

# Quant Strategy – Value Momentum – March 2025

A quantitative strategy with focus on long-only  
equity investing



Devin Joshi, *Research Analyst*  
Devin@keynoteindia.net



## 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](#).

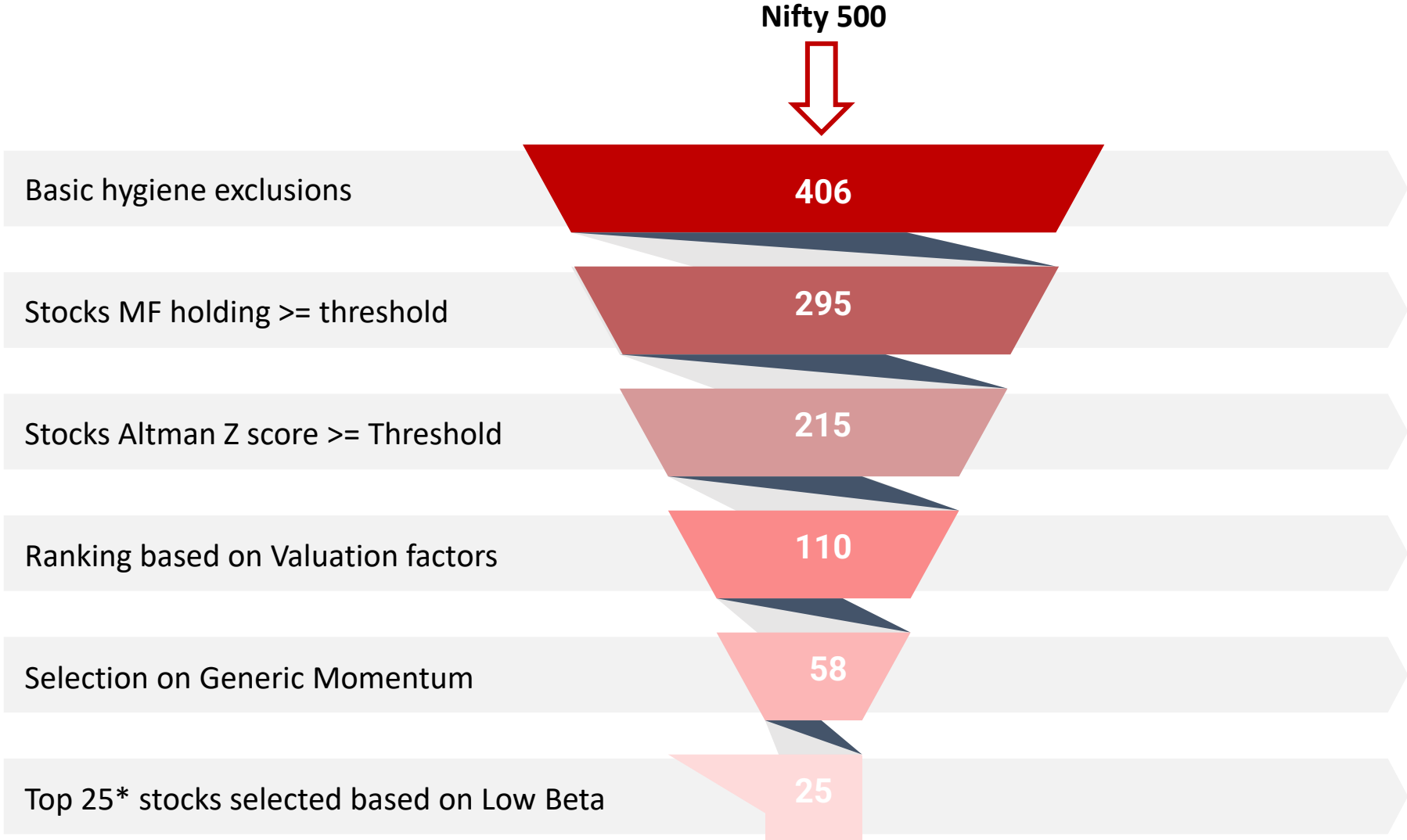
**Key Findings:** In the past 11+ years, this strategy has outperformed the Nifty 500, generating an alpha of 16.9% and delivering a 32.0% CAGR. It outperformed the benchmark in 10 out of 11 years and experienced a relatively low drawdown and standard deviation compared to the benchmark.

**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	-15.0%	VM Strategy Performance	-19.4%
Standard Deviation*	15.3%	Max Drawdown %	-21.7%

\*Annualized

Performance is from 30<sup>th</sup> August 2024 – 13<sup>th</sup> March 2025

### Recommended Exits

Company Name	NSE Sector	Date of Exit	Market Cap	PE
			(Rs. Bn)	
Dr. Reddy's Laboratories Ltd.	Healthcare	17 <sup>th</sup> Mar 2025	925	17.2
Pfizer Ltd.	Healthcare	17 <sup>th</sup> Mar 2025	186	30.2
ITC Ltd.	Fast Moving Consumer Goods	17 <sup>th</sup> Mar 2025	5,156	25.6
Whirlpool Of India Ltd.	Consumer Durables	17 <sup>th</sup> Mar 2025	119	35.5
Zydus Lifesciences Ltd.	Healthcare	17 <sup>th</sup> Mar 2025	889	19.6
Qess Corp Ltd.	Services	17 <sup>th</sup> Mar 2025	91	23.8

### Recommended Entries

Company Name	NSE Sector	Date of Entry	Market Cap	PE
			(Rs. Bn)	
Narayana Hrudayalaya Ltd.	Healthcare	17 <sup>th</sup> Mar 2025	315	40.2
LTIMindtree Ltd.	Information Technology	17 <sup>th</sup> Mar 2025	1,324	29.0
Shree Cement Ltd.	Construction Materials	17 <sup>th</sup> Mar 2025	992	81.1
CCL Products (India) Ltd.	Fast Moving Consumer Goods	17 <sup>th</sup> Mar 2025	76	27.8
Maruti Suzuki India Ltd.	Automobile and Auto Components	17 <sup>th</sup> Mar 2025	3,620	24.9
Aurobindo Pharma Ltd.	Healthcare	17 <sup>th</sup> Mar 2025	636	17.6

## Changes in Portfolio

### New 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.
10	Lupin Ltd.
11	Syngene International Ltd.
12	LTIMindtree Ltd.
13	Shree Cement Ltd.
14	CCL Products (India) Ltd.
15	Maruti Suzuki India Ltd.
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.

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14	Tech Mahindra Ltd.
15	eClerx Services Ltd.
16	Whirlpool Of India Ltd.
17	Bajaj Auto Ltd.
18	Emami Ltd.
19	Endurance Technologies Ltd.
20	Eicher Motors Ltd.
21	Crompton Greaves Consumer Electricals Ltd.
22	Zydu Lifesciences Ltd.
23	Aegis Logistics Ltd.
24	Coromandel International Ltd.
25	Qess Corp Ltd.

## Details of Portfolio stock

As of 13<sup>th</sup> Mar'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	Ajanta Pharma Ltd.	Healthcare	317	14.9	23.7	35.3	25.2	6.9	8.9	14.8	21%	0.43
2	HCL Technologies Ltd.	Information Technology	4,165	8.2	11.4	24.4	15.6	3.4	6.1	7.3	4%	0.50
3	Narayana Hrudayalaya Ltd.	Healthcare	315	5.5	9.2	40.2	26.1	5.9	10.9	12.0	7%	0.51
4	Sun Pharmaceutical Industries Ltd.	Healthcare	4,039	12.2	16.3	34.1	27.0	7.7	6.0	15.5	10%	0.53
5	Ipca Laboratories Ltd.	Healthcare	330	29.6	6.3	38.1	21.5	4.0	4.3	12.6	26%	0.53
6	JB Chemicals & Pharmaceuticals Ltd.	Healthcare	236	14.6	10.5	36.9	23.4	6.1	8.1	14.8	8%	0.53
7	Infosys Ltd.	Information Technology	6,561	20.1	11.3	23.7	16.5	3.9	7.4	9.2	14%	0.54
8	V-Guard Industries Ltd.	Consumer Durables	146	19.7	9.5	48.8	29.7	2.7	8.0	18.7	6%	0.56
9	K.P.R. Mill Ltd.	Textiles	307	15.1	15.3	37.2	25.3	5.2	7.0	20.9	10%	0.56
10	Lupin Ltd.	Healthcare	899	16.9	8.0	31.3	18.4	4.2	6.3	15.2	20%	0.63
11	Syngene International Ltd.	Healthcare	268	15.4	10.6	57.1	25.6	7.3	6.3	11.0	2%	0.64
12	LTIMindtree Ltd.	Information Technology	1,324	5.4	14.5	29.0	19.1	3.3	6.6	11.0	6%	0.66
13	Shree Cement Ltd.	Construction Materials	992	9.9	11.5	81.1	24.2	5.0	4.8	11.6	14%	0.67
14	CCL Products (India) Ltd.	Fast Moving Consumer Goods	76	19.0	4.3	27.8	17.8	3.0	4.6	22.1	3%	0.67
15	Maruti Suzuki India Ltd.	Automobile and Auto Components	3,620	15.6	10.1	24.9	17.4	2.5	4.2	12.3	10%	0.68
16	eClerx Services Ltd.	Services	120	22.1	15.1	23.1	13.9	3.4	5.3	8.2	28%	0.68
17	Tech Mahindra Ltd.	Information Technology	1,410	16.0	8.7	37.6	21.8	2.6	5.0	8.2	29%	0.71
18	Bajaj Auto Ltd.	Automobile and Auto Components	2,096	6.2	15.2	27.8	20.4	4.2	7.2	13.1	2%	0.74
19	Aurobindo Pharma Ltd.	Healthcare	636	17.8	5.0	17.6	9.9	2.1	2.1	6.5	13%	0.75
20	Endurance Technologies Ltd.	Automobile and Auto Components	268	7.1	8.5	33.4	17.3	2.3	5.4	10.1	3%	0.75
21	Emami Ltd.	Fast Moving Consumer Goods	245	19.4	40.9	30.9	23.9	6.5	10.0	11.3	24%	0.76
22	Aegis Logistics Ltd.	Oil, Gas & Consumable Fuels	259	6.6	6.2	44.8	26.2	3.8	5.8	20.0	88%	0.82
23	Eicher Motors Ltd.	Automobile and Auto Components	1,375	11.3	18.8	30.9	30.0	7.8	7.6	17.0	26%	0.87
24	Crompton Greaves Consumer Electricals Ltd.	Consumer Durables	222	43.9	6.6	42.2	26.9	2.9	6.4	10.4	20%	0.87
25	Coromandel International Ltd.	Chemicals	530	16.5	8.1	32.2	20.0	2.2	5.6	12.9	63%	0.93
NA	Dr. Reddy's Laboratories Ltd.	Healthcare	925	11.1	8.7	17.2	10.6	2.9	3.3	7.0	-5%	
NA	Pfizer Ltd.	Healthcare	186	11.3	22.2	30.2	23.6	7.4	5.2	14.5	-5%	
NA	ITC Ltd.	Fast Moving Consumer Goods	5,156	12.9	21.2	25.6	18.7	6.1	6.9	9.9	-2%	
NA	Whirlpool Of India Ltd.	Consumer Durables	119	28.2	5.6	35.5	19.3	1.3	3.1	12.2	-18%	
NA	Zydus Lifesciences Ltd.	Healthcare	889	6.3	9.4	19.6	13.9	4.2	4.0	11.1	-8%	
NA	Qess Corp Ltd.	Services	91	8.6	5.6	23.8	11.7	0.4	3.1	5.9	22%	1.00

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

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Compliance Officer: Mr. Jairaj Nair; Tel: 022-68266000; email id: [jairaj@keynoteindia.net](mailto:jairaj@keynoteindia.net)

Registered Office: 9th Floor, The Ruby, Senapati Bapat Marg, Dadar West, Mumbai – 400028, Maharashtra. Tel: 022 – 68266000.

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