

# Quant Strategy – Value Momentum – April 2025

A quantitative strategy with focus on long-only  
equity investing

Monthly Update

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## Executive Summary

**Purpose of the report:** The purpose is to create a strategy that invests in stocks available at attractive valuations, showing consistent momentum, and generates attractive risk-adjusted returns purely based on quantitative parameters without any human intervention.

**Why quantitative strategy?:** In today's data-rich environment, sifting through the constant streams of information has become crucial to discern what's truly valuable and cut out the noise. However, due to inherent human biases, distinguishing between relevant information and irrelevant information has become exceedingly challenging. Ultimately, only a handful of factors significantly impact stock returns, and by focusing on key factors, achieving substantial outperformance becomes plausible.

**Methodology:** We created a Quantitative strategy and Backtested the portfolio of stocks with reasonable valuations and strong momentum from April 2013 to August 2024 (11.4 Years), using the Historical Nifty 500 as our starting universe. The steps involved in the selection of stocks have been highlighted [here](#).

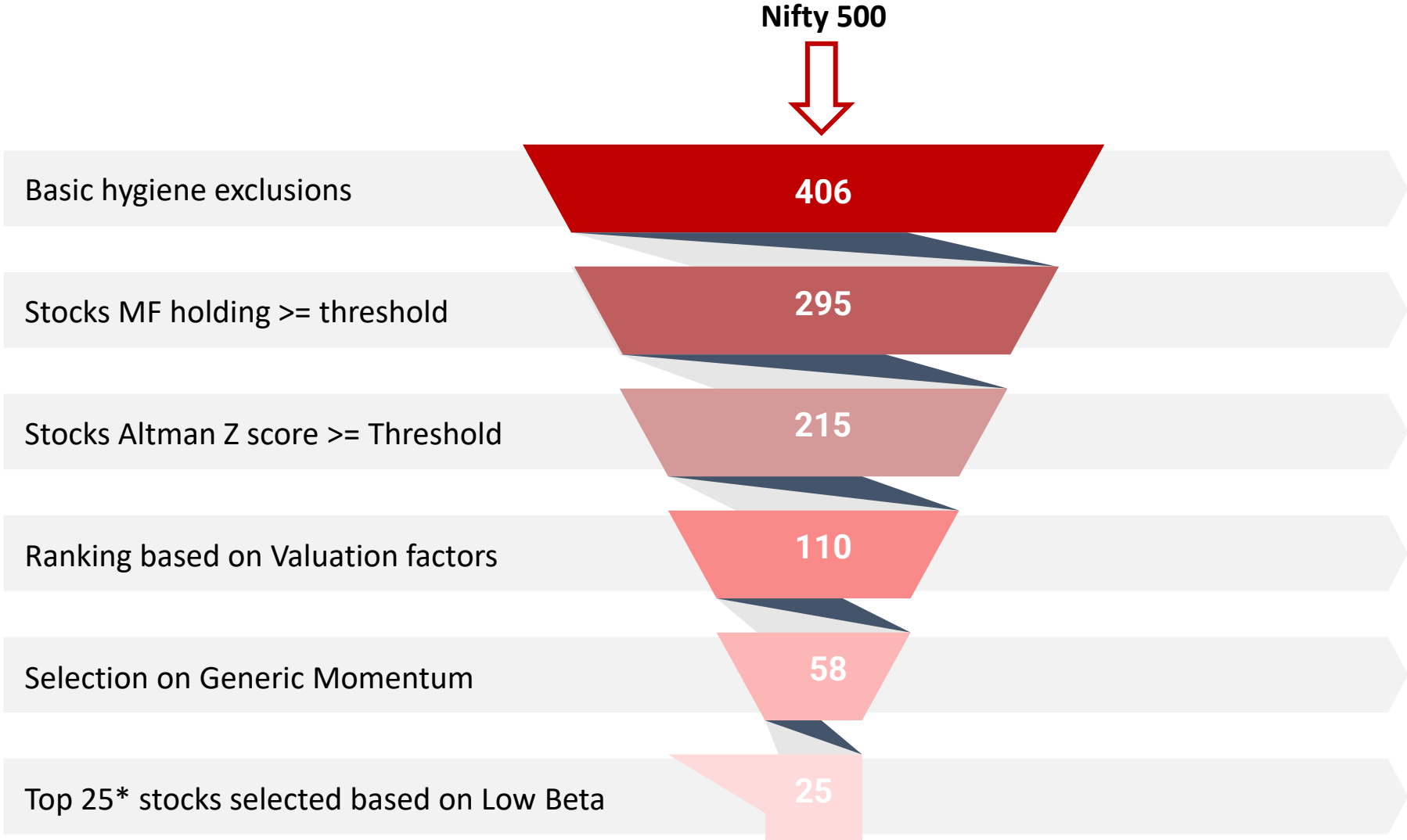
**Key Findings:** In the past 11+ years, this strategy has outperformed the Nifty 500, generating an alpha of 16.9% and delivering a 32.0% CAGR. It outperformed the benchmark in 10 out of 11 years and experienced a relatively low drawdown and standard deviation compared to the benchmark.

**Conclusion:** Value & Momentum are complementary strategies as Value & Momentum strategies tend to perform well at different times in the market cycle. Value strategies often do well in stable or declining markets, while Momentum strategies excel in trending markets. This negative correlation between the two strategies helps in smoothing out returns and reducing overall portfolio volatility.

### Assumptions:

- **Nifty 500:** Nifty 500 as the starting universe has been considered. This universe includes de-listed, amalgamated companies as well to remove survivorship bias in the universe. Further, the Nifty 500 as of April of every year is considered for an entire year.
- **Lag Effect:** It bakes in a 7-month lag to the Financial Year ending and a 2-month lag to the Quarter ending. For example, March 2022 year-ending numbers are announced somewhere by May 2022 end, but they are incorporated in our model (just for the purpose of backtesting) until October '22.
- **Return Computation:** In return computation, monthly rebalance is assumed. And at every rebalance, portfolio wt. is reset to equal wt. Return computation does not include dividends.
- **Data cleaning:** Companies that have not reported their year ending for more than 2 years have been removed from the backtest, checked at the end of every month
- **Data Source:** Ace Equity, NSE

Selection & Filtration Criteria



## Value Momentum Factsheet:

Investment Information			
Launch Date	30 <sup>th</sup> Aug 2024	Total Stocks	25
Category	Multi Cap	Benchmark	Nifty 500
Nifty 500 Performance	-10.3%	VM Strategy Performance	-15.8%
Standard Deviation*	16.6%	Max Drawdown %	-21.7%

*\*Annualized*

*Performance is from 30<sup>th</sup> August 2024 – 15<sup>th</sup> April 2025*

### Recommended Exits

Company Name	NSE Sector	Date of Exit	Market Cap	PE
			(Rs. Bn)	
JB Chemicals & Pharmaceuticals Ltd.	Healthcare	16 <sup>th</sup> Apr 2025	248	38.7
Bajaj Auto Ltd.	Automobile and Auto Components	16 <sup>th</sup> Apr 2025	2,233	29.6
Eicher Motors Ltd.	Automobile and Auto Components	16 <sup>th</sup> Apr 2025	1,516	34.1
Crompton Greaves Consumer Electricals Ltd.	Consumer Durables	16 <sup>th</sup> Apr 2025	216	41.2
Coromandel International Ltd.	Chemicals	16 <sup>th</sup> Apr 2025	646	39.2

### Recommended Entries

Company Name	NSE Sector	Date of Entry	Market Cap	PE
			(Rs. Bn)	
Dabur India Ltd.	Fast Moving Consumer Goods	16 <sup>th</sup> Apr 2025	840	46.7
Pfizer Ltd.	Healthcare	16 <sup>th</sup> Apr 2025	192	31.2
Dr. Reddy's Laboratories Ltd.	Healthcare	16 <sup>th</sup> Apr 2025	964	17.9
Cipla Ltd.	Healthcare	16 <sup>th</sup> Apr 2025	1,197	24.0
Blue Dart Express Ltd.	Services	16 <sup>th</sup> Apr 2025	150	54.7

## Changes in Portfolio

### New Portfolio

Rank	Company Name
1	Dabur India Ltd.
2	Ajanta Pharma Ltd.
3	Pfizer Ltd.
4	Dr. Reddy's Laboratories Ltd.
5	Cipla Ltd.
6	HCL Technologies Ltd.
7	Narayana Hrudayalaya Ltd.
8	Sun Pharmaceutical Industries Ltd.
9	Ipca Laboratories Ltd.
10	Infosys Ltd.
11	V-Guard Industries Ltd.
12	K.P.R. Mill Ltd.
13	Lupin Ltd.
14	Syngene International Ltd.
15	LTIMindtree Ltd.
16	Shree Cement Ltd.
17	CCL Products (India) Ltd.
18	Maruti Suzuki India Ltd.
19	eClerx Services Ltd.
20	Blue Dart Express Ltd.
21	Tech Mahindra Ltd.
22	Aurobindo Pharma Ltd.
23	Endurance Technologies Ltd.
24	Emami Ltd.
25	Aegis Logistics Ltd.

### Old Portfolio

Rank	Company Name
1	Ajanta Pharma Ltd.
2	HCL Technologies Ltd.
3	Narayana Hrudayalaya Ltd.
4	Sun Pharmaceutical Industries Ltd.
5	Ipca Laboratories Ltd.
6	JB Chemicals & Pharmaceuticals Ltd.
7	Infosys Ltd.
8	V-Guard Industries Ltd.
9	K.P.R. Mill Ltd.
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13	Shree Cement Ltd.
14	CCL Products (India) Ltd.
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16	eClerx Services Ltd.
17	Tech Mahindra Ltd.
18	Bajaj Auto Ltd.
19	Aurobindo Pharma Ltd.
20	Endurance Technologies Ltd.
21	Emami Ltd.
22	Aegis Logistics Ltd.
23	Eicher Motors Ltd.
24	Crompton Greaves Consumer Electricals Ltd.
25	Coromandel International Ltd.

## Details of Portfolio stock

As of 16<sup>th</sup> Apr'25

Rank	Company Name	NSE Sector	Market Cap (Rs. Bn)	MF Holding	Altman Z Score	PE	EV EBITDA	EV Sales	Price to Book	Price to CFO	Momentum %	Beta
1	Dabur India Ltd.	Fast Moving Consumer Goods	840	6.2	12.0	46.7	35.3	6.6	8.1	15.8	1%	0.23
2	Ajanta Pharma Ltd.	Healthcare	328	14.9	24.3	36.5	26.0	7.1	9.2	15.3	20%	0.43
3	Pfizer Ltd.	Healthcare	192	11.3	22.8	31.2	24.4	7.7	5.3	15.0	-1%	0.44
4	Dr. Reddy's Laboratories Ltd.	Healthcare	964	11.1	9.0	17.9	11.1	3.0	3.4	7.3	-8%	0.44
5	Cipla Ltd.	Healthcare	1,197	20.5	16.3	24.0	16.6	4.3	4.5	11.2	6%	0.47
6	HCL Technologies Ltd.	Information Technology	3,871	8.2	10.8	22.7	14.4	3.1	5.7	6.7	2%	0.50
7	Narayana Hrudayalaya Ltd.	Healthcare	355	5.5	10.1	45.3	29.4	6.6	12.3	13.5	22%	0.51
8	Sun Pharmaceutical Industries Ltd.	Healthcare	4,091	12.2	16.4	34.5	27.4	7.8	6.1	15.7	9%	0.53
9	Ipca Laboratories Ltd.	Healthcare	347	29.6	6.5	40.1	22.6	4.2	4.5	13.3	-2%	0.53
10	Infosys Ltd.	Information Technology	5,923	20.1	10.5	21.4	14.8	3.5	6.7	8.3	8%	0.54
11	V-Guard Industries Ltd.	Consumer Durables	159	19.7	10.1	53.1	32.3	3.0	8.7	20.3	-2%	0.56
12	K.P.R. Mill Ltd.	Textiles	349	15.1	17.0	42.3	28.7	5.9	8.0	23.7	8%	0.56
13	Lupin Ltd.	Healthcare	919	16.9	8.2	32.0	18.8	4.3	6.4	15.5	22%	0.63
14	Syngene International Ltd.	Healthcare	290	15.4	11.4	61.9	27.9	7.9	6.8	11.9	-8%	0.64
15	LTIMindtree Ltd.	Information Technology	1,279	5.4	14.1	28.0	18.4	3.2	6.4	10.6	-7%	0.66
16	Shree Cement Ltd.	Construction Materials	1,123	9.9	12.7	91.8	27.5	5.6	5.4	13.1	9%	0.67
17	CCL Products (India) Ltd.	Fast Moving Consumer Goods	82	19.0	4.5	30.0	18.9	3.2	4.9	23.8	-1%	0.67
18	Maruti Suzuki India Ltd.	Automobile and Auto Components	3,727	15.6	10.3	25.6	17.9	2.6	4.4	12.7	-7%	0.68
19	eClerx Services Ltd.	Services	119	22.1	15.1	23.0	13.8	3.4	5.3	8.2	2%	0.68
20	Blue Dart Express Ltd.	Services	150	8.9	5.3	54.7	16.7	2.6	11.0	6.2	-5%	0.69
21	Tech Mahindra Ltd.	Information Technology	1,274	16.0	8.1	34.0	19.6	2.3	4.5	7.4	18%	0.71
22	Aurobindo Pharma Ltd.	Healthcare	659	17.8	5.1	18.2	10.2	2.2	2.2	6.7	1%	0.75
23	Endurance Technologies Ltd.	Automobile and Auto Components	270	7.1	8.5	33.7	17.4	2.3	5.4	10.2	4%	0.75
24	Emami Ltd.	Fast Moving Consumer Goods	264	19.4	43.7	33.3	25.7	7.0	10.7	12.2	24%	0.76
25	Aegis Logistics Ltd.	Oil, Gas & Consumable Fuels	269	6.6	6.4	46.5	27.3	3.9	6.0	20.8	51%	0.82
NA	JB Chemicals & Pharmaceuticals Ltd.	Healthcare	248	14.6	10.9	38.7	24.6	6.4	8.5	15.5	-16%	
NA	Bajaj Auto Ltd.	Automobile and Auto Components	2,233	6.2	16.0	29.6	21.8	4.5	7.7	13.9	-17%	
NA	Eicher Motors Ltd.	Automobile and Auto Components	1,516	11.3	20.5	34.1	33.1	8.6	8.4	18.8		
NA	Crompton Greaves Consumer Electricals Ltd.	Consumer Durables	216	43.9	6.5	41.2	26.2	2.8	6.3	10.1	18%	0.87
NA	Coromandel International Ltd.	Chemicals	646	16.5	9.2	39.2	24.7	2.7	6.8	15.8	59%	0.93

Momentum is price performance of the stock in the last 12 months, excluding recent month

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