



electrum

Electrum Portfolio Managers*

**formerly known as Arihant Asset Management*
CIN No. U74110MH2014PLC265689
SEBI reg No. INP000007544

ELECTRUM – Symbol of Wealth and Excellence

Electrum is a naturally occurring alloy of Gold which was used to make coins, jewellery and ornaments. The earliest known coins in the Western world were minted of electrum and it remained popular for coinage until about 350 BC. Electrum is believed to have been first used in coins around 600 BC in Lydia during the reign of Alyattes. Electrum was a preferred alloy as its harder and more durable than pure gold.

In ancient times, the chief source of electrum was Lydia, around the Pactolus River, a tributary of the Hermus, now called the Gediz Nehri in Turkey. Unless you visit a museum or win the Nobel Prize, your best chance of finding electrum is to seek it as a natural alloy.

We have christened our Company on the ancient metal used as currency and even today used in the Nobel Prize Medal, which is associated with outstanding intellectual contribution.



Electrum Stater



Our Ethos



- **Client First**- Client is the focus of our existence
- **“Return of Capital”** is more important than **“Return on Capital”**- We strive to live by Warren Buffet’s 2 golden rules “Rule no 1 – Never Lose Money, Rule no 2- Never forget Rule no 1”
- **Agility** – *“When Facts change, I change my Mind, what do you do sir”*- These golden words from John Maynard Keynes are close to our heart in this ever-changing dynamic world
- **Work Matters ! Integrity is Non-Negotiable**

About Us



Arpit Agrawal

Co- Founder & Director

Arpit Agrawal, Co-Founder Electrum has 17 years of experience in Fund Management, Equity Research, Business Management and Auditing. He is an astute stock picker and a specialist in mid and small cap companies. In his earlier roles he has been **Chief Investment Officer at Systematix Portfolio Managers and Vice President -Portfolio Manager at Barclays Wealth, India**. He also has an experience in setting up an institution ground up where he co-founded Tamohara investment managers and built a team of 12 members before successfully exiting the venture.

Arpit is a Chartered Accountant and a Commerce Graduate from Sydenham College, Mumbai

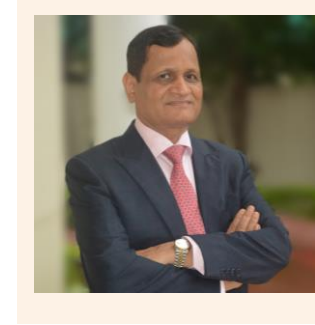


Poonam Narang

Co- Founder

Poonam Narang co-founder of Electrum has 14+years experience as a Private Banker managing UHNI, HNI families and corporate treasuries. **She has worked with institutions like HSBC, Development Bank of Singapore- DBS, Deutsche Bank and JM Financial.**

Poonam is a Post Graduate Finance from Mumbai University.



Ashok Kumar Jain

Director

Ashok Jain, Chairman and principal founder and promoter at Arihant Capital Markets Ltd. has over **40 years of rich experience in the field of finance and capital markets**. Under Mr. Jain's foresightedness and inspiring leadership, Arihant has grown from its modest beginnings to a diversified financial conglomerate having presence pan India with interests ranging from broking, distribution, corporate finance to Insurance.

Mr. Jain is a Chartered Accountant and holds a Master Degree in Commerce.

About Us

Key management



Romil Jain

Portfolio Manager & Head of Research

Romil has an experience of 12 years in Fund management and Equity research with leading organizations like Quantum Advisors, JM Financial PMS and Systematix PMS. At Quantum, he was part of the research team, Quantum manages money for offshore clients like foundations, pension funds and endowments. In his recent role he has worked at Systematix PMS covering diverse sectors as well as helping the CIO on portfolio management.

Romil is a CFA (USA), Chartered Accountant and a Commerce Graduate from HR College, Mumbai



Uday Thakkar

Chief Compliance Officer

Uday has diverse experience of more than 18 years in areas like Operations, Finance, Auditing and Taxation. Prior to joining Electrum, he has held senior positions at organizations like **BNP Paribas Wealth Management, JM Financial and Barclays Wealth.**

Uday is a Chartered Accountant and a Commerce Graduate from P.D. Lions Dalmia College

About Us

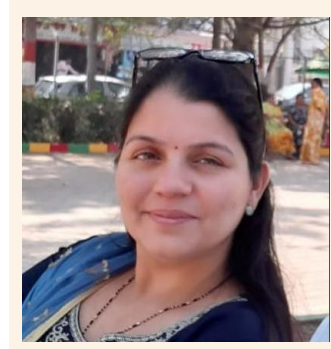
Execution Team



Srashti Khabiya
Business Development Manager

Srashti is a young and hard-working member of Electrum team actively involved in creating and managing investment account for PMS. She has 3 years of experience in handling corporate company secretarial and legal affairs of listed and unlisted companies across various sectors.

Srashti is a Company Secretary and a law graduate (LLB) from Indore Institute of Law, Devi Ahilya University, Indore.



Vidya Bhogate
Operations Manager

Vidya has 20 years of experience in Wealth and PMS Operations. She is instrumental in the setup of entire back-Office functions. She has worked with organizations like IL&FS and HDFC Bank.

Vidya is a graduate from Mumbai University.

Proposed Offering



Portfolio Management and Equity Advisory Services

- Discretionary Portfolio Management
- Non-Discretionary Portfolio Management
- Equity Advisory
- Family Office Advisory

Investment Philosophy

The Core of our philosophy lies in investing in businesses with long term moats, strong management with good corporate governance and disciplined financial management.

We believe management is the one who makes or breaks a business and we put lot of focus on understanding people running the business

We are biased towards value philosophy in selecting our businesses and are always on lookout for growth at reasonable price

Our aim is to generate wealth over long term by investing in smaller companies that have the capability to reach greater heights. We aim to provide stable risk adjusted returns over long period of time.

We swear by famous rule of legendary investor Warren Buffett –

Rule no 1- Don't lose capital and

Rule no 2 -Don't forget rule no 1.



Investment Philosophy – “E L E C T” Framework

“E”- Excellent Management Pedigree	“L” – Longevity and Sustainability of Business	“E” – Earnings Growth	“C”- Capital Efficiency	“T” – Turnaround/ Value Mispricing/Contra Opportunities
<ul style="list-style-type: none"> • Prudent Capital Allocation and Conservative financial management • Skin in the game/ Shareholding Interest • Conflicting businesses • Superior Execution track record • Honest, passionate, Hunger for Growth 	<ul style="list-style-type: none"> • Competitive Advantage/ Moat- Brand, Distribution, Switching costs, Technology, Low cost, Scale • Entry Barrier- Network Effect, Regulatory, Logistical • Strong Product Profile and New Product/ Business Development 	<ul style="list-style-type: none"> • Growing Industry/ Opportunity Size • Market share Gain, Geographical Expansion, New products Opportunities • Long term Sectoral Tailwinds • Growth Vs Market growth Estimate 	<ul style="list-style-type: none"> • High Return on capital/ Equity • Low capital intensity- High Asset Turns, Low Working capital • Strong Operating Cash Generation- OCF/EBIDTA • Dividend Payouts/ Efficient Capital deployment 	<ul style="list-style-type: none"> • Price Value mismatch – We are value seekers • Business in Transition – Management, Product, geography • Out of favor – Industry, Company available cheap • Special situations- Spin offs, Acquisitions

Investment Process

Screening and Ideation	Fundamental Analysis	Management Meeting and Channel Check	Stock Selection
<ul style="list-style-type: none"> • Quantitative and Qualitative screening – ROCE, ROE, Cash Flow, Asset Turns, leverage, Growth • Team track record • Industry and Market Network, Sell side brokers • Business/ Industry Insights 	<ul style="list-style-type: none"> • Annual reports, Conference calls, Management Interviews • P&L and Balance sheet analysis • Competition Mapping • Business Opportunity • Industry analysis 	<ul style="list-style-type: none"> • Management Meetings • Plant visits • Distributors, Suppliers, Competitor interactions • Industry Specialists 	<ul style="list-style-type: none"> • Long term compounders • Contra opportunities – lower valuations due to industry setbacks, company specific issues, out of favor • Changing opportunity landscape- New product/ Management/Regulation • Companies with strong tailwinds for earnings growth and possible multiple expansion

Key Filters – Investment Process

Industry Nature	<ul style="list-style-type: none">• Mature/ Declining/ High Growth• High Fixed Cost/ WC Needs
Competitive Intensity	<ul style="list-style-type: none">• Very crowded/ Oligopoly/ Monopoly• Price Coordination/ Volatile Market Shares
Competitive Positioning	<ul style="list-style-type: none">• Pricing Power/ Substitution
Company Type	<ul style="list-style-type: none">• Fast Growing/ Cyclical/ Slow Growing
Competitive Advantage	<ul style="list-style-type: none">• Dominant Position, Scale benefits, Patents• Entry barriers/ Incremental ROI
Dependance	<ul style="list-style-type: none">• Customer Composition / Supplier Concentration / Credit Cycle
Management Quality	<ul style="list-style-type: none">• Audit Report / Related Party Transactions• Board Composition / Share Pledge
Earnings Quality	<ul style="list-style-type: none">• Receivable Growth/ Cash Conversion• Intangibles / Leverage
Valuation	<ul style="list-style-type: none">• Valuation-Growth Mismatch/ Contrarian-out of favor
Off Balance Sheet	<ul style="list-style-type: none">• Forex/ Derivative Liability• Pending Dilution / Hidden Value

Key Filters - What We Check

Management Integrity – We closely check auditor’s qualifications, related party transactions, web of subsidiaries/associates with unclear investments and strategies, contingent liabilities, empire building, very high remuneration to family members, conflicting businesses in same industries. We are very focused on ensuring financials reflect the inherent strength of the franchise.

Leverage – We closely monitor unsustainable leverage and promoter equity pledging.

Capital Misallocation History – Regular checks on diversification in unrelated businesses and investment in promoters' private companies in unrelated areas.

Asset/ WC heavy businesses – We keep close tabs on low visibility of cash generation in long term and profits not converting into cashflows.

Value traps – Although we are value biased investors, we avoid value traps like high cash on balance sheet without growth/ utilization visibility and value driven by unutilized real estate without growth opportunity in core businesses.

We avoid companies with a **History of loan default/ debt restructuring** in the company or promoter group entities

Portfolio Construction and Risk Management

Qualitative and Quantitative screening to create an **Investment universe of nearly 100 companies**

Detailed evaluation of the character of business and valuation of the universe

Regular interactions with management teams of portfolio companies and key competitors to understand sector head/tailwinds

Filtering down to 35-40 companies to be part of portfolio strategies

Focus on individual stock picking however portfolio risk management through sector diversification stock weight management

No stock to be more than 12% weight and No sector more than 35% at the time of entry (may differ in customized portfolios depending on mandate)

Key Differentiators

Focus on Smaller Businesses – We strive to look for emerging businesses which has the Management bandwidth, Product positioning, Balance sheet discipline and Growth opportunities to take the business into next league.

Team has to be a Learning Machine – Our team is extremely passionate about equities and are continuously looking to keep adding value to our company and industry knowledge - collectively we listen to 300-400 conference calls/ company interactions and meet dealers/ competitors on a regular basis.

Risk is reality , Return is Vanity- Our focus is always on risks first as we believe that business environment is extremely dynamic and challenging – we believe focus on risks helps us to be patient and calm in downturns.

Invest your own money - We do not want to be mere portfolio managers but encourage our team to be investors in the same portfolio stocks/ Portfolios, team has to own up its ideas and what better way then to have your own skin in the game.

Concentration on High conviction businesses – As the investment thesis plays out we do not shy away on taking higher concentration on our conviction ideas.

Own up the mistakes- World is not perfect so are we. We do not want to shy away from our mistakes, the key to own up and correct it as quickly as possible and avoid repeating.

Investment Philosophy in action – A glimpse

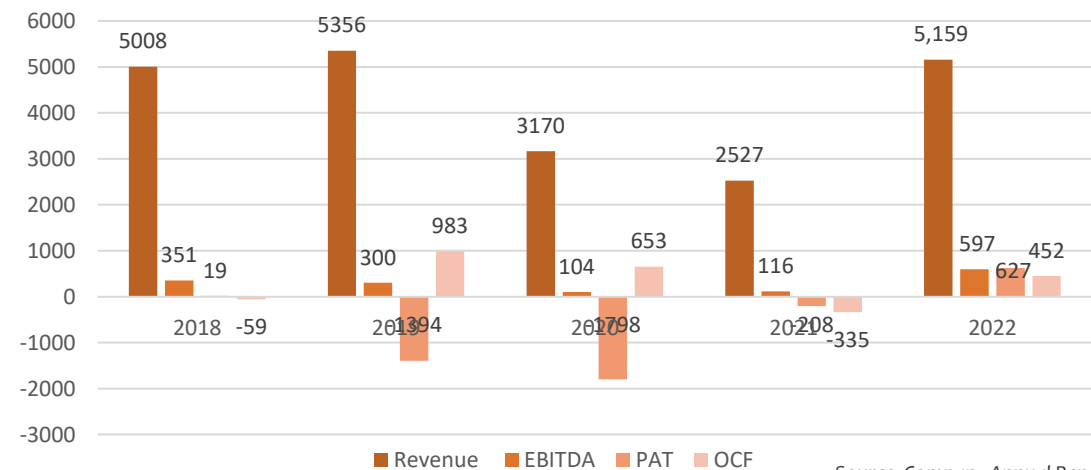
CG Power & Industrial Solutions (Mkt Cap Rs. 351 bn)

- CG Power is a leading player in industrial and traction AC/DC motors, switchgears, transformers, electrical drives and other industrial and power equipment. They are also into solutions and turnkey services. The Group has an unexecuted business order book of over INR 2815cr as of December 2020. The company has distribution network of more than 820 dealers. CG power is consistently in top 4-5 players in motors, railways and power T&D.
- CG power has been recently taken over by Tube Investments of India. Tube Investments is a turnaround specialist as evident from recent turnarounds in Chola fin, Shanti Gears, Godavari Fertilizers, EID Parry and Tube inv itself. In Tube inv they rationalized costs and working capital, increased margins, focused on new products and cut debt aggressively leading to strong value creation. Tube has set a revenue and PBT margin target of Rs 5000 cr and 10% respectively in next 3 years. They also target to become debt free by that time. We believe that Tube Investment will successfully turn around CG power over next 3-4 years. Tube will own 58.5% in CG power.
- CG power has cut costs in last few quarters, negotiated with bankers and creditors for better terms. The debt o/s has been restructured from nearly Rs. 2100 crores to around Rs. 1000 crores Many of the operational team members in the Company are still there while most clients are also still retained which is good for future. Q3FY21 marked a strong growth in revenue of 26% and turned PBT positive from losses led by restructuring efforts. Mr. Vellayan, MD of Tube Investments has strong credentials and capabilities to turnaround businesses. CG power now has a renewed and capable Board which will help company to reach its vision.

Growth drivers

- LT motors market size if Rs. 38 Bn in India, of which CG's market share is 36%, good penetration opportunity. IGBT Propulsion System market size if Rs. 15.5 Bn and CG's market share in 17% ranked at 5th in the industry. Propulsion electronics market size is Rs. 9 Bn, CG's ranked at the top with market share of 66% Market size for switchgears in India is Rs. 54 Bn; good market penetration opportunity
- First company to develop systems for 800 kW UHV transformer and condenser bushings to Power grid Corp in FY20. CG power can build on this competency.
- New product developments: Distribution and power transmission monitoring system to reduce AT&D losses; super premium efficient motors will give much better efficiency that earlier
- Railways, Electric vehicles, infrastructure and overall capex cycle in India to benefit the company

CG Power - Key Parameters (Amt. in INR crores)



Source: Company Annual Reports

Investment Philosophy in action – A glimpse

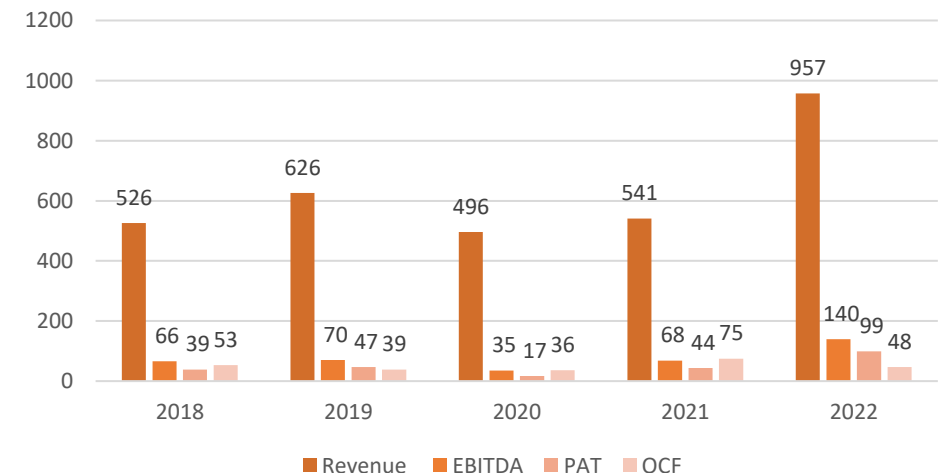
Apcotex Industries (Mkt Cap Rs. 25 bn)

- Apcotex Industries Ltd (Apcotex) is a leading producer of Synthetic Rubber and Synthetic Latex in India. The company has one of the broadest range of Emulsion Polymers available in the market today. The various grades of Synthetic Rubber find application in products such as Automotive Components, Hoses, Gaskets, Rice De-husking Rollers, Printing and Industrial Rollers, Friction Materials, Belting and Footwear.
- Apcotex was a division of Asian Paints which was later spun off as a separate entity and Mr. Atul Choksey started heading it. Currently Abhiraj Choksey is the MD of the Company. Atul Choksey is Chemical Engineer from Illinois Institute of Technology, Chicago, USA. Abhiraj Choksey is Bachelor of Science in Economics from Wharton Business School and Bachelor of Science in Engineering from the Engineering School, both of University of Pennsylvania in U.S.A.
- Last year was tough for Apcotex as South Korea and Japan started dumping NBR which led to substantially lower prices. This was a result of low demand globally and imposition of anti dumping duty by China on imports. Now the situation has normalized substantially. 80% of NBR is imported in India, thus Government policies on Atma Nirbhar Bharat and Make in India will help Apcotex going forward immensely. Apcotex is market leader in NBR with 25% market share in India and key competition is from imports while in Latex it has a market share of 40-60% with key competitors being MNC players

Growth drivers

- Capex done over last 1-2 years is over which was spent on some debottlenecking projects and cost reduction initiatives. The effects of the capex is visible now
- Around Rs 110 cr will be spent now on XNBR Latex for Gloves in Valia, 45000-50000 tons capacity (~3% of global capacity). Gloves project will give 3x asset turns and will start from FY23 and will be a key growth driver.
- Further debottlenecking and brownfield projects of Rs 30-40 cr will get completed in next few months leading to further growth in revenues and profits.
- Management is still considering NBR expansion project however the final call will be taken in a couple of quarters
- New products, large import substitution opportunity, multi-billion USD market opportunity in XNBR

Apcotex Industries - Key Parameters (Amt. in INR crores)



Source: Company Annual Reports

Investment Philosophy in action – A glimpse

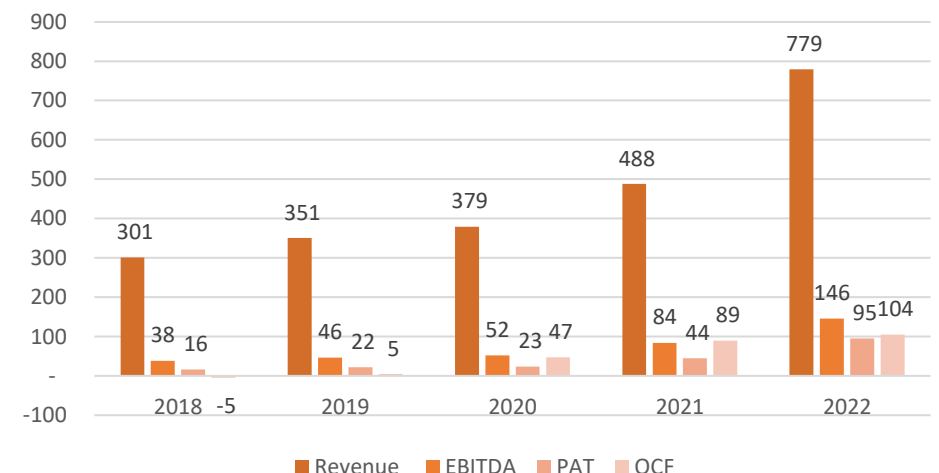
Gufic Biosciences Ltd. (Mkt Cap Rs 21 bn)

- Gufic Biosciences Ltd. is engaged in the manufacturing of pharmaceuticals, medicinal chemicals and botanical products. The company manufactures products mainly in three segments – Branded domestic business, CMO domestic and international business and API business. Branded domestic business offers various drugs in infertility, critical care, nutraceuticals, orthopedic and aesthetic dermatology. Gufic has the largest automated manufacturing plant of Lyophilized injections in India where they manufacture products like antibiotics, antifungals, antivirals, proton pump inhibitors and drugs for cardiac and infertility.
- Gufic’s aesthetic dermatology products marketed under ‘Gufic Asethaderm’ is the first indigenously manufactured Botulinum Toxin (botox) in collaboration with Prime-Bio USA. Some of the products under the brand are moisturizing agents, anti-aging, hyperpigmentation, sunscreen, pre-post procedural products and Botox.
- Gufic is one of the largest supplier of formulations like Doxycycline, Tigecycline, Gonadotropins, Liposomal Amphotericin-B, Micafungin and Remdesivir. The company has 150+ products across multiple therapy areas and has relationship with 70+ companies including Abbott, Zydus, Glenmark, Serum Institute of India, Biocon, Alkem, etc.

Growth drivers

- Company has preponed its CAPEX plans and will be investing Rs. 120-130 crores in FY22 alone to increase its Lyophilized Injectables facility to 36 Mn vials per annum, PFS to 15 Mn per annum and liquid injections to 60 Mn units per annum at its Unit 3 facility
- The management has further hinted on CAPEX in FY23 and FY24 which will be funded from free cash flows but has not guided yet as it is pending board approval.
- Gufic is set to launch 40 products in the next 12-18 months including 6 products in critical care division, 4 in infertility division, 5 in healthcare division, 5 under the Spark segment, 8 under the Stellar segment and 12 under the Aesthaderm segment.
- Indian Pharmaceutical Market stood at Rs. 1500 Bn in 2019 and is expected to grow to Rs. 2255.5 Bn by 2023, CAGR of 10.2% (+/- 3%).

Gufic Biosciences - Key Parameters (Amt. in INR crores)



Source: Company Annual Reports

Source: Company Annual Reports

Portfolio Performance as on 31st October 2022*

Returns	1M	3M	6M	1 Year	Since inception (23/11/2020) Absolute Returns	Since Inception (23/11/2020) Annualized Returns
Laureate Strategy	1.2%	7.7%	1.9%	8.7%	101.3%	43.4%
BSE 400 MidSmall cap index #	1.9%	6.4%	3.2%	1.9%	66.0%	29.9%
Out/(under) performance	-0.7%	1.3%	-1.3%	6.8%	35.3%	13.4%

*Returns are calculated based on Time weighted rate of return and are after fixed expenses. Individual client performances may differ based on entry and exit in the portfolio. Returns more than 1 year are annualized. Past performance should not be construed as a guarantee of future performance. Equity investments are subject to market risks. The performance related information is not verified by SEBI.

Portfolio benchmark is changed from S&P BSE Small Cap Index with effect from 1st March 2022

Nifty50 benchmark is given for additional reference.

Key Features

Strategy Name	Electrum Laureate Portfolio
Investment Objective	This scheme focuses on compounding returns over medium to long term by investing in small and midcap companies. Our Strategy is designed to look for value mispricing opportunities in high quality business franchises managed by a strong and agile management team with good corporate governance and track record.
Allocation	0-100% in Mid-caps and Small caps, 0- 30% in Large Caps
Investment Horizon	3-5 years
Benchmark	BSE 400 MidSmall cap index
Minimum Investment Amount	Rs 50 lakhs
Fee Structure	Fixed Fees 2%, Performance Fees 15% after hurdle rate of 10% (annual high watermark) for portfolio values up to 5crores Performance Fees 15% (no hurdle) for portfolio values above 5 crores Fixed Fees 2.5%
Exit Load	2% in case of partial / complete withdrawal before 1 year of account opening
Custodian & Fund Accountant	Axis Bank Ltd.

Disclaimer and Risk Factors

Electrum Portfolio Managers Ltd (earlier known as Arihant Asset Management)* is a SEBI registered Portfolio Manager bearing SEBI Reg No. INP000007544.

Disclaimer

This presentation is strictly for information and illustrative purposes only and not a complete disclosure of every material fact and terms and conditions. It should not be considered to be an advice, offer or solicitation of an offer, to buy or sell any securities or to enter into any Portfolio Management Services (PMS) agreement. All opinions, figures, charts/graphs, estimates and data included in this presentation are as on date of presentation and are subject to change without notice.

This presentation is not intended for distribution to the public and is not to be disseminated or circulated to any other party.

PMS does not offer any guaranteed returns nor is there any capital guarantee in the PMS product(s). Electrum Portfolio Managers or its directors / employees shall not be liable for any losses, damages or liability whatsoever for any direct or indirect loss that the investor may suffer on account of any investment or disinvestment decision in the PMS or based on the advice or recommendation received from us. Our past record does not provide any guarantee of our future performance.

Risk factors

Investments in the PMS, as in any other equity product, may go up or down due to various factors affecting the capital market. The Indian capital markets in the past have had experienced substantial price volatility and no assurance can be given that such volatility will not occur in future. Also, equities as an asset class carries higher risk and is exposed to market risks, political risks, financial risks and liquidity risk etc. and there is no assurance or guarantee that the objectives of any of the strategies of the PMS will be achieved. Investors should take into consideration all their risk factors, their risk profile and should seek professional financial, legal and tax advice before making any decision of investing on the basis of this information.



Thank You

E n t e r p r i s e B u i l d i n g i n P r o g r e s s

Registered Address - 1011 Solitaire Corporate Park, Andheri Ghatkopar Link Road, Chakala,
Andheri (E), Mumbai - 400093.

Phone: B. [+91. 022.66663500](tel:+9102266663500)