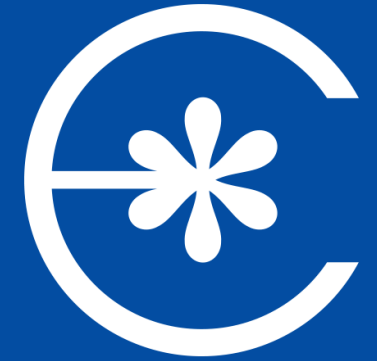


Investment Framework

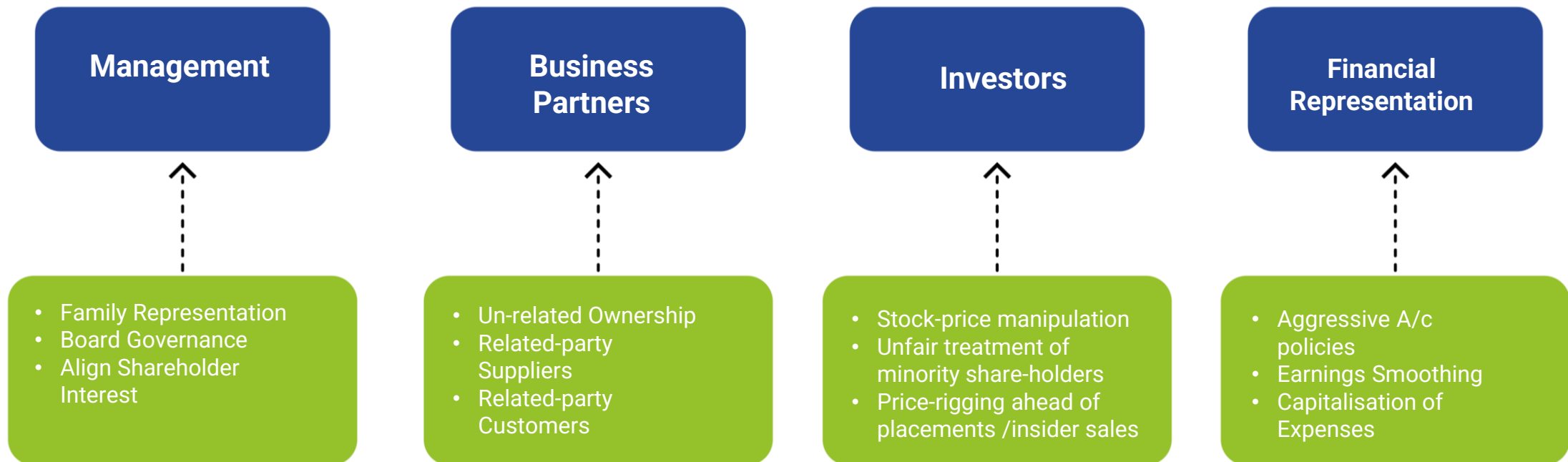


We use a forensic analysis to pick only clean and quality businesses from the available universe

We do forensic analysis in 4 key areas before we like any business

Accounting quality | Board governance | Ownership checks | Management integrity

Forensic Analysis Framework



Acceptable Price

Focus on reasonably priced businesses with medium term earnings power

Investment value analysis Framework

* We analyse stocks and categorise them under 3 buckets

- i. Discounted Value stocks
- ii. Compounding Value stocks
- iii. Risk-management stocks – Stocks we own due to their presence in benchmark

* A combination of Discounted and compounding value makes us Value/Growth style agnostic

Discounted Investment Value

- * We derive discounted value based on % discount compared to intrinsic value of the stock
- * This bucket includes event driven, deep Value and turn-around businesses
- * Current Examples of businesses with static value – SBI and Indian Bank

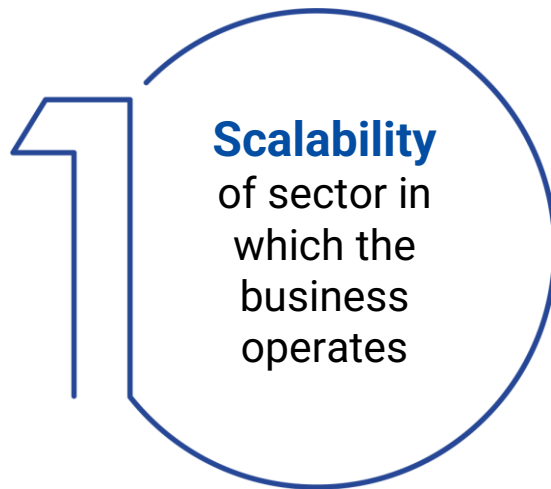
Compounding Investment Value

- * We derive compounded value based on estimated growth in intrinsic value over next 2 years.
- * This bucket includes consistent compounders that are sector leaders and market share gainers
- * Current Examples of businesses with dynamic value – Asian Paints and Crompton G Consumers

Robustness

Pick well managed businesses having scalable opportunities and superior return on capital employed

Qualitative factors:



Quantitative factors:

1. 5yr. average core business returns more than 10% to ensure company is earning higher than its cost of capital
2. Current year Sales, EBITDA, PAT should be more than 5yr. average Sales, EBITDA, PAT to ensure we leave out de-growing companies
3. Higher cash-flow conversion compared to sector peers over last business cycle

Risk management at each level of investment process

Risk management is core to our strategy at each level of investment process

