

# Fident India Builder Equity Portfolio (FIBER)



**FIDENT ASSET  
MANAGEMENT**

31 October 2024





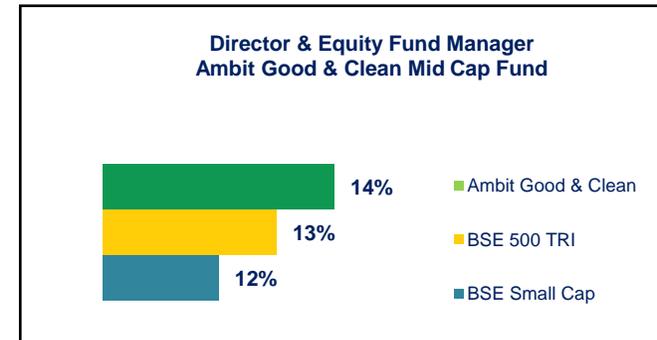
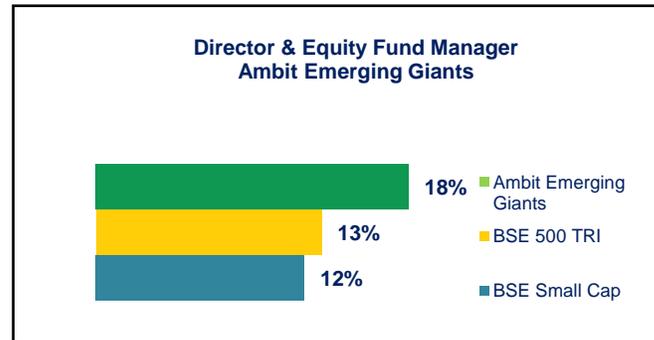
# Founder & CIO Profile

- Aishvaryya brings a wealth of investment experience spanning **18** years
- Prior to founding **Fident**, he served as the **Equity Fund Manager** for **Ambit Asset Management's** PMS Strategy, from April 2017 to May 2023 ,
- He was associated with **Reliance Life Insurance** as an Equity Fund Manager from July 2010 to March 2017
- Additionally, he worked as an **Equity Research Analyst** at **Crisil Limited** from June 2007 to July 2010

**Aishvaryya Dadheech**  
CA, CFA, MBA



## Performance Track Record



(5 year returns as on May 2023, AUM 2800 Cr.)



**Bhavin Jatania**

MBA (MDI)



## Founder & CEO Profile

- Bhavin has over **18** years of experience across asset and wealth management, advisory and distribution.
- He has worked across diverse areas such as product structuring, asset allocation, investment advisory, strategy and business development.
- Prior to founding **Fident**, Bhavin was part of the start up team at **360 One Asset Management**.
- During his 7 year stint at 360 One asset, he worked on product innovation, structuring, strategy and business development across multiple asset classes and platforms across including AIFs, PMS, and mutual funds.
- Prior to joining 360 One Asset, Bhavin spent more than a **decade** working across wealth management and advisory at **IDFC Bank**, **Edelweiss wealth management** and **ICICI Bank**.
- Bhavin holds a Post Graduate Diploma in Business Management from MDI, Gurgaon, and is a CFA Level III candidate.



# Our Investment Team



**Pavan Kumar**

MBA (IIMA), B. Tech (IITM), CFA



- **Pavan** has more than **12 years of experience** across banking, portfolio management and equity research
- Prior to joining Fident, he worked with **IIFL Capital, Singapore** and IIFL Asset Management, Mumbai for more than 8 years and with **Standard Chartered Bank** in India and Singapore for more than 3 years.
- He completed post graduation in management from IIM Ahmedabad and is a graduate in mechanical engineering from IIT Madras. He has also cleared all 3 levels of CFA examination.



**Mihir Damania**

Chartered Accountant

- **Mihir** has over **4 years of experience** across equity research and financial due diligence.
- Prior to joining Fident, he was at **Ambit Investment Advisors** as an equity research analyst.
- Additionally, he's worked at **Deloitte Haskins and Sells LLP** as an assistant manager.



# Our Investment Team



**Nikhil Purohit**

BBA (NMIMS), CFA L3 Candidate

- **Nikhil** has completed his bachelors in business administration from **NMIMS**, specializing in finance, in June 2022.
- Prior to joining Fident, he worked at **Felix Advisory** as a Transaction Advisory Intern and underwent equity research and portfolio management training in an internship cum live project at Finlatics.
- He is a CFA Level III candidate.



**Varun Gandhi**

MSc (Bayes Business School),  
CFA L3 Candidate

- **Varun** has over 2 years of experience in equity research and investment analysis.
- Prior to joining Fident, he worked as an equity research associate at **Choice Institutional Equities** in Mumbai and interned at **Amakor Capital** in London.
- He holds an MSc in Investment Management from Bayes Business School, London, and a B.Com in Accounting & Finance from NM College, Mumbai.
- He is a CFA Level III candidate.

# Our Values

It's the

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**F** CLIENT  
FIRST

**I** NTEGRITY

**D** ISCIPLINE

**E** NTREPRENEURAL

**N** URTURE TALENT

**T** EAM WORK

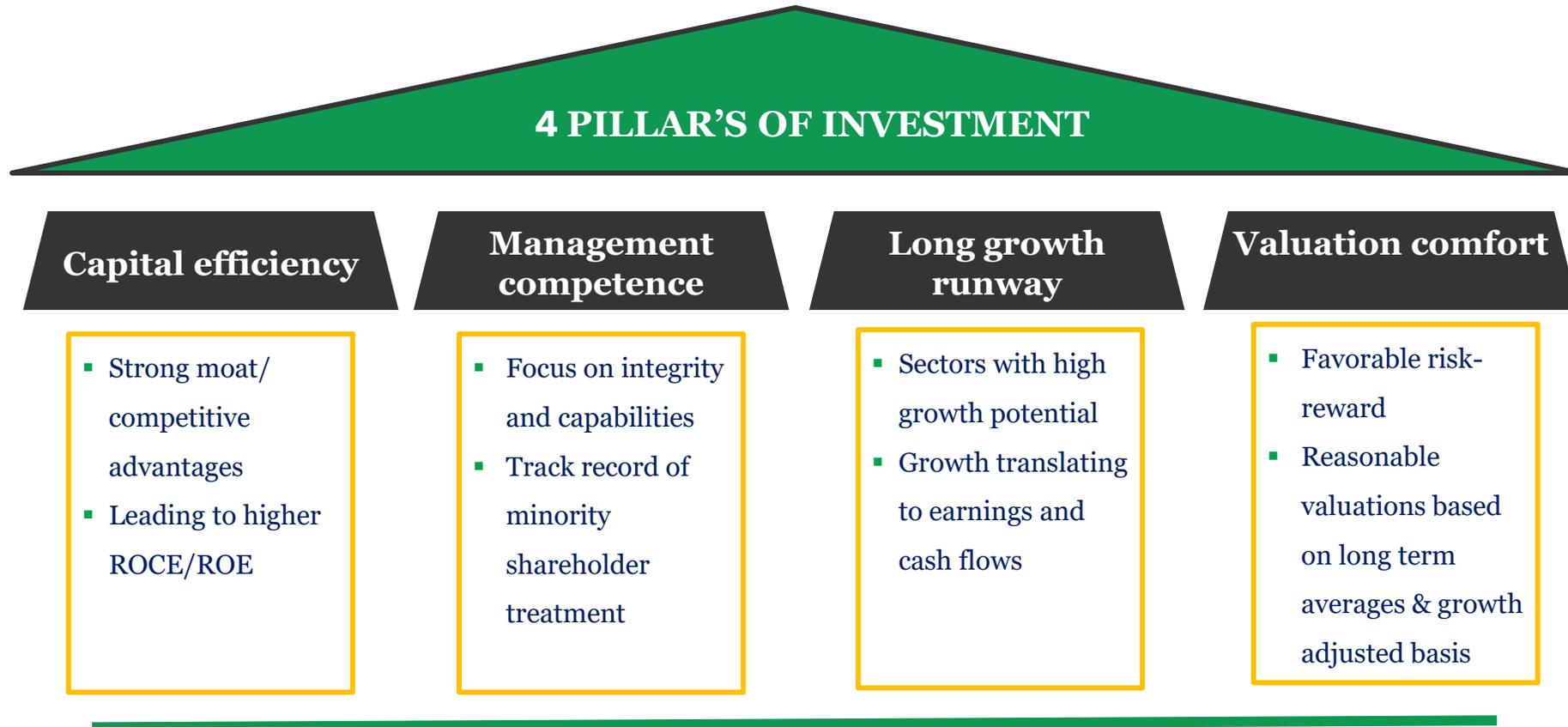
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Way!





# Our Investment Philosophy





# Investment Thesis

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- *Over the past decade, the government has placed a strong emphasis on reforms across key sectors*
- *This resulted in notable growth and progress across these priority sectors*
- *We expect the same pattern of reforms to continue, if political stability prevails.*

## RENEWABLES

**India EV policy to encourage local production of premium electric cars: Audi official**



cnbctv18

Road ministry confident of achieving 13,814 km highway construction target in FY24

**Budget 2024: Govt proposes housing scheme for middle class, 2 crore rural houses to get backing**

## Economy

**India's defence exports skyrocket to ₹21,000 crore**

## Commerce & Industry

**PLI schemes attract over Rs 95,000 crore investment till September this year**

## RENEWABLES

**India to achieve 500 GW renewables target before 2030 deadline: RK Singh**



# Government Reforms (2014-24)

## DIGITISATION



## MANUFACTURING



PLI 15% Tax Rate



## INFRASTRUCTURE



## PRODUCTIVITY

GST #startupindia

EASE OF DOING BUSINESS



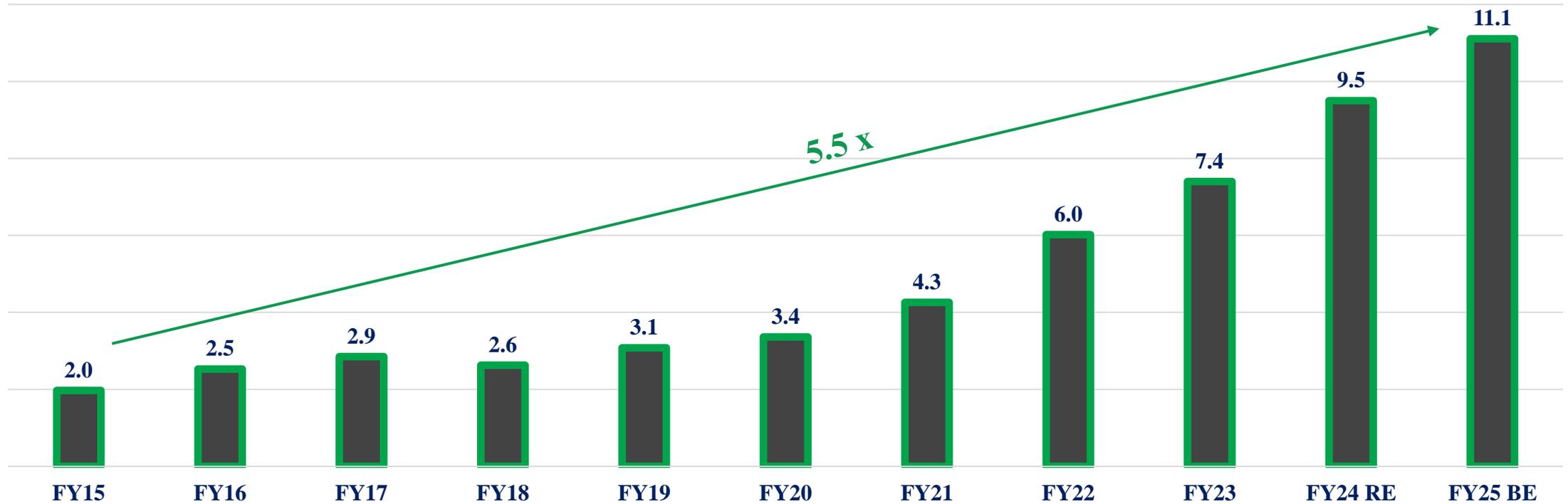
REDUCTION IN SUBSIDIES



# Significant Rise in Government Capex

- *Paradigm shift in Government spending from revenue expenditure to productive capital expenditure*
- *Govt has communicated willingness to continue high capex investments*
- *Unprecedented & far-reaching impact for generations to come*

Government Capex (INR tn)





# **Beneficiaries of Government Reforms: Case Studies**



# Case Study 1: Defence



**Atmanirbhar Bharat**  
Encourage domestic production;  
reduce imports



**Positive Indigenisation Lists (PIL's)**  
Restriction list of defence  
equipment



**SRIJAN Portal**  
An online platform  
highlighting current imports in  
defence

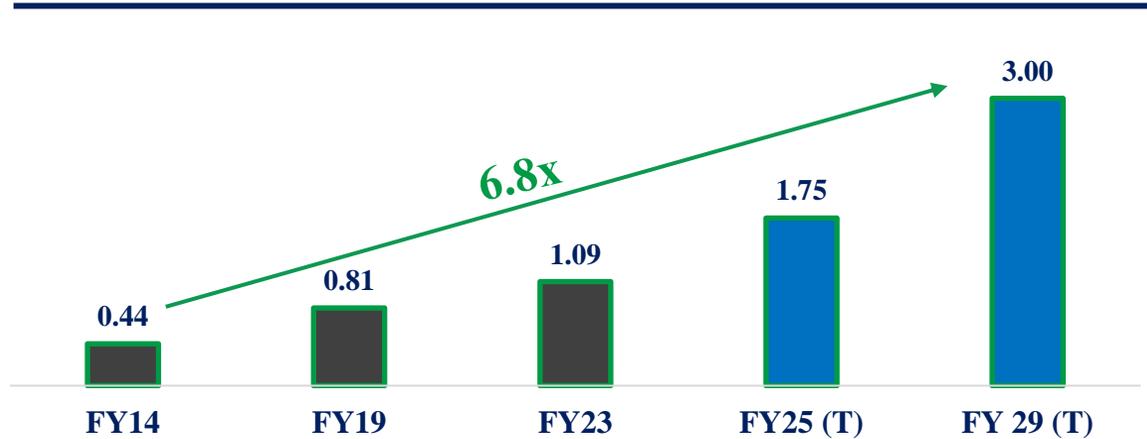


**Dedicated Defence Industrial Corridor**  
2 dedicated zones in UP & Tamil  
Nadu

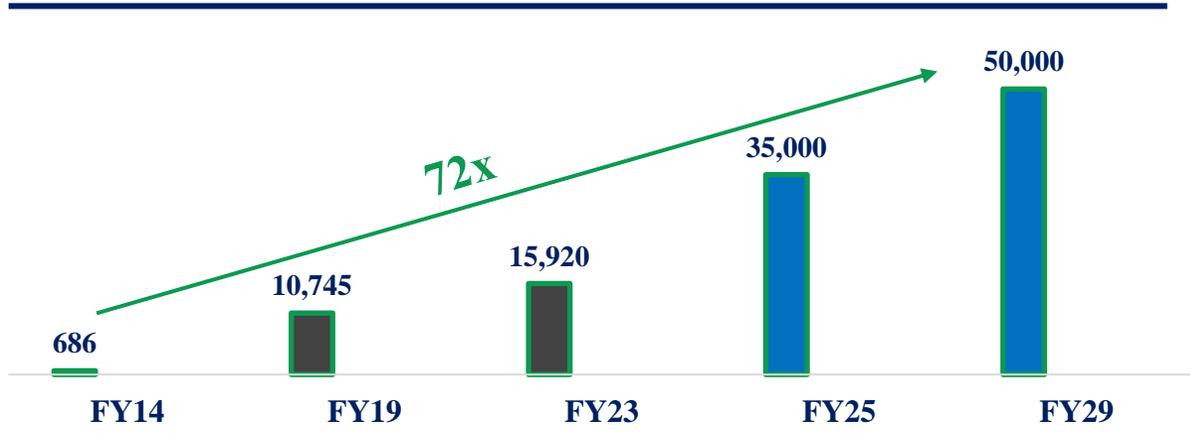


**Foreign Direct Investment**  
Allows 74% FDI under  
automatic route

**Defence Production (in INR Lakh crores)**



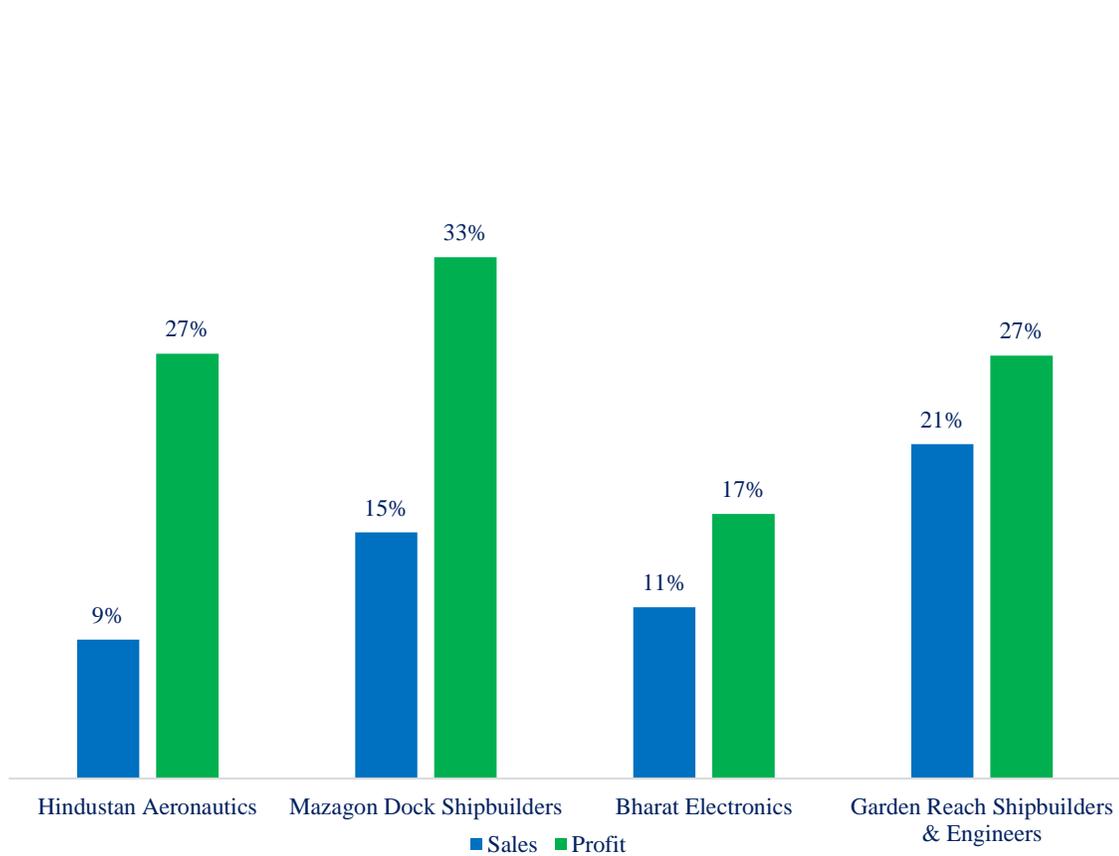
**Significant rise in Exports (in INR crores)**



# Key Beneficiaries & Performance

## Sales and Profit CAGR

( FY 19-24)



## Share price performance



# Case Study 2: Railways



**VANDE BHARAT**

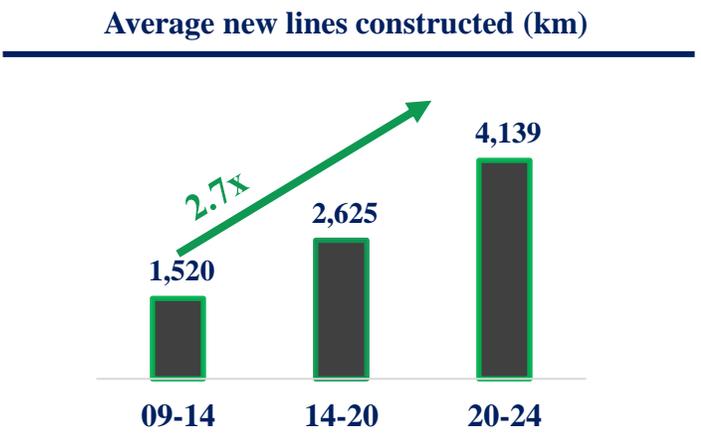
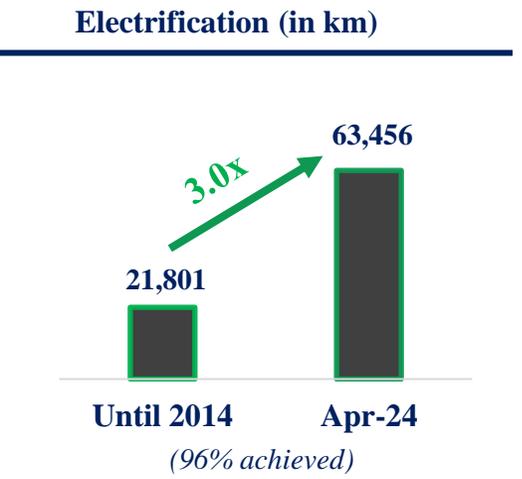
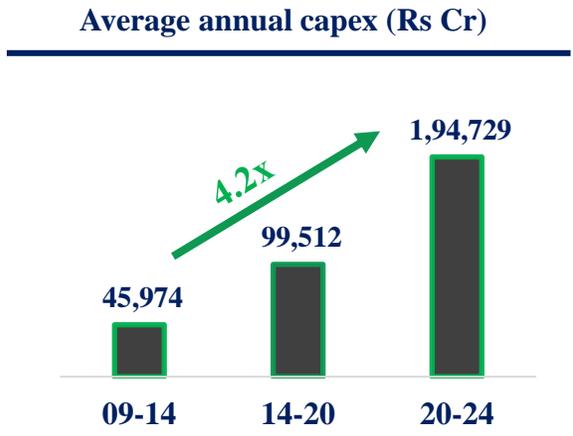
**Vande Bharat Trains**  
High-speed trains of up to 160km



**Dedicated Freight Corridor (DFC)**  
Dedicated tracks for freight movement



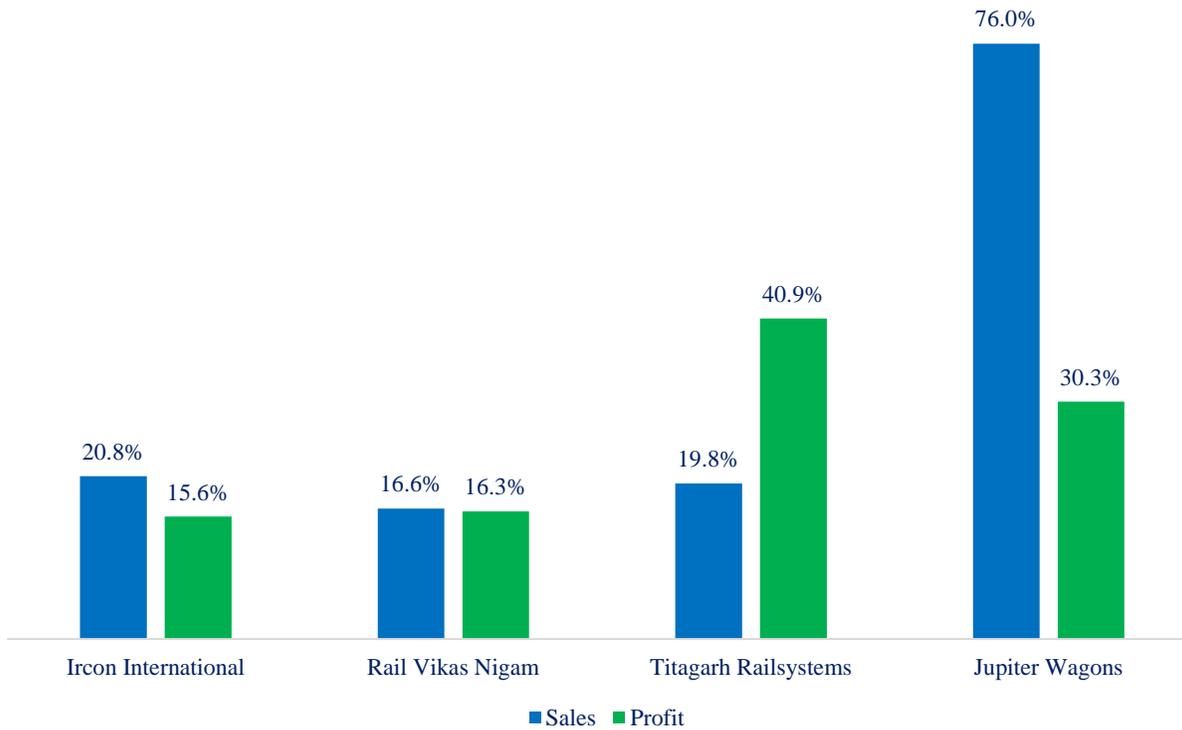
**Gati Shakti Cargo Terminal**  
Multi-modal cargo terminals for seamless goods movement



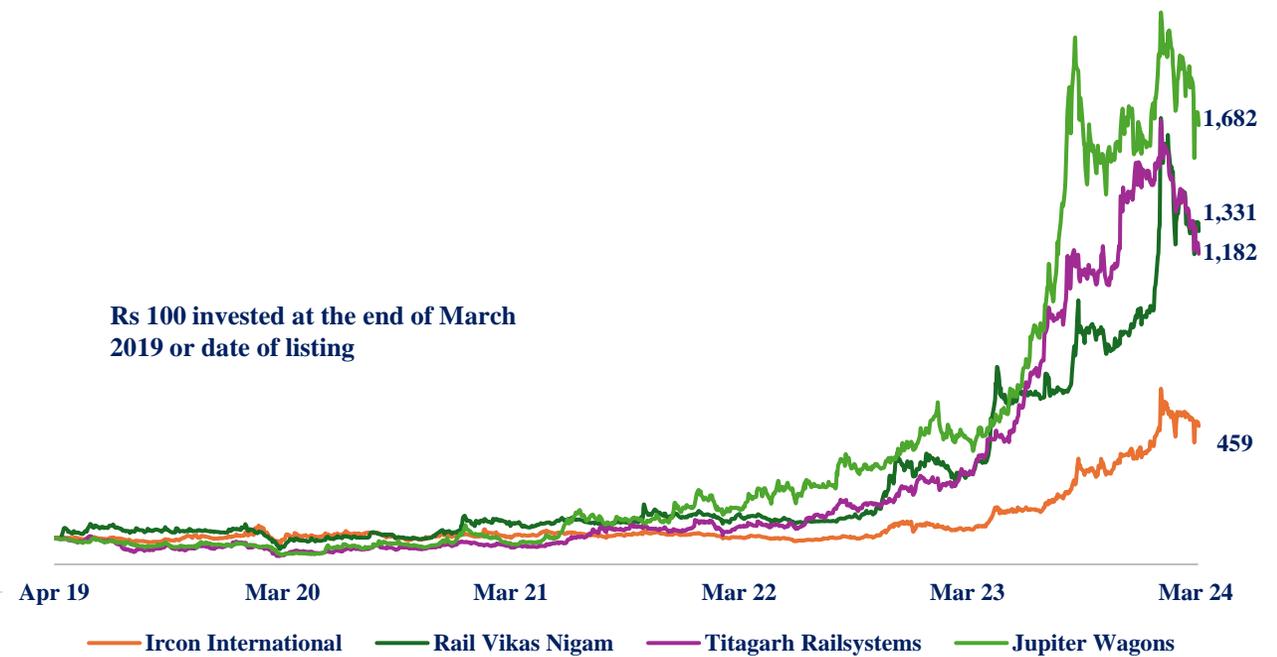
# Key Beneficiaries & Performance

## Sales and Profit CAGR

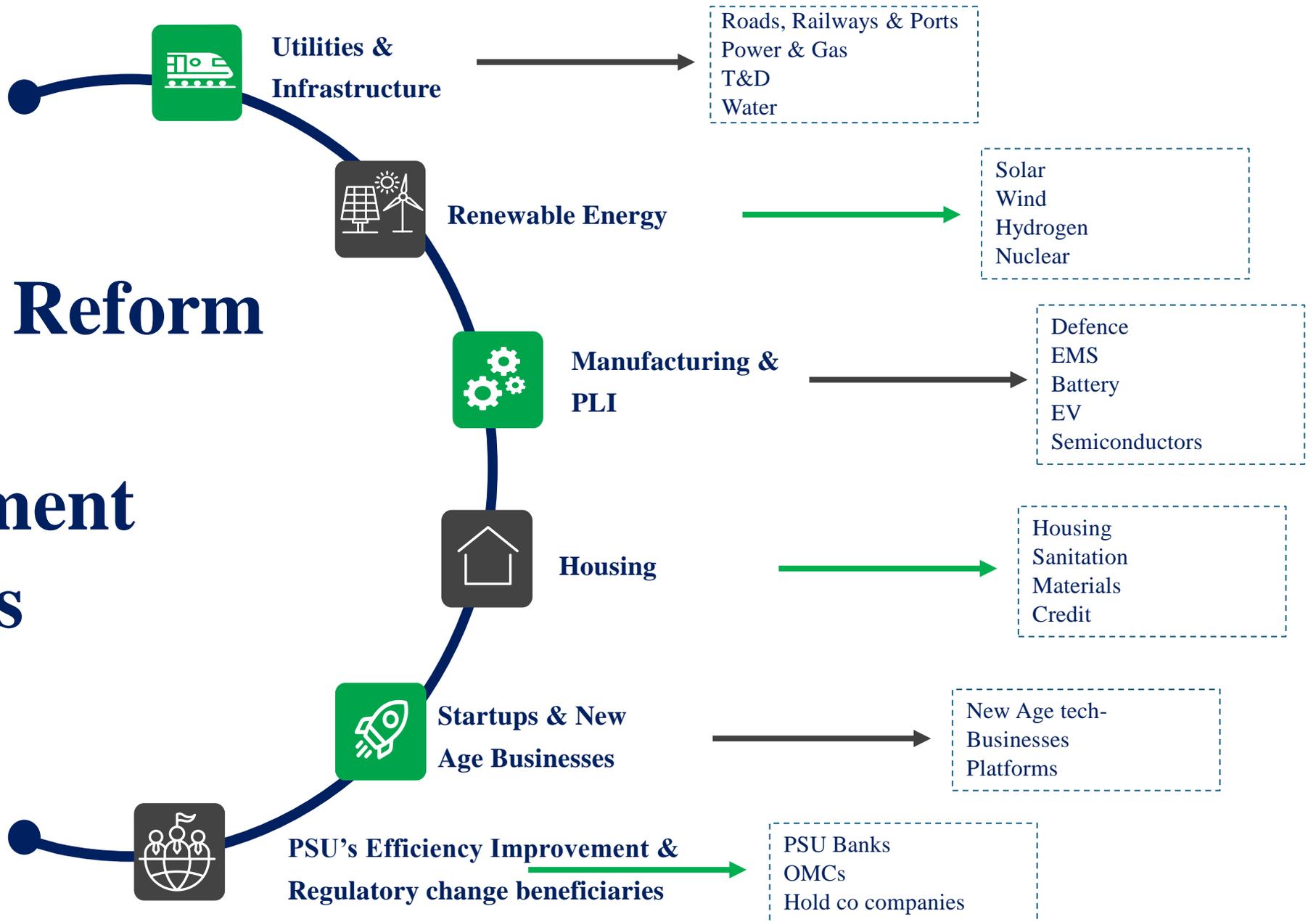
(FY 19-24)



## Share price performance



# Future Reform Areas: Investment Themes



# National Highways : Growth, Initiatives & Targets



**BHARATMALA**  
ROAD TO PROSPERITY

**Bharatmala Pariyojna**

Improving efficiency of existing highway network & extending highway network



**Multi-Modal Logistic Parks**

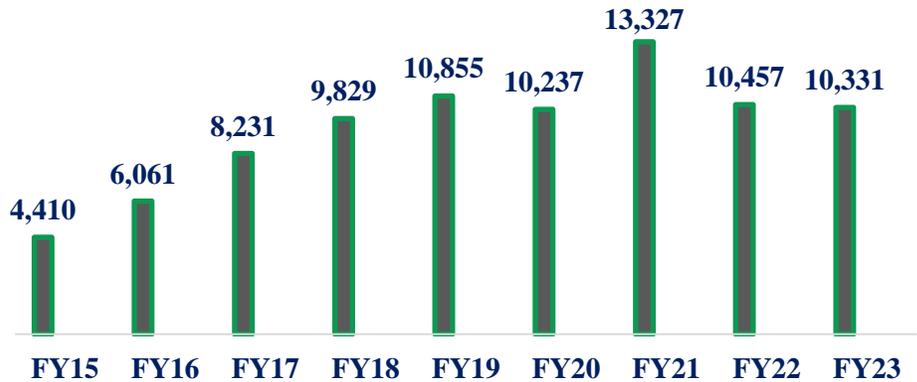
Strategic hubs with seamless connectivity between different transport modes



**PM Gati Shakti**

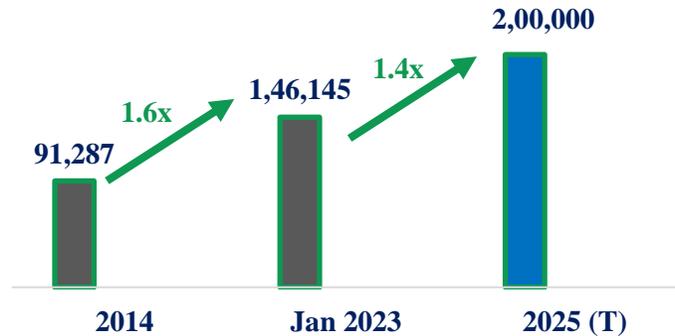
Digital platform facilitating integrated planning & coordinated project implementation across 16 ministries

Length Constructed (in km)

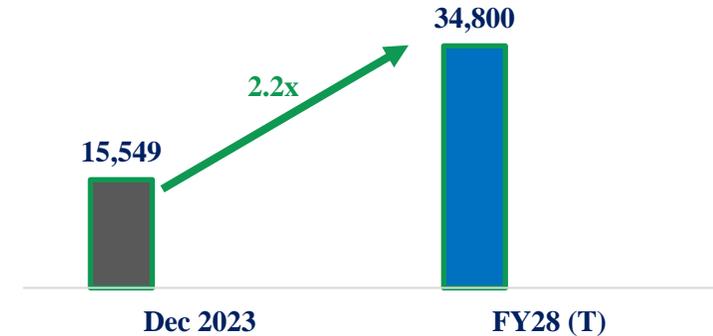


Road construction per day rose from 12 km/day in FY15 to 28 km/day in FY 23

Length of National Highways (in km)



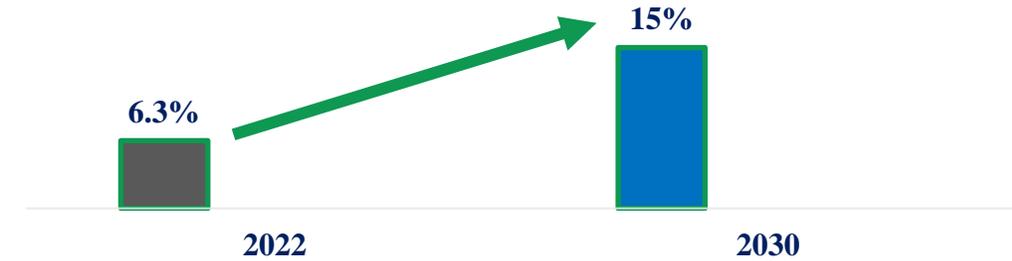
Bharat Mala Pariyojana : Phase 1



# Gas Sector Growth, Initiatives & Targets

Parameters	2014	2023
Natural Gas Pipelines	15,340	24,623
No. of City Gas Distribution Networks	53	300
Piped Natural Gas Connections	25.4 lakhs	1.16 crores
CNG Stations	738	6,000
City Gas Distribution Coverage (area wise)	5.6%	88.0%
LNG Terminals	4	7
LPG Connections	14.5 cr	31.8 cr

## Natural Gas Share Target



### SATAT Initiative

Establish an ecosystem for production and utilization of Compressed Bio Gas (CBG)



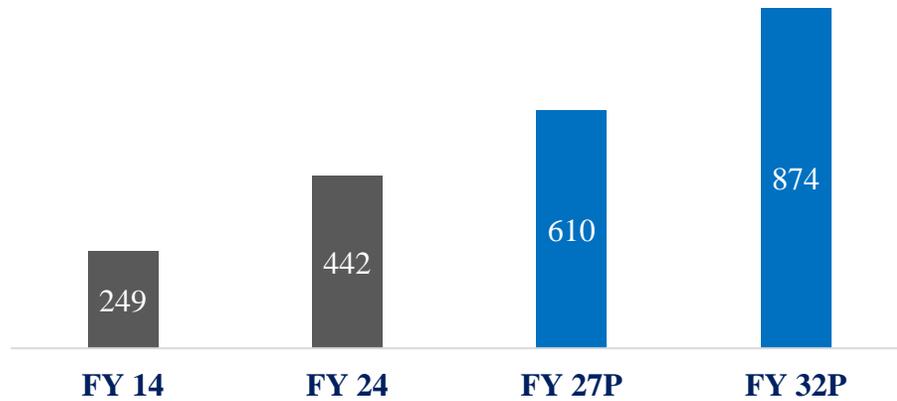
### HELP

Streamline exploration and licensing procedures to attract investments in the sector



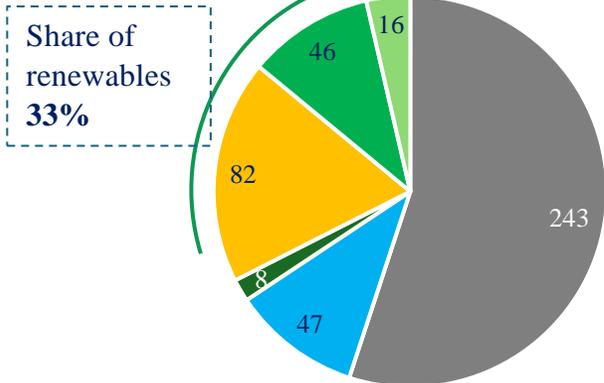
# Renewable Energy

Power Generation Capacity (GW)

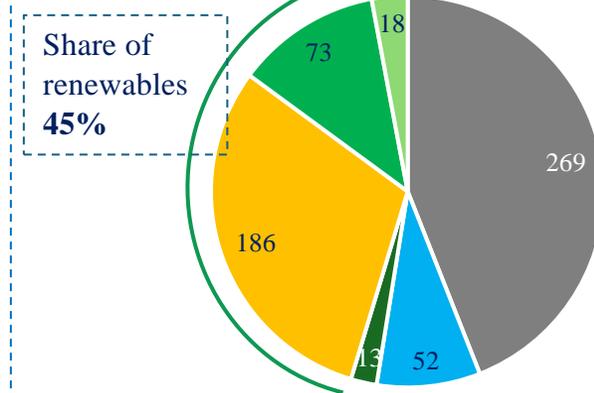


- Majority capacity growth is targeted from renewables with **Solar capacity targeted to grow to 4.4x at 365 GW and wind capacity targeted to grow approximately 2.7x at 122 GW by FY 2032**
- Total investment of **Rs. 33.6 lakh crore (USD 400 bn)** with 3.78 mn power professionals requirement by 2032

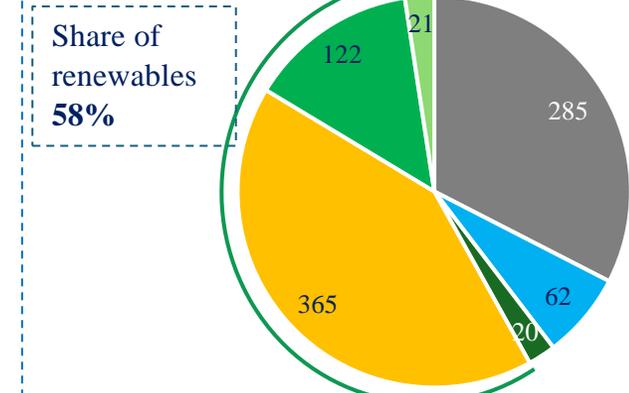
FY24 Capacity – 442 GW



FY27 Projected Capacity – 610 GW



FY32 Projected Capacity – 874 GW



■ Thermal ■ Hydro ■ Nuclear ■ Solar ■ Wind ■ Other RE

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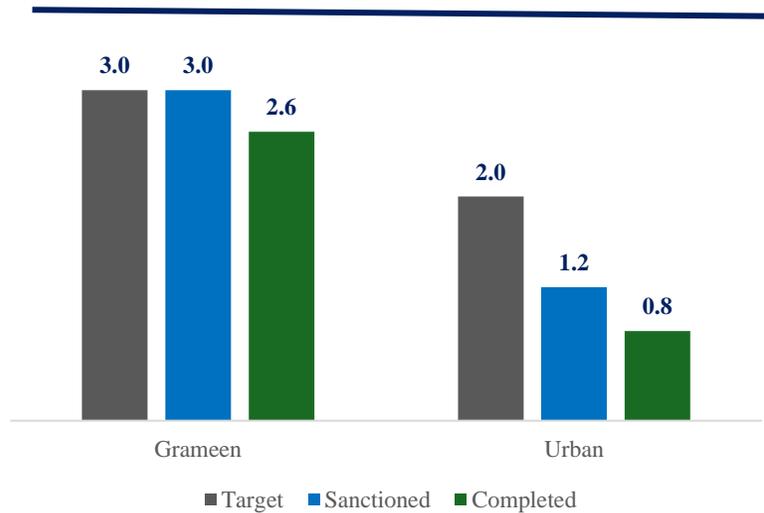
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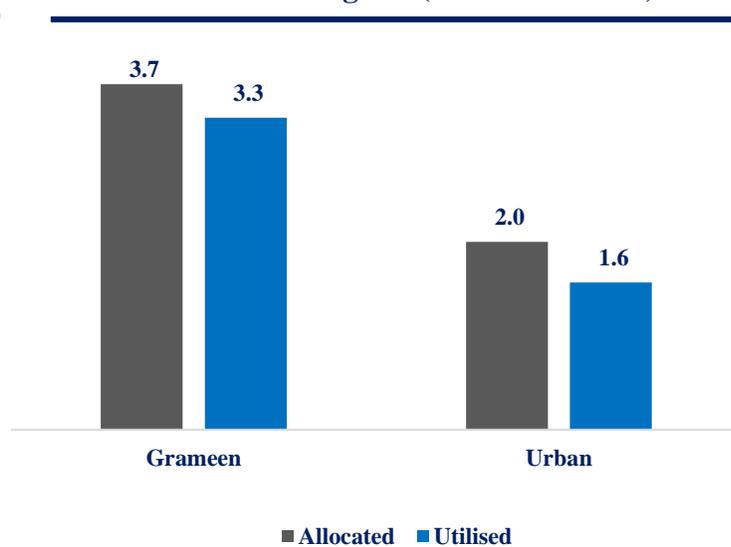
# Housing for All

- Pradhan Mantri Awaas Yojana: Enabling all weather pucca housing to eligible beneficiaries
- Sanctioned 4.15 crores of houses against target of 4.95 cr and spent Rs 2.88 lakh crore
- Budget FY25 provided for additional target of constructing 2 cr houses under PMAY Gramin with support of Rs 2.4 lakh crores

Construction of Houses (# Crores)



Financial Progress (Rs Lakh Crores)

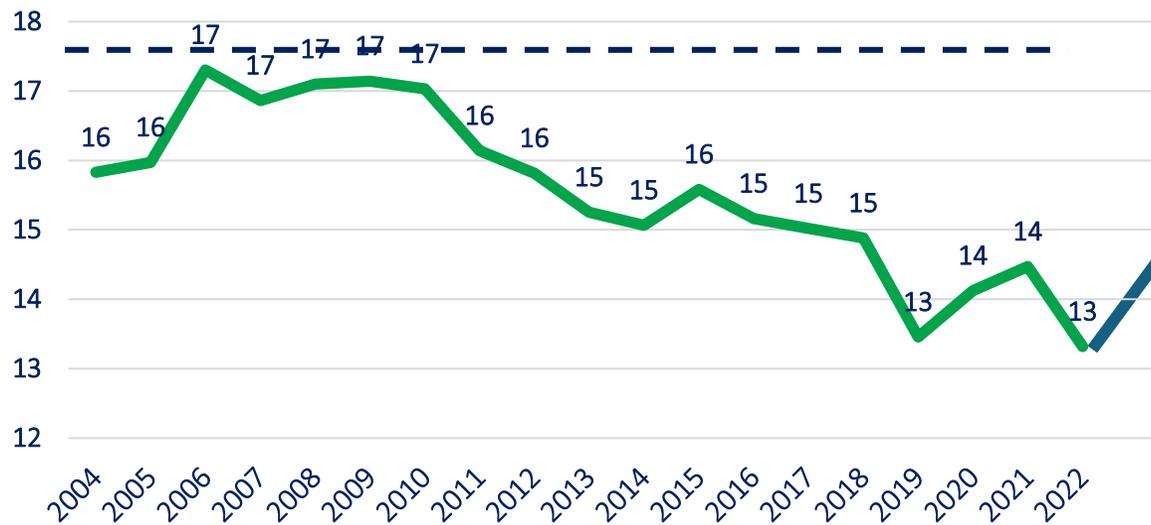


Budgetary Allocation to PMAY Gramin (Rs Cr)



# India's Manufacturing to boost

Manufacturing (value added) as a % of GDP



We expect India's manufacturing to reach its historical levels

## 1. Govt Initiatives

- Production Linked Incentives
- Make in India
- Ease of doing business reforms
- Huge capex investment

## 2. Favorable Demographics

- Large & young workforce
- Rising domestic demand

## 3. Global Shifts

- China + 1 Strategy

## 4. Revival of Private Capex

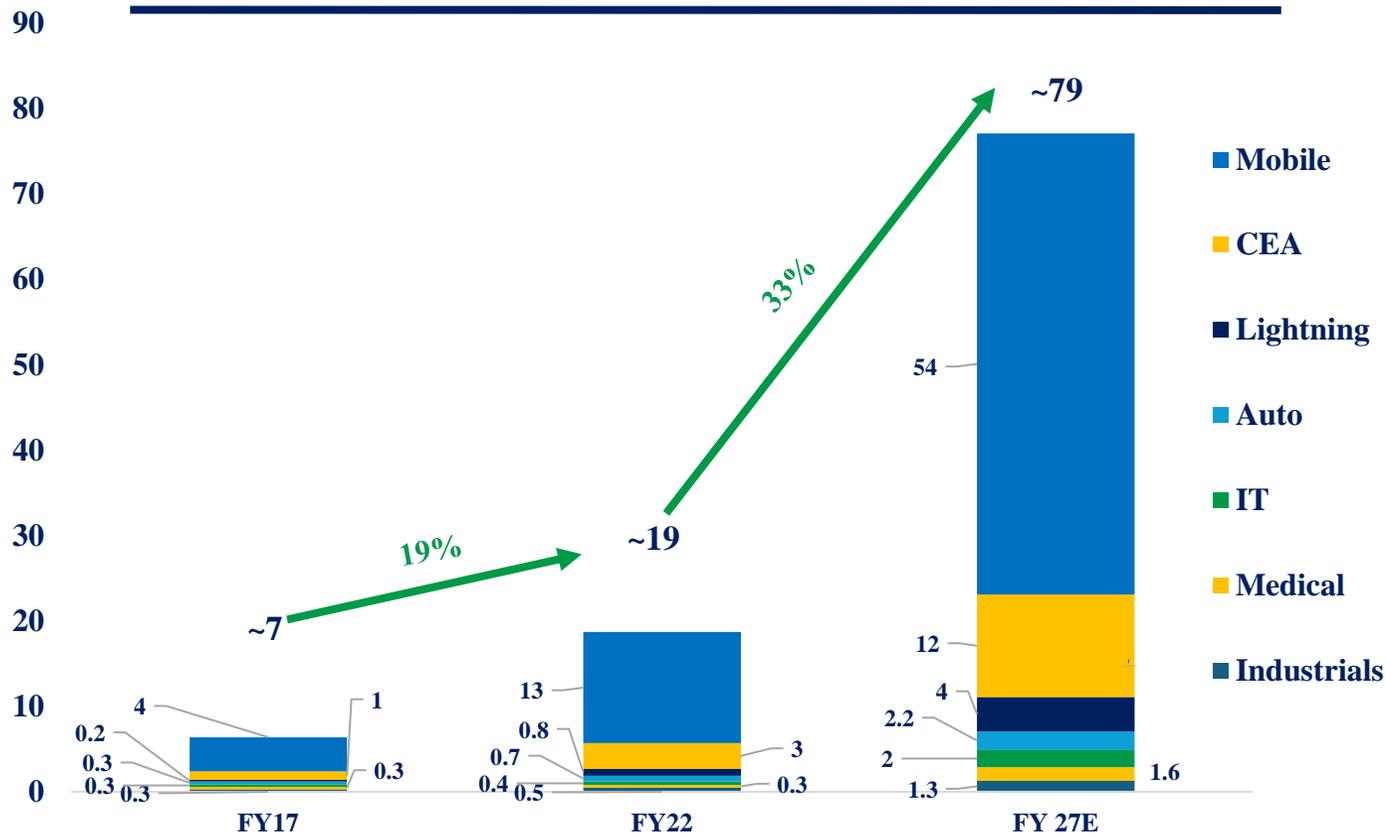
17%



# EMS market

Indian EMS market is expected to reach \$ 80 bn by 2027

India's EMS Market (USD Bn)



## Growth Drivers

### 1. Domestic Ecosystem Development

PLI Scheme to increase accessibility to components and other services

### 2. China + 1

Global outsourced EMS to shift to India as players look to diversify supply chain

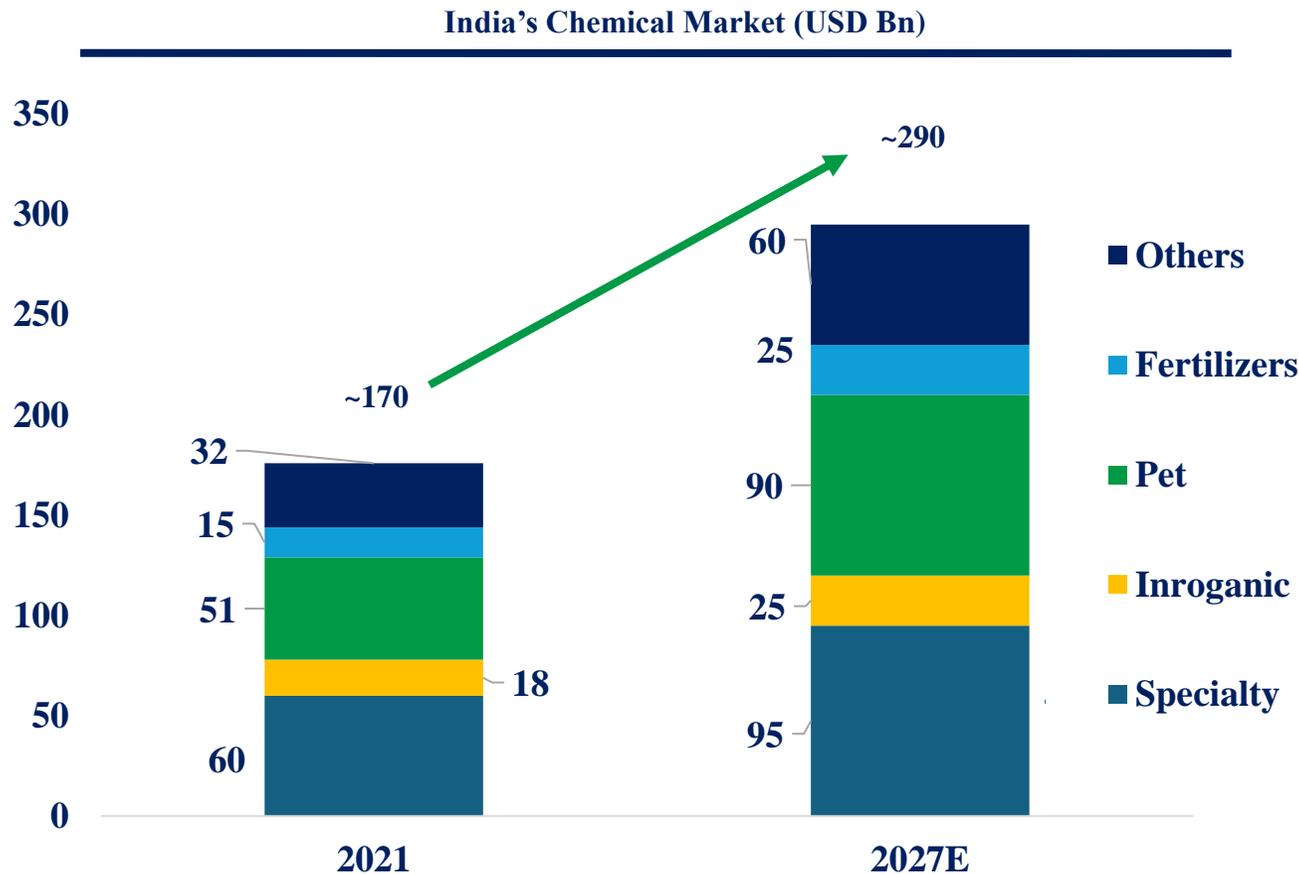
### 3. Increase in source of outsourcing

OEMs to outsource more to domestic EMS players as they have started offering complete design apart from contract manufacturing



# Chemical market

Indian chemical market is expected to become \$ 290-310 bn. by 2027



## Growth Drivers

### 1. Domestic Consumption

India is expected to account for more than 20 percent of incremental global consumption of chemicals over the next two decades

### 2. Changing Consumer Preferences

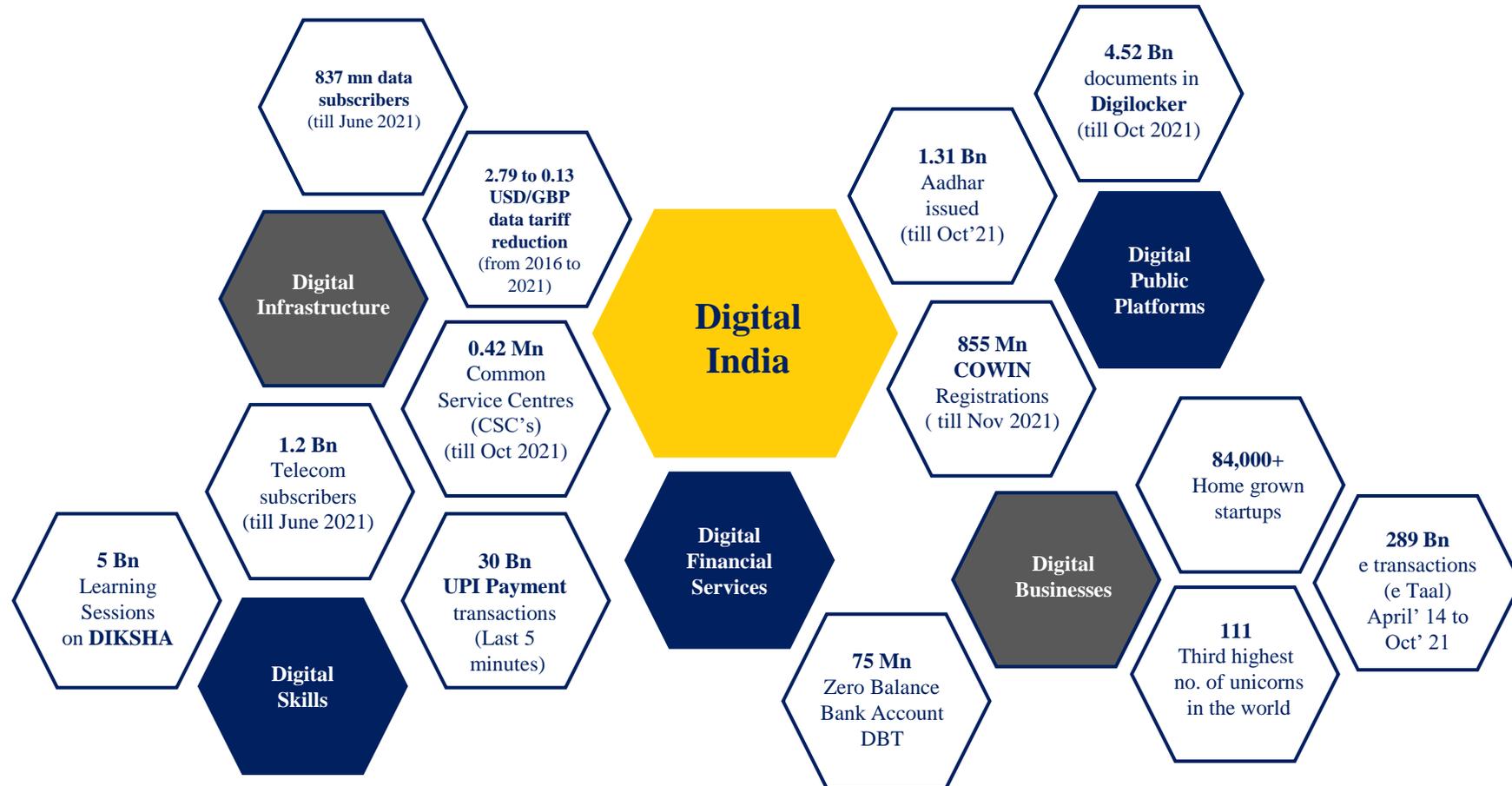
The growing demand for biofriendly products globally could benefit India, as it is among the leading producers of many chemicals that are used in such products.

### 3. Shifting Supply Chains

Triggered by the evolving geopolitical scenario and the trend to diversify from the existing core manufacturing markets, firms are seeking to make their supply chains more resilient.



# Rapid Digitalisation



Rapid digitization creates a supportive ecosystem for business, service sector and the overall economy

- Reduction in operational costs & inefficiencies. expansion of market reach & access to talent
- Promotion of cashless transactions & financial inclusion
- Facilitation of data driven decision making and innovation



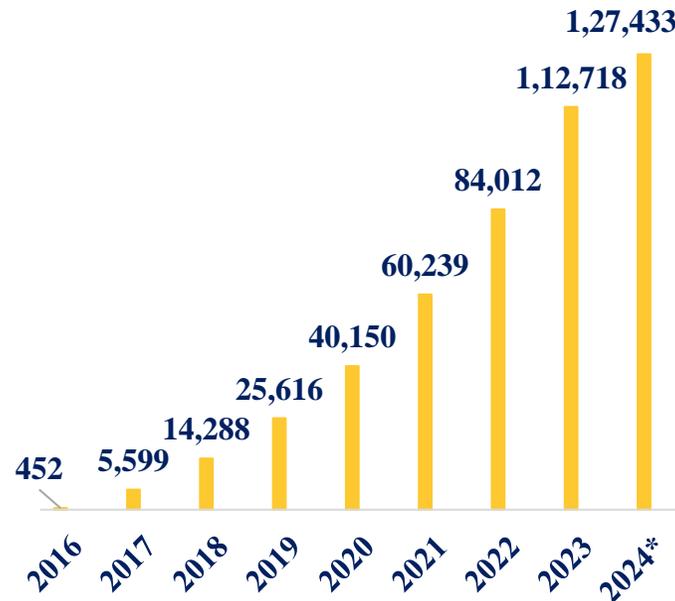
# Growing Entrepreneurial Mindset

- Increasing acceptance of risk-taking, improving ease of doing business coupled with enablers such as smartphone penetration, and digital payments are driving India's startup culture
- Relevant use cases, vast consumer pool and stable political environment have made Indian startups darlings of global PE, VCs resulting in more than 100 start ups with higher than \$1bn valuation

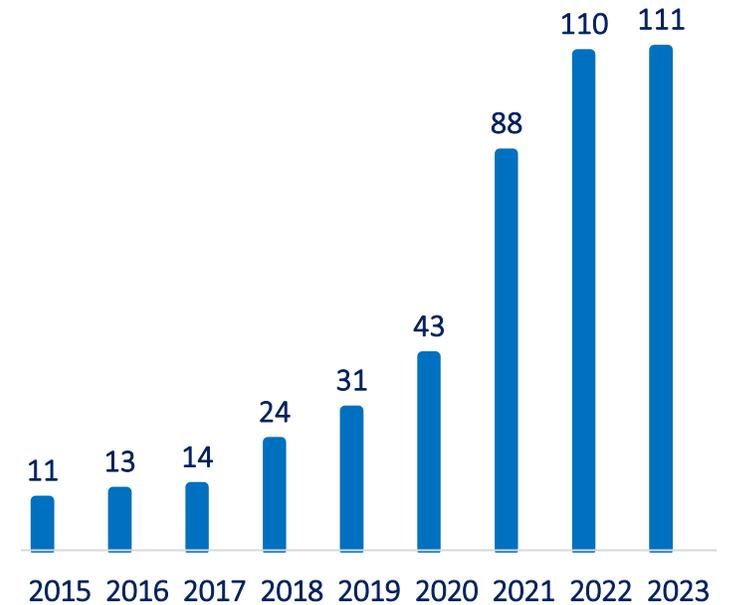
Ease of doing business ranking



Number of recognized startups



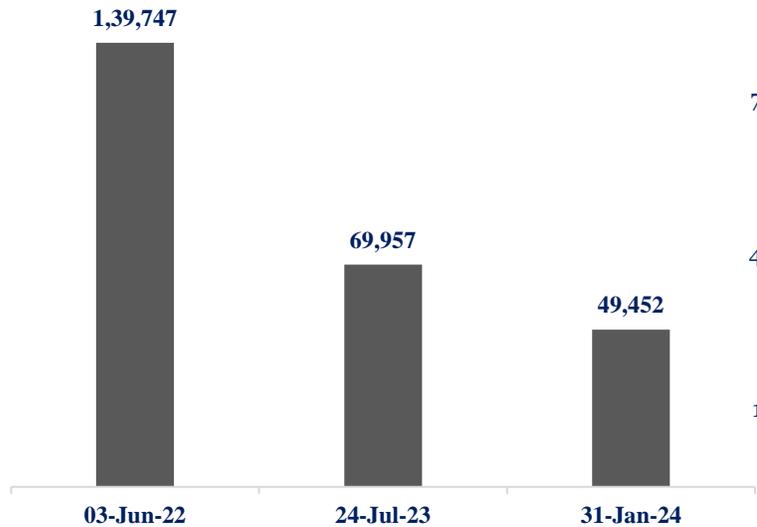
Number of unicorns



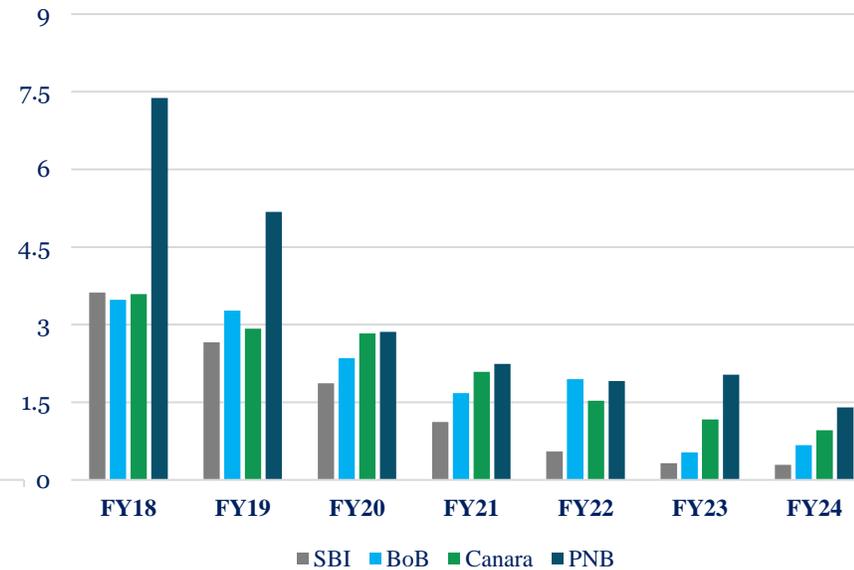
# PSU Efficiency

- *Electricity (Late Payment Surcharge and Related Matters) Rules 2022: total unpaid bills have reduced from around Rs. 1.4 lakh crores in June 2022 to around Rs.49,450 crores in Jan 2024*
- *Insolvency and Bankruptcy Code, 2016 (IBC): Credit cost of PSU banks has come down from 2-7% range in FY17-FY20 period to 1-4% in FY21-FY24 period.*
- *Divestments: Successfully generated more than Rs 4 lakh crores through divestments from FY16 till date.*

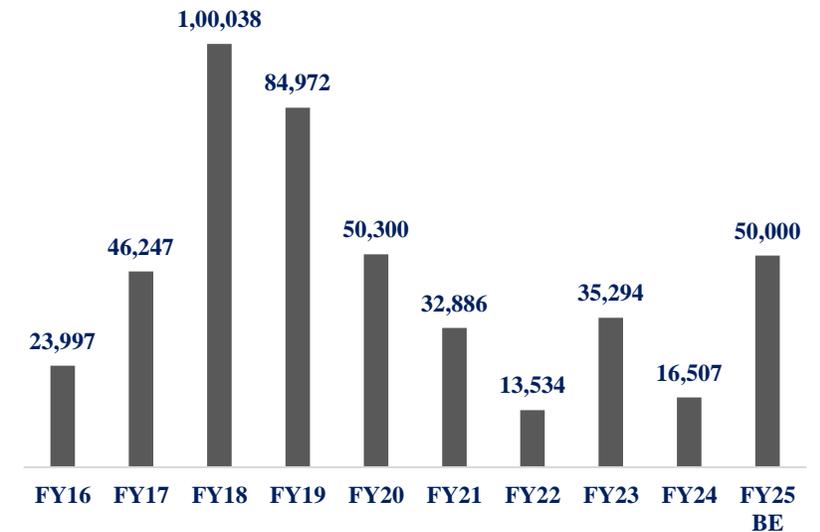
**Total outstanding dues of power distribution companies (Rs Cr)**



**Credit cost of public sector banks (% of AAUM)**



**Divestment (Rs Cr)**



# Our Risk Management Approach

We perceive risk as *permanent capital impairment* and adhere to the following approach to safeguard against such occurrences, prioritizing effective risk management.

## 1. Portfolio Construction

- Approach: theme driven & bottom up
- Max allocation to a theme: 40%
- Min allocation to a theme: nil

## 2. Effective Liquidity Management

No more than 10% of the portfolio will take more than 10 days to liquidate



## 3. Balanced Diversification Strategy

Target portfolio of ~15-30 stocks

## 4. Limits on Stocks and Sectors

- Market cap agnostic
- Single stock exposure : 10%

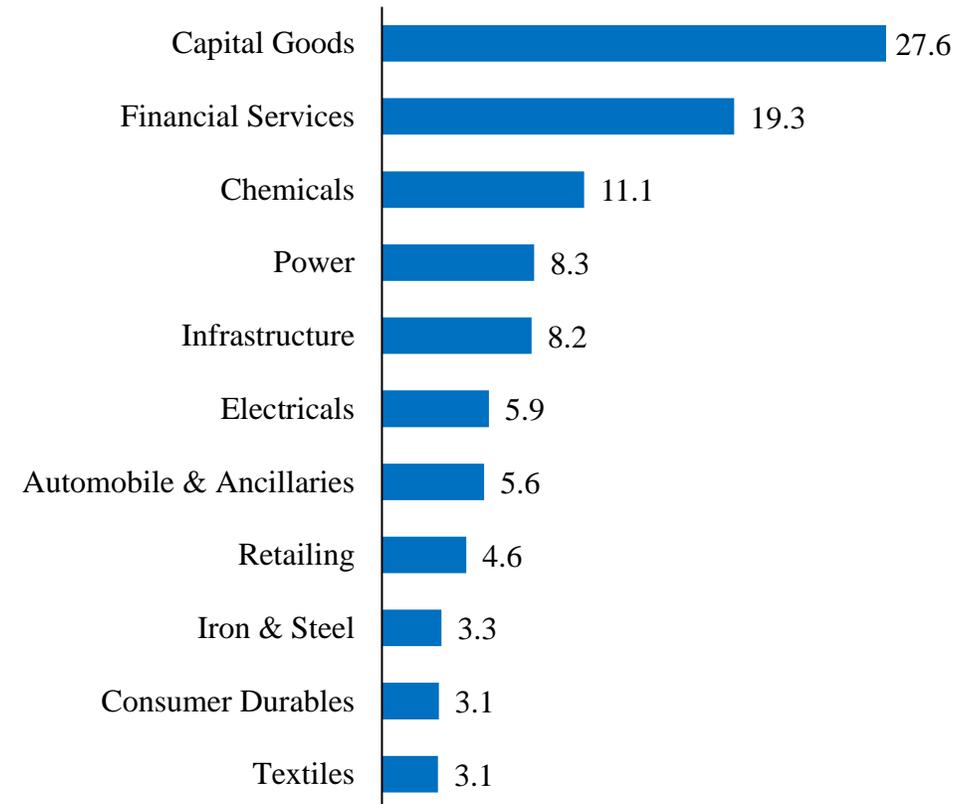


# FIBER Portfolio

## Top 10 Holdings

Company	Weight (%)
Interarch Building Products Ltd.	5.8 %
Ion Exchange (India) Ltd.	5.5 %
Neogen Chemicals Ltd	5.1 %
Pitti Engineering Ltd	4.6 %
Zomato Ltd	4.6 %
Tata Power Co.Ltd.	4.2 %
Home First Finance Company India Ltd	4.1 %
NTPC Ltd.	4.1 %
Central Depository Services (India) Ltd	4.0 %
REC Ltd	3.9 %

## Sector Allocation (%)

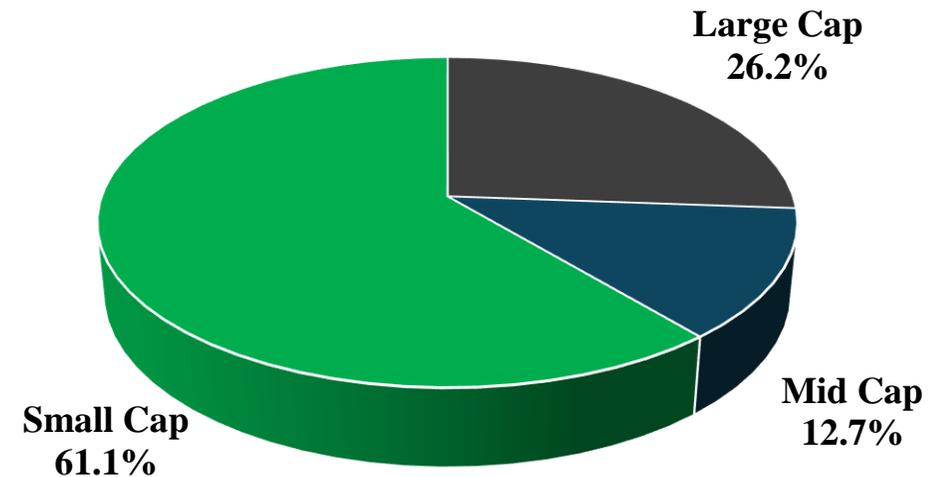


# FIBER Portfolio Quants

## Portfolio Quants

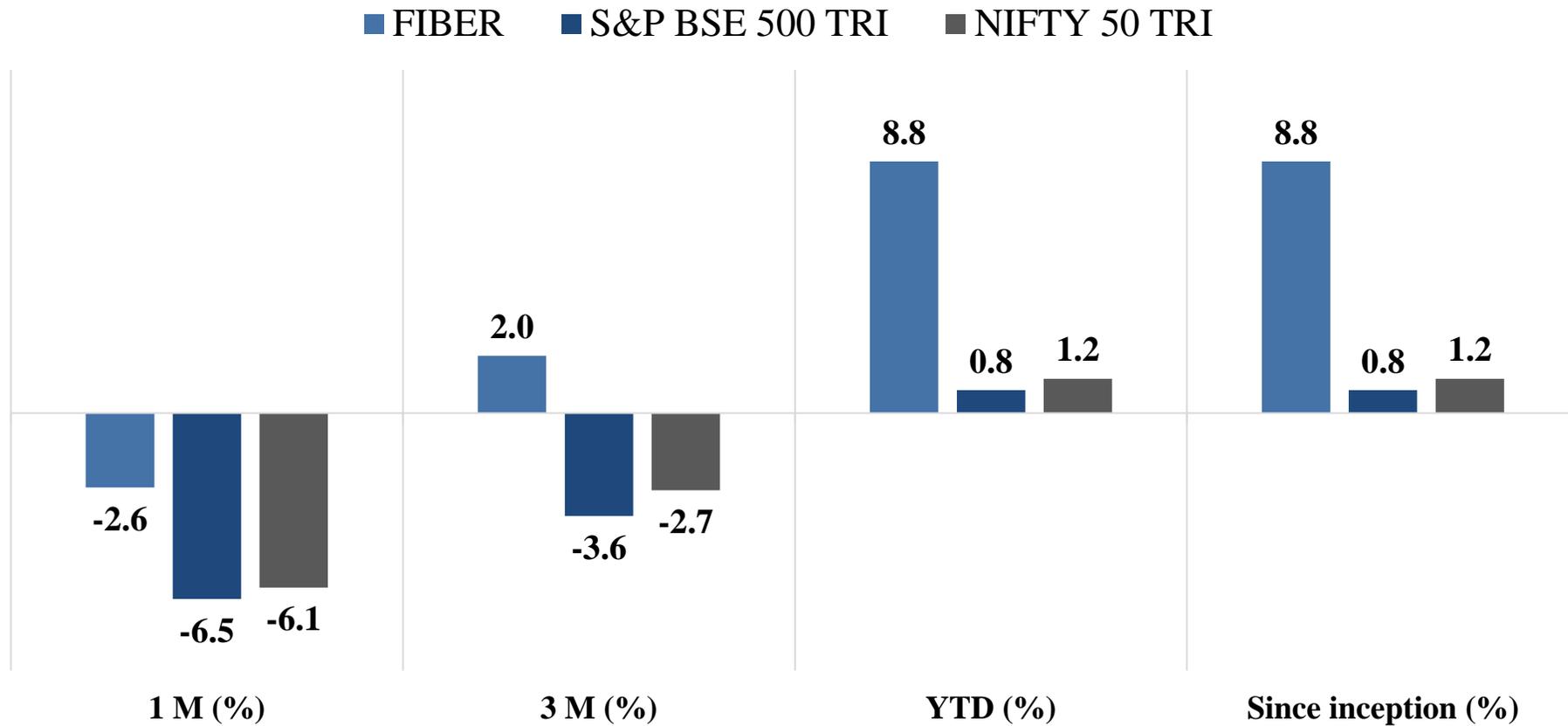
Metrics	Portfolio	Benchmark
PAT Growth (FY21-24)	43.8%	25.0%
EPS Growth (FY24-26 E)	34.1%	16.3%
Median P/E (FY25 E)	35.9	24.6
PEG (FY25 E)	1.2	1.5
RoE (FY25 E)	20.0%	14.5%
Net Debt/Equity Ex-Financials	0.17	0.30

## Market Cap Segmentation



# Performance at a glance

## Portfolio Performance





# Disclaimer

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Thank You

31 October 2024