

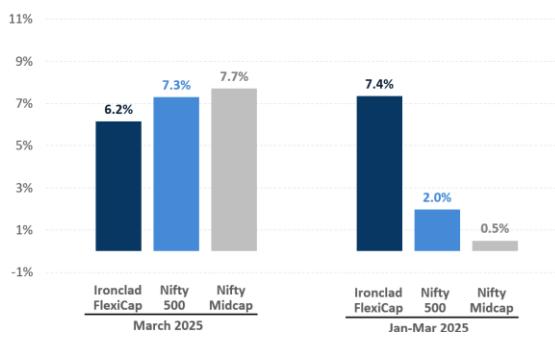


April'25 Investor Update

Dear Investors,

We hope this newsletter finds you well. We're witnessing a landscape shaped by volatility, resilience, and opportunity. With emerging tariffs, shifting macro conditions and evolving capital flows, the Indian equity market continues to be dynamic as ever. At Ironclad Asset Management, we remain anchored to our long-term investing framework rooted in discipline, selectivity, and a deep understanding of business fundamentals.

Performance Update



March 2025 marked a strong rebound from earlier drawdowns, with the Nifty 500 gaining 7.3%. Ironclad Asset Management delivered a return of **6.2%** during the month. Over the past three months combined, Ironclad has generated a **7.4% return**, significantly outperforming the **1.9% gain** in the Nifty 500 and **0.5%** in the Nifty Midcap.

This outperformance underscores our ability to **mitigate downside risk** and reflects the strength of our **robust investment strategy** and **active portfolio management**. Generating positive returns in a challenging market environment highlights the effectiveness of our **stock selection process** and our disciplined **risk management framework**.

Market Overview

Indian equities saw a strong rebound in March, with the Nifty 50 up 6.3%, and the rally sustained momentum into April. Broader participation was evident, with mid and small caps surging 7.8% and 9.5%, respectively. Key sectoral outperformers included Power, Capital Goods, and PSU Banks, while IT was the lone sectoral laggard due to demand led uncertainty related to US Macro. **Retail investors, family offices, DILs, and FPIs all turned net buyers—underscoring improved sentiment after five months of declines.**

Geopolitically, the introduction and subsequent pause of sweeping tariffs by the U.S. created short-term uncertainty. While markets appear to be pricing in the possibility of negotiated softening of these tariffs, if sustained, they could affect global inflation and industrial output adversely. For India, exports contribute about 20% to India's GDP, much lower as compared to over 40% in export-heavy economies like China, Taiwan, and South Korea. India's economy—relatively less dependent on exports—is expected to be **relatively insulated**. Moreover, in long term, India could benefit structurally as global supply chains shift away from China, unlocking longer-term opportunities in manufacturing and exports.

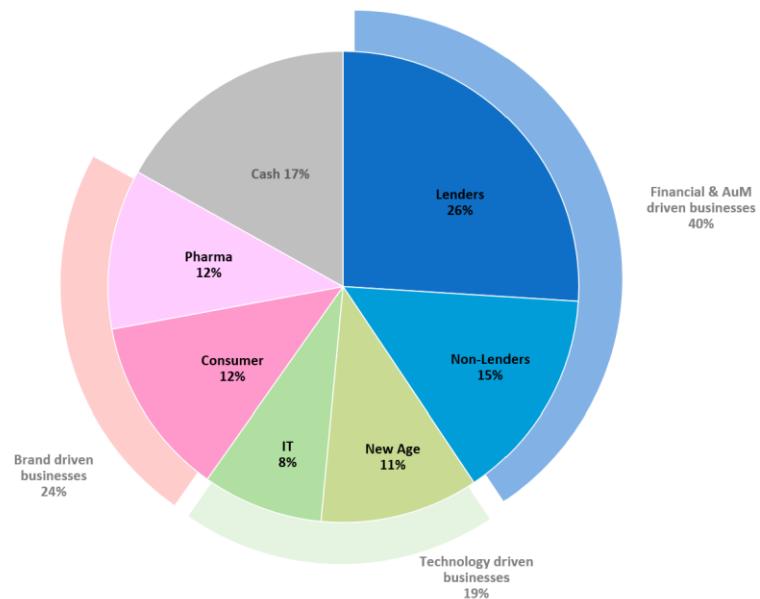
In essence, India remains a net beneficiary of global realignment—less exposed to the downside, and with growing exposure to the upside. With improving macro indicators and a strong earnings season expected, India continues to offer a fertile ground for long-term investors.

About Ironclad PMS and our Investment Strategy

We, at Ironclad Asset Management, are a SEBI Registered Portfolio Management Service (PMS). Our flagship product is a FlexiCap strategy as we believe FlexiCap approach allows us to invest across industries and dynamically adjust exposure to large, mid, and small-cap businesses.

Within our FlexiCap portfolio, we invest across Financial Services, Enduring Brands with high Return on Capital Employed (ROCE), the Innovation Economy, and Special Situations. Our philosophy is rooted in long-term value creation, with a "semi-permanent business owner" mindset rather than a stock trader. Our investment approach draws inspiration from legendary investors such as Warren Buffett, Chuck Akre, and Seth Klarman. We integrate a "value + growth" mindset with a private equity-style diligence process to mitigate risks and prevent permanent capital loss.

Our focus remains on investing in **15-20 high-quality businesses** within 3 key themes :



Overall, we have reduced our allocation to IT Services and Cash. Most of this incremental deployment has gone into Financials – both lenders and non-lenders.

- Financial & AuM driven businesses** – These include lenders (Banks / NBFC's) and non-lenders (AMC's, Insurance) which have consistently delivered strong earnings growth over long term. With rate cuts already started, lenders (especially NBFC's) are expected to see their borrowing costs get repriced lower much faster than assets and are therefore expected to benefit from rate cuts. Rate cuts also reduce the cash outflow for borrowers and thereby reduce the pool of stressed assets on lender balance sheets.

As part of our investment thesis, we'd like to highlight one of our key picks in the financials space — **Prudent Corporate Advisory Services**.

Prudent is India's second-largest non-bank mutual fund distributor, focused on managing wealth for affluent individuals. It operates a classic AUM-driven business model with strong operating leverage, making it well-positioned to benefit from both structural tailwinds and internal efficiencies.

Rs. In Crs	CAGR					
	FY21	FY22	FY23	FY24	TTM	(FY21-25)
Revenue	278	443	605	799	1,070	43%
GM	26%	29%	32%	32%	37%	
Net Profit	45	80	117	139	188	46%

In the long term, Prudent stands to benefit from the secular growth of Indian equity markets. As equity markets grow, its AUM naturally grows with it (historically at ~12–14% net annually). On top of that, organic growth levers — such as expanding its investor and distributor base and increasing SIP inflows from existing clients — contribute an additional 10–12% annual growth in volumes. Importantly, Prudent also reinvests the cash it generates to acquire other mutual fund distributors, further accelerating its AUM growth.

This combination of market-linked, organic, and inorganic growth drivers positions the company to deliver at least 20–25% earnings growth over the long term. It is important to distinguish a AUM linked capital market play from transaction-linked capital market plays (like broking firms) as earnings are a lot less volatile in AUM linked businesses.

We use Prudent to illustrate a broader point: as India grows, many high-quality businesses are capable of compounding earnings at 18-20%+ for extended periods. Our role as portfolio managers is to identify and align with such businesses — staying disciplined, long-term oriented, and growth-focused.

2. **Technology driven businesses** – This is where the maximum impact of US / tariffs is for now. If US slows, a demand led slowdown will also seep into earnings for most IT Services play. We have no exposure to horizontal IT Services. Most of our allocation within IT services is in niche verticals with limited competition, where the impact is relatively modest. Furthermore, pure technology focused new age businesses have limited / no direct impact from US and this for ~60%+ of our total technology exposure.
3. **Brand driven businesses** – Like we explain earlier, brand businesses are companies with 60-70%+ gross margins. These businesses have a consumer-facing brand built over years which allows these businesses to enjoy very high gross margins. These businesses remain relatively less impacted in uncertain times and lend a lot of stability to any portfolio.

Tariffs do not impact the need to consume medicines. Nor do Tariffs change which face wash we use. This is a fundamental strength of brand-based businesses. To explain this, we use **Abbott India** as an example :

Abbott is among the top 20 pharmaceutical companies in India, with a strong focus on women's health, gastroenterology, and other essential therapeutic areas. Some of its best-selling brands include **Thyronorm** (used for managing thyroid conditions), **Duphaston** (commonly prescribed during pregnancy to support hormonal balance), **Cremaffin** (a laxative for constipation), **Digene** (an antacid), and **Influvac** (an influenza vaccine).

Rs. In Crs	CAGR					
	FY21	FY22	FY23	FY24	TTM	(FY21-25)
Revenue	4,310	4,913	5,349	5,849	6,243	10%
Net Profit	691	799	949	1,201	1,334	19%
Net Profit%	16%	16%	18%	21%	21%	
Market Cap	31,300	46,886	58,481	58,481	59,250	19%

As evident from its product portfolio, Abbott caters to fundamental healthcare needs. Many of its products are either prescription-based or available over-the-counter, and demand for them tends to be relatively inelastic — consumers rely on these medications regardless of minor price changes. This combination of steady market demand and the ability to implement price increases has enabled Abbott to grow its revenue at around **10% annually**, while **profit growth has averaged 18–20%**. This trend has been consistent over the last 3, 5, and even 10 years. Consequently, Abbott's market capitalization has grown at a similar pace, delivering steady returns to shareholders.

What makes Abbott particularly valuable is its defensive nature. During periods of market volatility, it acts as a **shock absorber** within portfolios. For example, in **February 2025**, when the broader market declined by 8–

10%, **Abbott rose by ~15%**. In times of uncertainty, investors gravitate toward safer bets — and Abbott fits that profile well.

Abbott may not be a 30% CAGR compounder, but it offers a rare mix of predictable 18–20% earnings growth **plus** enhancing overall portfolio stability.

Why PMS and Why Ironclad?

PMS offers more flexibility and agility as compared to large mutual funds. In a market where size can dilute alpha, our focused strategy and performance-aligned fee structure work in your favor. As mutual fund AUMs swell, their ability to take meaningful positions in mid-sized companies becomes constrained. PMS portfolios, on the other hand, can navigate these opportunities more effectively.

The Power of Staying Invested

We continue to reiterate the importance of staying invested in high-quality businesses through cycles. Businesses compounding at 18–20% annually can grow wealth manifold over the years. Corrections are an investor's best friend when approached with discipline and patience.

Looking Ahead

We are monitoring global developments, especially around tariffs and capital flows, but our core thesis remains unchanged. India's long-term structural growth and improving macro indicators remain our guiding compass. We thank you for your continued trust in Ironclad Asset Management.

For any queries, please feel free to reach out to us.

Warm Regards,
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