

# Marcellus Investment Managers

An investment strategy for Indian Public Equities

October 2025

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Private and confidential



**Circulation not intended for US Clients**

# Marcellus Investment Managers



- Who we are and what we do?
- Investment Philosophy and proprietary research process
- Bottom-up research process and case studies
- Fee Structure
- Performance
- Factsheet
- Disclaimers

# Introduction – who we are and what we do?



## Team: Long-term working relationship

- Employee-owned boutique and Indian & Global public equities; founded in Dec-2018
- The core team worked together for ~15 years, during which they built two successful and independent research firms in the UK and in India . Research team handpicked and trained internally

## Strategy: Long only Indian equities

- India is the world's fifth largest and fastest-growing major economy which allows ample growth runway for well run companies (clean governance, good capital allocation and capable managements)

## Philosophy: Quality over quantity

- Invest in a concentrated portfolio of clean and high-quality compounders with low churn
- Ignore short term noise and focus on consistent free cash flow compounding of investee companies

## Process: In-depth bottom-up research

- Team of investment professionals trained in forensic accounting and focussed on bottom up research
- Proprietary research framework that uses extensive primary research to ascertain moats, capital allocation, growth longevity and succession planning

# Key Team Members



**Saurabh Mukherjea is the Founder and CIO of Marcellus.** Saurabh was educated at the London School of Economics where he earned a BSc in Economics (with First Class Honours) and an MSc in Economics. In London, Saurabh was the co-founder of Clear Capital and in 2007. In 2019, Saurabh was part of the Expert Committee constituted by SEBI to upgrade the PMS regulations. Saurabh has written many bestselling books.



**Tej Shah manages Marcellus' Curated portfolio.** Tej worked at Mayfield, a Silicon Valley headquartered venture capital fund which manages \$3Bn globally and \$220Mn in India. Tej spent 2 years as a part of Mayfield India's investment team covering multiple sectors and being at the centre of India's evolving venture ecosystem. Prior to Mayfield, Tej was a part of the equity and capital markets team of Ambit Capital where he was involved in the end to end execution of IPOs, QIPs and buybacks. Tej is a Chartered Accountant and has cleared all levels of the CFA exam. He holds a B. Com degree from Ahmedabad University.

# Five Mega Themes making their way into our portfolio



W . E . S . C . O



Women

Urban Indian Women Have More Money in the Bank Than Men



Education

For the first time, people from non-IIT, non-IIM, non-foreign degrees run the majority of Nifty50 companies



South

Seven Southern states have per capita incomes 50% higher than the rest of the country



China+1

China's Unravelling and Creation of a US\$ 300 Billion per annum opportunity for India



Octopus

Emergence of ~200K octopi families whose wealth has surged more than 16x in the last 20 years

# Why Curate?



45-50 stocks that clear our proprietary research filters and process

Diversified to include quality companies from various sectors and across market cap

Focus on absolute returns. No index hugging

Account for client-specific considerations such as focus on small/mid-caps, liquidity etc.

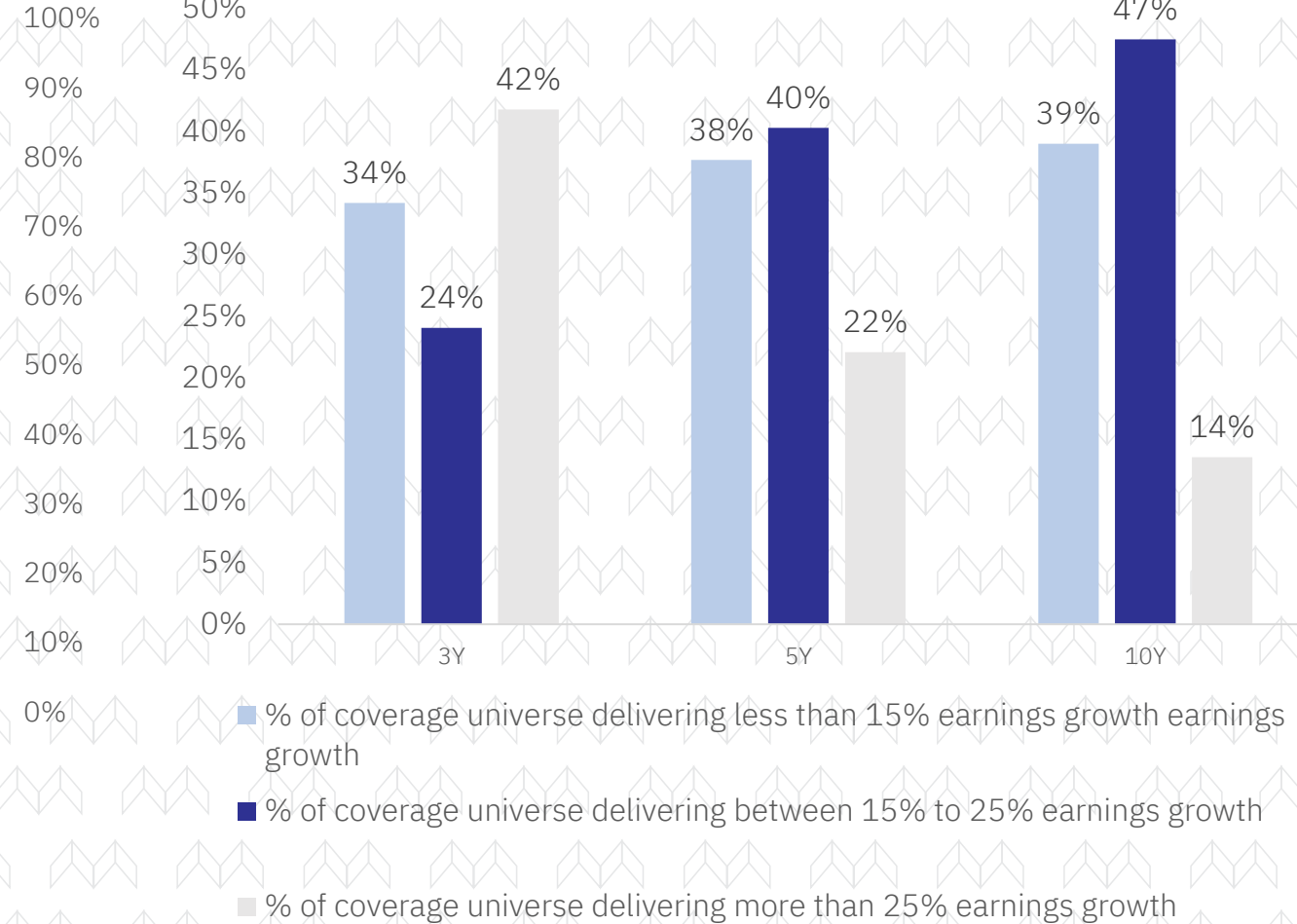
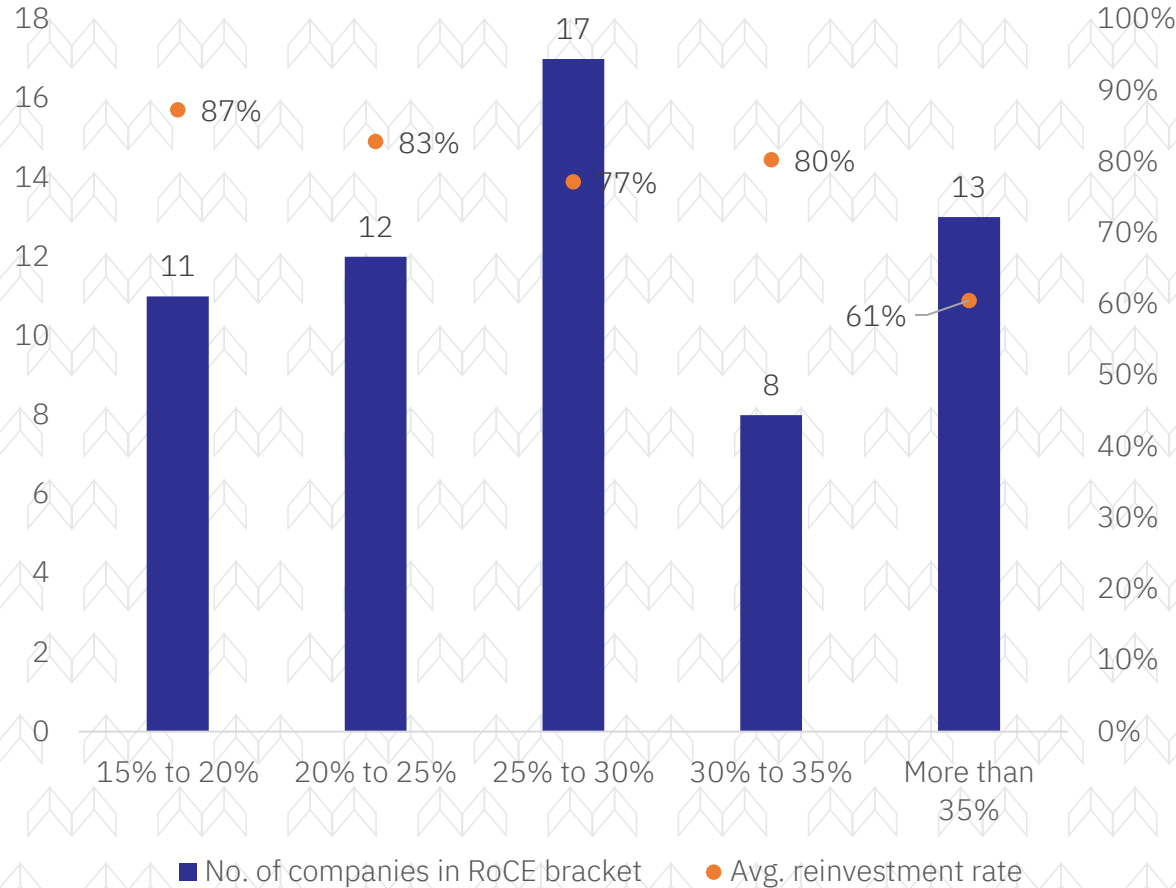
**Optimal portfolio**

# We invest in companies where high ROCE + high reinvestment results in healthy earnings growth..



More than 80% of the coverage universe consists of companies with RoCEs in excess of 20% and high reinvestment rate (FY19-24)

Two thirds of the coverage universe delivers 15%+ earnings growth across time periods (FY14-24)



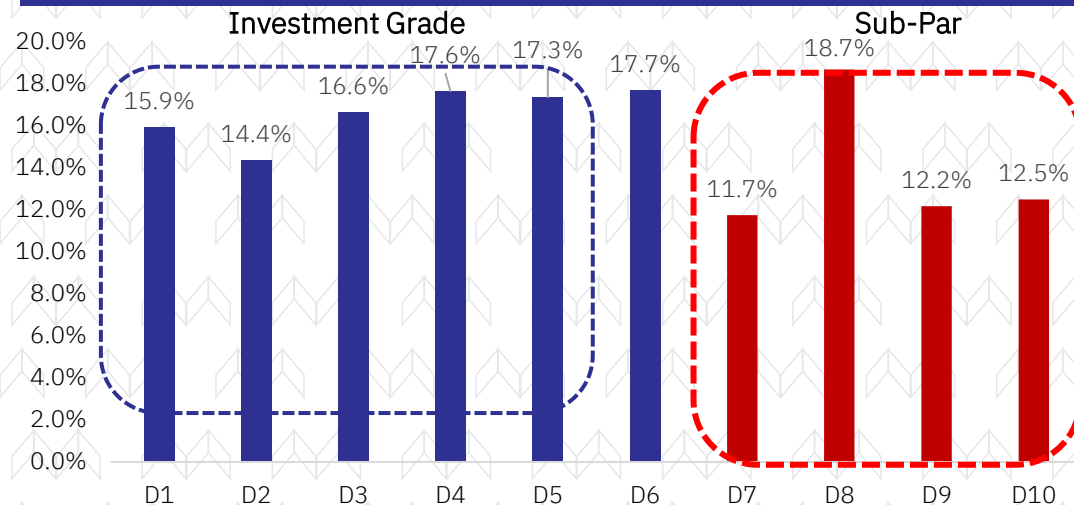
# ..while maintaining Focus on Forensics and Governance



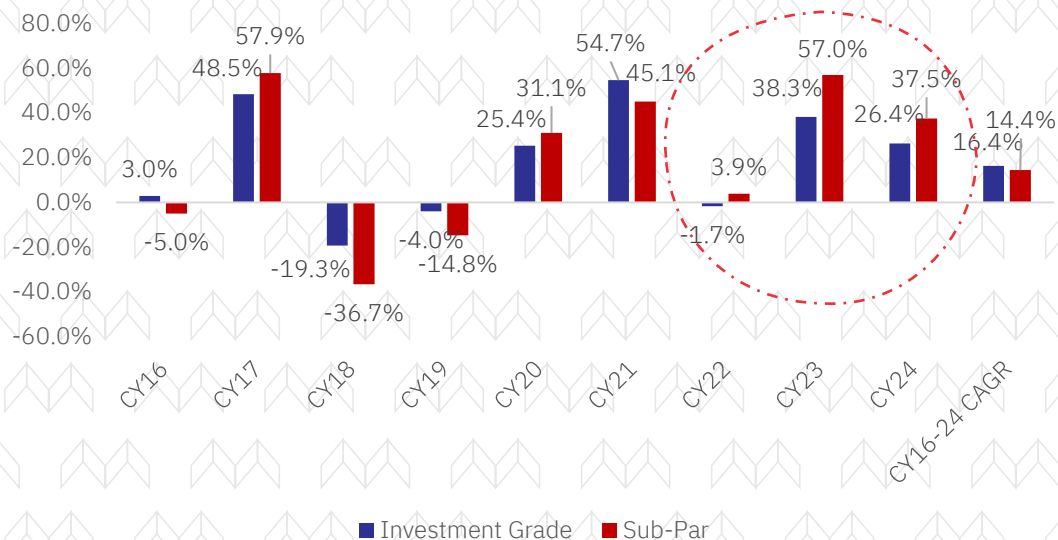
## The forensic analysis toolkit

Category	Ratios
Income statement checks	(1) Cashflow from operations (CFO) as % of EBITDA (2) Provisioning for Debtors
Balance sheet checks	(3) Yield on cash and cash equivalents (4) Contingent liabilities as % of Networth (for the latest available year)
Cash theft checks	(5) CWIP to gross block
Auditor checks	(6) Growth in auditors' remuneration to growth in revenues

## Investment returns (2017-24) basis accounting deciles



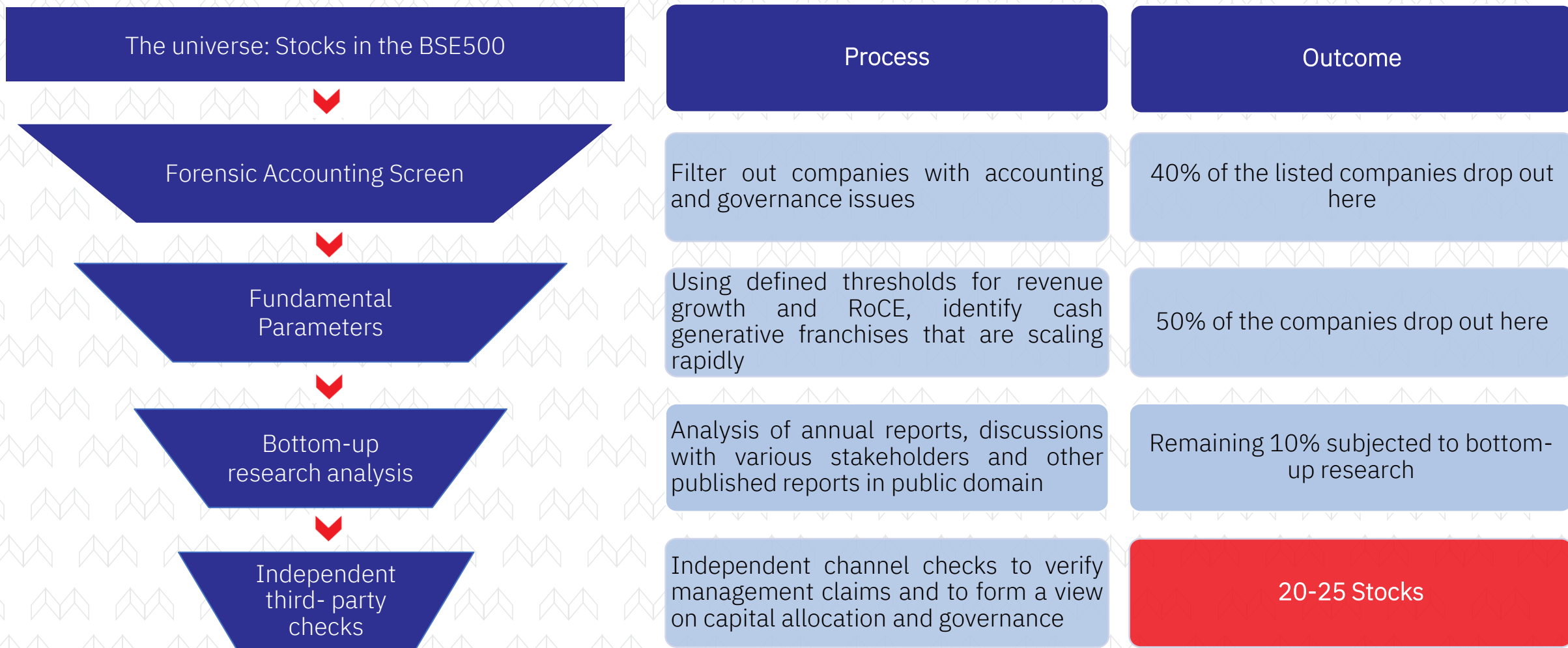
## Quality wins in the long run but the last 3 yrs were tough



## Sub-par companies seldom improve (and vice versa)

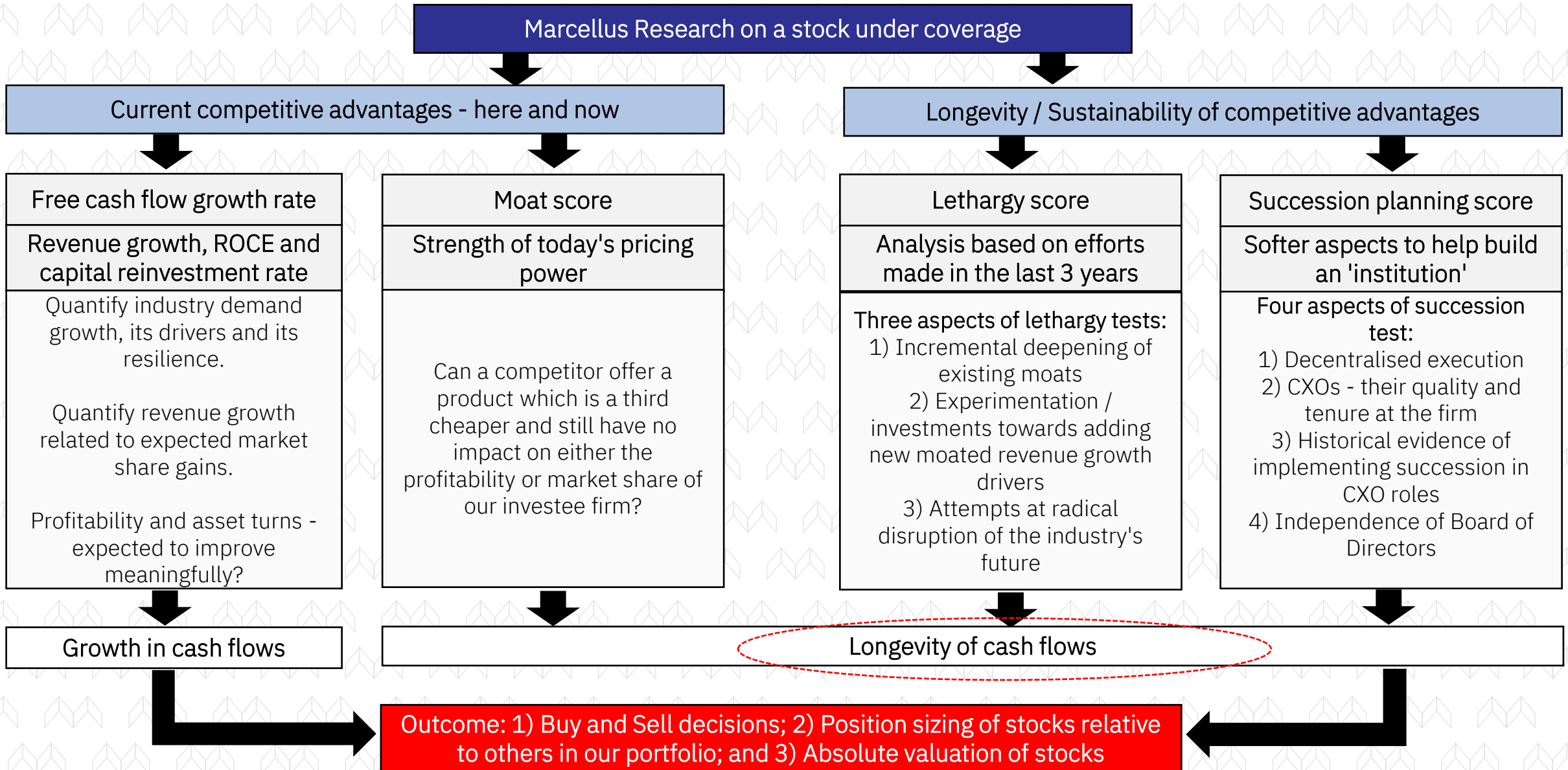
Forensic decile	T+1									
	D1	D2	D3	D4	D5	D6	D7	D8	D9	D10
D1	68%	20%	5%	3%	3%	2%	0%	0%	0%	0%
D2	20%	39%	21%	9%	4%	2%	2%	2%	0%	0%
D3	6%	22%	31%	21%	9%	4%	3%	2%	2%	0%
D4	3%	8%	22%	28%	21%	8%	4%	3%	3%	0%
D5	2%	4%	9%	20%	26%	22%	9%	4%	2%	2%
D6	2%	3%	5%	8%	20%	26%	21%	10%	4%	2%
D7	0%	2%	3%	4%	7%	18%	31%	23%	8%	3%
D8	2%	3%	2%	2%	4%	9%	19%	31%	22%	5%
D9	0%	0%	2%	2%	3%	4%	8%	19%	43%	19%
D10	0%	0%	2%	0%	2%	2%	4%	6%	17%	66%

# Portfolio construction process



*Note: The fund manager maintains discretion on stock inclusion in the portfolio. In case, a stock does not clear the above filters, the fund manager must record and present to the Investment committee for approval with the reasons for such inclusion*

# Longevity analysis – Quantify qualitative aspects



# Longevity analysis feeds into our ROCEs, reinvestment, EPS & valuation ests

ROCE x Reinvestment Rate = Growth in capital employed

ROCE is driven by our perception of pricing power, the strength of the moat & the nature of rivalry in that industry

Growth in revenues, profits and FCF

Reinvestment rate is driven by our reading of annual reports (re. planned capex) and our assessment of TAM basis meetings with management, ex-employees, customers & competitors

EPS growth + Cash returned to shareholders + Expected change in P/E = Expected IRR

“Expected change in P/E” is a function of the company’s ability to grow faster than the market average

Expected IRR drives position sizing

Other than IRR, position sizing also reflects: (a) quality of succession planning; and (b) liquidity of the stock.

# MCP investees are compounding earnings at a good rate



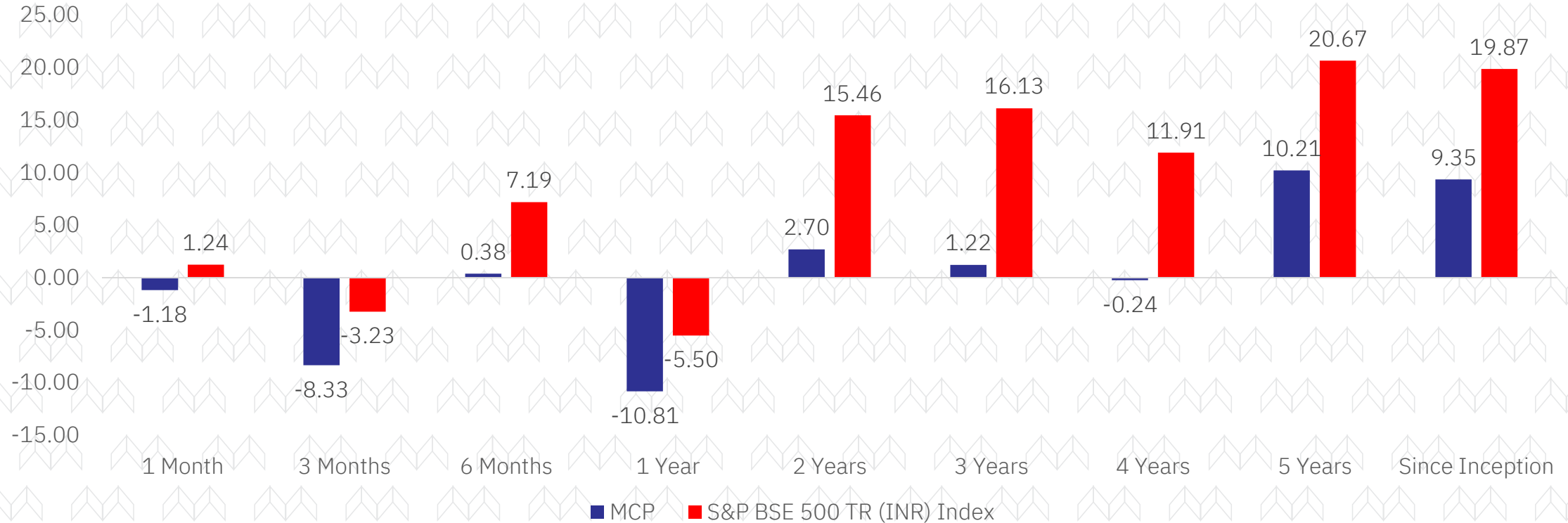
Stock Name	FY19-25 CAGR			Q1FY26 YoY	
	Revenue	EPS	ROCE (Avg)	Revenue	EPS
HDFC Bank	16%	13%	16%	31%	11%
Narayana Hrudayalaya	12%	44%	21%	15%	-2%
Eicher Motors	16%	21%	23%	15%	9%
Bajaj Finserv	22%	30%	12%	13%	30%
Trent	34%	26%	29%	16%	-14%
HCL Tech	11%	9%	29%	8%	4%
Pidilite	12%	12%	29%	11%	19%
Cholamandalam Inv	27%	32%	19%	27%	18%
Divis Labs	12%	10%	25%	14%	27%
Tube Investments	34%	26%	29%	16%	-14%
Tata Consumer	19%	22%	9%	10%	5%
Asian Paints	11%	8%	33%	0%	-6%
Dr Lal Pathlabs	15%	17%	30%	11%	26%
Info Edge	16%	24%	33%	15%	12%
ICICI Lombard	16%	14%	19%	14%	28%
CMS Infosystems	12%	20%	27%	5%	2%
L&T Tech Services	14%	9%	35%	16%	1%
Triveni Turbine	19%	29%	33%	-20%	-20%
Samhi Hotels	13%	NA	3%	9%	250%
Clean Science	18%	14%	45%	8%	6%
Persistent Systems	29%	15%	27%	22%	39%
Jash Engineering	23%	33%	22%	11%	NA
ICRA	9%	10%	20%	8%	19%
Garware	10%	13%	23%	9%	18%
<b>Weighted Avg</b>	<b>17%</b>	<b>19%</b>	<b>23%</b>	<b>13%</b>	<b>14%</b>

Source: Marcellus Investment Managers; Ace Equity; Note: (a) In case of lenders; Total Income (Net Interest Income+ Other income) is considered as revenue. Portfolio is as of 31<sup>st</sup> August 2025.

# Live portfolio performance (as of 30<sup>th</sup> Sep 2025)



## MCP Portfolio performance vs benchmark



Figures shown are in %

Disclaimer "Performance Data shown is net of fixed fees and expenses charged till 30<sup>th</sup> September 2025 and is net of Performance fees charged for client accounts, whose account anniversary / performance calculation date falls upto the last date of this performance period; Returns above 1 Year has been annualized; other time period returns are absolute. The calculation or presentation of performance results in this publication has NOT been approved or reviewed by the SEC, SEBI or any other regulatory authority.

\*For relative performance of particular Investment Approach to other Portfolio Managers within the selected strategy, please refer. Under PMS Provider Name please select Marcellus Investment Managers Private Limited and select your Investment Approach Name for [APMI \(apmiindia.org\)](http://apmiindia.org) the stated disclosure.

# MCP Factsheet

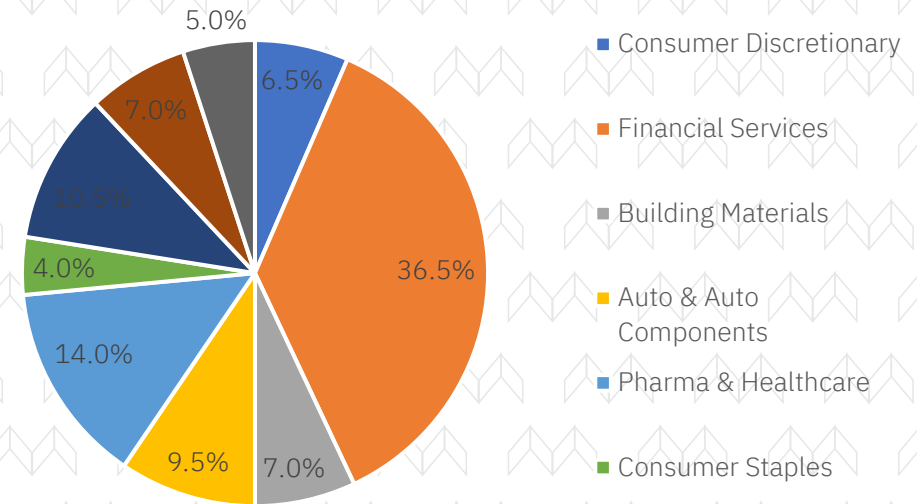


Fund Details	
Strategy Name	Marcellus Curation Portfolio
Fund Manager	Tej Shah
AUM In INR Crs	120.17
Category	Multi-Cap
Benchmark	BSE 500 Total Return index

Top 5 Holdings (accounts for ~30% of allocation)	
HDFC Bank	Financials
Cholamandalam Inv and Fin Co	Financials
Divi's Laboratories	Pharma & healthcare
ICICI Bank	Financials
Eicher Motors	Auto & Auto components

Market-Cap Wise Allocation	
Large-Cap	59.5%
Mid-Cap	22.0%
Small-Cap	13.5%
Cash	5.0%

## Sector Wise Allocation



Large cap defined as M.cap > US\$ 10 bn; Mid-cap as US\$ 1 – 10 bn and small cap less than US\$ 1 bn.

Portfolio Metrics	
Wtd Avg Market Cap (INR Cr.)	3,01,065
Portfolio P/E	46.10
Churn Ratio (TTM)*	45.9%

\*based on stock entry/ exit from the portfolio

# FEE STRUCTURE



Following Options offered:

- A fixed fees model (2.50% p.a. fixed fees + zero performance fees) or
- A hybrid model (1.50% p.a. fixed fees + performance fees of 15% profit share above a hurdle of 10%, no catch-up).

*High water mark applies for performance fees; Minimum investment: INR 50 lacs*

We also have an STP (Systematic Transfer Plan) plan using which clients can stagger their investment in tranches spread over 5 months :- <https://marcellus.helpscoutdocs.com/article/96-stp>

Existing Investors have the option to save and invest regularly in Marcellus Funds through Systematic Investment Plan (SIP) :- <https://marcellus.helpscoutdocs.com/article/100-systematic-investment-plansipfaqs>

# Disclosures



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Thank you!

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