



**GEMS IMPERIAL**  
Portfolio & Advisory LLP



# Gemscap Imperial PMS

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INVESTOR PRESENTATION

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August-2024

# Agenda

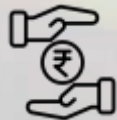


- Overview
- India is ready!
- About the Fund manager
- Track record - fund manager
  - Proprietary '**Intrinsic Value Zone**' investment model
  - Core team and advisory board
  - Portfolio construct
  - Investment process
- Fund structure
- Disclosures & contact information

# Overview

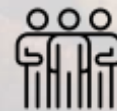
## About Fund

- Scope of Investments— Listed Indian Equities
- Long only fund
- Fund size: INR 100 Crore (US\$ 06 MN)
- Portfolio concentration: 25-30 stocks (Single stock exposure less than 5%)
- Regulated and licensed (In process of registration with SEBI as Portfolio Management System)



## Team

- Highly experienced and qualified Investment team with impressive track record of equity investing across cycles and in adverse market conditions
- Diverse, experienced and seasoned Advisory Board comprising of industry veterans
- Fund manager with track record of delivering 3X the NIFTY returns

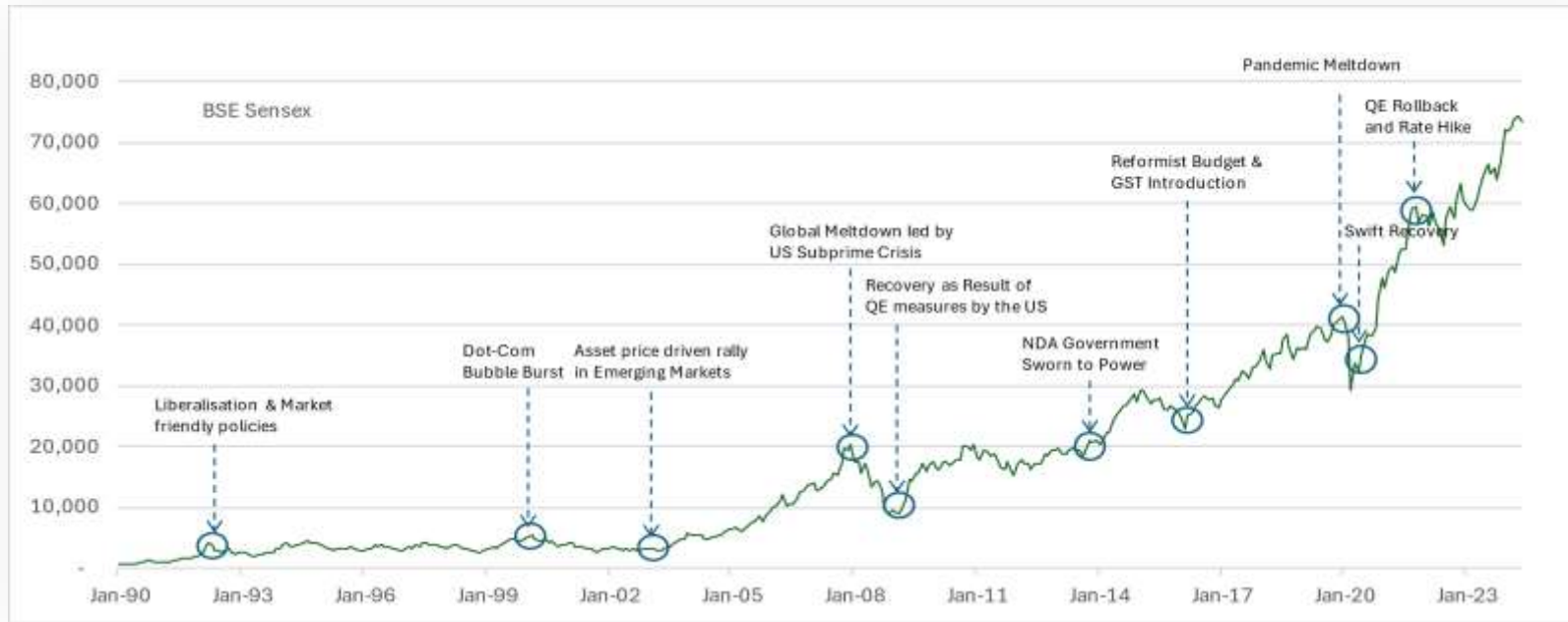


## Investment Theme

- Investment with strong triggers for value creation/value unlocking identified using proprietary ‘Intrinsic Value Zone’ investment model
- Sector focus: Mostly sector agnostic. Special focus on unique and under-discovered themes in Information Technology, B2B & B&C Consumption, Premiumization, Infrastructure Mobility etc



# India is at the cusp of next big bull run



## Triggers for the next bull run

Fastest growing economy in the world to aid fund flows



Irresistible demography to boost consumption



Improving government and personal financial



Government focused on growth, governance and social inclusion





## About The Fund Manager

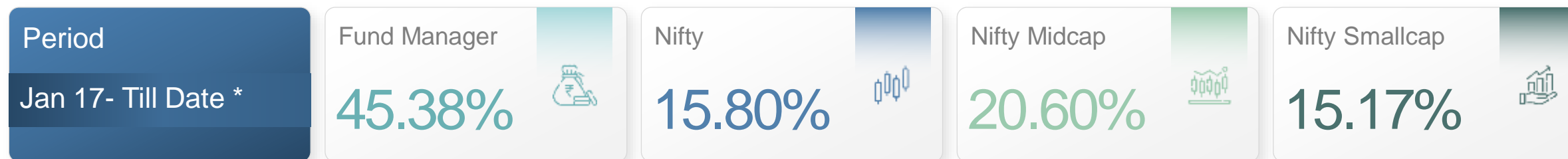
- 1 Led by fund manager with strong track record of investing and delivering returns across cycles and in adverse market conditions
- 2 Proven IVZ('Intrinsic Value Zone') proprietary investment model
- 3 Highly qualified and experienced team with an excellent track record of investing in Indian equities & equity research
- 4 Focused portfolio construct with 25-30 high conviction stocks
- 5 Rigorous Investment process with strong governance and adequate risk management







**Led By Fund Manager  
With Strong Track Record  
Of Investing And  
Delivering Returns Across  
Cycles And In Adverse  
Market Conditions**

# Our Fund Manager's Track Record – 3X Nifty

## Track Record - Fund Manager



	MULTIPLIER	PERIOD	ENTRY PRICE	EXIT PRICE
	<b>15.20X</b>	2019-24	INR 38	CMP* - 600, <i>Still holding</i>
	<b>13.10X</b>	2020-22	INR 600	INR 7800
	<b>5.20X</b>	2022-24	INR 58	CMP* - 391, <i>Still holding</i>
	<b>3.00X</b>	2023-24	INR 557	CMP* - 1630, <i>Still holding</i>

Note - Includes performance of all client positions as well as proprietary Prices and multipliers shown are close approximation and for investment position only \* As on date May 2024

# Manorama Industries | 2019-2024



## Key fundamentals

- Long product approval cycles
- Regulatory moat regarding classification of chocolates and confectionaries
- First mover advantage in Cocoa Butter Equivalent market (CBE)
- Premium product offering in a B2B market
- Only player in the world offering CBE derived from Mango, Sal and Shea

## Trigger

- Rising Cocoa prices have made low-cost alternatives CBE very attractive
- Increasing consumption of Chocolates and Confectionaries

## Case Study I

# 15x

60 MONTHS



YEAR	2019	2020	2021	2022	2023
Revenue	102	188	203	279	351
Operating Profit	29	44	35	39	56

Note – All figures in INR Crores

## TATA Elxsi | 2020-2022



### Key fundamentals

Revenues	1610
Operating Profit Margin (%)	26%
Earnings per Share	41
Dividend Payout	40%

### Trigger

- Aggressive expansion in Embedded Product Design (EPD)
- Reducing dependency on Jaguar Land Rover
- Increasing focus on VFX catering to OTT, Broadcast and Content generation platform
- EPD in healthcare and medical business grew substantially

## Case Study II

# 13x

24 MONTHS



PERIOD	FY 20	FY 21	FY 22	FY 23
% ROCE	35.60%	40.50%	48.40%	48.60%

### Result

More than 3x jump in jump in EPS

## Kalyan Jewellers | 2022-Till Date



### Investment Rationale

- Organised Player in the massive gold market in India. Only one to have pan Indian presence after Tanishq
- Have successfully adopted “Hyperlocal” strategy to offer highly differentiated products
- PAN India presence with over 110 showrooms in 21 states. They ventured into Middle-eastern markets with 30 showrooms

### Trigger

- Positive commodity cycle
- Notable migration from unorganized to organized facilitated mostly by digitization and taxation reforms (GST)
- Successful implementation of asset light Franchise Owned Company- Operated (FOCO) model for rapid expansion

## Case Study III

# 5.2x

24 MONTHS



PERIOD	MAR 20	MAR 21	MAR 22	MAR 23	MAR 24E
Revenue	10,101	8,573	10,818	14,071	18,050

Note – All figures in INR Crores

# Olectra Greentech | 2023-Till Date



## Investment Rationale

- Increasing global focus on reducing carbon emissions and transitioning to cleaner modes of transportation, the demand for electric vehicles, including buses, is expected to grow significantly in the coming years
- Governments offers incentives and subsidies to promote the adoption of electric vehicles. Olectra Greentech stands to benefit from it.
- Driven by factors like urbanization, regulations and environmental concerns, the market for electric buses is expected to expand significantly.

## Trigger

- Order book value of more than INR 5000 Crores
- Collaboration with BYD for technical assistance

# Case Study IV

# 3.0x

12 MONTHS



PERIOD	FY 21	FY 22	FY 23	FY 24
Revenue	281	593	1,091	1,154

Note – All figures in INR Crores

## Exide Industries | 2018-2019



### Investment Rationale

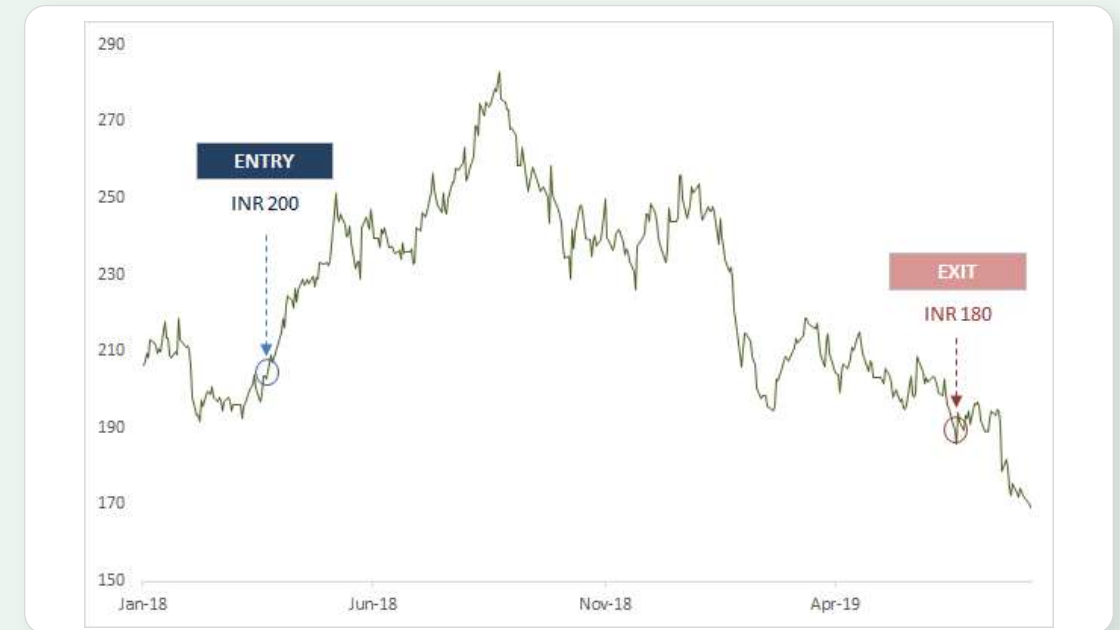
- Industry structure remains duopoly, Exide is the largest lead acid manufacturer in India, with leadership in OEM and replacement segments. Market share of over 50%
- Early signs of improvement are visible in the 4W replacement segment, driven by a sharp improvement in sales and service processes.
- Automotive exports grew 31% in FY18. Entered five overseas markets, expanding its international presence to 50 countries.

### Triggers for Exit

- AMRJ surges ahead with technological innovations and unique distribution model. Exide yet to counter it.
- Based on our volume estimates, RM costs remained at elevated levels. The company is yet to realize benefits of lower lead prices
- “Unfavorable” Interest rate cycle

## Case Study V

**-0.1x**  
18 MONTHS



Note – All figures in INR Crores

## Rain Industries| Feb2024 - Jun2024



### Investment Rationale

- Closure of aluminum smelters in Europe and North America. Rain Industries to gain significant market share in developed markets.
- Positive outlook for aluminum industry and growing demand for Carbon products. Reopening of HHCR plant in Germany to provide substantial logistical advantage.
- Launched a new ACP plant in the US utilizing cutting edge technology. Plans to setup second ACP plant in India underway for H2FY24.

### Triggers for Exit

- Q1 2024 had lowest volumes in CPC
- Delay in shipments due to destocking by customers worldwide.
- Not anticipating making up for the lost volumes in Q1.
- Reduction in demand for Engineered products due to Red Sea issues.

## Case Study VI

# -0.3x

4 MONTHS

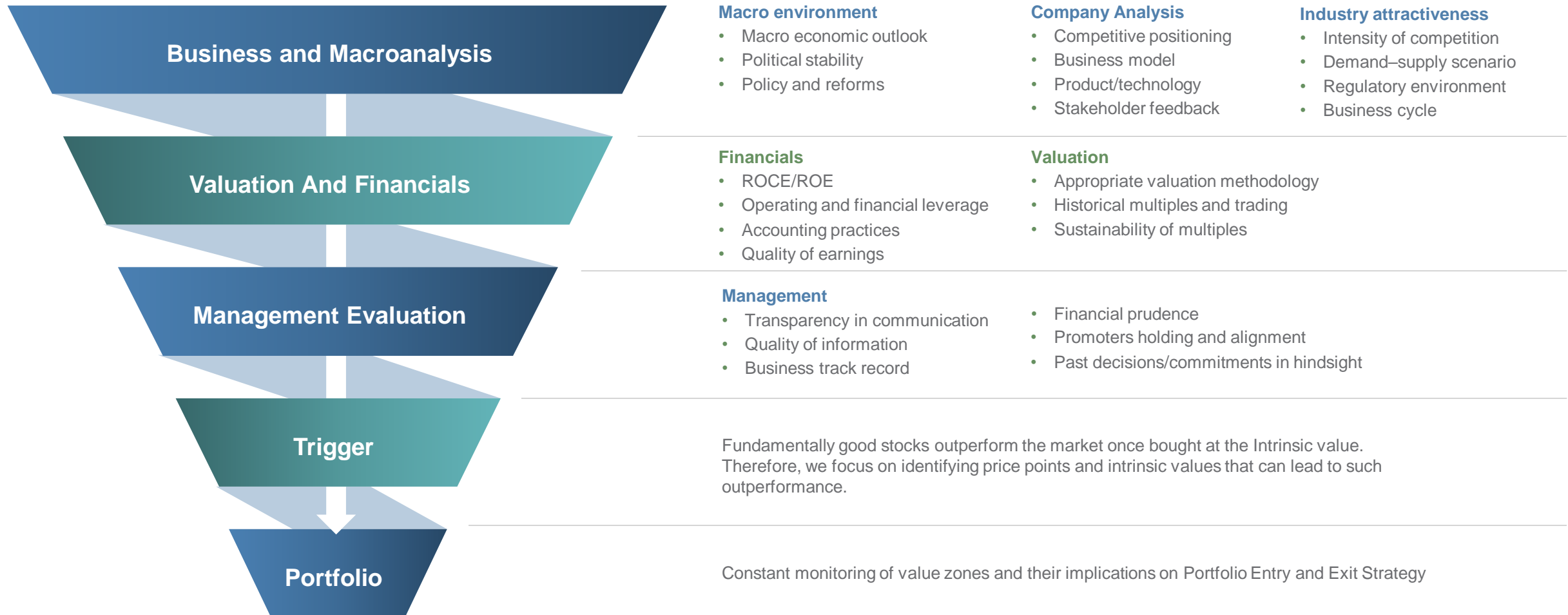


Note – All figures in INR Crores





Proven 'Intrinsic Value Zone'  
(IVZ)  
Proprietary Investment Model

# Our Proprietary ‘Intrinsic Value Zone’ Investment Model



# Possible Triggers For Stock Price Surge

INTERNAL FACTORS - POTENTIAL TRIGGER 	CASE STUDIES	EXTERNAL FACTORS - POTENTIAL TRIGGERS 	CASE STUDIES
Favorable use of financial leverage	Bank of Baroda (2020-2023)	Changes in policy environment	Renewables Sector (2019-2023)
Special situations (M&A, corporate restructuring, new management)	Cement Sector (2019-2022)	Changes in demand / supply dynamics	Commodity Companies (2020-2024)
<b>Changes/improvements in products/services</b>	<b>Tata Elxsi (2019-2023)</b>	<b>Fall in input prices</b>	<b>Oil Industry (2020-2021)</b>
Favorable use of operating leverage	Dixon Technologies (2019-2023)	Increased in finished good prices	Sugar Companies (2010-2013)
Favorable changes in business mix	Aditya Vision (2008-2015)	Beginning of investment cycle	Auto Companies (2019-2024)



Highly qualified and experienced team **with an excellent track record** of investing in Indian equities & equity research

## Core Team

### **Nilesh Dhote**

#### **Principal Officer**

- Bachelor Degree in Computer Engineering & MBA from Pune University, India
- More than 15 years of experience in Equity Investments, Investment Banking & Corporate Finance
- Extensive experience in managing Investments at Family offices and Boutique Investment Banks

### **Vishaka Sureka-Bansal**

#### **Compliance Officer**

- Vishaka have a distinguished academic and professional record.
- With an experience of over a decade as practicing advocate on matters relating to Contracts & agreement, Vishaka straddles in academics as a faculty with equal ease.
- Vishaka is recipient of Nani Palkhiwala Gold Medal for achieving highest CGPA in Human Rights Law.

### **Aditya Bukte**

#### **Senior Analyst**

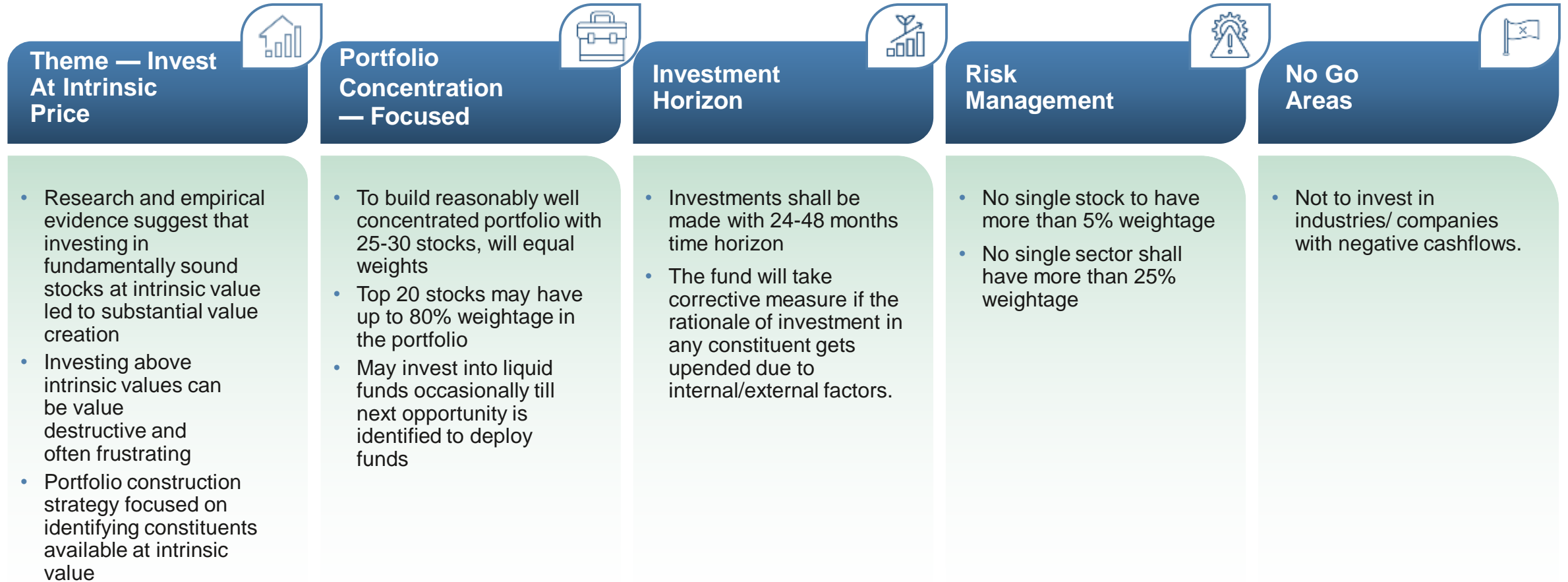
- Aditya holds a Bachelor's degree in Instrumentation Engineering from the College of Engineering Pune. With over 5 years of investing, Aditya brings a wealth of knowledge and a deep understanding financial dynamics in Indian markets.
- This experience enables a strategic and informed approach to portfolio management,

### **Nirmal Sureka**

#### **Mentor & Investor Relations**

- More than 15 years of experience in investments and trading
- Founder and Promoter of Gems Imperial Portfolio Advisory LLP
- Sound understanding of market cycles and sectoral rotation
- Excellent network amongst market intermediaries, providing a ringside view of the capital markets as well as Businesses

# 4 Portfolio Construct



# Investment Process

## PRE- INVESTMENT STAGE

### MACRO ANALYSIS

- Analyse domestic & international economic indicators
- Interact with policy makers/ thought leaders
- Formulate macro view

### INDUSTRY ANALYSIS

- In-house research on the industry
- Identify key triggers for the industry
- Interact with industry experts to validate our industry views

### COMPANY ANALYSIS

- In-house research on company
- Identify Intrinsic
- Detailed Financial model
- Idea validation with mentors

### PORTFOLIO COMPOSITION & RISK REVIEW

#### DUE DILIGENCE:

- Management Meeting
- Channel Checks
- Site Visits

### INVESTMENT COMMITTEE APPROVAL

## DURING INVESTMENT CYCLE

### MACRO MONITORING

- Periodic monitoring of macro indicators

### INDUSTRY MONITORING

- Quarterly monitoring of industry triggers
- Quarterly interaction with mentors/industry experts to review investments

### COMPANY MONITORING

- Quarterly performance monitoring including Intrinsic zones
- Financial model updation
- Interaction with the management on phone/analysts meet

### PORTFOLIO COMPOSITION

- Review portfolio composition on quarterly basis
- Portfolio rebalancing
- Portfolio risk review

### INVESTMENT REVIEW BY THE INVESTMENT TEAM

## EXIT STAGE

### EXIT SCENARIOS

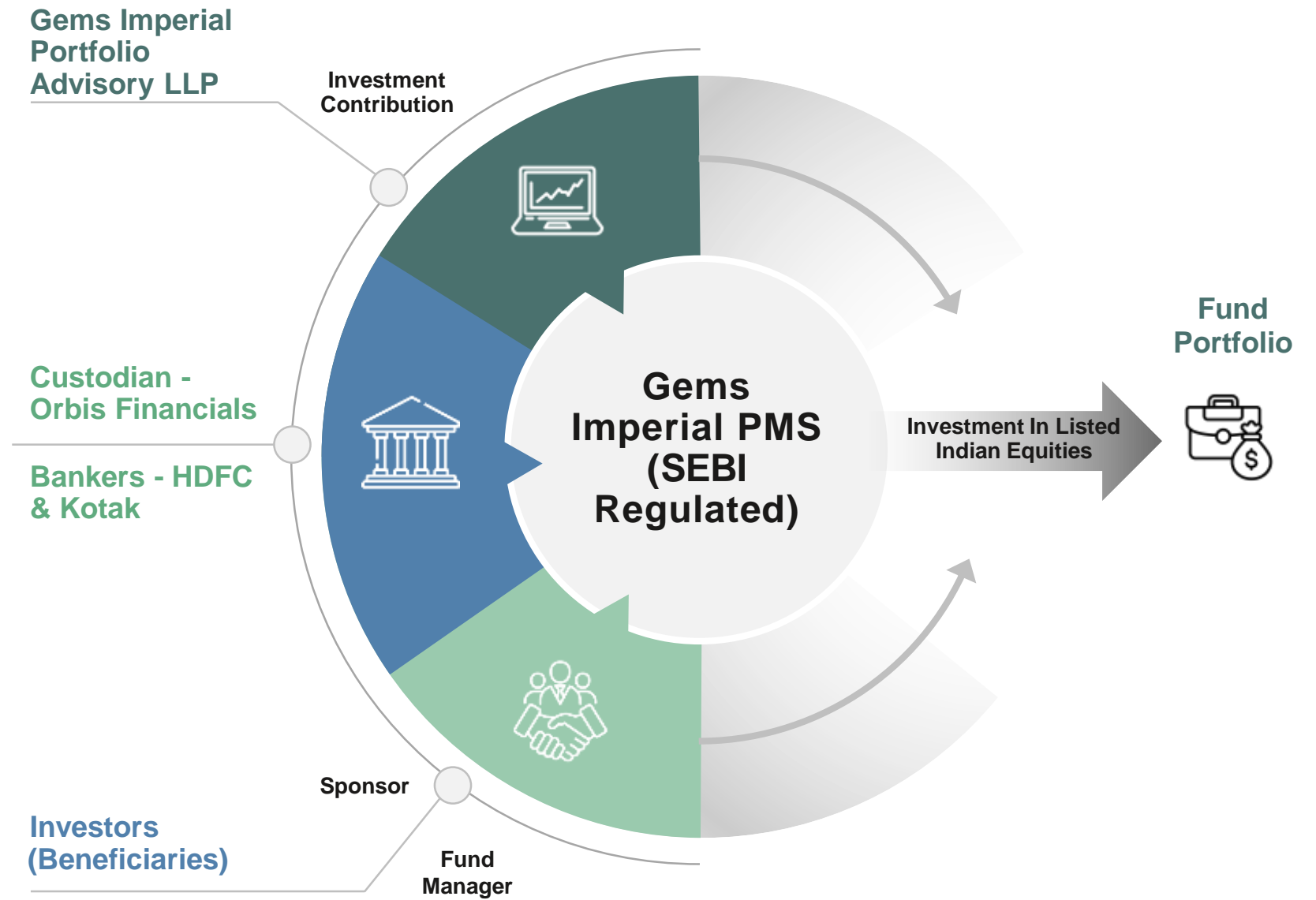
- Price objective achieved
- Risk –reward not favorable
- Value Zone fails to work due to external factors . For ex. Change in Regulation

### EXIT PROCESS

- Investment note containing rationale for exit
- Validation from mentors/industry experts

### PORTFOLIO REBALANCING

# Fund Structure



# Policy Framework

Breakthrough reforms being rolled out with focus on growth, governance and social inclusion

## Core Sector Reforms



## Sardar Patel National Mission For Urban Housing



## Ease Of Doing Business

### Land Acquisition



## Governance And Social Inclusion



# Government Led Infrastructure Boom

**US\$ 150-200 BN Per Annum Opportunity**



## Disclosures



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**In case of any clarification/ desire for further information**, please contact the Registered office of Gems Imperial Portfolio Advisory LLP, 602 6<sup>th</sup> Floor, Nyati Enthral, Mundhwa-Kharadi Bypass, Kharadi South Main Road, Kharadi, Pune Maharashtra 411014

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# Thank You



**GEMS IMPERIAL**  
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