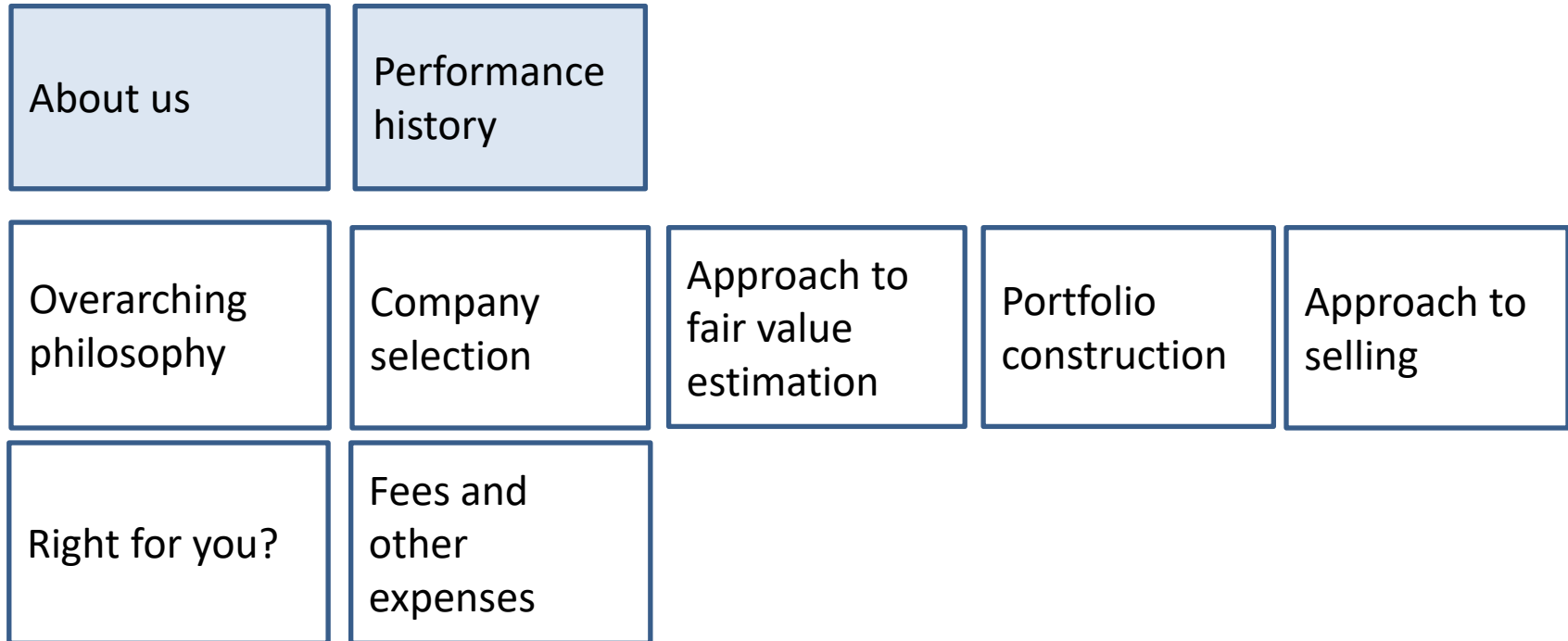
A black and white photograph of a modern interior space. The room features a brick wall, a white bookshelf with books and decorative items, two armchairs with patterned cushions, and several potted plants. The lighting is soft and ambient, creating a warm and inviting atmosphere.

We are an independent, partner-centric  
Investment Management firm investing in  
Indian public equities.

# TOPICS



# ABOUT US

## About us

- Boutique Equities firm
- ~1500 Cr AUM, ~200 families
- Private, independent ownership (CIO and close friends)
- Team incentivized as owners - 25% of PBT shared

## Desired outcome

- Seeking 15% IRRs post fees AND 1.5% Alpha over BSE500 TRI every rolling 5 years under assumption of 11% nominal GDP growth (no guarantees)
- Never risk ruin despite promise of very high upside.

# OUR GUIDING PRINCIPLES

1. Be mission driven. Profits with purpose.
2. Disciplined process that focuses on superior long-term outcomes. Path to long term outcomes via resilience over speed
3. 100% alignment of interests. Clients come first.
4. Radical transparency via Quarterly Letters and Calls
5. Build culture that emphasizes radical candour and accepts mistakes.

# OUR TEAM

Member	Title	CV	Investing experience	Time with Solidarity
Manish Gupta	Founder and CIO	MBA IIM Ahmedabad BCG (7 years)	15+ years	10+ years
Manjeet Buaria	Partner	CA, CFA	10+ years	10+ years
Anirudh Shetty	Partner	CA, CFA	6+ years	8+ years
Naarah Pereira	Partner	BBA, MCOM	NA	9+ years
Don Thadeuse	COO	MBA, ex Quantum	NA	< 1 yr
Aman Thadani	Analyst	CFA	4+ years	2+ years
Pratik Jain	Analyst	MBA	NA	2+ years
Dinesh Gianchandani	Manager - Operations	CA	NA	2+ years
Prachi Sawant	Office Manager	PGDFM, BCOM	NA	5+ years

# PERFORMANCE HISTORY

Period	Solidarity Anchor client performance %	S&P BSE500 TRI performance %	Alpha % over S&P BSE500 TRI
FY15*	67.2%	34.1%	33.1%
FY16	0.8%	-6.4%	7.2%
FY17	20.0%	25.5%	-5.6%
FY18	17.1%	13.2%	3.9%
FY19	6.3%	9.7%	-3.4%
FY20	-15.7%	-26.5%	10.7%
FY21	96.5%	78.6%	17.9%
FY22	27.6%	22.3%	5.3%
FY23	-8.6%	-0.9%	-7.7%
FY24	22.2%	40.2%	-18.0%
FY25 YTD	10.4%	-1.3%	11.7%
<b>Last 5 years</b>	17.0%	17.9%	-0.9%
<b>Since Inception</b>	18.9%	14.4%	4.5%
* From 2 May 2014- Start date of Anchor client. Client was our 1st advisory client & was later onboarded as a PMS client once we obtained our PMS license.			
Data as of 28 Feb 2025			
Solidarity performance is net of all fees & expenses			
Performance data provided in the above table is not verified by SEBI			

We do relatively better than the market during times of tough market conditions e.g. FY 20, Covid.

Performance is mean reverting. Strong performance followed by underperformance... as is expected in a low churn approach.

Performance impacted in FY23 due to some errors

# PERFORMANCE HISTORY

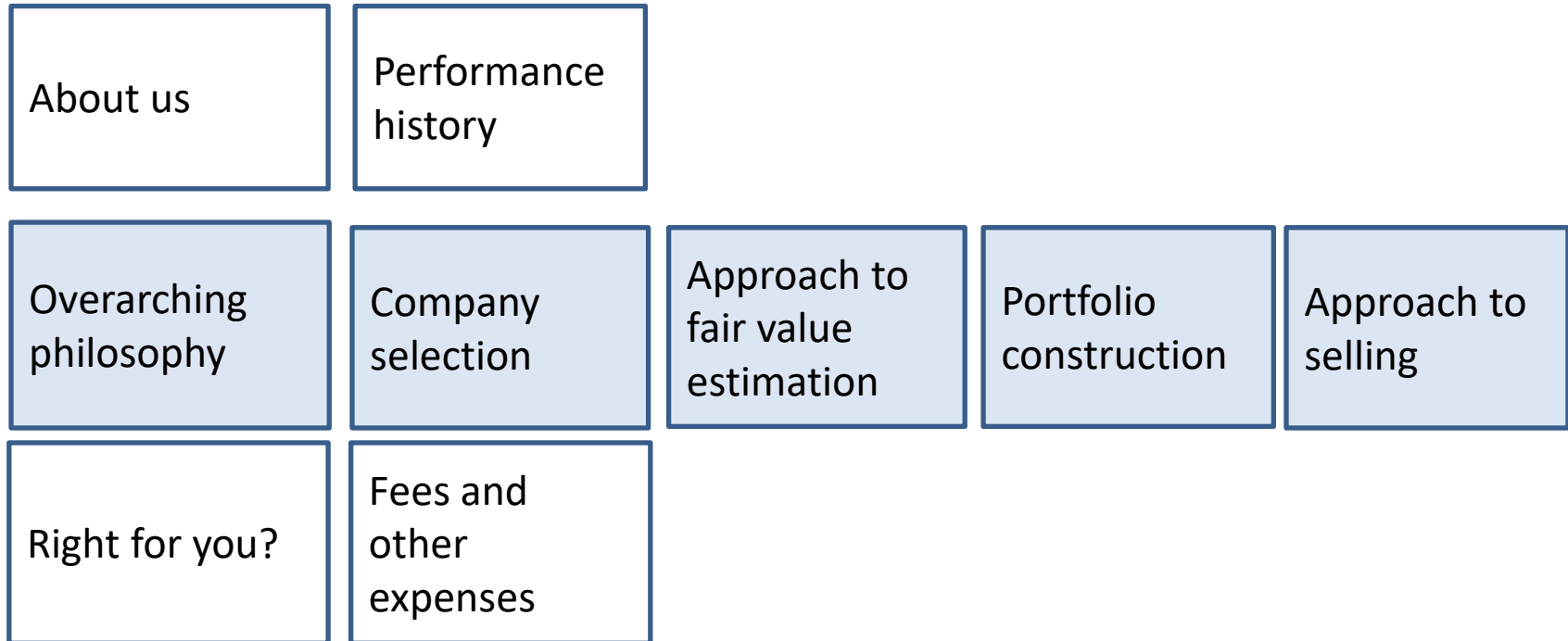
Aggregate across all partner accounts					
Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception^
SOLIDARITY- PRUDENCE	5.5%	13.8%	7.7%	16.4%	<b>16.3%</b>
S&P BSE500 TRI	-0.3%	17.9%	12.7%	18.0%	<b>14.7%</b>

Data as of 28 Feb 2025  
 ^ From 11 MAY 2016 -Start date of scheme  
 Solidarity performance is net of all fees & expenses  
 Performance data provided in the above table is not verified by SEBI

Aggregate across all partner accounts					
Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception^
SOLIDARITY- EMERGING LEADERS	4.7%	NA	NA	NA	<b>10.3%</b>
S&P BSE500 TRI	-0.3%	NA	NA	NA	<b>17.6%</b>

Data as of 28 Feb 2025  
 ^ From 26 APR 2023 -Start date of scheme  
 Solidarity performance is net of all fees & expenses  
 Performance data provided in the above table is not verified by SEBI

# TOPICS





# THERE ARE MULTIPLE APPROACHES TO INVEST IN EQUITIES

Compounding stories at a fair price which we are willing to hold for long time horizons



“At the right price, everything is “AAA”.

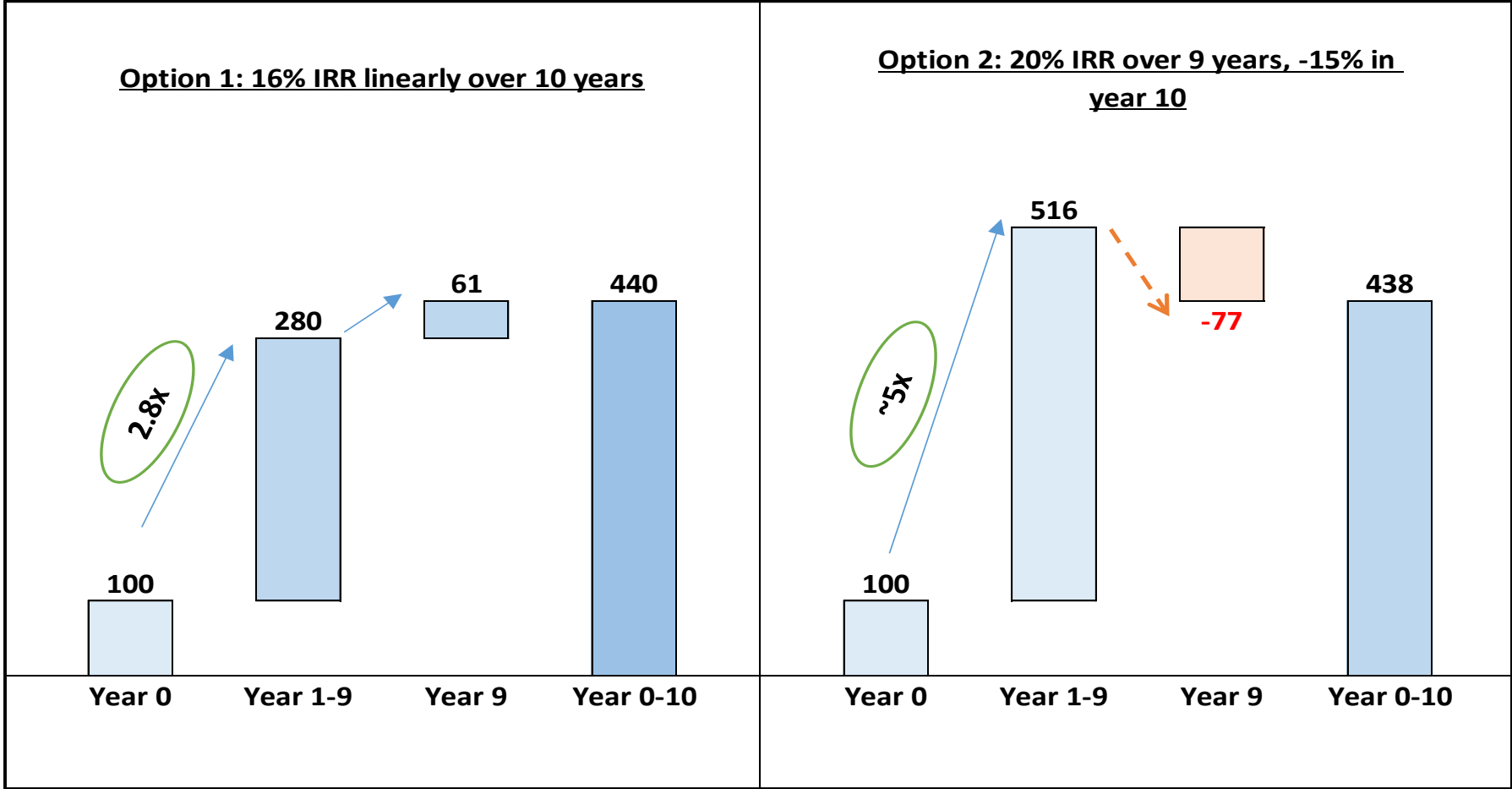
Long term is 5- 10 years



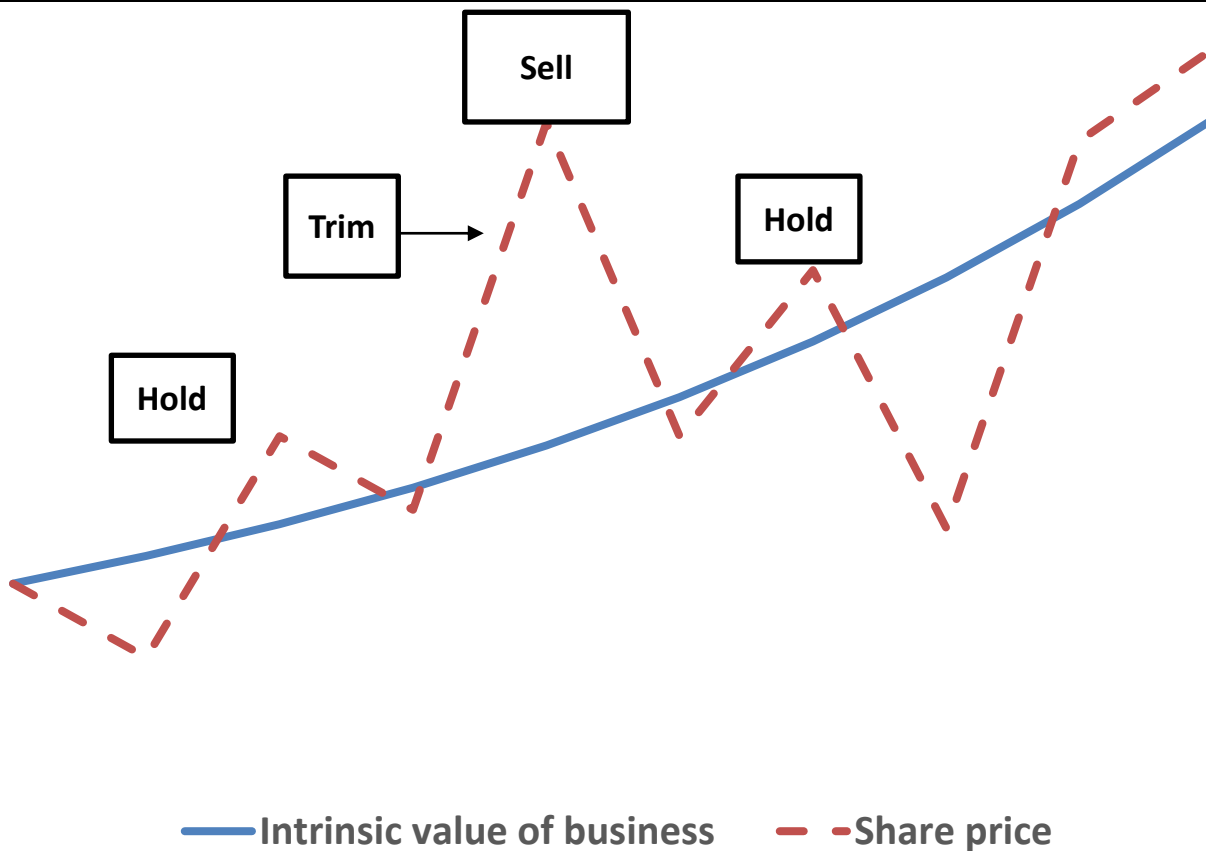
Long term is 1 yr

All choices have trade offs. Opportunism does not pay in long term

# WE SEEK PORTFOLIO RESILIENCE OVER SPEED ...



## ... VIA HIGH PROBABILITY EPS/FCF COMPOUNDING

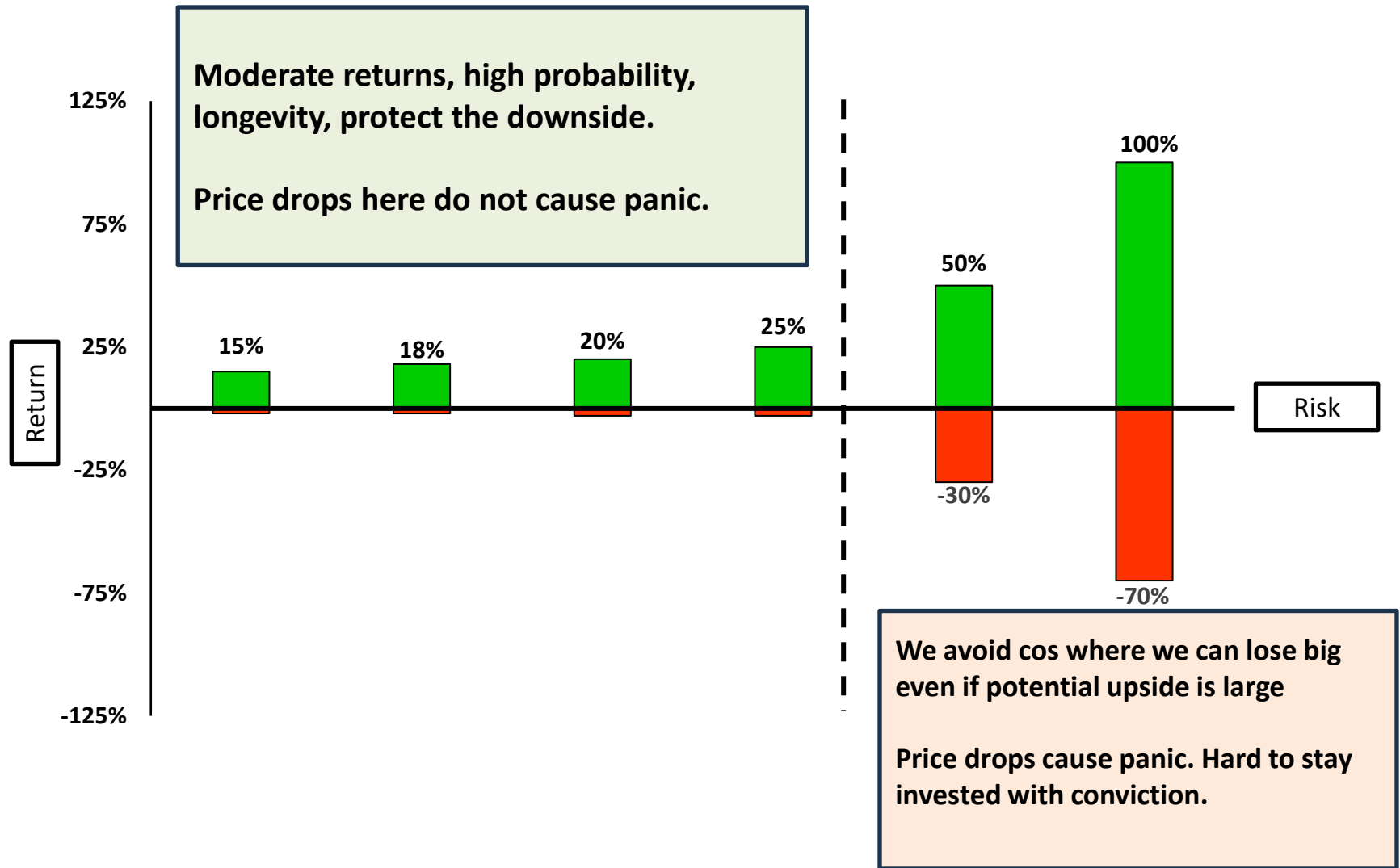


Over the long term, stock prices are slaves to earnings.

Hence, we aim to buy resilient growth stories that can compound earnings for long periods of time, at a broadly fair entry price

Think like owners. Exit when valuations euphoric

# WE WILL NEVER RISK RUIN FOR PROMISE OF HIGH RETURNS



# KEY ASPECTS OF OUR PROCESS

Buying  
decision

Is this a company we would like to own for long periods of time?

What is its role in the portfolio? Stability (Dravid) or growth kicker (Rishabh)

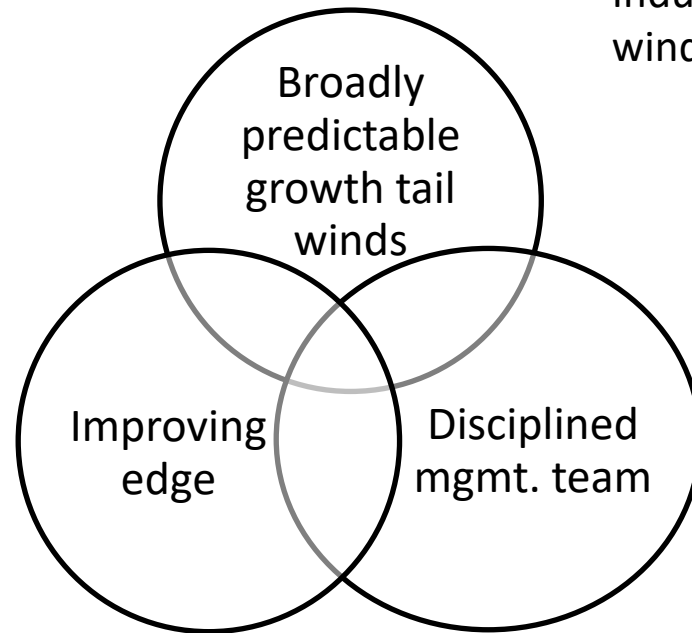
What is a broadly fair entry price for the quality and its stage of evolution?

What is the right position size basis expected IRRs?

Sell decision

Hold, trim or sell?

# CAN THIS COMPANY COMPOUND EARNINGS FOR LONG PERIODS OF TIME?



- Favourable industry structure
- Sector/niche Leadership
- Edge/competitive differentiation
- Ability to re-invest for growth (ROE > 15%)
- Better business today than yesterday

- Large addressable opportunity
- Industry with structural tail winds of growth

- Vision backed with granularity in thinking and “feet on the ground”
- Team depth beyond promoter
- Focus on few business lines
- Disciplined on Capital Allocation
- Prudent use of leverage

# WE LOOK FOR COS. BENEFITTING FROM SECULAR TAIL WINDS OF GROWTH

	Secular decadal theme	Sub Theme	Portfolio names
1	Opportunity to gain market share in global supply chains: Manufacturing/Services	Precision Engg.	RACL
		Specialty Chemicals	Kama, Yasho, Neogen
		Technical Textiles	Garware Technical
2	Growth with industry consolidation of market share in India	Banks	ICICI, HDFC, Axis
		Cement	
3	Greater deployment of Financialization of savings in risk Assets in India	AMCs/Wealth Mgmt	
		Services to support AMCs	
4	Convenience	Quick Commerce	
5	Digital Business Models and enablers of Digital	Telecom	Bharti Airtel
		B2B Services	India MART
6	Govt efforts for mitigation of inequality	Affordable Housing	
7	Discretionary consumption – “Affordable luxury”	Jewellery	
		QSR	RBA
		Outbound tourism	
8	Clean energy transition	Battery Chemicals	Neogen
9	Solutions that drive productivity in US Healthcare		
10	Massive increase in grid electrification		
11	Explosive use of GLP 1 Drugs for Weight Loss	Injectable devices	Shaily Engineering
		APIs	

# WE PREFER SECTOR LEADERS OR COS THAT DOMINATE A NICHE





# WE AVOID COMPANIES EARNING AN UNFAIR/UNSUSTAINABLE MARGIN WHICH CAN PLUMMET

<b>Examples where margins under attack at present</b>	<b>Examples where Margins will come under attack shortly</b>
Paints	Wealth Management
Commodity Chemicals	Capital Goods e.g. Transformers

# RED LINES

- <18% ROE on steady state economics, 15% for Banks.
- Promising stories but where steady state economics are not clear
- Deep cyclicals, unless available at very discounted prices
- Companies that lack focus resulting in mediocre positions in many business lines
- Companies where promoters take cues from stock prices
- Company with historical governance decisions that have impacted minority shareholders
- Companies very cheap but where we are not aligned with how promoters are building the business, or lack compounding
- High Debt burdens which threaten Equity holders interests

# PORTFOLIO DESIGN BALANCES STABILITY WITH HIGH GROWTH PROSPECTS

## Growth with Stability

- Leader, but more mature in growth life cycle
- Strong market position
- Robust business model and Balance Sheet
- Stable earnings growth

- 15% IRRs, high probability

- 35-50% allocation

## Growth with Longevity

- Leader in growing market
- Early in growth life cycle
- Strong prospects for earnings growth

- 18-20% IRRs, long periods of time, medium probability

- 35-50% allocation

## Growth with potential Asymmetric upsides

- Untracked companies with low liquidity
- Large opportunity + great leadership
- Potential for exponential earnings growth

- 25%+ IRRs, medium probability

- 30-40% allocation

# EACH COMPANY HAS A ROLE IN THE PORTFOLIO

## Examples

### Growth with Stability

- HDFC Bank
- ICICI Bank
- Bharti Airtel
- Garware Technical Fibres

### Growth with Longevity

- IndiaMART
- RBA
- Neogen Chemicals
- RACL Gear Tech

### Growth with potential Asymmetric upsides

- Yasho Industries
- Kama Holdings

Total Return  
Estimated over 5  
years

=

EPS Growth  
estimated over 5  
years

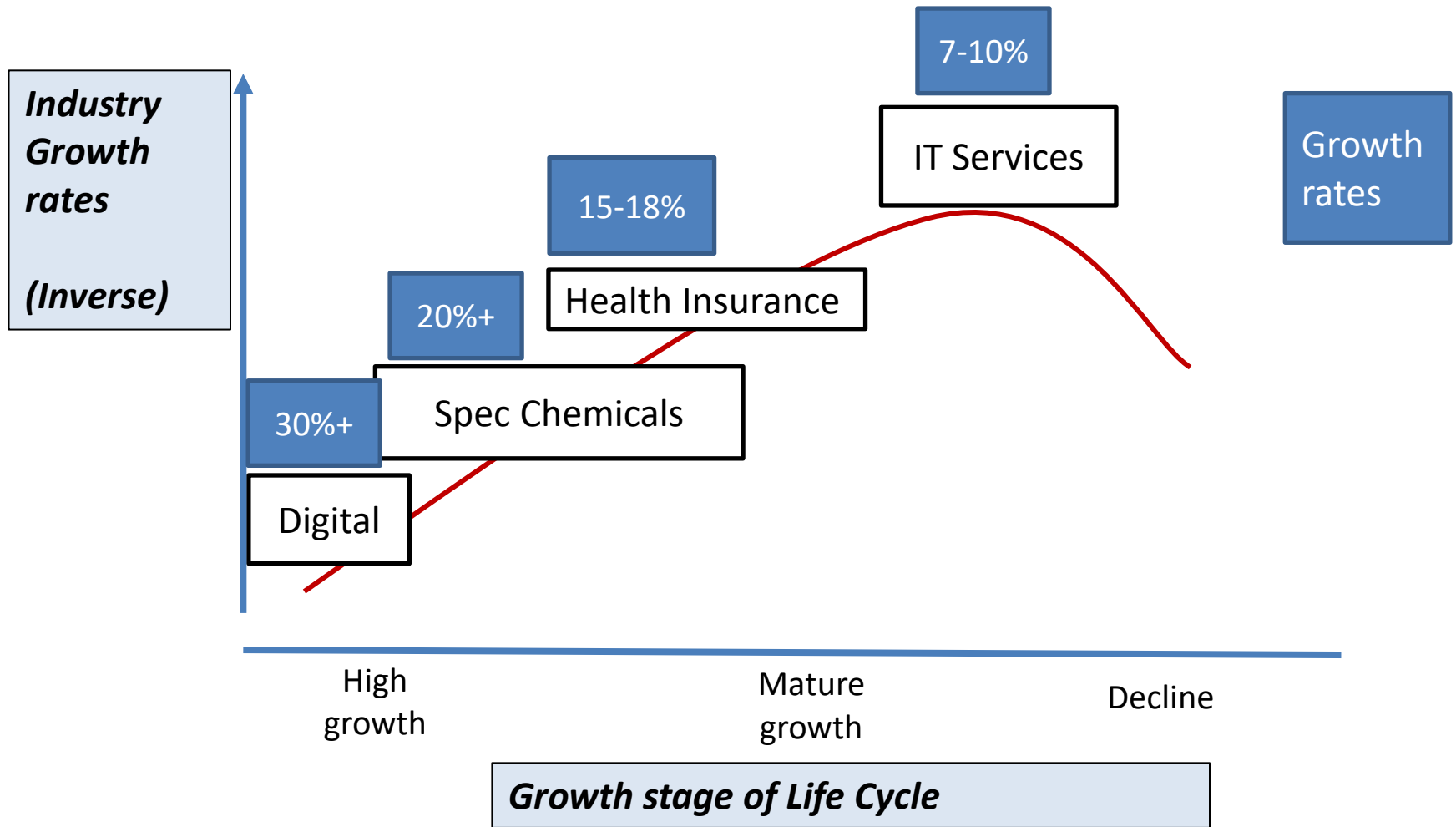
X

Change in  
Valuation  
Multiple

+

Dividends

# FAIR VALUE DEPENDS ON STAGE OF GROWTH LIFE CYCLE + ROE



# HIGH VALUATION MULTIPLE CAN BE JUSTIFIED FOR COMPANIES VERY EARLY IN LIFE CYCLE

Basic thumb rule: approx fair 1 Yr Fwd PE		ROE								Cost of Equity 12%
		10%	12%	15%	20%	25%	30%	35%	40%	
Earnings growth for first 5 years	0%	8	8	9	9	9	10	10	10	
	10%	5	8	11	13	15	16	17	17	
	15%	3	8	12	17	20	21	23	24	
	20%	0	7	15	22	26	29	32	33	
	25%	-5	7	18	30	37	41	45	47	
	30%	-12	6	23	41	51	58	63	67	
	40%	-37	2	40	79	102	117	128	137	

Very few companies can compound earnings at 25% CAGR for long periods at 25%+ ROE.

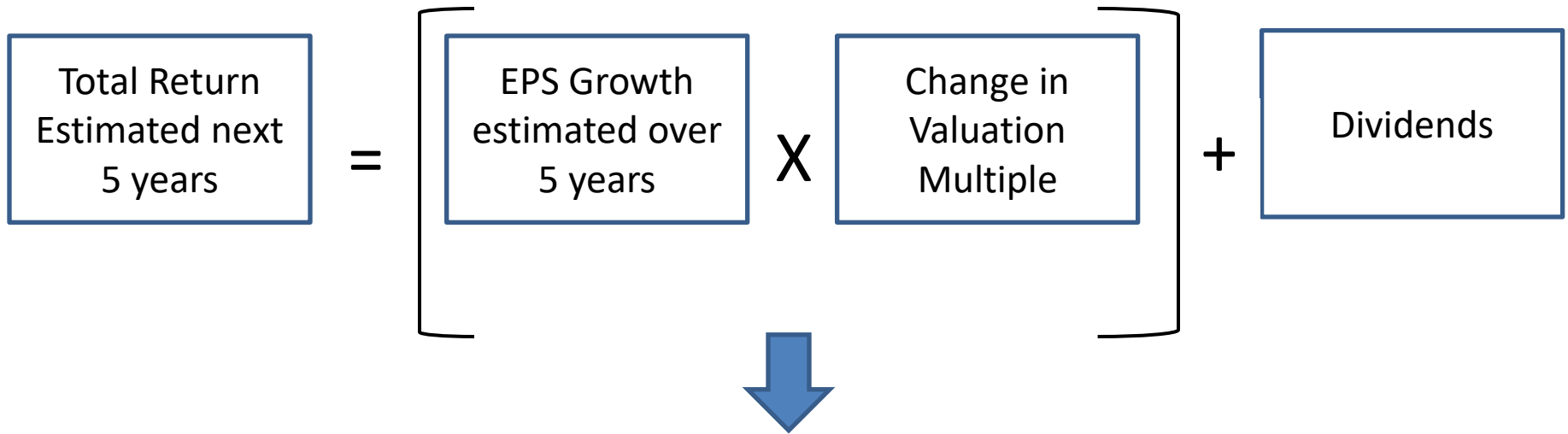
Hence, paying >40x PE is a rare exception for us.

However, quality is seldom cheap. Hence, nuance is critical.

# POSITION SIZING: WHERE IS THE COMPANY ON ITS EVOLUTION ?

	Early			Very evolved
Stage of company evolution	Promise. But no clear edge	Deepening foundations Widening the moat	De-risked business model Depth in leadership Resilience	Flywheel starts spinning.
Position sizing in aggregate	<10%	15-20%	40-50%	35-40%
Good liquidity	5%	5%	6-8%	10-12%
Poor liquidity	3%	3%	4-6%	8%

# THE EXIT DECISION REQUIRES NUANCE BASIS EXPECTED IRR, OPTION VALUE AND LIQUIDITY



Can we see a path to 15% IRR over 5-10 years basis present business?

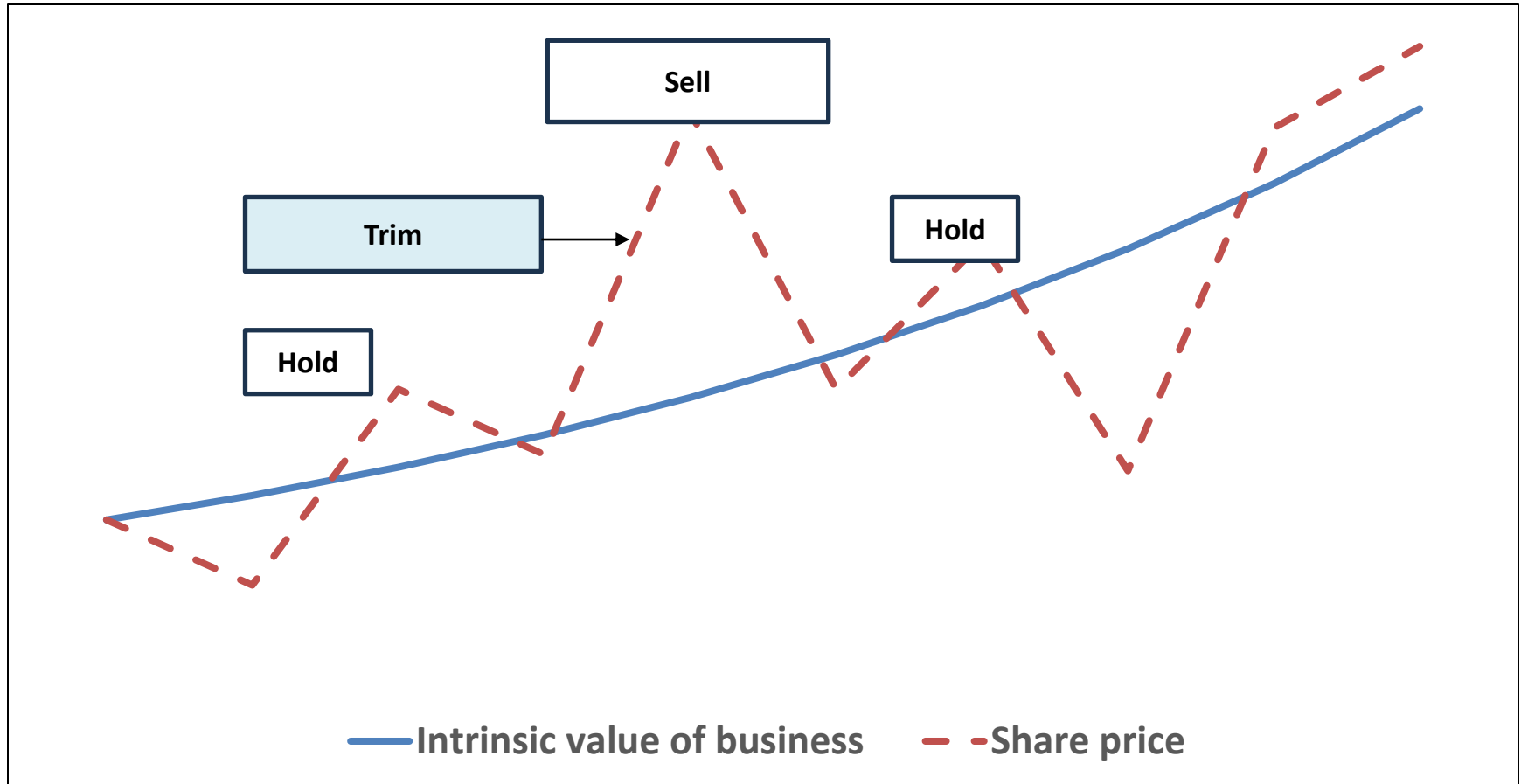
Is there visible Option value of new business lines that are hard to model/quantify?

Will the market give us the liquidity to exit when we choose to?

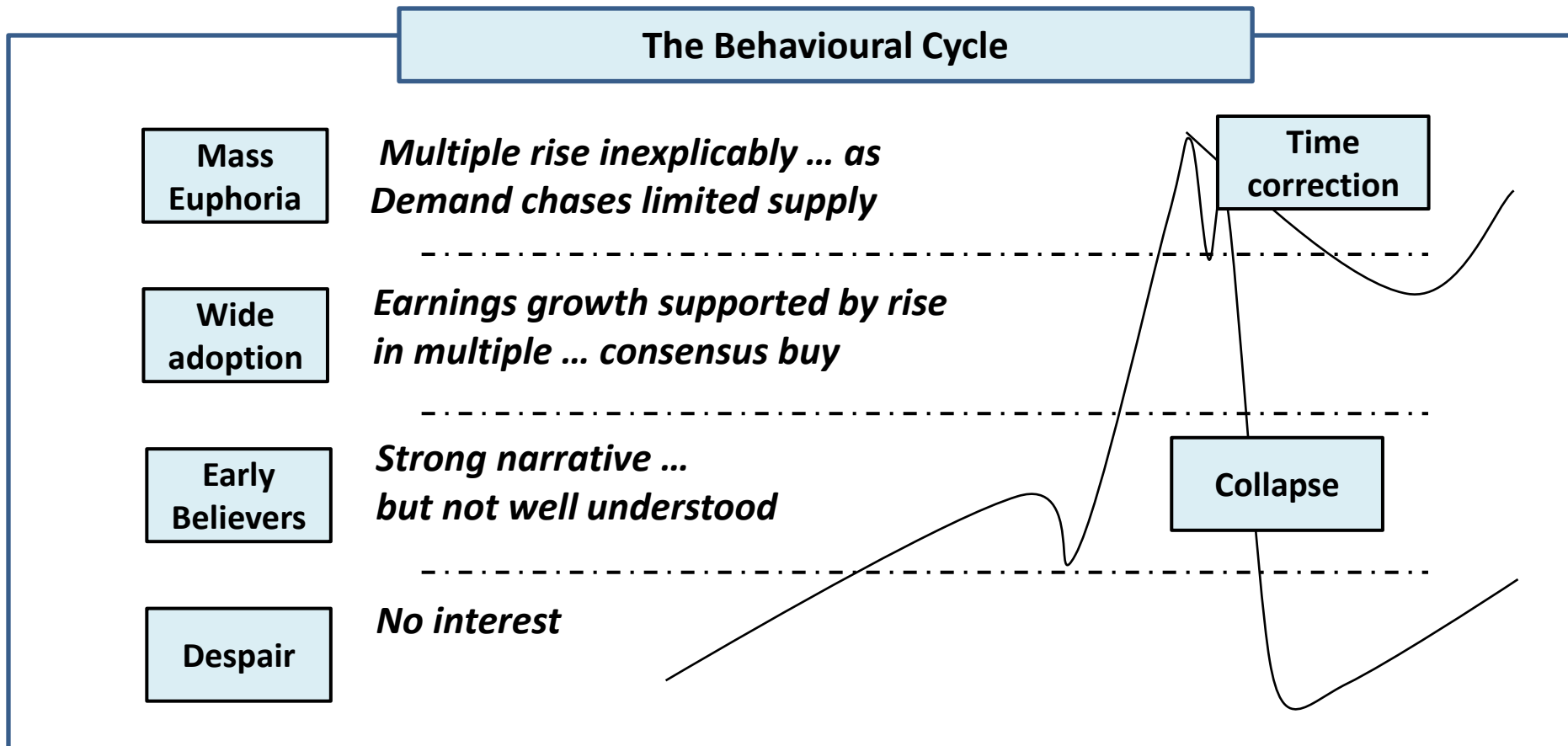
Which decile would we grade these promoters?



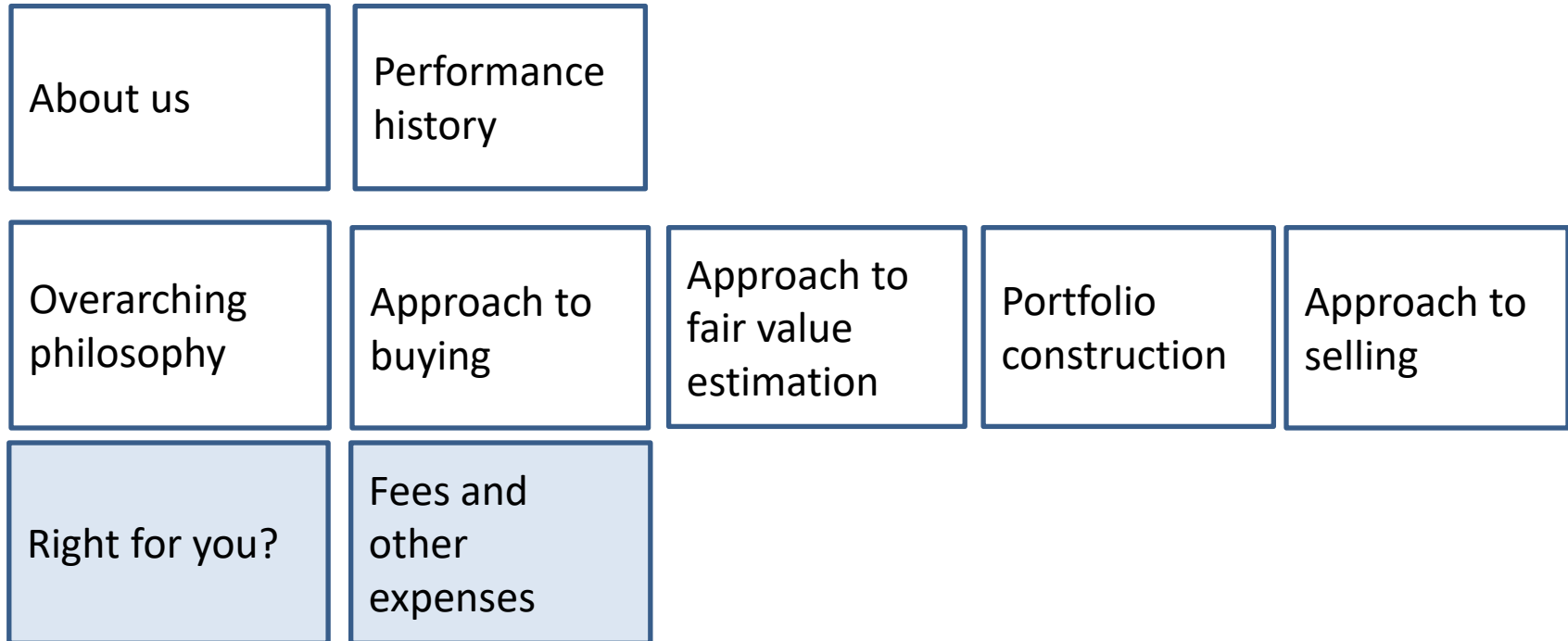
# BIAS TO NOT EXIT QUICKLY AND RIDE WINNERS. WE TOLERATE SLIGHT OVERVALUATION FOR OUR COMPOUNDERS



# BIAS TO START TRIMMING IF VALUATIONS ARE EUPHORIC



# TOPICS



# SUMMARY APPROACH

- Quality: *Ensures survival. Ensures we don't panic during market dislocations.*
- Time. *Think 5-10 years, not 1-3 years*
- Concentration. *15-20 best ideas*
- Valuation. *Price paid matters. However, for companies at inflection points, fair value is hard to determine. Don't be greedy for the first 3% weight.*
- Conviction. *Do not hug the Index*
- Use size to advantage. *Be willing to embrace some illiquidity*
- Discipline. *Stay true to process when things not working. Trust in mean reversion.*
- Exit: *No foolish loyalty, but high bar for churn due to valuations. No ego if we are wrong.*

# WE HAVE TWO SCHEMES WITH SAME STRATEGY THAT DIFFER ON LIQUIDITY AND CONCENTRATION RISK

Market Cap (In crs)	Prudence (as of today)	Market Cap (In crs)	Emerging Leaders (new launch)
>100000	42%	>100000	
25000-100000	12%	25000-100000	
10000-25000	9%	10000-25000	
5000-10000	12%	5000-10000	20%
2500-5000	7%	2500-5000	80%
<2500	17%	<2500	
	100%		100%

Only for existing partners (closed at present for new inflows)

# ARE WE RIGHT FOR YOU ?

Definition of success: 1.5% Alpha over BSE 500 TRI over 5 years. We expect to lag markets in a raging bull market. We will not compromise on governance to chase higher returns.

You must be willing to think 5 years at a minimum.

We will embrace some illiquidity. If you choose to withdraw prematurely, exit may be at discounted prices.

Minimum 2.5 Cr investment corpus per family.

A PMS has “time value of money” tax disadvantages over a MF. It has advantages of “control” – Boutique nature, customization, less stress during times of market turmoil.

## FEE OPTIONS - PRUDENCE SCHEME

Principal infused		2.5 to 5 Cr	5 to 10 Cr	10 to 25 Cr	25 to 50 Cr
Fixed	On NAV	2%	1.75%	1.5%	1.25%
Semi Variable (profit share drawn after 3 yrs.)	Fixed fee on NAV	1%	1%	1%	1%
	Hurdle rate pre tax	12%	12%	12%	12%
	Profit share above hurdle rate	20%	17.5%	15%	12%
Variable (profit share drawn after 3 yrs.)	Fixed fee	0%	0%	0%	0%
	Hurdle rate pre-tax	8%	8%	8%	8%
	Profit share above hurdle rate	20%	20%	20%	17%
Brokerage/GST at actuals. Additional 2bps for Custody & Fund accounting					

## FEE OPTION- EMERGING LEADERS SCHEME

Principal infused		2 Cr & above
Semi Variable (profit share drawn after 3 yrs)	Fixed fee on NAV	1%
	Hurdle rate pre tax	12.5%
	Profit share above hurdle rate	20%
Unlike Prudence, exit loads apply.		
Brokerage/GST at actuals. Additional 2bps for Custody & Fund accounting		



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