



**RANGOLI INDIA FUND
(GIFT CITY) NEWSLETTER:
Q2: CY 2025**

Acknowledging Context

After a few quarters where earnings momentum and liquidity conditions began to align well, Q1 FY26 has underscored how delicate this alignment can be. Global trade flows have acted as a scaffolding for sector-specific fundamentals, while India's equity valuations remain elevated. Numbers suggest earnings breadth has narrowed, policy and trade frictions can stretch near-term visibility, and that discipline in portfolio construction is more valuable than chasing every passing theme. The market is undergoing a phase of re-anchoring expectations, and our approach is to focus on businesses where earnings visibility and balance-sheet resilience give us confidence, while remaining vigilant to risks that are more cyclical than structural.

Q1 FY 2026 | Earnings growth remains subdued

Beneath the headline numbers, corporate India's earnings are showing signs of moderation. Reported earnings for the NIFTY 50 at 7.1% are modest on the surface, and excluding the distortions of commodities, the core, non-cyclical component of growth is struggling to rise above 5%. What explains the narrowness? First, banks are digesting NIM compression and a more rational stance on unsecured credit, even as asset quality stays benign. As a result, earnings are moderating off a high base. Second, consumption defensives have long normalized price/mix tailwinds and continue to battle the input cost/growth mix, resulting in softer operating leverage. Third, discretionary IT spend remains hesitant, and deal cycles are elongated, impacting revenue conversion at the top end. Put together, the 'quality core' of earnings is under pressure even as the indices hold up. This is not a strong base for market trading at elevated multiples.

Meanwhile, the US tariff actions [since August 27, 2025] have introduced a level of uncertainty that will only be resolved after you are in receipt of this note. Friction in export-linked sectors, including textiles, gems and jewelry, chemicals, leather, and select auto parts, clouds visibility in the near term. They may well be timing risk rather than terminal one, but they nevertheless complicate the outlook over the near term.

With non-cyclical growth running close to 5% and policy acting as a stabilizer rather than a spur, the market's tolerance for a narrative premium will be under pressure. In this construct, we align with businesses that demonstrate pricing power, cash conversion, and balance-sheet strength, and avoid firms where multiple expansions have outpaced earnings certainty.

Why this matters now: This backdrop only reinforces the value of discipline. We are consciously leaning into businesses where earnings are underwritten by durable demand, pricing power, and cash flow strength, rather than those fueled by cyclicals and sentiment. Similarly, we are trimming or avoiding names where valuations have outpaced earnings visibility. In other words, we are positioning portfolios not for the best-case scenario, but for the most probable one. Under these circumstances, we value the resilience of a business as the most essential variable. This is the compass we use to navigate volatility without sacrificing the compounding core of your capital.

Q1 FY 2026 Earnings Update

A Modest start to the year

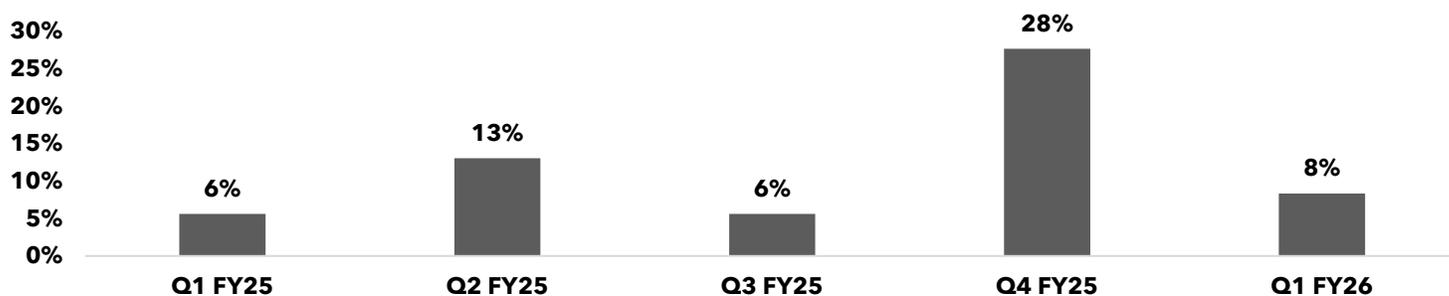
Q1 FY26 was a relatively modest quarter for India Inc., with earnings growth remaining measured. The aggregate net profit of the Nifty-500 universe rose 8% YoY, reflecting stability rather than momentum, as sectoral trends offered little by way of positive surprise. The overall sentiment and outlook suggest a recovery path in the second half of the year.

NSE500	Adj PAT, Cr		
Sector	Q1 June-25	Q1 June-26	YoY
Banks-Private	48,337	47,814	-1%
Banks-PSU	43,638	45,753	5%
Consumer	16,845	17,520	4%
Consumer Durables	2,177	2,275	5%
Healthcare	16,138	17,044	6%
Automobiles	24,859	24,653	-1%
Utilities	31,212	29,186	-6%
Capital Goods	9,967	11,429	15%
Infrastructure	5,263	5,076	-4%
Technology	31,651	33,723	7%
Pharma	12,277	13,516	10%

Credit growth moderated to ~9-10% in Q1 FY26, compared to around 15-16% over the past two years, reflecting the combined impact of regulatory caution on NBFCs and unsecured retail lending. The moderation, coupled with the repo rate cut, weighed on NIMs during the quarter. Asset quality remained resilient, with GNPA and NNPA ratios at multi-year lows. The **consumer discretionary and staples** sectors reported muted topline performance amid a slowdown in urban consumption, while volatile feedstock costs further weighed on margins, resulting in tepid earnings growth. **Select Capital Goods and Industrials** firms reported a sharp uptick in order inflows and a good business cycle, while operating leverage improved across several firms. The **healthcare sector** remained resilient, supported by strong performances from hospital chains and CDMO players, alongside steady growth in domestic formulation businesses. Select **Passenger vehicles and tractors** witnessed sustained growth, whereas two-wheeler volumes softened after several quarters of expansion, reflecting the impact of a high base. However, **IT Services** remains an outlier due to continued macro uncertainty in the US and Europe, as well as disruption led by new-age technologies.

Rangoli GIFT portfolio companies delivered a weighted average earnings growth of c.8.7% ex-financials and c.7.8% at a portfolio level for Q1 FY 2026, supported by high return ratios and reasonable forward valuations.

PAT YoY %



In sectors such as agri-inputs, automobiles, asset management, healthcare, and manufacturing, Unifi's portfolio holdings have reported material expansion in business operations, order book, sustained margin resilience, and earnings outlook. While product distributors and infrastructure sectors witnessed a temporary slowdown, the outlook remains strong, supported by structural demand drivers, policy tailwinds, and ongoing execution improvements that position these businesses for a recovery in the coming quarters.

Portfolio Positioning

Credit - 14% | Growth Normalization with Stable Asset Quality and Selective Lending Tailwinds.

Systemic credit growth has cooled to ~9-10% YoY as the post-pandemic rebound normalizes, unsecured retail slows, and large corporates tap the bond market where pricing is competitive. We view this as a recalibration, and Banks are prioritizing risk-adjusted returns over headline growth—tightening unsecured personal credit and microfinance, and favoring secured retail and better-rated corporates. That pivot is healthy for franchise quality and RoE durability.

Within financials, our positioning is focused and selective. Staying true to our GARP (Growth at a Reasonable Price) framework, we continue to hold one of India's largest public-sector banks, which gained market share in FY25 while maintaining better asset quality than its peers through conservative underwriting and a diversified loan book, with low credit costs and a clear path to mid-teen RoEs. To address a broader question on why a PSU, specifically the investee company, has gained market share through FY25 without stretching its risk appetite, broadened its retail and SME engines, and improved liability granularity. Technology investments are yielding improvements in origination, lower operating expenses-to-assets, and higher cross-sell intensity—important ingredients for operating leverage as volumes stabilize. Capital buffers remain comfortable, allowing the bank to fund growth without dilutive equity. Against this backdrop, today's valuation still prices in caution rather than the franchise improvements we are seeing; that asymmetry offers a margin of safety and attractive upside.

In parallel, we added a leading private-sector bank last quarter—backed by strong governance, proven management, and superior growth visibility—which we see as a compelling re-rating candidate as the market recognizes its fundamentals. The current squeeze on NIMs is essentially a timing effect: loan yields have reset down swiftly after policy easing, while deposit costs will decline with a lag. The earnings impact on the sector must be viewed in this context. As we navigate FY26, our positioning within financials remains nuanced, towards institutions with strong underwriting capabilities, low credit costs, and room for valuation re-rating. The credit environment is shifting from a volume-driven to a quality-driven phase, and our portfolio reflects that pivot.

Hospitals & Healthcare - 11% | Operating Leverage Meets Structural Demand

India's private healthcare sector continues to deliver robust performance, underpinned by sustained growth in Average Revenue Per Occupied Bed (ARPOB), rising patient throughput, and steadily expanding margins. What was once a premiumisation "theme" has now become a visible earnings driver: ARPOBs are trending higher across listed players, supported by richer specialty mix, higher inflows of international patients, and greater adoption of robotic surgeries, day-care formats, and other high-value procedures.

We remain invested in a leading East-South hospital chain with deep presence in the affordable and mid-market segments. Its overseas assets have scaled up strongly, contributing meaningfully to profits, while execution in India continues to anchor growth.

With improving visibility on free cash flow and a disciplined reinvestment strategy, our healthcare holdings are well placed to capture both cyclical margin expansion and secular demand growth. In our view, this combination of operating leverage, structural tailwinds, and balance-sheet strength makes healthcare one of the most attractive long-term themes in the current market environment.

Infrastructure - 8% | Outlook Has Improved

India's infrastructure sector is witnessing a gradual recovery in execution momentum, with spending this year concentrated in metros, railways, and power. At the state level, outlays are rising in Andhra Pradesh and Bihar. Our exposure within the sector remains aligned to companies focused on execution-intensive areas such as urban construction. After navigating a weaker cycle, these businesses are now seeing stronger order book conversion. We believe the outlook for such firms has materially improved compared to recent quarters, supported by increasing execution visibility and disciplined balance sheets. With a robust inflow pipeline and operating leverage gains ahead, they are well-positioned to benefit from the next phase of infrastructure-led growth.

Product Distribution - 9% | Consistent Growth

Globally, enterprise demand for computing is accelerating, aided by shorter product cycles and rapid innovation that both drive obsolescence and progress. At the same time, consumers are becoming increasingly connected, with rising adoption across various segments, including retail, education, home, and business, as well as cloud and SaaS solutions. A notable shift is also underway toward premium products and more frequent upgrade cycles. Against this backdrop, we hold exposure to a leading global ICT distributor with a strong presence in India, strategically positioned to capture this expanding demand and deliver sustained growth.

Our portfolio company reported a healthy 22% revenue increase and 12% earnings growth year-on-year. In India as well as the rest of its global operations, the core business is strong, continuing to benefit from its leadership in IT distribution across India and the Middle East, with strong relationships with OEMs and a diversified product mix. Growth in cloud, cybersecurity, and enterprise solutions is broadening revenue streams beyond traditional hardware distribution, improving both margin visibility and cash flow.

Its subsidiary in Turkey, accounting for about 6% of revenue, has been suffering from the troubled economic conditions in that country. The company made meaningful provisions to account for delayed receivables and is scaling down its business exposure gradually. Given the limited size of the Turkey business, the market's reaction appears to have focused disproportionately on it, overshadowing the strength of the core earnings engine. We view this as a short-term aberration. The company has already adjusted its operating model in the region, and as the lira stabilises and demand normalises, we expect the drag to fade.

IT Services - 6% | Reduced Exposure

We have meaningfully pared back our exposure to Indian IT services, reflecting a reassessment of the sector's headwinds. The demand environment remains soft, with lengthening decision cycles and muted discretionary technology spend. At the same time, the deflationary impact of generative AI is becoming increasingly visible, as delivery models shift away from traditional people-intensive structures and pricing power comes under pressure. While large-cap IT companies have broadly defended margins, revenue growth across the sector remains stuck in low single digits, with little sign of acceleration in the near term. In this context, we have taken a selective stance, focusing only on businesses that combine three qualities: (1) a smaller base that allows for faster growth from lower revenue levels, (2) a strong, executable order book offering visibility into the next 12-18 months, and (3) product leadership in specialised verticals with higher structural growth.

Our current holding is in IT products and a mid-sized IT provider that continues to win wallet share in chosen verticals and geographies. We believe such niche leaders, with differentiated propositions and focused execution, are better positioned to navigate the transition that the broader sector must still grapple with.

Agriculture - 7% | Strong Season and Execution

The Indian agriculture sector is poised for a healthy kharif season, aided by above-normal monsoon levels and comfortable reservoir positions. Structural tailwinds such as higher Minimum Support Prices and improving farm economics continue to underpin rural demand. Within this backdrop, our portfolio comprises two differentiated players that are deeply integrated across the agricultural value chain—one a leader in complex fertilizers and crop advisory solutions, and the other a global innovator in crop protection and bioscience technologies.

Execution-wise, both businesses are at different but encouraging stages of their strategic roadmap: the fertilizer-led company has gained market share in key southern and eastern states, supported by backward integration, efficient distribution, and an increasing focus on value-added products, while the crop protection company is in the midst of a recovery following operational initiatives undertaken last year. Together, they are well-positioned to benefit from favorable weather, increasing input intensity, and policy support for sustainable agricultural inputs.

Asset Management - 4% | Growing Participation

The Indian asset management industry continues to experience strong tailwinds, marked by expanding retail participation, SIP-driven inflows, and greater acceptance of equity ownership. Monthly SIP contributions now exceed ₹28,000 crore, underscoring the increasing breadth of participation. The rise of passive and hybrid strategies, alongside robust participation in mid- and small-cap funds, points to a market that is deepening and diversifying in earnest.

Aligned with this trend, our portfolio holds two differentiated holdings in the asset management space—one an incumbent industry leader with scale, distribution, and performance; the other a credible challenger with higher growth optionality and improving performance and operating leverage. We believe the asset management industry in India is transitioning into a long-duration growth compounder, and our holdings are well-placed to benefit from this shift.

Automobiles - 5% | A Singular Bet on Market Share Gains

Within the Indian automobile landscape, our alignment is highly selective and centered around one OEM that executes with precision on volume expansion and value accretion. While most players in the PV space are grappling with intense competitive pressure and uneven EV adoption, our investee company stands out for its robust product pipeline, above-industry growth rates, and consistent market share gains in both ICE and EV segments. Complementing this, the ongoing agri-cycle tailwind has supported healthy tractor volumes, where the OEM continues to consolidate its leadership through sustained market share gains.

Specialty API - 5% | Executing well

We have exposure to two mid-sized pharmaceutical companies with differentiated business models and growth drivers. The first is an API player focused on building a diversified portfolio of low-volume, high-value products while adhering to stringent compliance standards. Integrated across the value chain, the company supports clients throughout the entire product lifecycle. It is now leveraging its established relationships in the generic API space to enter the CDMO segment. With a change in ownership and sharper capital allocation, we see potential for stronger growth over the medium to long term.

Our second exposure is to a pharmaceutical company engaged in the research, manufacturing, and marketing of OTC products, with facilities in India, the UK, and the US that are fully compliant with global regulatory standards, including the US FDA, UK MHRA, and Australia's TGA. With ongoing capacity expansions and a pipeline of new product launches, the company is well-positioned to benefit from operating leverage, driving margin improvement, and growth in the near to medium term.

GST Rationalisation: A Clearer, Simpler Path Ahead

India's forthcoming GST overhaul, paring down the tax structure to just two slabs and delivering an average ~10% rate cut, represents a meaningful policy pivot, one that promises to reinforce consumption and streamline enterprise economics. At the consumer level, fewer slabs mean fewer anomalies: fewer goods stuck in mid-slabs, fewer price distortions between urban and rural markets, and lesser friction at the point of sale. A streamlined rate structure, combined with a 10%-average reduction, has the potential to translate quickly into lower prices for end goods, stimulating discretionary spending at a time when demand momentum is seeking reinforcement.

For businesses, the impact is equally noteworthy. Simplified GST architecture eases compliance burdens and reduces the administrative drag on working capital. Especially for small and mid-sized enterprises, the reform frees up cash that would otherwise be tied in elaborate input-tax credit reconciliations, invigorating working-capital cycles and helping under-leveraged sectors get a shot in the arm. In aggregate, the reform enhances the price-volume balance: firms might opt to pass on a portion of the rate cut to consumers, helping revive demand, while also operating with better margins due to efficiency gains—particularly in distribution and retail. The simplification also lowers the bar for MSMEs to integrate into formal value-chains, potentially boosting tax compliance and widening the GST net over time. In short, this is more than a cosmetic rate change; it's a structural policy lever that stands to give consumption its most tangible boost since the pandemic-era stimulus, with effects that could echo into FY26 and beyond.

Road Ahead

While the June quarter has underscored the importance of staying selective, the bigger picture for India remains constructive. In the short term, the government's renewed focus on consumption, as evidenced by GST rationalization, will provide a timely boost to demand, complementing the secular improvement already seen in rural incomes. Growth is also expected to receive a statistical boost in FY26, with front-loaded government spending on both capital expenditure and revenue programs, which will support activity in the second half of the year. On international trade, where the headlines have been noisy, the actual impact is likely to be contained—goods exports to the U.S. are only 2% of GDP, and the tariff-hit segments account for closer to 1%.

Taken together, these levers point to an economy that can navigate short-term turbulence and still compound steadily. Our portfolio philosophy remains aligned with this opportunity: lean into resilience, participate in secular demand trends, and stay alert to valuation discipline—ensuring that capital is positioned to benefit from both the cyclical lifts of FY26 and the structural drivers that lie beyond.

Managing risk while pursuing absolute returns

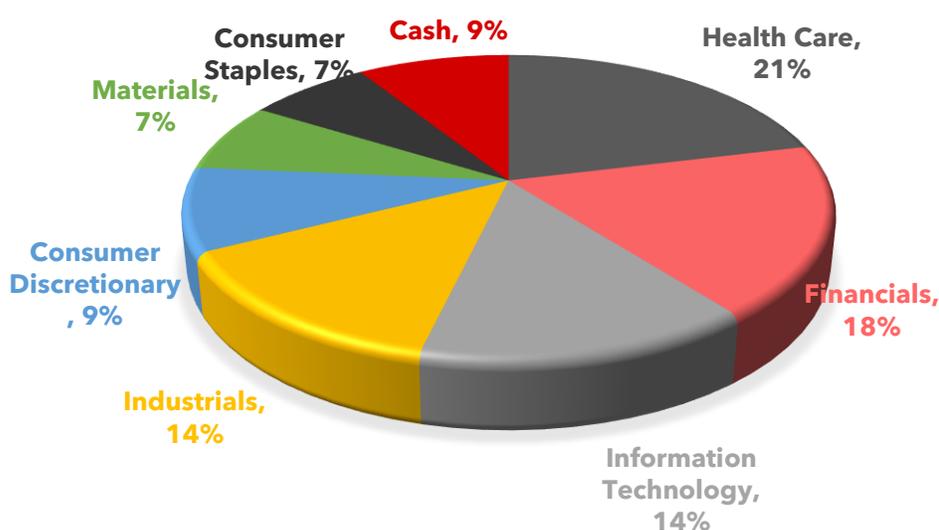
Our approach remains unchanged: bottom-up stock selection, sectoral agility, valuation discipline, and proactive risk management. We are not a model-portfolio manager, and positioning will vary across mandates; what is common is the intent to compound capital meaningfully while managing downside risk. FY26 will likely bring as much noise as clarity, with bouts of volatility shaped by earnings dispersion, policy shifts, and global trade narratives. In such an environment, risk management is as important as return generation. We focus on deploying capital where balance sheets are resilient, cash-flow visibility is strong, and valuations provide a margin of safety. This discipline allows us to stay invested through cycles while protecting portfolios from excesses, ensuring that returns are not just relative to a benchmark but are absolute, durable, and compounding in nature.

The following sections outline our investment strategies and provide a performance summary for Q1 FY26. Individual portfolios will vary in holdings and proportions based on the timing of your investments. Please do not hesitate to contact your relationship manager for a detailed review of your portfolios.

Background

The fund's holdings are well diversified and poised to benefit and consolidate their position and deliver industry-leading growth. We have trimmed exposure in a few names that have performed significantly well and redeployed the cash generated in firms that offer a better risk/reward proposition. The fund continues to focus on large formal operators with a competitive advantage and scale, consolidating their position across consumer durables, building materials, food & beverages, healthcare, hospitality etc. A review of the results from Q1 FY26 suggests that the respective sector leaders are well poised for market share gains in the post-pandemic world.

The sector-wise composition of the Rangoli GIFT fund is as follows:



Fund Details

Launch Date: 12th April 2024

Scheme Corpus: 12.8 Mn \$

Firm AUM: ~3.2 Bn \$

Investment Manager: Unifi Investment Management LLP

Minimum Investment: USD 0.15 Mn (A1 and A2) USD 5 Mn (A3)

Custodian: ICICI Bank

Auditors: M/s. Walker ChandioK (Grant Thornton)

The following annexure presents a brief on our top holdings:

Company	Brief background and Investment rationale
Redington	<p>Redington is a global distributor of Information, Communication, and Technology [ICT] products across 40 countries. It covers the entire gamut of IT products and smartphones, offering services and solutions across managed, cloud, and logistics services. The company partners with over 300 brand associations and services more than 43,000 channel partners. Redington reported revenues of Rs. 25,950cr, an increase of 22% YoY. This growth was driven by all major regions, with India experiencing a 24% YoY increase, the UAE business growing by 35% YoY, and KSA growing by 32% YoY. Gross margins declined ~50 bps YoY, driven by an unfavorable business mix with a higher share of large deals and continued stress in Turkey. The company took a provision of Rs.101cr for receivables this quarter, largely pertaining to Turkey. As a result, the company reported a PAT of Rs.275cr compared to Rs.246cr last year. [12% YoY growth].</p> <p>From a capital allocation perspective, the company's return ratio is healthy at 20% RoE, and it continues to pay out 35-40% of its PAT as dividends, resulting in a dividend yield of 2.5-3%. We like Redington, given that it is amongst the top 2 ICT distributors in its markets. The company's dominant position and financial strength provide it with a significant competitive advantage in a business with high entry barriers. Redington has established a strong services business in third-party logistics and the high-margin cloud business. Redington's broad portfolio and relationships with vendors across various segments enable balanced growth and reduce vendor concentration. Redington has consistently demonstrated robust risk management practices across multiple cycles, effectively managing credit, inventory, and currency risks. A significant shift in consumer and enterprise behavior has led to a higher demand for advanced</p>

computing, resulting in shorter product life cycles and the adoption of premiumization. This tailwind benefits Redington. Key risks include a higher interest rate regime environment, delayed margin recovery, and slowdowns/delays in the high-margin enterprise business.

ITC

ITC reported revenue growth of 20.9% YoY to Rs. 21,495cr. The tobacco business reported one of the highest volume growths (6.5% YoY) in recent quarters. Though the underlying volume remained resilient, the margins were impacted by high-cost inventory. Hence, EBIT grew only by 4.5% YoY to Rs.5,499cr. With the new leaf tobacco crop, declining prices are expected to support margin improvement in the coming quarters.

The FMCG business has started witnessing sequential growth. The revenue growth for FMCG has been at 5.5% YoY to Rs. 5,800cr. The EBIT Margin also improved sequentially from 6.3% in Q4FY25 to 6.9% in this quarter. Commodity prices have been declining (especially Palm oil and wheat), which is expected to drive sequential improvement in gross margins. Agribusiness continues to do well, with 39% YoY revenue growth to Rs.9,724cr and 26% YoY EBIT Growth to Rs.435cr. This segment continues to benefit from leaf tobacco and value-added agri exports (coffee, spices, etc). The Paper segment continued to be impacted by low-priced imports flooding the market, leading to a 41% YoY decline in EBIT of the segment.

Accordingly, the consolidated EBIT grew by 4.1% YoY to Rs.6,394cr. The reported PAT grew by 5% YoY to Rs. 5,342cr. The steady 4-6% volume growth in the tobacco segment is a positive development, and the gross margins are likely to improve from H2. While the FMCG segment remains subdued, we anticipate a gradual sequential margin improvement, and the company is expected to deliver a 10% PAT growth rate over the next couple of years.

Key risks: government taxation on cigarettes, demand slowdown, and raw material inflation

Bank of Baroda

BoB reported a PAT of Rs.4,541cr vs. Rs.4,458cr, up 2% YoY in Q1 FY26, while the loan book grew by 13.2% YoY and declined sequentially by 1.9%. The International Corporate, Retail, and Agriculture segments led the loan growth, which grew by 3.2%, 2.2%, and 1.9%, respectively, on a sequential basis. The domestic corporate loan book contracted 10% QoQ, as corporates sought even lower yields on loans that were already tightly priced. The bank reiterated its loan growth guidance at 11-13% and deposit growth guidance at 9-11% for FY26. Margins declined by 7bps sequentially to 2.91%, which was led by a moderation in yields. The management expects margins to remain moderate in the near term, in line with the broader banking system, but to recover gradually as deposit rates are re-priced lower, thereby supporting margins. The cost-to-assets has declined marginally by 7bps sequentially to 1.78%.

Gross NPA improved by ~17bps QoQ to 2.28%, while Net NPA also improved by 2bps QoQ to ~70bps. Provision coverage was sequentially stable at ~74%. Gross slippages were stable at 1.2% while Net slippages increased to 70bps vs ~40bps in Q4FY25. Higher Net slippages were driven by one large international corporate account of Rs.514cr (17bps of loans), which slipped during Q1 FY26. The bank is confident of the resolution of the account and has taken appropriate provisioning. Barring two quarters, the bank has reported net slippage of about 0-50 bps over the past 12 quarters, reflecting strong underlying credit quality. Credit cost stood at ~66bps vs 53bps in Q4 FY25. Overall, there are no signs of imminent stress, and management expects credit costs to remain at the lower end of the guided range of ~0.5-0.6% for FY26. We like the bank because of its ability to grow in line with systemic growth rates, low NPA risks, and attractive valuations.

Key risks include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs, and higher treasury losses.

NCC

The company secured order inflows of Rs.3,658cr in Q1FY26, taking the order book to Rs.70,000cr as of June-end, providing revenue visibility of over three years. The company reported a revenue decline of 6.3% YoY to Rs. 5,189cr in the quarter. Since a large portion of the FY25 order inflows was booked in the last quarter (February–March), with execution scheduled to commence towards the end of Q2/Q3, revenue growth is expected to accelerate from H2. The EBITDA Margin remained stable at 9%. The PAT in the quarter decreased by 8% YoY to Rs. 204cr, and this is primarily due to weakness in the execution.

		<p>FY25 has been a challenging year for the company, as election-related disruptions have impacted execution and overall performance. However, since February, the company has secured many large orders across multiple states and various central government agencies. As these orders translate to P&L execution, the profitability is expected to improve significantly from H2. The company also continues to benefit from state capital projects in Andhra Pradesh. The working capital is now gradually improving, which should aid in the execution ramp-up.</p> <p>Key risks: Slowdown in the order inflows and execution</p>
Narayana Hrudayalaya		<p>Narayana reported a revenue growth of 15% YoY, to Rs.1,507cr, and a flat PAT YoY at Rs. 197cr. India business remained steady this quarter, with revenue growth and EBITDA growth of 8% YoY. However, the lower patient footfalls from Bangladesh have negatively affected revenue growth, leading to a 50% YoY decline in revenue from international patients seeking treatment in India. The international revenue has now stabilised quarterly at Rs.40cr per quarter run-rate. The company's initiatives towards improving case/bed mix have resulted in ARPOB reaching 48,000 in this quarter, which is the highest the company has ever achieved.</p> <p>Cayman business reported 29% YoY revenue growth to Rs.376cr. The revenue growth was impacted by rupee appreciation and seasonality in the footfalls. The hospital business continues to maintain a healthy 45% EBITDA Margin, but losses in the insurance business impacted the overall margins. The company has started its insurance business in Cayman, and this is ramping up at a faster rate, reporting a Rs.9cr EBITDA loss in this quarter. This business will reach breakeven in a couple of quarters and will support the Cayman growth.</p> <p>The last few quarters have been a period of consolidation for Narayana, following the commissioning of the new hospital in Cayman and the emergence of business opportunities in India and the Cayman Islands. The initiatives that the company is taking now will help deliver a strong 20%+ PAT CAGR in the medium term. Over the next few years, Narayana plans to add 1,400 beds, with a projected capital expenditure of Rs. 3,000cr. The Capital expenditure growth, combined with new initiatives, will support the next stage of earnings growth for the company.</p> <p>Key Risks: Delay in Capex, government interference in pricing.</p>
Oracle Software	Financial	<p>IT product firms often experience lumpy earnings due to the nature of their business. Large software deals, implementation projects, and licensing agreements can create significant revenue surges in certain quarters, followed by periods of relatively lower earnings. Therefore, evaluating these companies from an annual perspective is crucial, smoothing out the quarterly volatility to better understand their long-term performance. With the ongoing digital transformation within the banking and financial sectors, OFSS is poised to capitalize on the increasing demand for specialized software and services. Consequently, the medium- to long-term outlook for OFSS appears promising, driven by sustained growth in the financial technology sector. Oracle's revenue grew by 6% YoY to Rs.1,852cr in Q1 FY26 vs. Rs. 1,741cr, YoY. EBITDA margins compressed 3% YoY to 46% leading to a flat EBITDA YoY at Rs.846cr. The company reported a PAT growth of 4% YoY to Rs.642cr on the back of higher other income compared to the previous year. The slowdown was mainly due to the delay in converting deals into revenue. The deal flow remained strong in Q1 FY26, driven by large deals in India, Asia Pacific, and the EU. This provides the company with strong demand visibility, driven by ongoing customer interest in transitioning to Oracle's cloud services. The company has maintained high levels of capital efficiency, reflected in 25%+ RoE on the back of an almost 100% dividend payout to shareholders. Key Risks: Slowdown in IT spending by enterprise clients.</p>
Kovai Medical Centre and Hospitals		<p>The company's revenue grew 18.7% YoY to Rs. 357cr. The hospitals segment, which accounts for 95% of revenue, delivered a healthy 15.4% YoY growth, with EBIT margin of 22.3%. The existing Coimbatore facility will have growth levers for 2-3 more years as the current utilisation is at ~60%. The Chennai facility (OMR) will be commissioned by the end of this Financial year and this will aid growth. The education business has done well in this quarter with revenue growth of 72% YoY to Rs. 31cr and EBIT Margin of >50%. The company reported PAT growth of 25% YoY to Rs. 57cr. The company is well posed for a higher growth in the medium term on backdrop of the new facility and ramp-up in the existing location.</p> <p>Key risks: Government interference in pricing, delay in new capex.</p>

Mahindra & Mahindra	<p>M&M's topline grew by 26% YoY at Rs.34,803cr in Q1 FY 26, with 32% and 13% YoY growth in autos and tractors, respectively. The rise in the auto segment was driven by strong SUV volumes, which increased by 18% YoY in Q1 FY26, reflecting lower cannibalisation from new launches. Similarly, the company grew tractor volumes at 10% YoY, fuelled by a favourable monsoon that supported rural demand. As a result, M&M consolidated a 27.3% revenue market share in passenger vehicle (PV) sales (+5.7% YoY) and a 45.2% share in tractors for the quarter. EBITDA and Core PAT reported growth of 21% and 26% YoY to Rs.4,884cr and Rs.2,968cr, respectively. We remain optimistic about M&M's PV sales, supported by capacity additions for the Thar ROXX and XUV3XO, which will be fully consolidated for the year. We also anticipate continued strength in tractor sales driven by a sustained agricultural cycle. On EVs, the company has indicated a ramp-up in volumes going ahead as the work to streamline the customer experience has been completed. M&M EV holds a 40.9% revenue market share in electric passenger vehicles. We anticipate a gradual increase in electric vehicle volumes to ensure a smooth customer experience and support the scaling of the EV ecosystem to meet the demand for M&M's vehicles. Key risks include EV adoption and CAFE III compliance, reliance on monsoon conditions for tractors, a potential slowdown in PV sales, and regulatory uncertainty.</p>
Coromandel International	<p>Coromandel reported a 49% growth in revenue for Q1 FY26 at Rs.7,042cr. The manufactured segment has reported volume growth of 12% YoY in the fertilizer business. The southwest monsoon had an early onset in May, resulting in above-normal rains during the first half of the Kharif season, reaching 105% of the long-period average rainfall as of now. Reported gross profit increased by 45% due to higher subsidies and improved cost efficiency, driven by backward integration measures. EBITDA was up 55% YoY to Rs. 782cr on a low base, and PAT was up 62% YoY to Rs. 502cr. The low NBS rates in H1 2025 did not align with the increased raw material prices and hurt the operational performance of all phosphatic manufacturers, albeit marginally. The subsidy rates have improved in H1 26. The company also anticipates an upward revision in nutrient-based subsidy (NBS) rates for H2 FY26, considering rising global raw material prices. In the crop protection business, the revenue growth was 31% YoY to Rs. 725cr, driven by volume growth in domestic formulations and new products doing well. During Q1 FY26, the company launched 10 new products, including three insecticides, three herbicides, three bioproducts, and one plant growth regulator (PGR). EBIT margins improved from 11% to 15% YoY. The company has acquired NACL Industries in the current year, and the management has identified procurement inefficiencies at NACL as a key area for improvement. Efforts will be made to enhance procurement practices with the first objective of restoring EBITDA margins to historical levels of 9-10%. The company's ongoing phosphoric acid and sulfuric acid project at Kakinada (0.2mn tn) is progressing as planned, with commissioning expected by Q4 2026. Additionally, an NPK capacity expansion of 0.75 million tons at Kakinada has been initiated, with commercial production targeted for the second half of 2027.</p> <p>Structurally, the company is well-positioned to combat cost inflation through prudent capital allocation and effective governance. The company is well-positioned for the next growth cycle with a debt-free balance sheet. Coromandel is India's largest privately held non-urea (Phosphatic) fertilizer company with a diversified revenue mix of regulated and unregulated products. It has a market share of over 25% in India's NPK/complex fertilizer consumption. In Crop Protection, Coromandel has taken a slow and measured step to overhaul its portfolio from older generics to a mix of combination and in-licensed products from global innovators. Over the next few years, the company aims to reduce its reliance on subsidized businesses by investing in crop protection and other related areas.</p> <p>Key risks to the investment could be a significant reduction in RM prices, leading to a correction in inventory valuation, unexpected regulatory developments, and the erratic monsoon.</p>
CMS Info Systems	<p>India's cash logistics sector is poised for robust growth, driven by several key factors. Despite the rise of digital payments, cash remains a vital component of the Indian economy, particularly in rural and semi-urban areas. The increasing penetration of ATMs, the expansion of retail networks, and the continued reliance on cash for everyday transactions contribute to a sustained demand for efficient and secure cash management services. Furthermore, government initiatives promoting financial inclusion and the outsourcing of ATM management from public sector banks will further strengthen the need for reliable cash logistics infrastructure.</p>

Within this landscape, CMS Infosystems stands out as a leader, boasting a market share of ~40% in the ATM space, backed by its extensive route network, operational edge, and strong balance sheet.

In Q1 FY26, CMS Infosystems reported a revenue growth of 5% YoY to Rs.627cr. The Cash Management segment grew 8% YoY, and Managed Services rose 10% YoY, while the Cards business declined 23% YoY. The Managed Services segment witnessed slower growth as order execution was impacted by disruptions in ATM installations by banks, which in turn stemmed from the default of a competitor. EBITDA grew 3% YoY to Rs.158cr, due to upfront capex and costs incurred ahead of revenue realization, coupled with softer transaction volumes at Brown Label ATMs. Hence, PAT rose by 3% YoY to Rs. 94 cr.

Alivus Life Sciences

Alivus Life Sciences (Previously Glenmark Life Sciences) reported revenue growth of 2% YoY in Q1 FY26 to Rs. 602cr, with EBITDA and PAT growing by 8% and 10% YoY to Rs. 172cr and Rs. 123cr, respectively. The company has ~30% revenue contribution from its erstwhile parent, Glenmark Pharma, which reported a 22% decline in revenues in the current quarter. External sales (non-Glenmark) business reported revenue growth of 15% YoY, primarily led by 18% volume growth. Glenmark's business is expected to report recovery in the balance quarters of FY26. The API business reported 3% growth in Q1, while the CDMO business experienced a 15% decline in revenues in Q1. In FY2026e, the company expects CDMO revenues to remain back-ended, due to the scale-up of the fourth project and the commercialisation of the fifth project. The market mix remains steady, with regulated markets at 80% or higher. The core Therapy mix remains constant [CVS, CNS], while the urology segment has grown well. The company has maintained a 28-29% margin despite the PLI incentives expiring at the end of the current quarter. Geographically, regions including India, LATAM, ROW, and Japan contributed to the growth, while the USA had some impact due to destocking in a few key products.

With the divestment of the majority stake to Nirma Limited, the company will enter a new phase of growth. Under the new promoters, the company intends to significantly increase its investments while also exploring the incorporation of new chemistry platforms, thereby expanding growth opportunities in the medium term. Alivus' focus remains on building a sizeable portfolio of low-to-mid-volume high-value APIs. Regarding its R&D efforts, the company primarily focuses on APIs, which can be commercialized within the next three to five years. The company intends to incur ~Rs. 550-600cr capex in FY26. At Solapur, The Company has received Environmental Clearance for installing a 1,000MT capacity for the planned greenfield site at Chincholi Industrial Area. Engineering work has started for the construction of 200KL in phase 1, and the total capacity of 1,000KL will be operational by FY28.

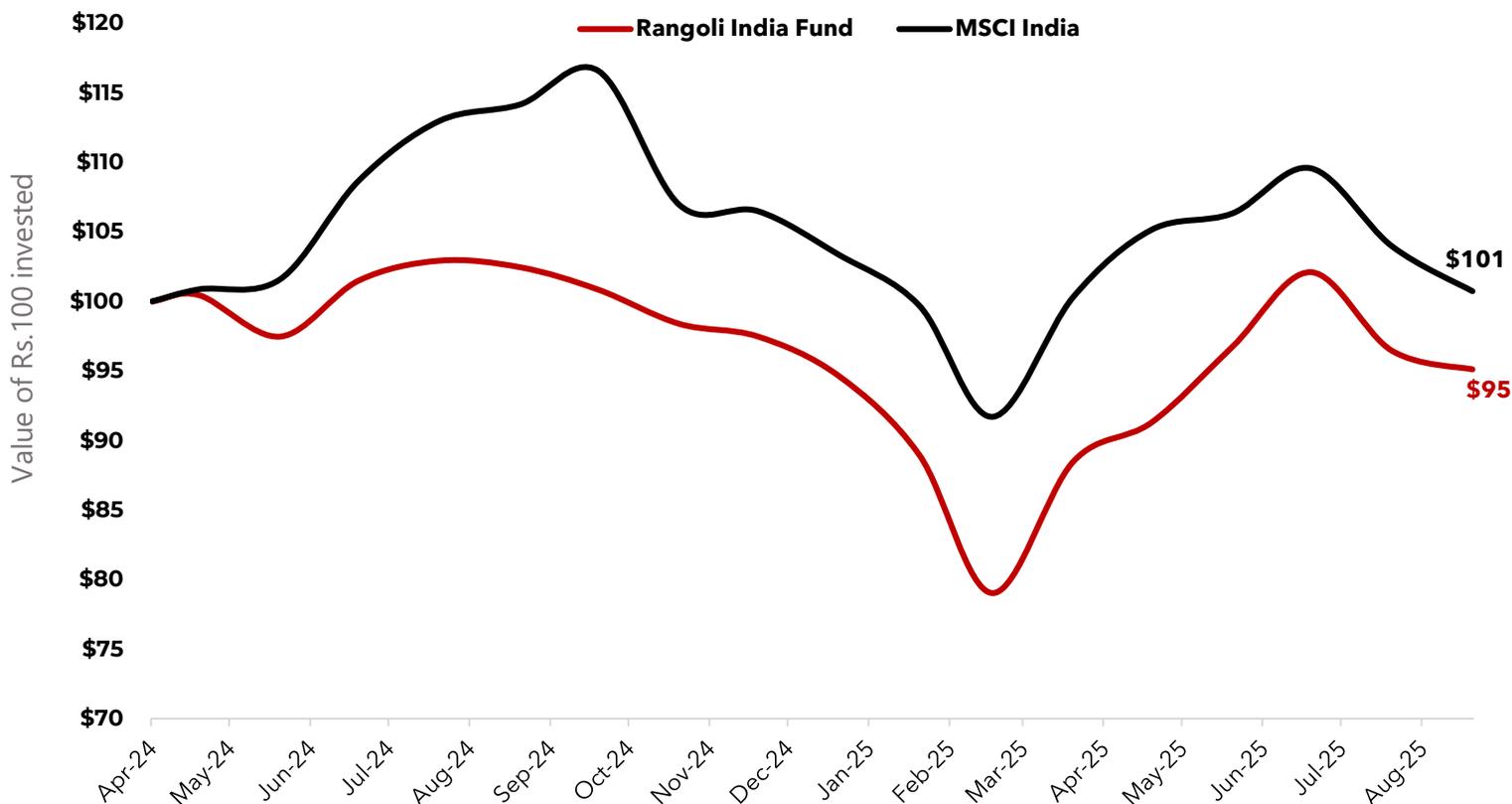
Key risks include a low extent of backward integration, with high KSM sourcing from top suppliers, regulatory risks, and customer concentration towards Glenmark Pharma, and higher Tariffs in USA.

Bayer Crop Sciences

Bayer CropScience reported a revenue growth of 17% YoY at Rs.1,915cr in Q1 FY26. The topline growth was driven by higher volumes of Corn seeds and Roundup (Glyphosate), supported by the early onset of the monsoon. The company launched a new product, BICOTA® (Insecticide for managing Stem Borers in paddy cultivation). The company reported EBITDA and PAT growth of 11% and 10% YoY to Rs.348cr and 279cr, respectively. Gross margins continue to be weak, down 1% YoY in Q1 FY26 due to higher input costs of the crop protection segment and high cost of production in the seeds segment. Employee cost was steady, but Opex was up 25% YoY, mainly due to higher marketing costs ahead of the season. In FY25, Bayer faced both structural and cyclical challenges, including layoffs, rationalization of middle management, and cost optimization measures. This resulted in a Rs.78cr receivable provision and Rs.30cr in employee severance, alongside supply-side disruptions in the seeds business caused by floods. Looking ahead, most of these headwinds appear to be behind us, with input cost pressures remaining the key challenge.

Bayer CropScience Ltd, an Indian subsidiary of Bayer AG, is a company that specialises in the marketing and distribution of a diverse range of crop protection products, including fungicides, insecticides, herbicides, and seed treatment solutions. The company derives 94% of its revenue from the domestic market, with 3% coming from Germany, 2% from Bangladesh, and 1% from the Rest of the World. The company has been operating in India for 125 years and has established a strong leadership position in the agrochemical segment, as well as a reputation for trust among the farming community. The listed entity is a marketing and distribution company,

	and thus it operates under an asset-light model. Key risks to the investment include any impact on seed production due to seasonality, unexpected regulatory developments, and the erratic monsoon.
Aditya Birla AMC	<p>Aditya Birla AMC reported a PAT of Rs.277cr vs Rs.228cr (+22% QoQ) in Q4FY25 and Rs.236cr (+18% YoY) in Q1FY26. The Equity AUM, which constitutes 34% of the overall AUM, grew by 5% sequentially. Overall, AUM grew by 5.7% sequentially. After witnessing a decline through FY25, the company's market share has now stabilized, remaining broadly flat in Q1FY26. SIP flows declined by 2.2% on a sequential basis and grew by 4.5% YoY to Rs 1,140cr. Gross yields declined by 0.5bps sequentially to 44.4bps, mainly due to telescopic pricing in the equity segment. The growth in overall AUM led by a stable equity mix resulted in a 4.3% QoQ / 15.7% YoY growth in revenues to Rs.447cr. EBITDA margins stood at 59% in this quarter, improving by 200 bps sequentially. Other income increased materially by 64% QoQ (+24% YoY) to Rs.118cr, likely on account of MTM gains in treasury book. We have a positive outlook for Aditya Birla AMC, viewing it as a beneficiary of the growing trend of financializing savings in India. Furthermore, improvements in management efforts and leadership changes are expected to contribute to a potential turnaround in the performance of its equity schemes, which could potentially lead to increased net inflows for the company.</p> <p>Key risks include potential slowdowns in net inflows and attrition among employees or clients.</p>
Thomas Cook	<p>Thomas Cook delivered a revenue growth of 14% YoY to Rs.2,408cr. The growth was led by the travel and hospitality segments, which grew at 18% & 8% YoY, respectively. While the forex segment declined 7% YoY on account of muted travel activity in the quarter. The company took a one-time provision for an ex gratia payment to the outgoing Chairman in this quarter. As a result, EBITDA growth de-grew 6% YoY. PAT was flat YoY from Rs.73cr to Rs.74cr.</p> <p>Thomas Cook is a beneficiary of India's growing travel ecosystem. The company offers a comprehensive suite of services across forex and travel packages. It has also expanded into new areas like hospitality and souvenir imaging solutions through acquisitions. While the revenues of most segments have returned to near or above pre-COVID levels, the cost efficiencies, increasing operating leverage, and improving profitability of the DMS business are expected to enhance the company's earnings profile going forward. Key risks include a slowdown in travel spending and increased competition.</p>
TD Power	<p>TD Power delivered revenue growth of 36% YoY to Rs.372cr and EBIT growth of 47% YoY to Rs.64cr in Q1FY26, with operating leverage driving margin expansion. Order inflows stood out at Rs.390cr, up 32% YoY, with domestic turbines growing steadily, international demand supported by data centres and grid stabilisation, and the motors business scaling well, aided by traction in railways orders abroad and Middle East oil & gas demand adding fresh momentum. While the new plant faced a slight commissioning delay, the management guided for robust inflows in the near term and remains confident of surpassing its guidance on the back of the execution of its order book. Key risks include any impact on business from US tariffs.</p>



Key Portfolio Metrics

It is important to note that each investment in the fund has been made on its own merit, and the portfolio characteristics are merely a by-product of the process. In sync with Unifi’s philosophy, the aggregate portfolio has low leverage, demonstrates potential for strong earnings growth, and has reasonable valuations.

Valuation Parameters* (As on 29 th August 2025)	FY2025	FY2026E
P/E Ratio	26.2x	22.5x
Earnings Growth	10.5%	13.5%
Debt Equity Ratio	0.03	-
ROE %	20.1%	20.3%
PE/ Growth Ratio	1.5	

*Adjusted for one-off to make figures representative.

We are continually monitoring the environment for any opportunities that have the potential to materially improve the portfolio composition. We will be writing to you again after the 2nd quarter results.

In closing, we encourage you to write to us or your relationship manager for a detailed review of the portfolio and understanding of our proposition in greater granularity.

Annexures:

Financial Details of Top Portfolio Companies

Company	Market Cap (USD Mn)	PBT (USD Mn)		YoY(%)	PAT (USD Mn)		P/E	ROE	Portfolio Weight
	1st Sep 2025	Q1 FY26	Q1 FY25		FY26E	FY 25	FY26e	FY26e	29 th August 2025
Redington	2,117	35	33	4%	172	152	12.3	18%	9%
ITC	56,472	801	773	4%	2,529	2,274	22.3	30%	7%
Bank Of Baroda	13,787	711	698	2%	2,154	2,222	6.4	13%	6%
NCC	1,530	30	34	-11%	110	93	13.9	13%	6%
Narayana Hrudayalaya	4,108	26	26	1%	108	90	38.1	23%	6%
Oracle	8,434	103	99	4%	310	265	27.2	34%	5%
Kovai	763	9	7	25%	29	24	26.2	18%	5%
Mahindra & Mahindra	38,098	507	386	31%	1,314	1,145	29.0	20%	5%
Coromandel	7,678	77	50	55%	247	200	31.1	18%	5%
CMS Info	802	14	14	4%	46	42	17.3	17%	4%
Alivus Life Sciences	1,300	19	17	9%	62	55	21.1	18%	3%
Bayer Cropscience	2,676	38	36	6%	84	54	32.0	24%	3%
Aditya Birla AMC	2,761	42	35	22%	112	106	24.6	26%	2%
Thomas Cook	939	13	12	5%	33	30	28.7	26%	2%
T D Power	910	8	5	46%	23	20	39.2	23%	2%
The South Indian Bank	875	49	45	10%	145	148	6.0	12%	2%
Kotak Mahindra Bank	44,396	494	930	-47%	1,585	1,547	28.0	11%	2%
RPG Life Sciences	440	4	4	-3%	14	13	31.6	21%	2%
Caplin Point Labs	1,818	21	17	19%	71	61	25.6	20%	2%
Stylam Industries	319	5	4	8%	16	14	19.8	22%	2%
Marksans Pharma	863	9	14	-36%	41	43	20.9	13%	2%
HDFC AMC	13,845	112	85	31%	340	279	40.7	35%	2%
Can Fin Homes	1,099	32	29	9%	110	98	0.0	18%	2%
Aarti Pharmedicals	890	8	7	6%	35	31	25.6	15%	2%
S.J.S. Enterprises	490	5	4	21%	15	13	32.0	20%	2%
Tamilnad Mercantile Bank	760	46	43	5%	127	134	6.0	13%	1%
Axis Bank	37,620	859	915	-6%	2,855	2,993	13.2	13%	1%
Zensar Technologies	2,027	27	24	15%	81	74	25.0	17%	0%

RISK MANAGEMENT

While the environment is buoyant for India in the longer term, in the shorter to medium term, the aftereffects of unforeseen economic linkages from a recessionary West may be a risk. While India remains a largely domestic consumption-oriented economy, a rapid worsening of the economies in the West may affect their balance of trade with the World [including India] in the immediate to medium term. India's Current Account Deficit and foreign exchange reserves may be under pressure if energy prices remain elevated and rise. The recent softening of energy and commodity prices will assist India's macroeconomic case, but there remains the prospect of second or third-order impact from global macroeconomic and geo-political shocks.

Risk	Mitigants
Geo-political risks	Any geopolitical tensions between India and neighboring countries can disrupt supply chain in the region. This might have a non-linear impact on business.
Raw material inflation	India continues to be dependent on the supply of feedstock whose pricing is global in nature. Key categories would be crude, metals, minerals, and natural commodities. Sharp movement in their underlying prices will have a short-term financial impact on the companies. The situation in China [political] has the potential to disrupt the supply chain of a few of our investee companies.
Liquidity risk (in case of NBFCs)	The NBFC led liquidity crisis in India has had a systemic effect on the entire economy. Our investee companies have been able to tap diversified sources of liquidity on the back of their long-term track record of comfortable asset quality and asset-liability-management (ALM). However, sustained deterioration of the asset quality can continue to affect our holdings in Banks and NBFCs.
Foreign Exchange risk	Fund has invested exclusively in Indian Listed companies without employing any hedging strategies and hence the fund's investments face foreign exchange risk at the Fund level.
Leverage risk	Except for financial companies, most of the operating companies in the strategies carry nil to moderate debt on their balance sheets with a track record of having managed leverage well in the past. Their leverage is monitored regularly.
Technology Obsolescence	Technological changes can render the products/services of a company obsolete and thereby hurt its profitability and valuation. Such a risk is generally minimized by limiting the aggregate exposure of portfolio to such investments to less than 10% of value.
Governance risk	We avoid investing in companies with a known history of corporate governance issues. If such issue arises in an existing investment, we stop additional purchases and start optimally exiting the investment.
Concentration risk	At the portfolio level, such risks are minimized by limiting the aggregate exposure of portfolio to such investments to less than 10% of value at the time of investment.
Stock Illiquidity risk	High Impact cost, due to thin trading at the time of buying or selling is endemic to small & mid-caps. We plan our investment decisions, size of the investment and trading strategies to minimize the costs due to illiquidity.
Key Man Risk	Small and mid-caps are frequently managed by a key promoter / person on whom the business is completely reliant and without whom the business would be materially inferior. We generally avoid such names and in cases where we make any exceptions, the aggregate exposure of portfolio to such investments is limited to less than 10% by value.

Risk	Mitigants
Slowdown in global consumption	The wallet-share of the investee companies in the global manufacturing value chain, does not pose a significant risk of loss of business to their vendors. New and high growth areas such as Lithium-Ion batteries, EV vehicles are in relative infancy stage and have a strong growth curve ahead of them.
Softness in IT product spends	The convergence to digital software solutions is a 'must do' proposition and our investee companies have exhibited significant traction in competing in this space. A combination of their recent deal wins, and current bid pipelines bode well for their future.

This report and the information contained herein is strictly confidential and meant not for retail investors It may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Unifi Investment Management LLP. The information and opinions expressed in this report have been prepared by Unifi Investment Management LLP and are subject to change without any notice. This report does not constitute a prospectus or disclosure document or an offer or solicitation to buy any securities or other investment. This document is neither approved, certified nor verified by any regulator. The statements contained herein may include statements of future expectations and other forward looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or approach is suitable or appropriate to your specific circumstances. By referring to any particular sector or security, Unifi Investment Management LLP does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. This material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. However, Unifi Investment Management LLP warrants that the contents of this document are true to the best of its knowledge. Neither Unifi Investment Management LLP nor its affiliates or their partners, directors, employees, agents, or representatives, shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this analysis or the contents or any systemic errors or discrepancies or for any decisions or actions taken in reliance on the analysis. The recipient of this material should rely on their investigations and take their own professional advice. Opinions, if any, expressed are our opinions as of the date of appearing on this material only.