PGIM
India Alternatives

PGIM India Equity Growth Opportunities Fund – Series II

March 2025

Category III Alternative Investment Fund (AIF)

PGIM INDIA EQUITY GROWTH OPPORTUNITIES FUND – SERIES II

PI EGOF Sr II is a closed-ended, Category III AIF, harnessing the potential of Small & Microcaps

1. **Portfolio focused on Small & Microcaps**
   Investing in companies ranked 251st and beyond, as ranked by the market capitalization, tapping into a high-growth segment of the market often overlooked by larger investors

2. **Expertise in Bottom-Up Stock Selection**
   Leveraging PGIM India's deep research capabilities to identify quality businesses through a rigorous, bottom-up approach, driven by strong fundamentals

3. **Undiscovered and less-tracked segment**
   Targeting companies that are under-researched and under-owned, offering significant room for price discovery and long-term wealth creation

4. **Sector and Benchmark Agnostic**
   Freedom to invest across sectors, unconstrained by index or sector weightings, allowing us to focus purely on companies with the strongest growth potential, with robust risk filters at the screening stage itself

5. **Risk Management**
   The portfolio will be carefully constructed with 30-40 high-conviction stocks, ensuring diversification. No single stock will have a weight exceeding 10%, maintaining a balanced and risk-conscious approach to portfolio allocation.

WHAT MAKES SMALLER COMPANIES STAND OUT?

Agile

- Nimble operations with few layers of bureaucracy
- Teams are often cross functional, allowing more effective communication.

Entrepreneurial

- Driven by founders-Risk taking
- Customer centric

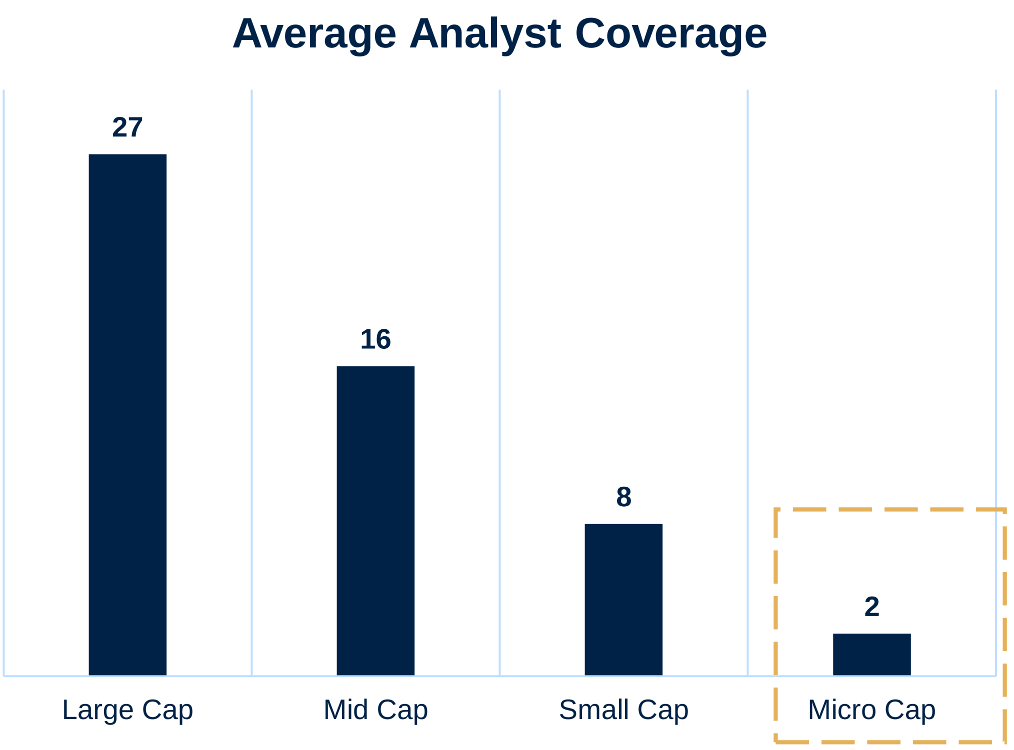
Specialized

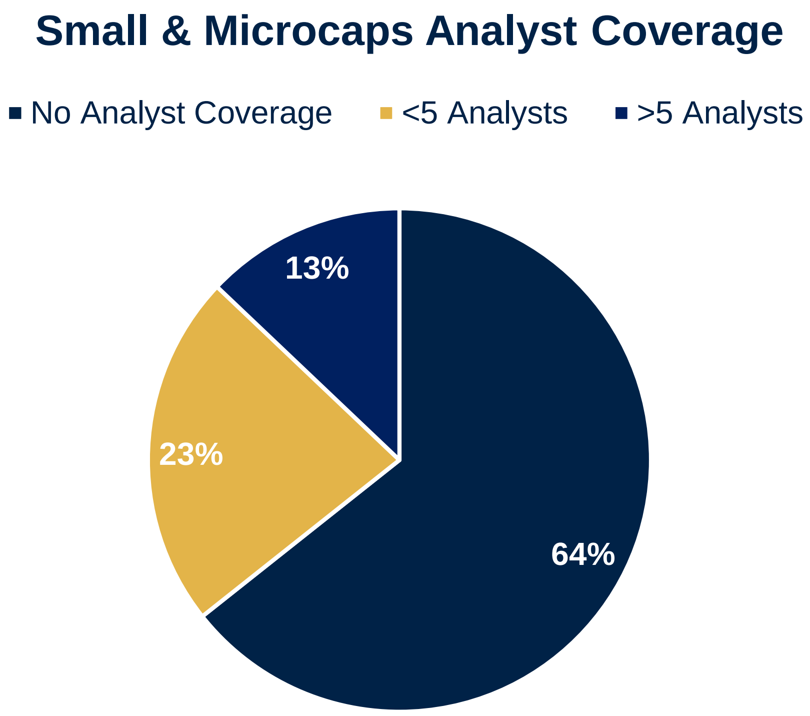
- Competitive edge-Tailor made offerings
- Niche markets overlooked- potential to thrive

Company-specific risk

- Dependence of key individuals
- Resource constraint
- Limited range of products

BEYOND THE SPOTLIGHT: LIMITED ANALYST COVERAGE





Limited research coverage in small and microcaps may lead to hidden opportunities

Source: MFI ICRA., Factset. Data as of 31-Mar-2025. *Considered 1,328 companies with a market cap of more than 1,000 Crores.

SMALLER IS MIGHTIER OUTPERFORMANCE IN SMALL & MICROCAPS

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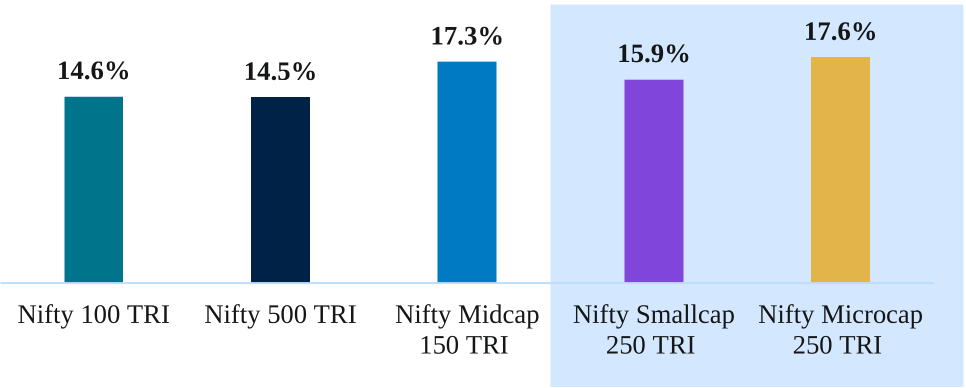
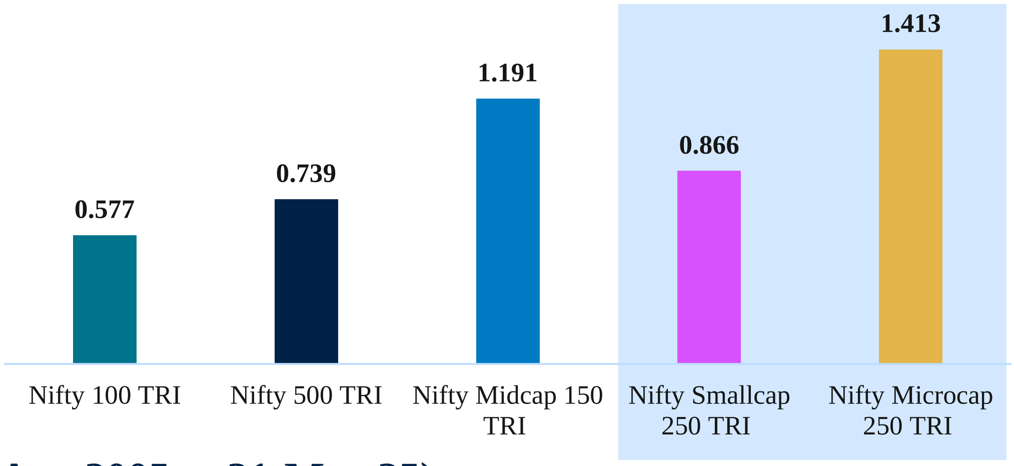
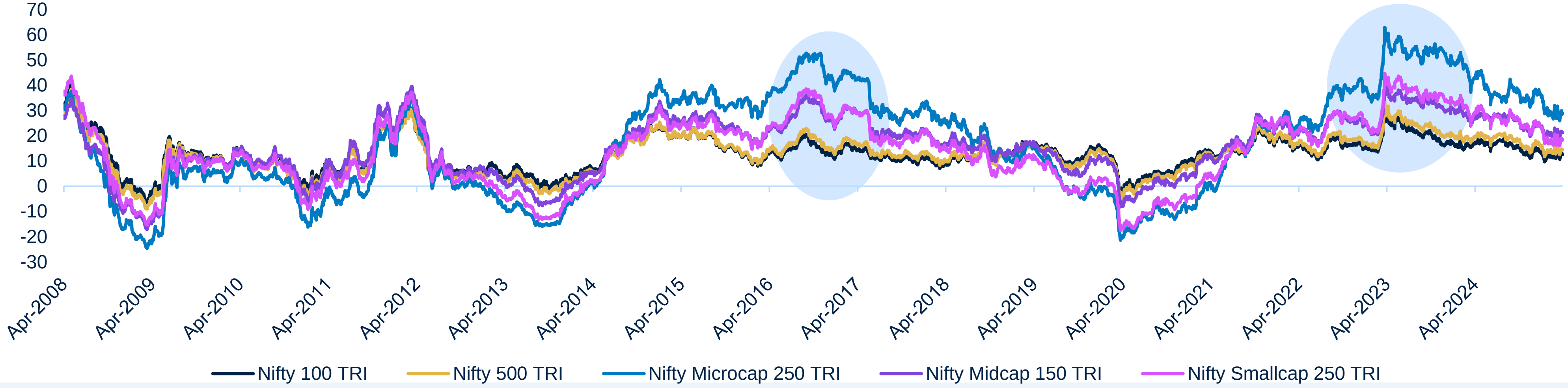
Performance CAGR since 01-Apr-2005



3 Years Sharpe Ratio*



3 year rolling returns (01-Apr-2005 to 31-Mar-25)



Small firms have historically offered higher returns compared to their counterparts, albeit with much higher volatility

Source: MFI ICRA. Data from 01-Apr-2005 to 31-Mar-2025. *Risk-free rate assumed to be 6.01%

UNIQUE INDUSTRY EXPOSURE THROUGH SMALL AND MICROCAPS

Water & wastewater treatment

Oil & gas exploration

Food processing

Recycling of waste

Electronic Manufacturing

Chemicals

Paper, Forest & Jute Products

Engineering services

Healthcare Equipment

Small and microcap segments provide exclusive access to industries that are often underrepresented in larger market caps.

Source: PGIM India Alternatives

Screening to Selection: Proprietary E.D.G.E Framework

E.D.G.E FRAMEWORK FOR PORTFOLIO CONSTRUCTION

E – Expanding Capex, Margins

Focuses on companies with growing asset bases, signaling capacity expansion, and potential for growth.

D – Disciplined Leverage

Prioritizes companies with strong balance sheets, maintaining prudent debt-to-equity ratios to ensure financial resilience of investee companies.

E.D.G.E

G – Generating positive operating cash flow

Emphasizes businesses that consistently generate strong operating cash flows, ensuring sustainable operations and reducing the risk of mortality in the business

E - Entry at the cycle bottom

Targets companies positioned at the bottom of their cycle, offering high potential for recovery and turnaround in their financials.

INVESTMENT PROCESS - OVERVIEW

PGIM India Alternatives

Starting Universe

Identifying companies within the **₹500 crore – ₹25,000 crore** market cap range

Basic Filters for Company Mortality Risks

Applying filters to evaluate **cash flows, leverage, promoter integrity, and forensic checks** to eliminate mortality risk.

Advanced Portfolio Filters for stock selection

***EDGE* framework** Selecting businesses that have an expanding book size, improved margins and/or at the bottom of the cycle

Portfolio Construction and Optimization

Final Portfolio: Optimized with a top-down view, adjusting for sectoral and market cap allocation

Ongoing Monitoring

Exit Strategy / Sell Discipline: Price/Earnings to Growth (PEG) ratio framework to decide entry and exit

Source: internal, Spark Capital. Data as of 31-Dec-24

SMALL AND MICROCAP UNIVERSE: MORTALITY RISK & SAFETY SCREENERS

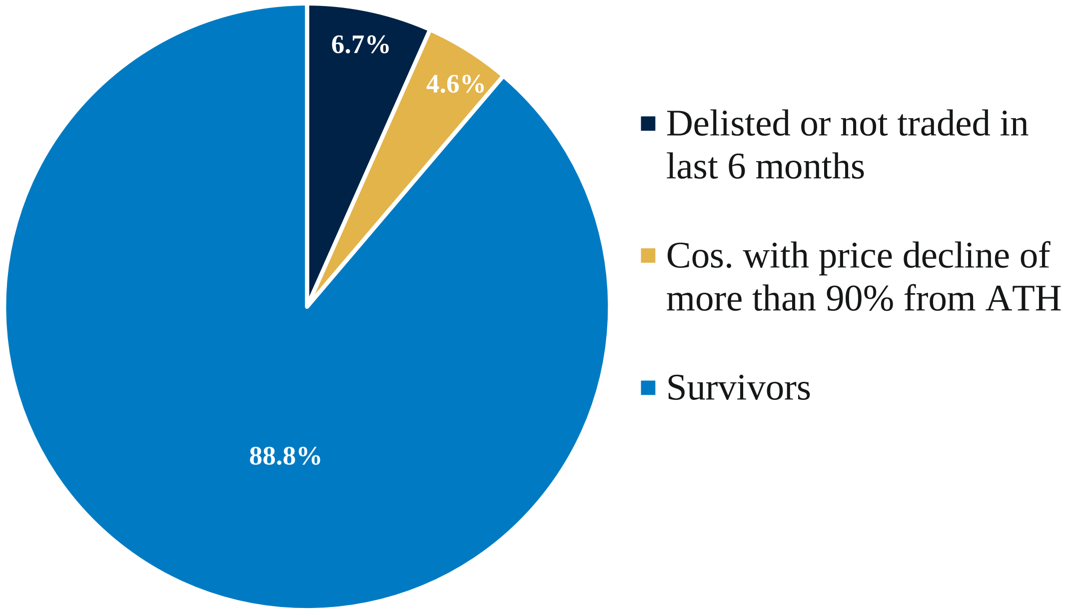
As of 31-Aug-2019, filtering **766** companies with a market cap between 500 crores to 25,000 crores revealed key insights on mortality risk.

This analysis highlights that a portion of small and microcap companies face challenges such as delisting, illiquidity, and extreme price erosion, indicating inherent mortality risk in this space.

Some of the safety screeners for Identifying lower risk of mortality

- Strong operating cash flows
- Comfortable Leverage
- Intent of the promotor
- Forensic Accounting

Mortality: % of companies (2019-2024)



Source: Spark Capital. Data as of 31-Aug-2024

Key Investment Team

PGIM INDIA ALTERNATES TEAM

Aniruddha Naha
(CIO – Alternatives)

Rahul Jagwani
(Research Analyst)

Vaibhavi Bavishi
(Research Analyst)

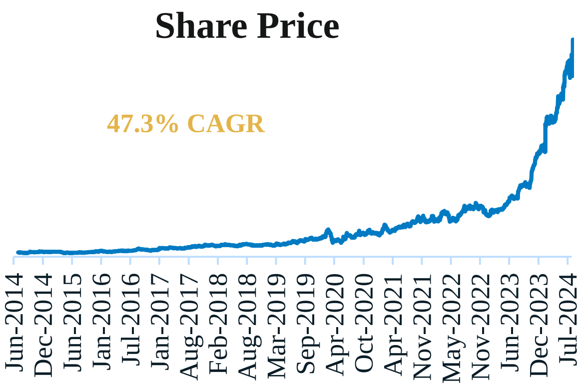
Shrenik Gandhi
(Research Analyst)

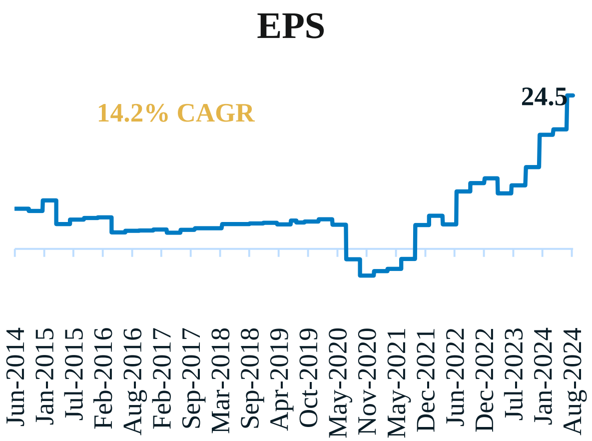
Abhishek Karande
(Dealer – AIF)

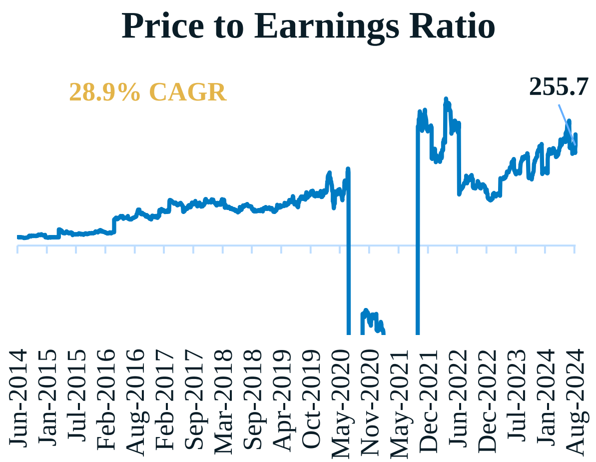
- **Leveraging a strong, in-house pool of research analyst**
- **Access to broker and sell-side reports**

Case Studies

CASE STUDY 1: TRENT







Investment Thesis

- By 2014, Trent had significantly expanded its gross block, laying the foundation for future growth. As a result, growth was beginning to materialize with topline coming back.

- In 2015, Trent's operating leverage began to take effect with OCF turning positive, signaling enhanced operational efficiency. This efficiency was further underscored by successful cost-reduction initiatives, particularly in shrinkage management.

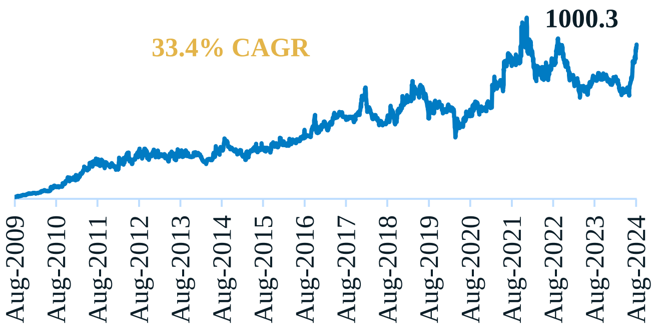
- The gains in operational efficiency were reflected in Trent's working capital management, leading to reduced working capital days and a subsequent increase in ROCE.

- From a macroeconomic perspective, Trent stood to benefit from India's demographic dividend, rising per capita GDP, and an overall economic pickup. These factors provided a strong tailwind for consumer spending and retail growth, aligning perfectly with Trent's strategic positioning.

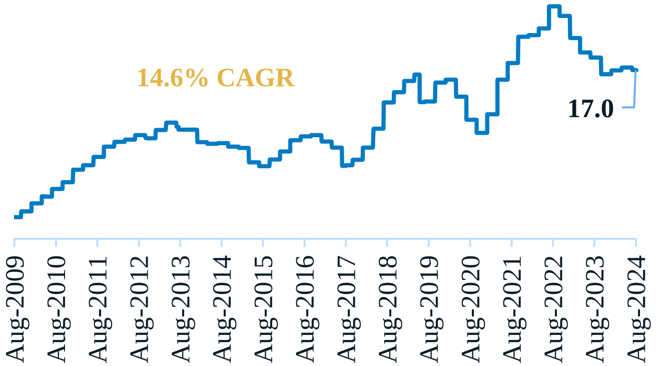
Source: ACE Equity, Spark Capital Data as of 31-Aug-24

CASE STUDY 2: TTK PRESTIGE

Share Price



EPS



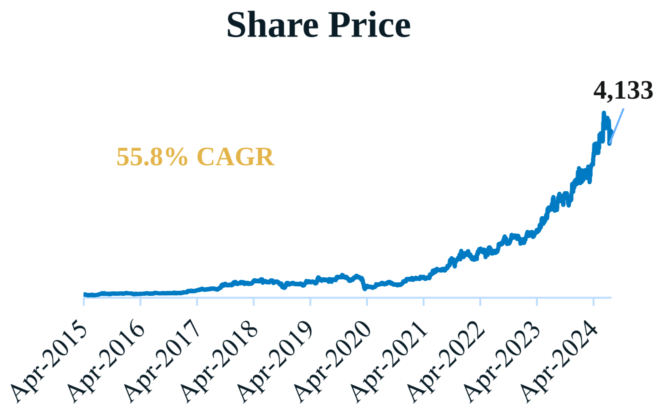
Price to Earnings Ratio

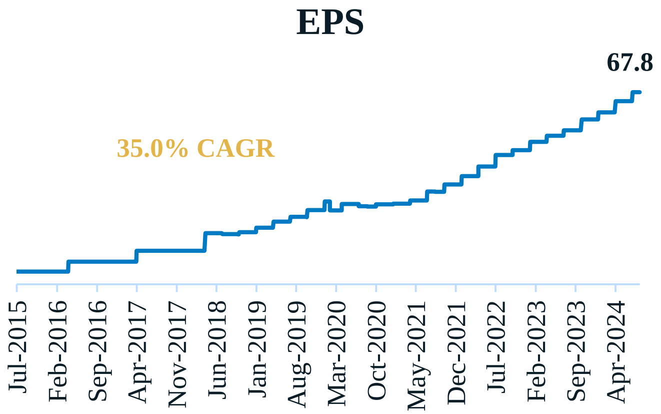
Investment Thesis

- TTK Prestige consistently generated cash profits and maintained positive OCF.
- TTK Prestige boasts a strong asset turnover, indicative of its ability to maximize revenue with minimal investment. This efficiency translates into superior returns, as evidenced by the company’s impressive ROE and ROCE, driven by strong topline growth with low capital requirements.
- A particularly compelling aspect of TTK Prestige’s performance was its ability to increase sales while simultaneously reducing capital employed on an absolute basis. This reflects the company's strategic capital management, enhancing its profitability and return metrics.

Source: ACE Equity, Spark Capital Data as of 31-Aug-24

CASE STUDY 3: KEI INDUSTRIES



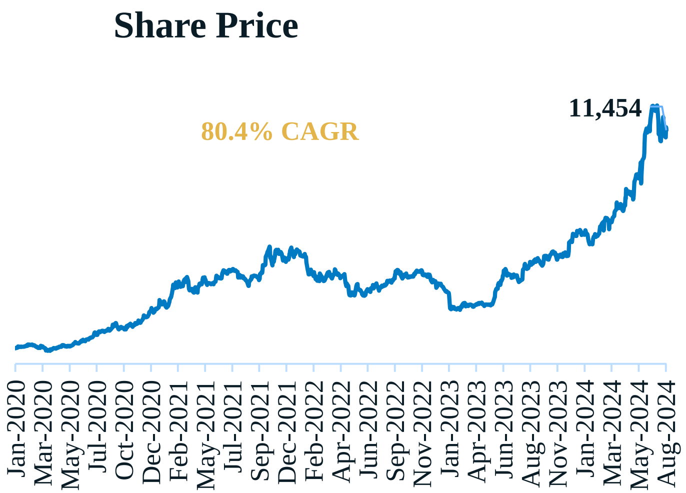


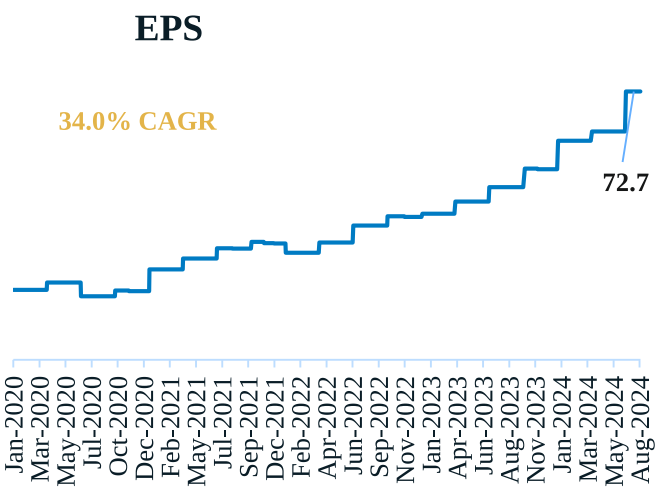
Investment Thesis

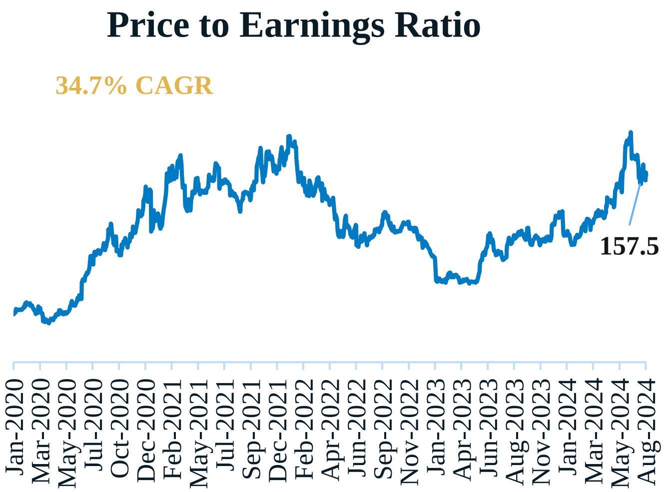
- At the time of our entry, KEI Industries had a market capitalization of approximately ₹600 crores. Despite this modest valuation, the company was generating robust cash flows, with CFO ranging between ₹80 to ₹150 crores annually. Additionally, KEI had a gross block of around ₹450 crores, highlighting its significant asset base.
- While the company had a debt/equity ratio of 1.5x, which contributed to its low valuation, we were reassured by the presence of idle capacity. We anticipated that any improvement in demand would lead to higher utilization rates, effectively addressing concerns related to debt levels.
- KEI's debt was composed of 50% long-term debt and the remainder was working capital debt. We assessed that the debt serviceability was not a significant concern, particularly given the company's guidance that it planned to repay its term debt within three years.
- With the stock trading at approximately 16x trailing earnings at the time of entry, we believed that the market had already priced in most of the negative factors. This provided us with a favorable risk-reward profile.
- The company had a strong product portfolio and was expanding its distribution network

Source: ACE Equity, Spark Capital Data as of 31-Aug-24

CASE STUDY 4: DIXON TECHNOLOGIES





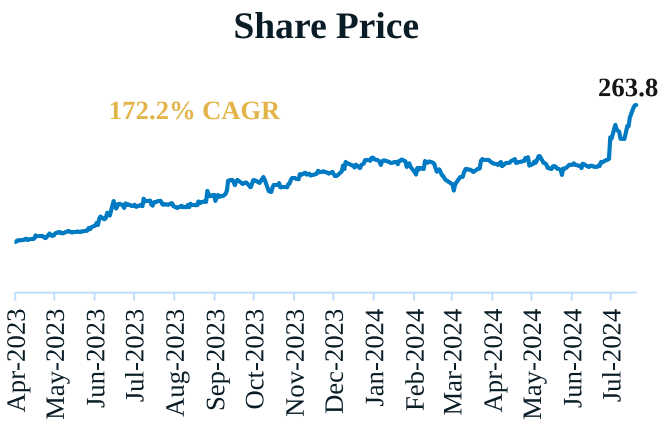


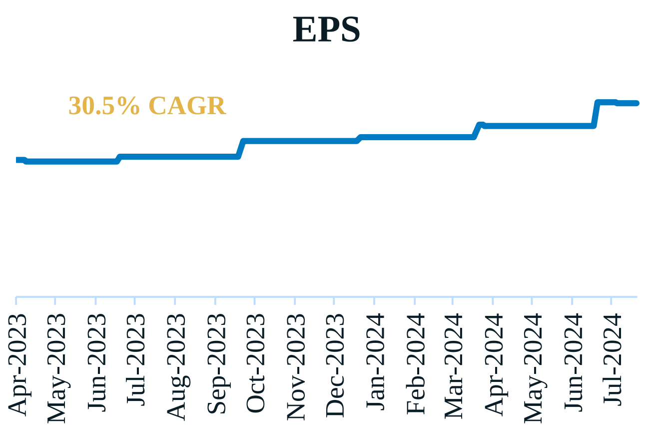
Investment Thesis

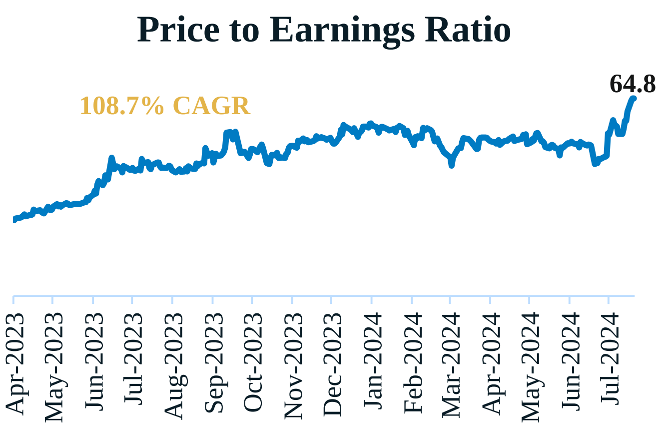
- Dixon Technologies began manufacturing consumer electronics such as color TVs in 1994 and had successfully diversified its product portfolio over the years to include washing machines, mobile phones, and other consumer electronics.
- Dixon had recently invested in expanding its capacities in Consumer Electricals, Lighting, and Mobile Phones, signaling its commitment to growth. Notably, the company had commenced manufacturing for Samsung, a major milestone that underscored its strategic partnerships and expanding customer base.
- Dixon’s gross block, which had nearly doubled from ₹150 crores to ₹300 crores between 2017 and 2019. This substantial increase in assets highlighted the company's aggressive expansion strategy.
- During the 2017-2019 period, Dixon’s topline growth was modest, with a CAGR of 10%. However, in the two quarters preceding our investment, the company’s growth rate had surged to nearly 90-100%, providing strong evidence to the investment thesis.
- Despite operating in markets that were not experiencing robust growth, Dixon’s ability to grow significantly faster than the industry validated its business model and the strength of its service offerings.

Source: ACE Equity, Spark Capital Data as of 31-Aug-24

CASE STUDY 5: ARTEMIS MEDICARE SERVICES







Investment Thesis

- Artemis was a standalone multi-specialty hospital located in Gurgaon, the company was trading at a 30-40% discount to other hospital stocks, primarily due to its single-location operations.
- Despite its standalone nature, Artemis was undertaking several strategic initiatives that were set to enhance its value. The hospital was expanding its capacity by adding 250 beds to its existing 400-bed facility. Brownfield expansions are typically ROCE accretive, and this positioned the company to potentially double its PAT. Artemis was also investing in small cardiac care units, birthing centers, and general healthcare centers, diversifying its service offerings and tapping into new revenue streams. The company was exploring O&M contracts & considering further greenfield expansions.
- Artemis also stood out for its impressive operational metrics. The hospital boasted one of the highest ARPOBs (Average Revenue Per Occupied Bed) in Gurgaon. Furthermore, the stability of its leadership team was notable—no lead doctor had resigned since the hospital's inception in 2008 and their robust ESOP program, ensured that the key stakeholders had "skin in the game," aligning their interests.
- What made it more compelling was the visible margin benefits already reflected in the company's financials on an incremental basis. This indicated that the hospital’s strategic initiatives were beginning to pay off in a big way.

Source: ACE Equity, Spark Capital Data as of 31-Aug-24

Product Details

PGIM INDIA EQUITY GROWTH OPPORTUNITIES FUND - SERIES II: PRODUCT DETAILS

Type of scheme: Close-ended, category III fund

Investment allocation

CATEGORIES	ALLOCATION (AT THE TIME OF INVESTMENT)
Listed equity^	0-100% of NAV
Unlisted equity	Nil
Debt Securities	0-20% of Investable Funds
Derivatives	0 – 10% of the Investable Funds For limited purpose of arbitrage and hedging

Commitment Period: Begins from the date of First Closing and shall end on completion of 12 months from the date of Final Closing.

Minimum Investment Amount: INR 1 Crore

Tenure: 5 years from the First Closing, extendable by up to 2 years with necessary consents.
Launch Date: 13-Oct-2024
First Close Date: 18-Oct-2024
Final Close Date: Within one year from first close date

Investment strategy: The Investment Manager will evaluate micro-cap and small-cap stocks defined as those with INR 1000+ crores of market cap up to the 251st largest stock by market cap. Based on available investment opportunities, the investment manager may invest in mid-cap stocks, defined as the 101st to 250th largest stock by market cap. These stocks will be evaluated on various parameters of safety, growth and valuations. The portfolio will comprise of 30 – 40 stocks

Fund Manager: Mr. Aniruddha Naha

Valuation Day: Valuation Day will typically be the 15th day of each month, provided it is a Business Day and last Business Day of each month.

PGIM INDIA EQUITY GROWTH OPPORTUNITIES FUND SERIES II: PRODUCT DETAILS

Period (after expiry of Lock-in Period)	Applicable Exit Charge
If any redemption request is received between 12 months to 24 months from Final Closing	1.00% of Exit Proceeds
If any redemption request is received after 24 months from Final Closing	Nil

Class of Units	Capital Commitment [INR Cr]	Management Fee [% of Assets]	Hurdle Rate (if any) [Pre-tax IRR %]	Performance Fee (if any) [% over hurdle rate]
Class A Units	1 - 5	2.50	-	-
Class B Units	> 1	1.00	10.0%	20.0%
Class C Units	5 - 25	2.00	-	-
Class E Units	>25	1.50	-	-
Class S Units	For Sponsor/ Investment Manager: 5% (Five Percent) of the Corpus or INR 10,00,00,000 (Indian Rupees Ten Crores), whichever is lower, or such other amount as prescribed under the Regulations (as applicable).			
	For such Eligible Persons who are strategically important/valuable to the Fund: INR 1,00,00,000 (Indian Rupees One Crore).			
	For employees/directors of the Investment Manager: INR 25,00,000 (Indian Rupees Twenty-Five Lakhs) or NIL if such Units are subscribed by employees/directors of the Investment Manager for sharing of profits (as applicable).			

Further, please not the above-mentioned fee structure/class is applicable for investors approaching the fund through a distributor/placement agent. For investors approaching the fund directly or through a SEBI registered intermediary which is separately charging a fee to the investor, such as an Investment Advisory fee or portfolio management fee, there is separate fee structure/class which has lower management fees. For comprehensive details on various classes, fee structure and expenses please refer to the **Private Placement Memorandum** and **Contribution Agreement**

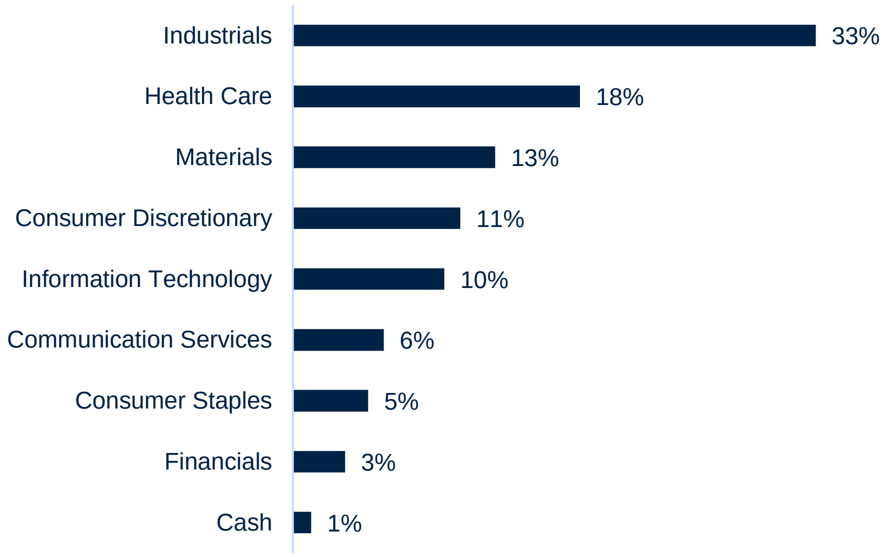
Portfolio Metrics

Portfolio Metrics

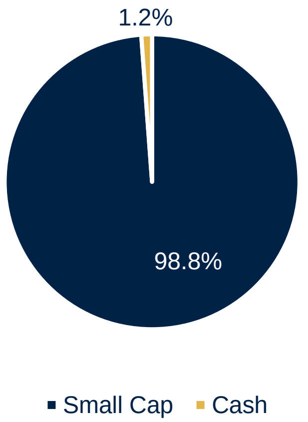
Sr no.	Top 10 Holdings	Weight
1	Data Patterns India Limited	6.6%
2	Vrl Logistics Limited	5.9%
3	Tips Industries Limited	5.8%
4	Bharat Rasayan Limited	5.8%
5	Shyam Metalics And Energy Limited	5.6%
6	Dollar Industries Limited	5.4%
7	Aarti Pharmalabs Limited	5.3%
8	Globus Spirits Limited	4.8%
9	Ram Ratna Wires Limited	4.4%
10	Apollo Micro Systems Limited	4.3%
-	**Total**	**53.9%**

Portfolio Fundamental Attributes	
Return on Equity (ROE)	18.5
Return on Capital Employed (ROCE)	23.5

GICS Sector Classification



Size Break-up



Source: PGIM India Internal, Data as of 31-Mar-2025

About PGIM India Alternates

ABOUT OUR PARENTS - PGIM

PGIM India Alternatives

Global Footprint

Global Depth & Scale

A Leading Global Investment Manager	1400+ Investment Professionals	41 Offices	19 Countries

Source: www.pgim.com and www.prudential.com. This information has been prepared by PGIM, Inc ("PGIM"). PGIM is the premirary asset management business of PFI and is a registered investment advisor with the US SEC. PFI, a company with corporate headquarters in the US, is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

ABOUT PGIM INDIA ALTERNATIVES

PGIM
India Alternatives

Who we are?

At PGIM India Alternatives, our mission is to offer benchmark-agnostic solutions driven by high-conviction ideas and themes that span across our portfolios. We aim to provide complementary and portfolio completion strategies that cater to both the core and peripheral segments of an investor's portfolio.

Key Value Proposition

- **Differentiated strategies:** Our strategies are **benchmark-agnostic**, allowing flexibility in stock selection and portfolio construction without the constraints of traditional indices. This approach focuses on absolute returns and identifying opportunities beyond conventional benchmarks.
- **Robust Investment Process:** We follow a **rigorous investment process** that emphasizes research-driven stock selection, risk management, and continuous portfolio monitoring. Our process is designed to adapt to market cycles while focusing on long-term growth.
- **Global Strength:** Our team leverages the expertise of our global parent, PGIM, a global leader in alternatives. PGIM manages **$323 billion*** in assets across public and private markets, utilizing its extensive experience to deliver superior investment outcomes.
- **Experience Across Multiple Business Cycles:** Our team has experience of navigating **multiple market cycles**, ensuring the ability to adapt strategies based on historical insights and current market dynamics while capitalizing on emerging opportunities.

Products and Journey so far…

- PGIM India Alternates successfully closed its maiden close-ended strategy, PGIM India Equity Growth Opportunities Fund—Series I, in November 2024 and raised over ₹400 crores from a diverse base of investors.
- The strategy was designed to capitalize on India’s emerging growth opportunities, focusing on long-term structural themes like Financialization, Digitization, private capex, and Manufacturing.

Document Number: 9/2025-26

Source: PGIM Alternatives. *As of June 30, 2024

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Thank You