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Ten-Bagger 11.0

**Greatness is not a function of circumstance.
Greatness is largely a matter of conscious
choice and discipline – Jim Collins**

Greatness framework aims to find companies which have a high likelihood of improving ROCE over next 1-2 years, following the Greatness Grail. We rank companies over the last six years on incremental capital investments, sales growth, CE turn efficiencies and margins; this time we also add analyst views on competitive advantage and business momentum. Past framework-based BSE500/Sub-BSE500 Ten-Bagger portfolios outperformed NSE100 /SPBSSIP Index(ex-BFSI) by 15% CAGR over the last decade; last year by 18% (BSE500 portfolio) as well. 2022 portfolio is dominated by small/mid-caps (80%) and appears expensive vs historical valuations. However, last decade analysis suggests starting valuations didn't matter! 70% churn from last portfolio suggests companies aren't consistent in maintaining the lead on our Greatness Grail. From large caps, Nestle, Hindalco and LTTS repeat from last year; three chemical names (Vinati, Atul, Alkyl) and Carborundum reappear. As always, we highlight small-cap names (18) to beachcomb from the sub-BSE500 universe but apply stringent accounting filters.

Adding analyst views (or bias) to our Quant views!

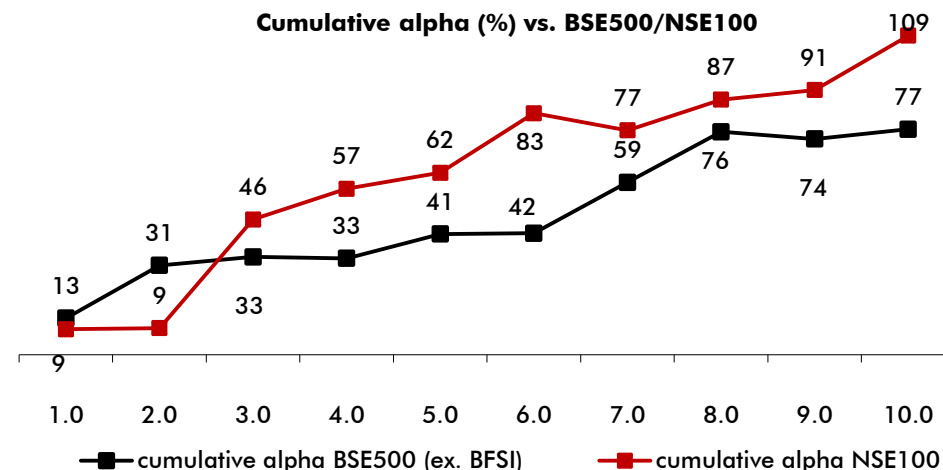
To make a final list of 21 names from BSE500 universe, we avoided ~35 names where our analysts had no good reasons to believe that investors should own these stocks over next one year. On 16 out of these final 21 names, our analysts expect positive changes to their existing competitive advantage over the next 12-24 months. The companies are witnessing encouraging narratives ranging from recent capex to increase in existing capabilities, leadership changes, cost leadership, diversified portfolios etc. Refer Appendix 1

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Great firms outperform top flexi-cap MFs or magic screen

Great firms have typically outperformed even the top firms selected basis magic screen in times of market downturns. Our last nine out of 10 equally weighted ten bagger portfolios also outperformed the top flexi-cap MFs by 0-17%. Further, even if one were to invest only in top 40% stocks in each portfolio basis liquidity, he would have still made good returns. Dominated by small/mid-caps (70% constituents), current portfolio appears expensive. Nonetheless, past suggests initial valuations didn't matter to return. Great or ten bagger firms from both BSE500 and Sub-BSE500 universe showcase strong fundamentals (cash conversions, ROCE, ROE, margins etc) vs rest of the universe. Multiple Sub-BSE500 names highlighted in the past have gone on to become multi-baggers

BSE500 Ten-Bagger Portfolio iterations posted 25% CAGR vs 16%/15% for BSE500/NSE100 over the last decade

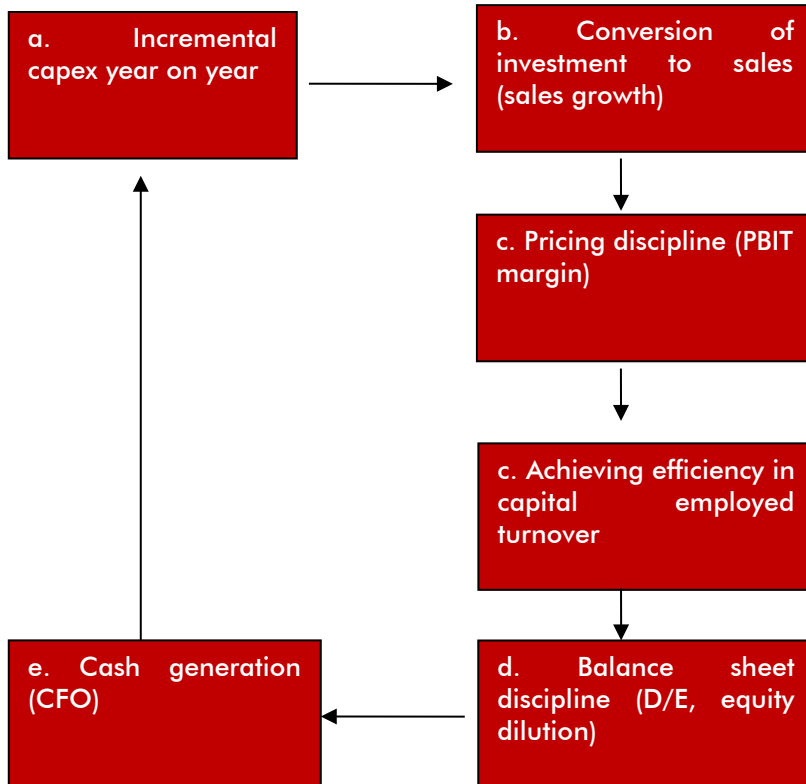


Source: Bloomberg, Ambit Capital research. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next.

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What is our Greatness Framework?

'Greatness' framework – emphasizing on the drivers to greatness



Source: Ambit Capital research

Factors used for quantifying greatness

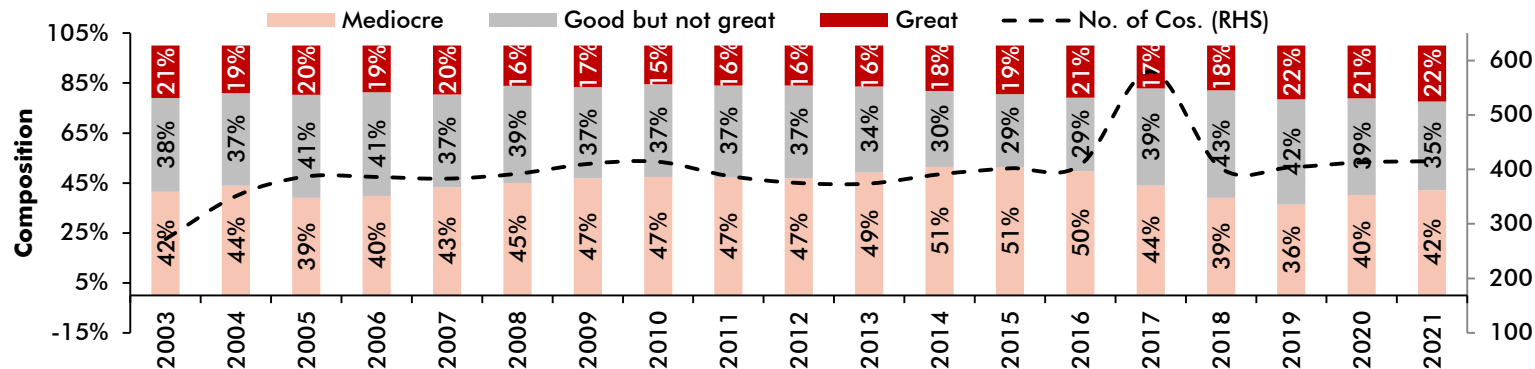
Head	Criteria/formulas
1 Incremental capex	1) Above median incremental capex to depreciation (FY18-21 over FY15-18)
2 Conversion to sales	1) Improvement in sales (FY18-21 over FY15-18)* 2) Above median sales increase to standard deviation
3 Efficiency in capital employed	1) Improvement in capital employed turnover (FY15-18 over FY15-18) 2) Above median capital employed turnover increase to standard deviation
4 Pricing discipline	1) Above median PBIT margin increase (FY18-21 over FY15-18)* 2) Above median PBIT margin increase to standard deviation
5 Balance sheet discipline	1) Below median debt-equity decline (FY18-21 over FY15-18)* 2) Below median debt-equity decline to standard deviation 3) Above median equity dilution increase (FY18-21 over FY15-18)*
6 Cash generation and PAT improvement	1) Above median CFO increase (FY18-21 over FY15-18)* 2) Above median CFO increase to standard deviation

Source: Ambit Capital research. Note: * Rather than comparing one annual end-point to another annual end-point (say, FY16 to FY21), we prefer to average data over FY16-18 and compare that to the averaged data from FY19-21. This gives a more consistent picture of performance (vs simply comparing FY16 to FY21). Both improvement and the consistency of those improvements are important.

Recognizing consistent outperformance of 'Great' firms

Less in number, but 'Great' firms have strong fundamentals

Only 15-22% of BSE500 (ex-BFSI) firms qualify as 'Great' firms since 2003; Pareto holds here!



Source: Ambit Capital research, Company, Bloomberg; Note: Universe for this exhibit is BSE500 companies (ex-BFSI).

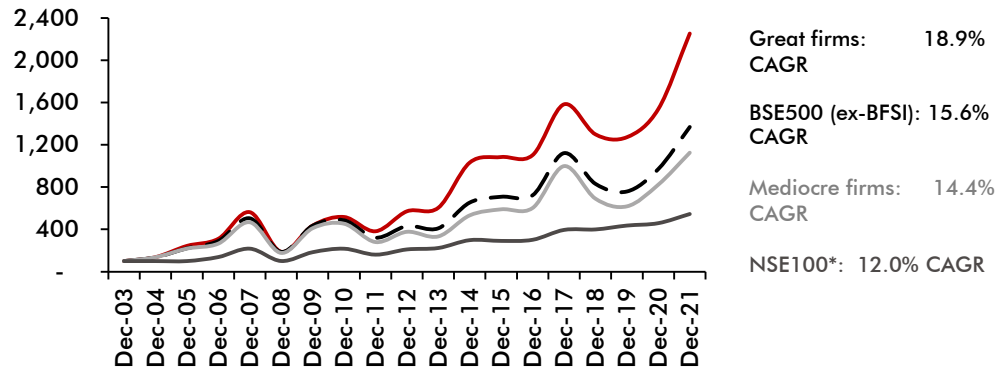
Clearing our 'Greatness filters' was possible only for 22% of BSE500 universe (ex-BFSI); Great firms clearly showcase better financial performance

	Mediocre	Good but not great	Great
Number of firms	175	147	93
% of firms part of	42%	35%	22%
Mcap (US\$ mn)*	1343	1666	2092
FF Mcap (US\$ mn)*	604	733	965
Share price (3-year CAGR)#	7%	16%	33%
Gross block (3-year CAGR)	10%	10%	12%
Sales (3-year CAGR)	0%	6%	10%
Adj PAT (3-year CAGR)	4%	12%	21%
CFO (3-year CAGR)	13%	18%	30%
EBIT Margin (3-year median)	13%	16%	14%
RoE (3-year median)	12%	16%	19%
RoCE (pre-tax) (3-year median)	14%	18%	21%
Net debt equity (3-year median)	0.0	(0.0)	0.0
FY22E P/E (x)	32.6	27.7	29.9
FY22E P/B (x)	3.9	3.7	6.1
FY23E P/E (x)	24.5	20.7	25.7
FY23E P/B (x)	3.5	3.3	5.1

Source: Capitaline, Ambit Capital research. Note: Universe for this exhibit is BSE500(ex-BFSI). *Market cap is dated 28 March 2022. # indicates share price performance from 28 Mar 2019 to 28 Mar 2022. 3 years is based on data for FY19/FY20/FY21. # We have ignored the companies where no data is available. All above numbers are based on median of buckets.

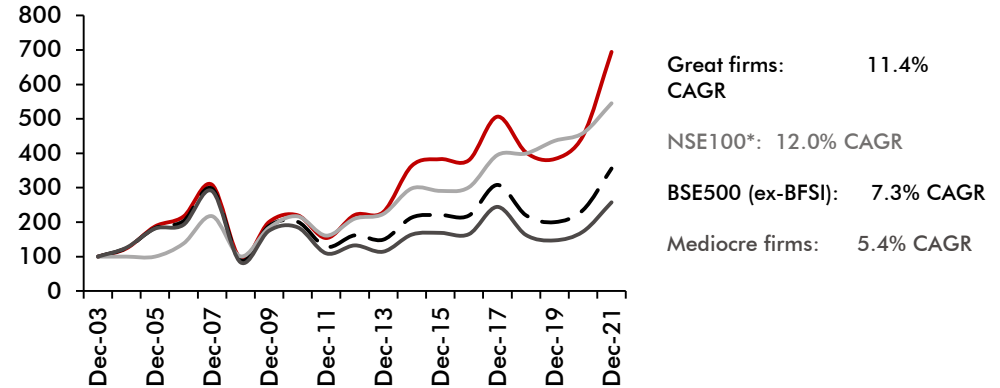
Greatness Framework has stood the test of time

On average basis, Great firms have consistently managed to outperform broader markets and mediocre firms



Source: Ambit Capital research, Bloomberg; Note: The back-test is based on annual rebalancing with forward-looking returns being calculated from December 31 of year X to December 31 of year X+1; for example, in the exhibit above, for the most recent year, the framework included numbers until FY21 and returns have been calculated from 31 December 2020 to 31 December 2021. (Note: The above exhibit only considers the share price returns and not the total shareholder returns). *NSE100 data is considered from Dec-06

On median basis too, barring NSE100, great firms largely outperformed broader markets and mediocre firms



Source: Ambit Capital research, Bloomberg. Note: Ambit Capital research. Note: The back-test is based on annual rebalancing with forward-looking returns being calculated from December 31 of year X to December 31 of year X+1; for example, in the exhibit above, for the most recent year, the framework included numbers until FY21 and returns have been calculated from 31 December 2020 to 31 December 2021. (Note: The above exhibit only considers the share price returns and not the total shareholder returns). *NSE100 data is considered from Dec-06

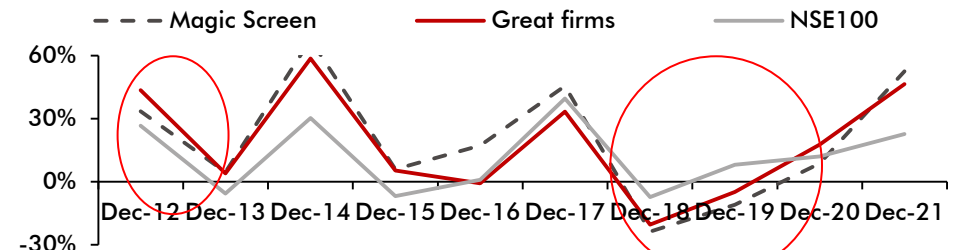
Across FF mcaps, 'Great' firms across different mcap ranges have outperformed mediocre firms

Median CAGR (2003-2021)	Great	Good but not great	Mediocre
Q1 (Lowest free float market cap companies)	4%	0%	-1%
Q2	9%	5%	9%
Q3	15%	7%	7%
Q4 (Highest free float market cap companies)	16%	11%	10%

Source: Ambit Capital research, Bloomberg. Note: The back-test is based on annual rebalancing with forward-looking returns being calculated from December 31 of year X to December 31 of year X+1; for example, in the exhibit above for the most recent year, the framework included numbers until FY21 and returns have been calculated from 31 December 2020 to 31 December 2021. (Note: The above exhibit only considers the share price returns and not the total shareholder returns). Quartiles are based on free float market cap as of 31 Dec of each year

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Great firms typically outperform magic screen-based firms during weaker market conditions



Source: Ambit Capital research, Bloomberg. Note: The back-test is based on annual rebalancing with forward-looking returns being calculated from December 31 of year X to December 31 of year X+1; for example, in the exhibit above, for the most recent year, the framework included numbers until FY21 and returns have been calculated from 31 December 2020 to 31 December 2021. (Note: The above exhibit only considers the share price returns and not the total shareholder returns). *NSE100 data is considered from Dec-06

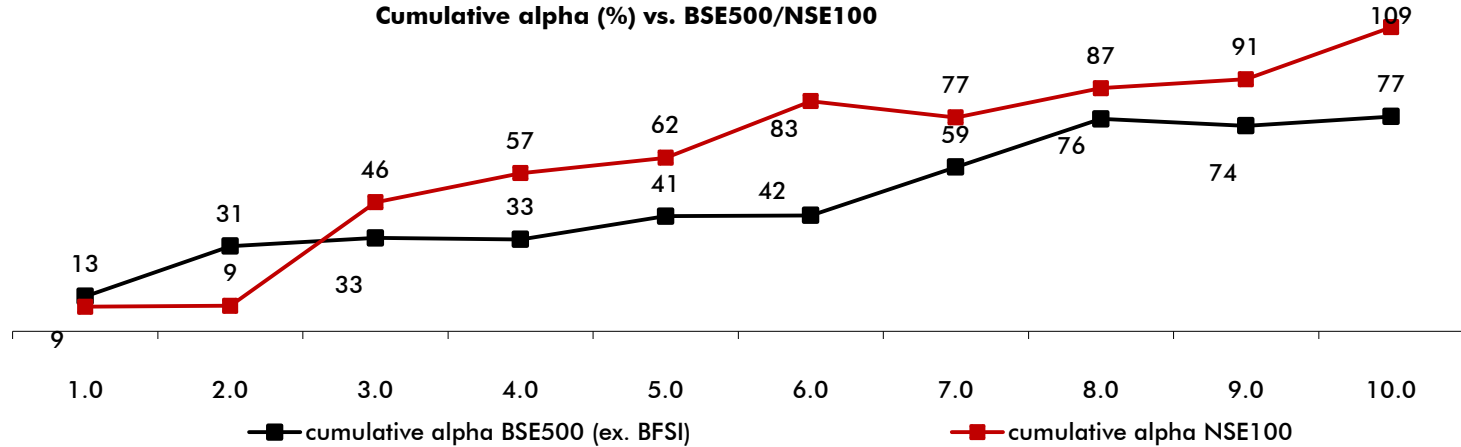
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**Ten-Bagger portfolios have
consistently outperformed**

Ten-Bagger portfolio continues to outperform the broader market

BSE500 Ten-Bagger Portfolio iterations posted 25% CAGR vs 16%/15% for BSE500/NSE100 over last decade

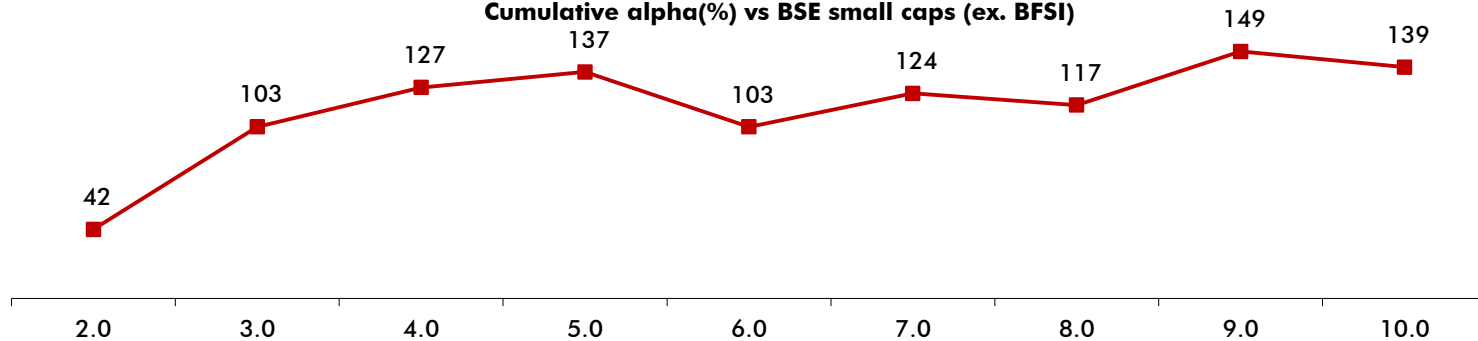
Cumulative alpha (%) vs. BSE500/NSE100



Source: Bloomberg, Ambit Capital research. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. We have used BSE500 index (ex-BFSI). Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next.

Sub-BSE500 Ten-Bagger iterations posted 29% CAGR vs 14% for BSE small-caps Index (ex BFSI) over the last decade

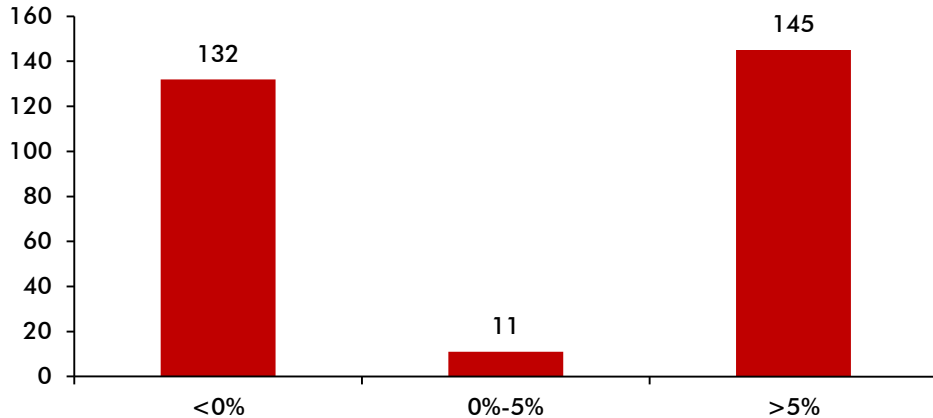
Cumulative alpha(%) vs BSE small caps (ex. BFSI)



Source: Bloomberg, Ambit Capital research. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. We have used BSE500 index (ex-BFSI). Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next.

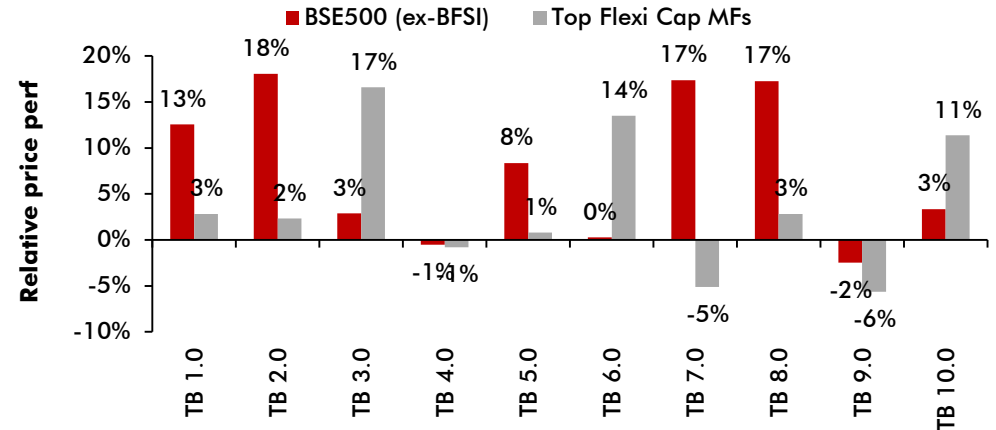
Higher success rates to find ideas; also o/p top flexi MFs

>50% recommendations in last 10 iterations outperformed NSE100 by >5% in the next one year since iteration date



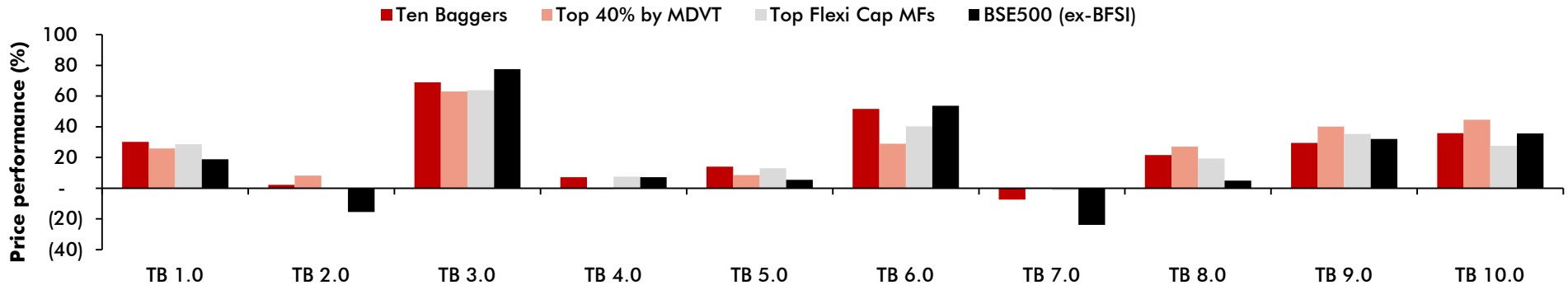
Source: Ambit Capital research, Bloomberg, Universe is BSE500(ex-BFSI). Note: Performance is on a total-return basis; i.e. assuming dividends are reinvested back into the same stock on the ex-dividend date. Returns are calculated on 1-year forward basis; i.e., from date of one iteration to next

Nine out of 10 Ten-Bagger portfolios have outperformed the top flexi cap MFs and BSE500 (ex-BFSI)



Source: Ambit Capital research, Company, Bloomberg. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next. Top 25% of flexi cap Mf form top flexi cap MFs

Even the top 40% firms basis liquidity have demonstrated comparable performance vs larger market or top flexi cap MFs



Source: Ambit Capital research, Company, Bloomberg. Note: Performance in the exhibit above is on a total-return basis; i.e. assuming that dividends are reinvested into the same stock on the ex-dividend date. We have used BSE500 index (ex-BFSI). Returns are calculated on 1-year forward basis; i.e. from date of one iteration to the next. Top 25% of flexi cap Mf form top flexi cap MFs

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Introducing Ten-Bagger11.0

List of Ten-Bagger 11.0 companies

All constituent companies feature in high quality accounting zones, also showcasing impressive RoCE and sales growth

Company name	Mcap (US\$ mn)	FF Mcap (US\$ mn)	MDVT - 3m (US\$ mn)	Greatness Score		Accounting Decile		RoCE (pre-tax)		Sales Growth	
				2020	2021	2020	2021	2020	2021	2020	2021
Wipro	43,203	11,661	65.9	58%	83%	D1	D3	19%	22%	4%	1%
Nestle India	21,347	7,950	12.3	83%	83%	D1	D2	99%	148%	10%	8%
Hindalco Industries	18,597	12,155	64.5	75%	75%	D2	D3	9%	8%	-9%	18%
SRF Ltd	10,143	4,998	22.9	50%	92%	D1	D1	15%	18%	-4%	13%
L&T Technology	6,781	1,768	21.2	75%	92%	D6	D5	40%	29%	11%	-3%
Balkrishna Industries	5,208	2,172	6.9	67%	92%	D1	D1	18%	24%	-8%	20%
Laurus Labs Ltd	4,169	3,032	15.7	58%	83%	D3	D5	14%	39%	24%	70%
Atul Ltd	4,024	2,216	4.6	92%	92%	D4	D5	27%	25%	1%	-9%
Deepak Nitrite Ltd	3,894	2,115	22.0	100%	92%	D7	D2	37%	40%	57%	3%
Indraprastha Gas	3,363	1,849	15.6	100%	100%	D2	D5	33%	25%	12%	-24%
Coromandel Intl	3,078	1,307	4.1	50%	75%	D4	D1	26%	34%	-1%	8%
JK Cement	2,286	1,109	4.3	92%	92%	D8	D4	17%	20%	10%	14%
Vinati Organics Ltd	2,629	682	0.9	75%	75%	D1	D4	32%	24%	-9%	-7%
Carborundum Uni	1,913	1,110	2.4	75%	92%	D2	D3	18%	20%	-3%	1%
Alkyl Amines	1,886	527	2.4	100%	83%	D3	D2	41%	55%	17%	25%
IndiaMart	1,755	886	10.7	75%	75%	D4	D3	99%	42%	26%	5%
TTK Prestige	1,491	441	1.0	75%	75%	D2	D3	19%	21%	-2%	6%
Mahindra CIE	845	235	0.5	67%	92%	D5	D3	11%	4%	-2%	-24%
Vaibhav Global Ltd	781	327	1.0	58%	92%	D4	D4	31%	37%	10%	28%
ESAB India	609	160	0.2	67%	75%	D4	D3	32%	27%	4%	-2%
Solara Active	324	196	1.2	N/A	83%	D4	D4	12%	15%	-6%	22%

Source: Ambit Capital research, Company, Bloomberg, Ace-equity, Sorted on the basis of market cap in ascending order. Market cap, FF market cap and 3 months MDV is dated 28 Mar 2022. Several companies were not considered for our portfolio owing to alleged corporate governance issues.

Ten-Bagger 11.0 – Diving into valuations

Only 33% of total stocks with current BSE500 Ten-Bagger iteration are attractively valued versus their historical valuations

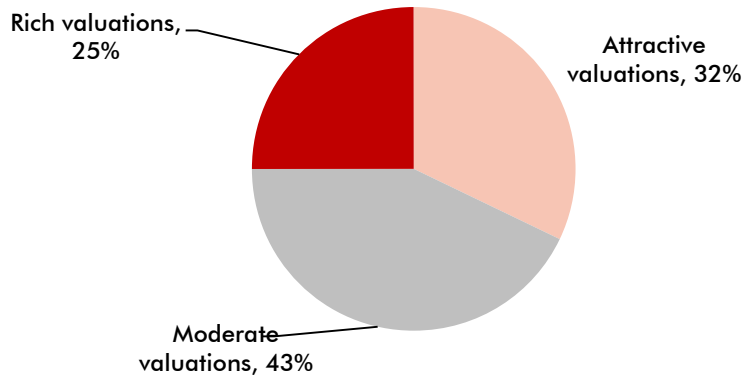
Company	Mcap FF Mcap MDVT - 3m			Trailing (TTM)		Blended FY21 & FY22E Valuations			Last 5yr Avg trailing valuations			Cheap w.r.t. history?			Overall cheap on how many counts?
	(US\$ mn)	(US\$ mn)	(US\$ mn)	P/E	P/B	P/E	P/B	EV/EBITDA	P/E	P/B	EV/EBITDA	P/E	P/B	EV/EBITDA	
Attractive Valuations*															
Indraprastha Gas	3,363	1,849	15.6	27	4.7	28	5	18	31	6.1	19	Yes	Yes	Yes	3
Coromandel Intl	3,078	1,307	4.1	19	4.8	17	4.2	11	21	4.5	13	Yes	Yes	Yes	3
Indiamart InterMesh	1,755	886	10.7	47	8.5	62	10.9	50	83	31.9	74	Yes	Yes	Yes	3
TTK Prestige	1,491	441	1.0	51	8.1	42	6.9	29	48	7.8	34	Yes	Yes	Yes	3
Mahindra CIE	845	235	0.5	17	1.3	32	0.9	12	35	1.9	13	Yes	Yes	Yes	3
Moderate Valuations**															
Hindalco Industries	18,597	12,155	64.5	25	2	12	1.4	7	14	1	7	Yes	-	Yes	2
Deepak Nitrite	3,894	2,115	22.0	39	13	29	9.4	19	29	6.1	19	Yes	-	Yes	2
Rich Valuations***															
Balkrishna Indus	5,208	2,172	6.9	36	6.9	29	5.7	19	33	5.2	17	Yes	-	-	1
Laurus Labs	4,169	3,032	15.7	32	12	28	8.4	18	35	5.7	18	Yes	-	-	1
JK Cement	2,286	1,109	4.3	27	5.2	29	5.2	15	31	4.2	13	Yes	-	-	1
Wipro	43,203	11,661	65.9	27	5	24	4.6	16	19	3.3	12	-	-	-	-
Nestle India	23,252	8,659	12.3	82	84.6	80	81.9	54	76	52.6	45	-	-	-	-
SRF	10,143	4,998	22.9	63	11.2	35	6.9	21	30	4.8	18	-	-	-	-
L&T Tech Services	6,781	1,768	21.2	56	12.5	47	10.2	30	30	7.6	21	-	-	-	-
Atul	4,024	2,216	4.6	44	7.5	38	6	25	30	4.9	19	-	-	-	-
Vinati Organics	2,629	682	0.9	63	N/A	57	10.2	44	41	8.6	30	-	-	-	-
Alkyl Amines	1,886	527	2.4	50	18.6	52	14.9	36	31	9.7	21	-	-	-	-
Carborundum Uni	1,913	1,110	2.4	52	6.9	36	5.3	22	33	4.5	19	-	-	-	-
Vaibhav Global	781	327	1.0	24	6.8	40	9.3	28	28	6.4	19	-	-	-	-
Esab India	609	160	0.2	86	19.7	52	14.5	38	40	6.8	25	-	-	-	-
Solara Active	324	196	1.2	11	1.6	28	2.3	13	21	2.2	11	-	-	-	-

Source: Bloomberg, Capitaline, Ambit Capital research Note: Sorted on the basis of valuations. * Trading below five-year average P/E, P/B, EV/EBITDA (on all three measures) ** Trading below on either of two of these three measures *** Trading below only one or none of five-year average P/E, P/B and EV/EBITDA. Market data is dated 28 Mar 22

Previously, valuations never mattered

~75% of our last portfolio consisted of companies with attractive valuations....

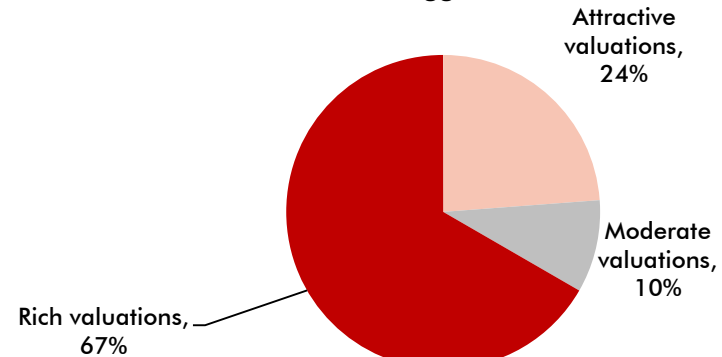
Ten-Baggers 10.0



Source: Ambit Capital research, Bloomberg

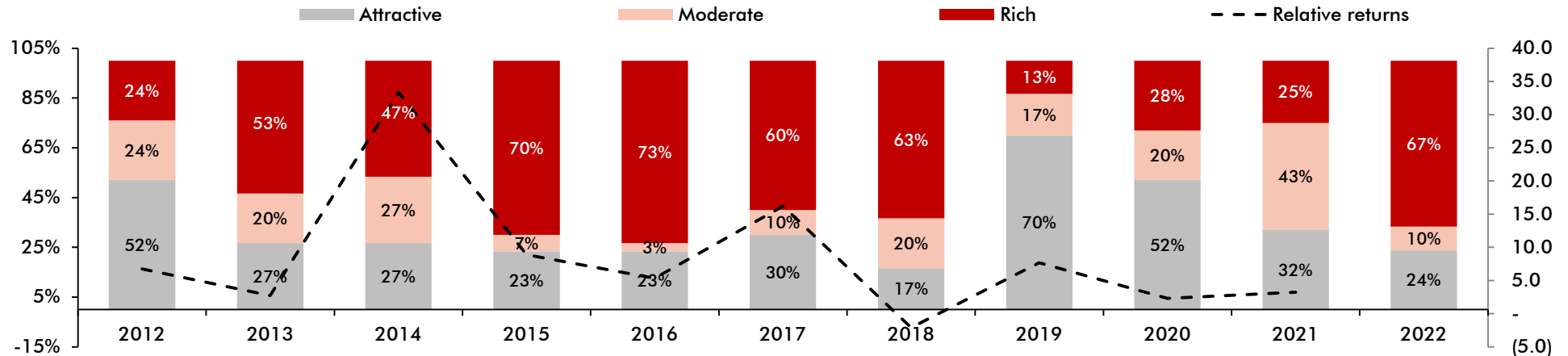
...while there is a contrasting situation with the current portfolio with ~70% of portfolio appearing expensive

Ten-Baggers 11.0



Source: Ambit Capital research, Bloomberg

However, initial valuations do not necessarily have a bearing on return generation; several portfolios in the past have outperformed the broader market over the next one year despite appearing expensive initially



Source: Ambit Capital research, Company, Bloomberg. Relative Returns (vs BSE500-ex BFSI) are calculated on 1-year forward basis; i.e. from date of one iteration to the next

2022 candidates witnessed superior performance recently

All Ten-Bagger candidates have demonstrated superior financial performance in recent years

Company	Mcap	FF Mcap	MDVT - 3m	Share price perf	3yr CAGR				3yr Median			ND/E	P/E	P/B
	(US\$ mn)	(US\$ mn)	(US\$ mn)	3yr CAGR	Sales	PAT	CFO	FCF	EBIT Margin	RoE	RoCE (pre tax)	FY21	FY22E	FY22E
Attractive Valuations*														
Indraprastha Gas	3,363	1,849	15.6	6%	3%	14%	21%	DNA	24%	19%	32%	(43%)	21	4.0
Coromandel International	3,078	1,307	4.1	17%	9%	24%	151%	114%	12%	28%	26%	(18%)	17	4.0
Indiamart InterMesh	1,755	886	10.7	N/A	18%	DNA	22%	DNA	34%	30%	67%	(143%)	44	7.2
TTK Prestige	1,491	441	1.0	5%	5%	-3%	31%	-5%	14%	17%	21%	(37%)	42	7.1
Mahindra CIE Automotive	845	235	0.5	-10%	-2%	2%	2%	-19%	9%	8%	11%	24%	57	1.3
Moderate Valuations**														
Hindalco Industries	18,597	12,155	64.5	46%	7%	-12%	17%	DNA	9%	6%	9%	61%	10	1.7
Deepak Nitrite	3,894	2,115	22.0	99%	38%	62%	76%	DNA	22%	40%	37%	15%	29	9.2
Rich Valuations***														
Wipro	43,203	11,661	65.9	33%	4%	9%	21%	9%	21%	17%	19%	(50%)	27	5.2
Nestle India	21,347	7,950	12.3	15%	10%	19%	11%	8%	23%	70%	99%	(158%)	79	82.0
SRF	10,143	4,998	22.9	75%	15%	32%	38%	DNA	17%	20%	15%	39%	43	9.1
L&T Technology Services	6,781	1,768	21.2	47%	13%	11%	48%	15%	19%	31%	40%	(50%)	52	12.3
Balkrishna Industries	5,208	2,172	6.9	27%	9%	16%	21%	-37%	21%	20%	20%	(8%)	29	5.9
Laurus Labs	4,169	3,032	15.7	94%	33%	77%	29%	DNA	14%	15%	14%	54%	36	9.2
Atul	4,024	2,216	4.6	43%	4%	33%	26%	-32%	20%	19%	27%	(41%)	44	6.6
Vinati Organics	2,629	682	0.9	34%	9%	23%	17%	-41%	36%	26%	32%	(19%)	61	11.0
JK Cement	2,286	1,109	4.3	40%	11%	21%	22%	-32%	17%	17%	17%	54%	27	4.5
Carborundum Universal	1,913	1,110	2.4	25%	4%	9%	28%	9%	14%	14%	20%	(31%)	38	6.0
Alkyl Amines Chemicals	1,886	527	2.4	103%	26%	66%	53%	DNA	24%	43%	41%	(14%)	64	15.1
Vaibhav Global	781	327	1.0	42%	17%	15%	100%	44%	12%	26%	31%	(39%)	33	5.7
Esab India	609	160	0.2	48%	9%	17%	35%	59%	13%	20%	27%	(32%)	58	18.3
Solara Active Pharma	324	196	1.2	18%	42%	384%	47%	DNA	19%	11%	12%	26%	33	1.4

Source: Bloomberg, Capitaline, Ambit Capital research. 3 years is based on data for the FY19/FY20/FY21. 3-year CAGR share price performance is for 28 Mar 2019 to 28 Mar 2022. * Trading below five-year average P/E, P/B, EV/EBITDA (on all three measures) ** Trading below on either of two of these three measures *** Trading below only one or none of five-year average P/E, P/B and EV/EBITDA. Market data is dated 28 Mar 22

Consensus assuming a promising future for 2022 candidates

Ten-Bagger 11.0 candidates are showcasing promising future

Company Name	Ambit Stance	Revenue Growth		EBIT Growth		EBIT Margin		CE turns (x)#		Capex (Rs bn)		RoCE#	
		FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Wipro*	SELL	12%	9%	10%	9%	17%	17%	0.94	0.91	36.1	39.2	16%	15%
Nestle India*	SELL	11%	11%	22%	14%	23%	24%	6.66	5.72	10.0	5.0	119%	105%
Hindalco Industries *	BUY	-8%	4%	-14%	5%	12%	12%	1.17	1.16	133.2	135.1	14%	14%
SRF*	BUY	16%	14%	16%	15%	22%	22%	1.04	1.04	22.0	22.0	22%	22%
L&T Technology	NR	20%	17%	21%	18%	18%	19%	N/A	N/A	1.9	2.1	N/A	N/A
Balkrishna Industries	NR	13%	11%	21%	15%	23%	24%	N/A	N/A	11.7	7.8	N/A	N/A
Laurus Labs *	BUY	39%	16%	57%	22%	28%	30%	1.21	1.24	6.8	5.5	33%	36%
Atul *	BUY	12%	12%	24%	16%	19%	20%	1.16	1.12	6.3	5.0	22%	22%
Deepak Nitrite *	BUY	8%	12%	8%	12%	23%	22%	1.59	1.49	10.0	10.0	35%	32%
Indraprastha Gas *	BUY	25%	-2%	2%	31%	17%	23%	1.32	1.18	12.0	10.0	15%	19%
Coromandel Intl	NR	1%	6%	8%	8%	11%	11%	N/A	N/A	4.8	4.8	N/A	N/A
Vinati Organics*	BUY	37%	25%	56%	25%	33%	33%	0.92	0.99	3.0	3.0	29%	32%
JK Cement.	NR	12%	13%	17%	19%	16%	17%	N/A	N/A	13.5	8.7	N/A	N/A
Carborundum Universal	NR	21%	14%	25%	13%	14%	14%	N/A	N/A	1.2	1.2	N/A	N/A
Alkyl Amines Chemicals	BUY	29%	16%	59%	34%	26%	30%	1.79	1.64	1.9	2.0	44%	47%
Indiamart Intermesh	NR	22%	20%	25%	20%	43%	43%	N/A	N/A	0.1	0.1	N/A	N/A
TTK Prestige	NR	14%	13%	16%	14%	14%	15%	N/A	N/A	0.6	0.7	N/A	N/A
Mahindra CIE Automotive	BUY	13%	12%	44%	6%	10%	10%	1.41	1.51	4.8	7.4	14%	14%
Vaibhav Global	BUY	14%	16%	42%	26%	12%	13%	2.43	2.47	0.8	0.7	27%	31%
Esab India	NR	17%	10%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Solara Active Pharma Science	NR	37%	15%	74%	19%	17%	18%	N/A	N/A	2.2	2.3	N/A	N/A

Source: Bloomberg, Ambit Capital research; *These companies include Ambit analysts estimates. #Wherever data is not available w.r.t RoCE & Capital Employed on Bloomberg, we have put NA

Ten-Bagger 11.0 dominated by small and mid-caps

We avoided few 'Great' firms only on account of being less liquid (USD0.2mn to USD 1.0mn)

Company	Mcap FF (US\$m)	Mcap MDVT - 3m (US\$m)	Greatness score 2021	Accounting decile 2021
Bayer CropScience	807	0.9	83%	D8
Poly Medicure	592	0.7	67%	D3
Orient Electric	548	0.8	67%	D2
Procter & Gamble Health	434	0.5	67%	D7
VST Industries	417	0.3	67%	D5
Astrazeneca Pharma	215	0.5	100%	D2
Prism Johnson	189	0.6	67%	D7
Godfrey Phillips India	191	0.3	67%	D8
Heidelberg Cement India	171	0.4	67%	D1
IFB Industries	127	0.2	67%	D4
Tasty Bite Eatables	95	0.2	83%	D10

Source: Ambit Capital research, Bloomberg,

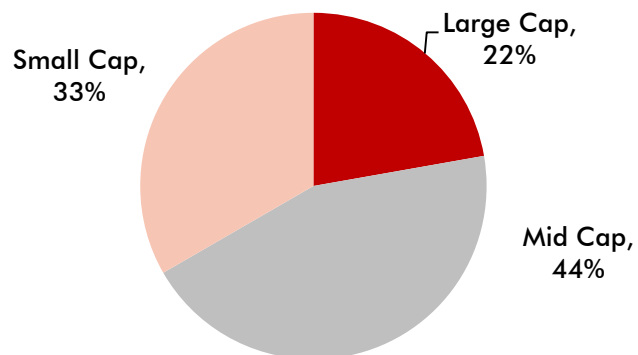
Only seven companies were repeaters in the current portfolio from last year

Co. Name	Mcap (US\$m)	Greatness score 2021	Accounting decile 2021
Nestle India Ltd.	21,347	83%	D2
Hindalco Industries Ltd.	18,597	75%	D3
L&T Technology Services Ltd.	6,781	92%	D5
Atul Ltd.	4,024	92%	D5
Vinati Organics Ltd.	2,629	75%	D4
Carborundum Universal Ltd.	1,913	92%	D3
Alkyl Amines Chemicals Ltd.	1,886	83%	D2

Source: Ambit Capital research, Bloomberg

Small-caps and mid-caps contributed ~80% of total portfolio in the previous years

Ten-Baggers 10.0

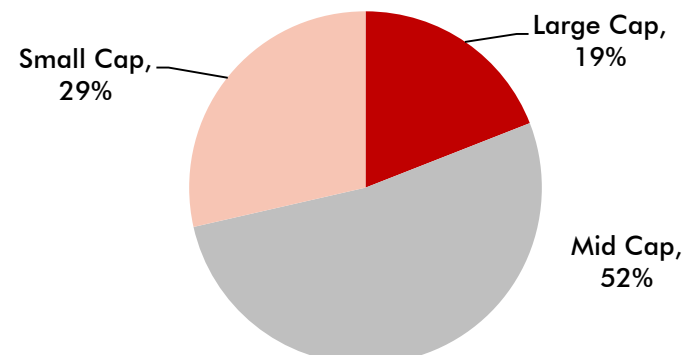


Source: Ambit Capital research, AMFI, Avg. Market Capitalization of listed companies during Jul-Dec 2020 & Jul-Dec 2021 is used to make small/mid and large cap classification

Ambit Capital Pvt.

Similar to the previous years' trend, small-caps and mid-caps contribute >80 of total portfolio

Ten-Baggers 11.0



Source: Ambit Capital research, AMFI, Avg. Market Capitalization of listed companies during Jul-Dec 2020 & Jul-Dec 2021 is used to make small/mid and large cap classification

List of Ten-Bagger 11.0 from the sub-BSE500 universe

Great firms identified from the Sub-BSE500 universe also clear our stringent accounting and governance filters

Company Name	Mcap	FF Mcap	MDVT – 3m	Greatness Score		Accounting Decile		P/E (x)		P/B (x)	
	(US\$ mn)	(US\$ mn)	(US\$ mn)	2020	2021	2020	2021	FY21	Trailing	FY21	Trailing
Clean Science & Technology	2,735	588	5.3	N/A	100%	D3	D5	N/A	112	N/A	41.3
Elgi Equipments	1,133	771	2.2	83%	83%	D5	D3	59	93	7.0	10.9
Triveni Engineering & Industries*	988	312	4.5	100%	100%	D1	D1	7	27	1.4	5.2
HLE Glascoat	952	283	0.7	83%	83%	D4	D5	59	150	18.3	46.5
Prince Pipes & Fittings	905	335	2.1	92%	83%	D5	D3	21	32	4.4	6.9
MTAR Technologies	806	291	1.6	100%	92%	D1	D2	N/A	N/A	N/A	N/A
Gujarat Ambuja Exports*	708	352	3.0	92%	92%	D1	D2	9	17	1.8	3.5
Transport Corp of India	577	193	1.0	75%	83%	D3	D2	13	30	1.7	3.8
Tinplate Co of India*	531	146	0.8	67%	83%	D4	D4	17	42	2.0	4.9
Sarda Energy & Minerals	527	132	3.1	100%	83%	D3	D4	4	10	0.7	1.8
CMS Info Systems	504	173	4.2	67%	92%	D4	D4	N/A	23	N/A	4.0
Supriya Lifescience	497	158	5.2	92%	92%	D1	D1	N/A	28	N/A	N/A
Newgen Software Technologies	460	250	2.7	92%	100%	D3	D5	15	28	3.0	5.4
Data Patterns India	443	199	0.9	100%	100%	D3	D1	N/A	N/A	N/A	N/A
Tega Industries	439	91	1.7	75%	100%	D8	D4	N/A	N/A	N/A	4.4
Cosmo Films	403	225	1.4	50%	92%	D2	D2	5	14	1.4	3.9
Acrysil	294	164	0.7	58%	83%	D3	D5	21	55	4.3	11.2
Sigachi Industries	116	60	0.9	N/A	100%	D3	D4	N/A	23	N/A	2.5

Source: Ambit Capital research, Company, Bloomberg. Market cap and free float market cap are dated 28 March 2022. *These companies were part of this list last year as well

A tool to find high-quality franchises

Ten-Bagger companies stand out on fundamentals

Our Ten-Bagger BSE500 candidates continue to showcase strong fundamentals versus other BSE entities

	Ten-Bagger 1.0	Ten-Bagger 2.0	Ten-Bagger 3.0	Ten-Bagger 4.0	Ten-Bagger 5.0	Ten-Bagger 6.0	Ten-Bagger 7.0	Ten-Bagger 8.0	Ten-Bagger 9.0	Ten-Bagger 10.0	Ten-Bagger 11.0	BSE500 2021
Cash conversion (CFO/EBITDA)	68%	65%	65%	73%	71%	76%	70%	68%	64%	81%	83%	86%
ROE (%)	30%	26%	29%	29%	29%	28%	24%	18%	23%	21%	20%	15%
ROCE (%)	37%	29%	32%	35%	35%	35%	29%	25%	74%	46%	25%	16%
Debt / equity ratio	(0.4)	0.0	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.4)	(0.2)	(0.2)	(0.1)
EBIT margins	18%	17%	16%	17%	18%	17%	17%	15%	19%	14%	21%	15%
EBITDA margins	19%	17%	18%	19%	18%	19%	18%	15%	18%	17%	24%	19%

Source: Ambit Capital research, Bloomberg, Company. The above parameters are calculated as a median of the underlying companies and the BSE500 companies (ex-BFSI). Above numbers are calculated for each financial year; for instance for Ten-bagger 11.0, the numbers pertain to FY21. Earlier Ten-Bagger iterations are not strictly comparable with Ten-Bagger 8.0, 9.0, 10.0, 11.0 as quality parameters in those (RoCE and RoE) were an input and hence a bias for higher RoCE, which is not the case this year.

Our Ten-Bagger Sub-BSE500 candidates too have always showcased strong financial parameters; also, they undergo checks on accounting quality, board independence, audit quality checks, shares pledged and watch-out investors

	Ten-Bagger 3.0	Ten-Bagger 4.0	Ten-Bagger 5.0	Ten-Bagger 6.0	Ten-Bagger 7.0	Ten-Bagger 8.0	Ten-Bagger 9.0	Ten-Bagger 10.0	Ten-Bagger 11.0	BSE500 2021
Cash conversion (CFO/EBITDA)	58%	58%	72%	69%	77%	92%	78%	76%	76%	62%
ROE (%)	20%	30%	26%	28%	22%	30%	27%	23%	27%	1%
ROCE (%)	30%	34%	30%	35%	30%	34%	97%	125%	30%	12%
Debt / equity ratio	0.0	0.3	0.3	0.3	(0.1)	0.0	(0.0)	0.2	0.0	0.8
EBIT margins	13%	16%	14%	16%	16%	16%	29%	15%	21%	-42%
EBITDA margins	14%	18%	15%	18%	18%	17%	23%	17%	23%	-13%

Source: Ambit Capital research, Bloomberg, Company. The above parameters are calculated as a simple average of the underlying companies and the Sub-BSE500 companies. Sub-BSE500 companies exclude financial stocks. Earlier Ten-Bagger iterations are not strictly comparable with Ten-Bagger 8.0, 9.0, 10.0 and 11.0 as quality parameters in those (RoCE and RoE) were an input and hence a bias for higher RoCE and which is not the case this year.

Our last BSE500 portfolio(10.0) delivered stellar performance

Our last BSE500 Ten-Bagger portfolio o/p NSE100/BSE500 index by 19%/3% respectively

Key takeaways

- 12 out of 24 companies significantly o/p the BSE500 index
- Top performers:** Balrampur Chini, Tata Elxsi, Hindalco Inds, L&T Technology, Narayana Hrudayalaya were amongst the top performers
- Laggards:** Astrazeneca Pharma, Whirlpool India, Thyrocare, Jubilant Food, Endurance Tech were key laggards

Company	Mcap	FF Mcap	Price		Total return
	(US\$ mn)	(US\$ mn)	26-Feb-21	28-Mar-22	(%)
Attractive Valuations*					
Hindalco Inds.	18,597	12,155	100	186	86.5
Page Industries	5,887	3,109	100	144	44.2
Crompton Gr. Con	3,052	2,869	100	96	(4.1)
Endurance Tech.	2,076	519	100	78	(21.8)
Carborundum Uni.	1,913	1,110	100	152	51.8
Balrampur Chini	1,321	761	100	272	172.1
Astrazeneca Phar	859	215	100	76	(23.8)
JK Lakshmi Cem.	640	345	100	111	11.4
Phillips Carbon	522	254	100	120	19.9
Moderate Valuations**					
Avenue Super.	34,112	8,531	100	134	33.9
L&T Technology	6,781	1,768	100	192	92.3
Tata Elxsi	7,384	4,111	100	344	244.3
Godrej Propert.	5,947	2,472	100	106	5.7
United Breweries	4,919	1,342	100	122	22.0
Atul	4,024	2,216	100	158	58.2
Aditya Bir. Fas.	3,684	1,617	100	163	63.0
Whirlpool India	2,615	654	100	65	(34.8)
Sanofi India	2,251	891	100	94	(5.8)
Narayana Hrudaya	1,941	702	100	168	67.7
PVR	1,509	1,252	100	138	38.2
Thyrocare Tech.	539	155	100	86	(13.5)
Rich Valuations***					
Nestle India	21,347	7,950	100	106	5.9
L & T Infotech	13,974	3,624	100	170	70.5
Astral Poly Tech	5,278	2,337	100	125	25.5
Abbott India	4,531	1,133	100	115	14.6
Jubilant Food.	4,583	2,661	100	88	(11.6)
Vinati Organics	2,629	682	100	140	40.2
Alkyl Amines	1,886	527	100	139	39.4
Ten-Bagger (Average)					39.0
BSE500 index (ex. BFSI)					35.7
NSE 100					20.1
Outperformance v/s BSE500 (ex. BFSI)/NSE100					3/19

Source: Ambit Capital research, Company, Bloomberg. Market cap and free float market cap are dated 28 March 2022. * Trading below five-year average P/E, P/B, EV/EBITDA (on all three measures) ** Trading below on either of two of these three measures *** Trading below only one or none of five-year average P/E, P/B and EV/EBITDA. Market data is dated 28 Mar 22

Our last sub-BSE500 portfolio too generated healthy returns

Despite generating 54% returns in last one year, our last Sub-BSE500 Ten-Bagger portfolio (10.0) has underperformed the SPBSSIP index (ex-BFSI) by ~10%, while has outperformed overall SBSSIP index by 15%

Company	Mcap	FF Mcap	Price		Total return (%)
	(US\$ mn)	(US\$ mn)	26-Feb-21	28-Mar-22	
Balaji Amines	1,229	569	100	177	77.5
Mastek	1,194	745	100	260	159.8
Triven.Engg.Ind.	988	312	100	362	262.4
Guj. Ambuja Exp	806	291	100	215	115.1
Bharat Rasayan	655	164	100	121	20.6
Apollo Tricoat	681	301	100	184	84.5
Aarti Drugs	519	208	100	68	(32.2)
Tinplate Co.	527	132	100	222	122.0
Maithan Alloys	500	125	100	216	116.1
Astec Lifescienc	443	154	100	162	62.2
Hil Ltd	380	225	100	129	28.8
Action Const.Eq.	333	111	100	137	36.5
Amrutanjan Healt	320	160	100	154	53.8
IOL Chemicals	293	165	100	70	(30.4)
Valiant Organics	313	191	100	70	(30.2)
Bhansali Engg.	283	123	100	92	(8.3)
West Coast Paper	274	119	100	150	50.1
Gabriel India	211	95	100	99	(1.4)
Cantabil Retail	196	49	100	240	140.3
Nucleus Soft.	158	51	100	80	(20.3)
Ester Industries	146	52	100	131	30.6
Ramco Systems	110	50	100	47	(53.4)
Dynemic Products	89	62	100	149	49.4
Tata Steel BSL	N/A	N/A	100	N/A	N/A
Ten-Bagger average returns					53.6
SPBSSIP Index			100	138	38.3
SPBSSIP Index (ex. BFSI)			100	163	63.1
Underperformance					10.5

Key takeaways

- Nine out of 24 companies significantly O/p the entire SBSSIP index as well
- **Top performers:** Triveni, Mastek, Maithan Alloys, Astec Lifescience, Cantabil Retail were amongst the top performers
- **Laggards:** Ramco Systems, Aarti Drugs, IOL Chemicals, Valiant Organics were key laggards

Only three Cos were repeaters from last year

- Tiveni Engg Ind
- Guj. Ambuja Exports
- Tinplate Co

Source: Bloomberg, Ambit Capital research. Market data is dated 28 March 22

A few from erstwhile portfolios turned multi-baggers!

Several stocks from our Sub-BSE500 Ten-Bagger iterations have witnessed three to ten times growth in their stock prices since the date of their first inclusion in our Ten-Bagger portfolio

Stocks which have grown 2X from our last portfolio

Company	Returns since 28 Feb 21
Triveni Engg	226%
Maithan Alloys	103%
Gujarat Ambuja	103%
Mastek	141%
Cantabil Retail	125%
Tinplate Co	108%

Company Name	Iteration	First Iteration Date	Start Price	Current Price	CAGR since iteration
Stocks which have grown >10x					
Vinati Organics	Ten-Baggers 3.0	26-Nov-13	85	1,960	46%
PI Industries	Ten-Baggers 3.0	26-Nov-13	240	2,750	34%
KPR Mill	Ten-Baggers 4.0	5-Jan-15	37	634	48%
Alkyl Amines	Ten-Baggers 6.0	6-Jan-17	125	2,811	81%
Alkyl Amines	Ten-Baggers 7.0	15-Jan-18	271	2,811	75%
Stocks which have grown >5x					
Zensar Technologies	Ten-Baggers 3.0	26-Nov-13	67	372	23%
Cera Sanitaryware	Ten-Baggers 3.0	26-Nov-13	596	4,746	28%
Suven Life Sciences	Ten-Baggers 4.0	5-Jan-15	14	83	27%
Fairchem Speciality	Ten-Baggers 4.0	5-Jan-15	264	1,824	31%
KPR Mill	Ten-Baggers 5.0	5-Jan-16	89	634	37%
GMM Pfaudler	Ten-Baggers 6.0	6-Jan-17	577	4,290	47%
Balaji Amines	Ten-Baggers 9.0	11-Feb-20	424	2,887	146%
Stocks which have grown >3x					
Ajanta Pharma	Ten-Baggers 3.0	26-Nov-13	394	1,910	21%
Sequent Scientific	Ten-Baggers 3.0	26-Nov-13	26	129	21%
Poly Medicure	Ten-Baggers 4.0	5-Jan-15	226	851	20%
Granules India	Ten-Baggers 4.0	5-Jan-15	82	311	20%
Avanti Feeds	Ten-Baggers 4.0	5-Jan-15	107	419	21%
Poly Medicure	Ten-Baggers 5.0	5-Jan-16	195	851	27%
Orient Refractories	Ten-Baggers 8.0	27-Jan-19	201	610	42%
India Glycols	Ten-Baggers 8.0	27-Jan-19	281	948	47%
Nelco	Ten-Baggers 9.0	11-Feb-20	224	698	71%
Affle (India)	Ten-Baggers 9.0	11-Feb-20	351	1,206	79%
Alkyl Amines	Ten-Baggers 9.0	11-Feb-20	614	2,811	105%
HIL	Ten-Baggers 9.0	11-Feb-20	1,252	3,852	70%
Thirumalai Chemicals	Ten-Baggers 9.0	11-Feb-20	64	268	97%
Triveni Engineering	Ten-Baggers 10.0	28-Feb-21	87	311	226%

Source: Ambit Capital research, Bloomberg, Company, Note: Returns are calculated up to 28 Mar-22.

Companies are finding it increasingly difficult to remain 'Great'

Higher churn in our Ten-Bagger portfolios in recent years suggests it is becoming difficult for companies to constantly implement the drivers of greatness

		Subsequent iterations***										
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		Ten-Bagger 1.0	Ten-Bagger 2.0	Ten-Bagger 3.0	Ten-Bagger 4.0	Ten-Bagger 5.0	Ten-Bagger 6.0	Ten-Bagger 7.0	Ten-Bagger 8.0	Ten-Bagger 9.0	Ten-Bagger 10.0	Ten-Bagger 11.0
Starting point	Ten bagger 1.0	100%	60%	36%	20%	20%	8%	8%	0%	4%	4%	8%
	Ten bagger 2.0	-	100%	60%	33%	27%	13%	13%	10%	3%	10%	13%
	Ten bagger 3.0	-	-	100%	53%	40%	23%	13%	7%	7%	7%	7%
	Ten bagger 4.0	-	-	-	100%	70%	40%	23%	13%	7%	7%	0%
	Ten bagger 5.0	-	-	-	-	100%	70%	47%	17%	10%	10%	7%
	Ten bagger 6.0	-	-	-	-	-	100%	73%	20%	13%	13%	10%
	Ten bagger 7.0	-	-	-	-	-	-	100%	37%	13%	17%	7%
	Ten bagger 8.0	-	-	-	-	-	-	-	100%	27%	13%	3%
	Ten bagger 9.0	-	-	-	-	-	-	-	-	100%	44%	8%
	Ten bagger 10.0	-	-	-	-	-	-	-	-	-	100%	25%***
	Ten bagger 11.0	-	-	-	-	-	-	-	-	-	-	100%

What are the drivers of greatness?

- Invest capital
- Turn investments into sales
- Turn sales into profit
- Turn profit into balance sheet strength
- Turn all of that into free cash flows
- Invest free cash flows again

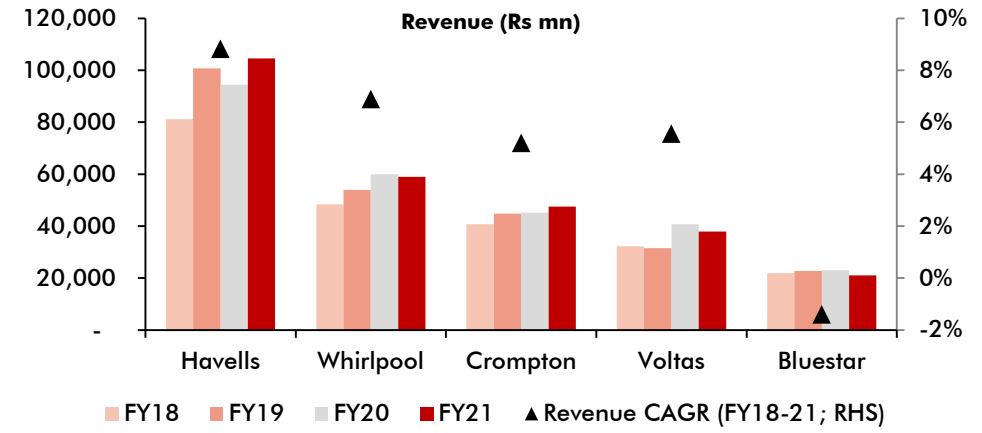
A few key exits from our recent ten bagger portfolio include

- Avenue Supermarts
- ABFRL
- United Breweries
- PVR
- Whirlpool
- Thyrocare

Source: Ambit Capital research. Universe is BSE500(ex-BFSI), ***The number in subsequent iteration represents how much percentage of total number of companies are repeating from the previous iteration. For instance, 25% under Ten-Bagger 11.0 suggests that only 25% of Ten-Bagger 10.0 companies are actually featuring in Ten bagger 11.0 and so on.

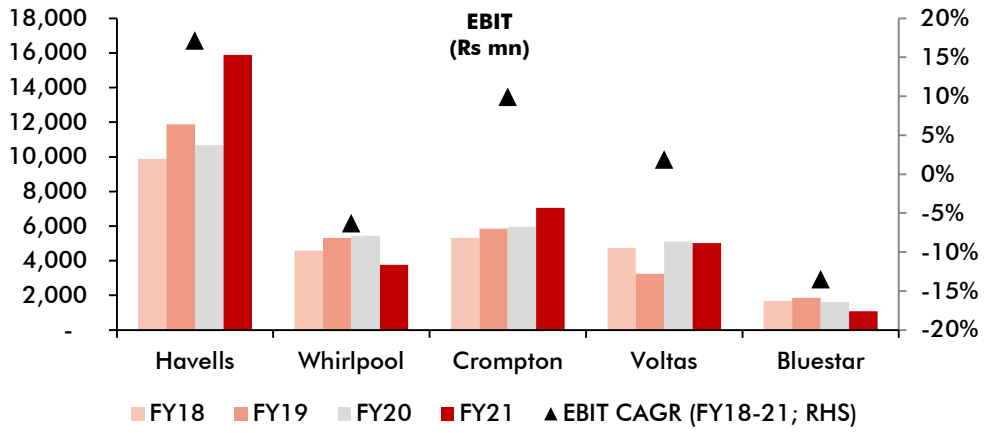
Examining the fall from greatness

Whilst Whirlpool's revenue growth over FY18-21 was 2nd only to Havells amongst the LE/durables players...



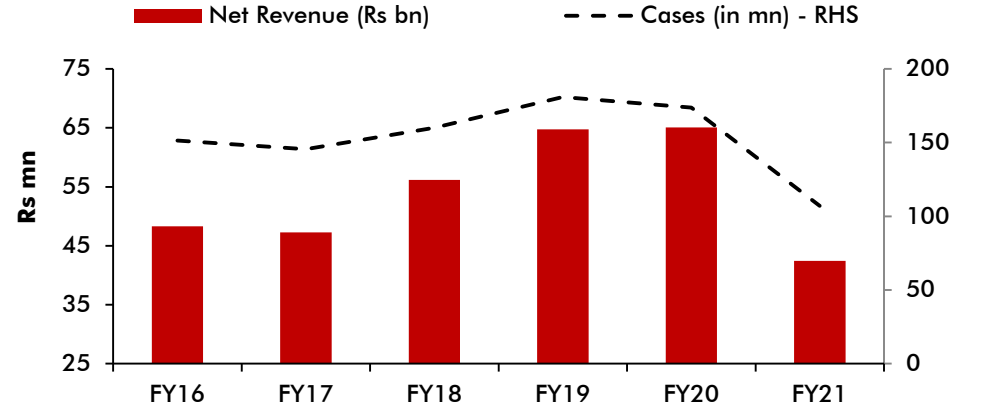
Source: Company, Ambit Capital research, #s for Bluestar and Voltas are for their UCP business

...it lagged peers on EBIT growth



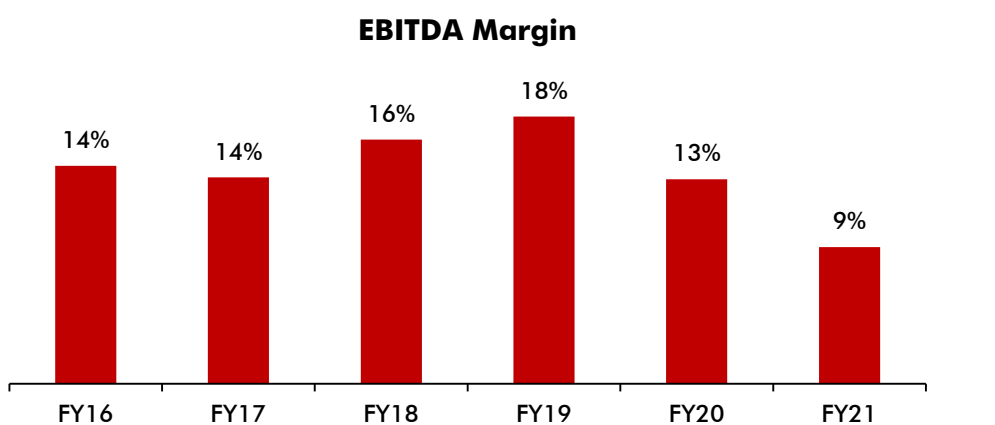
Source: Company, Ambit Capital research, #s for Bluestar and Voltas are for their UCP business

United Breweries - Lockdown during crucial summer months led to volume decline of 38% which in turn led to revenue dip of 35%



Source: Ambit Capital research, Bloomberg, Company.

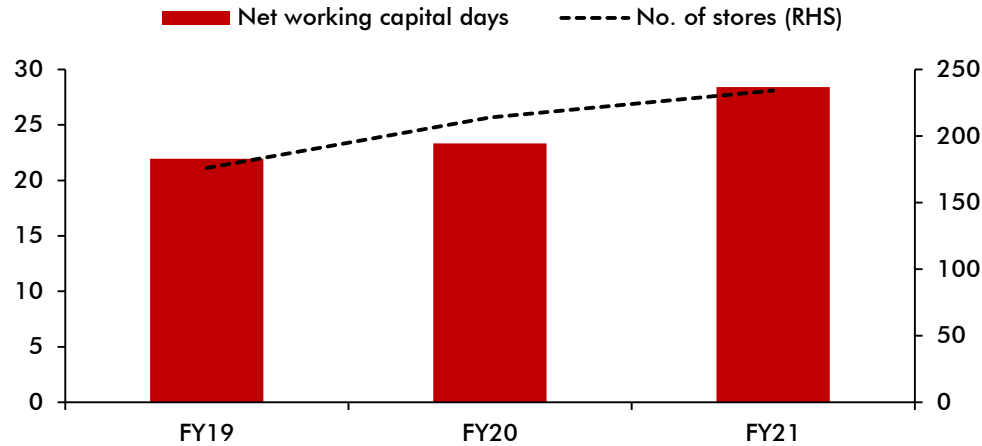
Dip in volumes/revenues coupled with high fixed cost led to EBITDAM compression too in FY21



Source: Ambit Capital research, Bloomberg, Company.

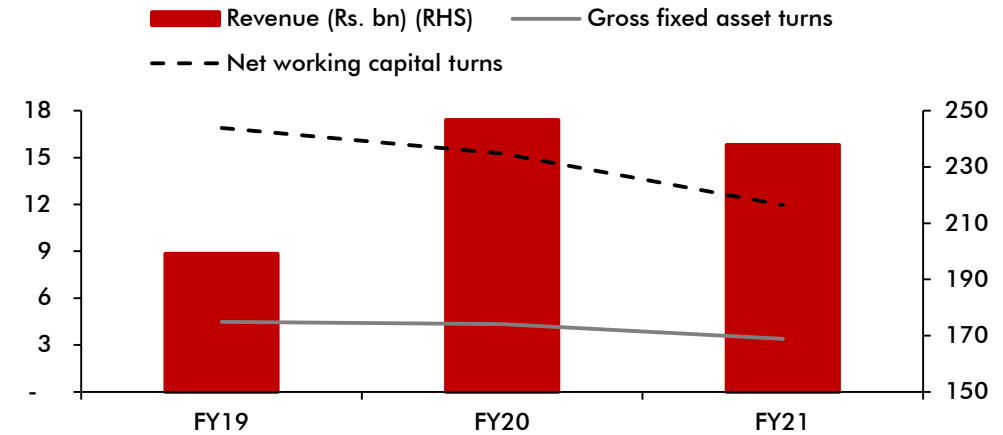
Examining the fall from greatness

Avenue Supermart - No. of stores rose in FY21 despite the fall in revenue; net working capital days increased too, leading to...



Source: Ambit Capital research, Bloomberg, Company

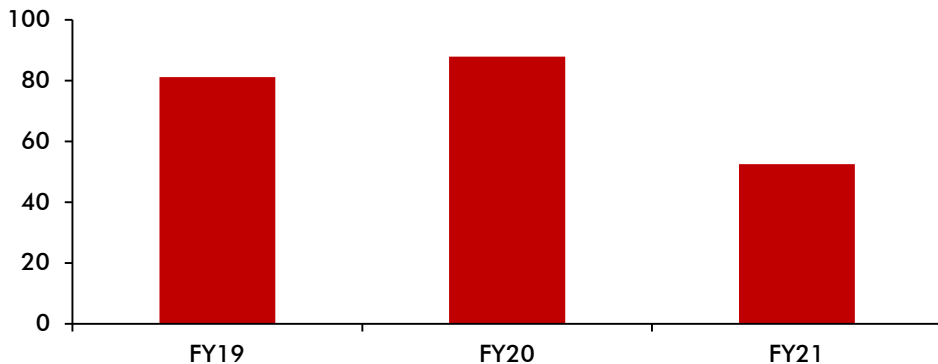
...decline in CE turns



Source: Ambit Capital research, Bloomberg, Company

Owing to the pandemic, there was a decrease in footfall for ABFRL which led to decrease in revenue

Revenue (in Rs. bn)

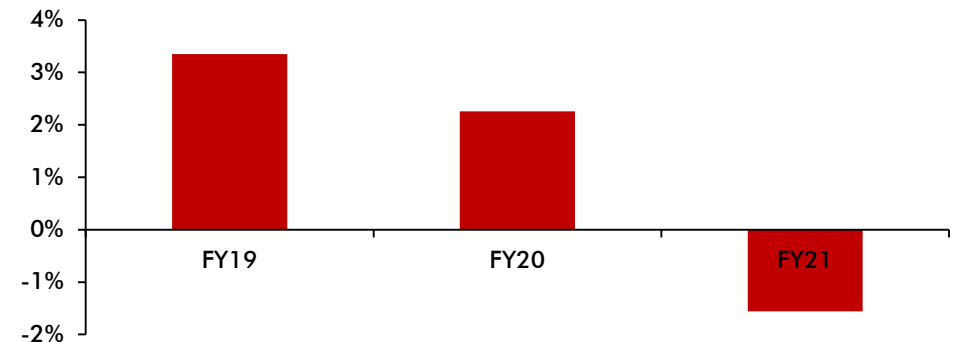


Source: Ambit Capital research, Bloomberg, Company

Ambit Capital Pvt.

Negative operating leverage contributed to the dip in EBIT margins

EBIT Margins



Source: Ambit Capital research, Bloomberg, Company; EBIT numbers used are pre-IND AS adjustment

Appendix 1: Ten-Bagger 11.0 – Analysts comments

Company Name - Ace	Analyst	Ratings	Key source of competitive advantage	Changes to the comp advantage in last 12-24months	Business momentum
Wipro Ltd	Ashwin Mehta, CFA	SELL	Strong capabilities in Cloud and App modernisation, an extension of historical strength in application services and IMS (75% of revenue) aided better participation in digital transformation.	Improving. Driven by simplification of organisation structure, reorganisation of sales teams, augmentation of leadership, bold bets in consulting and aggression in driving revenue momentum, especially large deals.	Wipro's organic growth materially improved to 13.6% in FY22E from 1.7% CAGR over FY15-20 aided by early successes in organization restructuring and stronger traction in Capco. However, organic growth might moderate to 8.6% over FY22-24E as sustenance of consulting momentum is suspect, improvement is needed on large deal wins and client profile in developed markets.
Nestle India Ltd.	Alok Shah, CFA	SELL	Leadership in infant and baby foods, coffee, and instant noodles . Baby & instant food category has limited competition, advertising is banned and hence new brand creation becomes relatively difficult - this is an intrinsic moat for Nestle. Apart from that, management's aggression in innovation and new product launches remains another competitive strength.	Nestle has embarked on an aggressive capex of Rs26bn (likely to get over in the next 12-18 months). This will help it expand product range, add categories & adjacencies and expand distribution, especially in semi-urban and rural markets.	On the back of innovations, new product launches, category extensions and commercialisation of new factories, Nestle should be able to maintain its 10-11% revenue growth momentum over the next few years.
Hindalco Industries Ltd	Satyadeep Jain, CFA	Buy	HNDL's 100% subsidiary Novelis is by far the largest player on downstream flat rolled (FRP) market, and therefore has industry leading position in both packaging and autobody sheet markets. It is also the largest recycler of aluminum scrap. India business is integrated-with captive alumina and relatively lower power cost vs global peers.	Has commercialized expansion of Utkal alumina refinery, which would be lower on global cost curve.	Aluminum is one of the most energy intensive metals on earth; aluminum prices have increased on higher energy prices and market tightness. Novelis benefits from higher scrap spreads, India business from high operating leverage.
SRF Ltd.	Ankit Gor	BUY	SRF benefits from superior management's execution capabilities, scalable capacities, leadership position in fluorochemicals and NTCF in India, diversified product portfolio and presence across the product value chain which provide it pricing power and quick turn around time for new products.	Competitive advantage of the company has improved over the last 12-24 months as it has announced new investments in pharma and fluoropolymer products. The expanded refrigerant capacities (50KT) is benefitting from import restrictions in the USA and India while the new BOPET capacities in Thailand and Hungary are benefitting from supply chain constraints and increased focus on local sourcing.	Strong global demand of agrochemicals on account of higher commodity prices, favorable prices and strong export demand in refrigerants and ramp up of new packaging capacities will help SRF maintain its growth momentum in medium term.
L&T Technology Services Ltd	Ashwin Mehta, CFA	NOT RATED	LTTs has benefitted by leveraging its parent, L&T's engineering DNA and developed expertise across diverse verticals to become India's largest pure-play ER&D services provider. The company has a sticky client base and rates comparable to its large cap peers on ER&D capabilities. Strong management credentials, investments in a large deals team coupled with focused client mining have helped it outperform peers.	Improved - ER&D mindset, focus on enhancing participation in both cost save and innovation opportunities, and expanded capability set through both organic/inorganic means have improved competitive positioning.	According to Zinnov, ER&D business growth is expected to be strong at 9% CAGR over FY20-23E. This would be aided by digital ER&D growth of 19% CAGR over the period where LTTs has 56% revenue mix. ER&D and is well positioned to benefit from elevated growth over the medium term with consensus estimates building in 19.2% revenue CAGR over FY21-24E. LTTs's strong large deal wins (13 USD10mn+ deals) over 9MFY22 provide better growth visibility.

Company Name - Ace	Analyst	Ratings	Key source of competitive advantage	Changes to the comp advantage in last 12-24months	Business momentum
Balkrishna Industries Ltd	Karan Kokane, CFA	NOT RATED	Balkrishna Industries (BIL) is the lowest cost producer of off-highway tyres (OHT) globally. This is led by its manufacturing footprint being located in India vs global peers like Titan, Michelin having manufacturing capacity in regions like US/Europe, with 4x manpower costs. BIL's plants are also located favourably near rubber producing nations of Thailand and Indonesia, which lowers logistics costs in turn. Constant focus on R&D and enhancing product range has resulted in BIL developing more than 2,700 SKUs to meet diverse needs of customers.	BIL has strengthened its competitive advantage over the last couple of years led by 1) introduction of higher diameter (better ASP/GM) radial tyres in its portfolio 2) improved visibility (lower imports) and reduced costing of RMB led by backward integration through carbon black plant 3) continued focus on advertising (~2% of sales) and thus has seen increased brand equity with global customers resulting in continued customer additions.	With government thrust on infrastructure development in the US along with elevated crop prices, demand momentum for BIL remains strong. Though geopolitical issues (Russia-Ukraine crisis) might have transient adverse impact on demand/profitability in near term, we expect BIL to compound revenue/earnings at 9-10% over the long term (vs 4% growth for global OHT market) led by combination of healthy RoCEs on low cost competitive advantages and long reinvestment run-way given it has just ~5% market share of the global OHT market.
Laurus Labs Ltd.	Prashant Nair, CFA	BUY	Comprehensive portfolio and global market share dominance in key ARV products. Backward integration, scale and process chemistry skills lead to cost leadership.	Improving position in ARV formulations on the back of cost leadership and waning interest of some of the other leading players. Rising traction in the higher margin Synthesis business on the back of strong execution in earlier projects.	Strong earnings bounce back on the back of normalisation of ARV business and significant ramp up in its non-ARV business
Deepak Nitrite Ltd.	Ankit Gor	BUY	Deepak has focussed on import substitution products. The strong management bandwidth, backward integrated capacities, leadership position in key products (more than 70% in Nitrites and 55% in Phenol) provide it a competitive advantage against competitors.	Competitive advantage of the company is improving as it has embarked on an investment plan for phenol-acetone downstream products and new chemical platforms. It has added acetone downstream products like IPA (60KT capacity added in two phases) and utilized its phenol capacities over 100% to benefit from favorable demand and pricing environment.	The volatile feed stock prices may dent earnings momentum in the near term. However, the medium to long term outlook remains positive with Rs3.5bn investments in fine and specialty and Rs7bn investment in phenol-acetone downstream derivatives. The phenol-acetone downstream products provide import substitution opportunity of over US\$1bn.
Atul Ltd.	Ankit Gor	BUY	Atul benefits from vertically integrated capacities (present across the value chain of products), prudent management, complex chemistry know-how (phosgenation), leadership position in key products (p-cresol, 2,4-D) and diversified user industries. These advantages are supported by solid infrastructure and vast land bank which will ensure growth with lower capital deployment.	The competitive position is improving as the management has stepped up its capital investments with capex intensity improving from an average Rs3bn over the last five years to Rs6bn over next three years. These investment will primarily focus on aromatics, basic and color intermediates. The recent JV with Nouryon for 32KT MCA (Mono Chloro Acetic Acid) capacity ensures availability of raw material for 2-4D.	The volatile feed stock prices may dent earnings momentum in the near term. However, the medium to long-term outlook remains positive with increasing investments to augment capacities.
Indraprastha Gas Ltd	Vivekanand Subbaraman, CFA	BUY	IGL has exclusivity for gas retailing in the enlarged and continuously expanding NCR market. BPCL's parentage enables IGL to capitalise on the former's large fuel retailing network and execute better than peers.	CNG has become more attractive vs. conventional fuel as Covid pushed the government towards punitive taxation. Other recent tailwinds are improving availability of CNG infrastructure availability in the NCR and adjacent regions and preference for personal mobility due to Covid.	Covid-induced lockdowns hurt IGL's volumes. But as mobility bounced back with the resumption of schools and offices, IGL's volume trajectory is also improving.
Coromandel International Ltd.	Ankit Gor	NR	Coromandel is the largest private player in phosphatic fertilizers with domestic market share of 15%. It has more than 50% market share in its key markets of Andhra and Telangana. It is also present in crop protection chemicals (15% share) and is the third largest manufacturer of Mancozeb (fungicide) globally. Strong dealer network of more than 20,000 dealers and more than 1,000 product registrations with B2B and B2C presence.	Coromandel is improving its competitive position with investment (Rs4bn) into 1,650tpd sulphuric acid capacity which will reduce dependence on suppliers for this key raw material. It is also consistently improving the share of value-added unique grade fertilizers in the overall product mix. The balance sheet position of the company has improved significantly over the last two years due to receipt of outstanding subsidy from the Govt.	Rising commodity prices will lead to improved farmer's income, which will in turn lead to improved demand for agrochemical inputs. However, in the near term there would be pressure on profitability as raw material prices are rising and the company has limited pricing power because the end-users are farmers.

Company Name - Ace	Analyst	Ratings	Key source of competitive advantage	Changes to the comp advantage in last 12-24months	Business momentum
Vinati Organics Ltd.	Ankit Gor	BUY	Vinati has developed global leadership in its key products (65% in ATBS and IBB) with efficient processes yielding superior margins. The process efficiency is supported by integrated product chain which ensures better yield and purity. The focus on sustainable processes (green chemistry) and ZLD (Zero Liquid Discharge) capacities help it position itself ahead of its peers.	Improvement in competitive position is driven by improvement in demand of key products and new investments increasing the addressable market of the company. The sharp recovery in crude prices have re-initiated investments in shale oil exploration which is leading to improved demand of its key product ATBS (49% revenue share in FY21). The investments into new products like butyl phenol, antioxidants and other specialty products will help alleviate the product concentration risk and provide new growth opportunities for the company.	The near term and long term growth momentum is expected to remain strong with strong demand of ATBS, falling channel inventory for IBB, scale up butyl phenol capacity and new capacities (AOs and specialty products) commercializing over next 8-10 months.
Alkyl Amines Chemicals	Karan Khanna	BUY	Alkyl derives its competitive advantages from: (i) strong R&D capabilities (increased its product portfolio from <25 SKUs earlier to >100 now); (ii) best-in-class management pedigree (CMD Yogesh Kothari, an industry veteran with ~4 decades' experience in the chemical industry) along with proactive succession planning via grooming of next-gen family member (Suneet Kothari, ED, Son of CMD); (iii) Alkyl's ability to provide low-cost high-quality products aided by economies of scale and strong R&D efforts. Further, brand trust (multi-decadal customer relationships) and high switching and search costs prevent threat from deep-pocketed new entrants; (iv) track record of prudent capital allocation as evidenced by proactive capacity additions and speedy ramp-up of utilization levels; (v) ability of management to drive success in newer chemistries supported with its high-quality R&D efforts; and (vi) stable pricing power in a largely duopolistic domestic market. Improving processes (better QHSE practices) and continued R&D hiring will fuel growth as Alkyl enters its next stage of lifecycle evolution.	Over the last 12-24 months, Alkyl continued to deepen its competitive advantages by continuing with proactive capacity expansion (capacity addition of ~40% over FY21-24E to 170ktpa+) amid healthy end-user demand. Further, Alkyl plans to launch 2-3 new products each year, implying thrust remains on R&D.	With domestic amines industry expected to grow at double digits over the next 3-5 years (amid favourable end-user (Pharma/Chemical) industry outlook), Alkyl would benefit from combination of healthy demand and improvement in margins led by moderation in RM prices and pass-on of higher RM prices, increasing share of value-added products and OL-led cost efficiencies. Further, acetonitrile prices remain elevated (\$3.5-4 per kg). Whilst inflationary RM pressures along with surge in power and fuel expenses impacted margins in the recent quarters, we believe these are transitory.
IndiaMart InterMesh Ltd	Vivekanand Subbaraman, Not Rated CFA	Not Rated	INMART is the largest online B2B classifieds player with continuously increasing traffic. Its ability to successfully fulfil B2B purchase requests is evidenced by 55% repeat buyers and 36% suppliers who double up as buyers on its portal.	INMART's increased traffic points to rising popularity among SMBs. But in the last 2 years it witnessed the emergence of several transaction oriented online B2B platforms like Infra.market, Zetwerk, Moglix and Udaan. These companies offer full-stack solutions and monetise via transactions as opposed to INMART, which focuses on matchmaking and monetisation via subscription. INMART raised US\$140mn via acquisitions in 4QFY21 and has also deployed ~70% of the same. But integration of investees with INMART's existing product portfolio remains unproven.	Covid sharply accelerated the company's traffic. But monetisation suffered as IndiaMart bore the brunt of high customer churn, especially in the entry segment (top of the funnel). This has resulted in sub-10% YoY revenue growth, meaningfully lower than pre-Covid trends

Company Name - Ace	Analyst	Ratings	Key source of competitive advantage	Changes to the comp advantage in last 12-24months	Business momentum
Mahindra CIE Automotive Ltd	Karan Kokane, CFA	BUY	Mahindra CIE's (MCIE) key competitive advantage lies in its strong parentage (CIE, Spain), resulting in: 1) access to diverse portfolio of products including forgings, castings, plastics, sun-roof systems other than global talent/manpower expertise; 2) process improvement culture, leading to sharp focus on costs; 3) strong relationships with marquee global customers; and 4) technical knowhow w.r.t. EV products. MCIE has multiple plants situated in close proximity to customer locations across India/Europe. Strong tie-ups with Indian OEMs like M&M, Tata Motors (legacy customers) and Maruti Suzuki, Bajaj Auto (through acquisitions) is also a key competitive advantage.	MCIE has continued to focus on reducing cyclicality of the business and improving return ratios led by acquisitions (AEL last acquisition in FY19) and reducing size of the low-profit, cyclical European truck forging business (MFE).	The near term looks challenging for MCIE due to: 1) Chip shortages affecting production of European car OEMs. This could get aggravated by recent Russia-Ukraine crisis affecting key supplies of palladium and neon gas, key components used in making chips +emision systems. 2) Surge in power costs in Europe which can result in margin pressures. However, we expect these headwinds to be transient and thus expect demand momentum to gradually pick up and reach normalized levels by 2HFY23 along with return to normalized levels of profitability.
Vaibhav Global Ltd.	Ashish Kanodia, CFA	BUY	VGL built its teleshopping business for baby boomers/Gen X in developed markets (US/UK) on the back of: i) vertically integrated jewelry manufacturing leading to 60%+ GM; ii) deep-discounting model with ASP 50% of peers; and iii) prudent investments in TV broadcasting/employees. VGL has also invested to diversify beyond jewelry teleshopping. Expansion into omni-channel (36% digital sales) and non-jewelry segments (30% sales) offers scope for improved consumer dynamics.	There has been no major change in the competitive advantage in the last 12-24 months.	On the back of revenge outing and strong base effect, near-term revenue growth momentum will be weak. Also, higher logistics cost and investment in digital and marketing activity will drive keep margin under pressure in the near term.

Source: Ambit Capital Research, Company

Appendix 2: Key fundamentals of 18 companies from the sub-BSE500 universe

Company Name	Mcap (US\$ mn)	Revenues (Rs bn)		Revenue Growth (%)		RoCE (pre-tax) (%)		RoE (%)		EBIT Margin (%)		PAT Margin (%)		ND/E (x)		CE turns (x)		CFO/EBITDA (%)		CL / NW		Trailing (x)		Share Price Perf. 12m (%)
		FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	P/E	P/B	
Clean Science And Technology Ltd.	2,735	DNA	5.1	DNA	DNA	58%	95%	45%	73%	DNA	50%	DNA	39%	DNA	(0.49)	DNA	2.4	1.1	1.0	DNA	DNA	112	41.3	N/A
Elgi Equipments Ltd.	1,133	18.3	19.2	-2%	5%	8%	13%	5%	12%	5%	8%	5%	5%	0.38	0.11	1.9	1.9	0.9	0.8	0%	0%	93	10.9	51%
Triveni Engineering & Industries Ltd.	988	44.4	46.7	41%	5%	18%	19%	25%	20%	12%	11%	7%	6%	1.11	0.60	1.7	1.8	1.1	1.6	8%	7%	27	5.2	261%
HLE Glascoat Ltd.	952	4.3	4.8	19%	14%	42%	43%	67%	51%	16%	18%	9%	11%	1.19	0.53	2.9	2.7	0.7	0.6	83%	35%	150	46.5	149%
Prince Pipes & Fittings Ltd.	905	16.4	20.7	4%	27%	20%	29%	18%	24%	11%	15%	7%	11%	0.00	(0.14)	2.4	2.6	0.6	1.0	0%	1%	32	6.9	53%
MTAR Technologies Ltd.	806	2.1	2.5	16%	15%	18%	19%	14%	13%	22%	29%	15%	19%	0.02	(0.37)	0.9	1.0	1.1	0.2	1%	0%	N/A	N/A	110%
Gujarat Ambuja Exports Ltd.	708	38.2	47.1	-5%	23%	14%	27%	13%	23%	5%	10%	4%	7%	0.02	(0.08)	3.2	3.5	0.9	0.8	2%	1%	17	3.5	72%
Transport Corporation Of India Ltd.	577	27.2	28.0	-1%	3%	14%	15%	12%	12%	7%	8%	5%	5%	0.37	0.19	2.1	2.1	1.1	1.1	3%	3%	30	3.8	118%
Tinplate Company Of India Ltd.	531	21.1	22.8	-19%	8%	16%	17%	13%	12%	5%	6%	5%	4%	(0.15)	(0.39)	3.7	4.1	0.6	1.5	19%	15%	42	4.9	166%
Sarda Energy & Minerals Ltd.	527	20.0	22.0	-14%	10%	7%	15%	8%	19%	13%	26%	9%	13%	0.70	0.60	1.1	1.1	0.8	0.7	19%	23%	10	1.8	149%
CMS Info Systems Ltd.	504	13.8	13.1	21%	-6%	25%	27%	17%	18%	15%	19%	9%	12%	(0.29)	(0.31)	2.3	2.1	1.1	0.6	14%	14%	23	4.0	N/A
Supriya Lifescience Ltd.	497	3.1	3.9	12%	24%	50%	59%	60%	59%	33%	44%	24%	32%	0.54	0.10	1.9	1.9	1.3	0.6	1%	0%	28	N/A	N/A
Newgen Software Technologies Ltd.	460	6.6	6.7	6%	2%	17%	29%	14%	21%	15%	28%	10%	17%	(0.31)	(0.54)	2.5	2.3	1.1	1.3	2%	DNA	28	5.4	N/A
Data Patterns (India) Ltd.	443	1.6	2.2	19%	43%	23%	39%	16%	31%	26%	40%	13%	25%	0.38	0.12	0.9	1.0	0.4	0.8	78%	65%	N/A	N/A	68%
Tega Industries Ltd.	439	6.8	8.1	8%	18%	12%	23%	15%	25%	12%	22%	9%	34%	0.10	(0.11)	1.3	1.6	1.3	1.1	1%	1%	N/A	4.4	N/A
Cosmo Films Ltd.	403	22.0	22.9	2%	4%	14%	24%	16%	30%	10%	16%	5%	9%	0.76	0.49	1.8	1.8	1.0	0.9	6%	5%	14	3.9	181%
Acrysil Ltd.	294	2.8	3.1	10%	12%	15%	20%	16%	23%	13%	18%	5%	9%	0.52	0.43	1.2	1.3	0.8	1.0	12%	8%	55	11.2	162%
Sigachi Industries Ltd.	116	DNA	1.9	DNA	DNA	32%	38%	37%	38%	DNA	21%	DNA	15%	DNA	0.03	DNA	2.3	0.6	0.8	DNA	DNA	23	2.5	N/A

Source: Ambit Capital Research, Company, Ace-equity, Bloomberg, Market cap is dated 28 Mar 22

Appendix 3: Ten bagger ideas from the sub-BSE500 universe – business description and other details

Company Name	Business Description	Greatness Score		Accounting Decile		Checks		Auditor Name
		2020	2021	2020	2021	Promoter Sh. Hol. (%)	Board Independence (%)	FY20 and 21
Triveni Engineering & Industries Ltd.	Triveni Engineering and Industries Limited provides manufacturing and engineering solutions. The company offers sugar production, power co-generation, distillery, industrial gearing, and water treatment solutions. It serves customers in India.	100%	100%	D1	D1	68	50%	SS Kothari Mehta & Co
Newgen Software Technologies Ltd.	Newgen Software Technologies Ltd is a provider of low code digital automation platform. The company offers clients products and applications to manage their processes, content, and communications for connected operations. The cloud-based platform enables digital transformation initiatives for customer experience, optimized costs, and improved efficiencies. Newgen serves clients worldwide.	92%	100%	D3	D5	55	57%	BSR & Associates LLP
Data Patterns (India) Ltd.	Data Patterns (India) Limited develops defense and aerospace electronic systems. The company designs and supplies power module tester, avionic systems, fiber optics, seeker, processors, and navigation systems. Data Patterns (India) serves customers in India.	100%	100%	D3	D1	46	57%	RGN Price & Co
Tega Industries Ltd.	Tega Industries Limited manufactures and distributes industrial components. The Company offers air blasters, skirt board sealing systems, rubber liners, panel cords, tracker rollers, pulley lagging, column floatation, and hydrocyclones. Tega Industries serves customers worldwide.	75%	100%	D8	D4	79	50%	Price Waterhouse & Co Chartered Accountants LLP
Sigachi Industries Ltd.	Sigachi Industries Limited manufactures chemical products. The Company offers coprocessed excipients, thickeners and stabilizers, binders, superdisintegrants, functional fillers, cosmolcel, and microcrystalline cellulose. Sigachi Industries serves customers worldwide.	N/A	100%	D3	D4	48	38%	T Adinarayana & Co
Clean Science And Technology Ltd.	Clean Science and Technology Private Limited operates as a chemical company. The Company offers butylated hydroxy anisole, mono methyl ether of hydroquinone, guaiacol, and dimethyl carbonate. Clean Science and Technology serves customers worldwide.	N/A	100%	D3	D5	79	38%	BSR & Co LLP
Cosmo Films Ltd.	Cosmo Films Limited manufactures Biaxially Oriented Polypropylene (BOPP) film for the packaging sector. The company also manufactures semi-finished and waste synthetic paper.	50%	92%	D2	D2	44	67%	SN Dhawan & Co LLP
Gujarat Ambuja Exports Ltd.	Gujarat Ambuja Exports Limited manufactures agro-processed products and cotton yarn. The company focuses on agro-processing activities including processing of oil seeds, maize, and wheat. Gujarat Ambuja Exports also produces ring spun and open end yarn. Gujarat Ambuja Exports serves clients in India.	92%	92%	D1	D2	64	50%	Arpit Patel & Associates
MTAR Technologies Ltd.	MTAR Technologies Private Limited manufactures equipment for nuclear and space technology. The company provides testing of fuelling machine columns, hydraulic cylinders, shuttle stations, engines, ball screws, and other components. MTAR Technologies serves customers in India.	100%	92%	D1	D2	50	60%	SR Batliboi & Associates LLP
Supriya Lifescience Ltd.	Supriya Lifescience Limited provides pharmaceutical products. The Company focuses on therapeutic segments such as anti-histamine, anti-allergics, vitamins, anesthetics, and anti-asthmatics. Supriya Lifescience serves customers in India.	92%	92%	D1	D1	68	50%	Kakaria & Associates LLP
CMS Info Systems Ltd.	CMS Info Systems Limited operates as a cash management company. The company offers ATM, currency management, retail, enterprise, and card solutions. CMS Info Systems serves customers in India.	67%	92%	D4	D4	66	38%	BSR & Co LLP
Sarda Energy & Minerals Ltd.	Sarda Energy & Minerals Ltd. manufactures sponge iron and steel ingots.	100%	83%	D3	D4	73	63%	OP Singhanian & Co

Company Name	Business Description	Greatness Score		Accounting Decile		Checks		Auditor Name
		2020	2021	2020	2021	Promoter Sh. Hol. (%)	Board Independence (%)	FY20 and 21
Tinplate Company Of India Ltd.	Tinplate Company of India Ltd. is an associate of Tata Steel Ltd. The company manufactures various grades of electrolytic tinplates, tin-free steel sheets and full hard cold rolled sheets (FHCR) used for metal packaging. Tinplate Company is in the business of providing cost effective metal packaging solutions for processed edible products.	67%	83%	D4	D4	75	50%	Price Waterhouse & Co Chartered Accountants LLP
Elgi Equipments Ltd.	Elgi Equipments Limited manufactures reciprocating and screw type air compressors, diesel engines, generators and pumps, garage equipment, auto products and heat pressure cleaners. Elgi markets a range of wheel balancers, oil suction units, AC recovery plants, mobile service units, and pasteurizer and bottle washers. The company operates in India and markets its products globally.	83%	83%	D5	D3	32	56%	Price Waterhouse Chartered Accountants LLP
HLE Glascoat Ltd.	HLE Glascoat Limited manufactures glass lined equipment and spares for use in various industries. The company's products consist of glass lined reactors, storage tanks, condensers, columns, rotary vacuum dryers, agitated nutche filters, pipes, valves, and other paraphernalia. HLE Glascoat serves customers in India.	83%	83%	D4	D5	70	50%	MM Nissim & Co
Acrysil Ltd.	Acrysil Limited manufactures and exports composite quartz granite kitchen sinks from India.	58%	83%	D3	D5	44	83%	PARK & Co
Transport Corporation Of India Ltd.	Transport Corporation of India Limited provides integrated cargo transportation and logistics services. The company offers handling of heavy-duty cargo through surface movement, door-to-door distribution for time committed cargo, and coastal shipping. The company moves a variety of products, including raw material, industrial products, pharmaceuticals, and agricultural products.	75%	83%	D3	D2	67	50%	Brahmayya & Co
Prince Pipes & Fittings Ltd.	Prince Pipes and Fittings Limited provides fabricated metal and hardware products. The company offers pipes and fittings. It serves customers in India.	92%	83%	D5	D3	63	63%	Khimji Kunverji & Co LLP

Source: Bloomberg, Watch-out investors, NSE infobase, BSE filings, Ambit HAWK, Ambit Capital research. Note: There are no significant adverse observations on Watch-out Investors.

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