Ambit's Good & Clean philosophy

- Invest in firms which are:

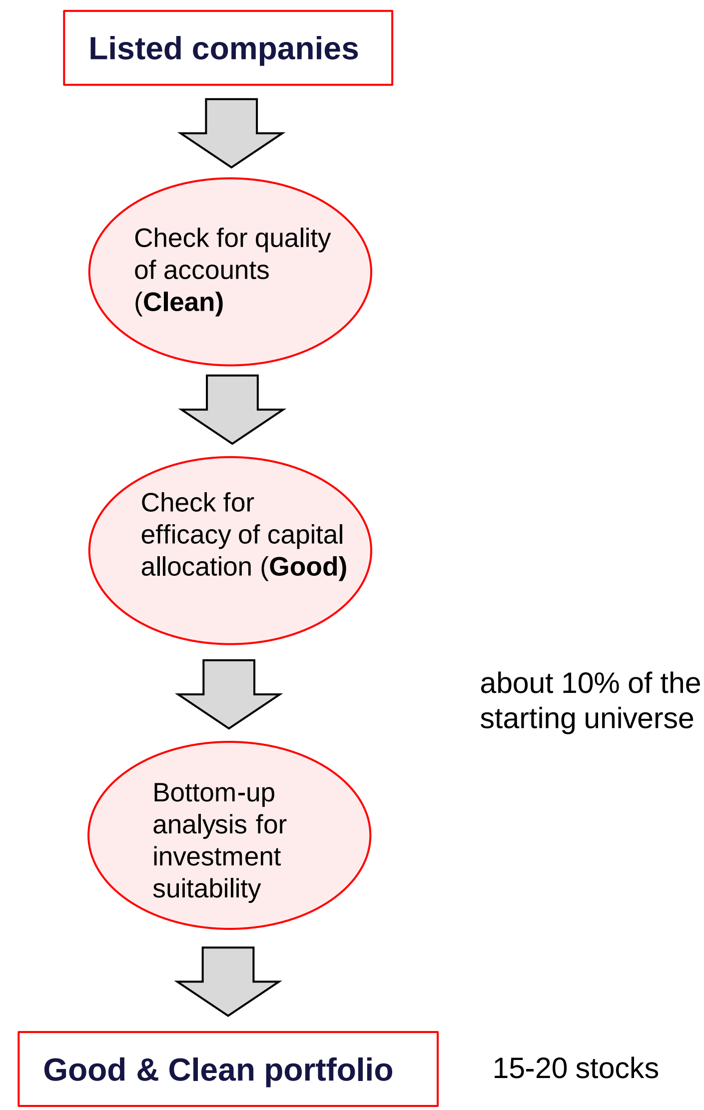
  (a) **Good-** On the basis of capital allocation track record and quality of improvement in financial metrics over the past six years, and

  (b) **Clean**- Based on the quality of their accounts and corporate governance.

- The focus on 'good' helps generate upside while not compromising on 'clean' reduces downside risk.

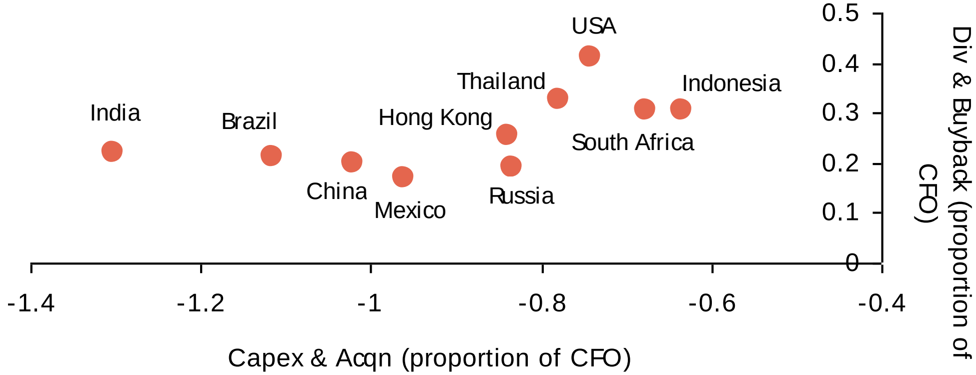
- Essentially, while the objective is to generate returns, the even bigger goal is to better manage drawdowns because we believe doing the latter successfully is critically vital in achieving the former.

- 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 to consistent growth.



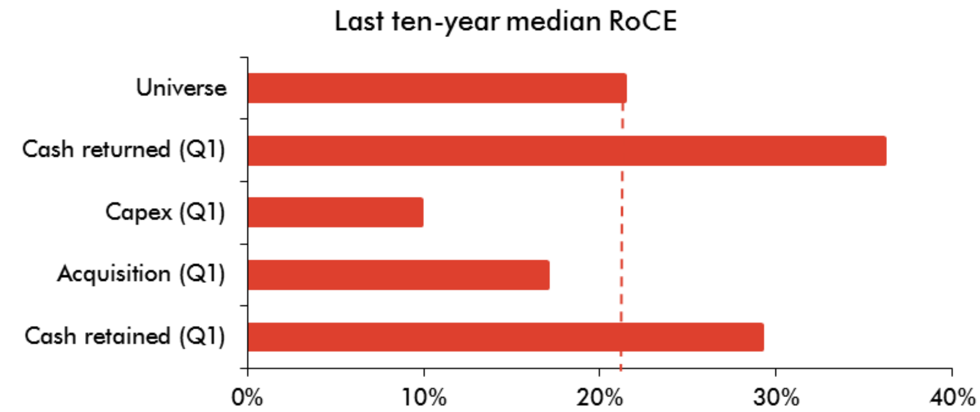
‘Good’ capital allocation sounds simple but is a rarity

Indian promoters have an exceptionally high urge to splurge



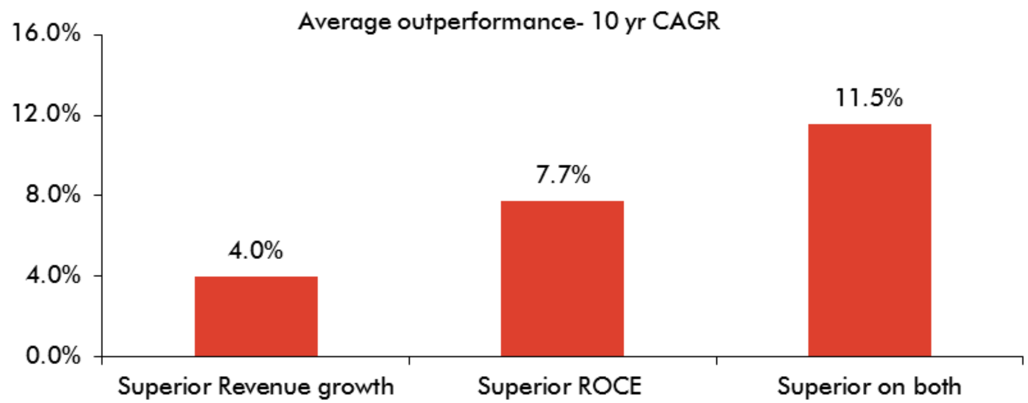
Source: Bloomberg, Ambit Capital research. Note: The above exhibit has been reproduced without any changes from our July 31, 2013 note: “The cash flow conundrum for India Inc”. Data for this exhibit pertains to FY03/CY03-FY12/CY12.

Returning cash is often the best option available



Source: Capitaline, Ambit Capital research

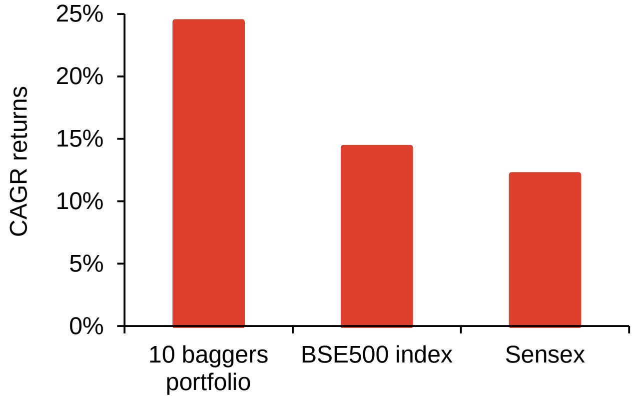
Capital allocation has more to it than just a focus on ‘growth’



Source: Bloomberg, Ambit Capital research

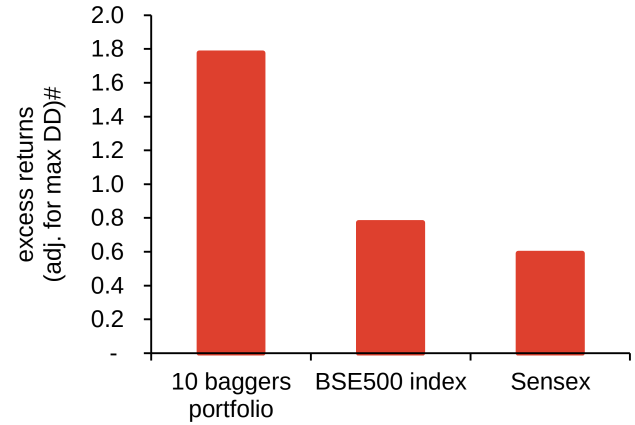
Performance of Ambit's flagship model tenbagger portfolios

Ambit's model ten-baggers portfolios have delivered superior returns historically …



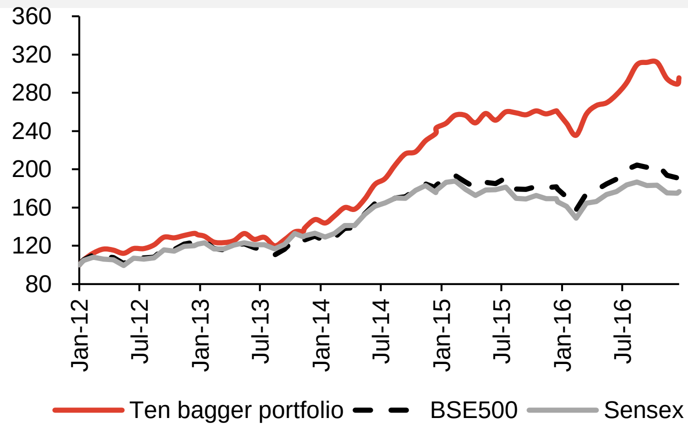
Source: Bloomberg, Ambit Capital research. Note: Model portfolio performance has been calculated over Jan-12 till Jan-17. Share price returns are in INR terms.

…even on a risk-adjusted basis, these model portfolios have outperformed the benchmark



Source: Bloomberg, Ambit Capital research. # Maximum drawdown is defined as the maximum drop in cumulative monthly returns from the highest peak to the lowest subsequent trough. Excess returns have been calculated as returns in excess of risk-free rate (assumed to be 7%)

Growth of INR100 invested in Ambit's model tenbagger portfolios versus the BSE500



Source: Bloomberg, Ambit Capital research. Note: Model portfolio performance has been calculated over Jan-12 till Jan-17.

* Ambit's model tenbagger portfolios, churned once a year, have been modeled on the two frameworks described earlier. These portfolios, comprising of the 30 best stocks from BSE500 on this philosophy, generated 24% CAGR returns over the Jan'12-Jan'17 period vs 14% for BSE500.

* Most importantly, the maximum drawdown on this portfolio has been -10% vs -19% for the BSE500 resulting in much superior risk-adjusted returns. This reaffirms our view that managing risks better is an aide (and not hindrance as popularly construed) towards generating superior upside.

Track Record- Good & Clean PMS

Returns of our Good & Clean strategy

Returns (%)	Apr15	May15	Jun15	Jul15	Aug15	Sep15	Oct15	Nov15	Dec15	Jan16	Feb16	Mar16	**FY16**
G&C	(4.8)	3.9	(2.6)	3.0	0.3	(1.1)	1.1	1.7	(0.8)	(3.8)	(8.7)	11.4	**(1.8)**
Nifty	(6.8)	3.1	(0.8)	2.0	(6.6)	(0.3)	1.5	(1.6)	0.1	(4.8)	(7.6)	10.8	**(11.2)**

Returns (%)	Apr16	May16	Jun16	Jul16	Aug16	Sep16	Oct16	Nov16	Dec16	Jan17	Feb17	Mar17	**FY17**
G&C	4.3	3.5	1.1	4.1	2.8	(0.8)	3.2	(6.2)	(1.0)	6.3	2.2	3.9	**25.2**
Nifty	1.4	4.0	1.6	4.2	1.7	(2.0)	0.2	(4.7)	(0.5)	4.6	3.7	3.3	**18.5**

Returns (%)	Apr17	May17	Jun17	Jul17	Aug17	Sep17	Oct17	Nov17	Dec17				**FY18**
G&C	3.2	0.8	1.4	1.0	(2.8)	0.8	4.8	2.8	5.3	-	-	-	**18.3**
Nifty	1.4	3.4	(1.0)	5.8	(1.6)	(1.3)	5.6	(1.1)	3.0	-	-	-	**14.8**

Source: Bloomberg, Ambit. Portfolio inception date is Mar12, 2015. FY18 ends in Dec 31, 2017.
Returns for Mar'15 have been merged with Apr'15 and the same adjustment has been made to index returns.
These are returns for all assets under management; performance post brokerage and statutory charges but before fees.