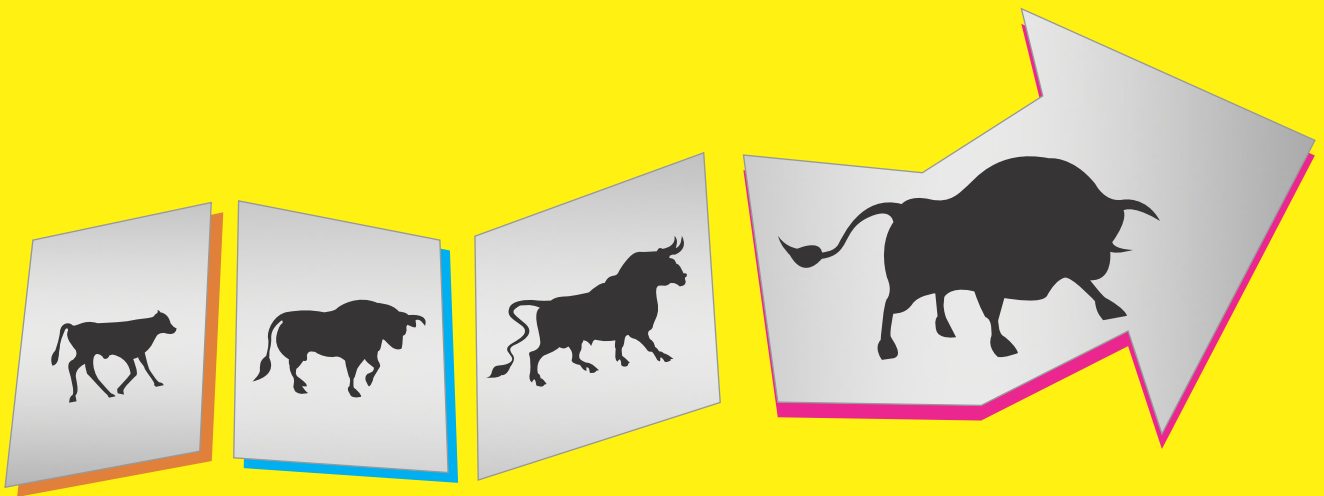


MONTHLY Communique

As on 31st May 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.	10.67
Max Financial Services Ltd.	7.38
HDFC Bank Ltd.	6.27
SBI Cards And Payment Services Ltd.	5.71
Larsen & Toubro Ltd.	5.53
SBI Life Insurance Company Ltd.	4.25
HCL Technologies Ltd.	4.01
Maruti Suzuki India Ltd.	3.91
Home First Finance Company India Ltd.	3.80
Dr. Reddy's Laboratories Ltd.	3.68
Bharti Airtel Ltd.	3.27
Thermax Ltd.	3.17
Tube Investment Of India Ltd.	3.05
VIP Industries Ltd	2.77
Infosys Technologies Ltd.	2.71
Mahindra & Mahindra Ltd.	2.56
Hindustan Unilever Ltd.	2.53
G R Infraprojects Limited	2.52
Muthoot Finance Ltd.	2.30
LIC Housing Finance Ltd.	2.09
United Spirits Ltd.	2.06
Au Small Finance Bank Ltd	1.96
Kotak Mahindra Bank Ltd.	1.90
Bajaj Finance Ltd.	1.85
Ultratech Cement Ltd.	1.42
Gland Pharma Ltd.	1.34
Jubilant Foodworks Ltd.	1.09
Religare Enterprises Ltd.	0.97
Tech Mahindra Ltd.	0.88
Go Fashion (India) Ltd.	0.85
Godrej Consumer Products Ltd.	0.82
Kpit Technologies Ltd.	0.52
Info Edge (India) Ltd.	0.39

Data as on 31st May 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	20.80
Finance	16.72
Insurance	11.63
IT - Software	8.12
Construction	8.05
Automobiles	6.47
Pharmaceuticals & Biotechnology	5.02
Telecom - Services	3.27
Electrical Equipment	3.17
Auto Components	3.05
Consumer Durables	2.77
Diversified FMCG	2.53
Beverages	2.06
Cement & Cement Products	1.42
Retailing	1.24
Leisure Services	1.09
Personal Products	0.82
Cash & Cash Equivalents	1.77

Data as on 31st May 2022

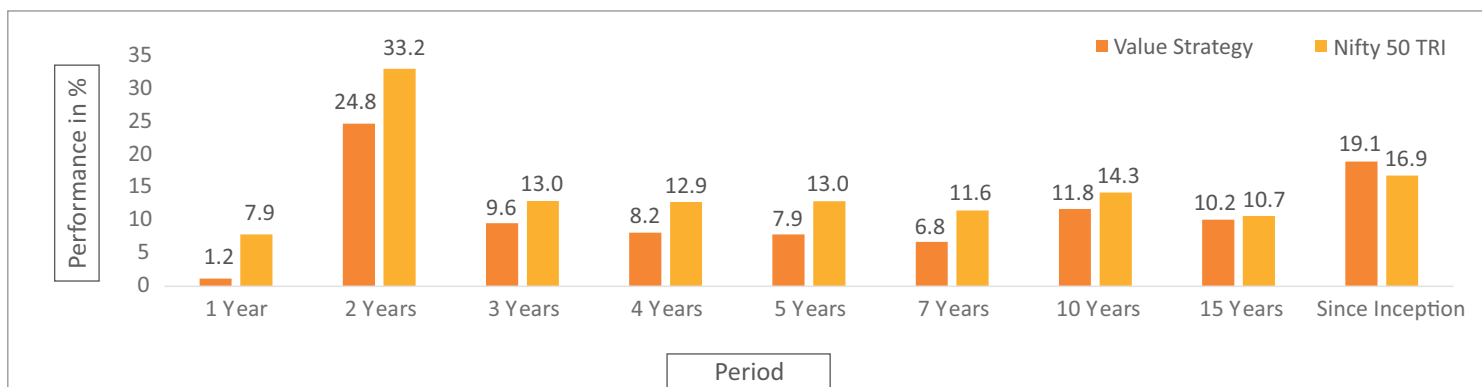
Market Capitalization

Market Capitalization	% Allocation
Large cap	69.2
Mid cap	20.2
Small cap	8.9
Cash & Cash Equivalents	1.8

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	22.7%	21.4%
Beta	1.0	1.0

Data as on 31st May 2022



Value Strategy Inception Date: 18th Feb 2003; Data as on 31st May 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

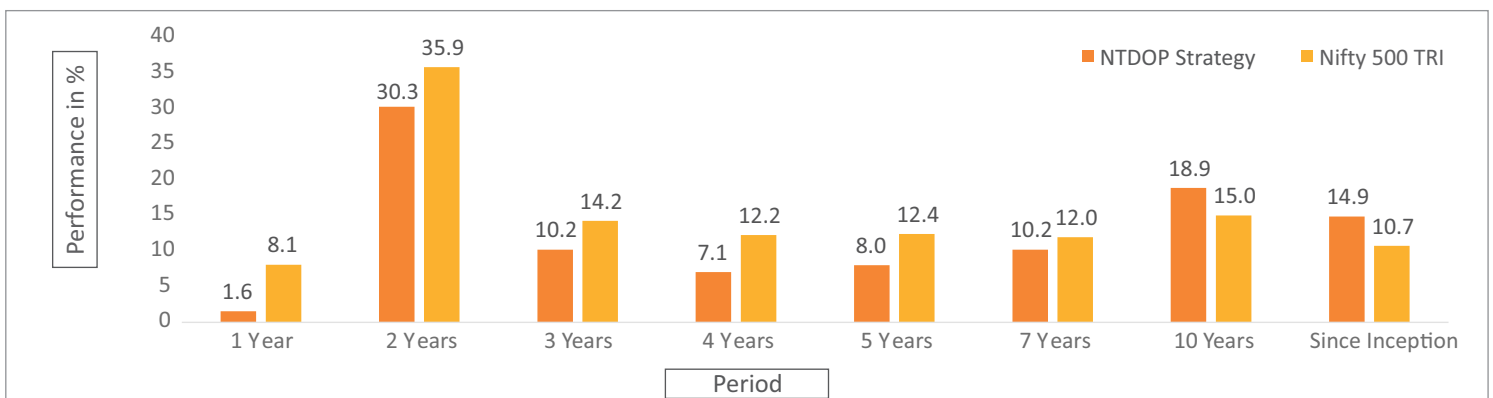
Portfolio Holdings

Particulars	% Allocation
ICICI Bank Ltd.	11.04
Kotak Mahindra Bank Ltd.	8.51
Page Industries Ltd.	6.83
L&T Technology Services Ltd.	6.48
Voltas Ltd.	5.92
MAX Financial Services Ltd.	5.33
Eicher Motors Ltd.	4.72
GLAND PHARMA Ltd.	4.59
Tech Mahindra Ltd.	4.43
ITC Ltd.	3.69
IPCA LABORATORIES Ltd.	3.58
State Bank Of India Ltd.	3.04
Container Corporation Of India Ltd.	2.70
Godrej Industries Ltd.	2.56
Bosch Ltd.	2.49
Clean Science and Technology Ltd.	2.34
Emami Ltd.	2.30
Bharat Forge Ltd.	2.29
Cummins India Ltd.	2.13
Larsen & Toubro Infotech Ltd.	2.01
Hindustan Petroleum Corporation Ltd.	1.80
Aegis Logistics Ltd	1.78
Tata Consultancy Services Ltd.	1.78
Bayer Cropsience Ltd.	1.63
Vedant Fashions Ltd	1.61
Larsen & Toubro Ltd.	1.50
Alkem Laboratories Ltd.	1.37
Birla Corporation Ltd	1.34
Reliance Industries Ltd.	0.40

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	21.4%	21.8%
Beta	0.9	1.0

Data as on 31st May 2022



NTDOP Strategy Inception Date: 3rd Aug 2007; Data as on 31st May 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 000000670

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	22.59
Pharmaceuticals & Biotechnology	9.54
IT - Software	8.22
Textiles & Apparels	6.83
IT - Services	6.48
Consumer Durables	5.92
Insurance	5.33
Automobiles	4.72
Industrial Products	4.42
Diversified FMCG	3.69
Transport Services	2.70
Food Products	2.56
Auto Components	2.49
Chemicals & Petrochemicals	2.34
Personal Products	2.30
Petroleum Products	2.20
Gas	1.78
Fertilizers & Agrochemicals	1.63
Retailing	1.61
Construction	1.50
Cement & Cement Products	1.34
Cash & Cash Equivalents	-0.19

Market Capitalization

Market Capitalization	% Allocation
Large cap	45.7
Mid cap	51.4
Small cap	3.1
Cash & Cash Equivalents	-0.2

Data as on 31st May 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
Kajaria Ceramics Ltd.	5.56
Central Depository Services (India) Ltd.	5.43
Gland Pharma Ltd.	4.96
VIP Industries Ltd.	4.95
Blue Star Ltd.	4.83
Birla Corporation Ltd.	4.77
Angel One Ltd.	4.47
Mastek Ltd.	4.34
Persistent Systems Ltd.	4.28
Kei Industries Ltd.	4.06
Max Financial Services Ltd.	4.05
Birlasoft Ltd.	3.97
Amber Enterprises India Ltd.	3.54
Century Plyboards (India) Ltd.	3.45
Canfin Homes Ltd.	3.28
Globus Spirits Ltd.	2.79
Prince Pipes And Fittings Ltd.	2.69
Supriya Lifescience Ltd.	2.65
Route Mobile Ltd.	2.56
Clean Science And Technology Ltd.	2.53
Sbi Life Insurance Company Ltd.	2.40
Blue Dart Express Ltd.	2.33
Apl Apollo Tubes Ltd.	2.09
Greaves Cotton Ltd.	1.15

Data as on 31st May 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	22.33
IT - Software	12.59
Industrial Products	9.99
Capital Markets	9.90
Pharmaceuticals & Biotechnology	7.61
Insurance	6.45
Cement & Cement Products	4.77
Finance	3.28
Beverages	2.79
Telecom - Services	2.56
Chemicals & Petrochemicals	2.53
Transport Services	2.33
Cash & Cash Equivalents	12.87

Data as on 31st May 2022

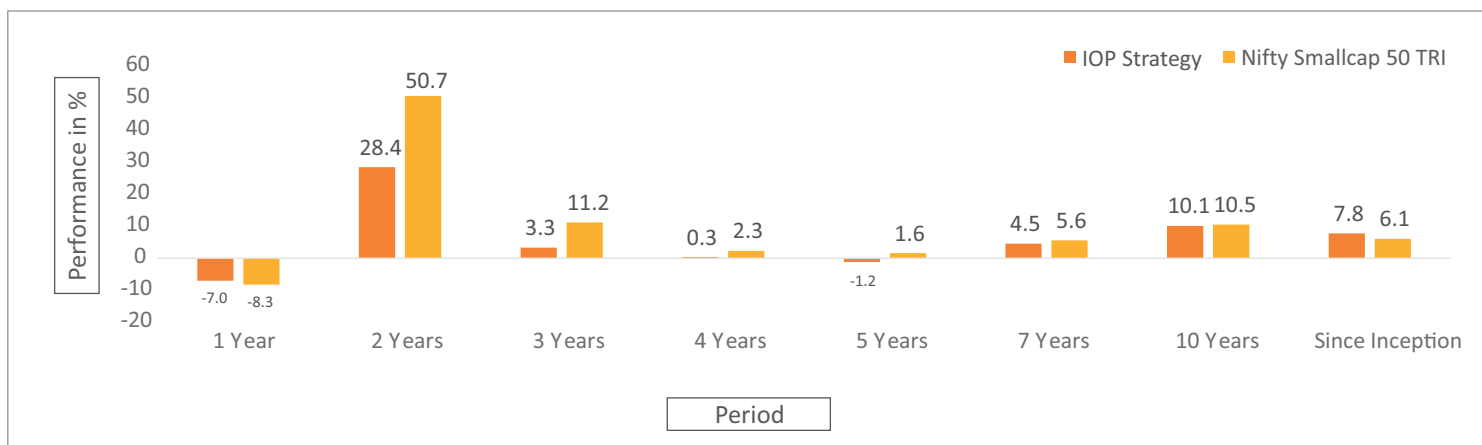
Market Capitalization

Market Capitalization	% Allocation
Large cap	7.4
Mid cap	18.5
Small cap	61.3
Cash & Cash Equivalents	12.9

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	29.3%	32.5%
Beta	0.8	1.0

Data as on 31st May 2022



IOP Strategy Inception Date: 15th Feb 2010; Data as on 31st May 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
Kajaria Ceramics Ltd.	5.56
Central Depository Services (India) Ltd.	5.44
Birla Corporation Ltd.	5.34
Gland Pharma Ltd.	4.95
Vip Industries Ltd.	4.77
Blue Star Ltd.	4.50
Angel One Ltd.	4.49
Mastek Ltd.	4.35
Persistent Systems Ltd.	4.34
Max Financial Services Ltd.	4.12
Kei Industries Ltd.	4.04
Birlasoft Ltd.	3.98
Amber Enterprises India Ltd.	3.54
Century Plyboards (India) Ltd.	3.44
Canfin Homes Ltd.	3.13
Globus Spirits Ltd.	2.76
Prince Pipes And Fittings Ltd.	2.68
Supriya Lifescience Ltd.	2.65
Clean Science And Technology Ltd.	2.63
Route Mobile Ltd.	2.54
SBI Life Insurance Company Ltd.	2.41
Blue Dart Express Ltd.	2.40
ApI Apollo Tubes Ltd.	2.10
Greaves Cotton Ltd.	1.15

Data as on 31st May 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	21.81
IT - Software	12.67
Industrial Products	9.97
Capital Markets	9.93
Pharmaceuticals & Biotechnology	7.60
Insurance	6.53
Cement & Cement Products	5.34
Finance	3.13
Beverages	2.76
Chemicals & Petrochemicals	2.63
Telecom - Services	2.54
Transport Services	2.40
Cash & Cash Equivalents	12.69

Data as on 31st May 2022

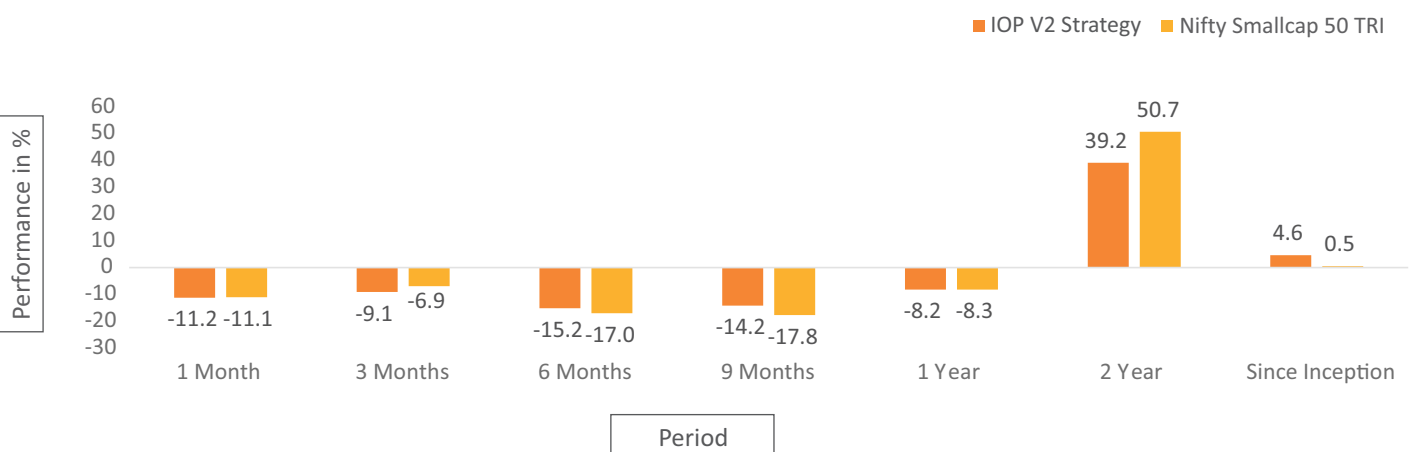
Market Capitalization

Market Capitalization	% Allocation
Large cap	7.4
Mid cap	18.8
Small cap	61.2
Cash & Cash Equivalents	12.7

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	28.7%	32.5%
Beta	0.8	1.0

Data as on 31st May 2022



IOP V2 Strategy Inception Date: 5th Feb 2018; Data as on 31st May 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

Portfolio Holdings

Particulars	% Allocation
Max Financial Services Ltd.	12.25
ICICI Bank Ltd.	10.05
HDFC Bank Ltd.	9.56
Kotak Mahindra Bank Ltd.	8.42
Phoenix Mills Ltd.	6.95
Larsen & Toubro Infotech Ltd.	6.55
Tata Consultancy Services Ltd.	6.12
Axis Bank Ltd.	5.87
HDFC Life Insurance Company Ltd.	5.63
Eicher Motors Ltd.	5.45
Maruti Suzuki India Ltd.	4.90
Blue Star Ltd.	4.61
Safari Industries (India) Ltd.	4.49
G R Infraprojects Ltd.	2.02
Gujarat Gas Ltd.	1.56
NTPC Ltd.	1.47
Gland Pharma Ltd.	1.20
Ultratech Cement Ltd.	0.85

Data as on 31st May 2022

Key Portfolio Analysis

Portfolio Quants (3 Years)	Strategy	Benchmark
Annualized Standard Deviation (%)	20.8%	21.8%
Beta	0.9	1.0

Data as on 31st May 2022

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 +

Sectors

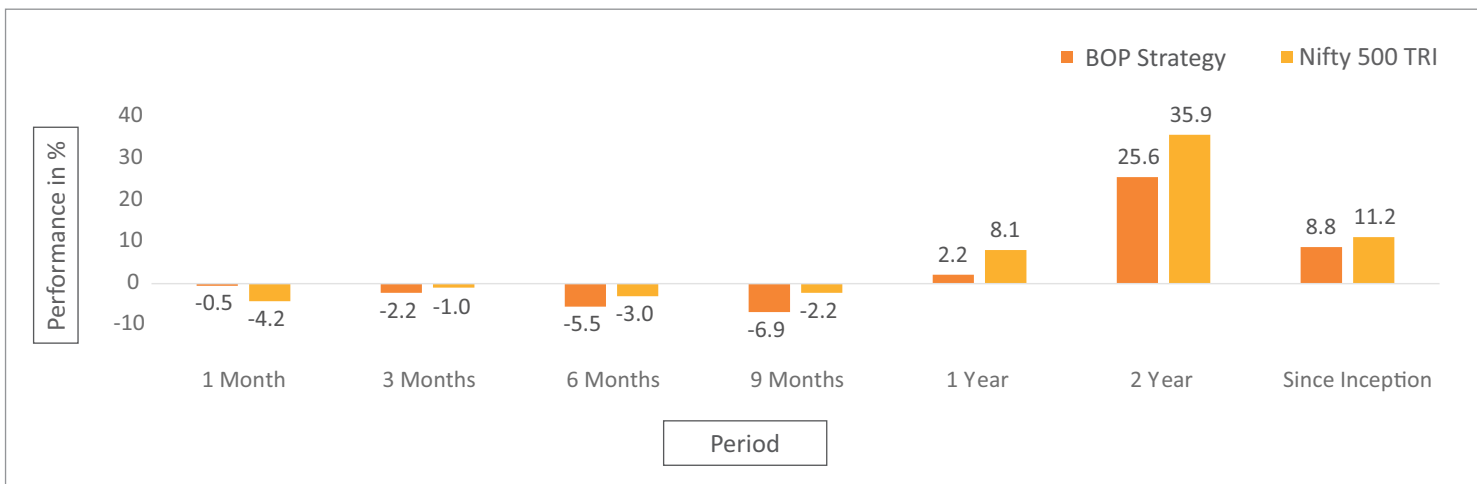
Particulars	% Allocation
Banks	33.90
Insurance	17.88
IT - Software	12.67
Automobiles	10.35
Consumer Durables	9.10
Realty	6.95
Construction	2.02
Gas	1.56
Power	1.47
Pharmaceuticals & Biotechnology	1.20
Cement & Cement Products	0.85
Cash & Cash Equivalents	2.05

Data as on 31st May 2022

Market Capitalization

Market Capitalization	% Allocation
Large cap	66.1
Mid cap	15.8
Small cap	16.1
Cash & Cash Equivalents	2.1

Data as on 31st May 2022



BOP Strategy Inception Date: 18th Dec 2017; Data as on 31st May 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/ 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
Apl Apollo Tubes Ltd.	6.73
Polycab India Ltd.	6.70
Astec Lifesciences Ltd.	6.40
Amber Enterprises India Ltd.	5.78
Gland Pharma Ltd.	5.56
Prince Pipes And Fittings Ltd.	5.37
Angel One Ltd.	5.36
Mastek Ltd.	4.69
Supriya Lifescience Ltd.	4.49
Tata Consumer Products Ltd.	3.84
Max Financial Services Ltd.	3.32
Route Mobile Ltd.	3.25
Globus Spirits Ltd.	3.12
Persistent Systems Ltd.	3.01
ICICI Securities Ltd.	2.81
L&T Technology Services Ltd.	2.72
SBI Life Insurance Company Ltd.	2.28
Fino Payments Bank Ltd.	1.08

Data as on 31st May 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

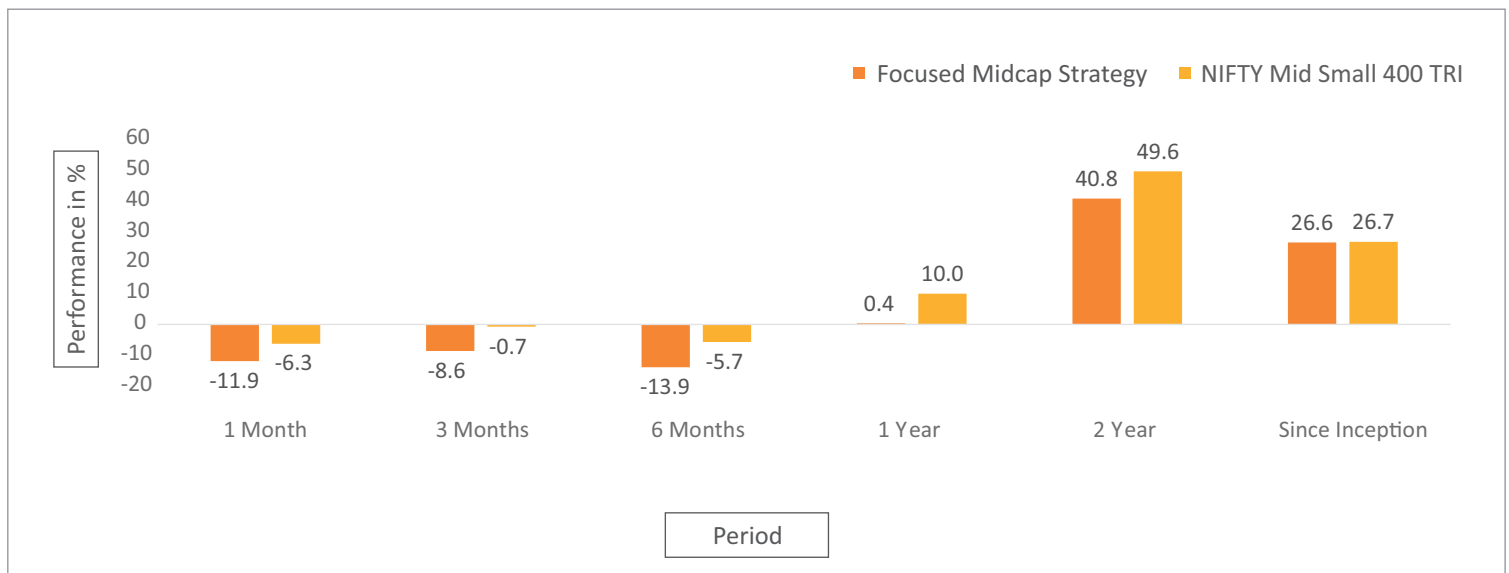
Particulars	% Allocation
Industrial Products	18.80
Pharmaceuticals & Biotechnology	10.05
Capital Markets	8.17
IT - Software	7.70
Fertilizers & Agrochemicals	6.40
Consumer Durables	5.78
Insurance	5.60
Agricultural Food & other Products	3.84
Telecom - Services	3.25
Beverages	3.12
IT - Services	2.72
Banks	1.08
Cash & Cash Equivalents	23.49

Data as on 31st May 2022

Market Capitalization

Market Capitalization	% Allocation
Large cap	11.7
Mid cap	25.3
Small cap	39.5
Cash & Cash Equivalents	23.5

Data as on 31st May 2022



FMS Strategy Inception Date: 24th Dec 2019; Data as on 31st May 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 31st March 2022)

Value Strategy

Entry Rationale:

Go Fashion India Pvt Ltd.

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

Religare Enterprises Ltd.

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

FSN E-Commerce Ltd.

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

UltraTech Cement Ltd.

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

Godrej Consumer Products Ltd.

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

Bajaj Finance Ltd.

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

Stock Rationale (quarter ending 31st March 2022)

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

Exit Rationale:

GSK Pharmaceuticals Ltd.

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

■ NTDOP Strategy

Entry Rationale:

Vedant Fashions Ltd.

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

■ IOP/IOPv2

Entry Rationale:

Greaves Cotton Pvt Ltd.

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

Persistent Systems Ltd.

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

Amber Enterprises Ltd.

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

Stock Rationale (quarter ending 31st March 2022)

Exit Rationale:

Alkem Laboratories Ltd.

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

Suprajit Engineering Ltd.

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

Gabriel India Ltd.

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

Emami Ltd.

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

Aegis Logistics Ltd.

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

TTK Prestige Ltd.

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

■ FMS Strategy

Entry Rationale:

SBI Life Insurance Company Ltd.

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

Exit Rationale:

Emami Ltd.

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

Muthoot Finance Ltd.

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

LIC Housing Finance Ltd.

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

Stock Rationale (quarter ending 31st March 2022)

MAS Financial Services Ltd.

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

Risk Disclosure And Disclaimer

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