

8k Miles Software Services Limited

8K miles is a cloud solutions provider since 2008, working in highly regulated industries like Healthcare & Lifesciences (53.2% of revenue), BFSI (8.3% of revenue), Manufacturing (24.3% of revenue) and Technology & Media (14.2% of revenue) with emphasis on cloud security, compliance and automation led services. It has been evolving in Cloud computing transformation over the years and works as a solution partner with cloud providers like Amazon's AWS, Microsoft's Azure, Google cloud and Oracle cloud to enable enterprises especially in Healthcare, Lifesciences & BFSI to move from on-premise to cloud. 8K has invested into platforms (CloudEz, Automation, MISP, ezRWE) over the years and has created competencies around security, IAM (Identity & Access management), AI, Big Data, IoT, EHR (Electronic health records). 8K miles is now focusing on recurring revenue streams like managed services, SaaS offerings, integrated solutions, etc. We expect growth momentum to continue on the back of continued adoption of cloud services by Enterprises globally, increasing traction in European region coupled with increasing penetration among few pharma clients. The company's inorganic strategy to acquire companies to fill capability gap and acquire clientele has also aided to its growth.

Ashapura Intimates Fashion Limited (AIFL)

AIFL started operation in 1998 by Mr. Harshad Thakkar (CMD) and got incorporated in 2006. It is engaged in the business of designing, branding, marketing and retailing intimate garments for men, women and kids. Its product consists of lounge wear, bridal night wear, sleep wear and women innerwear including lingerie. The product categories where AIFL is present is largely captured by unorganized sector and there are not many players having national presence. Its unique range of products, large distribution reach through MBOs, EBO and online channel and strong brand positioning makes it well placed to leverage the large opportunity available in the market especially given its small revenue base. One of the key parameters we need to monitor is the reduction in working capital which is on higher side as compared to the industry. Our expectation is that with change in its merchandise/distribution policy, working capital cycle can come down and will help it to grow the business without the requirement of dilution of equity.

Why were they in the portfolio?

As a part of broader portfolio, we always look for emerging themes which has the potential to scale and has unique proposition for its business albeit with some risk. These risks includes technological obsolesce, increasing complexity with scale, issues related to management bandwidth including key man risk, unproven management, lack of financing availability, legal complexity, etc.

% Weight in the portfolio before the down circuit?

- 8K Miles: 1.06% as on April-end 2018 in DSP Small Cap Fund
- Ashapura Intimates: 0.84% as on September-end 2018 in DSP Mid Cap Fund

Impact of fall on portfolio:

- 8K Miles: 70-80 bps of portfolio
- Ashapura Intimates: 40-50 bps of portfolio

What led to the downfall?

8k Miles: Various reasons are being attributed to the fall 1) Financial shenanigans 2) Delay in publishing annual result 3) Auditor related issues in promoter group company 4) Promoter shares being illegally sold without his knowledge

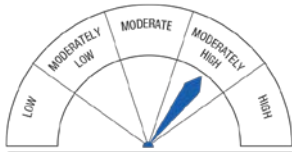

Ashapura Intimates: Uncertainty related to operations of the company as the promoter Mr. Harshad Thakkar is missing since the October 1, 2018. This has further led to the speculation of possible financial irregularities in the company.

How do we manage risk of such value erosion and what corrective actions are we taking?

Investing in the small cap space comes with risk - Mortality rates of companies in this space could be high. Thus, we undertake rigorous research and due diligence before investing in any company. Nonetheless, we run the risk of meeting with a few accidents due to various factors beyond our control. We manage such risk by taking a small exposure to such companies in our portfolio. And further we keep on monitoring our holdings and take corrective actions in case of any adverse situation.

In case of the above two companies, the current holdings – after corrections – are very small to further have any meaningful impact. Currently, we are taking corrective action in each of these two cases.

PRODUCT LABELLING & SUITABILITY

Fund	Product Suitability	Riskometer
<p>DSP Mid Cap Fund An open ended equity scheme predominantly investing in mid cap stocks</p>	<p>The Open ended equity scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> ▶ Long-term capital growth ▶ Investment in equity and equity-related securities predominantly of mid cap companies 	 <p>Investors understand that their principal will be at moderately high risk</p>
<p>DSP Small Cap Fund An open ended equity scheme predominantly investing in small cap stocks</p>	<p>The Open ended equity scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> ▶ Long-term capital growth ▶ Investment in equity and equity-related securities predominantly of small cap companies (beyond top 250 companies by market capitalization) 	 <p>Investors understand that their principal will be at moderately high risk</p>

* Investors should consult their financial advisers if in doubt about whether the Scheme is suitable for them.

DISCLAIMER: In this material DSP Investment Managers Pvt. Ltd. (the AMC) has used information that is publicly available, including information developed in-house. Information gathered and used in this material is believed to be from reliable sources. The AMC however does not warrant the accuracy, reasonableness and / or completeness of any information. We have included statements / opinions / recommendations in this document, which contain words, or phrases such as “will”, “expect”, “should”, “believe” and similar expressions or variations of such expressions that are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.

The strategy mentioned in the document is currently followed by the Schemes and the same may change in future depending on market conditions and other factors. All figures and other data given in this document are dated and the same may or may not be relevant in future and the same should not be considered as solicitation/ recommendation/guarantee of future investments by DSP Investment Managers Pvt. Ltd. or its affiliates. **Past performance may or may not be sustained in the future. There is no assurance of any capital protection/capital guarantee to the investors in the Scheme.** The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Schemes may or may not have any future position in these sector(s)/stock(s)/issuer(s). Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of the Fund.

The portfolio of the Schemes is subject to changes within the provisions of the Scheme Information Document (SID) of the schemes. For scheme specific risk factors, asset allocation and more details, please read the SID, Statement of Additional Information and Key Information Memorandum of the schemes available on ISC of AMC and also available on www.dspim.com.

Mutual Fund investments are subject to market risks, read all scheme related document carefully.