

insight

JANUARY 2020



VALUES DEFINE AMBIT

CEO Speak

by Ashok Wadhwa

If there is one thing that 2019 taught us, it is to deal with unpredictable situations. Although we did not see a Black Swan event in the calendar year, it will be fair to say we had a close brush. On the positive side, as I wrote earlier, the super majority mandate won by the Modi government provided a perfect platform for continuation of reform process and assured political stability. However, the lack of economic growth in the second half of the year, along with a deteriorating micro economic situation has created its own challenges. What is even more concerning is whether the government despite its best intentions, will be able to address these issues in 2020. It is with this background that I want to share with you how Ambit is dealing with the current macro and micro economic environment.

The greatest impact of the slow down and lack of liquidity has been on our lending business. We have calibrated the growth in our business with the intention of preserving liquidity. We are one of the few well capitalized NBFCs, but despite that, have decided to raise fresh capital to ensure that a possible prolonged slow down does not limit our growth. The key focus of our Leadership Team is to minimize credit risk, and I am pleased that our colleagues are doing a wonderful job on this subject.

The other business that has been affected by events inside and outside the firm, is our Institutional Equities business. We spent a lot of our time and effort in the first six months to recruit and retain talent. Just as our monthly commission regained momentum, we received an anonymous letter that caused temporary slowdown for our business. I am proud to say that the team led by Dhiraj, Raman and Nitin, and most ably

supported by Vilma, Huzefa and others, worked hard to prove that the complainant had made incorrect allegations. The work done by the team has been appreciated by our clients and the regulator, and hopefully the whole incident is now behind us. I remain confident that the high quality product that our research team provides to its clients, will win back our votes and that 2020 will be the dawn of a new era for this business.

Our Investment Bank has had a slow start to the year, but at the time of writing this, we have already announced deals that subject to receiving regulatory approvals, should enable the business to end the year ahead of the budget. In addition to this, our Investment Bank has successfully won marquee mandates, largely in the Infrastructure and BFSI segments, which augurs extremely well for the future. We think our leadership position at the top of the League Tables will be repeated in 2020.

Our Private Wealth business, rechristened as Global Private Client (GPC) under the leadership of Amrita Farmahan, is building a strong team of client and product specialists, and we are now preparing to compete actively in this business. I have long believed that wealth management is one of the most interesting opportunities in the market place, and we now have the capability across different geographies in India to capitalize on this opportunity.

The Asset Management team, despite its relatively young age at Ambit, has signed a number of large distributors. They have closed the month of December at a record high collection, paving the way for a strong build up in our AUM for the year. All this has been possible due to the unrelenting effort of our

distribution team led by Siddharth Rastogi, and the super competitive performance of the Fund Management team.

At the beginning of the year, I had said that our focus would be to win some important ECM mandates and establish our foot print for this important business. The team led by Vikas Khattar and supported by both CF and IE, despite lack of early success, has made tremendous progress in November and December. Hopefully, we will soon launch our second public offering and have been mandated for at least four more such issuances to happen in the near future. We were also successful in winning a hard fought mandate to raise capital for a very prestigious group. If all goes well, ECM could easily surpass its budget for the year.

The question I ask myself is - what have we learnt from external and internal events of 2019? I could summarise my answer with three important messages:



1) Unpredictable things and events will happen, we just have to be prepared to deal with such events. There is nothing that a diligent and well planned team effort cannot tackle.

2) Risk is one of the most important factors in our business - we need to be aware and manage risk, and cannot stop making decisions and servicing clients with the concern of potential risk.

3) We work in and manage regulated businesses, so we need to know the regulation and ensure compliance with internal and external rules. The organisation has zero tolerance for non-compliance. Our learnings and best practises will hold us in good stead in the future.

Best wishes for 2020!



Welcome Ambitionians to another issue of our Insight magazine. We would like to thank everyone for their contributions. The council would like to wish you and your families a Happy and Prosperous New Year 2020!!!

May the coming New Year bring accomplishment, trust & prosperity to you.

Warm regards,
Editorial Council

*Bala Chendil P, Maulik Thakkar, Richard Mugutmal, Jestin George,
Christine Dmello, Pramod Menon, Gunjan Karthik, Naheed Contractor*



Ex-Employee Article

by **Divesh Mehta**

After working for about 5 years on the manufacturing side of the Asset Management Business, I joined Ambit in 2016. The opportunity looked exciting moving from a manufacturing set up to the more sought after distribution set up. Moving from a few products in a particular asset class to a set up where any product across asset classes could be explored seemed extremely exciting and challenging at the same time.

I have really enjoyed my short yet extremely enriching and satisfying stint at Ambit Capital. The work culture at Ambit has played an integral part in my career progression and the learning curve at Ambit was much steeper than I had expected, and I will always be grateful for that. What I really enjoyed about working at Ambit was it offered a lot of freedom & flexibility to work and the immediate appreciation I always got from the boss. I will always be grateful to my seniors, colleagues and the leadership team at Ambit for a really fulfilling stint at Ambit.

Apart from these, what I will cherish the most is the amazing friends I have made at Ambit. I wish Ambit all the success.



The Netherlands

by Aishvarya Dadheech

My family and I visited the Netherlands (Holland) this September and stayed in the capital city, Amsterdam - a truly mesmerizing city!

Amsterdam is vibrant with culture and filled with people from different nationalities - it is believed to have the most diverse ethnicity. What we found, was that the Dutch people are very receptive of visitors, and we experienced their warm hospitality right from the airport.

We spent four days in Amsterdam wandering around the canals, looking at old beautiful buildings and visiting the countryside. The city is laid back, historic and immensely calm (unlike the hustle & bustle of Indian cities!).

Netherlands is a biking country and almost everyone there rides a bike, but the most interesting and well-organized part is the amazing system of canals and windmills. With over a thousand windmills throughout the Netherlands, it is very likely that you'll see at least one, wherever you go. Windmills were used to pump water out of lowlands and back into rivers beyond the dikes, so that the land could be formed.

Netherlands doesn't have much traditional food so to speak, but has a long history of immigration, and therefore foreign food. What we liked the best, were the mouth-watering waffles dipped in honey.

The countryside was scenic and the smaller villages are the places to go for - Netherlands is famous for its cheese and wooden shoes (you can imagine the kids' excitement), so we visited a cheese factory, which had hundreds of varieties of cheese to choose from (with many 'say cheese' moments!).

I have to admit, the Netherlands is definitely one of my favourite places ever!



TRUST

THE ONLY MOAT

by Mahesh Kuppannagari

*It takes years to build, seconds to break, and forever to repair
– a value worth fighting for*

A renowned Chinese philosopher once said that rulers need three key resources: Weapons, Food and Trust. The ruler who cannot have all three should give up weapons first, then food, but should hold on to Trust, at all costs.

Oxford dictionary defines Trust as: to have confidence in somebody; to believe that somebody is good, sincere, honest, and someone who can be relied upon.

Unfortunately, the unfolding of various events across the world over the past decade, be it the Sovereign Crisis, Banking & Financial Crisis or Corporate Frauds at large, led to severe trust deficits between these institutions, once considered holier than thou, and the public at large.

Come to think of it, most of today's modern institutions are built on the basic tenet of Mutual Trust and Confidence, historically.

Stock exchanges, Banks and Insurance companies originated in the late seventeenth-century, in and around London coffee houses, where merchants, ship-owners and bankers would gather to exchange news about commodities and commercial voyage. This informal bonhomie was crucial in generating the mutual confidence necessary for commercial and financial operations, eventually leading to the creation of institutions and custodians of public trust.

However, these public and private institutions today, seem to be missing the wood for the trees, by creating complex structures, a conflict of interest and often espousing ambiguity instead of trust.

Trust & Long Term Wealth Creation

Success and growth comes to the company that offers products or services at a fair price, and practices honesty and integrity in all of its dealings. It is not just ethics, but it is also smart business - Doug Young, Behler-Young President.

Eight Pillars of Trust

Business strategist David Horsager has developed a system to follow, to be able to build Trust:

- Clarity** – People trust the clear and mistrust the ambiguous
- Compassion** – People put faith in those who care beyond themselves
- Character** – People notice those who do what is right over what is easy
- Competency** – People have confidence in those who stay fresh, relevant, and capable
- Commitment** – People believe in those who stand through adversity
- Connection** – People want to follow, buy from, and be around friends
- Contribution** – People immediately respond to results
- Consistency** – People love to see the little things done consistently

Over the years, very few companies and institutions have managed to create trust with stakeholders, and sustain it across business cycles. And only a handful of these companies then ended up creating enormous value and wealth for all their stakeholders.

HDFC, TATA, HUL, Asian Paints are a few such shining examples in India, which stand out amongst thousands of companies listed in the public markets.

Trust & Tech Disruptions

A sizeable number of today's largest, most impactful and high valued start-ups have something in common – they create new forms of trusted intermediaries. These Billion-dollar platforms are being built around the nucleus of Trust.

New-age platforms are leveraging the power of crowds, by creating collective Trust through social capital and network communities thus creating "relationship renaissance" on a massive, real – time and global scale.

Innovation and disruptions work only if we trust the new offering to be competent, consistent and aligned to consumers - be it service, product or platform.

Business models can evolve and consumer preference could change, but one key tenet, which is unarguably the most important moat for any business today, is the ability to create and sustain TRUST with all stakeholders.

M&A

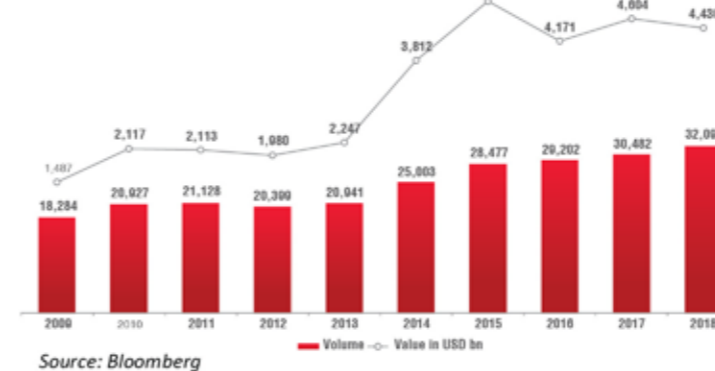
A ROUTE FOR CREATING VALUE

by Ausang Shukla

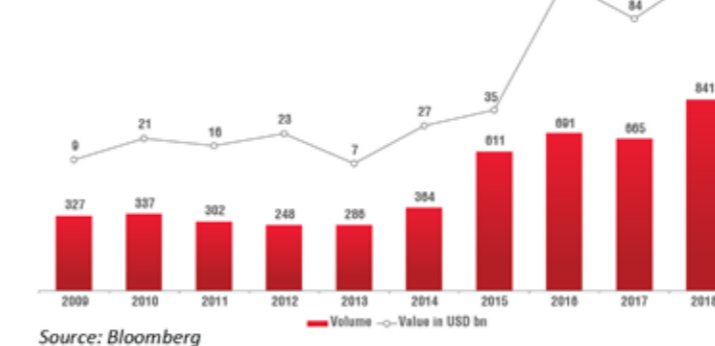
Over the years, popular perception along with studies of leading global consultants and business schools, has been - that Mergers and Acquisition (M&A) transactions do not create value for shareholders.

However, when we look at the numbers for the value of M&A transactions globally and in India, which while subject to some cyclicity, have consistently moved up in value over a period of time.

Global M&A Volumes (US\$bn)



India M&A Volumes (US\$bn)



This fact did not escape the attention of researchers as well, and many of them decided to do a deeper analysis, focused more on long-term data. And more recent studies including one by the Harvard Business School, now opine that over long periods of time, M&As do in fact create value.

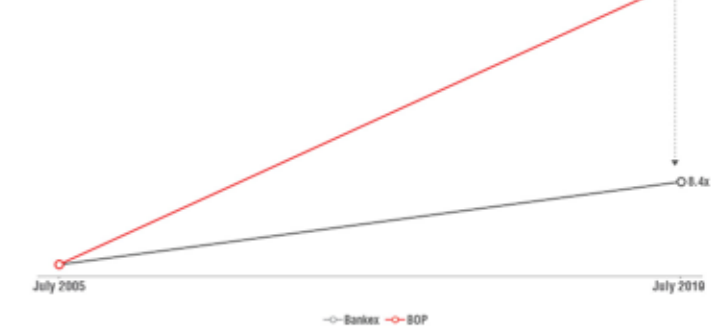
The corporations that were able to create value from M&A transactions and outperform the broader markets, were those that viewed M&A as a core activity and approached them in a structured manner. The other finding was that given the strategic nature of the transactions, the true impact of M&A should be measured over a longer period of time, rather than the movement of stock prices immediately after an M&A announcement, which was the methodology used, by most of the earlier studies.

We took this opportunity to view the long-term impact of one of the largest mergers in India, the merger of Centurion Bank of Punjab

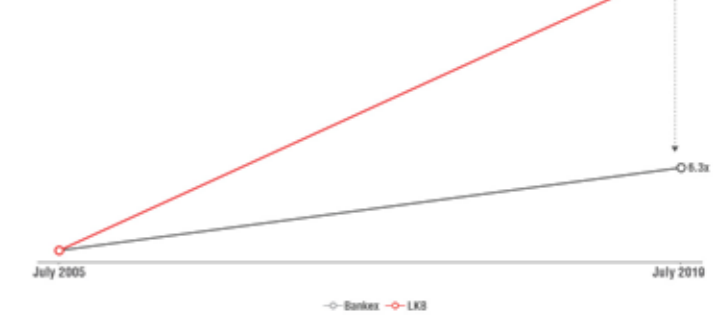
with HDFC Bank, and prior to that, its mergers with Lord Krishna Bank (LKB) and Bank of Punjab (BoP). We analyzed the value created by shareholders over the years, with a hypothetical value of what may have been stand-alone, through looking at how their peers performed (Bankex considered as a proxy).

As highlighted in the chart below, the results were staggering. The decision taken by the shareholders to merge into a larger entity rather than stay on their own with limited avenues for value creation, has created significant value for all stakeholders.

BoP shareholders – proforma value creation



LKB shareholders – proforma value creation



The Market today, and what's next?

As we stand today, it is a tough market for transactions - with M&A value for year-to-date FY20 being down nearly 50%, as compared to the same period last year. But at Ambit, we think this is going to present some great opportunities to the companies that use the current market conditions to enhance their scale, products or geographical spread, through strategic transactions, and hence enhance their overall competitive position in the market. At Ambit, we will continue to stay focused on helping our clients to continue to carefully evaluate and execute on these opportunities, as we have, through the various market cycles!

Showcase

by Ashish Gawade



these poor quality, unsafe devices could be replaced with a world quality Jeevtronics San Mitra 1000 HCT defibrillator. This will save India a minimum of USD 100 million per year in foreign imports.

So far, 35+ units have been deployed in Gujarat, Maharashtra, Tamil Nadu and Rajasthan.

The device will be useful for: Hospitals/ nursing homes, Ambulances, Armed forces, Primary health centers/ community health centers/ district hospitals, Smart Cities, Sports arenas, Disaster relief, etc.

Jeevtronics is always looking for more access to hospitals, ambulances, distributors in India, as well as other developing countries; as also more investments in to their business.

Jeevtronics' founders Ashish Gawade and Aniruddha Atre can be reached at: 98508-19688/ 95610-90749 or agawade@bopeei.in / aatre@bopeei.in.

The World's first dual-powered (hand-cranked + grid-charged) defibrillator for developing countries

Jeevtronics (whose founders are Ashish Gawade and Aniruddha Atre – in the picture) has developed the world's first hand cranked defibrillator, which works even in rural, remote areas without electricity. It is battery-less (hence green) and maintenance free. Designed and engineered to international standards like IEC60601-2-4 etc and for ambulance vibrations, high temperatures, shock etc to EN1789/ AIS125, comparable devices are 4x to 15x more expensive.

Why? Sudden cardiac arrest kills 6-7 lakh people annually, in India alone. A similar situation exists in Africa, SE Asia, South America. This rate is 3-4x higher, as compared to developed countries.

Reason: Lack of stable grid electricity and affordability.

Jeevtronics' defibrillator has a built-in power source and will work in rural remote villages too. The cost is also 1/4th that of big brands. This is a great boon for primary health centers, community health centers, sub-centers and even ambulances, which do not have inverters + batteries (99% of Indian ambulances). If this defibrillator is deployed across the country, the death rate due to sudden cardiac arrest could come down by 3-4x. Thus, their mission is to achieve these levels.

Since the grid electricity problems in Africa, S America, SE Asia are similar to those in India, all low and middle income countries (LMIC) will benefit from this product. These countries lose 1.8 million people annually to sudden cardiac arrest. Worldwide the market for defibrillators is USD 11 billion. Great export potential exists for this product too. Jeevtronics will also acquire a European CE mark shortly. Their charge-discharge circuits are rated for 16,000 cycles (6x more, compared to what the international standard demands).

Presently, the Indian market for defibrillators is about 70,000 units annually. 80% of these are either refurbished, 10 to 30 year old devices from abroad, or from low cost, low quality countries. All

Awards and Accolades:

- Won a grant from PATH to get an EU CE mark, ISO 13485 etc.
- Semi-Finalist in Global Impact Accelerator SLUSH Finland 2017
- Exhibited at the Rashtrapati Bhavan "Festivals of Innovations" 2017
- Selected for DBS Bank's "DBS50 Cohort 2017", with access to global mentors
- Finalist (Top 6) at Social Venture Challenge Asia, Singapore, Sep 2016
- Runner up at Sankalp Global Summit April 2016
- Won the Indo-US Science and Technology Fund grant 2016
- Won 2nd prize at the Tata Social Enterprise Challenge at IIM-Calcutta in Jan 2016
- Won 1st prize at the lightning pitch competition at the International Knowledge Millennium Conference, Nov 2015
- Won the BIG and IIPME from BIRAC, DBT, Gov of India, Jan 2014 & Mar 2016

Behind the Scenes

by Mahesh S



- Q. If you were not into your current role what would you be doing in life?
 Ans I would be in a Government job (9 to 5) as most of the people I know, while I was growing up, were in a similar 9 to 5 job.
- Q. Which is your dream destination for holiday, why?
 Ans Heard a lot about Amazon forest where the sunlight does not even trespass. That is where I would like to spend my holiday. *Hope the tribes won't eat me.
- Q. One movie you wish you could be a part of? Which character you would like to play and why?
 Ans Will Smith in "I Am Legend."
 A: Responsibility of saving the human race.
 B: Scope of individual performance.
 C: His role was very inspiring as it showed how one person can make a difference
- Q. One habit you regret having in your routine?
 Ans Every habit has its own purpose. No regret.
- Q. What are the qualities which you admire in a person?
 Ans Intelligence and Resilience
- Q. How was your first day in Ambit? What was the most memorable thing about the Day?
 Ans I was welcomed with big smile by HR, many unknown faces and few known face -mixed feeling of excitement and first day nervousness.
- Q. What is the biggest risk you have taken in life?
 Ans very rarely take risks in my life. However, tried to get out of my comfort zone while changing my stream from Science to Information Technology. It has ended up working well for me so far.

- Q. High point in your life?
 Ans Getting good care, & full support from family & friends; amazing work environment, exceptional individual performance (appraising myself).
- Q. If you are the Prime Minister for a day what is the first thing you would do?
 Ans Project initiation on various aspects: Caste, Transparency in Government offices & Poverty eradication
- Q. Given a chance to start your journey with Ambit again from your DOJ, in which function would you love to start with?
 Ans Strategy Team (Digital Initiatives) -Information Technology

GENESIS (AVP & VP OFFSITE)

Ambit concluded Genesis, a mid-management offsite, which was centered around our Values. It was a 2-day educational & fun-filled getaway, and saw 60+ participants from our offices and functions, across the country.

Our Group CEO, Ashok Wadhwa, along with some of our business CEOs Sushant Bhansali, Sanjay Agarwal and Nitin Bhasin spent time with these young leaders, imparting their knowledge and expertise from over the years.



Gorgeous Germany!!

by Sanjyot Anjarlekar

Think Germany and you think Oktoberfest!! Having said that Germany is so much more and beyond! So let me take you through the key highlights of my visit...

My husband and I flew to Frankfurt and the first on our radar was a river cruise along the Rhine river, which is a UNESCO heritage site. Sipping the famous German Eiswein (read Ice wine) and enjoying the scenic cruise ride we knew the trip had started well.
Note - Some of the lovely castles on both sides of the river are converted into hotels. Some are believed to have a hoary past, explore them for thrills!



BERLIN

Exit Cologne and Enter Berlin. This is a beautiful city with lots of History and Culture!! The key monuments are The Brandenburg Gate, The Reichstag (Parliament House), The Berlin Wall Memorial & Museum Island. The graffiti at the Berlin wall painted stories of pain and hope and many lessons for the generations to come. The city becomes even more alive at night. Ensure you visit one of the many museums in Berlin. Our pick in the Museum Island was The Pergamon museum & Das Panoramä, a very unique experience of how life must have been during the Roman empire. A must watch!!

Traveler tips - Book a free ticket to the German Parliament building The Reichstag, night slot recommended for the view and get to know more of German politics and history.

MUNICH

Our base for travel in Bavaria was Munich and here you have to visit the BMW museum!! My husband's eyes popped out like a kid in a candy store; so ensure you spend quality time there!!

BLACK FOREST TRIBERG

Germany's Black Forest region is beautiful, with beautiful pine trees and curvy roads. We visited Triberg, as it housed Cafe Schaefer, who produce the world's one and only original Black Forest cherry cake with the original recipe of Konditormeister Josef Keller, the inventor of the Black forest cake. We enjoyed the freshly made cakes with Cherries soaked in Kirsch! Remember - there are queues to get in and they also run out of cakes as soon as they are baked!! Triberg has a beautiful waterfall and the famous Cuckoo Clocks shop called House of 1000 Clocks. Do buy your souvenirs from here.

FOOD!!

Talking about food - There were enough options for Vegans and Vegetarians; while for the Non Vegetarians must try are Chicken Schnitzel, Curry Wurst and Bratt Wurst. For a change, try the Turkish joints too. Every city or town has a huge variety of cakes, pastries and other bakery dishes. Take a pick on anyone and you won't regret.

Important tip - Lots of small joints or restaurants don't accept credit / debit cards. So make sure you carry enough cash.

As we left Germany, we have lovely memories of beautiful scenery, well maintained architecture, history and culture; and off course the best of food and Beer!!

DRESDEN

Moving on, we did a short stop at Dresden. Must visit here is the Zwinger Palace & Frauenkirche.

BAVARIA

Moving on we entered the Bavarian region famous for its Alps. There are 3 palaces / castles which are must visits - all built by the king of Bavaria King Ludwig II who went bankrupt in building these castles (leaving some of them incomplete) in trying to create a replica of the Palace of Versailles!! namely, Linderhof Palace, Herrenchiemsee Palace and the magnificent Neuschwanstein Castle. It's this castle which inspired the castle depicted in Disney.
Traveler tip: Taking the guided tour inside these palaces / castles is a must.

Black Forest – Baden Baden!

For Spa & Casino lovers, is the classy town of Baden Baden, which is the home for the famous Casino Baden Baden which dates back to 1800 century!! Baden Baden gets its repeated name as the bath town within the bath region and has been renowned as a spa town for more than 2000 years. Also known for its Horse Racing Festival, Baden Baden is always associated as a town which attracts the rich and famous!

ROTHENBURG OB DER TAUBER

For the love of small towns, worthy of mention is Rothenburg ob der Tauber, a medieval old town which is picture perfect with its cobbled lanes and well maintained colourful buildings. Take a picture at the famous Das Plönlein - Fork Road and relax in the Altstadt with a drink and snacks.
Traveler tips - The famous German Christmas Markets run all year here and are a treat to visit!!! Ensure you buy some souvenirs from here for your loved ones.

COLOGNE

The famous Cologne Cathedral completed in 1880 just outside the train station is a treat to behold! As the name goes, the original Eau de Cologne perfume was invented here too and hence I ensured that I was gifted a cologne by my husband.

Interesting fact - Cologne was invented by an Italian (Giovanni Maria Farina), in a city of Germany (Cologne) and given a French name (Eau de Cologne)
 A visit to the Schokoladen Museum (Lindt Chocolate Museum) is a must for all Chocolate Lovers!! It has a magnificent shop for your chocolate shopping.



A WAY OF LIFE – KPCT FOUNDATION

KPCT foundation stands for Kumawat Pahal Charitable Trust. KPCT Foundation, an initiative by Mrs. Jyoti Yadav & two other like minded friends. It was created with the thought of giving something back to the society. Being a Maths teacher for 19 years, problem solving skills was deep rooted in her DNA. She found ways to contribute in her own way to solve societal problems by conducting medical & blood donation camp, events etc.

At one such event, she came across a specially abled artist who was extremely confident and passionate about his paintings. Due to his painting skills this artist was able to live a respectable life and earn well. He was not dependent on anyone. She felt if a specially abled person is gifted with natural skills she could play a role of a catalyst by providing them with all the support required.

She decided to divert the activity of her trust towards specially-abled people. Discovering such people who are having pinch of interest in art and helping them turn their hobby into a profession. Soon she had identified a team of artists and met their families. Many people belonged to low income group. By providing free art material and some guidance she motivated them to pursue painting and with her perseverance and their efforts most of them were budding artists in a year time.

She collected their paintings and paid them from her salary without any discrimination in their work. In order to make this initiative commercially viable she started approaching people to buy the paintings made by her specially-abled artists. Garware Club at Wankhede Stadium was the first to provide the opportunity to not only display the paintings of their artists for sale but also arranged for live painting event by one of their foot artists. It was a fantastic event and provided a new direction for the organization to work. Team KPCT started approaching Corporates for live demonstration and painting exhibition at their office premises. Later many organizations Taj, Hyatt, Just Dial, Godrej Properties, Nucleus Software supported us in this noble cause.



When the team of KPCT approached Ambit it received warm response. Our artist Nadeem was present for live painting and we displayed our art work and some products made from the paintings. We got tremendous response from all the staff members of Ambit and we reached our biggest sale for the year. This boosted our confidence to accommodate more specially-abled people. The going has been good since then and we have done many more events with Renaissance Powai, IndusInd Bank, Qatar Airways, CIL, Hyderabad Literary festival, SVP School Malad.

Our journey that we started as a very small initiative has now become a responsibility. We believe if we work hard and sincerely, results will definitely come. We have been fortunate enough to come to Ambit again and receive lot of encouragement and appreciation from Mr. Ashok Wadhwa who met our artist, purchased paintings and promised to give us an opportunity every year.

We started this journey with 1 artist and now we have 25 artists. Our artists have been recipient of several awards over the last 2.5 years.

We have additionally created a platform for the qualified specially-abled to seek employment. We call this project as "SAVDHUR" (Self Dependent) a bridge between the mainstream Corporate and the deserving candidates. The project will work in four major cities like Mumbai, Delhi, Bangalore and Kolkata and will be gathering more than 2000 CVs for the great job opportunities.

The organization is thankful for all the support we have received to stand for a special cause of Disability and take it to another level of success. Special Thanks to Mr. Ashok Wadhwa and Ambit team for giving us the opportunity to share our journey with you through your newsletter.

"The only impossible journey is the one you never begin."

Connect us : www.kpctfoundation.org



QUALITY NEVER GOES OUT OF FASHION

- By Ambit Asset Management

2019 has been an eventful year for the Indian equity markets. A slowing economy, rising unemployment and expensive valuations make for an unprecedented situation from investors' perspective. GDP growth has slowed down from 6.58% in March 2019 to 4.55% in September 2019; Sensex, on the other hand, has yielded 12% return year-to-date CY19 (Jan to Dec 2019).

The numbers highlight the investment dilemma.

In such times, safety should always be the first aim. We do believe that the process of economic recovery will be a slow but steady one, and hence believe that a U-shaped recovery is likely to occur over the next few months.

In such an environment, it is always prudent to invest in high quality companies with a steady growth outlook and a light balance sheet. Even if it means paying a little premium for the same. Steady earnings growth will help the portfolio outperform even in tough times and minimize the drawdowns.

Companies with good corporate governance will never go out of fashion!

THE BEST OF AMBIT'S READING LIST

Ambit Institutional Equities is known for its iconoclastic and hard-hitting research. These come from not just analyzing companies and sectors but also having a firm ear to the ground for trends and tremors and something else... we spend a lot of time reading articles that cover a wide gamut of topics, ranging from zeitgeist to futuristic. Our weekly 'Ten Interesting Things' product encapsulates the best of such incisive pieces, which range from Philosophy, Environment, Linguistics, Politics and Genetics to Technology, Management and Sports. Here are some of the best from the past few months.



Ray Dalio - America's capitalist system is broken!

[Source: CNBC]

The billionaire financier and founder of Bridgewater Associates, the largest hedge fund in the world with \$160 billion in assets, Ray Dalio says that the world has gone mad and the system is broken. Dalio, 70 and worth almost \$19 billion, does not elucidate what that paradigm shift will be in his post, but he has been outspoken in his criticism of the very capitalist system that made him successful. In an interview with CBS' "60 Minutes" in July, Dalio said the U.S. economy must change or there will be a "conflict" between the rich and the poor. And in January, he said "capitalism basically is not working for the majority of people." Mr. Dalio says that we are in a situation known as "pushing on a string." the U.S. government is out of money — and still spending, as deficits continue to grow. Governments need to fund obligations like pensions and healthcare. "Since there isn't enough money ... there will likely be an ugly battle to determine how much of the gap will be bridged by 1) cutting benefits, 2) raising taxes, and 3) printing money..." Dalio writes. Mr. Dalio says higher taxes and less benefits will continue to create tension between the rich and the poor. "The rich/poor battle over how much expenses should be cut and how much taxes should be raised will be much worse," Dalio wrote on LinkedIn. "Because the 'trickle-down' process of having money at the top trickle down to workers and others... is not working, the system of making capitalism work well for most people is broken."



Jim Simons learnt the task of the game – beating the market

[Source: Forbes]

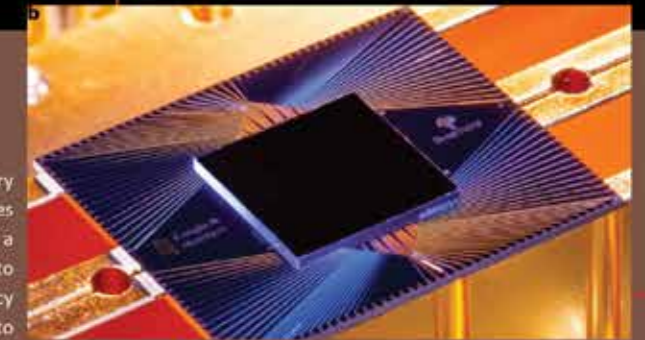
Jim Simons, a mathematician, was sure that he could master financial speculation. He launched his investment company, Monometrics, combining the words "money" and "econometrics" to indicate that he would use math to analyze financial data and score trading gains. Simons would hire a team of big brains to pore through the market's data to identify trends and develop mathematical formulas to profit from them. He didn't know where to start, but he did have an ideal partner in mind for his fledgling firm: Leonard Baum, a former colleague and mathematician who had spent time discerning hidden states and making short-term predictions in chaotic environments. Simons came to see himself as a venture capitalist as much as a trader. Baum was fine with Simons working from the New York office, dealing with his outside investments, and tending to family matters—he didn't need much help. Baum was making so much money trading various currencies using intuition and instinct that pursuing a systematic, "quantitative" style of trading seemed a waste of time. Baum liked to purchase investments and sit on them until they rose, no matter how long it took. His penchant for holding onto investments eventually caused sudden losses, however. By December 2018, Simons had spent more

than three decades pioneering and perfecting a new way to invest. He had inspired a revolution in the financial world, legitimizing a quantitative approach to trading. The gains Simons and his colleagues have achieved might suggest there are more inefficiencies in the market than most assume. Renaissance showed that with enough data, computational power and modeling experience, it's possible to deduce many of the hidden factors moving the security prices otherwise invisible to other investors.

Quantum computing takes flight

[Source: Nature.com]

Quantum computers promise to perform certain tasks much faster than ordinary (classical) computers. In essence, a quantum computer carefully orchestrates quantum effects (superposition, entanglement and interference) to explore a huge computational space and ultimately converge on a solution, or solutions, to a problem. But now, in a paper in Nature, Arute et al. report quantum supremacy using a 53-qubit processor. Arute and colleagues chose a task that is related to random-number generation: namely, sampling the output of a pseudo-random quantum circuit. This task is implemented by a sequence of operational cycles, each of which applies operations called gates to every qubit in an n-qubit processor. The demonstration of quantum supremacy involved sampling the solutions from a pseudo-random circuit implemented on Sycamore and then comparing these results to simulations performed on several powerful classical computers, including the Summit supercomputer at Oak Ridge National Laboratory in Tennessee. Summit is currently the world's leading supercomputer, capable of carrying out about 200 million billion operations per second. This demonstration of quantum supremacy over today's leading classical algorithms on the world's fastest supercomputers is truly a remarkable achievement and a milestone for quantum computing. However, much work is needed before quantum computers become a practical reality. In particular, algorithms will have to be developed that can be commercialized and operate on the noisy (error-prone) intermediate-scale quantum processors that will be available in the near term. Arute and colleagues' demonstration is in many ways reminiscent of the Wright brothers' first flights.



In praise of being unproductive

[Source: HBR]



In her new book, 24/6, Tiffany Shlain, the founder of the Webby Awards, lays out a plan for surviving our "always on" culture. Taking a cue from her Jewish heritage, she suggests a "tech Shabbat": one day a week without screens or devices. For thousands of years Shabbat has prescribed that people set aside time to rest and reflect. Shlain writes that her modern interpretation benefits our mental and physical health. When we step away from technology on a regular basis, it becomes easier to consider whether we're using it wisely. Another idea comes from the artist Jenny Odell, and that's doing nothing. In How to Do Nothing, her treatise on capitalism's tendency to equate "useful" with "can make money," she argues for

the value of being useless. But the nothing she favors isn't about idleness or apathy. It's about reclaiming our time and putting it toward activities whose point isn't profit. Odell contends that when our identities depend solely on what we contribute to a company's P&L statement, we're likely to end up losing who we really are. There's another take from Ryan Holiday, in Stillness Is the Key, explaining why you should do more nothing. It explores the virtues that helped famous figures achieve some of their greatest triumphs. John F. Kennedy (patience, solitude) resisted the urgings of advisers to pursue aggressive military action during the Cuban missile crisis, preferring to wait out the Soviets with a blockade. Napoleon (focus, prioritization) waited weeks to reply to letters, believing that most matters would resolve themselves and saving his attention for the truly important. It seems we all need to take "tech Shabbat" frequently, and explore the offline world.

Indian women in Motorsports defying sexist assumptions

[Source: feminisminindian.com]

In India, you must have come across this phrase, "If a woman is driving besides your car, stay away from her". Women can't be good drivers is what all say. But this article highlights 5 Indian women who have smashed all those stereotypes. And looking at such women, many others are stepping up and doing what once only men could do. So who are these ladies? 1) Alisha Abdullah: She is recognized as the first female National Racing Champion. Her love for driving began early in her life when she began go-carting at the age of 9 and became a winner by the age of 11. She stands as the second fastest bike racer among both men and women in India. 2) Sneha Sharma: Besides being a commercial pilot with Indigo Airlines, she has been competing in Formula 4 National Racing Championship since the age of 16 years. In 2009, she stood second in the JK Tyre National Karting Championship. She was also accorded the title 'India's Fastest Female Racer' after she secured the 5th position in Mercedes Young Star Driver Program. 3) Aishwarya Pissay: Apart from winning

6 national Titles, she also has a world title in motorsports on motorcycle, the first ever Indian athlete to do so. She is also the first to compete in Bajaj Aragon World Rally in Spain in 2008. 4) Garima Avtar: Apart from being a professional car racing driver, she also serves as the Vice President of Business Development at Delton Cables Ltd., New Delhi. 5) Mira Erda: She became the Youngest Formula 4 Girl Driver in 2014 and the first Indian Woman to race in the Euro JK series. It is as important for women to fight the detrimental effects of these sexist formulations as it is to strike at the very roots of sexism and patriarchy. Unless we stop chiding our boys for playing with dolls and encouraging women to take a liking for homely activities, the perpetuation of these sexist and stereotypical constructions will continue.



Don Hoffman's 'A Case Against Reality': This book will change the way you look at things, literally

[Source: swarajyamag.com]

The author talks about the profound mystery that Don Hoffman's book takes us through. This initially looks amusing. Then philosophical and psychological. And when you finish the book, you realise that this mystery the book dives in is right at the core of our existence. We see the world in multiplicity. We see the birds and trees and ants and elephants. But is what we see really there? Or are we seeing what we have been made to see? Are we a species that perceives the world around us as it is not? Philosopher Elizabeth Anscombe narrates one of her memorable interactions with Ludwig Wittgenstein in which the latter asked her: "Why do people say that it was natural to think that the Sun went round the Earth rather than that the Earth turned on its axis?" Anscombe replied that perhaps 'because it looked as if the Sun went round the Earth'. To this, Wittgenstein remarked "Well, what would it have looked like if it had looked as if the Earth turned on its axis?" For those in science who dare to take a stand against the conventional tide without falling into the land of pseudosciences, the book is quite a guide. The mainstream stand of cognitive scientists, as Hoffman quotes Stephen Palmer, is that 'visual perception is useful only if it is reasonably accurate'. It is not easy to look at a spoon, a tomato or even a lump of clay again the same way after reading the book. However, at no point does the book lose scientific rigour.



The Bullshit-Job Boom

[Source: New Yorker]

"Bullshit, like paper waste, accumulates in offices with the inevitability of February snow. Justification reports: What are these? Nobody knows. And yet they pile up around you, Xerox-warmed, to be not-read. Best-practices documents? Anybody's guess, really, including their authors'. Some people thought that digitization would banish this nonsense. Those people were wrong. Now, all day, you get e-mails about "consumer intimacy" (oh, boy); "all hands" (whose hands?); and the new expense-reporting software, which requires that all receipts be mounted on paper, scanned, and uploaded to a server that rejects them, since you failed to pre-file the crucial post-travel form. If you're lucky, bullshit of this genre consumes only a few hours of your normal workweek. If you're among the millions of less fortunate Americans, it is the basis of your entire career. In "Bullshit Jobs" (Simon & Schuster), David Graeber, an anthropologist now at the London School of Economics, seeks a diagnosis and epidemiology for what he calls the "useless jobs that no one wants to talk about." He thinks these jobs are everywhere. By all the evidence, they are. His book, which has the virtue of being both clever and charismatic, follows a much circulated essay that he wrote, in 2013, to call out such occupations. Some, he thought, were structurally extraneous: if all lobbyists or corporate lawyers on the planet disappeared en masse, not even their clients would miss them. Others were pointless in opaque ways. Soon after the essay appeared, in a small journal, readers translated it into a dozen languages, and hundreds of people, Graeber reports, contributed their own stories of work within the bullshit sphere."



What Breaking the 4-Minute Mile Taught Us About the Limits of Conventional Thinking

[Source: HBR]

The article tributes Roger Bannister, the first human being to run a four-minute mile, and mulls on his legacy "not just as one of the great athletes of the past century, but as an innovator, a change agent, and an icon of success". When he broke through a previously impenetrable track-and-field barrier, he taught all of us what it takes to break new ground, the author says. Bannister, on May 6, 1954, busted through the four-minute barrier with a time of three minutes, fifty-nine and four-tenths of a second. But how many know the story behind the story — and its lessons for leaders. The elusive four minutes had become a psychological barrier as much as a physical one. When Bannister broke the mark, even his most ardent rivals breathed a sigh of relief. Since then over a thousand runners conquered that barrier, which once was considered out of reach. "What goes for runners goes for leaders running organizations. In business, progress does not move in straight lines," says the writer. Two Wharton School professors analyzed it for business of the four-minute mile. In their book, *The Power of Impossible Thinking*, Yoram Wind and Colin Crook devote an entire chapter to Bannister's feat and emphasize the mindset rather than the physical achievement. How is it, they wonder, that so many runners smashed the four-minute barrier after Bannister became the first to do it? Most thinking about strategy, competition, and leadership emphasizes the intricacies of business models: revenues, costs, niches, leverage. But mental models are key to leaders to "try not just to be the best at what everyone else can do, but to do things that only they can do" so that others can emulate and in general raise the barrier. So, in outperforming their rivals, great leaders also stretch the bounds of what's possible in their fields.



How to disagree with your boss

[Source: HBR]

Your boss proposes a new initiative you think won't work. Your senior colleague outlines a project timeline you think is unrealistic. What do you say when you disagree with someone who has more power than you do? How do you decide whether it's worth speaking up? And if you do, what exactly should you say? Experts say it's a natural to shy away from disagreeing with a superior. "Our bodies specialize in survival, so we have a natural bias to avoid situations that might harm us," says Joseph Grenny, the coauthor of *Crucial Conversations* and the cofounder of VitalSmarts, a corporate training company. At the heart of the anxiety are negative implications — He's not going to like me, I'll get fired. The author advises to realistically weigh the potential consequences of taking action. Is it best to hold off on voicing your opinion? What does the boss care about? Is it credibility of team or getting a project done on time? One should try to connect disagreement to a "higher purpose." Contextualizing the response shows you are not a disagreeable underling but as a colleague working for a shared goal. "The discussion will then become more like a chess game than a boxing match," says the author. The idea is to Stay calm (speak slowly and deliberately), Validate the original point (lay a strong foundation for the discussion), Don't make judgments (try honest disagreement, a worthwhile advancement of thought), Stay humble (leave room for dialogue), and Acknowledge their authority (respect the person while maintaining your own self-respect). The article analyses two cases to explain the above Dos and Don'ts.

HAPPENINGS

JULY TO DECEMBER 2019

FOOTBALL



WINNER OF THE EVENT



BATTLE OF THE BRAINS



WINNERS

Tulika Dass & Vinay Shivdasani



2nd Runner Up

Neharika Nawapet & Sushant Agarwal



The Quizmaster

Amrita Farmahan felicitating Basudeb Banerjee



1st Runner Up

Ronil Dalal & Dhruv Jain



Indoor Games



CARROM WINNERS

WINNERS



Adil Khatib & Sharoz Hussain

Sudesh Khalre & Sanjay Gulavani

RUNNERS UP



Manoj Batra & Rehan Shaikh

Sameer Shimaria & Parag Desai

POKER WINNERS



Shrikrishna Wairkar
Aditi Sharaf
Zurica Miranda

150K Points
90K Points
75K Points

Ambit Star Awards 2019 - Winners



Vilma Mathias- Group Head
Compliance & Legal



Vivek Jaiswal- Manager
IT- SME Business

Special Mention Awards



Raveeraj Pujari
Associate Vice President - Risk



Paresh Kapadia
Associate Vice President - Admin

Founder's Day 2019 - September 6th



Founder's Day was celebrated at Ambit House and a live webcast was arranged at other offices.

Diwali

Celebrations





Merry
CHRISTMAS



Behind the Scenes

by Jaydeep Joshi

Q. If you were not into your current role what would you be doing in life?

Ans I would be an Entrepreneur.

Q. Which is your dream destination for holiday, why?

Ans London is my dream destination as this is the only place that comes to my mind when I think of going for a holiday.

Q. One movie you wish you could be a part of? Which character you would like to play and why?

Ans I wish I could have been part of the movie "Chak De India" and I would have loved to play role of Kabir Khan (played by Shah Rukh Khan) because he never gave up in his life under any circumstances.

Q. One habit you regret having in your routine?

Ans Waking up late

Q. What are the qualities which you admire in a person?

Ans Willingness to learn is admirable because it takes time, energy, commitment and an intelligent mind. Along with the ability to learn, is the ability to make mistakes and learn from those too.

Q. How was your first day in Ambit? What was the most memorable thing about the Day?

Ans My first day in Ambit was amazing. I will never forget my first day because of the friendly and welcoming atmosphere of my staff members.

Q. What is the biggest risk you have taken in life?

Ans The biggest risk taken in my life is deciding to work in Sales. I have been successful so far and look forward to achieve greater things here at Ambit.

Q. High point in your life?

Ans When I worked with the second largest NBFC in India as an Area Sales Manager, my team won the target contest and we were rewarded with a trip to Dubai.

Q. If you are the Prime Minister for a day what is the first thing you would do?

Ans I will create more and more opportunities of employment by promoting SME and MSME Sectors in our Economy.

Q. Given a chance to start your journey with Ambit again from your DOJ, in which function would you love to start with?

Ans I would love to start with Sales because it gives me immense pleasure.

PUZZLE 1

Fill in the grid with numbers basis the clues below. No number is repeated in the grid.

The number universe for this grid comprises

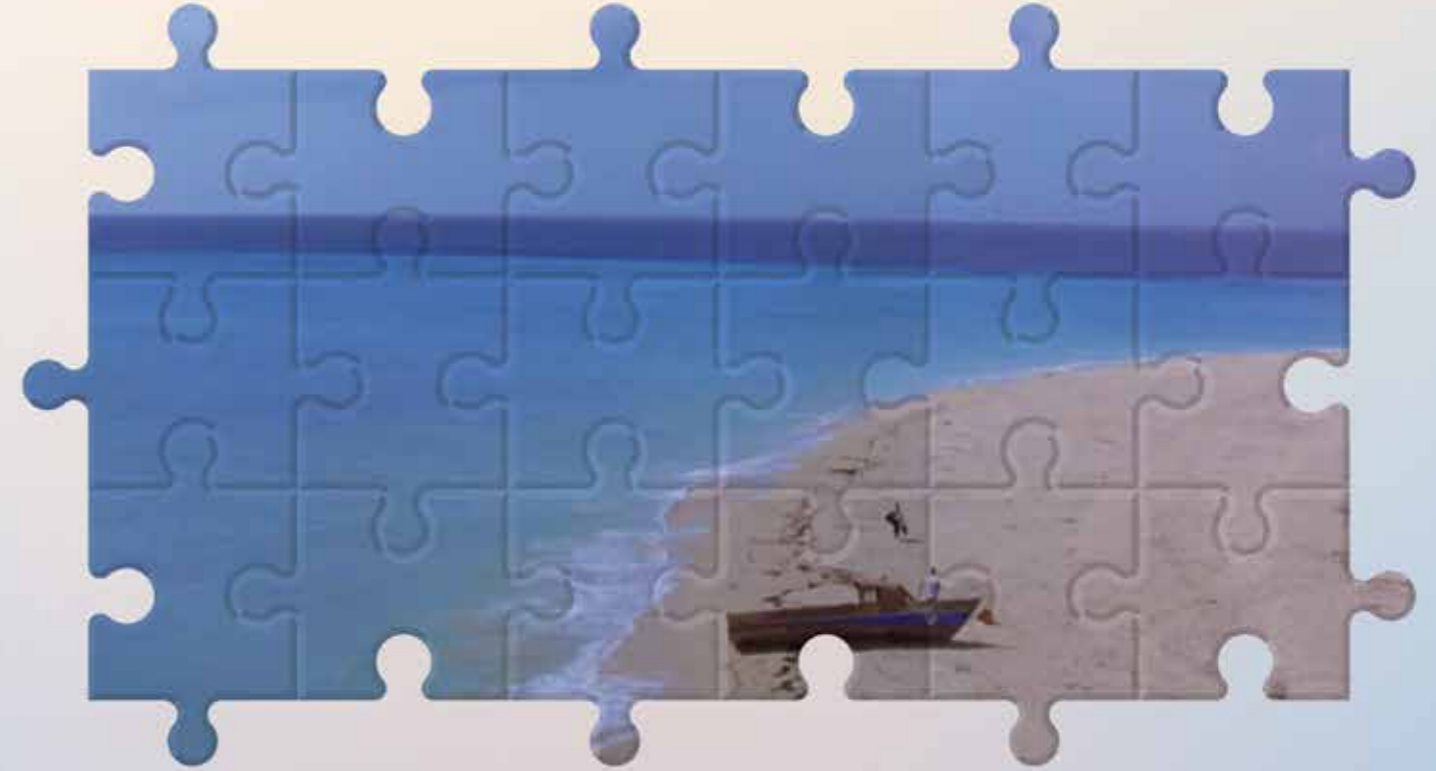
- (a) Odd numbers between and including 1-30
- (b) Even numbers between and including 70-100
- (c) Squares till and including 100 (odd & even)

CLUES

1. Only one of the numbers in the grid matches the row AND the column number in which it is located. The square of this number is in an even numbered column and in a cell adjacent to this number
2. Only one column has all the squares. All squares divisible by 3 are in adjacent cells
3. Row 3 entirely comprises multiples of 3 under 30.
4. Column 1 contains only multiples of 5
5. All numbers ending in 3 exist in the grid and are in one column from high to low
6. Likewise, all numbers ending in 7 exist in the grid and are in one column (next to the column referred in clue 5) from low to high
7. The largest square number is in Row 5 & in the first two columns
8. The highest and lowest multiples of 5 are in adjacent cells
9. The grid contains the smallest & largest squares as well as largest & smallest prime numbers
10. One 2x2 grid houses prime numbers - one row in this grid adds up to twice the other row
11. Only one number in the grid is divisible by both 9 & 15 and lies in the cell adjacent to one of them
12. There are 2 non adjacent blank cells but neither one is in column 1
13. Only one row has 3 consecutive numbers. The same row has 3 consecutive even numbers succesively and in increasing order

	Column 1	Column 2	Column 3	Column 4	Column 5
Row 1					
Row 2					
Row 3					
Row 4					
Row 5					

PUZZLE 2



Complete the dialogue using words from the grid.

Hint: its from the movie whose last scene is shown in the above picture. Still can't recall? Well, the lead role was a banker in the movie.

..... Red, / _ _ _ / _ _ / good thing, may be the best / _ _ _ _ _ / / _ _ _ _ _ / _ _ _ _ _ /

Q	V	L	P	I	V	N	D	T	Y	J	P	H	S	B	N
W	F	Q	M	V	T	S	T	I	B	P	J	I	X	M	O
A	X	C	I	H	N	E	G	P	E	B	T	I	S	C	X
Q	P	I	I	E	O	O	L	M	J	S	K	O	B	I	S
N	H	N	F	T	Z	V	N	D	F	N	F	A	B	G	B
F	G	Z	N	A	Z	X	V	E	O	R	N	S	O	G	L
S	N	K	B	N	E	K	Z	X	B	O	P	U	F	A	R
V	O	X	R	C	P	S	B	D	N	A	G	U	O	E	B
Q	X	V	T	U	O	T	Q	I	B	U	M	R	B	R	Q
D	N	V	T	H	H	D	H	R	O	X	A	M	M	F	R
C	G	N	I	H	T	V	J	C	G	Q	E	J	X	E	M
K	Y	M	Q	A	L	G	D	K	U	M	C	J	A	T	Y
E	V	Q	E	V	E	R	J	U	E	S	S	W	P	L	U
E	S	C	D	K	G	W	N	R	A	C	B	H	H	F	N
M	P	B	Q	Y	Z	X	G	Q	B	Y	N	A	O	J	A
U	A	N	D	B	U	F	Z	B	T	G	A	R	V	Q	Y



“Your beliefs become your thoughts,
Your thoughts become your words,
Your words become your actions,
Your actions become your habits,
Your habits become your values,
Your values become your destiny.”

-Gandhi

