 to 40% in FY22; target set at 50% share within few fiscals
- They've also targeted deleveraging balance sheet, improved working capital management coupled with topline growth which shall drive margins higher
- FY23 capex will be Rs2bn, including land purchases. About 35% of the total 100 acres land needed has been purchased. Outlay for the next 3 years at INR8bn

TVS Motors Ltd.

- Outlook on order is positively attributed on the basis of strong book for products such as Raider, Jupiter, NTorq and Apache. Healthy sales across products could enable TVS Motor Company to grow faster than its segment
- Management's focus remains on expanding its EV capacity, portfolio, and reach. It is also scouting for an investor in its NBFC business, which can unlock value – TVS Credit Services has been crucial in managing the liquidity crunch for the company. TVS Motors holds an ~85% stake in the NBFC
- Semiconductor shortages have impacted production for a couple of models but TVS has added suppliers to ease pressure

Route Mobile Ltd.

- Visibility of business from MNOs is high as average tenure of contracts is 3 years for SMS firewalls
- Company services a wide base of enterprises involved in social media, banking/fintech, e-commerce, travel aggregators etc globally and domestically. This diverse revenue stream reduces risk factor
- With incremental implementation of digital communication being witnessed across industries and the acceleration provided by the pandemic, Route Mobile can capitalize with the right stream of products and services

Stock Rationale (quarter ending 30th June 2022)

- Negative working capital allows company to have a flexible management over pricing with its tie-ups; which also have options under pre-paid and post-paid mode, driving sustainable margins

Exit Rationale:

Dixon Technologies Ltd.

- Shortage of chips supply from importing countries, demand slowdown due to inflationary pressures may hurt earnings. The stock is trading at expensive valuations which may impact stock prices as a result of fall in earnings estimate.

Zomato Ltd.

- Zomato has corrected back to its issue price owing to a lack of earnings and profitability outlook
- Recently, the company announced the acquisition of q commerce player BlinkIt (erstwhile Grofers) and warehousing ancillary business of Hands on Table Pvt Ltd. BlinkIt shall have an all-stock acquisition of INR 44.5bn and HOTPL cash acquisition of INR607mn.
- Despite the move is positioned as organic expansion, BlinkIt is expected to receive further investments over FY23-24 to the tune of ~INR20bn. In the near term, this might not add value due to burning cash over a segment which shall face intense competition in the next 2 years (Reliance Retail (via Dunzo), Tata's BigBasket, Swiggy's Instamart, Flipkart's Quick, etc) and has relatively lower margin levels
- The positive impacts of the various acquisitions made by Zomato and reduction of delivery margins may not be witnessed in the near term

Ajanta Pharma Ltd.

- Muted outlook for the institutional Anti-Malarial business and temporary slowdown in ANDA filings in the US market is expected to hurt earnings and hence we have exited the stock

Risk Disclosure And Disclaimer

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