

May 2020



MONTHLY NEWSLETTER

GOOD & CLEAN
by AMBIT

Ambit Good & Clean Portfolio



Ambit Coffee Can Portfolio



EMERGING GIANTS by AMBIT

Ambit Emerging Giants Portfolio

**EQUITY INVESTMENTS & PMS ARE SUBJECT TO MARKET RISKS,
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY BEFORE INVESTING**

Mindset Switch: Survive to Thrive!

Dear Investor,

They say risk is derived from what you do not know (rather than the conventional measures like volatility/Beta). In an endeavor to keep you aware on the health of your portfolio in last month's newsletter we conducted a deep dive analysis of your companies to assess their ability to weather this global storm. As expected, the results were reassuring- your portfolio companies showed balance sheet resilience in the face of uncertainty even when stress tested under a 6 month lockdown scenario.

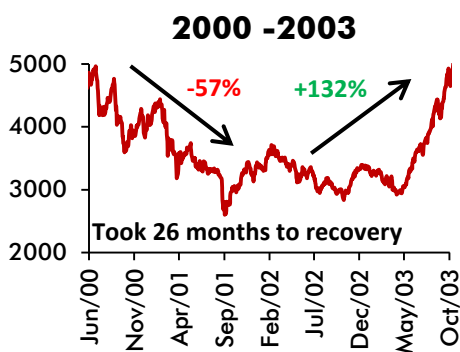
In a continuation of our efforts (**2nd edition**) this month's iteration focuses more on what comes next once we reach a post covid world and where do the opportunities lie. It is established your portfolio companies will survive through this crisis but that is not enough for us. We picked these companies to turn adversity into opportunity and this month we assess just that- Positioning, Likely industry consolidation and opportunities/threats of your Portfolio companies.

Post this study we can agree that it is not only our hope but also a reality-That your portfolio is aptly placed to capitalize on effects and after effects of covid-19! (**For COVID 19 portfolio opportunity assessment cards Ref Exhibit 1B, 2B & 3B**)

Story in Charts: FY21 will favor the bold!

1. Sharper the fall-Sharper the recovery?

Post Dot com bust reversion



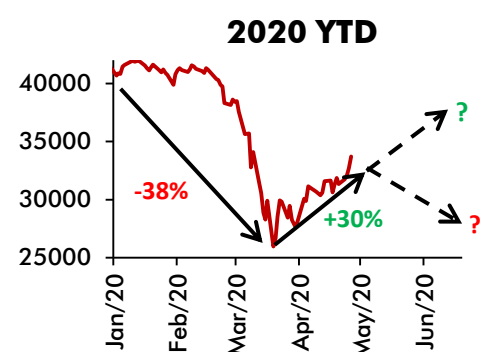
Source: Ambit GPC

Post Global financial crisis reversion



Source: Ambit GPC

Post Covid reversion in longer term...



Source: Ambit Asset management, Data updated up to 30th April, 2020

2. Lock in favorable return, avoid timing entry price

Mini Case: Negative news flow rose but so have markets strangely- in the short term markets can be un-timable and unpredictable

Negative news flow	23rd Mar	30th Apr	Change
Intl confirmed Covid cases	332,000	~33,00,000	~10x
India Covid cases	468	35,043	75x
India Covid deaths	9	1154	Large
Sensex levels	25,981	33,542	~30%

Source: Ambit Asset management

3. Portfolio Opportunity/Stress analysis results

COVID 19 OPPORTUNITY ASSESSMENT METHODOLOGY:

Assessing your Company's ability to capitalise on opportunities

What we are assessing?

How we are going about this?

- | | |
|---|---|
| <ul style="list-style-type: none"> ▪ Market dominance/share position ▪ Consolidation of the industry ▪ Covid led Opportunities & threats | <ul style="list-style-type: none"> ▪ Current market positioning for your portfolio companies ▪ Low/Medium/High likelihood & quick reference points leading the change ▪ Most important differentiators in life after Covid |
|---|---|

Source: Ambit Asset management

COVID 19 OPPORTUNITY ASSESSMENT OVERVIEW:

- **Ambit Coffee can portfolio:** 13/13 companies are favorably positioned to capitalize on the covid/post covid opportunities as early as the coming 2-3 quarters.
- **Ambit Good & Clean midcap portfolio:** 17/19 companies are favorably positioned to capitalize on the covid/post covid opportunities as early as the coming 2-3 quarters.
- **Ambit Emerging Giants portfolio:** 15/16 companies are favorably positioned to capitalize on the covid/post covid opportunities as early as the coming 2-3 quarters.

Ambit Coffee can PMS assessment

Color code	Stocks	Likely to capitalize on opportunity
GREEN	13	Very well placed
AMBER	0	Reasonably placed
RED	0	Slower recovery
Total	13	GREEN

Source: Ambit Asset management, Note: Color code assesses ability of the business to perform over the coming 2-3 quarters

Ambit G&C midcap PMS assessment

Color code	Stocks	Likely to capitalize on opportunity
GREEN	15	Very well placed
AMBER	2	Reasonably placed
RED	2	Slower recovery
Total	19	GREEN / AMBER

Source: Ambit Asset management, Note: Color code assesses ability of the business to perform over the coming 2-3 quarters

Ambit EG PMS assessment

Color code	Stocks	Likely to capitalize on opportunity
GREEN	8	Very well placed
AMBER	7	Reasonably placed
RED	1	Slower recovery
Total	16	GREEN / AMBER

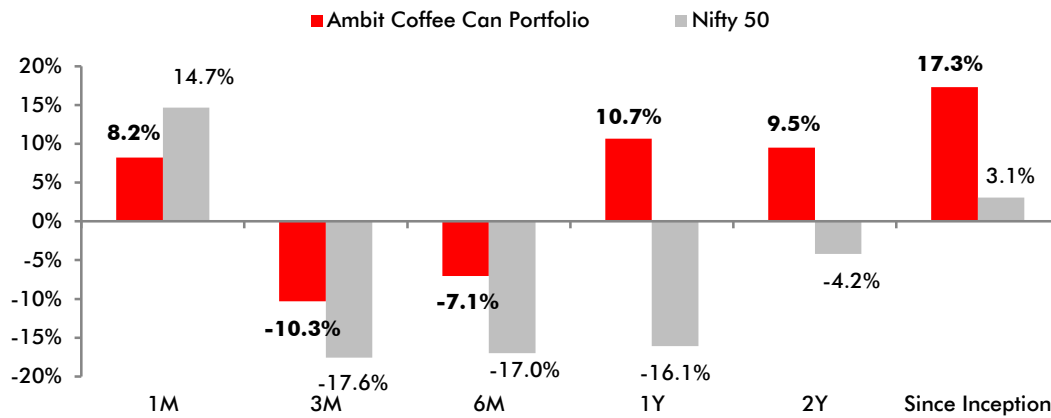
Source: Ambit Asset management, Note: Color code assesses ability of the business to perform over the coming 2-3 quarters, We have recently exited Wonderla holidays from your portfolio



Ambit Coffee Can Portfolio

At Coffee Can Portfolio, we do not attempt to time commodity/investment cycles or political outcomes and prefer resilient franchises in the retail & consumption oriented sectors. The Coffee Can philosophy has unwavering commitment to companies that have consistently sustained their competitive advantages in core businesses despite being faced by disruptions at regular intervals. As the industry evolves or is faced by disruptions, these competitive advantages enable such companies to grow their market shares and deliver long-term earnings growth.

Exhibit 1A: Ambit's Coffee Can Portfolio performance update



Source: Ambit; Portfolio inception date is March 6, 2017; Returns as of April 30th, 2020; All returns are post fees and expenses; Returns above 1 year are annualized; **Note:** Returns prior to Apr'19 are returns of all the Pool accounts excluding non-aligned portfolio, and returns post Apr'19 is based on TWRR returns of all the pool accounts.

Exhibit 1B: Ambit CCP portfolio opportunity analysis

Company	Positioning	Consolidation	Covid Opportunity	Covid Threats
1	Diagnostics: #1 player in India	<ul style="list-style-type: none"> High likelihood Organised diagnostics chains will gain market share from unorganised/fragmented players Higher balance sheet strength would allow for acquisition of smaller players 	<ul style="list-style-type: none"> High likelihood of long term improved health focus (preventive tests/ annual tests) Higher customer preference for organised players due to hygiene focus 	<ul style="list-style-type: none"> Threat would arise out of low footfalls and people avoiding non-essential tests for the coming year due to social distancing
2	Biscuits: #1 with MS at 33%	<ul style="list-style-type: none"> Medium likelihood Unorganized share at 25% Penetration:70% Biscuits to Foods company 	<ul style="list-style-type: none"> Diversify supply chain, partnerships Focus on Low unit packs will drive penetration 	<ul style="list-style-type: none"> Down trading to economy segment
3	Milk Products & Nutrition: #1 Maggi: #1	<ul style="list-style-type: none"> Medium likelihood Unorganized Share in single digit Penetration at 20% of organized 	<ul style="list-style-type: none"> Scaling of Health & Wellness range- Breakfast category and expansion in snacking segment 	<ul style="list-style-type: none"> Low/Nil
4	Hair Oil: #1 with MS at 51%	<ul style="list-style-type: none"> Low likelihood Hair oil penetration at 93% Unorganized share at 25% Hair Oil is regionalized category Limited opportunity for buyout 	<ul style="list-style-type: none"> Healthy Foods - growth on nutrient count 	<ul style="list-style-type: none"> Upgrading to premium brands of peers
5	Cigarettes: #1 with MS at 79%	<ul style="list-style-type: none"> High likelihood High Unorganized share in Atta, Pulses Partnership model under Hotels Shift from smuggled cigarettes,bidis 	<ul style="list-style-type: none"> Scaling of Personal care- hygiene Benefit of consolidation in FMCG space 	<ul style="list-style-type: none"> Decrease in Cigarette consumption/Down trading Increase in Cess
6	Footwear industry: 8% Organized MS	<ul style="list-style-type: none"> High likelihood Unorganized market: 56% Market Share gain from highly leveraged players with low margins 	<ul style="list-style-type: none"> Has managed past disruptions like GST and Demonetization well 	<ul style="list-style-type: none"> Stress in MBO channel may impact sales in the near term
7	Leading Food & Grocery retailer in the country	<ul style="list-style-type: none"> High likelihood Food & Grocery market: 6% organized market share Low overheads help it price its products lowest Strong distributor relationship 	<ul style="list-style-type: none"> Standalone stores meant they could operate during lockdown unlike peers located in malls Bulk buying may be the new norm for customers 	<ul style="list-style-type: none"> Delay of new store opening 50% of stores remain shut and some operate on limited timings
8	Men's Innerwear: 18% MS Women Innerwear : 6% MS	<ul style="list-style-type: none"> High likelihood Women innerwear market: 60% unorganized Increased investment in Kids wear to emulate Innerwear segment success Strong distribution reach 	<ul style="list-style-type: none"> Better positioned than peers to handle liquidity stress in channel Can take advantage of pent up demand 	<ul style="list-style-type: none"> Impact on sales in peak months of April and May Stress on distributors due to reduced liquidity
9	Paints: #1 with MS at 60% Waterproofing: #2 with MS at 10%	<ul style="list-style-type: none"> Medium likelihood Unorganized share: 25% Waterproofing Shift from solvent based paints to water based 	<ul style="list-style-type: none"> Passing of crude benefit to trade/consumers- gain share Product innovation at lower economy segment 	<ul style="list-style-type: none"> Down trading within the pyramid
10	Paints: #2 with MS at 21%	<ul style="list-style-type: none"> Medium likelihood Unorganized share: 25% Waterproofing Shift from solvent based paints to water based 	<ul style="list-style-type: none"> Passing of crude benefit to trade/consumers- gain share 	<ul style="list-style-type: none"> Down trading within the pyramid Lack of capacity on water-based paints
11	Adhesives: #1 in category Waterproofing: #1 with MS at 54%	<ul style="list-style-type: none"> Low likelihood Unorganized segment in adhesives 	<ul style="list-style-type: none"> Passing of crude benefit to trade /consumer - gain share 	<ul style="list-style-type: none"> Down trading to lower small size brands Competitive intensity higher in waterproofing, cross-sell by paints cos
12	Leading Private Sector Bank	<ul style="list-style-type: none"> High likelihood PSU Bank & NBFC Consolidation. Co-lending based Model with NBFC Strong franchise easier to garner deposits 	<ul style="list-style-type: none"> New delivery platform: Digital Cost Savings Lower Turnaround time 	<ul style="list-style-type: none"> Possibility of deterioration in asset quality
13	Leading Regional Private Bank	<ul style="list-style-type: none"> Medium likelihood Churn of customers from NBFC & Money Lenders Stronger regional bank with trust easier to garner deposits 	<ul style="list-style-type: none"> Higher liquidity to gain share in lending Biggest beneficiary of economic rebound within MSME sector 	<ul style="list-style-type: none"> Possibility of deterioration in asset quality

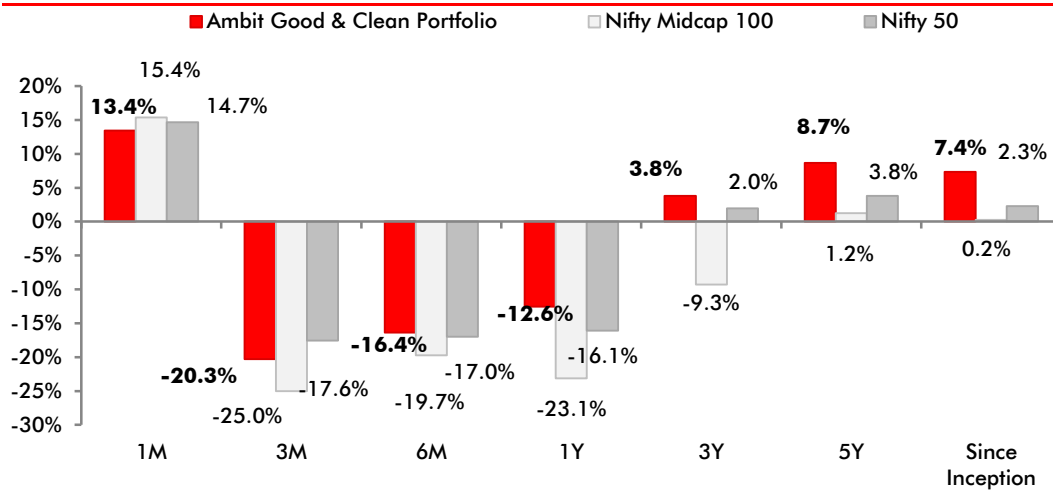
Source: Ambit Asset management, Note: Color code assesses ability of the business to perform over the coming 2-3 quarters

Ambit Good & Clean Portfolio

Ambit's Good & Clean strategy provides long-only equity exposure to Indian businesses that have an impeccable track record of clean accounting, good governance, and efficient capital allocation. Ambit's proprietary 'forensic accounting' framework helps weed out firms with poor quality accounts, while our proprietary 'greatness' framework helps identify efficient capital allocators with a holistic approach for consistent growth. Our focus has been to deliver superior risk-adjusted returns with as much focus on lower portfolio drawdown as on return generation. Some salient features of the Good & Clean strategy are as follows:

- **Process-oriented approach to investing:** Typically starting at the largest 500 Indian companies, Ambit's proprietary frameworks for assessing accounting quality and efficacy of capital allocation help narrow down the investible universe to a much smaller subset. This shorter universe is then evaluated on bottom-up fundamentals to create a concentrated portfolio of no more than 20 companies at any time.
- **Long-term horizon and low churn:** Our holding horizons for investee companies are 3-5 years and even longer with annual churn not exceeding 15-20% in a year. The long-term orientation essentially means investing in companies that have the potential to sustainably compound earnings, with this compounding earnings acting as the primary driver of investment returns over long periods.
- **Low drawdowns:** The focus on clean accounting and governance, prudent capital allocation, and structural earnings compounding allow participation in long-term return generation while also ensuring low drawdowns in periods of equity market declines.

Exhibit 2A: Ambit's Good & Clean Portfolio performance update



Source: Ambit; Portfolio inception date is March 12, 2015; Returns as of April 30th, 2020; Returns above 1 year are annualized. **Returns are net of all fees and expenses**

Exhibit 2B: Ambit Good & Clean portfolio COVID 19 opportunity analysis

Company	Positioning	Consolidation	Covid Opportunity	Covid Threats
1	Agrochemicals: #1 CSM/CRAMS player in India	<ul style="list-style-type: none"> Medium likelihood Agro chemical Industry is globally going through consolidation and so will India India is strong when it comes to complex chemistry (multi step synthesis) and this segment will benefit 	<ul style="list-style-type: none"> Strong possibility of higher order inflows given CRAMS capability China virus led disruption/after effects can help global Agrochemical clients to de-risk away from China towards India Agro chemical industry is less impacted by lockdown 	<ul style="list-style-type: none"> Planned M&A/growth activities interrupted due to delay in equity capital raising
2	Specialty chemicals: #1 in IBB/ATBS globally with close to 65% global market share	<ul style="list-style-type: none"> Low likelihood With most of the global market share (65%) captured, the ATBS/IBB market are already mature markets 	<ul style="list-style-type: none"> Can benefit due to switchover of global demand from China in Specialty chemicals business to India One of the limited players in India well placed to deliver 	<ul style="list-style-type: none"> Covid led disruption of Customer/Key geography
3	#1 Player in Indian Opalware market with a dominant share	<ul style="list-style-type: none"> High likelihood Superiority to alternative products like Steel, melamine, plastics, ceramics Strong brand recall in an oligopolistic market 	<ul style="list-style-type: none"> Unorganized players (which dominate the industry) may find it difficult to sustain and hence could shut shop 	<ul style="list-style-type: none"> Higher credit days for distributors Delay in completion of new plant-extra 50% capacity
4	Pharmaceutical: Top-10 Indian company	<ul style="list-style-type: none"> Medium likelihood Strong visibility on ANDA approval and growth post facility clearances by USFDA Pricing increase in US after erosion for three years 	<ul style="list-style-type: none"> Rupee depreciation to benefit (37% of revenue is exports to NA region) Indian companies to fill the supply gap in US of essential medicines 	<ul style="list-style-type: none"> Supply side risks as difficulty in moving RM consignment from ports Threat from trade generics
5	Cooler industry: ~50% MS of organized segment	<ul style="list-style-type: none"> High likelihood Consolidation in the industry with a lot of new players possibly exiting 970 touch points: >2x the size of nearest competing brand Foray into industrial cooling 	<ul style="list-style-type: none"> Opportunity for penetration in rural areas with low AC affordability 	<ul style="list-style-type: none"> Loss of sales in Peak Summer season Funding/overheads/WC of international subsidiaries
6	One of the Top-10 company in Indian Pharmaceutical Market	<ul style="list-style-type: none"> Medium likelihood Strengthening of Domestic Chronic portfolio post rationalization of its last acquisition USFDA resolution for its facilities to be a strong catalyst for launch in US 	<ul style="list-style-type: none"> Restriction on MR movements to benefit therapy leaders Chronic heavy portfolio to not be impacted much by lockdown 	<ul style="list-style-type: none"> Exposure to currency risk to revenues from Brazil Threat from trade generics
7	Mid-Tier 1 IT services company: Leader in the digital space	<ul style="list-style-type: none"> Limited impact of consolidation 	<ul style="list-style-type: none"> Digitalisation will gain further traction after COVID-19 outbreak 	<ul style="list-style-type: none"> Slowdown in US/Europe
8	Pipes: #1, MS at 23%	<ul style="list-style-type: none"> Medium likelihood Already benefiting from exit of few large players. Further contractions for smaller players will help gain MS 	<ul style="list-style-type: none"> Strong agri demand will support sales of PVC pipes High margins CPVC pipes will benefit due to anti-dumping duty on raw material imports from China 	<ul style="list-style-type: none"> Elongated slowdown in new construction activity will impact sales of high margin CPVC pipes
9	Ceramic Tiles: #1, MS at 21%	<ul style="list-style-type: none"> High likelihood Strong brand recall and even wider distribution network will help in gaining MS from Morbi players (~50% unorganised share) 	<ul style="list-style-type: none"> Consolidation in Morbi will open up outsourcing opportunities Exports opportunities will open up and tiles will benefit from down trading of marbles/granite 	<ul style="list-style-type: none"> Elongated slowdown in new construction activity Down trading from premium GVT tiles to economy Ceramic tiles might impact margins
10	Multiplex Operator: #1, MS at 25%	<ul style="list-style-type: none"> High likelihood Many Single Screen Operator (~70% share of total screen) and smaller multiplexes might go out of business, leading to market share gains 	<ul style="list-style-type: none"> Pent up demand once things stabilizes due to good content pipeline 	<ul style="list-style-type: none"> Theatres will be the last ones to open & Social distancing norm might impact profitability due to high Fixed cost structure & lower occupancy Possible behavioural changes with shift towards OTT
11	Men's Innerwear: 18% MS Women Innerwear : 6% MS	<ul style="list-style-type: none"> High likelihood Women innerwear market: 60% unorganized Increased investment in Kids wear to emulate Innerwear segment success Strong distribution reach 	<ul style="list-style-type: none"> Better positioned than peers to handle liquidity stress in channel Can take advantage of pent up demand 	<ul style="list-style-type: none"> Impact on sales in peak months of April and May Stress on distributors due to reduced liquidity
12	#1 50% MS in high chrome grinding media market whose	<ul style="list-style-type: none"> Low likelihood Duopoly market with long evaluation process by customers It enjoys operational efficiency due to low 	<ul style="list-style-type: none"> Gold demand for alternative investment could ramp up the mining activity. 	<ul style="list-style-type: none"> Delayed resumption of mining activities of the customer

	size is 6 lakh tonne	labour costs and tight control over fixed overheads	
13	2 wheeler: #3, Motorcycles: 7% MS, Scooter 18% MS	<ul style="list-style-type: none"> ▪ Low likelihood ▪ Strong presence in 3 wheeler space in Latin America and Africa ▪ Technology tie ups with BMW would help in combatting disruption and recent acquisition of UK based Norton motorcycle helps in product diversification 	<ul style="list-style-type: none"> ▪ Using private transport instead of public to abide by social distancing norms. ▪ Sudden two wheeler demand spurt was witnessed in China during SARS outbreak. ▪ Down trading may lead to shift from scooters/executive segment to entry level segment
14	Leading Regional Private Bank	<ul style="list-style-type: none"> ▪ Medium likelihood ▪ Churn of customers from NBFC & Money Lenders ▪ Stronger regional bank with trust easier to garner deposits 	<ul style="list-style-type: none"> ▪ Higher Liquidity to gain share in lending ▪ Biggest beneficiary of economic rebound within MSME sector ▪ Possibility of deterioration in asset quality
15	Leading Private Sector Bank	<ul style="list-style-type: none"> ▪ High likelihood ▪ PSU Bank & NBFC Consolidation to gain share ▪ Co-lending based Model with NBFC ▪ Partnership with Fintech ▪ Other Financial Services- Insurance 	<ul style="list-style-type: none"> ▪ New Delivery platform: Digital ▪ Cost Savings ▪ Lower Turnaround time ▪ Increase in Watch list ▪ NBFC arm offers LAS, RE funding, IPO funding, shrinkage of book
16	Vehicle Financing: #3, MS at 8%	<ul style="list-style-type: none"> ▪ High likelihood ▪ Company has adequate Liquidity supported by recent capital raise and positive ALM ▪ Diversified loan book and niche target segments will enable market share gains from weaker NBFCs 	<ul style="list-style-type: none"> ▪ Diversified Loan Mix provides better opportunities to focus on segments which will be first to recover ▪ Co-lending partner because of its strong business & risk framework ▪ Extension of CV down cycle will impact growth and asset quality
17	Leading Regional affordable housing NBFC with focus on Tier 2/3 cities	<ul style="list-style-type: none"> ▪ Medium likelihood ▪ Industry already in Consolidation mode post IL&FS crisis Low Leverage and high liquidity availability will lead to further market share gains 	<ul style="list-style-type: none"> ▪ Lower yields might increase demand for Home Loans ▪ NPAs might rise due to focus on Self-employed segment ▪ Real-Estate recovery getting delayed
18	New-Age Private Bank	<ul style="list-style-type: none"> ▪ Medium likelihood ▪ Market share gains from NBFC sector 	<ul style="list-style-type: none"> ▪ Partnership with Fintech companies ▪ Deposits runaway-concentration/ lower liquidity ▪ Higher risky asset mix
19	Leader- Small Finance Bank	<ul style="list-style-type: none"> ▪ Medium Likelihood ▪ Market share gains from NBFC sector ▪ SFB to Universal Bank 	<ul style="list-style-type: none"> ▪ Securitization to help reduce Cost of funds ▪ Higher liquidity to gain share in lending ▪ Possibility of deterioration in asset quality ▪ Sourcing retail deposits tougher

Source: Ambit Asset management, Note: Color code assesses ability of the business to perform over the coming 2-3 quarters, Company 19 is a new addition

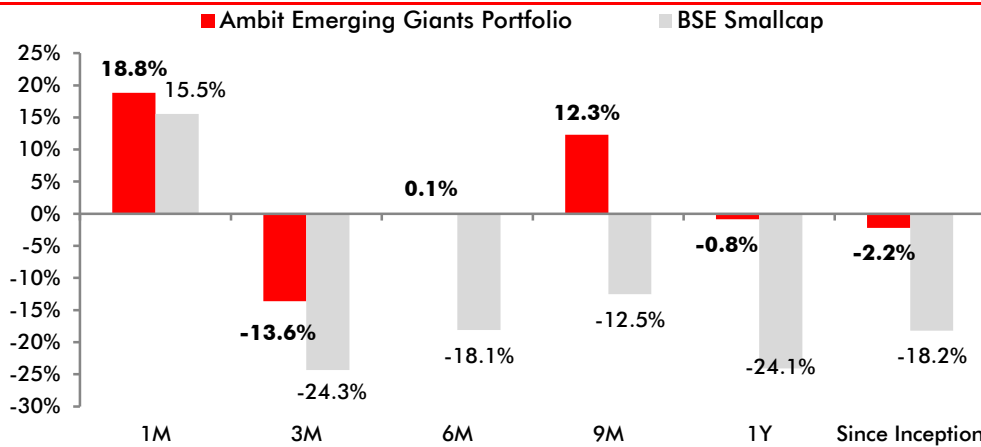


Ambit Emerging Giants

Smallcaps with secular growth, superior return ratios and no leverage

Ambit's Emerging Giants portfolio aims to invest in small-cap companies with market-dominating franchises and a track record of clean accounting, governance and capital allocation. The fund typically invests in companies with market caps less than Rs. 4,000cr. These companies have excellent financial track records, superior underlying fundamentals (high RoCE, low debt) and ability to deliver healthy earnings growth over long periods of time. However, given their smaller sizes these companies are not well discovered, owing to lower institutional holdings and lower analyst coverage. Rigorous framework-based screening coupled with extensive bottom-up due diligence lead us to a concentrated portfolio of 15-16 emerging giants.

Exhibit 3A: Ambit Emerging Giants performance update



Source: Ambit; Portfolio inception date is December 1, 2017; Returns as of April 30th, 2020; Returns above 1 year are annualized. **Returns are net of all fees and expenses**

Exhibit 3B: Ambit Emerging Giants portfolio COVID 19 opportunity analysis

Company	Positioning	Consolidation	Opportunity	Threats
1	Amines: #1 player in India	<ul style="list-style-type: none"> Low likelihood Most of the market share already in the hands of this company in a 2 player industry. 	<ul style="list-style-type: none"> The key specialty chemicals segment of the company has seen its key product (Acetonitril) price sky rocket in the past year and remains high due to China led supply shortages. 	<ul style="list-style-type: none"> China resumes operations and supplies products faster than anticipated
2	One of the leading mid-tier surfactants and pigments company	<ul style="list-style-type: none"> Low likelihood Limited players in India with relevant expertise 	<ul style="list-style-type: none"> Supplier to FMCG players who have had low impact of covid/lockdowns Low crude prices reduce costs 	<ul style="list-style-type: none"> Delay in capex
3	Fasteners: #2 with India MS 10%	<ul style="list-style-type: none"> Low likelihood Limited players in India 	<ul style="list-style-type: none"> Well positioned to recover once auto segment recovers Comfortable on liquidity and supplies to top Tier 1 players 	<ul style="list-style-type: none"> Much better established market leader might take aggressive steps to pull away market share. Slowdown in Auto segment
4	Auto Ancillary: #1 with High India MS in LED automotive lamps for 2 Wheelers	<ul style="list-style-type: none"> Low likelihood Limited players of scale in the business Good Tier-1 customer relationships are hard to form for new players 	<ul style="list-style-type: none"> Well positioned to supply to top 2 wheeler companies (Honda, TVS, Yamaha). Can benefit from social distancing led increase in two wheeler sales 	<ul style="list-style-type: none"> Well established competitor might take aggressive steps to pull away market share Slowdown in Auto segment
5	Top mid-tier forging player in India	<ul style="list-style-type: none"> Low likelihood Limited players market in India and so limited scope 	<ul style="list-style-type: none"> Well positioned to recover once CV segment recovers Comfortable on liquidity and supplies to top Tier 1 players 	<ul style="list-style-type: none"> Well established competitor might take aggressive steps to pull away market share Slowdown in Auto segment in India/US/Europe will have an impact
6	Cookware segment: One of the Top players	<ul style="list-style-type: none"> Medium likelihood Unorganized markets: 40% Increased LPG penetration (95% from 56% in FY14) 	<ul style="list-style-type: none"> One of the leaders in a category which would not be substituted even if consumer habits change 	<ul style="list-style-type: none"> Slowdown in LPG penetration in rural areas may impact the pace of growth
7	# 1 in Modern Trade in Head (Pain) Category with 47% volume share	<ul style="list-style-type: none"> Medium likelihood Entry into women hygiene segment (1.7% Share in economy category) will help grab market share from established players 	<ul style="list-style-type: none"> Lower priced SKUs like Rs 2 balm and Rs 22 Sanitary Napkin to see greater acceptance Positive impact on brand image as consumer buying company's products as a substitute may be permanently converted 	<ul style="list-style-type: none"> Low/Nil
8	FM radio broadcaster: #1 private player in India	<ul style="list-style-type: none"> Low likelihood One of the most efficiently run Radio station means less susceptible to competition 	<ul style="list-style-type: none"> Increased advertisement volume by government towards public awareness Highest Radio listenership during lockdown 	<ul style="list-style-type: none"> Unable to monetize record listenership Lower national advertising may imply delay in recovery
9	Hindi News Channel: #1 with 17% MS English News Channel: #3 with 9% MS	<ul style="list-style-type: none"> Medium likelihood ~380 news channels in India in 2018, hence scope for consolidation Entry of Republic News may prove to be a challenge 	<ul style="list-style-type: none"> Increased advertisement by government towards public awareness Increased viewership due to the Stay-At-Home 	<ul style="list-style-type: none"> It may be difficult to monetize higher viewership as advertisements are low
11*	Sanitary Ware: #1, MS at 15% Faucetware: #3, MS at 15%	<ul style="list-style-type: none"> Medium likelihood Company will benefit from consolidation in Tiles/Faucet ware segment (50%+ unorganised share) 	<ul style="list-style-type: none"> With a Diversified product mix and higher replacement demand it will be able to recover faster 	<ul style="list-style-type: none"> Elongated slowdown in new construction activity
12	Laminates: #1, MS at 25%	<ul style="list-style-type: none"> Medium likelihood Sector competitive intensity high-new players can possibly exit Unorganized share ~40% is vulnerable 	<ul style="list-style-type: none"> Market share gains with smaller players exiting 	<ul style="list-style-type: none"> Laminates is a discretionary item and can down-trading/purchase delays Export business (~45% of revenue) can see negative impact
13	Technical fibres/Industrial Nets: #1 largest global supplier of cage netting to salmon industry, Leading MS across various countries globally	<ul style="list-style-type: none"> Low likelihood Geographically diversified across 75 countries, hence low concentration risk 43 patents filed in last 5 years- Low competition pressure 	<ul style="list-style-type: none"> Domestic fishing activity continues amidst lockdown as it forms part of essential services. 	<ul style="list-style-type: none"> Falling demand for seafood Shutdown of local fish markets, restaurants, supermarkets

14	Glass lined equipment: #1 with 55% MS	<ul style="list-style-type: none"> ▪ Low likelihood ▪ Niche segment, hence high entry barrier/low competition 	<ul style="list-style-type: none"> ▪ With Pharma and chemical companies ramping up the capex, the company is positively impacted ▪ Delayed capex plan by customers
15	Leading South based affordable housing NBFC	<ul style="list-style-type: none"> ▪ Medium Likelihood ▪ Industry already in Consolidation mode post IL&FS crisis ▪ Support from Parent Bank and higher liquidity will help MS gains 	<ul style="list-style-type: none"> ▪ Lower yields might increase demand for Home Loans ▪ Real-Estate recovery getting delayed
16	Regional wholesale lender with 20+ years of operation	<ul style="list-style-type: none"> ▪ High Likelihood ▪ Enough liquidity with no exposure to Debt Capital markets ▪ Strong position to capitalize on bank's reluctance to lending to MFIs and smaller NBFC 	<ul style="list-style-type: none"> ▪ Strengthen relationship with existing partner NBFCs by extending support during crisis ▪ Exposure to risky segment like microfinance and MSME lending might impact loan book quality
17	New-Age Private Bank	<ul style="list-style-type: none"> ▪ Low Likelihood ▪ Break-even of new branches takes time 	<ul style="list-style-type: none"> ▪ Lower asset quality problem leads to relend capital at profitable segments ▪ CASA accretion to be tough CV further down cycle to impact book

Source: Ambit Asset management, Note: Color code assesses ability of the business to perform over the coming 2-3 quarters, Note: *Company 10 in our April newsletter was Wonderla holidays which we subsequently exited

For any queries, please contact:

Ashu Tomar - Phone: +91 22 6623 3244, Email - aiapms@ambit.co

Ambit Asset Management
Ambit House, 449, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013

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