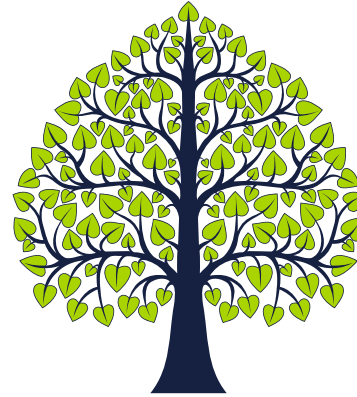



February 2025


ithoughtpms



VRDDHI

 pms@ithought.co.in

 www.ithought.co.in

 +91 95000 27285

EXECUTIVE SUMMARY



Where we fish is an interesting area – Mid, Small & Micro Caps



Buy un-discovered, under-researched and under-owned business



Sound Investment Philosophy – Buy market leaders, run by competent & ethical people, at a fair price



Differentiated investment approach – PE style due diligence



Sharp focus on controlling risks



Demonstrated ability of picking winners; Strong pedigree; 5 decades of multi-cycle experience in the Indian markets



WHERE WE FISH

- Lay of the land
- Fertile fishing ground
- What succeeds in small-caps
- Risks in small caps



HOW WE FISH

- Investment philosophy
- PE style due diligence
- Winners
- Risk \neq Volatility
- Case Study
- Team Pedigree



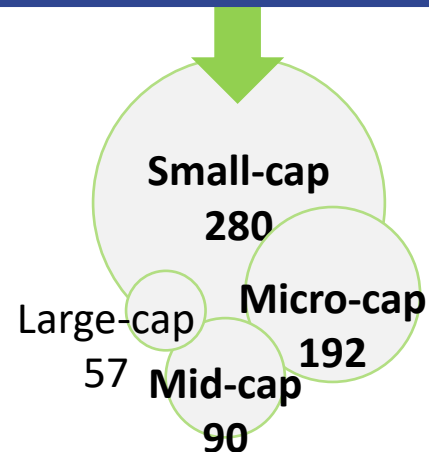
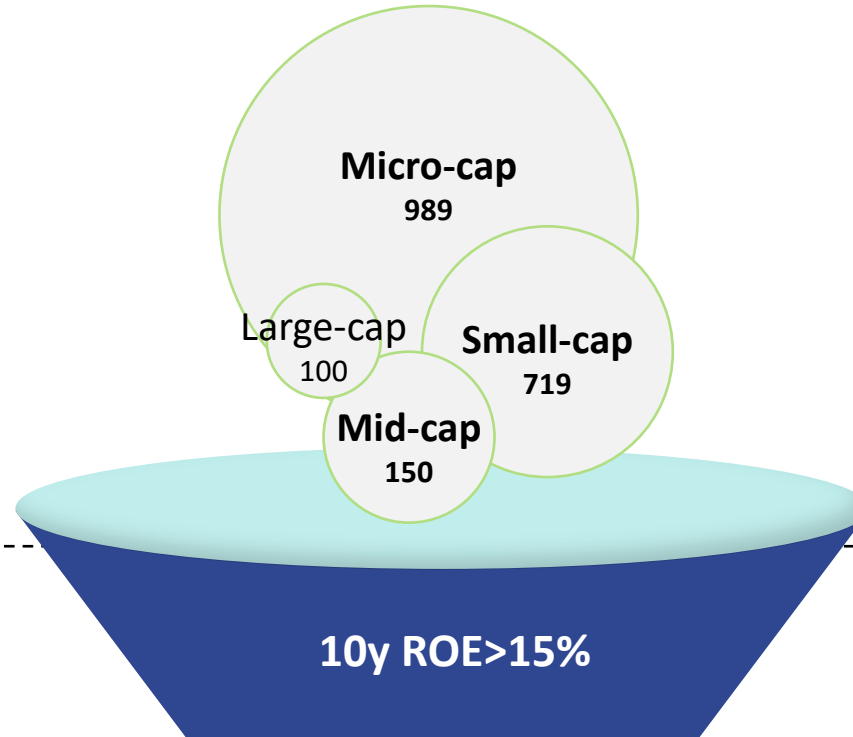
TEAM & TERMS

- Portfolio Performance
- Team
- Terms of Investment



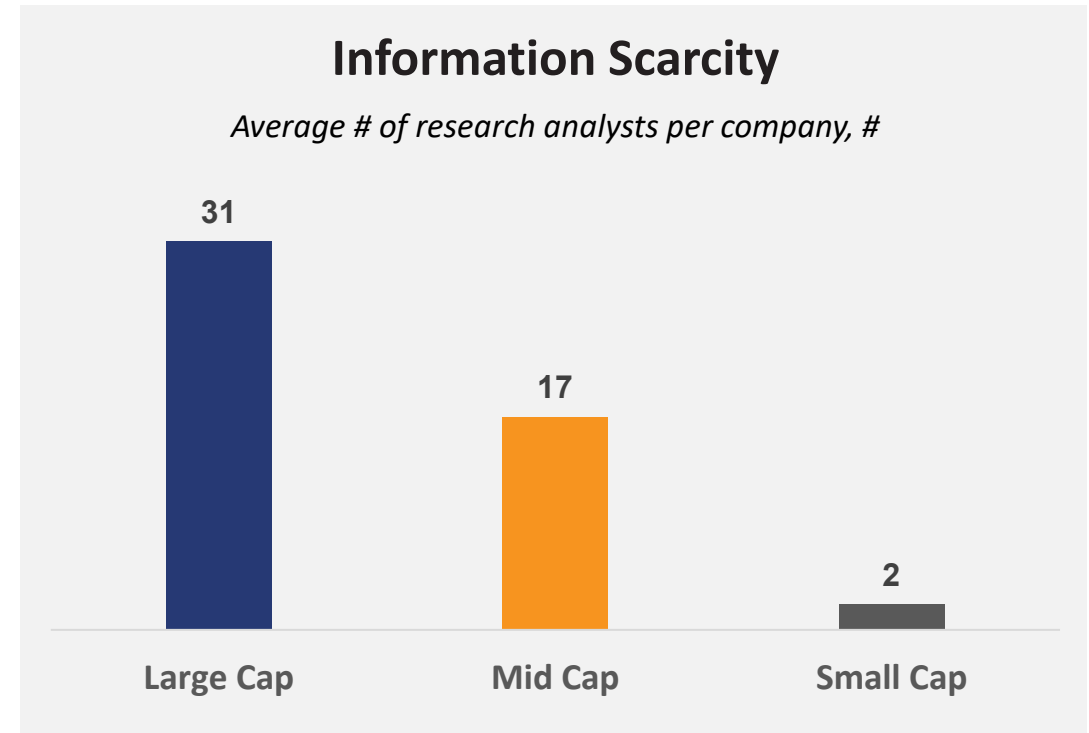
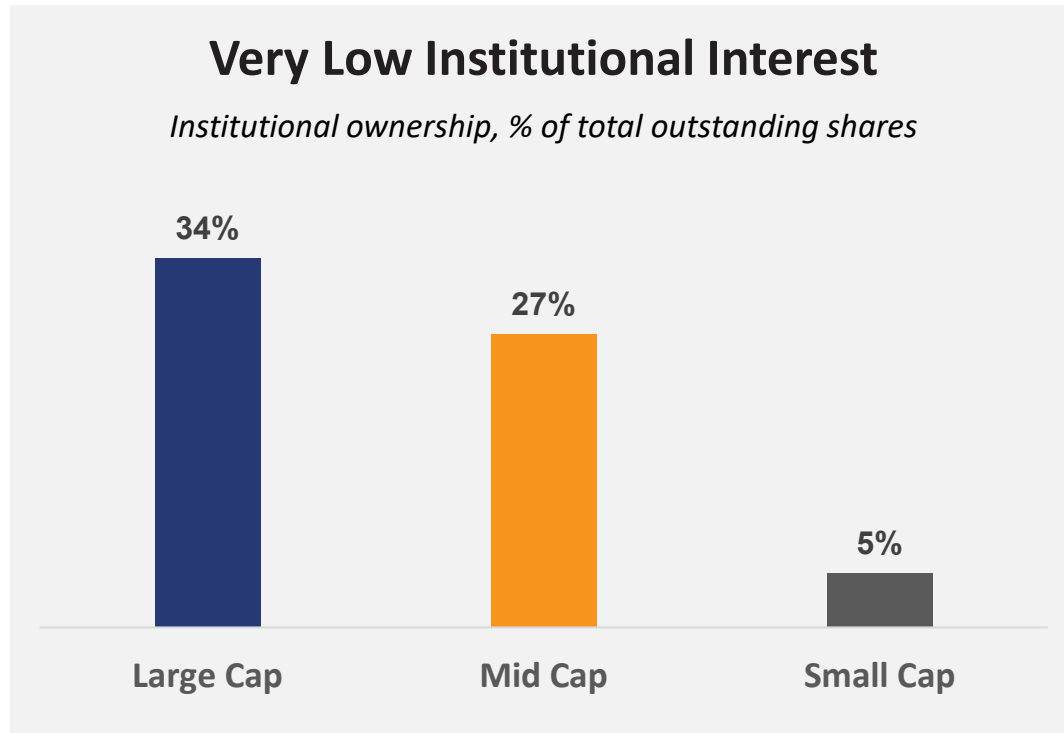
LAY OF THE LAND – SMALLCAPS

Total Actively Listed
Companies Above
100 Cr MCAP: 1,958



WHERE OPPORTUNITY LIES

Mid, small & microcap offers tremendous opportunity for an investor with **long term orientation**.



WHAT SUCCEEDS IN THIS SPACE



Buying businesses that demonstrate market leadership characteristics



Promoters/Management who score high on corporate governance, capital allocation and treatment of minority investors



Underlying business/industry growth – leading to earnings growth



Entry valuations

MULTIBAGGERS



Alkyl Amines Chemicals Limited



NGL FINE-CHEM LIMITED



ajanta pharma limited









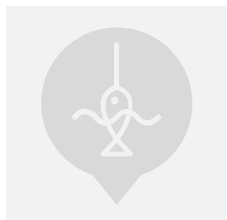
Quality Par Excellence



VRDDHI

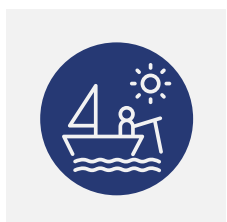
RISKS IN THIS SEGMENT

Risks in Mid, Small & Micro Caps	Nature of Risks	VRDDHI's Mitigation
 Poor corporate governance	Controllable	Avoid completely
 Poor business quality	Controllable	Avoid completely
 Expensive valuation	Controllable	Don't pay up
 Execution risk	Manageable	Extensive Due-Diligence on the promoters/management
 Low liquidity	Manageable	Careful execution of trades
 Volatility in stock price	Not a risk!	Buy on dips, be opportunistic



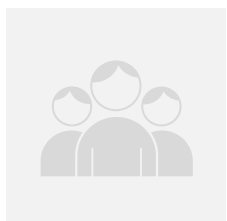
WHERE WE FISH

- Lay of the land
- Fertile fishing ground
- What succeeds in small-caps
- Risks in small caps



HOW WE FISH

- Investment philosophy
- PE style due diligence
- Winners
- Risk \neq Volatility
- Case Study
- Portfolio Management Process & Portfolio Growth



TEAM & TERMS

- Portfolio Performance
- Team
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VRDDHI INVESTMENT PHILOSOPHY



THINK LIKE A BUSINESS OWNER

Buy businesses that we understand for the long term

BACK HIDDEN CHAMPIONS

Back niche market leaders, who operate in favorable industry structures

STRONG BALANCE SHEET

No/Low debt & robust cash flows

HIGH CORPORATE GOVERNANCE

Partner with owners who are transparent, ethical, & who have demonstrated prudent capital allocation skills

MARGIN OF SAFETY

Be conservative and disciplined on valuations – both in buying & selling

INVESTMENT PHILOSOPHY IN ACTION



Market Leadership

# of Companies	17
Total Weight %	57%



Debt-free Companies

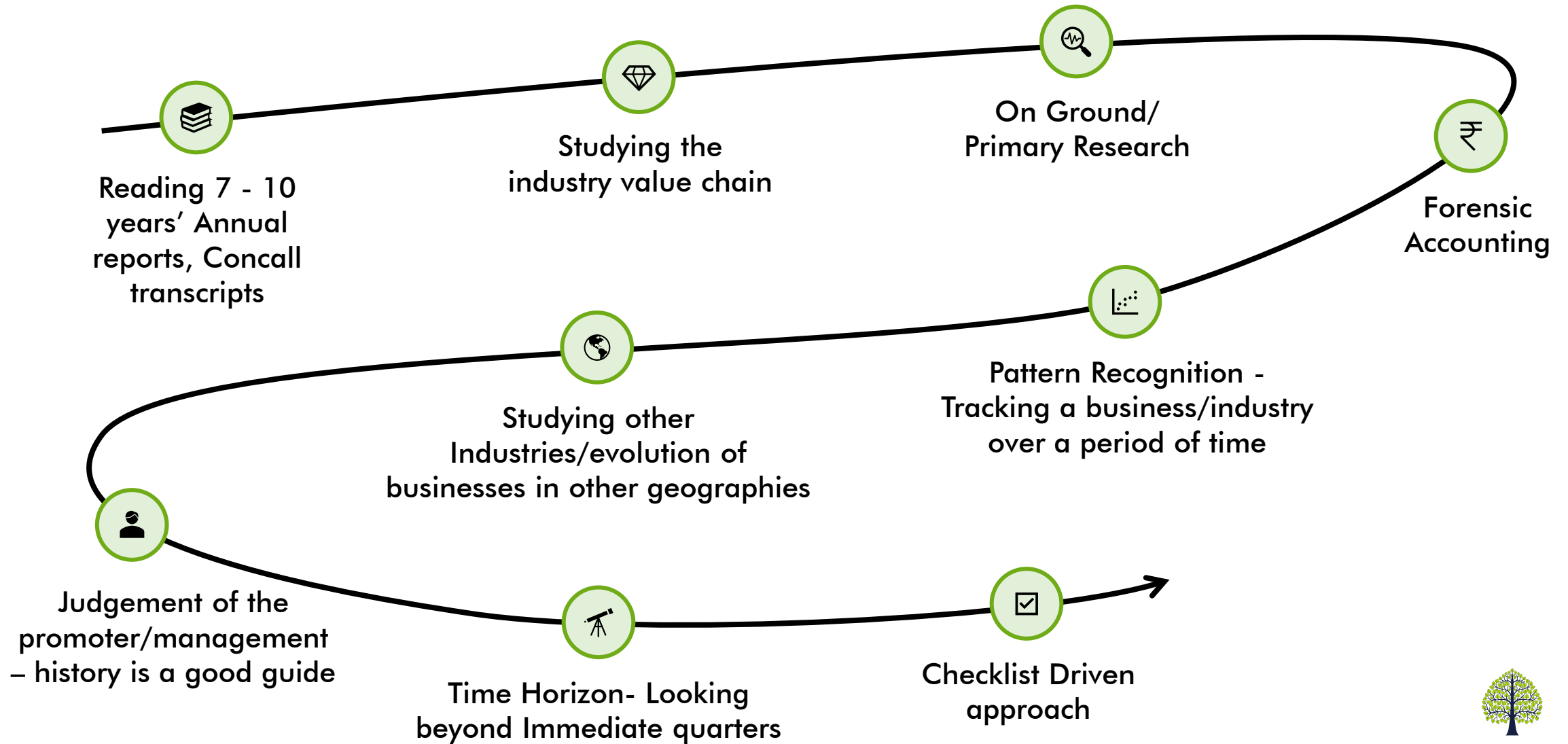
# of Companies	18
Total Weight %	65%



Return Profile

Portfolio 5Y Avg. ROCE	18.1%
------------------------	-------

OUR PROCESS



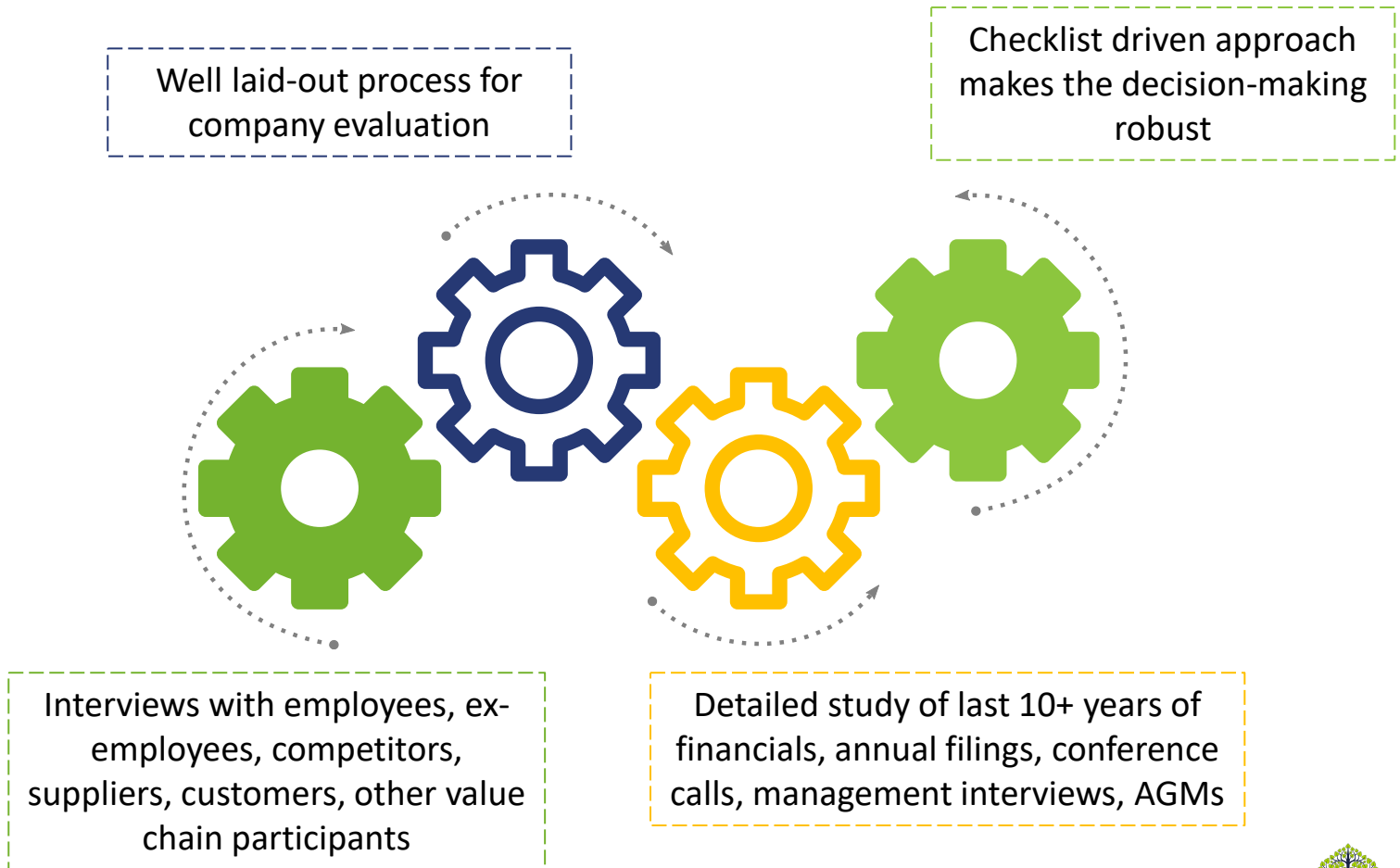
PE STYLE DUE DILIGENCE - THE IMPORTANCE OF PRIMARY RESEARCH ithoughtpms

Primary Research Helped Identify Alpha Generators:

1. TD Power
2. GRP
3. Bharat Bijlee
4. Axtel Industries
5. NGL Fine
6. Ashiana Housing

Supported by an
Unparalleled Peer Network
in Small Cap Stocks

50+ Years of Collective
Industry Experience



TEAM HAS SPOTTED THE WINNERS EARLY



- 1510%, 6 Years
- #1 Market Position
- Intrinsic ROCE- 20%+
- Surplus Cash



- 511%, 4 Years
- # 1 Domestic co
- 5 Yr. ROCE- 30%
- Surplus Cash



- 580%, 6 Years
- # 1-3 globally
- 5 Yr. ROCE- 23%
- D/E – 0.5x



NGL FINE-CHEM LIMITED

- 150%, 6 Years
- # 1-3 globally
- 5 Yr. ROCE- 30%
- Surplus Cash



- 517%, 3 Years
- #1 Player in India
- Intrinsic ROCE- 15%+



- 190%, 4 Years
- #top 5 in domestic market
- 5 Yr. ROCE- 22%



- 625%, 3 Years
- 5Yr ROCE - 18%



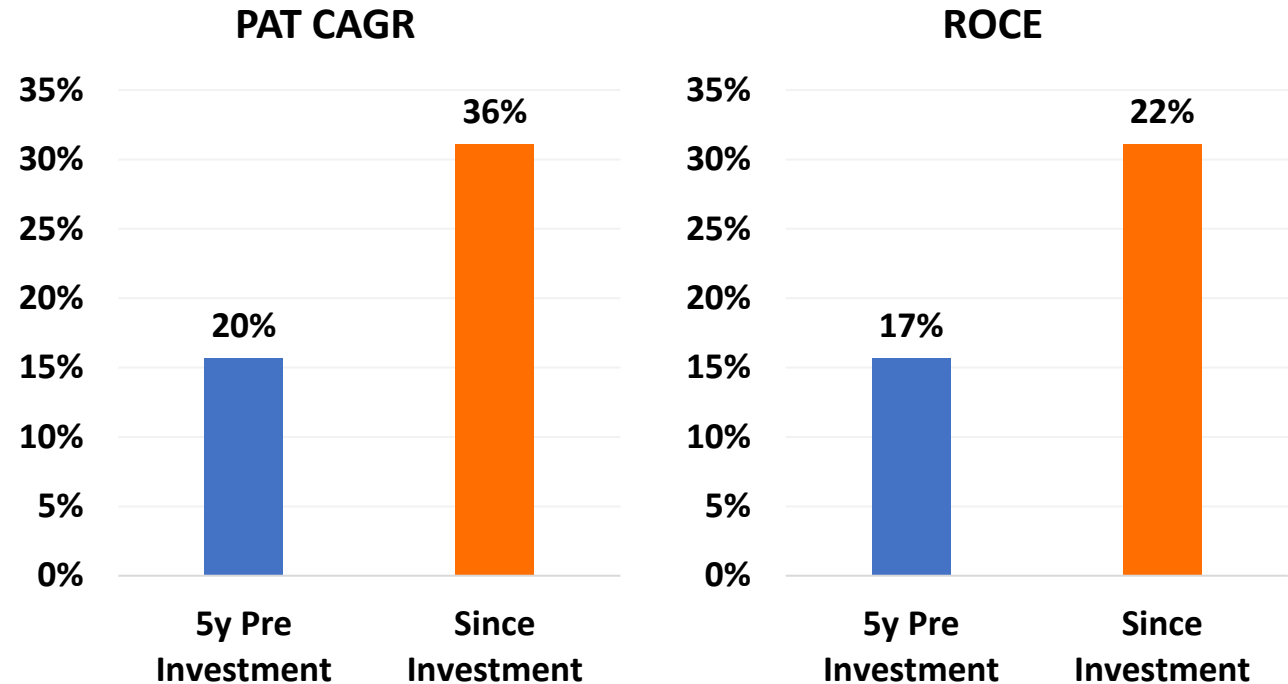
- 220%, 5 Years
- Top 10 Players
- 5 Yr. ROCE- 17%

WINNERS - KEY METRICS PRE & POST INVESTMENT

BALANCE SHEET STRENGTH

DEBT LEVELS	PRE-INVESTMENT	POST INVESTMENT
Cash Rich	15	23
Net D/E, <0.5x	9	2
Net D/E, 0.5-0.9x	3	2
Net D/E, >1x	NIL	NIL

EARNINGS GROWTH & BUSINESS QUALITY



RISK CONTROL FRAMEWORK

What We Buy	Market leadership, growth, attractive economics, balance sheet, cash flows.
Who We Partner With	Historical track record, governance checklist, capital allocation, channel checks.
Valuation Discipline	Don't overpay while buying; Disciplined selling at over-valuation.
Focused Portfolio	15-25 positions – reasonable diversification yet focused portfolio; ~70% allocation in top 10 positions.
Position Sizing	Max allocation 15% at cost in a single stock; 25% in a sector.

VOLATILITY  \neq  RISK

HOW WE BUY ?



CALIBRATED CAPITAL DEPLOYMENT

Auto alert during expensive markets



GRADUAL SCALE-UP

Individual positions in a portfolio



STICKING TO BASICS

Simple, but not easy



LONG-TERM HORIZON

Competitive edge

WHAT WE *DON'T DO*

- ❌ Chase Returns – and hence we do not go after the ‘hot stocks’/ ‘the next big thing’ / darlings of the market
- ❌ Invest in IPOs
- ❌ Invest in momentum stocks
- ❌ Invest in companies with reputation for **bad corporate governance**
- ❌ Indulge in **short term trades**
- ❌ Indulge in **shorting and futures & options**
- ❌ Invest in **leveraged companies**

“All I want to know is where I’m going to die so I’ll never go there.”

~Charlie Munger



LONG TERM HORIZON – COMPETITIVE EDGE

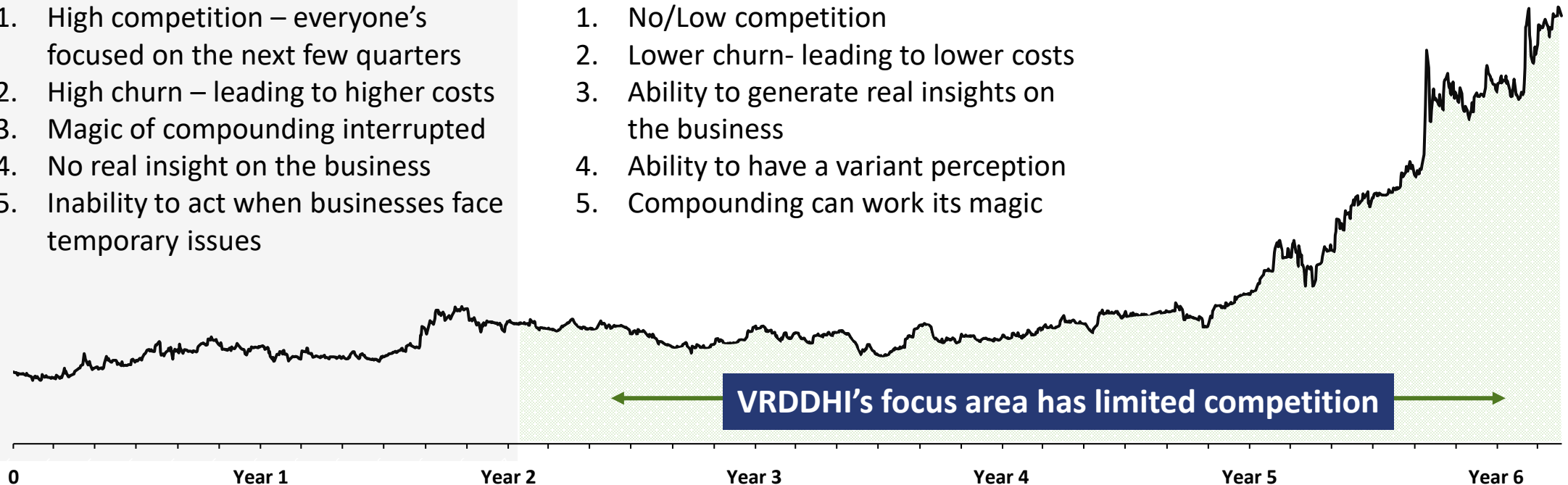
12M Portfolio
Churn 25.6%

Perils of having a shorter horizon:

1. High competition – everyone's focused on the next few quarters
2. High churn – leading to higher costs
3. Magic of compounding interrupted
4. No real insight on the business
5. Inability to act when businesses face temporary issues

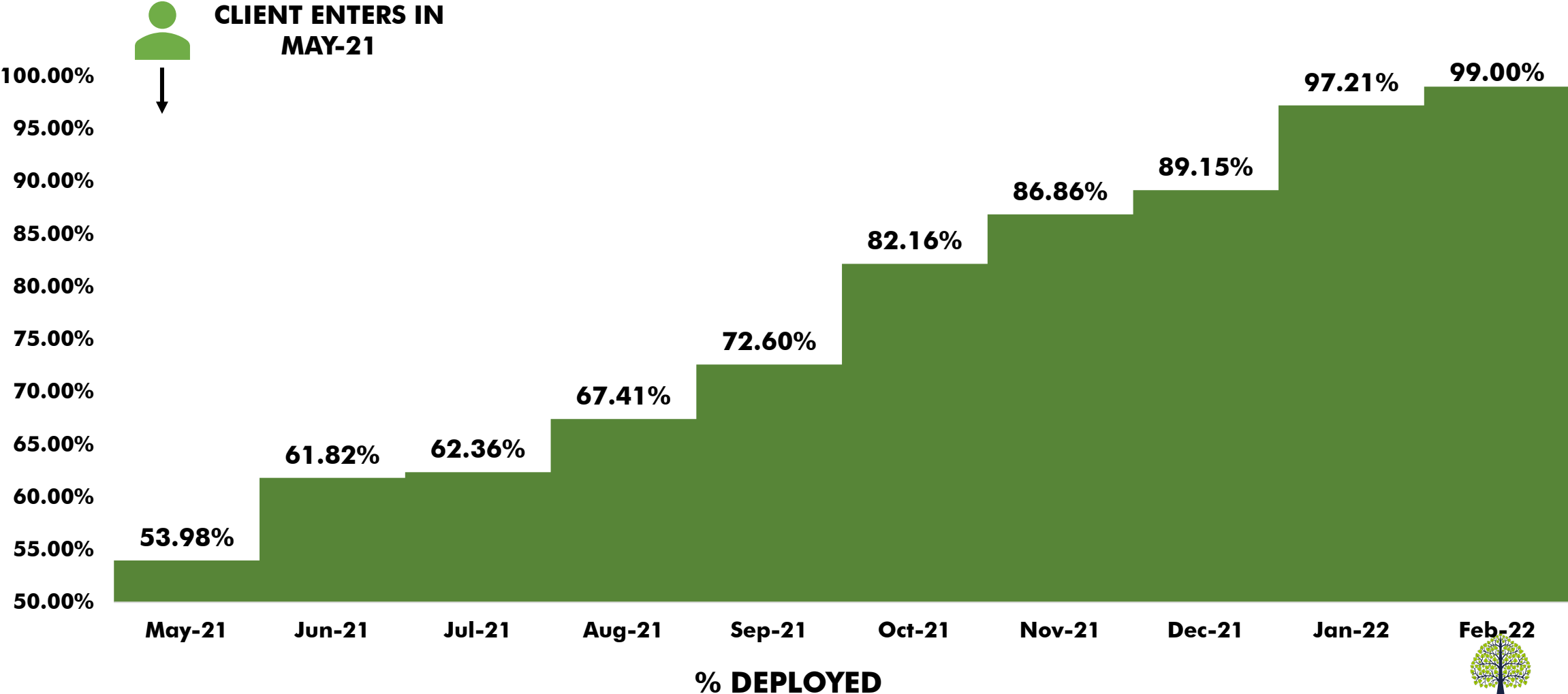
Benefits of having a longer horizon:

1. No/Low competition
2. Lower churn- leading to lower costs
3. Ability to generate real insights on the business
4. Ability to have a variant perception
5. Compounding can work its magic

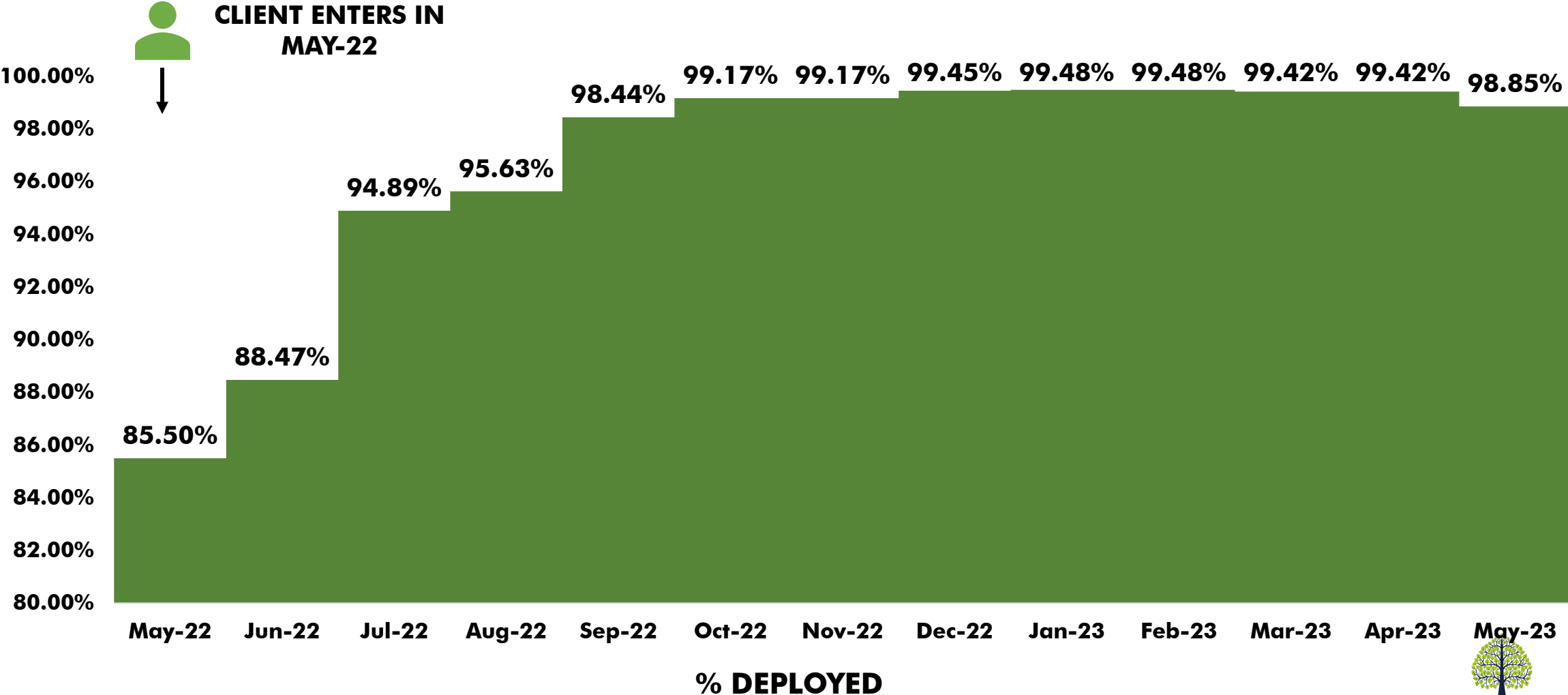


Note: Actual Stock price chart of JB Chemicals & Pharma
12M ending July 2024

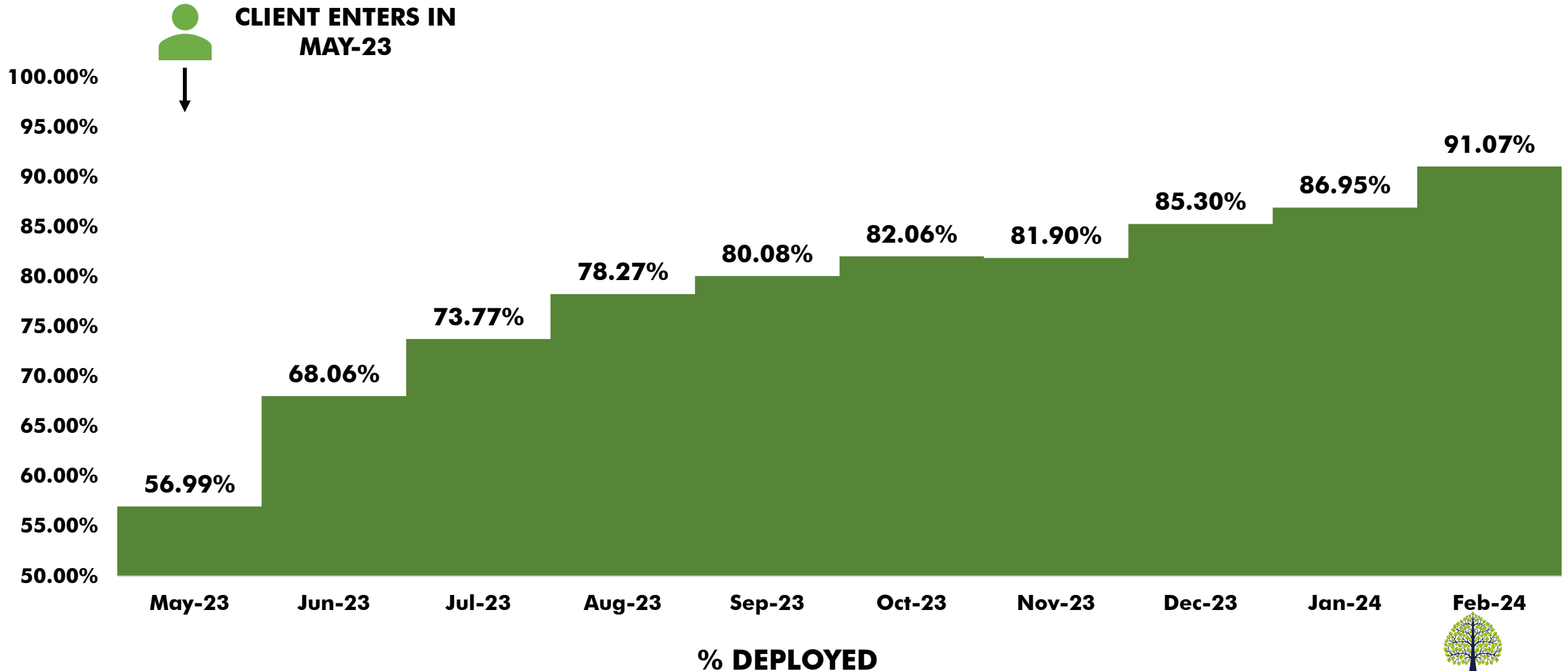
CALIBRATED DEPLOYMENT – (1/4)



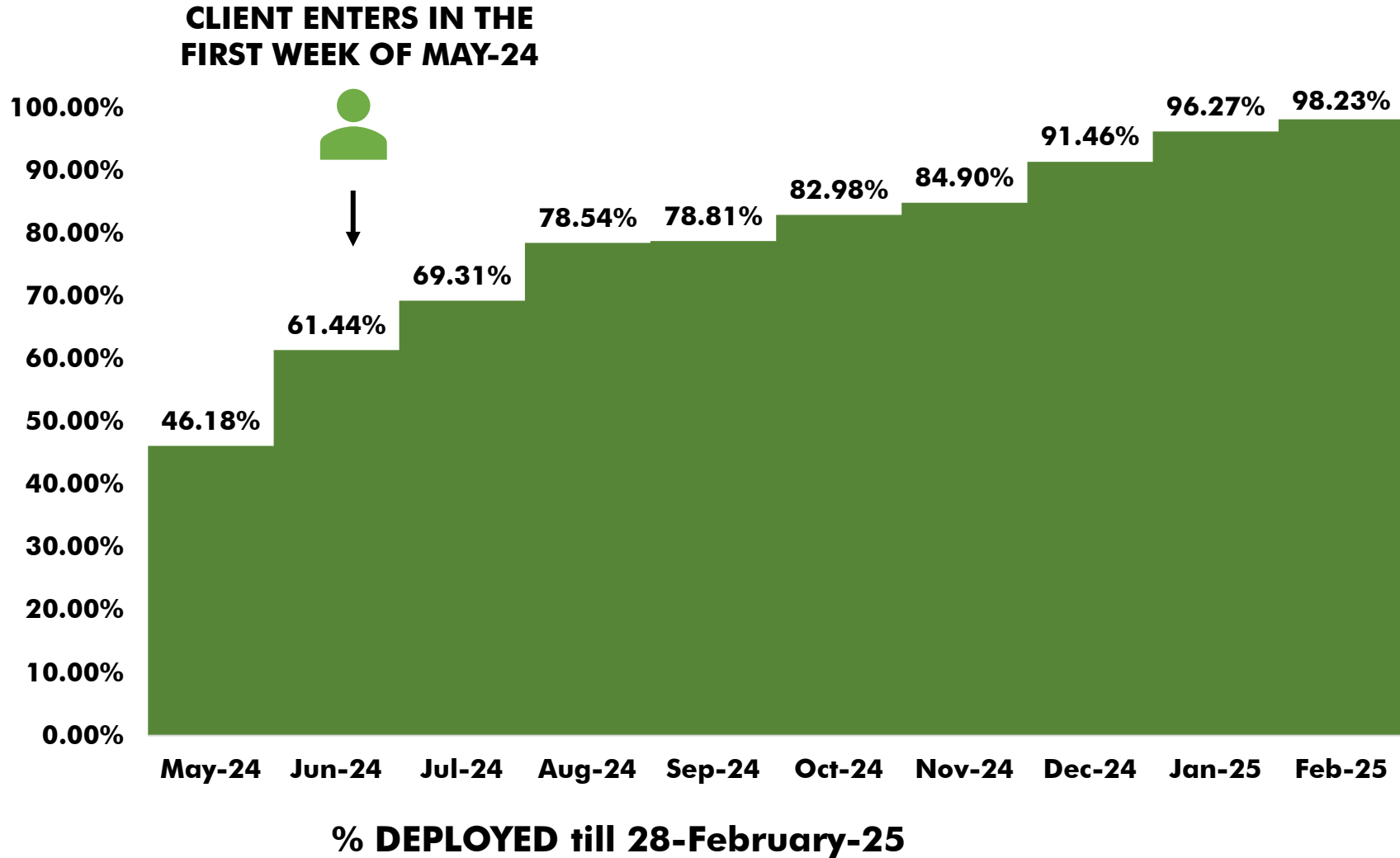
CALIBRATED DEPLOYMENT – (2/4)



BOTTOM-UP CAPITAL DEPLOYMENT (3/4)

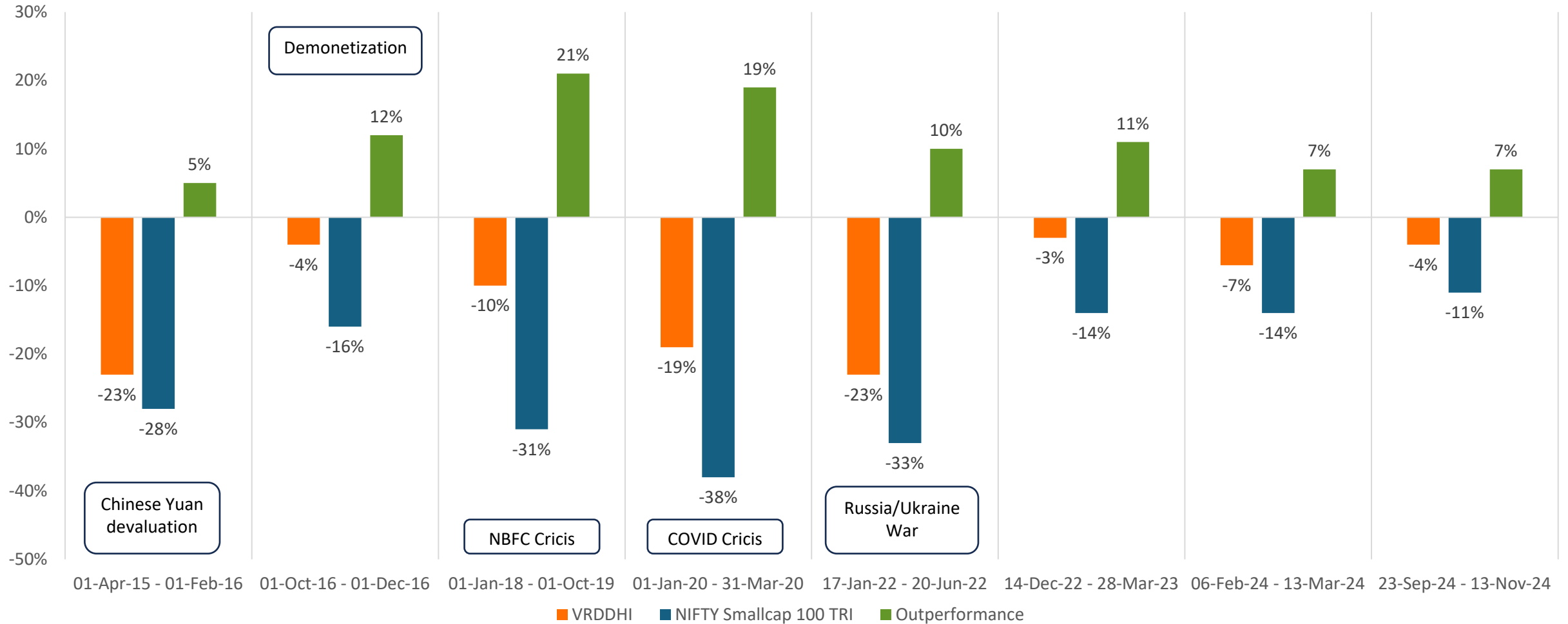


BOTTOM-UP CAPITAL DEPLOYMENT (4/4)



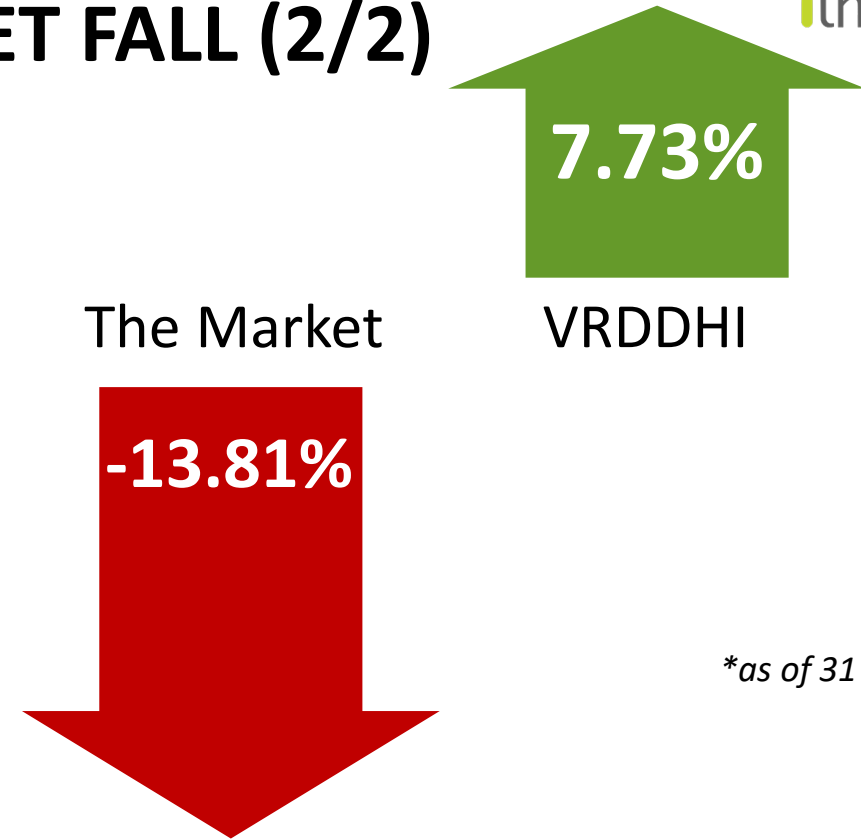
- Don't follow a model portfolio approach
- No market timing calls
- Valuations not comfortable – hence waiting/not deploying

CAPITAL PROTECTION DURING MARKET FALL (1/2)



CAPITAL PROTECTION DURING MARKET FALL (2/2)

HOW DID VRDDHI BEHAVE IN A YEAR OF CORRECTION?

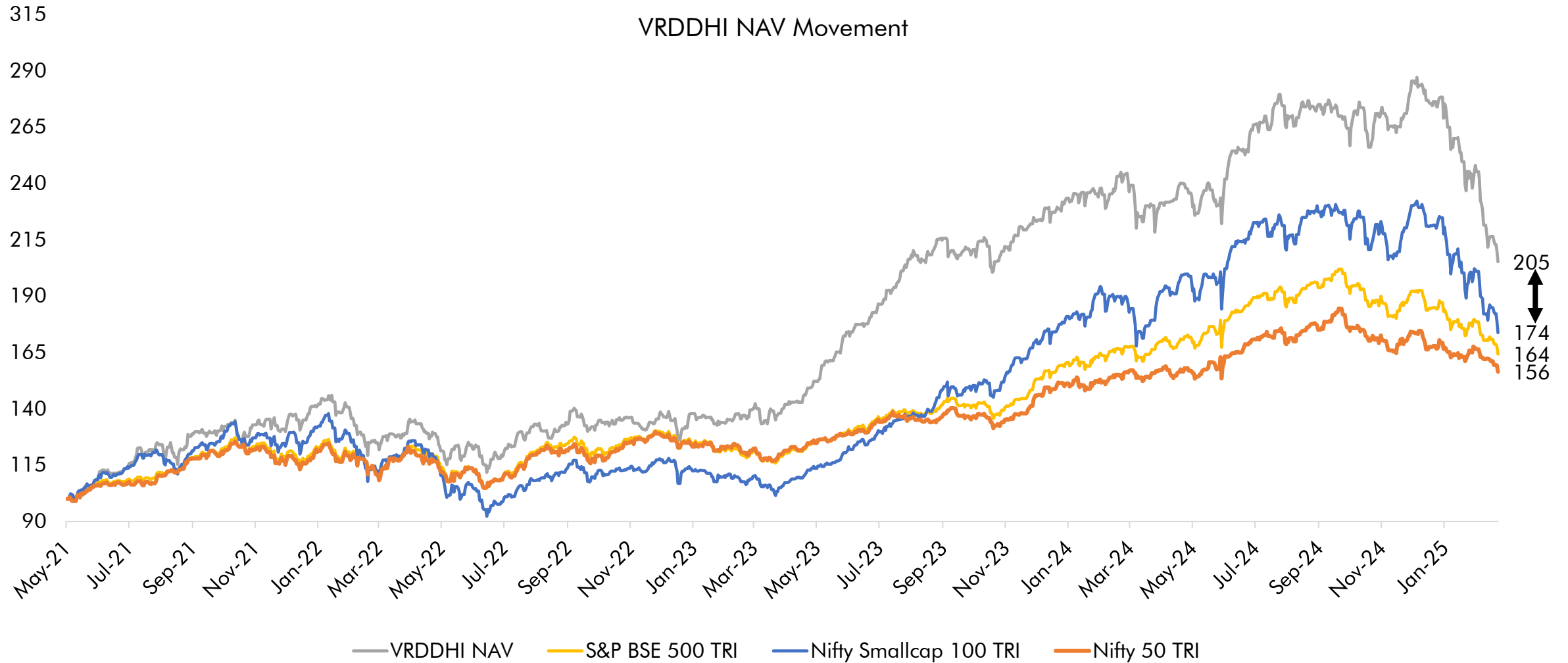


**as of 31 March 2023*

Alpha created during down markets becomes **bedrock for outperformance** over a longer horizon

**Disclaimer: Comparison against NIFTY Smallcap 100 shown for assessment. However, benchmark as per SEBI regulations is S&P BSE 500 TRI*

VRDDHI VS BENCHMARKS – NAV SINCE FUND INCEPTION



**Disclaimer: Comparison against NIFTY 50 & NIFTY Smallcap 100 shown for assessment. However, benchmark as per SEBI regulations is S&P BSE 500 TRI | Data as on 28th February 2025 | Data updated every quarter*

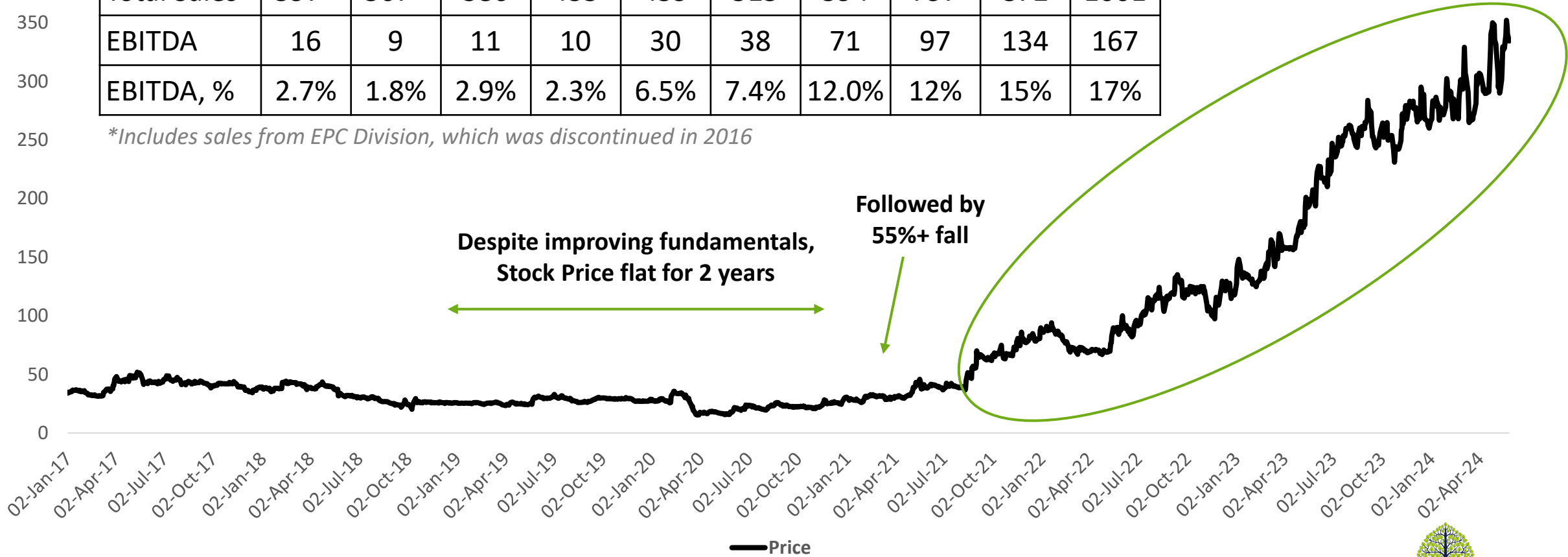
CASE STUDY- TD POWER SYSTEMS



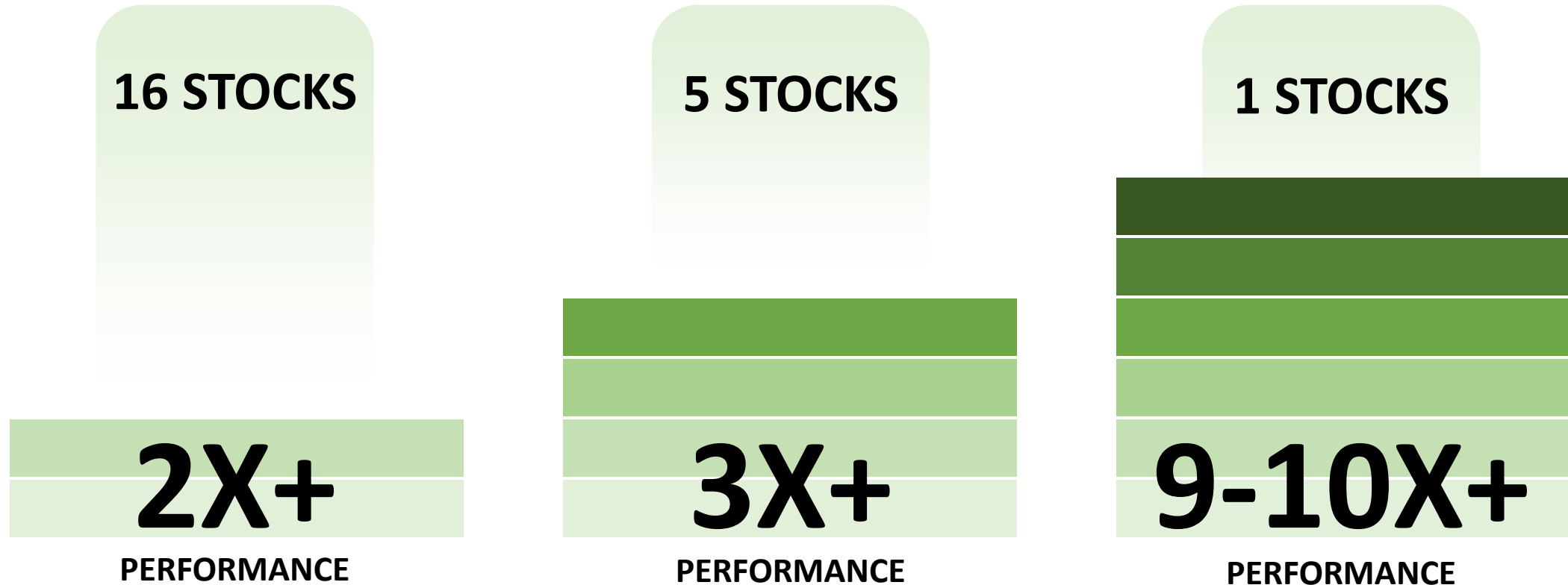
TDPS	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Sales	597*	507*	380	435	459	515	594	797	872	1001
EBITDA	16	9	11	10	30	38	71	97	134	167
EBITDA, %	2.7%	1.8%	2.9%	2.3%	6.5%	7.4%	12.0%	12%	15%	17%

*Includes sales from EPC Division, which was discontinued in 2016

16x Price appreciation



STOCK WISE PERFORMANCE SINCE PMS INCEPTION



Note: Stock prices as on 07th March 2025 or exit price

TIMING THE MARKET? – DATA SAYS IT ALL!!!

Decade	Price Return	Excl. worst 10 days per decade	Excl. best 10 days per decade
1930	-42%	39%	-79%
1940	35%	136%	-14%
1950	257%	425%	167%
1960	54%	107%	14%
1970	17%	59%	-20%
1980	227%	572%	108%
1990	316%	526%	186%
2000	-24%	57%	-62%
2010	190%	351%	95%
2020	18%	125%	-33%
Since 1930	17,715%	37,93,787%	28%

Source: Bank of America, S&P 500 returns.

**TIMING THE
MARKET IS
FUTILE.**

**STAYING
INVESTED IS
CRUCIAL.**

Best outlook for India Manufacturing since Independence & how that will trickle down to smaller companies

1

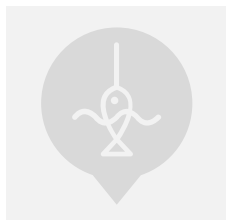
China+1, tax incentives for new manufacturing unit, PLI schemes for manufacturing, Make in India is real as visible in defense, railways, white goods, electronics sectors

2

Domestic driven economy, growing incomes, not much dependence on exports, utilization of manufacturing sector as released by RBI is inching up

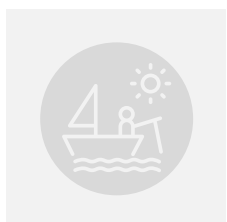
3

Unlevered BS of corporate India, NPA cycle is behind, PSU banks are ready to lend, capex cycle is on the cusp of revival with early sign taking place



WHERE WE FISH

- Lay of the land
- Fertile fishing ground
- What succeeds in small-caps
- Risks in small caps



HOW WE FISH

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TEAM & TERMS

- Portfolio Performance
- Team
- Terms of Investment



PORTFOLIO PERFORMANCE

(as on 28 February 2025)

Performance numbers since inception*

	1 month	3 months	6 months	1 year	2 years	3 years	Since inception (07 May 2021)
VRDDHI	-16.4%	-24.3%	-25.2%	-15.0%	23.0%	17.7%	20.7%
S&P BSE 500 TRI	-7.7%	12.2%	-16.1%	-0.4%	17.8%	12.7%	14.0%

- * The benchmark is S&P BSE 500 TRI
- * Returns are post fees and expenses
- * Returns less than 1 year are absolute
- * Cash levels in portfolio as on 28 February 2025 are 3.47%
- * Performance related information is not verified by SEBI



The ithought Investment Team

SHYAM SEKHAR

CIO & Fund Manager



FUND MANAGEMENT

BALAJI G R
Head of Research
Co-Fund Manager (TRUBLU)

ROHIT BALAKRISHNAN
Co-Fund Manager (VRDDHI)

RAJAT SETIYA
Co-Fund Manager (VRDDHI)

NIRANJAN SRIDHAR
Head of Investment Strategy
(SPHERE)

RESEARCH

SANJAY, PGPM
Sr. Research Analyst

SENTHIL, CFA
Sr. Research Analyst

ATHREYA, CA
Sr. Research Analyst

YASH TANNA
Research Analyst

AISWRYA DAVE
Research Analyst

DEEP GANDHI
Research Analyst

ESHWAR ARUMUGAM
Research Analyst

SANKARA NARAYANAN S
Research Analyst

RUDRAKSH RAHEJA
Research Analyst

VAISHNAVI G
Data Analyst

STRATEGY

SAMYUKTHA V, CFA
Investment Strategist

HARITHA, CA, CS
Investment Strategist

HARSHIL N
Investment Strategist

SUBASH MITRA KUMAR
Investment Strategist

RHAM SARAVANAN M
Investment Strategist

AISHWARYA MAHESH
Investment Strategist

INVESTMENT MANAGEMENT

GAURAV, CA

Investment Manager - PMS

TEAM



SHYAM SEKHAR

Mr. Shyam Sekhar has 3 decades of investing experience in franchise based high growth businesses. He follows a theme-based approach to investing. His past successes have been identifying emerging themes to the changing economic context, investing early and realising the full potential of the investment theme. His strengths include exposure to multiple industries as a research analyst, creating large sized portfolios and investing across market cycles.



ROHIT BALAKRISHNAN

Rohit has ~ 12 years of experience and ~ 10 years of experience in public markets. He has previously worked with companies such as McKinsey & Co, Elevation Capital (previously SAIF Partners) a sector and stage agnostic fund, RARE Enterprises – Mr. Rakesh Jhunjunwala’s family office. Prior to joining ithought, Mr. Balakrishnan was the founder of SEBI Registered Investment Advisory – VRDDHI Capital Investment Advisors (SEBI Registration # INA10008832). Mr. Balakrishnan has done his B.B.S from Delhi University.



RAJAT SETIYA

Rajat has ~13 years of experience and over 10 years of experience in public markets. He has previously worked with companies such as Elevation Capital (previously SAIF Partners) a sector and stage agnostic fund, RARE Enterprises – Mr. Rakesh Jhunjunwala’s family office, Moody’s Analytics. Prior to joining ithought, Mr. Setiya was the founder of SEBI Registered Investment Advisory – VRDDHI Capital Investment Advisors (SEBI Registration # INA10008832). Mr. Setiya has done his B. Com (Hons) from Delhi University and has completed his CFA (Level 2).

TERMS OF INVESTMENT

Minimum investment	₹ 50,00,000
Suitability	For investors with moderate/high risk appetite and expectations over a period of 3 to 5 years.
Fees	1.5% Fixed Management Fee + Performance Fee of 15% profit share above a hurdle of 8%, no catch up. (GST is not included in the above fees, all other expenses i.e., custodian charges, brokerage, STT etc. are at actuals)
Exit Terms	Exit Load as prescribed by SEBI. First year exit load at 3%; second year 2%, third year – 1%. Performance Fee and other Charges will be calculated on a Pro-rata basis and charged.
Market Cap Focus	Mid & Small Cap
Benchmark	S&P BSE 500 TRI

MEDIA & RECOGNITION

Mint

Use disruption to improve your portfolio, says Shyam Sekhar

Sekhar started his career in a manufacturing business in 1990, but encouraged by the potential of his own equity investments, he started his ...

15-Apr-2020



ET The Economic Times

ETMarkets Investors' Guide: Shyam Sekhar's guru mantra for Robinhood investors

Is it time to seek safety? We caught up with Shyam Sekhar, a Market Veteran, Value Investors and Founder and Chief Ideator of the Chennai- ...

18-Jul-2020



ET The Economic Times

Shyam Sekhar's twin bets for making money this year

Shyam Sekhar, Chief Ideator & Founder, iThought, calls agriculture and consumption twin bets as these are very closely interconnected.

02-May-2018



Mint

Proactive approach helped beat volatility

Shyam Sekhar, chief ideator and founder, iThought. Photo: John Ravi/Mint 2 min read . Updated: 31 Dec 2018, 08:41 AM IST Deepti Bhaskaran. Keeping an ...

31-Dec-2018



ET The Economic Times

Shyam Sekhar's three favourite themes for mutual fund investors

India will increasingly be a structural turnaround story . Over next six months, bring the portfolio to a state of passivity: Shyam Sekhar, iThought ...


14-Nov-2018



MEDIA & RECOGNITION

EAST AND SOUTH ASIA - December 2020

#1
EAST AND SOUTH ASIA



Rajat Setiya
Vrddhi Capital Investment Advisors
New Delhi
Recently Ranked This Month

Share this ranking

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TOP IDEAS: [View all of Rajat's Ideas](#)

AACL:IN ▲ 361.93%	NCPH:IN ▲ 53.25%	VAMP:IN ▲ 11.76%
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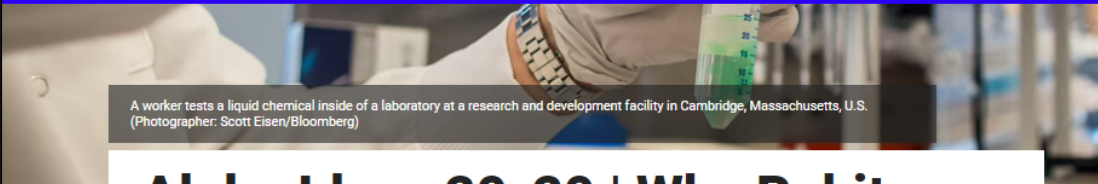
MOST RECENT IDEA: NCPH:IN
▲ 53.25%

BADGES: 11 14

Rajat has **been consistently ranked # 1 analyst** across 2000+ analysts globally on SumZero - a global Investment research platform for high quality investment ideas.

Rohit's pitch on Dharamsi Morarji Chemicals was covered in [Bloomberg Quint](#)

Bloomberg | *Quint* Markets Business BQ Blue Exclusive Videos Research Reports >



A worker tests a liquid chemical inside of a laboratory at a research and development facility in Cambridge, Massachusetts, U.S. (Photographer: Scott Eisen/Bloomberg)

Alpha Ideas 20-20 | Why Rohit Balakrishnan Likes Dharamsi Morarji Chemical Company

Yash Upadhyaya
[@iYashUpadhyaya](#)

Bookmark

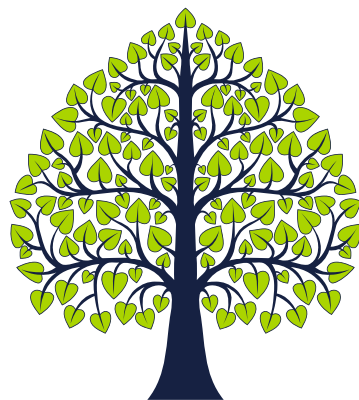
Published on August 02 2019, 10:42 AM
Last Updated on August 02 2019, 10:42 AM

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