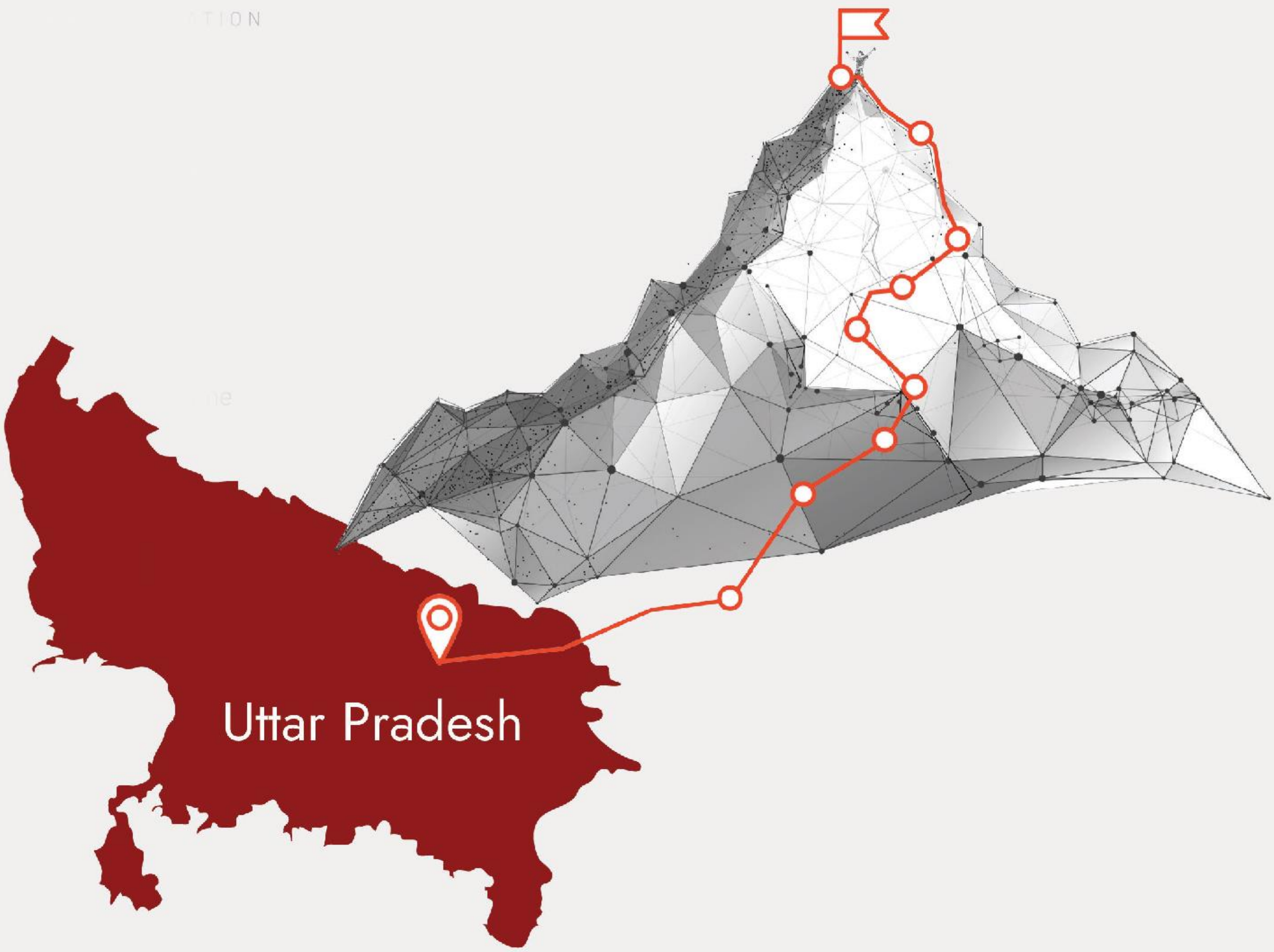
AMBIT
Acumen at work

Ambit
Asset Management

THE RISE OF THE PHOENIX



Dear Patrons,

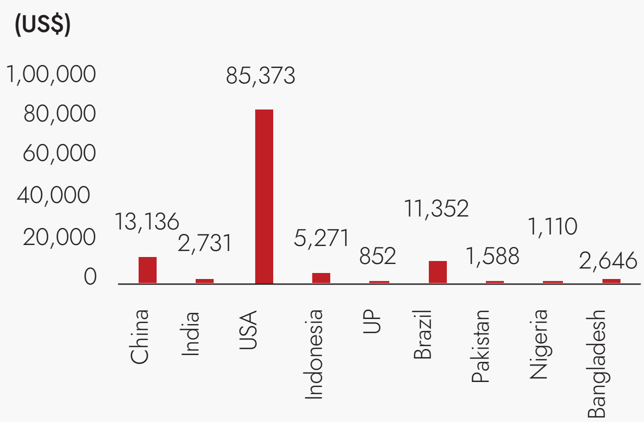
The rise of the Phoenix

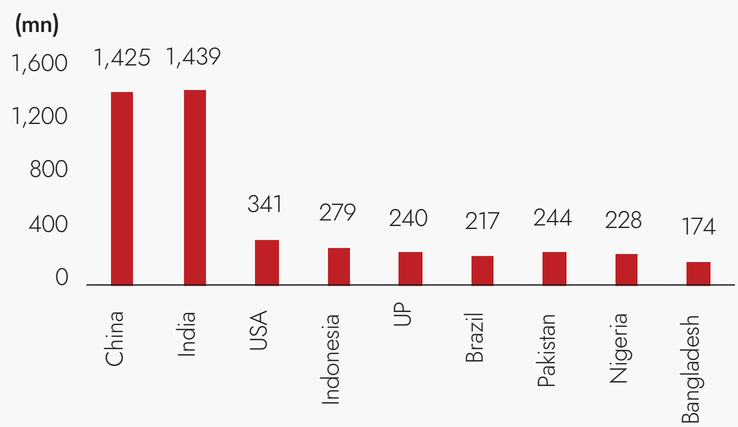
India's goal of reaching a $5 trillion economy by FY28 necessitates ~11.5% nominal GDP growth per annum in INR. As India strives to achieve this goal, Uttar Pradesh (UP) is set to play a pivotal role in this growth trajectory. Had UP been a country, then it would have been the fifth largest country by population after China, India, USA and Indonesia. With its GDP per capita breaching the $1,000 mark in FY24, we believe UP is at an inflexion point especially given Gujarat/Karnataka/Tamil Nadu/Maharashtra have seen significant growth post breaching the mark. The rising GDP per capita in UP will be a big positive for several segments in the consumption and services space. Few of our portfolio companies which can see the benefits of this include Home First Finance, Havells, V-Mart, Teamlease, KEI, Orient Electric, Venus Pipes, Mold-Tek Packaging, Supreme, Astral, Eicher and Bajaj Auto.

UP's per capita is half of Pakistan's despite similar population

UP, one of India's largest states, has been one of the most poorly performing economies for decades. Not many people are aware that UP's per capita of ~$852 (INR 70,792) as on FY22 is half that of Pakistan's GDP per capita of $1,588 (INR 1,32,000) despite Pakistan's economic challenges. Both have a similar population size of ~240mn. Furthermore, UP even trails behind Africa, considered as one of the poorest regions globally, with per capita income of ~$1,700 as on FY22. If we were to exclude Noida, one of the thriving regions in UP, then UP's GDP will be much lower. Resultantly, UP has been part of the 'bimaru' states.

Exhibit 1: UP's per capita (US$) is below Pakistan despite both having similar population (mn)





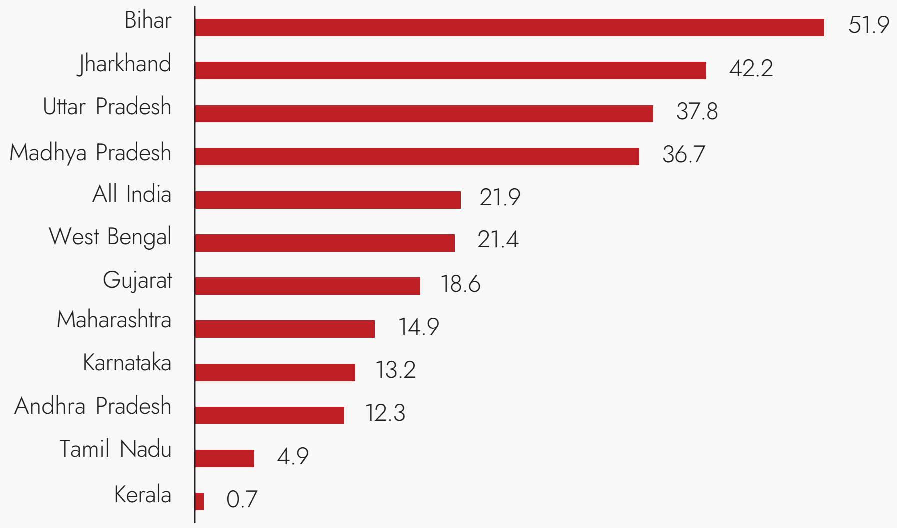
Source: Ambit Asset Management

Mafia Raj - the key reason for the poor state of the UP economy

The reasons for UP's predicament have been — the perennially "poor" law and order due to the mafia Raj. Gang rapes, abduction and murders were a common feature in UP and this is the reason why Indian corporates historically had shied away from investing in UP - one should watch the television series 'Mirzapur' and the movie 'Bandit Queen' to live the fear of the mafia Raj in UP.

The share of manufacturing as % of GDP in UP was at ~13%, lower than that of India's ~17% in FY18. In addition, lower literacy rates vs other states, poor infrastructure had created apprehensions in people on setting up industries and businesses in the state, resulting in UP being a poor state. As per Multidimensional Poverty Index, 17.4% of UP's population as on 2023 lived below the poverty line vs 11.3% at the India level; UP ranks one of the lowest on this metric with only Meghalaya, Bihar and Jharkhand ranking below UP. In 2021, three districts of UP - Shrawasti, Bahraich and Balrampur were had poverty ratio of over 70%.

Exhibit 2: **UP ranks one of the lowest in terms of population below poverty line (%)**



Source: Ambit Asset Management

UP's poverty rate, infant mortality rate and anaemic rate has been far inferior to that of India

In 2020, the Infant mortality rate in UP was at 38 per 1,000 live births which is far ahead of India's 25.5 and marginally lower than 43 in Africa. One of the key reasons for this has been the high anaemic (iron deficiency) rate in the state; 45.6% of pregnant women aged between 15-45 years and 66% of children aged between 6-59 months are anaemic. In fact, Mau district of Uttar Pradesh has the highest prevalence of anaemia, according to the Annual Health Survey II report, 99.5% children in this age group are anaemic in Mau, which incidentally tops the list of 100 districts with high prevalence of anaemia.

UP no longer 'BIMARU'; on its way to becoming 'SAKSHAM'

Bulldozer baba cleans up the mafia...

Since March'17, the current dispensation, in the last seven years, have changed the perception of UP. The Bulldozer politics (where Bulldozers were used to destroy illegal properties owned by the mafias), which originated in UP, has become a symbol of good governance. The first 12 months of the current dispensation saw focus on improving the law and order situation in the state wherein (a) 50 most wanted criminals eliminated in various encounters, (b) ~4,881 criminals arrested and ~5,500 criminals applied for bail cancellation, as they feared police encounter outside jail, and (c) several bulldozers have been used to destroy the illegal properties owned by the mafias.

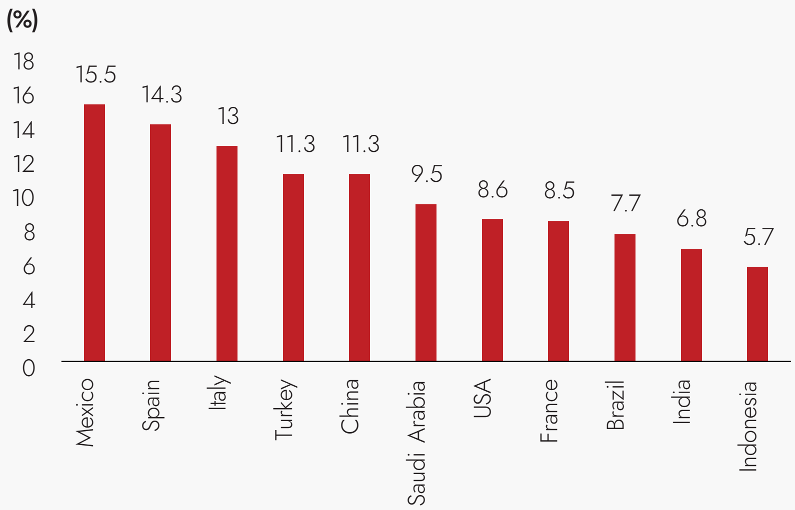
The popularity of bulldozer baba is evident from the fact that Holi sprinklers and rakhis now come in the shape of miniature bulldozer.

Religious tourism, power surplus, roads, defence manufacturing and macro points to enhance GDP growth

Tourism spends in UP exceeded INR 2 lakh crs in 2022; religious tourism to further boost these spends

The Centre's Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD) scheme, coupled with various state government initiatives is set to play a role in developing the spiritual travel industry in India. INR 18bn spent on the new Ram temple has not only transformed Ayodhya but it has the potential to add INR 250bn per annum of additional tax revenues of for the state. Religious centres attract 10-30mn tourists every year and this number can grow disproportionately with several religious centres seeing significant improvement in the infrastructure. Footfalls at several religious destinations like Golden temple, Vaishnodevi, Jagganath Puri have been in the range of 10-40mn. According to the state government estimates, around 320 mn tourists visited the state in 2022, with an impressive footfall of 22 mn in Ayodhya alone; total expenditure by these tourists exceeded INR 2tn.

Exhibit 3: **Increased footfalls at religious destinations to increase the contribution of tourism sector to India's GDP (%).**



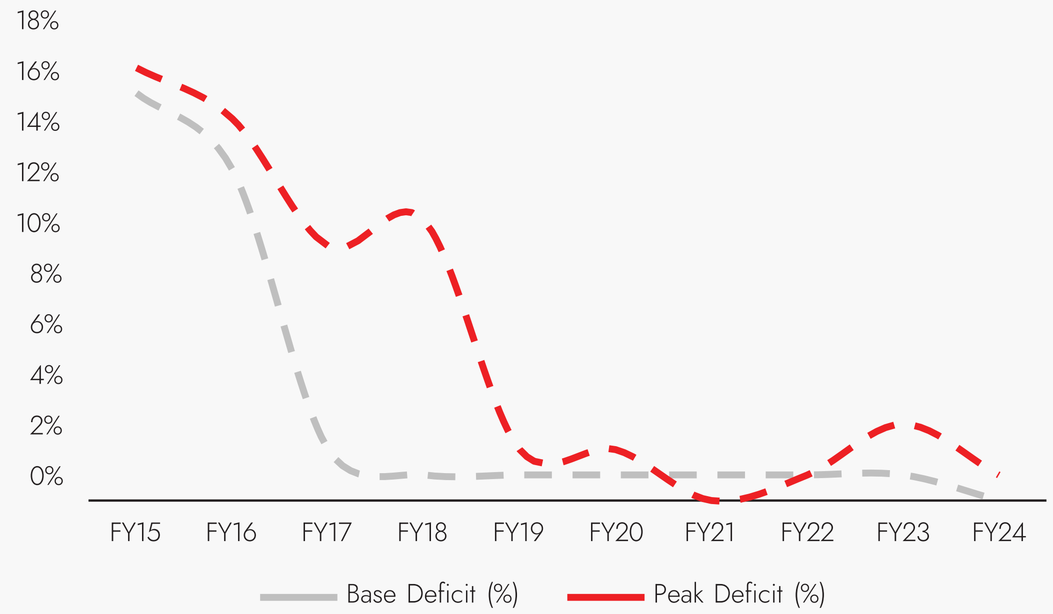
Estimated football at key Indian religious places		
	Footfall (est.)	Collections (est.)
Gloden Temple	~30-35mn	~10-15mn
Tirupati Temple	~25-30mn	~140-150mn
Jagannath Puri	~15-20mn	~20-25mn
Vaishno Devi	~7-8mn	~60-50mn
Ajmer Sharif	~7-8mn	Not disclosed

Source: News articles, Ambit Asset Management

Industrial and infra development to play a pivotal role in transforming UP

UP's share in gross value added (GVA) has increased from 8.8% in FY17 to 10.2% in FY23 led by significant improvement in the state's power situation, deficit declined from 10% in FY17 to 1% in FY23. The state saw two fold increase in installed power capacity to 29GW over FY14-22 and electricity consumed increased by >50% over FY15-23 to 143bn units

Exhibit 4: UP has seen peak deficit declining to 1% in FY23 from 10% in FY17



Source: Ambit Asset Management

Industrial and infrastructure development we believe will further increase led by few of the significant developments highlighted below:

- **9 districts to have Metro; 2 already operational:** UP is the only state to plan for metros in 9 districts of which 2 are already operational in Lucknow and Noida. Other districts where Metro construction has already started includes Kanpur, Agra, Meerut, Gorakhpur, Bareilly, Prayagraj and Varanasi.
- **Largest expressway network of 4 lakh kilometres:** The Yamuna, Agra, Purvanchal and Bundelkhand Expressway have connected farther-located cities to the state capital. The proposed Ganga Expressway will connect key export hubs of the state and reduce the travel time by road. Total state Government spends on roads and bridges in the last seven years at INR 1.9bn is 1.6x spend incurred in the previous ten years (FY07-17).
- **Achieving self-reliance through the defence corridor in UP:** To support the growth of the defence sector and enhance manufacturing capability, a defence corridor is being set up in UP and TN. The project intends to achieve self-reliance in defence, generate direct and indirect employment opportunities and spur the growth of private domestic manufacturers, MSMEs and start-ups.
- **Ranks No 7 in the total credit outstanding in FY23 vs 12 in FY17:** As per the RBI, UP has seen significant improvement in ranking on credit outstanding; improved to no 7 in FY23 vs 12 in FY17. As per NABARD, the state has 50% higher credit potential (INR 5.73 lakh crore) vs the previous financial year with maximum credit potential seen in the MSME sector. The state has emerged as a top contributor to India's MSME sector with a 9% share.

Exhibit 5: UP has seen significant improvement in ranking on credit outstanding

	Dec-17	Dec-23
Rural	7th	2nd
Semi-urban	6th	7th
Urban	12th	2nd
Metro	10th	8th
Total	12th	7th

Source: Ambit Asset Management

UP crossing the $1,000 mark GDP per capita mark in FY24 is an important landmark given Gujarat, Maharashtra, Tamil Nadu and Karnataka saw significant growth after reaching this milestone. UP is now where Gujarat was in the early 2000's and since then Gujarat has seen significant growth; Gujarat's GDP/capita since FY03 till FY23 has increased by 10% vs India's 9% and UP's 8%

Exhibit 6: Gujarat saw significant growth in GDP post crossing the $1,000 GDP per capita mark.

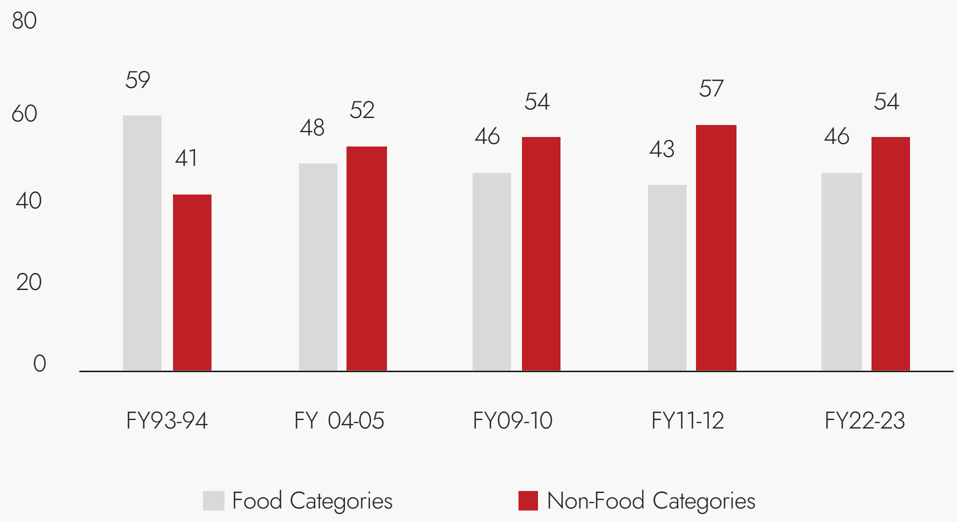
GDP Per Capita ($)	FY03	FY23	20 years CAGR (%)
Gujarat	562	3,901	10%
Uttar Pradesh	249	1,197	8%
India	439	2612	9%

Source: Ambit Asset Management

Investment implications

Rising GDP per capita in UP is a big positive for several sectors like durable goods, clothing and footwear, household products and services, education, entertainment and medical services. As per capita income rises the proportion of household spends on food comes down and proportion of non-food categories as highlighted above increases disproportionately. This was the case in India as well; share of food in house hold expenditure decreased from 58.5% in FY93 to 46% in FY23.

Exhibit 7: Share of food in household expenditure (%) reduces with increase in per capita income



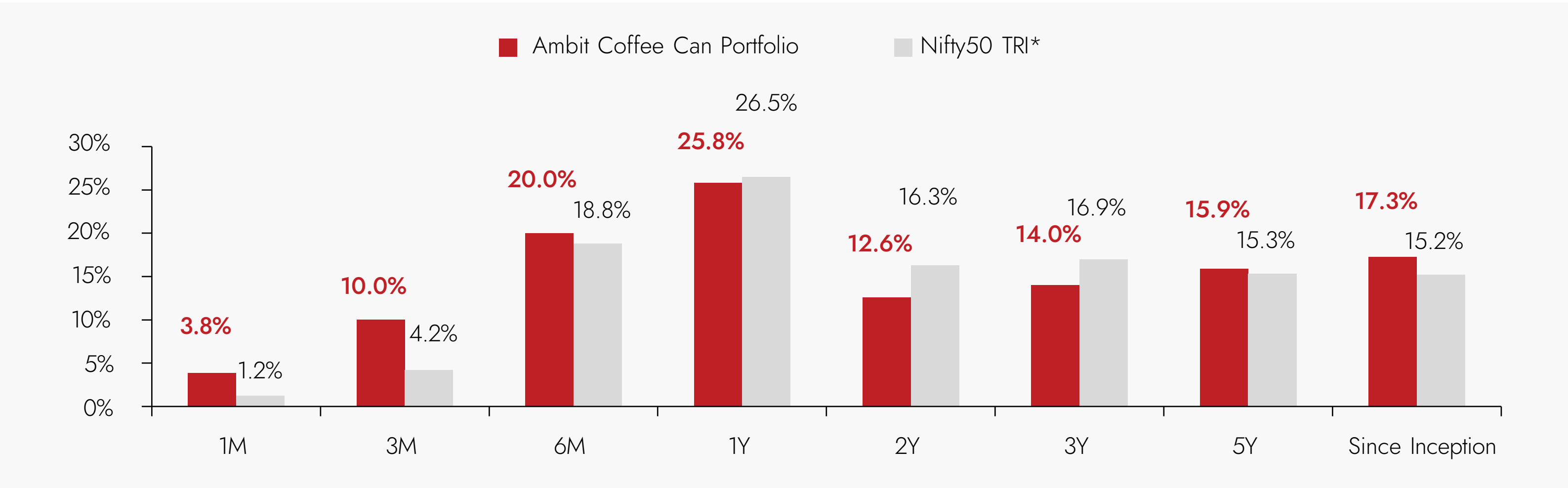
Source: Household consumption Expenditure Survey, Ambit Asset Management

Few of our portfolio companies are likely to see a significant benefit of the strong growth happening in UP. Companies where we see these benefits include - Home First, Havells, V-Mart, Teamlease, KEI, Orient Electric, Venus Pipes, Mold-Tek Packaging, Supreme, Astral

AMBIT COFFEE CAN PORTFOLIO

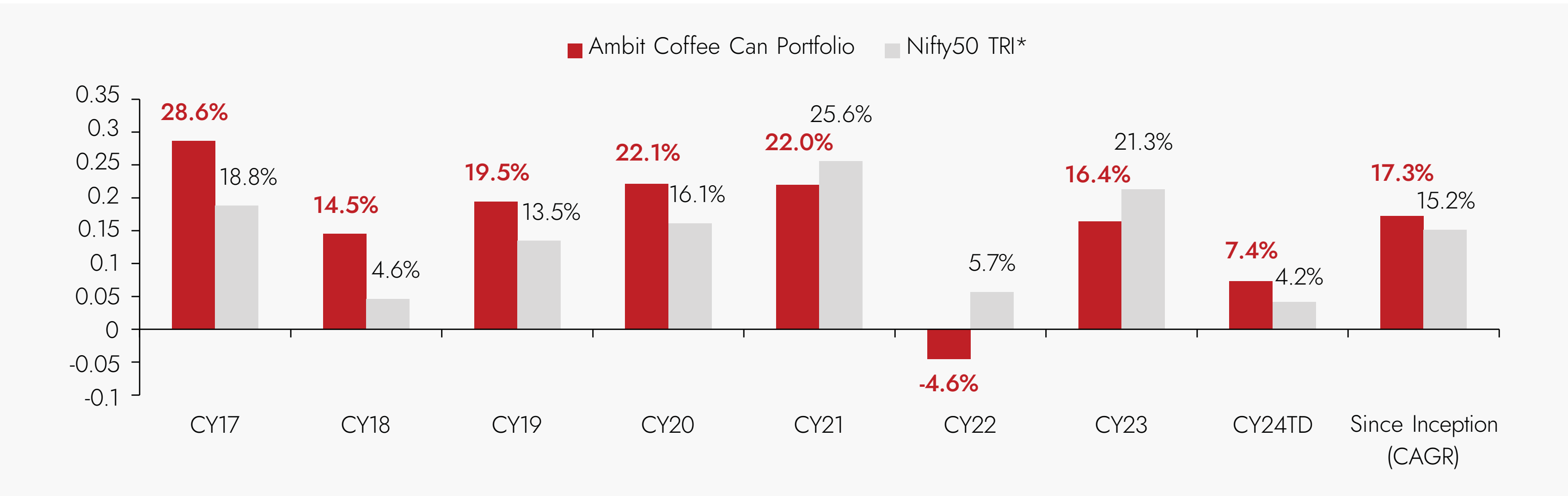
At Coffee Can Portfolio, we do not attempt to time commodity/investment cycles or political outcomes and prefer resilient franchises in the retail and consumption-oriented sectors. The Coffee Can philosophy has an unwavering commitment to companies that have consistently sustained their competitive advantages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

Exhibit 8: Ambit's Coffee Can Portfolio point-to-point performance



Source: ##Ambit Coffee Can Portfolio inception date is Mar 6, 2017. **1M Return: 1st-30th Apr'24; 3M Return: 1st Feb'24 – 30th Apr'24; 6M Return: 1st Nov'23 – 30th Apr'24; 1Y Return: 1st May'23 – 30th Apr'24. #Returns are net of all fees and expenses; Returns above 1yr are annualized
*Nifty 50 TRI is the selected benchmark for the Ambit Coffee Can Portfolio same is reported to SEBI.

Exhibit 9: Ambit's Coffee Can Portfolio calendar year performance



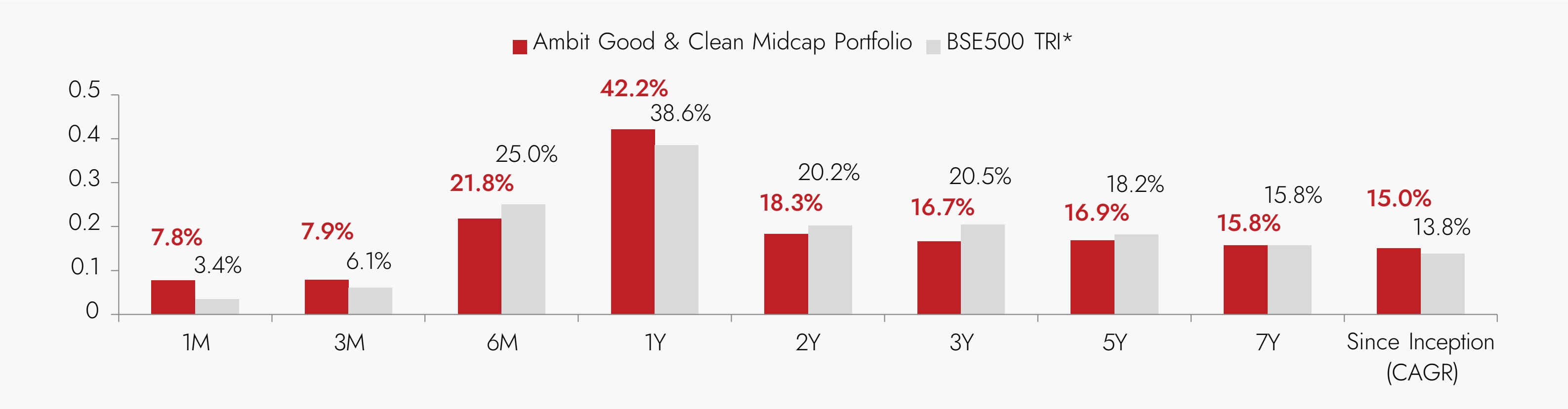
Source: ##Ambit Coffee Can Portfolio inception date is Mar 6, 2017. #Returns are net of all fees and expenses; Returns above 1yr are annualized
*Nifty 50 TRI is the selected benchmark for the Ambit Coffee Can Portfolio same is reported to SEBI.

AMBIT GOOD & CLEAN MIDCAP 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:

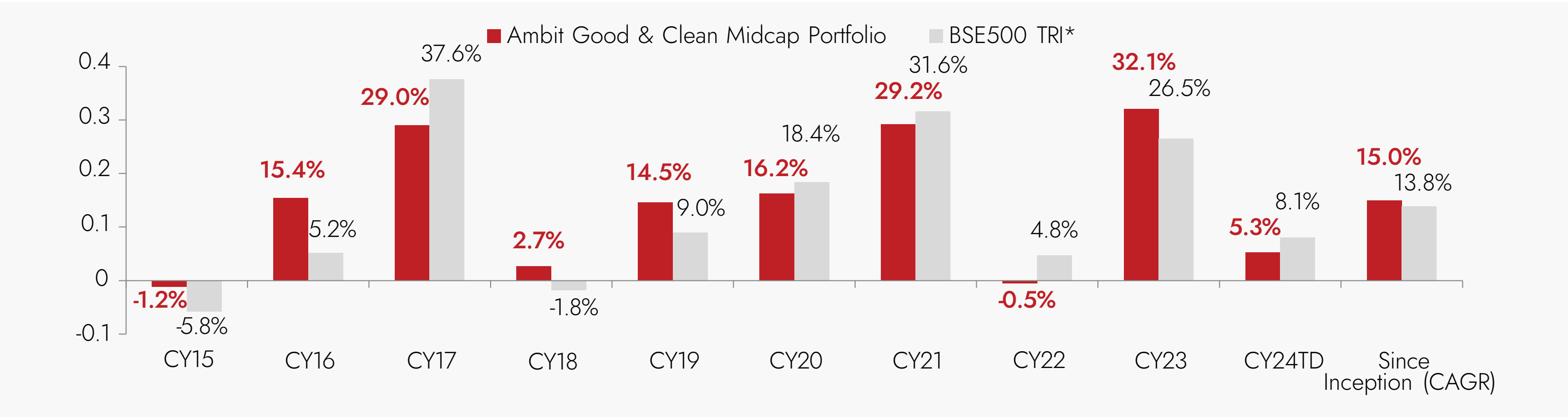
- Process-oriented approach to investing: Typically starting at the largest 500 Indian companies, Ambit's proprietary frameworks for assessing accounting quality and efficacy of capital allocation help narrow down the investible universe to a much smaller subset. This shorter universe is then evaluated 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 these 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 10: Ambit's Good & Clean Midcap Portfolio point-to-point performance



Source: ##Ambit Good & Clean Mid cap Portfolio inception date is Mar 12, 2015. **1M Return: 1st-30th Apr'24; 3M Return: 1st Feb'24 – 30th Apr'24; 6M Return: 1st Nov'23 – 30th Apr'24; 1Y Return: 1st May'23 – 30th Apr'24. #Returns are net of all fees and expenses; Returns above 1yr are annualized
*BSE 500 TRI is the selected benchmark for the Ambit Good & Clean Mid cap Portfolio and the same is reported to SEBI.

Exhibit 11: Ambit's Good & Clean Midcap Portfolio calendar year performance

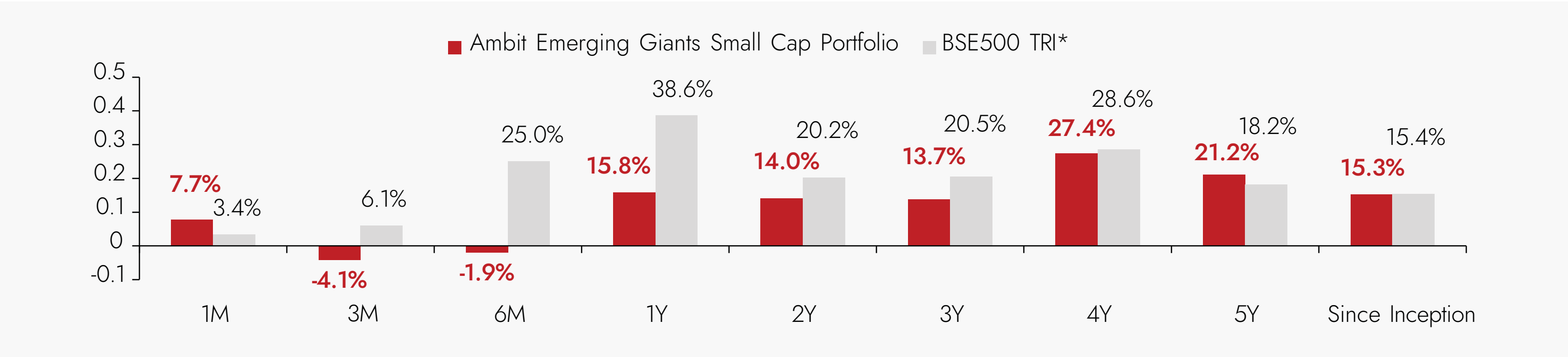


Source: ##Ambit Good & Clean Mid cap Portfolio inception date is Mar 12, 2015. #Returns are net of all fees and expenses; Returns above 1yr are annualized
*BSE 500 TRI is the selected benchmark for the Ambit Good & Clean Mid cap Portfolio and the same is reported to SEBI.

AMBIT EMERGING GIANTS SMALL CAP PORTFOLIO

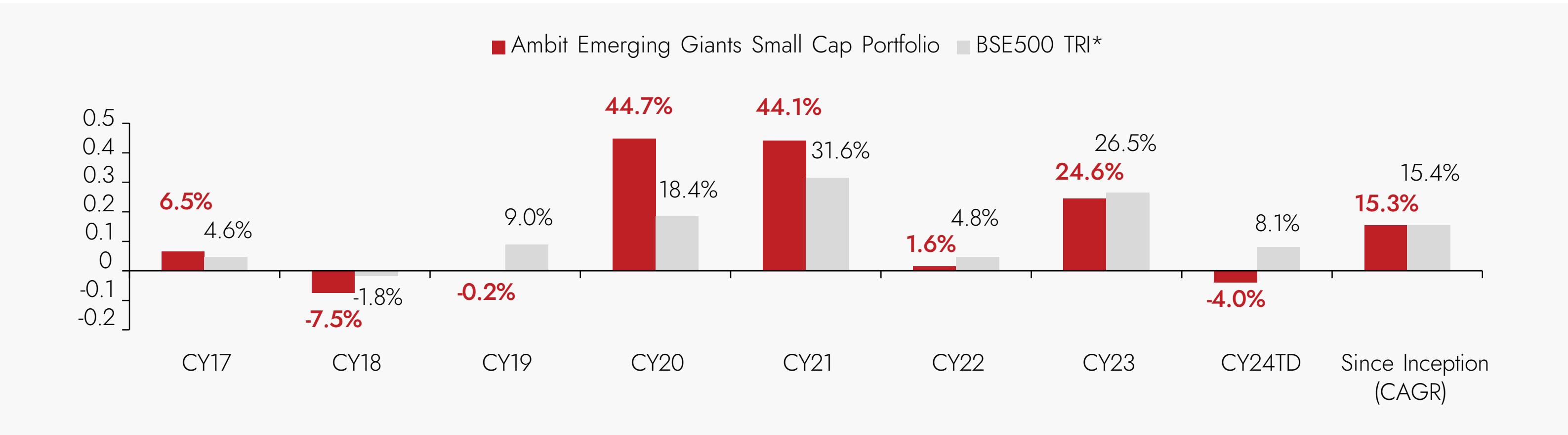
Small caps with secular growth, superior return ratios and no leverage — Ambit's Emerging Giants portfolio aims to invest in small-cap companies with market-dominating franchises and a track record of clean accounting, governance and capital allocation. The fund typically invests in companies with market caps less than INR 4,000cr. These companies have excellent financial track records, superior underlying fundamentals (high RoCE, low debt), and the 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 led us to a concentrated portfolio of 15-16 emerging giants.

Exhibit 12: Ambit Emerging Giants Small Cap Portfolio point-to-point performance



Source: ##Ambit Emerging Giants Small cap Portfolio inception date is Dec 1, 2017. **1M Return: 1st-30th Apr'24; 3M Return: 1st Feb'24 – 30th Apr'24; 6M Return: 1st Nov'23 – 30th Apr'24; 1Y Return: 1st May'23 – 30th Apr'24. #Returns are net of all fees and expenses; Returns above 1yr are annualized
*BSE 500 TRI is the selected benchmark for the Ambit Emerging Giants Small Cap Portfolio and the same is reported to SEBI.

Exhibit 13: Ambit Emerging Giants Small Cap Portfolio calendar year performance



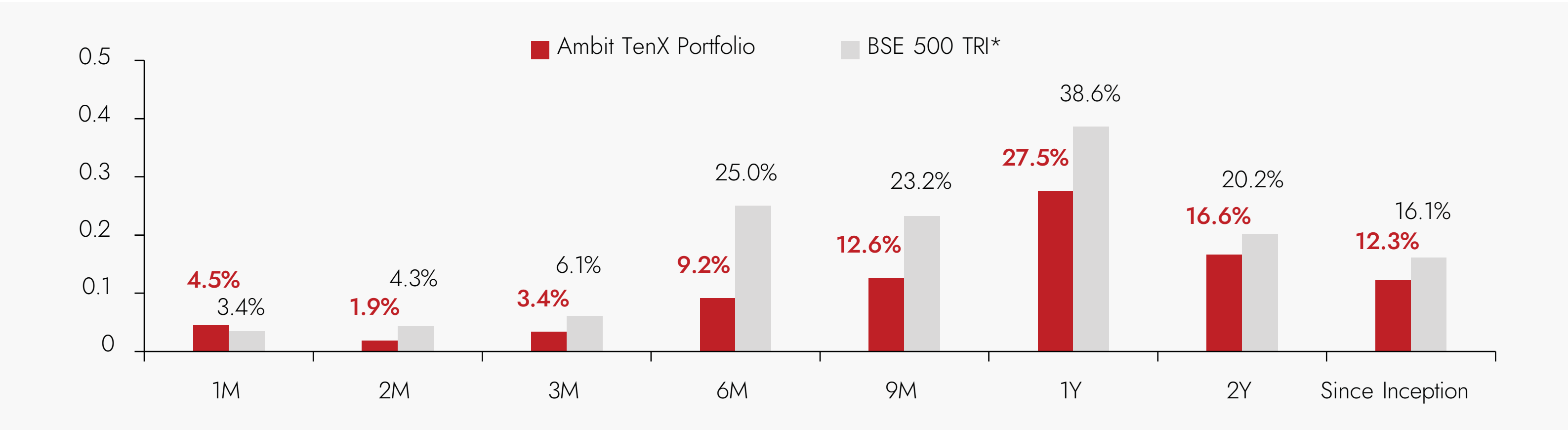
Source: ##Ambit Emerging Giants Small cap Portfolio inception date is Dec 1, 2017. #Returns are net of all fees and expenses; Returns above 1yr are annualized
*BSE 500 TRI is the selected benchmark for the Ambit Emerging Giants Small Cap Portfolio and the same is reported to SEBI.

AMBIT TenX PORTFOLIO

Ambit TenX Portfolio gives investors an opportunity to participate in the India growth story as the Indian GDP heads towards a US$10tn mark over the next 12-15 years. Mid and Small corporates are expected to be the key beneficiaries of this growth. The portfolio intends to capitalize on this opportunity by identifying and investing in primarily mid & small cap companies that can grow their earnings 10x over the same period implying 18-21% CAGR. Key features of this portfolio would be as follows:

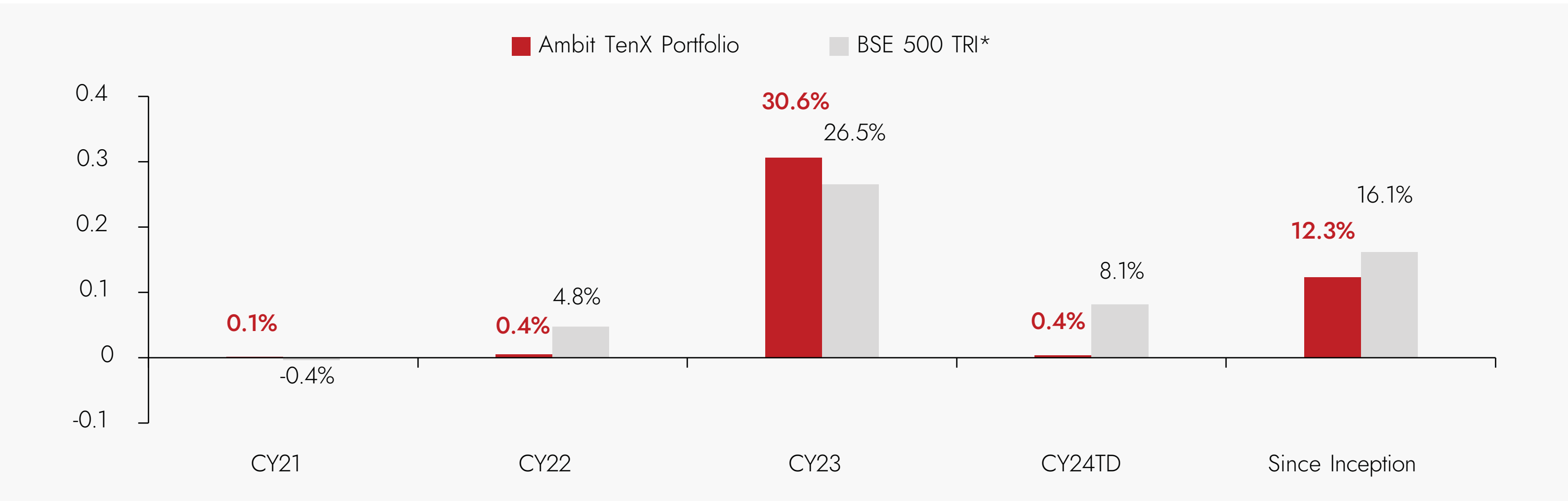
- Longer-term approach with a concentrated portfolio: Ideal investment duration of >5 years with 15-20 stocks.
- Key driving factors: Low penetration, strong leadership, light balance sheet
- Forward-looking approach: Relying less on historical performance and more on future potential while not deviating away from the Good & Clean philosophy.
- No Key-man risk: Process is the Fund Manager

Exhibit 14: Ambit TenX Portfolio point-to-point performance



Source: ##Ambit TenX Portfolio inception date is Dec 13, 2021. **1M Return: 1st-30th Apr'24; 3M Return: 1st Feb'24 – 30th Apr'24; 6M Return: 1st Nov'23 – 30th Apr'24; 1Y Return: 1st May'23 – 30th Apr'24. #Returns are net of all fees and expenses; Returns above 1yr are annualized
*BSE 500 TRI is the selected benchmark for the Ambit TenX Portfolio and the same is reported to SEBI.

Exhibit 15: Ambit TenX Portfolio calendar year performance



Source: ##Ambit TenX Portfolio inception date is Dec 13, 2021. #Returns are net of all fees and expenses; Returns above 1yr are annualized
*BSE 500 TRI is the selected benchmark for the Ambit TenX Portfolio and the same is reported to SEBI.

For any queries, please contact:
Umang Shah - Phone: +91 22 6623 3281,
Email - aiapms@ambit.co
Registered Address: Ambit Investment Advisors Private Limited -
Ambit House, 449, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013

Corporate Address: Ambit Investment Advisors Private Limited -
2103/2104, 21st Floor, One Lodha Place,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Ambit Investment Advisors Private Limited ("Ambit"), is a registered Portfolio Manager with Securities and Exchange Board of India vide registration number INP000005059.
The performance of the Portfolio Manager has not been approved or recommended by SEBI nor SEBI certifies the accuracy or adequacy of the performance related information contained therein. Returns are calculated using TWRR method as prescribed under revised SEBI (Portfolio Managers) Regulations, 2020. Performance is net of all fees and expenses. Past performance is not a reliable indicator of future results. Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of 1) the timing of inflows and outflows of funds; and 2) differences in the portfolio composition because of restrictions and other constraints. For comparative Performance relative to other Portfolio Managers within the selected Strategy, please visit: bit.ly/APMI_PMS
This presentation / newsletter / report is strictly for information and illustrative purposes only and should not be considered to be an offer, or solicitation of an offer, to buy or sell any securities or to enter into any Portfolio Management agreements. This presentation / newsletter / report is prepared by Ambit strictly for the specified audience and is not intended for distribution to public and is not to be disseminated or circulated to any other party outside of the intended purpose. This presentation / newsletter / report may contain confidential or proprietary information and no part of this presentation / newsletter / report may be reproduced in any form without its prior written consent to Ambit. All opinions, figures, charts/ graphs, estimates and data included in this presentation / newsletter / report is subject to change without notice. This document is not for public distribution and if you receive a copy of this presentation / newsletter / report and you are not the intended recipient, you should destroy this immediately. Any dissemination, copying or circulation of this communication in any form is strictly prohibited. This material should not be circulated in countries where restrictions exist on soliciting business from potential clients residing in such countries. Recipients of this material should inform themselves about and observe any such restrictions. Recipients shall be solely liable for any liability incurred by them in this regard and will indemnify Ambit for any liability it may incur in this respect.
Neither Ambit nor any of their respective affiliates or representatives make any express or implied representation or warranty as to the adequacy or accuracy of the statistical data or factual statement concerning India or its economy or make any representation as to the accuracy, completeness, reasonableness or sufficiency of any of the information contained in the presentation / newsletter / report herein, or in the case of projections, as to their attainability or the accuracy or completeness of the assumptions from which they are derived, and it is expected each prospective investor will pursue its own independent due diligence. In preparing this presentation / newsletter / report, Ambit has relied upon and assumed, without independent verification, the accuracy and completeness of information available from public sources. Accordingly, neither Ambit nor any of its affiliates, shareholders, directors, employees, agents or advisors shall be liable for any loss or damage (direct or indirect) suffered as a result of reliance upon any statements contained in, or any omission from this presentation / newsletter / report and any such liability is expressly disclaimed. Further, the information contained in this presentation / newsletter / report has not been verified by SEBI.
You are expected to take into consideration all the risk factors including financial conditions, risk-return profile, tax consequences, etc. You understand that the past performance or name of the portfolio or any similar product do not in any manner indicate surety of performance of such product or portfolio in future. You further understand that all such products are subject to various market risks, settlement risks, economical risks, political risks, business risks, and financial risks etc. and there is no assurance or guarantee that the objectives of any of the strategies of such product or portfolio will be achieved. You are expected to thoroughly go through the terms of the arrangements / agreements and understand in detail the risk-return profile of any security or product of Ambit or any other service provider before making any investment. You should also take professional / legal /tax advice before making any decision of investing or disinvesting. The investment relating to any products of Ambit may not be suited to all categories of investors. Ambit or Ambit associates may have financial or other business interests that may adversely affect the objectivity of the views contained in this presentation / newsletter / report.
Ambit does not guarantee the future performance or any level of performance relating to any products of Ambit or any other third party service provider. Investment in any product including mutual fund or in the product of third party service provider does not provide any assurance or guarantee that the objectives of the product are specifically achieved. Ambit shall not be liable for any losses that you may suffer on account of any investment or disinvestment decision based on the communication or information or recommendation received from Ambit on any product. Further Ambit shall not be liable for any loss which may have arisen by wrong or misleading instructions given by you whether orally or in writing. The name of the product does not in any manner indicate their prospects or return.
The product 'Ambit Coffee Can Portfolio' has been migrated from Ambit Capital Private Limited to Ambit Investments Advisors Private Limited. Hence some of the information in this presentation may belong to the period when this product was managed by Ambit Capital Private Limited.
The performance data for coffee can product between 6th march 2017 - 19th June 2017 represents model portfolio returns. First client was onboarded on 20th June 2017. The performance data for G&C product between 1st June 2016 to 1st April 2018 also includes returns for funds managed for an advisory offshore client. Returns are calculated using TWRR method as prescribed under revised SEBI (Portfolio Managers) Regulations, 2020
You may contact your Relationship Manager for any queries.