

# Corporate Presentation

June 2022

**Asset  
Management**

**Capital  
Markets**

**Institutional  
Equities**

**Insurance  
Broking**

**Mergers &  
Acquisitions**

**Private  
Equity**

**Structured  
Finance**

**Wealth  
Management**

# Equirus Group : What we do

## Investment Banking

**High Growth Corporates, Entrepreneurs and Financial sponsors**

## Advising High-Growth Corporates to...

- Fund organic growth opportunities through public & private markets
- Execute inorganic growth ideas and streamline existing businesses

## Institutional Broking

**Institutional Investors**

## Assisting Large Institutional Investors to..

- Transact in equity and bond markets through mid-market focused, award-winning research and corporate access

## Wealth & Asset Management

**High Net Worth Individuals**

## Advising HNIs to...

- Manage wealth across asset classes through superior advice and judicious allocation
- Manage assets to earn superior advice and market-adjusted returns

## Insurance Broking

**Corporate & Retail ( Life , General & Health)**

## Risk advisory & Insurance Portfolio Management

- Insurance Program design ( Portfolio level risk solutions)
- Risk advisory on coverage enhancement, cost optimization etc.
- Risk Inspection and claims prevention measures

## ...through a suite of services, we offer :



Mergers and Acquisitions + Private Equity



Capital Markets – Debt and Equity

## ...through a suite of our services, we offer :



Institutional Sales and Trading – Cash + Derivatives



Equity Research

## ...through a suite of services, we offer :



Wealth Management



Portfolio Management Services

## ...through a suite of services, we offer

- Insurance Program Audit & Benchmarking studies
- Policy placements with Category A –Insurance Companies
- End to end claims servicing & negotiations & settlements

# The Equirus Value System



**Client  
First Focus**



**Commitment  
to the Last**



**Data Driven  
Objectivity**



**Ethical Dealing with all  
Stakeholders**



**Building Relationship  
200+ Deals with 145  
clients**

## Our Partners



**Rakesh Jhunjunwala**  
Shareholder Since 2007 (13 % Equity)



- Shareholder Since 2018 (20% Equity)
- 6<sup>th</sup> Largest Private Sector Bank with 1282 branches
- Balance Sheet Size of > Rs 2200 bn

**90+**

Employee Shareholder

# Equirus Group in Numbers



**180+**  
Professionals across divisions



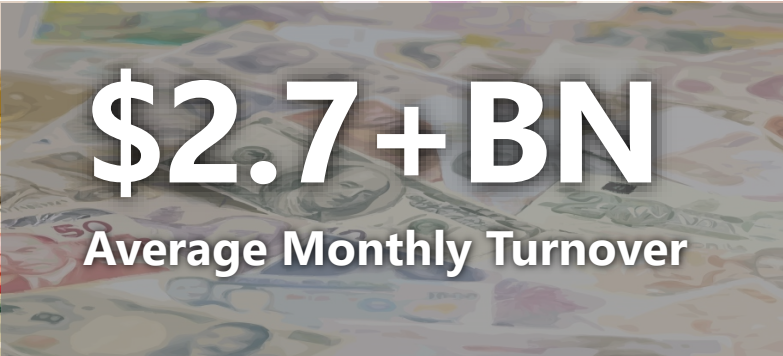
**19**  
Offices across 17 Cities



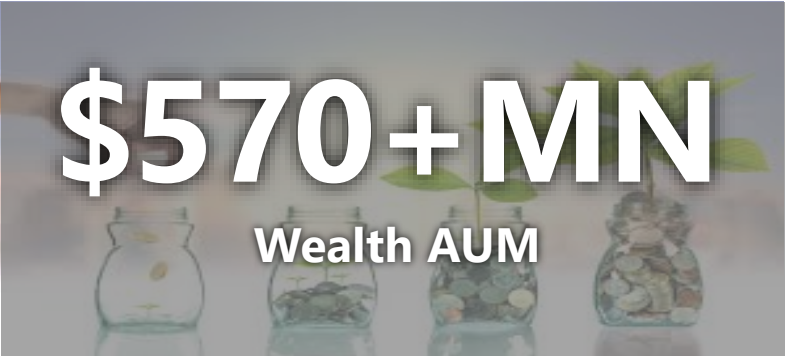
**242**  
Stocks under research coverage



**\$7.5 bn**  
Deal value across 200+ Transactions



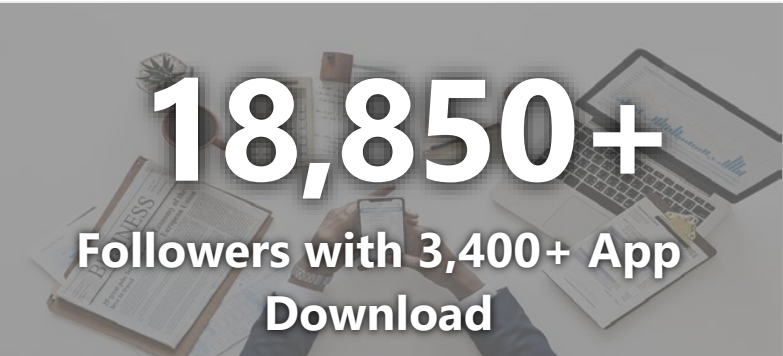
**\$2.7+BN**  
Average Monthly Turnover



**\$570+MN**  
Wealth AUM



**65,600+**  
Customers



**18,850+**  
Followers with 3,400+ App Download



**14+**  
Years of existence

# Equirus Board



**Ajay Garg**  
*Managing Director*



**Ajit Deshmukh**  
*Managing Director & Co-Head Investment Banking & Board Member*



**Deepak Singhal**  
*Former Executive Director - Reserve Bank of India & Non-Executive Board Member*



**Donald D'Souza**  
*Managing Director & Co-Head Investment Banking*



**Harsh Dugar**  
*Head, Wholesale Banking – Federal Bank & Non-Executive Board Member*



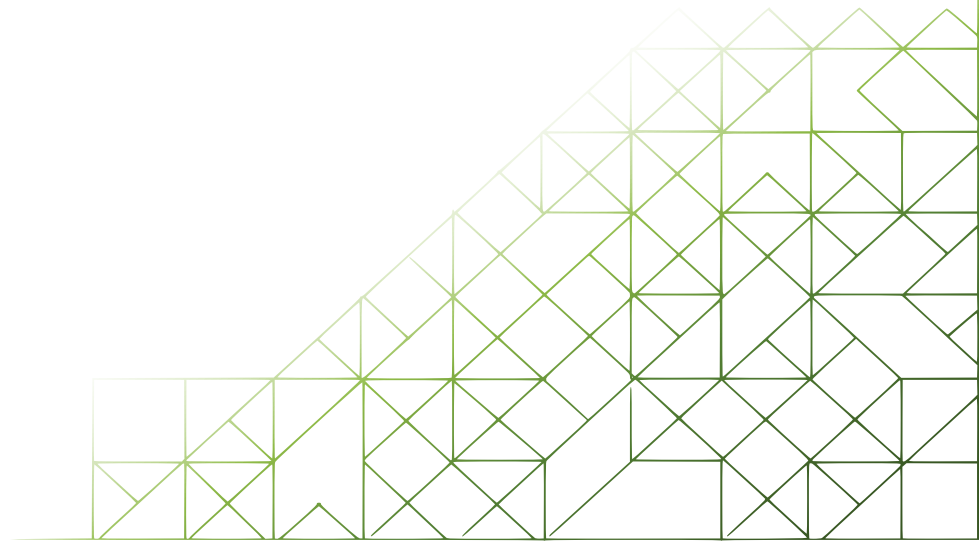
**Rajiv Agarwal**  
*Managing Director - Rare Enterprises & Non-Executive Board Member*



**Shankar Vailaya**  
*Founding Member and Former Director - Sharekhan Non-Executive Board Member*

Team arranged in alphabetical order

# About Equirus Long Horizon Fund





## Experienced Investment Team



**Viraj Mehta**  
Managing Director

- Viraj Mehta has 13 years of experience in the field of investing with an excellent and proven track record
- Selected by Wall Street Journal (WSJ) as part of “Asia’s Master Stock Picker” series for India
- Previously part of award winning fund management team at Franklin Templeton Investments managing an AUM of ~US\$ 6bn
- Lead analyst for managing the small companies fund at Franklin Templeton Investments
- Fund awarded the best small cap mutual fund scheme in India by CRISIL & Business standard
- Was part of the team of ValueQuest Capital LLP
- Completed MBA from Management Development Institute (MDI), Gurgaon & Chemical Engineering from Nirma Institute of Technology, Ahmedabad
- Supported by a team of 4 associates with a combined experience of 32 years

*At Equirus, Viraj is giving shape to Equirus becoming the preferred choice for managing long term capital of our clients*

# Experienced Advisory Board

## PMS Advisory Board



**Amit Chaudhary**

Mr. Amit Chaudhary is a global business leader with 20 years of broad based experience in diverse sectors - CPG, Consumer Internet, Consulting and Private Equity across Asia. Alumni of Procter & Gamble, JPMorgan, Arthur Andersen & MOPE. Currently is building India's #1 Affordable Healthcare Company, Dawaa Dost. Amit is also a keen investor in early stage tech & CPG/DTC companies. He is a Chartered Accountant (AIR#1) & a commerce graduate from St. Xavier's' College, Calcutta. He look forward to building a platform to channelize long- term capital to create valuable enterprises and successful entrepreneurs.

## Special Invitee



**V.P. Nandakumar**

V.P. Nandakumar is the Managing Director & CEO of Manappuram Finance Ltd., a leading gold loan company that is ranked among India's top 20 non-banking finance companies. He promoted Manappuram Finance in 1992 and today the company has a pan-India presence with 3747 branches across 27 Indian states and UTs. It has assets under management of more than 125 billion. In January 2014, Business Today ranked him among India's Top 100 CEOs. In December 2013, Business World had listed his name amongst India's Most Valuable CEOs. Mr. Nandakumar is a Managing Committee member of leading trade and industry associations such as ASSOCHAM and FICCI. He is the Chairman of the Kerala state council of the Confederation of Indian Industry (CII). He was a member of the FICCI delegation to the Fourth Session of India-Poland Joint Commission for Economic Cooperation held at Warsaw, Poland, in June 2015.

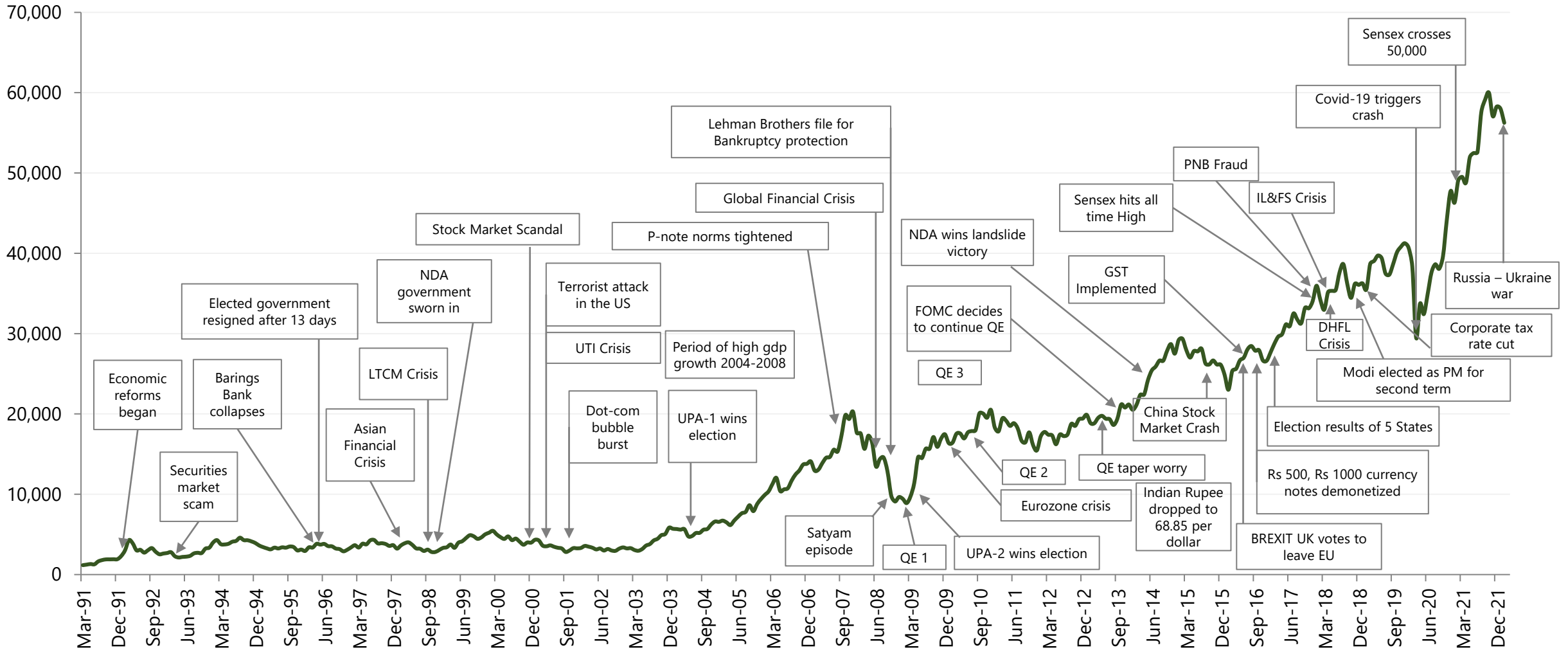


# Why India



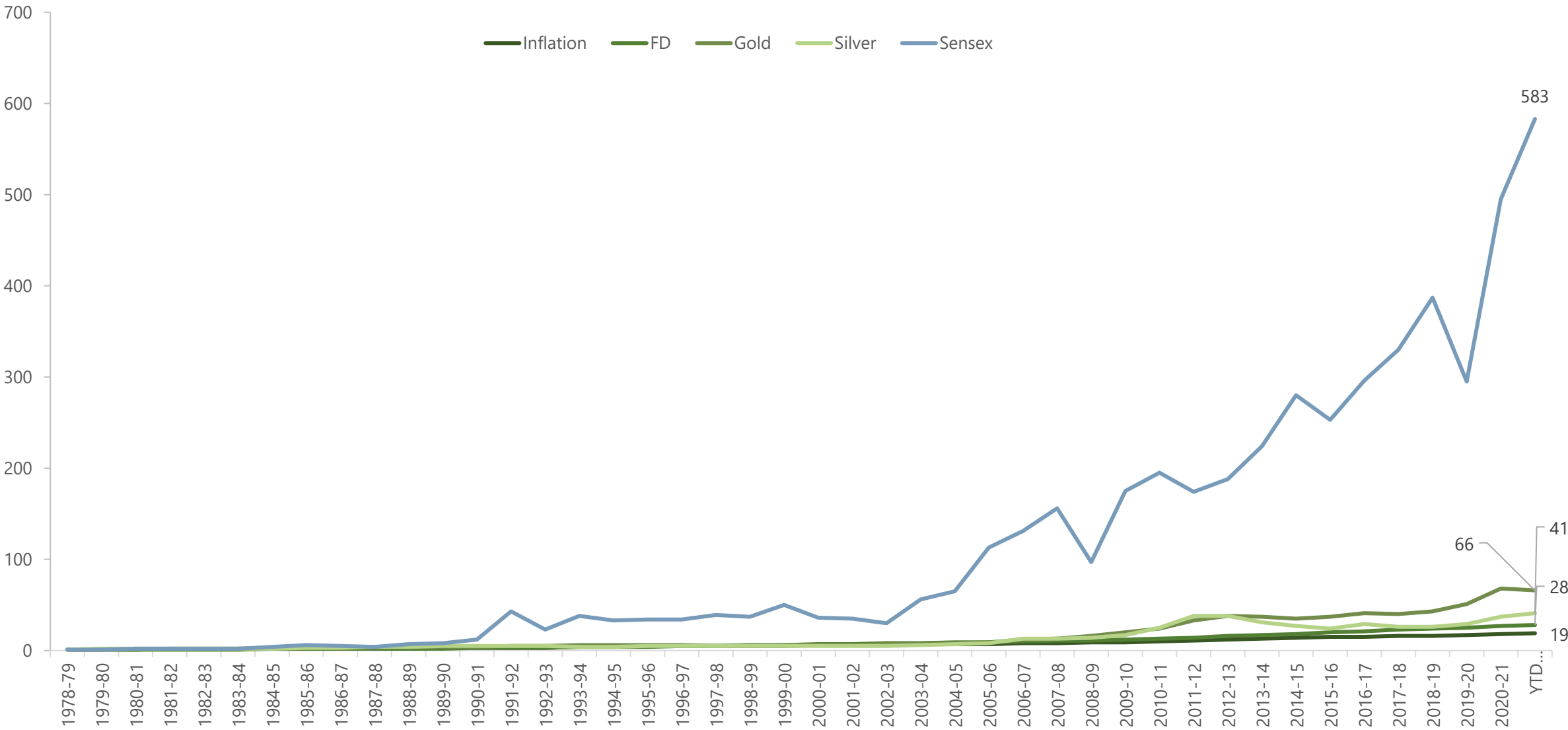
# Upward journey of Sensex continues irrespective of macro and micro shocks

## Sensex over last 3 decades



Source: BSE

# Returns across asset classes in India for last 4 decades



Note: Data as of Dec 31, 2021

# Quantum jump in relative growth and equity price

## Macro economic factors

Economy	India			United States			Germany			Japan			UK		
	2000	2020	Delta	2000	2020	Delta	2000	2020	Delta	2000	2020	Delta	2000	2020	Delta
Nominal GDP (\$bn)	801	2,500	3.1	13,738	19,294	1.4	2,834	3,434	1.2	3,987	4,381	1.1	2,310	2,892	1.3
GDP per capita (\$)	758	1,812	2.4	48,689	58,560	1.2	34,476	41,259	1.2	31,431	34,813	1.1	39,229	43,020	1.1
EPS	73	420	5.8	55	122	2.2	413	319	0.8	187	874	4.7	250	77	0.3
Equity Market Index	1,263	13,982	11.1	1,320	3,756	2.8	6,433	13,719	2.1	13,785	27,444	2.0	6,222	6,461	1.0
Market Cap. (\$bn)	71	1,489	21.0	11,645	33,167	2.8	807	1,528	1.9	2,095	3,822	1.8	2,175	2,540	1.2

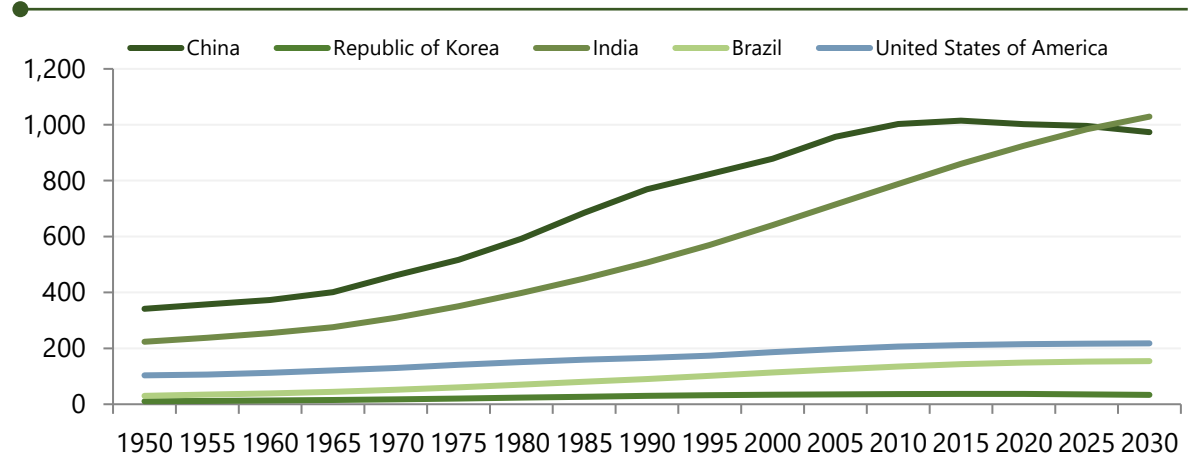
Equity Indices: Nifty, S&P500, DAX, Nikkei, FTSE100 for Mcap, EPS, Index value; Source: Bloomberg, Data as on Dec 31, 2020  
Nominal GDP, GDP per capita - Source: World Bank

## Demographic Advantage

The People	India	China	US
Population (bn)	1.3	1.4	0.3
Urban Population Proportion	33%	54%	83%
Household Number (mn)	269	453	124
Millennials (born in 80s and 90s, mn)	443	415	88
Millennials (% of population)	35%	30%	27%
Generation Z (born after 00s, mn)	393	257	65
Generation Z (born after 00s, % of population)	31%	18%	20%
Total Pool of college Graduates (mn)	96	79	211(2013)
Total Pool of college Graduates (% of work Force)	11%	10%	38% (2013)
Number of People with Passports (mn)	63	65	126
Number of People Paying Income Tax (mn)	32	28	152

Source: GS Report

## India's working-age population (15-64 years)



Source: United Nations Development Programme

# Why Small Caps



# Small caps – breeding ground for multi baggers

Based on 10yrs returns as on March 07, 2022

Returns	Large size companies		Mid size companies		Small size companies	
	Instances	%	Instances	%	Instances	%
>= 20x	0	0%	2	1%	48	6%
10x to 20x	1	1%	11	8%	61	8%
5x to 10x	9	9%	26	18%	128	17%
1x to 5x	40	39%	44	31%	184	24%
0% to 100%	25	25%	21	15%	132	18%
-25% to 0%	7	7%	1	1%	28	4%
-50% to -25%	4	4%	9	6%	32	4%
< -50%	16	16%	30	21%	139	18%
<b>Total</b>	<b>102</b>		<b>144</b>		<b>752</b>	

- Large size companies: M-Cap\* >= Rs. 100,000 Mn
- Mid size companies: M-Cap\* >= Rs. 25,000 Mn and < Rs. 100,000
- Small size companies: M-Cap\* >= Rs. 1,000 Mn and < Rs. 25,000

\*M-Cap as on March 07, 2012

Source: Ace Equity



# Under owned and under researched

## Institutional ownership goes down substantially for small caps

M Cap (in Rs. Mn)	Promoter	FII/FPI/FVCI/FB	Domestic Institutions	Institutions	Non-Institutions	No. of companies
More than 500,000	51.5	20.2	13.7	33.9	14.7	88
100,000 – 500,000	56.8	12.5	13.4	25.9	17.3	228
25,000 – 100,000	56.0	8.2	8.9	17.2	26.9	334
5,000 – 25,000	56.6	3.1	3.9	7.1	36.3	607
Upto 5,000	47.0	0.5	1.2	1.7	51.4	4,062
Top 100 companies	52.6	19.1	13.3	32.5	15.0	
101 <sup>st</sup> – 250 <sup>th</sup> company	57.0	13.3	13.7	26.9	16.1	
Below 250 <sup>th</sup> company	48.8	1.4	2.2	3.6	47.5	

Source: Ace Equity; Data as of March 08, 2022

## Analyst coverage negligible for small size companies

M Cap (in Rs. Mn)	More than 500,000	200,000 -500,000	100,000 - 200,000	50,000 - 100,000	25,000 - 50,000	10,000 – 25,000	Upto 10,000
Companies	56	86	80	105	121	212	2288
Analysts	1986	1861	1373	925	917	863	517
Analyst/Company	35.5	21.6	17.2	8.8	7.6	4.1	0.2

Source: Bloomberg; Dec 2019

# Historical index price movement during upcycle

We expect this uptrend cycle in BSE Small Cap Index to continue

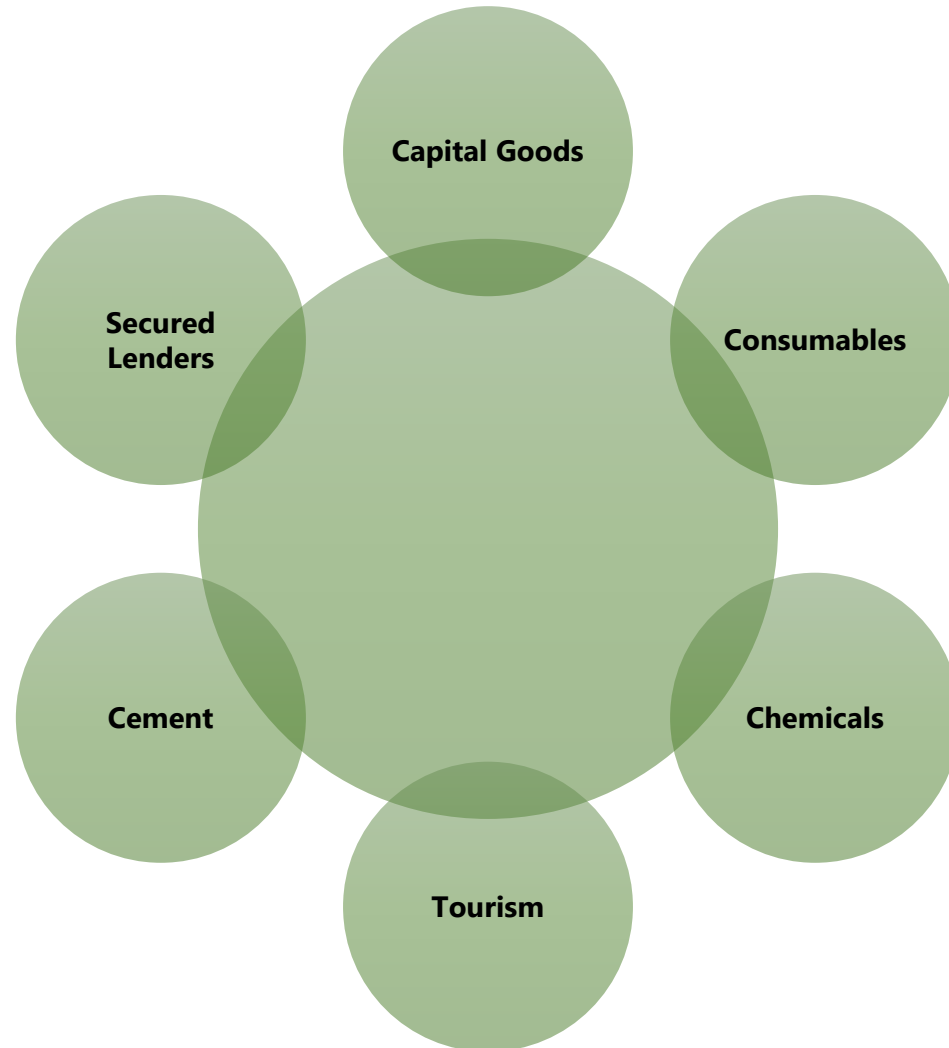
Period	No. of times	No. of months
Apr 2003 - Jan 2008	16.7	58
Mar 2009 - Nov 2010	3.9	20
Aug 2013 - Aug 2015	2.4	24
Feb 2016 - Jan 2018	2.1	23
Mar 2020 - Current	2.8	28

Note: Data as of June 30, 2022

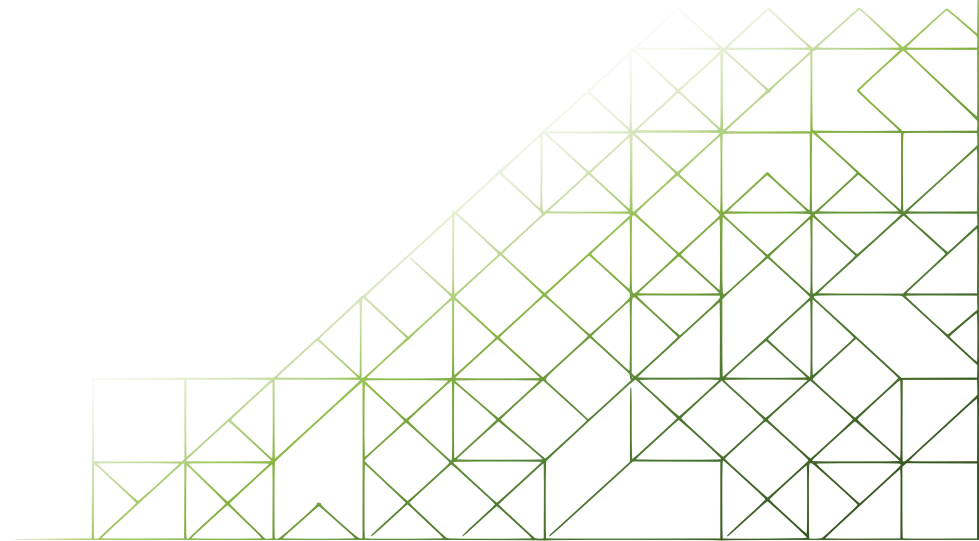
# Sectors to Benefit

Huge opportunities across many sectors

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# Investment Process



# What we look for in companies

## Growth

- Sales growth
- Improving margins

## Balance sheet

- No or low debt
- Deleveraging situations with high interest coverage

## Return metrics

- High returns on capital employed through increasing margins and/or asset turns

## Management

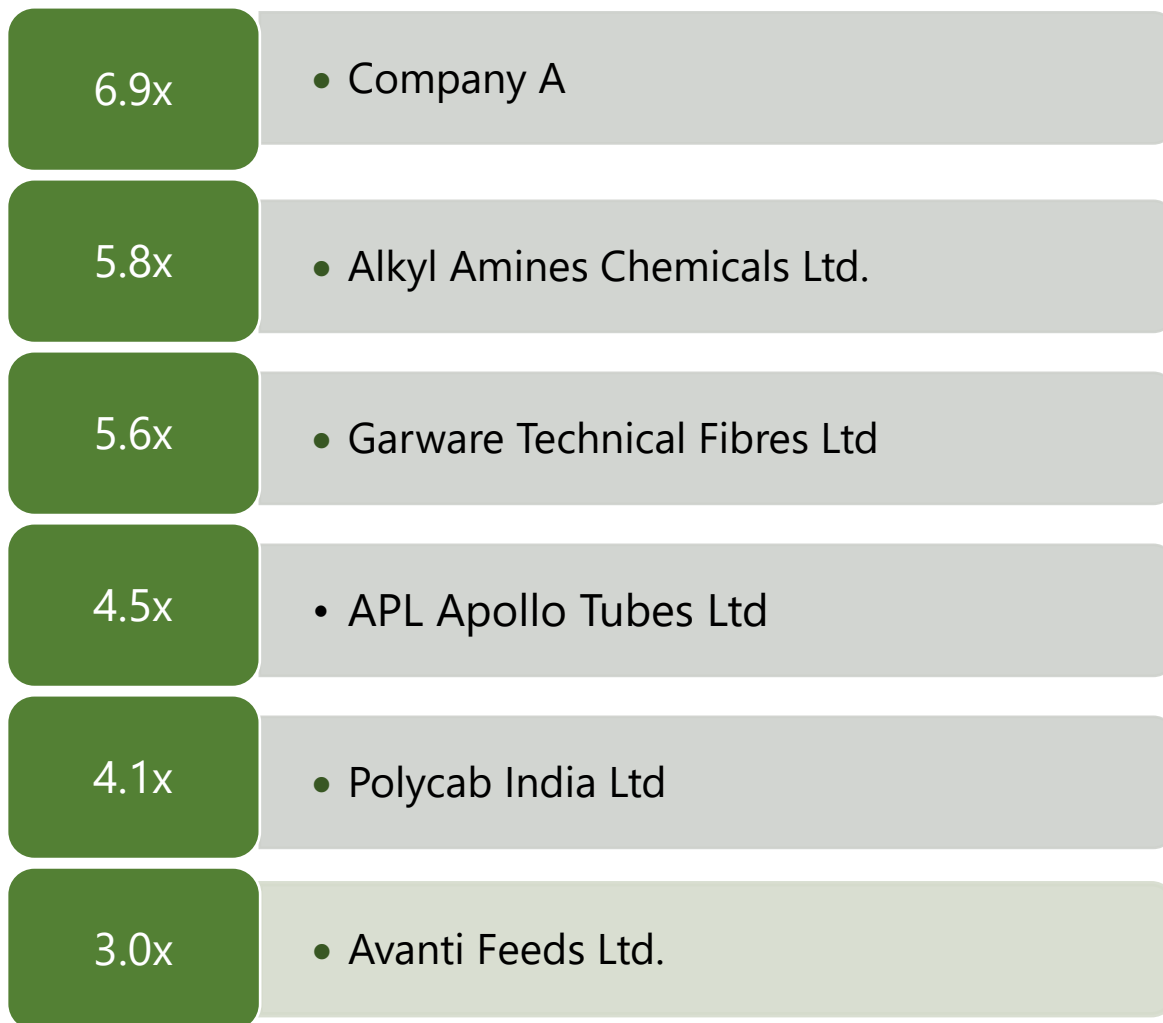
- High integrity with skin in the game
- Prudent capital allocation

## Attractive Valuation

- Low analyst coverage/institutional holdings
- Market ignoring long term potential

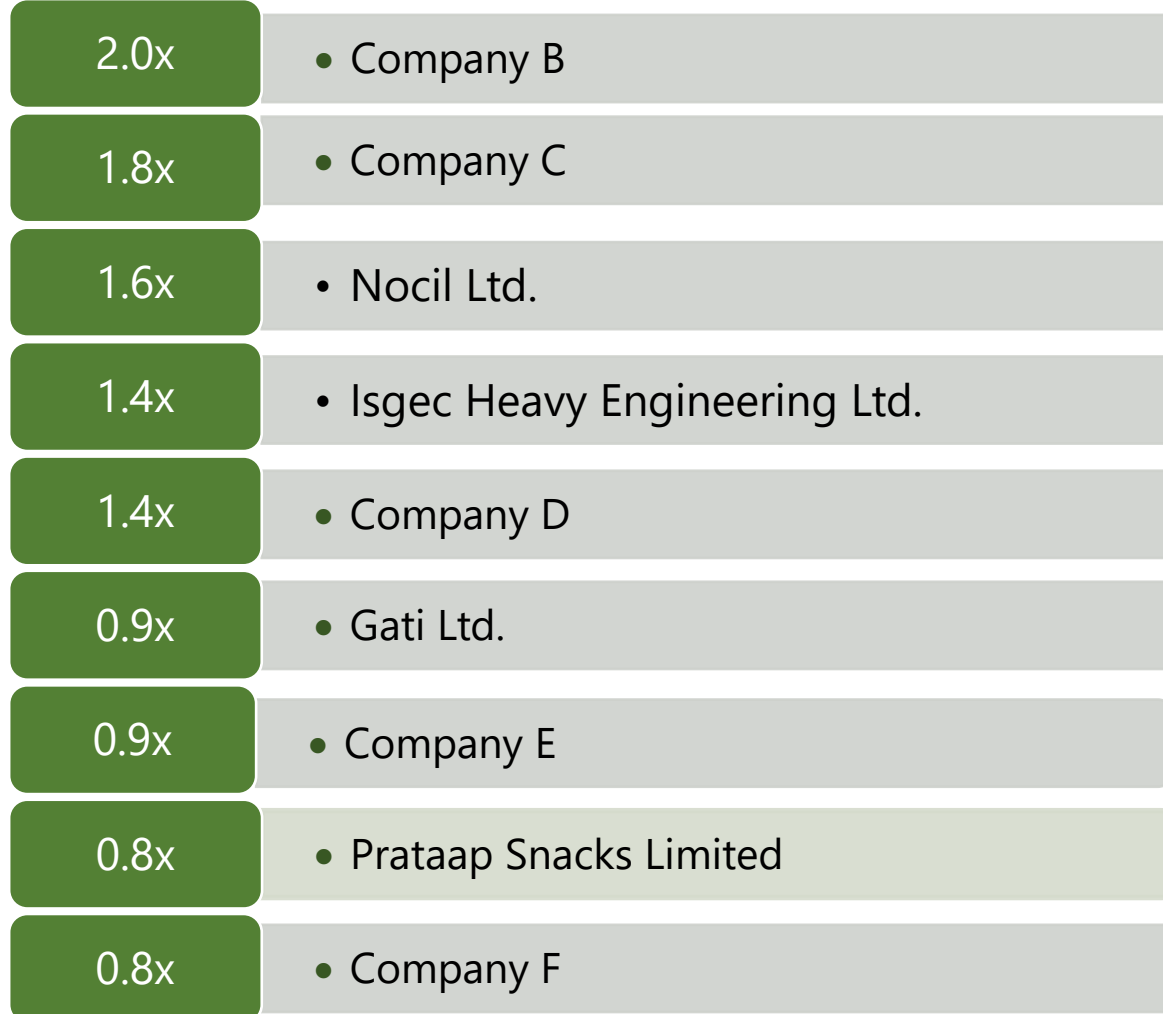
# Our Track Record Of Finding Multi-baggers

## Our track record of finding multi-baggers



Note: Data as of June 30, 2022

## Potential companies bought in last 1 year which can become multi-baggers





# Case Study: Alkyl Amines Chemicals Ltd. (Five Pillars of Investing) - Exited

## Industry Opportunity Size

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- Industry opportunity size should be large enough so that the investee company has long run ahead of it
- Alkyl Amines: Operates in a duopoly market with industry growing at 10-15%. New capacity and introduction of derivative products will help the company grow at a brisk pace for foreseeable future.

## Management

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- We believe that Alkyl Amines Management has taken all the correct decisions to sustain long term competitive edge of the business even at the cost of short term pain
- The business earns high margins; With focused capital deployment including debt the business earns respectable RoE's

## Regulation

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- No major regulatory interference
- It is a tough for a new player to get environmental clearances

## Valuation

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- The shares of the company should be reasonably priced that offers us margin of safety
- We acquired the shares of Alkyl Amines at 15 times FY18E earnings. With new capacity coming online in FY19 we believe this acquisition offers enough room for earnings growth and PE multiple expansion

## Competitive Advantage

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- Business should have sources of competitive advantage
- Alkyl Amines
  - Long term client relationships in based on a track record of consistent product quality in a duopoly industry
  - Entry barriers: High capital requirement, environment clearances are difficult, Technical knowhow
  - Low cost producer due to scale economies and better proximity to suppliers, customers and ports

## Financials

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- Last 5 years Sales CAGR: 15.8%
- Last 5 years PAT CAGR: 34.9%
- Last 5 years RoCE Average: 29.9%
- Latest D:E : 0.16
- Last 5 years Share Price CAGR: 57.57%

Note: Financial data as of March 31, 2020, share price data is as of Oct 30, 2020

# Case Study: Avanti Feeds Ltd (Five Pillars of Investing) - Exited

## Industry Opportunity Size

- Industry opportunity size should be large enough so that the investee company has long run ahead of it
- Avanti Feeds: Market leader in an industry of US\$ 750mn growing at 12% CAGR. Current penetration is less than 12%. Industry offers atleast 15–20 years of growth

## Management

- We believe that Avanti Feeds Management has taken all the correct decisions to sustain long term competitive edge of the business even at the cost of short term pain
- The business has the margin in the industry at the highest assets turns leading to very high ROE's

## Regulation

- Shrimp feed business is regulated by Marine Products Export Development Authority (MPEDA) under the authority of defense ministry
- It is a tough for a new player to get approvals

## Valuation

- The shares of the company should be reasonably priced that offers us margin of safety
- We acquired the shares of Avanti Feeds Ltd at 14 times FY17E earnings. We believe this acquisition offers enough room for earnings growth and PE multiple expansion

## Competitive Advantage

- Business should have sources of competitive advantage
- Avanti Feeds
  - Largest distribution network in the industry
  - Best feed conversion ratio
  - Strong brand recognition with the farmer
  - Technical support from worlds largest company Thai Union Foods

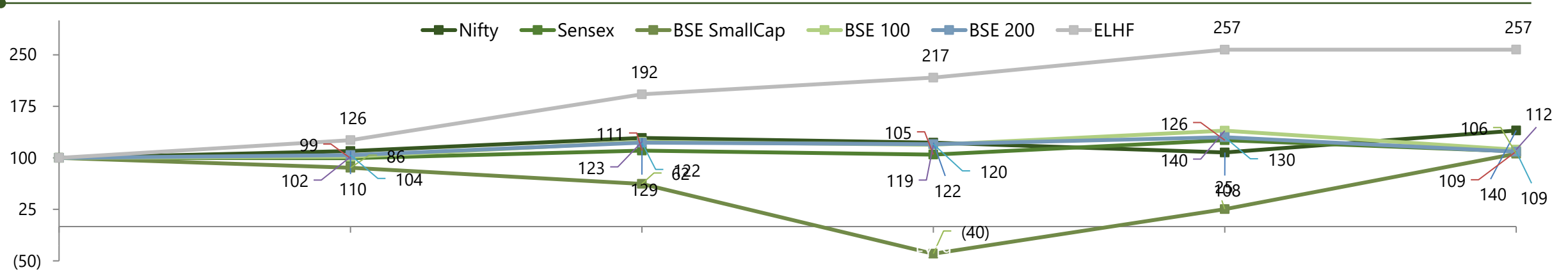
## Financials

- Last 5 years Sales CAGR: 39%
- Last 5 years PAT CAGR: 71%
- Last 5 years RoCE Average: 62.08%
- Latest D:E : 0.01
- Last 5 years Share Price CAGR: 108.2%

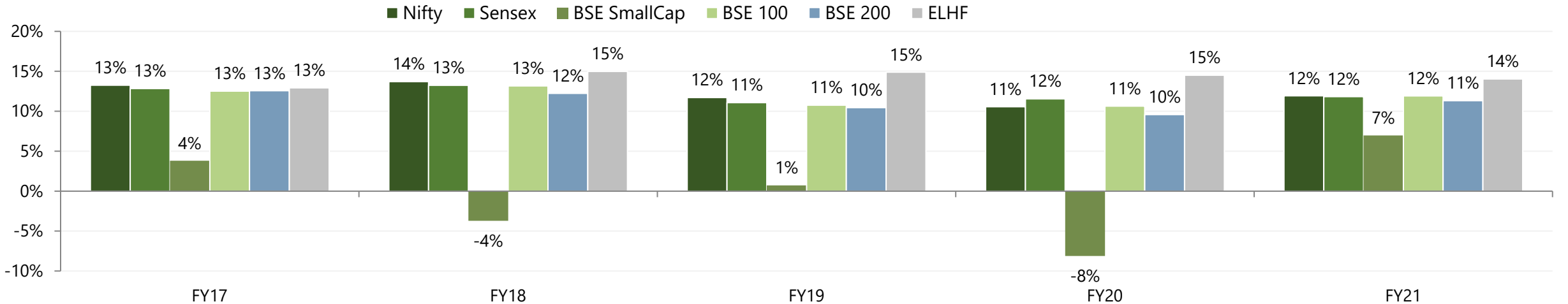
Note: Financial data as per March 31, 2017 filings except share price data which is as of July 31, 2018

# Portfolio's Financial Metrics

## Cumulative Portfolio Earnings



## Portfolio RoE



Does not include a special situation investment  
 Source: : Bloomberg, BSE, NSE

# Current Portfolio Characteristics

**Number of businesses: 16 companies**

**Current cash position: 17.5%**

**Last 3 years average earnings growth: 11.5%**

**Latest portfolio ROE: 10.1%**

**Current Portfolio PE (TTM): 21.1x**

**Acquisition Portfolio PE (TTM): 15.8x**

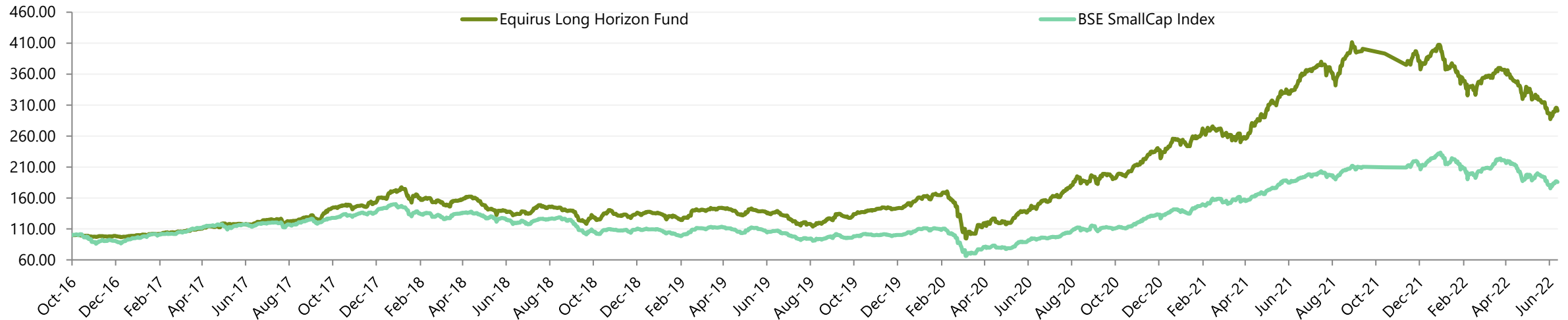
**Churn: 19% per annum (Excluding the buying/selling of Liquid Mutual Funds, stocks given to us by our investors and capital redemption by the investors)**

Note: Portfolio characteristics are as of June 30, 2022

# PAST PERFORMANCE

## Comparative performance of Equirus Long Horizon Fund vs. benchmark

	FY 16-17 (from Oct 20, 2016)	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	YTD	Since Inception
<b>Equirus Long Horizon Fund</b>	<b>6.9%</b>	<b>36.8%</b>	<b>-3.2%</b>	<b>-26.8%</b>	<b>144.2%</b>	<b>39.9%</b>	<b>-15%</b>	<b>200.8%</b>
BSE Small Cap	8.1%	17.7%	-11.6%	-36.1%	114.9%	36.6%	-12.2%	85.6%
BSE 200	6.0%	11.0%	10.7%	-26.4%	74.3%	19.9%	-9.7%	80.9%
BSE 100	6.1%	10.6%	12.4%	-26.6%	71.5%	19.2%	-9.6%	78.9%



Note: Return figures are post fees and as of June 30, 2022. Return data disclosed above in the table is TWRR,

Disclaimer: TWRR is calculated based on daily valuation of all the Clients. This may differ from individual client return as scheme return is combined for all the clients. Trading and investments in Equities are subject to market risk, there is no assurance or guarantee of the returns, it will be purely a target return rather than guaranteed return. Please read the Disclosure Document carefully before investing. Performance related information provided therein is not verified by SEBI. All clients have an option to invest in the products / investment approaches directly without intermediation of persons engaged in distribution services.

# AWARDS AND RECOGNITION

## Best Performing PMS

Our PMS is India's one of the best performing PMS out of 35 PMS providers operating for more than 3 years across the whole country and who have an AUM greater than 300 Cr.





## 3 Year Rolling Return Analysis

ELHF has outperformed index on all the 675 observations.

Performance	Count	% of total
Outperformance	675	100%
Underperformance	-	0%
<b>Total</b>	<b>675</b>	

~99% of times the outperformance is greater than 30%.

Outperformance Range	Count	% of total
Upto 30%	7	1%
30% to 50%	223	33%
50% to 75%	270	40%
Above 75%	175	26%
<b>Total</b>	<b>675</b>	

### Comparison of actual returns of ELHF and benchmark

- Out of 675 observations, ELHF has given negative returns only on 13 observations (1.9% of total) as compared to 235 by the benchmark (34.8%).
- ELHF has returned above 10% CAGR returns for 570 observations (84% of total) whereas the benchmark has just done it for 280 observations (41%).

Performance Range	ELHF	% of total	Benchmark	% of total
Less than 0%	13	1.9%	235	34.8%
0% to 10%	92	14%	160	24%
10% to 20%	257	38%	92	14%
20% to 30%	43	6%	177	26%
Above 30%	270	40%	11	2%
<b>Total</b>	<b>675</b>		<b>675</b>	

# PMS Terms

Key Terms	Particulars
<b>Scheme</b>	Equirus Long Horizon Fund
<b>Subscription</b>	On Monthly Basis
<b>Management Fee</b>	2.5% per annum charged on monthly basis based on average AUM of the month (i.e. Average of starting and ending AUM of the month)
<b>Exit Load</b>	2% in Year 1, 1% in Year 2
<b>Redemption Notice</b>	At least 30 days
<b>NAV Calculation</b>	Monthly, on the Valuation Day (last Business Day of each month)
<b>Reporting</b>	Monthly account statement, monthly fact sheet, quarterly letter, Semi annual audit
<b>PMS Administrator</b>	Orbis Financial Corporation Ltd.
<b>PMS Auditor</b>	M/s Aneel Lasod and Associated - Chartered Accountants



For any other queries write to us at  
[pmsops@equirus.com](mailto:pmsops@equirus.com)

## Corporate Office :

### Equirus Capital Pvt. Ltd.

12<sup>th</sup> Floor, C Wing, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai - 400 013

### Equirus Securities Pvt. Ltd.

21<sup>st</sup> Floor, A Wing, A-2102, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai - 400013

3<sup>rd</sup> floor, House No. 9, Magnet Corporate Park, Near Zydus Hospital, B/H Intas, Sola Bridge, S.G. Highway, Ahmedabad - 380 054

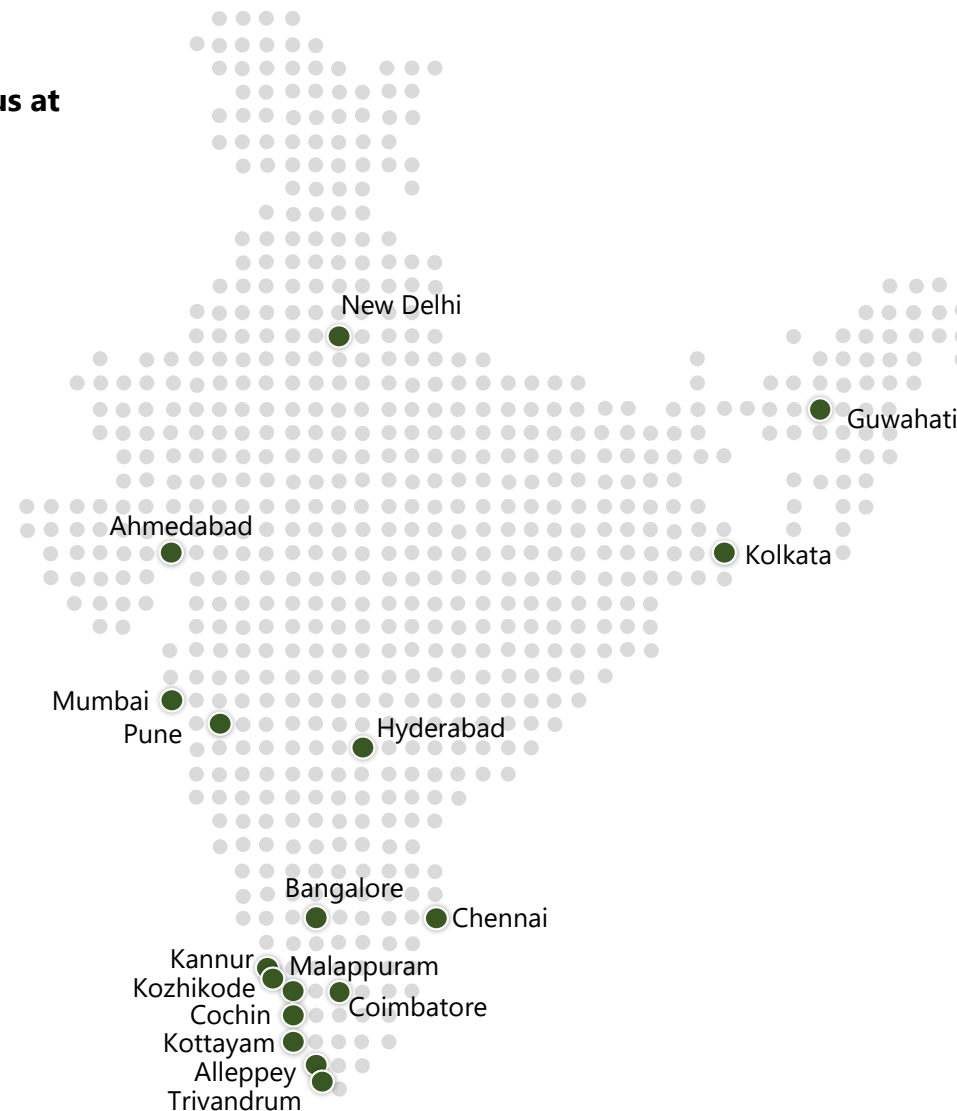
### Equirus Wealth Pvt. Ltd.

21<sup>st</sup> Floor, A Wing, A-2102, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai – 400013

3/F, House 9, Magnet Corporate Park, Near Zydus Hospital, S.G. Highway, Ahmedabad - 380 054

### Equirus Insurance Broking Pvt. Ltd.

21<sup>st</sup> Floor, A Wing, A-2102, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai - 400013



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