



RANGOLI INDIA FUND
(GIFT CITY) NEWSLETTER:
Q1: CY 2025

Acknowledging Context

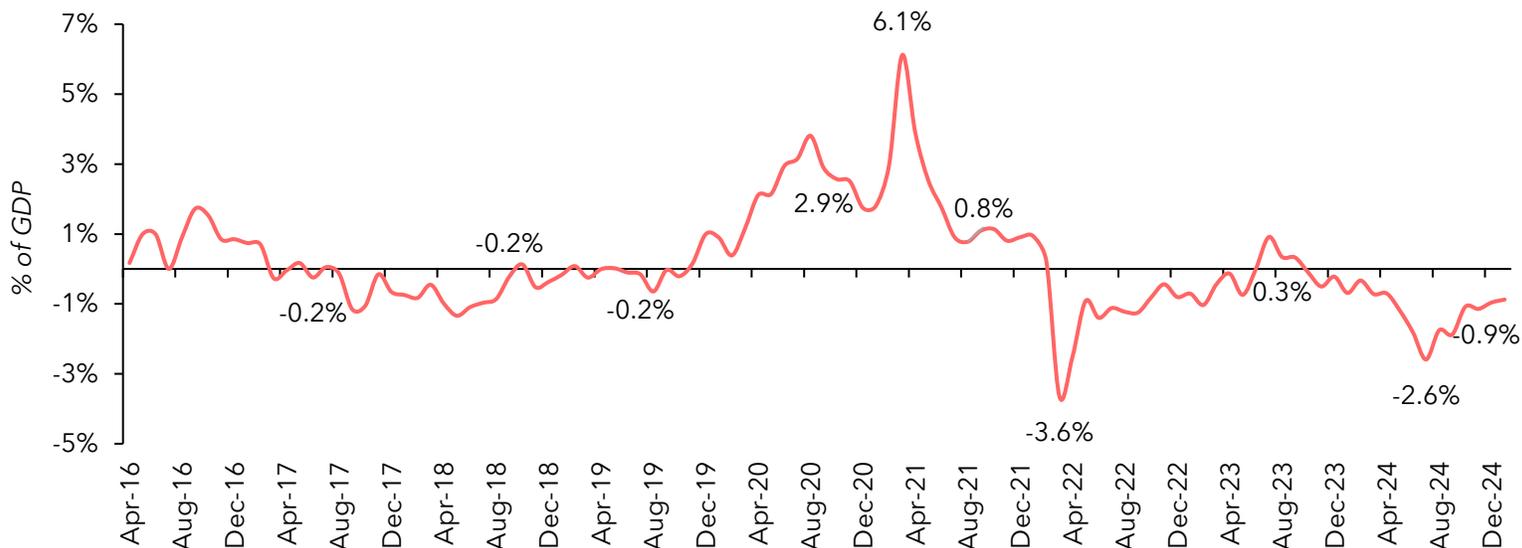
Equity markets are anchored in the central premise that stock prices follow earnings growth, a principle that anchors investor expectations. However, earnings are rarely a standalone phenomenon; they succeed when supported by favourable macroeconomic conditions. Sustained earnings expansion demands stable inflation, prudent monetary policy, and an environment that supports government, enterprise, and public consumption. Under such conditions, firm-level initiatives translate more reliably into profitability and investment outcomes.

India grappled with adverse macroeconomic conditions through FY 2025, resulting in a lower-than-expected earnings environment. Principal to this was an **elevated Fiscal Drag**, led by restrained Government spending, while extended monsoons and elections added to the cause. Today, there is a reversal of these macroeconomic headwinds. Unifi's portfolio companies are well-positioned to benefit from this turnaround, supported by their outlook post Q4 of FY 2025. In the following sections, we briefly examine the macros that support the environment today and the performance of our portfolio companies.

A Reflexive Cycle

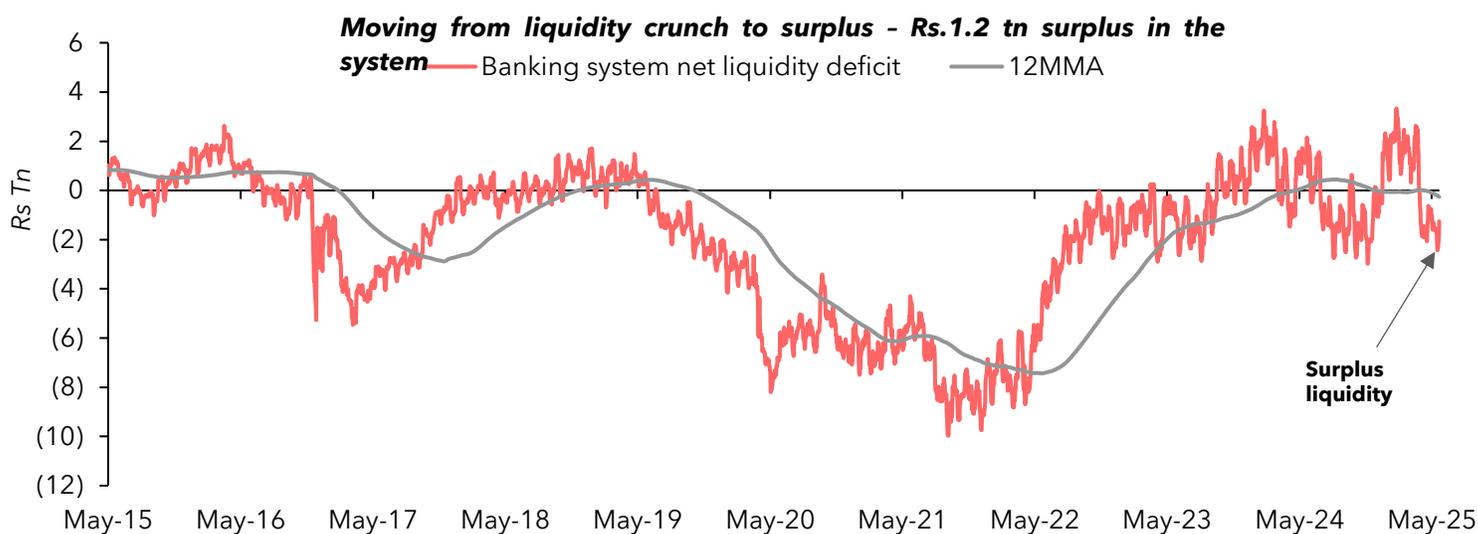
Reversal of Fiscal Drag | A sustained **fiscal impulse** is a key enabler of economic expansion, supporting real GDP and exerting a measurable influence on corporate earnings. However, India experienced a pronounced **fiscal drag** for most of FY25, i.e., it had a reduced amount available for spending and investment by the government, ultimately slowing economic growth for the year. In hindsight, this was by design as the Government prioritized stability of the Indian currency, domestic interest rates, and sovereign ratings, ahead of growth. To put this in context, FY22-FY24 saw **double-digit increase** in government capex as a stimulus to the broader economy, and to that extent, FY25 marked a normalization. As government expenditure remained subdued despite budgetary provisions, it curtailed the multiplier effect that typically amplifies economic activity. Exhibit 1 illustrates a clear trend: India's fiscal impulse has historically remained at or above the median level, reflecting the government's proactive role in driving economic momentum, visible across most of the 9-year time series. The brief dips into negative territory are exceptions rather than the rule, and they tend to coincide with phases of moderating a cycle. Today, this phase appears to be behind India. As fiscal policy re-aligns with growth priorities, **the return to a more expansionary impulse will support growth.**

Fiscal impulse has improved 1.7% from July'24 low



Source: Comptroller General of Accounts (CGA), Government of India

RBI is expected to maintain sufficient liquidity to facilitate monetary transmission | In FY25, RBI implemented a series of measures to curb inflation and enhance underwriting standards within the unsecured lending segment. Retail inflation was projected to be around 4.8%-4.9% for FY25, aligning with the RBI's target. However, concerns over food inflation and global economic uncertainties led the RBI to adopt a balanced approach, supporting growth while keeping inflation in check. Also, in response to the rapid growth of unsecured personal loans and the associated risks, the RBI implemented several measures to manage risks in the sector. As a result, India's banking system faced a significant liquidity crunch throughout the year, highlighted by persistent deficits in the Reserve Bank of India's Liquidity Adjustment Facility (LAF). Systemic liquidity remained in deficit for several months, with net liquidity contracting by over ₹3 lakh crore between April - December 2024. This tightening placed considerable stress on short-term funding markets. It led to an effective monetary tightening, as the flow of credit into the economy was constrained. These efforts are anticipated to ensure orderly market conditions and facilitate the effective monetary policy transmission.



Source: Reserve Bank of India (RBI)

The phase of monetary strain now appears to be behind us. Over the past three months, RBI has taken decisive steps to address the shortfall in liquidity. As liquidity conditions normalize and transmission improves, credit growth is expected to increase, providing a much-needed tailwind to India's economic recovery.

Macros imply INR stability ahead

Currency stability is a critical anchor for foreign institutional investors (FIIs) in emerging markets. A depreciating currency impairs investment returns, prompting capital flight. A stable rupee is thus crucial to attracting and sustaining FII flows into India.

As Indian Equities became expensive in the middle of FY 2025, FII flows followed a predictable cycle of aggressive paring down of exposure. The traditional role of stabilization played by FDI inflows took a breather as divestments almost entirely offset monthly FDI inflows of \$5/\$6 billion. This resulted in c.~\$18 billion of outflows (FII+FDI) from India in October & November, significantly pressuring the Indian Rupee and Equities. **Rising bond yields in the USA escalated the flight of capital.** As a result, Indian Equities suffered in the second half of 2024 as both FDI & FII flows turned negative and pressure on the currency led to a reflexive cycle of an Equity market selloff.

This pressure has abated since March 2025, and key to this reversal is a structural improvement in CAD, which is underway. Even as India's traditional strength in services sustains, and surplus services trade surplus continues to grow (monthly surplus of c.\$18/\$19bn), India's goods deficit is narrowing as specific sectors like Electronics manufacturing play out their China+1 advantage. As India's CAD moves to neutral in FY26, the Indian Rupee becomes more structurally stable, and volatility in FDI and FII is better managed.

Q4 FY 2025 Earnings Update

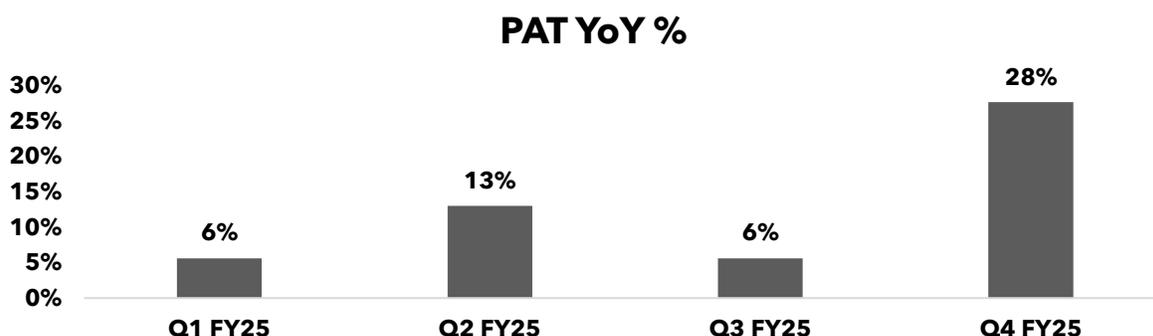
A Strong Finish to an Otherwise Tepid Year

Following three consecutive quarters of subdued earnings and restrained outlook, Q4 FY25 marked a decisive turnaround for India Inc. **The aggregate net profit for the Nifty-500 universe rose 11.7% YoY, marking the strongest quarterly earnings growth in FY 2025**, compared to the more modest (-1% to 8% YoY) growth seen over the first three quarters. Notably, the sentiment surrounding business conditions and prospects was better.

NSE500 Sector	Adj PAT, Cr		
	Q4 Mar-24	Q4 Mar-25	YoY
Banks-Private	48,262	51,255	6%
Banks-PSU	44,403	50,039	13%
Consumer	14,695	15,167	3%
Consumer Durables	2,270	3,100	37%
Healthcare	11,270	13,312	18%
Automobiles	21,044	24,183	15%
Utilities	19,432	22,215	14%
Capital Goods	14,562	15,923	9%
Infrastructure	3,977	4,948	24%
Technology	32,972	33,956	3%

Credit growth moderated to ~11-12% in FY25 compared to around 15-16% over the past two years, led by regulatory actions that cautioned lending towards NBFCs and unsecured retail loans. However, asset quality remained strong – GNPA and NNPA ratios across major lenders hit multi-year lows, driven by contained slippage and robust recoveries. **Consumer discretionary and staples** witnessed better prospects, led by recovery in rural demand, lower raw material costs, and sustained urban momentum. **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. **Pharma and specialty chemicals** rebounded from inventory normalization issues faced in FY24. Select **Passenger Vehicles** and **Tractors** saw margin expansion due to easing input costs, while two-wheelers finally saw volume growth return after several soft quarters. 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.

Unifi's **portfolio companies** delivered a strong performance in Q4 FY25, with a weighted average earnings growth of c.28%, supported by high return ratios and reasonable forward valuations.



In sectors such as technology product distribution, healthcare, manufacturing, specialty chemicals, agrichemicals, asset management, consumer staples, and diversified services, Unifi's portfolio holdings have reported material expansion in business operations, order book, sustained margin resilience, and earnings outlook. As a parallel, they continue to create growth levers through sustained execution, operating leverage, and market share gains.

Portfolio Positioning

Agriculture - 13% | Strong Season and Execution

The Indian agriculture sector is poised for a strong kharif season, with early monsoon forecasts trending above normal and reservoir levels holding well. Structural factors like rising Minimum Support Prices and improving farm economics continue to support the rural ecosystem. In this context, our portfolio includes two differentiated players deeply embedded in the agricultural value chain—one a leader in complex fertilizers and crop advisory solutions, the other a global innovator in crop protection and bio-science technology. Both companies are positioned to benefit from favorable weather, rising farm input intensity, and policy-level support for sustainable agri-inputs.

Execution-wise, both businesses are at different but encouraging stages of their strategic roadmap. The fertilizer-led business has seen market share gains in key southern and eastern states, aided by backward integration, efficient distribution, and a push towards value-added products. Meanwhile, the crop protection company is recovering from several operational initiatives of the previous year.

Hospitals & Healthcare - 12% | Operating Leverage Kicking in Amid Sustained ARPOB Growth

India's private healthcare sector continues to display strong momentum, underpinned by rising Average Revenue Per Occupied Bed (ARPOB), improved patient throughput, and expanding margin profiles. The premiumization trend within the hospital space has now evolved from a thematic tailwind to a tangible earnings driver. ARPOBs have risen meaningfully across most listed players, supported by a favorable specialty mix, uptick in international patient inflows, and greater adoption of robotic surgeries, day-care procedures, and other high-value interventions.

We have retained our position in a leading [East-South] hospital chain with a strong foothold in the affordable and mid-market segments. Their international asset has scaled up meaningfully, and is exhibiting financial strength, while consistent execution in Indian is supporting the base business. In addition, we hold exposure to a premium hospital chain [NCR, East] benefiting from scale and brand strength in metros. With increasing visibility on free cash flows and reinvestment discipline, we believe our healthcare holdings remain structurally well-positioned. The sector offers a compelling blend of cyclical margin expansion and sustainable demand—an attractive combination in the current market context.

Credit - 11% | Growth Normalization with Stable Asset Quality and Selective Lending Tailwinds.

India's credit environment exited FY25 on a more balanced footing. System-wide credit growth moderated further to a range of 11-12%, reflecting a normalization from the mid-teen levels in the post-pandemic recovery phase. This softening aligns with a broader recalibration of credit demand, tighter underwriting standards in unsecured retail and microfinance segments, and a tapering of pent-up consumption. Incremental signs of stress in specific segments, such as microfinance, personal loans, and credit cards, have prompted regulators and lenders alike to exercise greater caution. However, delinquencies remain within manageable thresholds, and the credit cost outlook remains benign for most banks, especially larger private sector names.

We believe the current credit cycle, is sustainable and adequately supported by macroeconomic stability. Aligned with our GARP investment framework, we have a position in one of the largest PSU banks in India. Despite being a PSU, it gained market share in FY25, driven by robust growth across various granular business segments. The bank has consistently demonstrated strong asset quality metrics compared to other large PSU banks in recent years. Given its structural position, we anticipate the bank will likely maintain low credit costs over the next few years, enabling it to achieve sustainable RoEs from high double digits to mid-teens. As we enter 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.

Product Distribution - 10% | Consistent Growth

Globally, enterprise demand for computing is accelerating, driven by shorter product cycles and rapid innovation that fuel both 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. We also see a notable shift toward greater acceptance of premium products and more frequent upgrade cycles. Accordingly, we have exposure to a leading ICT [Information and Communication Technology] distributor, operating globally and in India, that is strategically positioned to benefit from this expanding demand and deliver sustained growth.

Our portfolio company delivered a strong quarter on execution and tailwinds across key geographies. The India-South Asia business led with 25% YoY growth, while the Rest of the World segment maintained a healthy 12% growth. The company's software services portfolio now accounts for ~15% of revenues and continues to scale meaningfully, led by hyperscaler adoption. The underlying business momentum remains strong, and the continued reduction in factoring costs, expansion in the software portfolio, and improving return ratios bode well for future times.

Infrastructure - 9% | Outlook Has Improved

India's infrastructure sector is witnessing a gradual improvement in execution momentum. After several quarters of sluggish project activity and elevated input costs, the operating environment has stabilized, with better tendering visibility. Urban infrastructure and specific state-level capex continue to see traction ahead of the upcoming fiscal cycle. Our exposure within the sector remains aligned with companies focused on execution-intensive areas like water treatment and urban construction. These businesses, after facing a relatively weaker cycle are witnessing stronger order book conversion. We believe the outlook for these firms has materially improved versus recent quarters, with execution visibility rising and balance sheets remaining under control. With a robust order inflow pipeline and improving operating leverage, these companies are poised to benefit from the next leg of infrastructure-led growth.

IT Services - 8% | Reduced Exposure

Our exposure to the Indian IT services sector is meaningfully pared down, in line with our evolving assessment of sector headwinds. The industry faces a challenging demand environment marked by prolonged decision-making cycles and subdued discretionary tech spending. The deflationary impact of generative AI adoption is becoming increasingly evident, as delivery models shift away from people-led models.

While top-tier IT companies have largely managed to defend margins, the topline growth outlook remains tepid across the board, with multiple quarters of low single-digit revenue expansion. Against this backdrop, we have reduced exposure in the sectors. Our current exposure is highly selective and focused on companies with three distinct advantages: (1) a smaller base, allowing for faster growth off low revenue levels, (2) a strong and executable order book that provides forward visibility, and (3) Product leaderships in specific industries with high growth potential. We continue to own a niche mid-sized IT services provider that has consistently gained wallet share in specific verticals and geographies. Their size enables nimbleness, and their order wins over the last three quarters offer credible growth visibility.

Specialty API - 8% | Executing well

We have exposure to a mid-sized Pharma API company. The company emphasizes building an extensive product portfolio of low-volume and high-value APIs while maintaining high compliance standards. The company provides services throughout the product's lifecycle and maintains a presence across the entire value chain. The company has been vying to leverage its client relationships in the generic API segment to foray into the CDMO segment. With the change in the company's ownership structure and hence capital allocation decisions, we expect higher growth potential over the medium to long term.

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

Within the Indian automobile landscape, our alignment is highly selective and centered around the one OEM executing 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.

Asset Management - 4% | Growing Participation

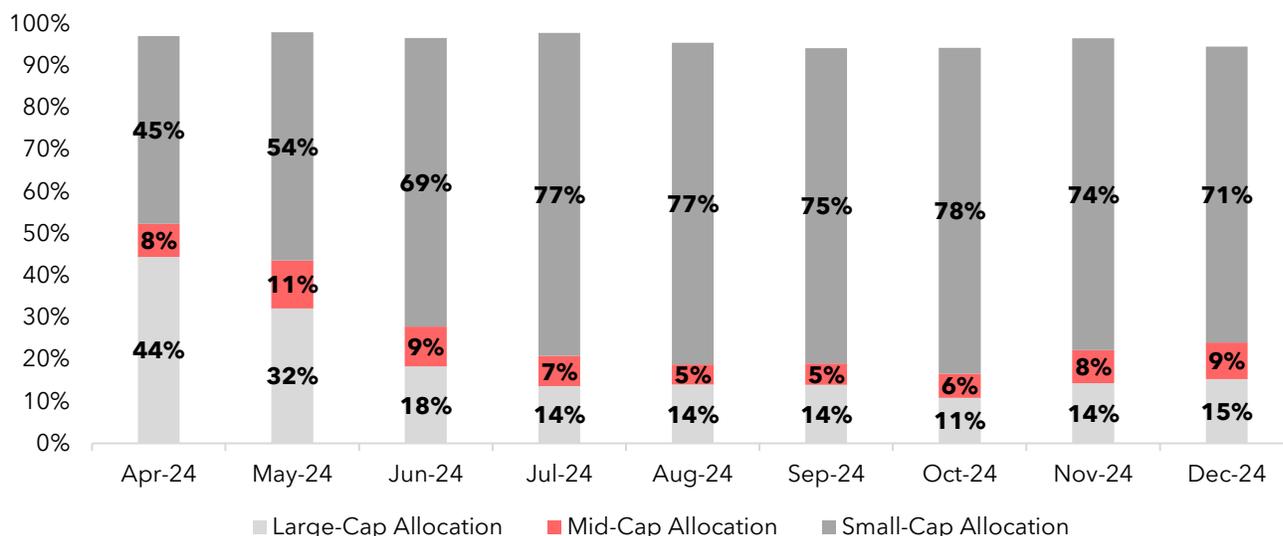
The Indian asset management industry continues to experience strong tailwinds, marked by expanding retail participation, SIP-driven inflows, and greater acceptance of equity ownership. Monthly SIP contributions now exceed ₹26,000 crore, underscoring the increasing breadth of participation. The rise of passive and hybrid strategies, alongside robust participation in mid and small-cap funds, points to a market 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.

Summary

FY 2025 began with expectations rooted in (1) a recovering global growth narrative, (2) a benign rate environment, and (3) the anticipation of India's continued policy momentum post-elections. Each expectation was belied, highlighting the inherent risk in equity investment assumptions. By Q2 of FY 2025, the undercurrents of stress became increasingly visible. Global trade was weighed down by (1) persistent geopolitical tension, (2) elevated interest rates in developed markets, and (3) supply chain recalibrations. Domestically, delayed monsoons, weak rural consumption, and an unexpected slowdown in government capital expenditure slowed India's growth in the near term. By the second half of FY 2025, Markets were discerning—rewarding fundamentals and penalizing excess. Across our strategies, we exited names where narratives had outrun earnings and redeployed capital into areas where the risk/reward was more favorable. Since H2 FY 2025, we have done well and continue to build portfolios suitable for risk-adjusted returns.

Rangoli GIFT Cap Curve



At Unifi, we have always followed non-consensus portfolio construction, wherein all the portfolios are constructed based on bottom-up opportunities. In this process, we deviate significantly from benchmark (consensus) names.

The strong end to FY25 following the Q4 results sets up a much-improved earnings base for FY26-27. With India's nominal GDP expected to grow at ~12.3% and broader market corporate earnings growth pegged at ~12-13%, Unifi's portfolios are positioned to report 17-19% in earnings growth over the base-case scenario. Several portfolio companies are expanding into adjacencies, ramping up the scale of operations, and benefiting from sectoral consolidation—shifts that will eventually be priced in by the market. Our valuation lens has remained conservative, ensuring that we are not paying forward for unrealized potential, but rather anchoring our investments in tangible growth metrics. As we look ahead to FY 2026, we are entering the fiscal year with good earnings visibility and a differentiated portfolio for risk-adjusted outperformance. While the macro setup is supportive, pockets of excess remain in valuation. We expect: (1) **Rate cuts** in H2 FY 2026, which will support interest-sensitive sectors; (2) **Earnings recovery** across capex-led sectors, consumption, and financials; and (3) **Renewed policy** thrust, particularly on infrastructure, healthcare, and digitization.

Our approach remains unchanged: bottom-up stock selection, sectoral agility, valuation discipline, and proactive risk management. We believe FY 2026 will offer moments of clarity amid noise, and while volatility will persist, capital, if deployed thoughtfully, will compound meaningfully.

The following sections outline our investment strategies and provide a performance summary for Q4 FY25. 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.

Summary of results from the quarter Q4-FY 2025 (Generally Indian Cos follow Apr-Mar FY)

	Brief background and Investment rationale
<p>Redington</p>	<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 and offers services and solutions across managed, cloud, and logistics. The company partners with 300+ brand associations and services 43,000+ channel partners. Redington reported revenues of Rs. 26,440 cr, up 18% YoY. The growth is led by the Indian business, which grew by 26%, while the UAE business grew by 24%. Gross margins remained flat at 5.3%. The management team's effort in turning around Turkey operations and maintaining costs led to an improvement in EBITDA margin from 2.4% vs 2.1% YoY. Overall, PAT grew 18% YoY from Rs. 325cr to Rs. 403cr, adjusting for the gain on the sale of a Turkish payments company.</p> <p>From a capital allocation perspective, the company's return ratio is healthy at 20% RoE, and the company continues to pay out 40% of PAT as dividends, which results in a dividend yield of 3%. We like Redington, given that it is amongst the top 2 ICT distributors in its markets. The company's dominant positioning and financial muscle give it a significant competitive advantage in a business with high entry barriers. Redington has created a strong services business in 3rd party logistics and the high-margin cloud business. Redington's broad portfolio and relationships with vendors across segments allow for balanced growth and reduce vendor concentration. Redington has demonstrated robust risk management practices over cycles that help manage credit, inventory, and currency risks. A significant shift in consumer and enterprise behavior has led to a higher need for higher computing, leading to shorter product life cycles and the acceptance 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.</p>
<p>Bayer</p>	<p>Bayer CropScience reported revenue growth of 32% YoY at Rs. 1,046 cr in Q4 2025. The top growth was driven by strong performance in the spring corn seeds portfolio, and secondly, strong performance and double-digit liquidation growth in the crop protection portfolio. EBITDA and PAT reported growth of 77% and 49% YoY to Rs. 171 cr and 143 cr, respectively. Gross margins continue to be weak, down 6% YoY in Q4 2025 due to higher input costs of the crop protection segment and high cost of production in the seeds segment. There has been a significant improvement in employee costs and opex in Q4 2025, with employee costs normalising to 111cr down 10% QoQ, while opex costs down 22% YoY to Rs. 200cr, indicating negligible receivable provisions in Q4 2025. Bayer has gone through both structural and cyclical challenges in FY25: Layoffs and cutting middle management, optimising cost structure, the cost impact was of 78cr receivable provision and 30cr employee severance, supply-side disruption in the seeds business due to floods. Going forward, most of the headwinds seem behind except the input costs pressure.</p> <p>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 in India for 125 years and has built strong leadership in the agrochemical segment and trust among the farmer community. The</p>

listed entity is a marketing and distribution company and thus has an asset-light model.

Key risks to the investment could be any impact on seed production because of seasonality, unexpected regulatory developments, and the erratic monsoon.

NCC

FY25 has been a challenging year for the company, as election-related disruptions have weighed on execution and impacted overall performance. The revenue in the quarter decreased by 5.5% YoY to Rs.6,131 cr. The company ended the year with revenue growth of 6.5% YoY. The EBITDA Margin came in at 9.1% vs 8.5% in Q4FY24. The EBITDA Margin expansion has offset the revenue decline; hence, EBITDA grew by 1% YoY at Rs.556cr. The consolidated PBT declined by 6% YoY to Rs. 367 cr due to higher interest expense. The consolidated PAT grew by 11.3% YoY to Rs. 265cr due to the high tax rate in last year's Q4. Though the execution was weak in Q4, the order flows and outlook significantly improved.

The company received orders worth Rs. 19,280 cr in Q4 vs. Rs. 14,000 cr in the first 9MFY25. Given the firm order flows in Q4, the company ended the year with Rs 32,888 cr orders (20% higher than F24) despite being an election year. The order book now stands at Rs. 71,568 cr, giving visibility for 3 years of revenue. The order inflows in FY25 have been higher than the company's guidance, primarily due to the fast-tracking of Andhra Pradesh capital city projects. Even on the execution front, the activity in Maharashtra is now back to normal, and the government has given clearance to proceed with all the pending projects. Given the strong order book, the company's execution is expected to improve in the coming quarters, resulting in mid-teen earnings growth for the next two years.

Key risks: Slowdown in the order inflows and execution.

Bank of Baroda

BOB reported a PAT of Rs. 5,048 cr vs. Rs. 4,886 cr (3% YoY) for Q4 FY 2025, while their loan book grew by 5.1% QoQ and 13.5% YoY. The Retail, Agri, and MSME segments led the loan growth, which grew by 5.5%, 4.8%, and 3.6%, respectively, sequentially. Corporate loans grew by 4.4% QoQ / 8.6% YoY. The bank reiterated its loan growth guidance at 11-13% and deposit growth guidance at 9-11% for FY26. Margins declined by 8bps sequentially to 2.86%, which was led by 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 increased marginally by six bps sequentially to 1.85%. Gross NPA improved by ~17bps QoQ to 2.26%, while Net NPA improved by 1bps QoQ to ~58bps. Provision coverage was stable sequentially at ~75%. Gross & net slippages were stable at 1.1% and 0.4%, respectively. The bank has reported net slippage of about 0-50 bps over the past 11 quarters, reflecting strong underlying credit quality. Credit cost was stable at ~53bps vs 38bps in Q4FY25. Overall, there are no signs of imminent stress, and management expects credit costs to remain at the lower end of the guided range of ~0.5-0.75% for FY26. We like the bank because of its ability to grow in line with systemic growth rates, low NPA risks, and attractive valuations.

ITC

ITC reported revenue growth of 10.1% YoY to Rs. 18,765 cr. The tobacco business continues to have good volume growth (5% YoY), but steep inflation in leaf tobacco prices impacted margins. Though the margins are down on a YoY basis, we have seen an improvement on a QoQ basis. Given the new leaf tobacco crop, the margins will inch higher in the coming quarters. FMCG business continues to see weakness due to a slowdown in demand. This segment has reported only 4% YoY revenue growth, and the raw material inflation has impacted the margins significantly, with EBIT margins declining by 270bps YoY. The company has started taking pricing actions to mitigate inflation. Agribusiness continues to do well, with 18% YoY revenue growth and 35% YoY EBIT Growth. This segment continues to benefit from leaf tobacco and value-added agri exports (coffee, spices, etc). The Paper Segment remains impacted due to low-priced Chinese & Indonesian supplies in the global market (including India), as this segment reported an EBIT decline of 33% YoY. Accordingly, the consolidated EBIT Growth has been 3% YoY to Rs. 5,946cr. The reported PAT grew by 3% YoY to Rs. 5,155cr. The steady 5% volume growth in the tobacco segment is a positive development, and the early

signs of margin improvement further strengthen the outlook, given that this segment accounts for 85% of the company's profitability. While the FMCG segment remains subdued, we anticipate a gradual sequential margin improvement. This has been a challenging year for the company due to significant raw material pressure, resulting in a flat PAT YoY. However, we expect the trend in gross margins to improve over the next few quarters, which should enable the company to achieve double-digit PAT growth for FY 2026. Key risks: government taxation on cigarettes, demand slowdown, and raw material inflation.

Narayana Hrudayalaya

Narayana reported a revenue growth of 18% YoY, to Rs. 1,475 cr, and a PAT growth of 5% YoY, to Rs.196 cr. India's business remained steady this quarter, with revenue and EBITDA growth of 10% YoY. However, lower patient footfalls from Bangladesh have negatively affected revenue growth, leading to a 54% YoY decline in revenue from international patients seeking treatment in India. To address this, the company has focused on increasing domestic patient numbers, resulting in a strong 16% YoY revenue growth from this segment. Looking ahead, growth in India's business over the next two years will primarily be driven by Average Revenue Per Occupied Bed (ARPOB), which is currently 25% lower than that of larger competitors. The company is also working on optimizing bed and case mix. Beyond FY27, future growth is expected to be bolstered by the commissioning of new hospitals.

In the Cayman Islands, the business experienced robust revenue growth of 45% YoY, amounting to USD 44 Mn in the quarter. The new hospital in the Cayman Islands is now 80% operational in Q4, contributing significantly to the increase in revenues. Margins in the Cayman business continue to improve, reaching 44.2% this quarter compared to 43.4% in the previous quarter. The rapid ramp-up of the new facility benefits from years of brand equity and favorable location, promising significant growth for Narayana over the next two years.

The company is investing in capex in India, focusing on its core markets of Bangalore and Kolkata. Over the next few years, Narayana plans to add 1,400 beds with a projected capex of Rs. 3,000 cr. While the company performed exceptionally well between FY22 and FY24, the current year has been one of consolidation, resulting in a flat PAT. However, we anticipate strong earnings growth starting in FY26.

Key Risks: Delay in Capex, government interference in pricing.

Oracle Software

Financial

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 space. Oracle's revenue grew by 4.5% YoY to Rs.1,716cr in Q4 2025 vs. Rs.1,642cr, YoY, with EBITDA and PAT increasing by 4% and 15% YoY, respectively. The slowdown was mainly due to the delay in converting deals into revenue. The deal flow remained strong in Q4 FY25, led by large deals in India, Asia Pacific, and the EU. This provides strong demand visibility for the company, with 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.Key Risks: Slowdown in IT spending by enterprise clients.

Alivus Life Sciences

Alivus Life (previously Glenmark Life) reported revenue growth of 21% YoY in Q4 2025 to Rs. 650cr, with EBITDA and PAT growing by 41% and 44% YoY to Rs. 199cr and Rs.142cr, respectively. API business reported 23% growth in Q4, while CDMO business showed an uptick in Q4 with 23% growth. 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.

	<p>The market mix remains steady with regulated markets at 85%+. The core Therapy mix continues to be constant [CVS, CNS] while the urology segment has grown well. There are a few molecules in pulmonary fibrosis that have been witnessing traction. The company has maintained a 28-29% margin despite PLI incentives going off in the current quarter and full year FY25.</p> <p>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 step up its investments while also exploring the incorporation of new chemistry platforms, increasing 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 endeavours to primarily focus on APIs, which can be commercialised in the next 4-5 years. The company intends to incur ~Rs. 500-550cr 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 ~600KL will be operational by FY28.</p> <p>Key risks include a low extent of backward integration, with high KSM sourcing from top suppliers, regulatory risks, and customer concentration towards Glenmark Pharma.</p>
Kovai	<p>The company's revenue grew 11.2% YoY to Rs. 357cr. The hospitals segment, which accounts for 95% of revenue, delivered a healthy 13.5% YoY growth, with EBIT margins further expanding to 24.4%. The existing Coimbatore facility will have growth levers for 2-3 more years as the current utilisation is <65%. The Chennai facility (OMR) will be ready in 2-3 years. The education business has been weak this quarter with EBIT degrowth of 27% YoY to Rs. 12cr. The company reported PBT growth of 11% YoY to Rs. 74cr, whereas higher tax in this quarter impacted PAT growth. The PAT grew by 5% YoY to Rs. 55cr.</p> <p>Given the scope for occupancy improvement and commissioning of the new Chennai hospital, we expect the company to deliver 15-20% PAT growth over the next couple of years. The stock is trading at reasonable valuations.</p> <p>Key risks: Government interference in pricing, delay in new capex</p>
Coromandel International	<p>Coromandel reported a 27.5% growth in revenue for Q4 2025 at Rs. 4,988 cr. The company has reported volume growth of 9% YoY in the fertilizer business. This monsoon season has been above normal, which has helped with good demand for agri inputs. Furthermore, with improved reservoir levels, the performance for the Rabi season has been positive. The fertilizer plants operated at optimum capacity utilization. The company reported that a record high phosphoric acid production was achieved in FY2025, while the recently commissioned sulfuric acid plant operated at full capacity, enabling cost savings and mitigating sulfuric acid price volatility. Reported gross profit was up 36% due to increased subsidies and better cost efficiency led by backward integration measures. EBITDA was up 56% YoY to Rs. 426cr on a low base, and Adjusted PAT, excluding exceptional gains, was up 73% YoY to Rs. 284cr. The low NBS rates in H1 2025 did not align with the increased raw material prices and negatively impacted the operational performance of all phosphatic manufacturers, albeit marginally. The subsidy rates have improved between H2 25 and H1 26. There has been an increase in the subsidy rates of nutrient 'P' as per the NBS rates for the next Kharif season. In the crop protection business, the revenue growth was 24% YoY to Rs. 699cr, driven by volume growth in domestic formulations and new products doing well. EBIT margins improved from 11.2% to 14.5% YoY. Management highlighted that the performance of key molecules, strong traction in domestic and export markets, new product introductions, and increased use of captive molecules drove improved EBIT margins. The company has acquired NAACL Industries in the current year, and the management has identified procurement inefficiencies at NAACL 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 8-9%. 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</p>

of 0.75 million tons at Kakinada has been initiated, with commercial production targeted for H2 2027.

Structurally, the company is well-placed to battle cost inflation with reasonable capital allocation and 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 25%+ market share 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 endeavours to reduce the share of subsidised businesses by investing in crop protection and other allied segments.

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.

Mahindra & Mahindra

M&M's topline grew by 25% YoY at Rs. 31,609 cr in Q4 FY 25, with similar growth in both the Autos and Farm Equipment segments. The rise in the auto segment was driven by strong SUV sales, which increased by 18% in Q4 FY25, reflecting lower-than-expected cannibalization from new launches. Similarly, tractor sales saw a significant volume growth of 23%, marking the strongest growth in the past year. This increase was fueled by a favorable monsoon that supported agriculture and an earlier Chaitra Navratra festival. As a result, M&M consolidated a 23% revenue market share in passenger vehicle (PV) sales (+2% YoY) and a 43.3% share in tractors for FY25.

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. The electric vehicles (EVs) launch received approximately 30,000 bookings on the first day, with over 8,000 units already delivered. M&M achieved EBITDA breakeven this quarter and a 33.1% revenue market share in electric passenger vehicles. In the near term, we expect a gradual increase in EV volumes to ensure a smooth customer experience and accommodate the EV ecosystem's scale-up 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.

CMS Info

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 formalization of the economy will further strengthen the need for reliable cash logistics infrastructure. CMS Infosystems reported stable YoY revenues of Rs.619cr in Q4 FY25. While the cash management segment experienced a 7% YoY growth, the managed services segment saw an 8% YoY decline. This slowdown was primarily attributed to delayed ATM installations by banks, stemming from challenges faced by a competitor, which delayed the order execution by the company. Despite this, PAT increased by 6% YoY to Rs.97 cr. Looking ahead, the outlook is optimistic. The execution cycle is regaining momentum, and the company's Requests for Proposals (RFP) pipeline indicates strong potential for future double-digit growth. As the managed services segment, which comprises non-cash business, expands its contribution to overall revenue, CMS Infosystems is positioned for sustainable medium-term earnings growth. Key risks include a potential decrease in currency circulation or a perceived decline in the cash economy.

Stylam Industries

Stylam reported a 11% YoY revenue growth to Rs.265cr in Q4FY25, driven primarily by strong export performance. Exports grew 13% YoY to Rs.188cr, while domestic sales grew by 5% YoY to Rs.77cr. The export volume growth was fueled by an increased wallet share with existing clients and new business from additional geographies and customers. However, margins were impacted due to the elevated prices of raw materials. EBITDA margins declined

from 20% to 16% YoY, leading to an EBITDA de-growth of 10% YoY to Rs.43cr. Consequently, PAT dropped 8% YoY to Rs.30cr.

Looking ahead, Stylam is investing in a greenfield capacity expansion to diversify into thicker laminates. The new capacity will commence in phases from Q3 next year, providing visibility for double-digit earnings growth. The company's strong relationships with large dealers and global laminate players will ensure a smooth offtake of the expanded production.

Key Risks: Raw material inflation, High logistics costs, Potential delays in capacity expansion

Thomas Cook

Thomas Cook delivered a revenue growth of 19% YoY at Rs.1,973cr. The growth was robust across the forex & travel segments, which grew at 14% & 25% YoY, respectively. The company faced a challenge in the digital imaging business due to lower footfalls in the UAE market, which impacted revenues. The profitability of the travel segment improved because of high operating leverage and the turnaround of the international subsidiaries. As a result, EBITDA grew 13% YoY. PAT grew 26% YoY from Rs. 58cr to Rs.73cr. Thomas Cook is a beneficiary of the growth of India's travel ecosystem. The company offers a comprehensive suite of services across forex and travel packages. It has also expanded into new areas like resorts and souvenir imaging solutions through acquisitions. While the revenues of most segments are back 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 earnings profile of the company going forward. Key risks include a slowdown in travel spending and an increase in competition.

South Indian Bank

South Indian Bank reported a PAT of Rs 342cr vs Rs 288cr in 4QFY24. The bank reported loan growth of 1.5% QoQ / 9.8% YoY. Loan growth was led by the Retail and Corporate books, which grew by 27% and 13% on a YoY basis, respectively. MSME book declined by 17% YoY due repayments and changes in classification of accounts to corporate banking. Management mentioned that the MSME book is stabilised now and shall start growing in the near term on an absolute basis. Management reiterated that over the next couple of years, the loan mix shall shift towards Retail & MSME loans. The bank guided loan growth of ~12% for FY26, but hopes to deliver higher growth than 12%. Reported margins improved by 2bps QoQ to 3.21%. Management refrained from giving any guidance on margins but reiterated its intend to improve on a medium-term basis, led by improvement in the mix of Retail & MSME loans. Cost to assets improved to 2.47% vs 2.61% in 3QFY25.

Gross NPA declined by 50bps sequentially to 3.20% and Net NPA declined by 33bps sequentially to 0.92%. Provision coverage ratio was stable sequentially at ~72%. Gross Slippages improved to 1.05% vs 1.5% in 3QFY25. Net slippages were at -0.2%. Credit cost stood at 105bps vs 32bps in 3QFY25. During the quarter, the bank wrote off Rs 900crs of loans on which the bank was carrying 100% provision cover. However, to maintain a higher PCR of >70%, the bank increased provisioning on current NPLs, which led to higher credit costs during the quarter. MSME slippages have moderated to 2% vs 2.7% in 3Q and 3.7% in 2Q. Retail slippages declined to 1.8% vs 2% in 3Q and 2.2% in 2Q. Agriculture gross slippages stood at 1.1% while corporate slippages were Nil during the quarter. Restructured book declined to 37bps vs 48bps in 2QFY25. SMA II book declined to ~0.3% vs 0.6% in 3QFY25. The bank mentioned that they expect substantial recoveries to continue in YF26.

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

Summary of portfolio valuation

As on 28 th May 2025	FY 26E
Wt. Avg PE	22x
Wt. Avg PB	4.4x
Wt. Avg ROE	20%
Wt. Avg Mcap	USD 8,785 Mn

Only on the direct eq allocation excluding cash & cash equivalents and ETF, if any.

	MARKET CAP, USD Mn	PBT (USD Mn)		YoY	PAT (USD Mn)		P / E	RoE (%)
		Q4 FY24	Q4 FY25		FY 25	FY 26E	FY 26E	FY 26E
Redington	2,396	45	60	35%	148	181	13.0	18%
Alivus Life Sciences	1,527	15	22	47%	57	63	24.0	18%
Bank of Baroda	14,772	796	770	-3%	2,290	2,220	7.0	13%
Bayer CropScience	2,995	12	20	59%	56	86	34.8	24%
CMS Info	943	14	15	5%	45	54	17.0	21%
Coromandel International	7,823	26	86	229%	206	254	31.0	18%
ITC	61,116	771	800	4%	2,344	2,607	23.0	30%
Kovai	761	8	9	10%	24	29	26.0	18%
Mahindra & Mahindra	32,539	471	541	15%	1,387	1,562	21.0	16%
Narayana Hrudayalaya	4,166	26	30	13%	92	118	35.0	25%
NCC	1,709	42	43	3%	96	114	15.0	13%
OFSS	8,660	92	98	7%	274	319	27.0	34%
Stylam	326	5	4	-8%	14	17	20.0	22%
The South Indian Bank	873	46	54	17%	152	149	6.0	12%
Thomas Cook (India)	941	7	10	45%	31	35	26.0	13%

Source: Bloomberg, Internal estimates

The positions discussed here constitute the key investments under the strategy. Please do not hesitate to contact your relationship manager or advisor to discuss any of these stocks in further detail and our rationale behind the same.

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.

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