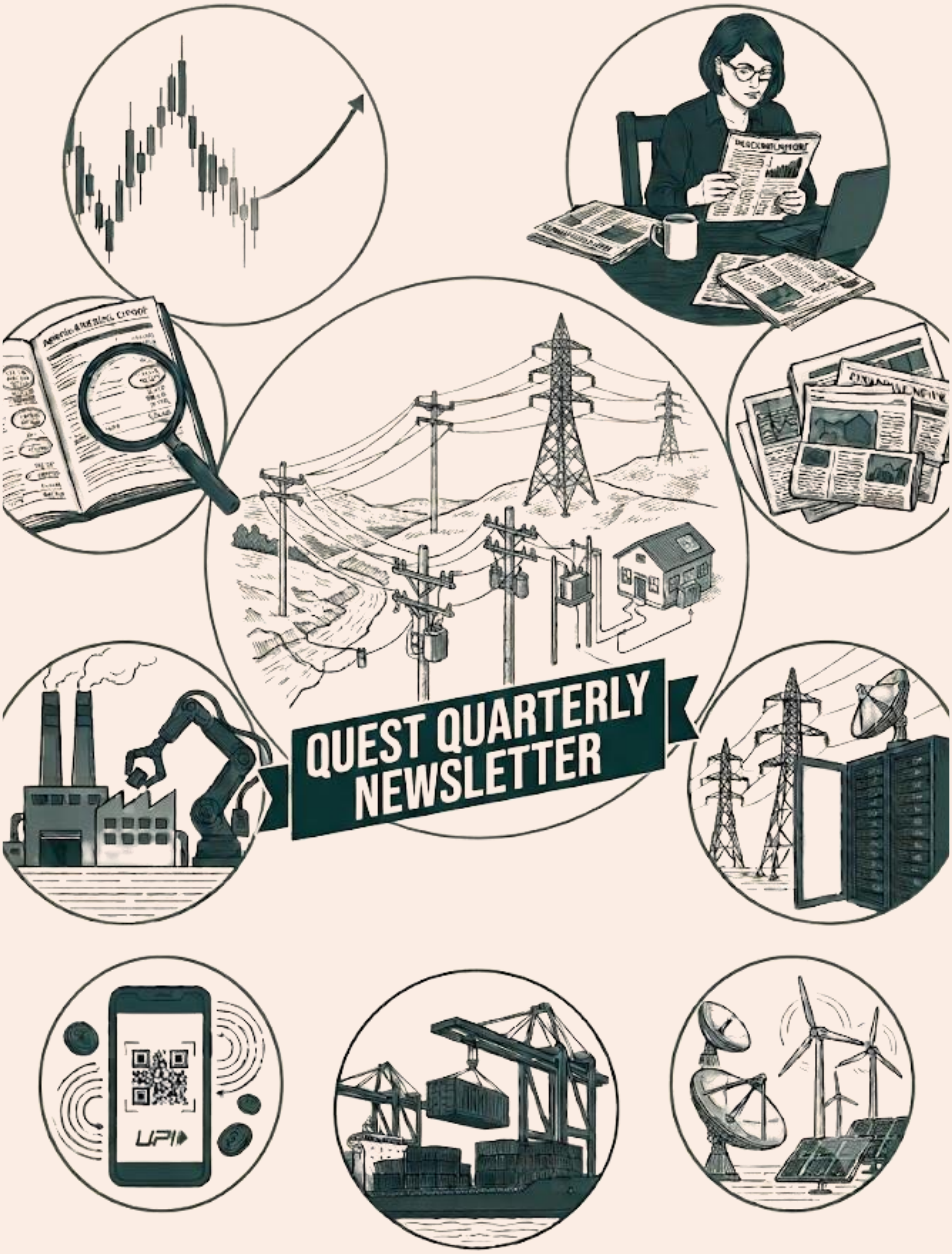
QUEST
INVESTMENT MANAGERS

39 YEARS OF RESEARCH

19 YEARS OF FUND MGMT.



JULY 2026

Agile with Growth. Patient with Value.

GLOBAL SNAPSHOT

Key macro indicators

The policy story has flipped from cuts to hikes. The Fed funds rate sits at 3.63%[1], but futures markets now price a 50-60% chance of a hike in September 2026. This indicates a sharp reversal from the deep rate-cut expectations that dominated the past three years, following Fed Chair Kevin Warsh's inflation-vigilant tone. The 10-year treasury yield (4.48%)[2] stayed firm even after June 2026 payrolls came in soft at just 57,000 jobs added, well below the 115,000 consensus, with unemployment ticking down to 4.2% on falling labour-force participation. In Europe, headline inflation eased[3] to 2.8% in June 2026 from 3.2% in May 2026, giving the European Central Bank (ECB) more room to sit still.

Fed funds rate	US 10Y yield	Eurozone CPI	Brent crude[4]
3.63%	**4.48%**	**2.8%**	**$73**
Hold; hike odds ~50-60% for Sep	Firm after weak June payrolls	Down from 3.2% in May	Down from $107 May peak

Market snapshot

US equities are at records - the S&P 500 closed at 7,483[5] and the Dow hit fresh highs, extending a rally now rotating away from AI/chip leadership toward cyclicals. Japan's Nikkei 225 is near record territory above 69,000[6], and Europe's Stoxx 600 just posted its fourth straight weekly gain to a 52-week high[7]. India's Nifty 50, by contrast, remains roughly 8%[8] below its 52-week high - the standout laggard among major indices, weighed down by concentrated FII selling in large-cap IT and banking names even as domestic mid- and small-caps outperform.

THEME FOR THE QUARTER: POWER T&D

India is undertaking its largest-ever transmission expansion, with over INR 9.15 lakh[9] crore committed through 2032 under the National Electricity Plan (Transmission). The investment is expected to benefit transmission EPC firms, High-Voltage Direct Current (HVDC) technology providers, and transformer and conductor manufacturers.

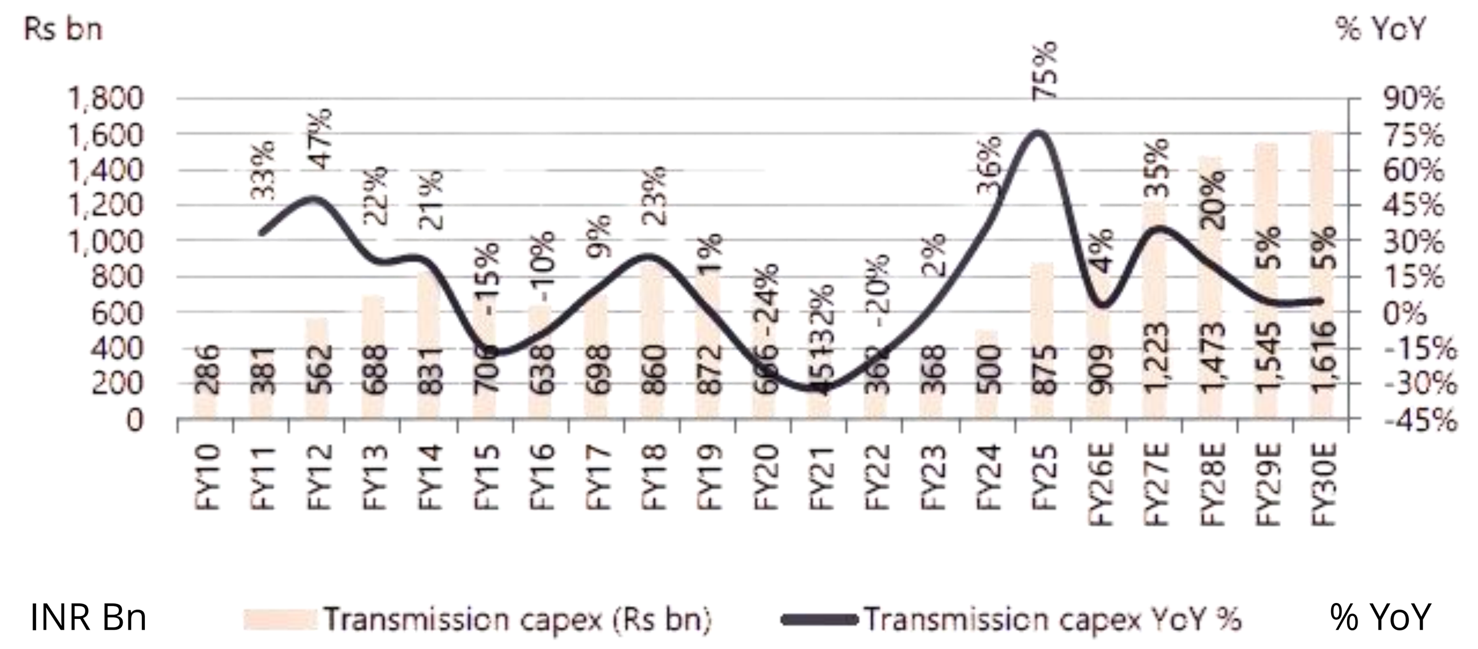
The scale of investment: Capital expenditure driving India's energy transition

After a period of muted investment, spending has accelerated sharply since FY21, driven by renewable energy expansion, transmission upgrades and rising electricity demand. This sustained capex cycle is expected to support strong growth across the power value chain. Since the capex cycle began in FY22–23, transmission companies have already reported stronger order books, revenue growth, and improving margins. The investment is significantly expanding the country's grid. Transmission lines will increase from 5.04 lakh circuit km to 6.48 lakh circuit km, transformation capacity will nearly double from 1,429 GVA to 2,345 GVA, and inter-regional transfer capacity will rise from 120 GW to 168 GW by 2032.[10] The plan also includes nine new HVDC corridors to support long-distance renewable power transmission.

Transmission capex is projected to rise from INR 875 billion in FY25 to over INR 1.6 trillion by FY30, reflecting a 13% CAGR.[11] The increase is driven by the need to integrate renewable energy, expand inter-state connectivity and build new HVDC corridors. A strong project pipeline is likely to benefit transmission EPC contractors, equipment manufacturers and technology providers over the coming years.

1. Federal Reserve 2. Federal Reserve Bank 3. Eurostat 4. U.S. Energy Information Administration (EIA) 5. S&P Dow Jones Indices 6. Nikkei Indexes 7. STOXX Ltd 8. NSE India 9. PIB Gov Sep'24 10. PIB Gov Mar'26 11. Motilal Oswal Research

Exhibit 1: Transmission capex to rise at 13% CAGR over FY25-30E[12]

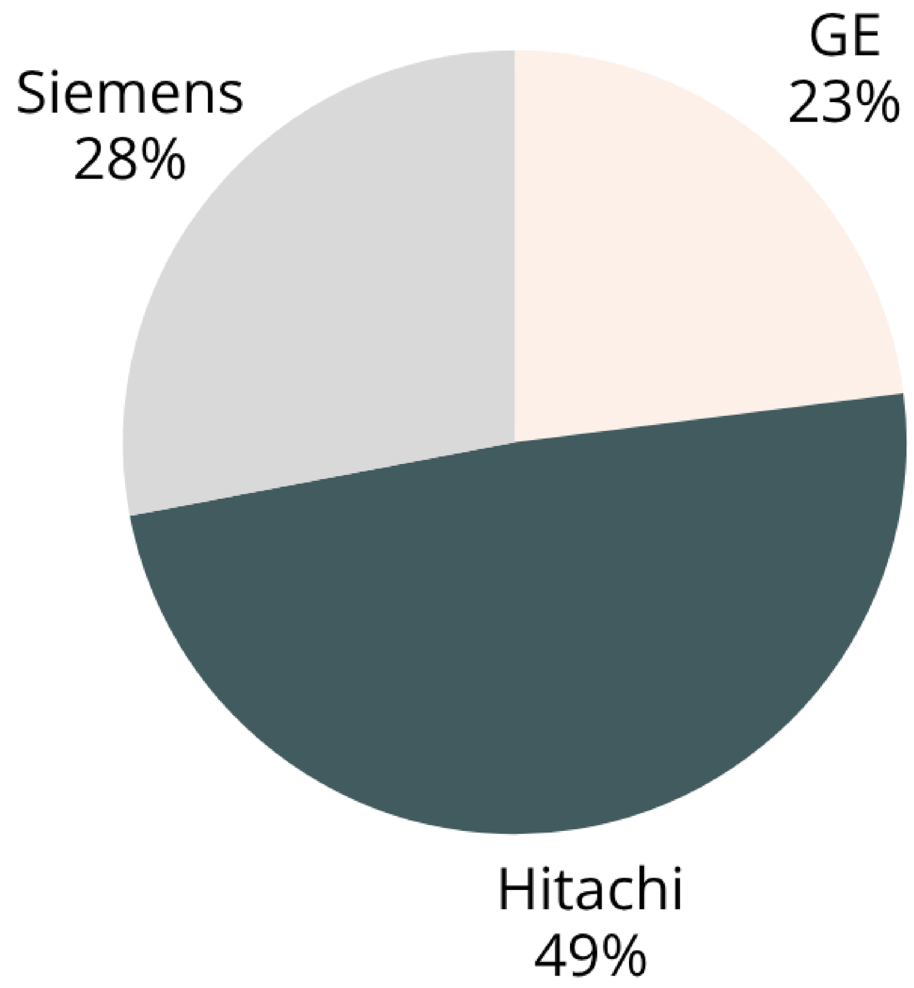


HVDC - the technology at the centre of it all

HVDC transmits electricity over long distances with lower losses, better control and a smaller footprint than conventional AC transmission, making it ideal for renewable energy. India's transmission plan reflects this advantage, with 9 HVDC corridors adding 33.25 GW of capacity by 2032, almost doubling the ~33.5 GW already in operation.[9]

Looking ahead, 22 HVDC projects with nearly 127 GW of transmission[13] capacity are at the planning or bidding stage. Because HVDC converter stations rely on specialised technology supplied by only a handful of global players, the segment offers strong long-term growth opportunities for equipment manufacturers, technology providers and transmission EPC companies.

Exhibit 2: India's current HVDC market share[12]



India's HVDC market is currently dominated by Hitachi Energy, which holds around 49% of the country's operational HVDC capacity. Siemens Energy follows with a 28% share, while GE Vernova accounts for 23%, making these three companies the only qualified HVDC technology suppliers in India. As the country's HVDC pipeline expands, these players are well positioned to capture a significant share of future orders.

Why is transmission important?

The geography problem: India's renewable energy story is now shifting from simply generating more power to delivering that power to where it is needed. Most large solar parks are located in Rajasthan and Gujarat, while major electricity demand comes from cities and industrial hubs across the country. To address this, the government plans to build transmission infrastructure capable of evacuating over 500 GW of renewable capacity by 2030 and more than 600 GW by 2032.[14]

The intermittency problem: Another challenge is that renewable energy is not available all the time. Solar generation falls after sunset, and wind output changes with weather conditions. To improve grid reliability, India plans to increase inter-regional power transfer capacity from 119 GW in 2022 to 143 GW by 2027 and 168 GW by 2032[15]. The transmission network will also support around 47 GW of battery energy[10] storage and 31 GW of pumped hydro[9] storage, reducing renewable energy curtailment and improving grid stability.

The demand problem: At the same time, India's electricity demand is expected to grow rapidly, with peak demand projected to reach 458 GW by 2032[9], compared to recent demand of around 256.1 GW in 2026.[16] This growth will be driven by manufacturing, electrification, data centres, and green hydrogen projects. As a result, transmission infrastructure is becoming one of the most important enablers of India's clean energy transition and one of the country's largest long-term investment opportunities.

India's transmission capex cycle is creating a multi-year growth opportunity for equipment manufacturers and EPC players. Hitachi Energy India, Siemens Energy India, and GE Vernova T&D India are among the biggest beneficiaries, with all three reporting strong and expanding order books backed by HVDC and grid modernisation projects. As renewable energy integration accelerates and transmission investments continue through 2032, these companies are well positioned to deliver sustained revenue growth, margin expansion and long-term earnings visibility.

12. Jefferies Research 13. ICICI Direct 14. Enerdata 15. PIB Gov Mar'26 16. PIB Gov Apr'26

QUEST AIF SASR NEWSLETTER
JULY 2026

Fund Strategy, Objective and Theme

- To generate long term capital appreciation and **superior Risk Adjusted Returns** for clients in the long run by creating alpha through selection of a basket of high-quality listed companies across small and mid cap space.
- The AIF strategy would be small and mid cap focused as defined by their market capitalizations and would also take tactical cash calls from time to time.
- It would be a sector and theme agnostic portfolio and invest via a bottom-up approach. It would be a diversified portfolio of up to 20 - 25 stocks.
- The portfolio is suited for clients who have a **minimum of 4 - 5 years investment horizon**

Key Terms

Inception Date:	10th May 2022
Benchmark Index:	NSE 500
Minimum Investment:	Rs 1 Crore

Fund Manager

Mr. RAKESH VYAS

Chief Investment Officer and Portfolio Manager

Mr. Rakesh Vyas has been active in capital markets for last 20 years of which more than 14 years were with HDFC Mutual fund where he was part of Fund Management and Research Team. Over these years he has actively researched more than 150 companies across various sectors like Cement, Infrastructure, Utilities, Metals/Minerals, Chemicals, Real estate etc. Prior to joining Quest, he was managing HDFC Infrastructure Fund and HDFC Housing opportunities fund since Jan-20 till Jan-24. HDFC Infrastructure fund was awarded Platinum award in Infrastructure fund category by Navbharat BFSI Awards 2023.

He also served as Member of SEBI appointed advisory committee on Hybrid Securities (chaired by Mr KV Kamath). The committee has been responsible for providing recommendations on development and regulation of primary and secondary markets of Hybrid Securities (i.e., REIT, InvIT, etc.) in India.

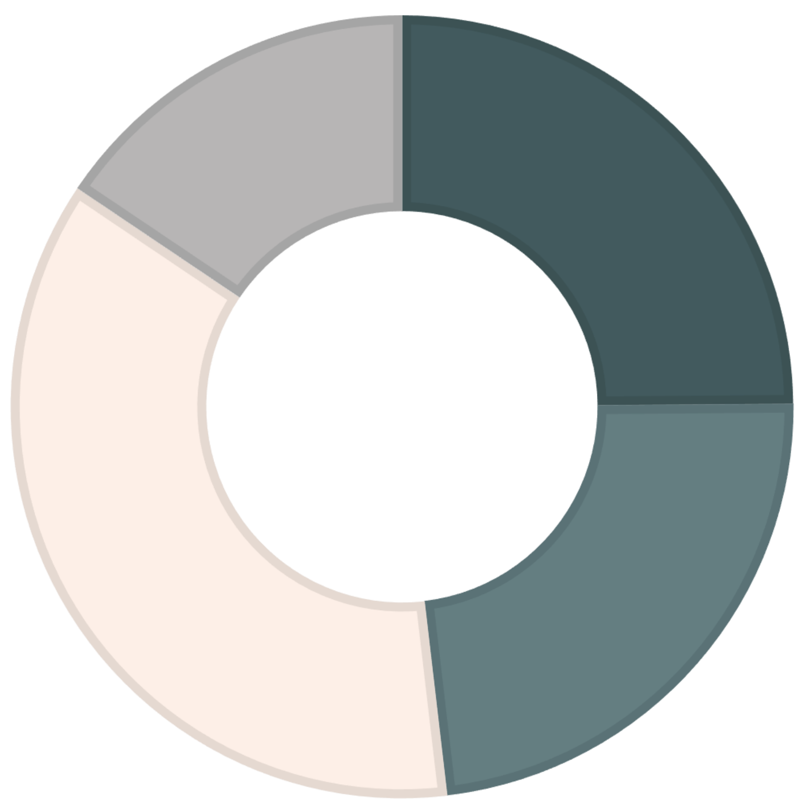
He has done Post Graduate Diploma in Management from XLRI Jamshedpur and Bachelor of Electrical Engineering from MBM Engineering college Jodhpur.

PERFORMANCE SUMMARY POST TAXES
(As on 30th June 2026)

Particulars	1 M	3 M	6 M	1 YR	2 YR	3 YR	Since Inception
Quest Smart Alpha – Sector Rotation Class A1	0.59%	14.36%	-4.67%	-12.23%	-5.83%	10.31%	11.05%
NSE 500	1.49%	12.02%	-3.67%	-2.63%	0.96%	11.85%	12.74%

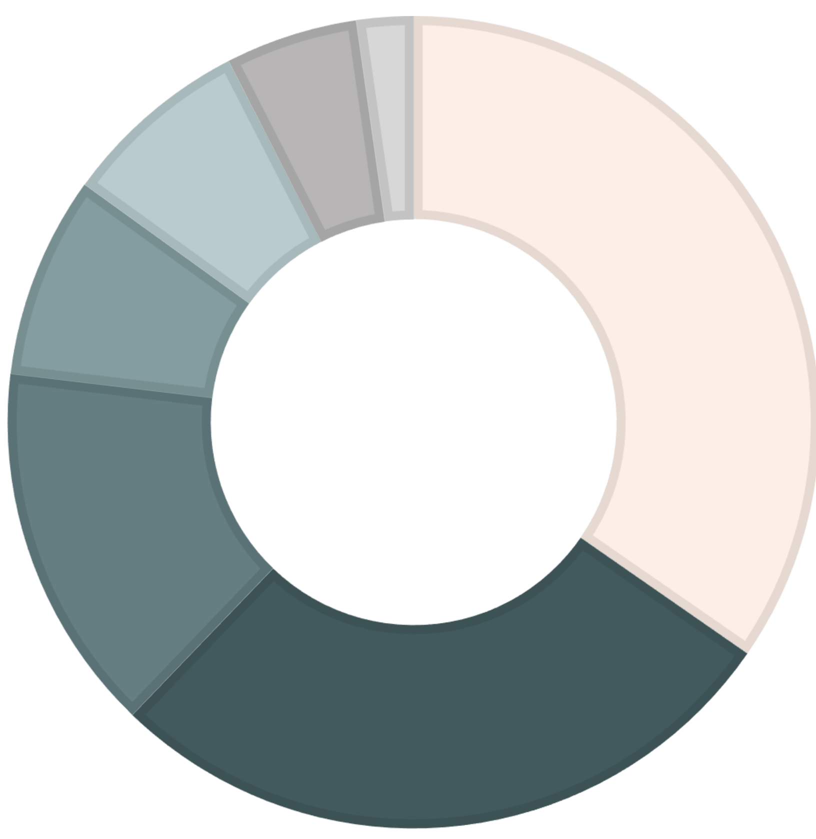
Note: The above returns are unaudited and computed on TWRR basis post all fees & expenses and post taxes paid on all realized gains. Returns less than 1 year are on absolute basis. Client returns could vary depending on their dates of investment and subsequent drawdowns

MARKET CAPITALISATION
(As on 30th June 2026)



Asset Class	(%)
Large Cap	26.87
Mid Cap	25.13
Small Cap	39.19
Cash & Cash Equivalent	16.81
Total	100.00

THEMATIC ALLOCATION
(As on 30th June 2026)



Sector	(%)
Financial Inclusion	34.65
India Consumption	27.53
India Manufacturing	14.71
Capital Goods & Infra	8.06
Cash & Cash Equivalent	7.51
Pharma & Healthcare	5.27
IT & ITeS	2.27
Total	100.00

Holdings as on 30th June 2026

Company Name	Weightage (%)
VISHAL MEGA MART LTD	7.55%
ONE 97 COMMUNICATIONS LIMITED	7.16%
TVS HOLDINGS LIMITED	6.51%
SIEMENS ENERGY INDIA LIMITED	6.41%
TATA CAPITAL LIMITED	4.75%
TECHNO ELECTRIC AND ENGINEERING COMPANY LIMITED	4.30%
AVALON TECHNOLOGIES LIMITED	4.15%
PIDILITE INDUSTRIES LTD	4.08%
ULTRATECH CEMENT LIMITED	4.01%
BIOCON LTD	3.77%
COFORGE LIMITED	3.74%
SUDARSHAN CHEMICAL INDUSTRIES LIMITED	3.61%
CITY UNION BANK LIMITED	3.48%
SAMHI HOTELS LIMITED	3.13%
KIRLOSKAR FERROUS INDUSTRIES LTD.	3.02%
PIRAMAL PHARMA LIMITED	2.99%
SWIGGY LIMITED	2.91%
AXIS BANK LIMITED	2.45%
ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED	2.21%
MAHINDRA AND MAHINDRA LTD	1.61%
LG ELECTRONICS INDIA LIMITED	1.35%
CASH AND EQUIVALENT	16.81%

Summary financials of investee companies

Company Name	Revenue CAGR FY26-28(E)	PAT CAGR FY26-28 (E)	FY 27 PE (E)
VISHAL MEGA MART LTD	19.34%	23.57%	55.39
ONE 97 COMMUNICATIONS LIMITED	25.55%	71.94%	68.56
TVS HOLDINGS LIMITED	12.00%	13.50%	14.79
SIEMENS ENERGY INDIA LIMITED	21.73%	19.67%	62.41
TATA CAPITAL LIMITED	23.71%	32.79%	21.80
TECHNO ELECTRIC AND ENGINEERING COMPANY LIMITED	21.22%	23.55%	20.37
AVALON TECHNOLOGIES LIMITED	29.99%	42.61%	64.23
PIDILITE INDUSTRIES LTD	12.38%	12.10%	59.52
ULTRATECH CEMENT LIMITED	14.33%	19.65%	34.98
BIOCON LTD	18.27%	101.27%	60.18
COFORGE LIMITED	33.30%	37.71%	26.90
CITY UNION BANK LIMITED	13.22%	8.58%	16.02
SAMHI HOTELS LIMITED	11.61%	-24.99%	23.46
KIRLOSKAR FERROUS INDUSTRIES LTD.	15.16%	25.53%	15.01
PIRAMAL PHARMA LIMITED	11.55%	L2P	159.62
SWIGGY LIMITED	42.71%	NEG	NEG
AXIS BANK LIMITED	12.64%	18.44%	13.63
ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED	15.56%	17.31%	40.55
MAHINDRA AND MAHINDRA LTD	9.11%	8.40%	23.04
LG ELECTRONICS INDIA LIMITED	13.46%	27.65%	48.12

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INVESTMENT RATIONALE AND SWOT

Coforge

COFORGE LTD

Primer

- Coforge is a digital services and solutions provider that leverages emerging technologies and deep domain expertise to deliver real-world business impact for clients. Its focus on selected industries, a detailed understanding of the underlying processes of those industries, and partnerships with leading platforms including Microsoft, AWS, Google, Salesforce, Pegasystems, ServiceNow, and Appian enable it to offer a distinct perspective.
- Coforge is firmly positioned as a domain-driven, engineering led IT services provider, with deep alignment and expertise, cultivated over decades of industry experience in the evolving priorities of its core industries - Travel & Hospitality, BFS, Insurance, Healthcare & Life Sciences, Retail, and the Public Sector.
- As of FY26, Coforge derived 56.9% of its revenue from America, 28.9% from the EMEA market, and the balance 14.2% of revenue from the Rest of the World.

Investment Thesis

- **Transformational Encora Acquisition Accelerating Scale:** Coforge announced the acquisition of Encora, a US-headquartered AI-led product engineering, cloud and data services provider, for consideration of USD 2.35bn. Encora is a solid asset, which provides three key benefits to Coforge, i.e., (1) differentiated product engineering competency and delivery capabilities, (2) a strong base to grow the hi-tech vertical, and (3) eleven USD 10mn and plenty of USD 5mn accounts to mine. Revenue synergies are considerable. The tightening of operations can yield some cost synergies. Management has guided the acquisition to be EPS accretive.
- **Good Execution All-around; Set-up for FY2027E Looks Promising:** Coforge reported strong deal TCV, a robust pipeline and a strong order backlog. Fresh order intake of USD 648mn grew 9.3% QoQ. Order backlog increased 16.4% YoY to USD 1.752bn. The outlook for most key/top accounts is healthy. The outlook for most verticals is healthy as well. Coforge is making progress in scaling accounts, visible in a healthy increase in the number of USD 20 – 50mn clients, and an addition of USD 100mn client.
- **Focus on Scaling Bets:** Coforge has taken on big bets such as Servicenow, AI-led engineering, data, US (West and Midwest), UK public sector, healthcare and ANZ, where it will drive disproportionate focus and investments to ensure success on all the key bets. Coforge believes in hyper-specialized industry expertise and selective partnerships with key vendors at scale. The focus on scale is visible in Coforge's approach toward deals and account management – (1) higher focus on large and mega deals, and (2) focus on onboarding new accounts that have the potential to become USD 20mn+ run-rate in 2-3 years.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Coforge has built strong capabilities in BFS, Insurance, and Travel & Transportation, which together contribute majority of revenue. This deep vertical specialization allows the company to deliver domain-led solutions rather than generic IT services, strengthening client stickiness	Compared to industry leaders and global IT players, Coforge operates at a smaller scale, which may limit pricing power and global delivery capabilities.	Enterprises are increasingly investing in cloud migration, automation, cybersecurity, and data analytics, creating significant opportunities for IT services companies with strong digital capabilities	Macroeconomic uncertainties can lead enterprises to delay or reduce discretionary technology spending
The company has consistently secured large multi-year deals, providing strong revenue visibility. Its focus on long-term contracts with global enterprises helps create predictable cash flows	A portion of revenue is derived from a few large clients, making the company vulnerable if any major client reduces outsourcing spending	Selective acquisitions could help the company expand capabilities in high-growth technology areas and strengthen its geographic presence	Constant innovation in cloud computing, AI, and automation requires continuous investment in talent and technology to remain competitive

INVESTMENT RATIONALE AND SWOT

PIDILITE INDUSTRIES

Primer

- Pidilite Industries Limited is India's dominant market leader in the adhesives, sealants, and construction chemicals space. Backed by robust brand equity and an extensive pan-India distribution network spanning over 40,000+ towns, the company has historically anchored its growth at 1x–2x India's GDP even within its mature core product categories and 2-4x for its growth categories.
- Branded Consumer & Bazaar (C&B): This segment forms the backbone of Pidilite's revenue, encompassing adhesives, sealants, construction chemicals, paint chemicals, and art & craft materials. Key flagship brands include Fevicol, Fevikwik, M-Seal, and Araldite. These products cater to retail consumers and skilled professionals like carpenters, painters, plumbers, and mechanics.
- Business to Business (B2B): This segment serves industrial clients with products such as industrial adhesives, industrial resins, project-based construction chemicals, organic pigments, and pigment preparations. It caters to diverse sectors including packaging, textiles, joineries, printing inks, paper, and leather.

Investment Thesis

- **Strong Franchise Strength:** Pidilite Industries continue to demonstrate exceptional franchise strength, driven by a structural pivot toward deep rural penetration ("Rurbanisation") and a significant expansion of its TAM. Over the past 5–6 years, the company has successfully transitioned from a carpentry-focused adhesive provider into a multi-category giant serving masonry, painting, plumbing, and specialized industrial sectors. This was achieved by introducing 6–7 new product categories through in-house innovation (Dr. Fixit, Haisha), absolute buyouts (Araldite), and targeted joint ventures (ICA, Litokol, UnoFin, Coltech).
- **Margin & Pricing Strategy:** Pidilite executed two proactive price increases in April and May 2026 totaling ~12% (5% and 7% individually) and has been successful in passing the cost inflation in rupee terms. Management operates on an asset-light philosophy and targets an EBITDA margin primarily within its historical 20% to 24% range, with a median target of 22% for FY27 as focus stays on volume growth.
- **Reinvestment & Operating Cost Pressures:** The company is aggressively investing in growth, evidenced by Advertising & Sales Promotion (A&SP), spending surging 29% against a 15% top-line expansion. Localized inflation blocks (driven by an anticipated 4-5% currency depreciation) and fixed costs continue to grow ahead of regular inflation. Domestic manufacturing capex remains disciplined at 3% to 5% of top-line revenue.
- **Portfolio Architecture:** The business aspires to maintain a balanced 50-50 split between Core (growing at 1x to 2x of GDP) and Growth/Pioneer categories (growing at 2x to 4x of GDP). Notably, Araldite has been successfully integrated into the Core portfolio (alongside Fevicol, Fevikwik, and M-Seal) due to rapid distribution synergy. Premium extensions like Fevicol Probond and Roff Starlike (rebranding Litokol's tech) are driving market outperformance.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Brands like Fevicol, Fevikwik, and M-Seal possess iconic brand equity, virtually becoming generic terms for their product categories in India	Flagship adhesive product segments are highly penetrated and mature, tying a significant portion of revenue growth closely to India's broader GDP and real estate momentum.	The domestic adhesives and specialized bonding market remains structurally underpenetrated, leaving a long runway for growth backed by rising home ownership and modular interior trends	Key chemical inputs such as Vinyl Acetate Monomer (VAM) and various crude oil derivatives are inherently volatile. Sharp macro spikes can compress short-term margins before compensating price actions can be rolled out.
An extensive distribution network covering over 40,000+ towns provides an immediate launchpad for new adjacent products.	A substantial portion of Pidilite's core business segments (C&B and B2B) remains heavily dependent on real estate momentum, affordable housing growth, and repair/renovation activity.	Incubation of nascent categories targeting a benchmark of INR 1bn revenue in 3 years provides scalable long-term growth runways.	Entry of large paint manufacturers and deep-pocketed competitors into high-growth segments like tile adhesives and waterproofing could intensify regional pricing pressures.

INVESTMENT RATIONALE AND SWOT

PIRAMAL PHARMA

Primer

- Piramal Pharma is a part of the Piramal Group, a global business conglomerate with a diversified presence across pharma, financial services, and real estate. Piramal Pharma Limited (PPL) offers a portfolio of differentiated products and services through 171 state-of-the-art global development and manufacturing facilities, supported by a global distribution network spanning over 100 countries.
- Business comprises Piramal Pharma Solutions, an integrated Contract Development and Manufacturing Organization (CDMO), Piramal Critical Care, one of the leading companies in Complex Hospital Generics (CHG) segment, and the Piramal Consumer Healthcare (PCH), which provides a range of over-the-counter healthcare and wellness products.
- Piramal Pharma Solutions is offering end-to-end services across the drug life cycle, from discovery and development to commercial manufacturing of drug substances and drug products. Piramal Critical Care is one of the leaders in inhaled anesthetics (IA) and a global player in hospital generics. Piramal Consumer Healthcare offers a diverse portfolio of OTC products across key categories, including skincare, kids' wellness, digestives, women's health and hygiene.

Investment Thesis

- **Global Footprint & Strategic Value:** PPL is the only listed India-origin CDMO operating an integrated network across India, the US, the UK, and Canada, which lets it execute multi-site programs, right from discovery through clinical and commercial supply, while offering clients both regulated-market proximity and India-based cost leverage. This distributed footprint matters because it reduces handoffs on complex programs (for example, HPAPI or peptide drug substance made in India or North America, ADC conjugation in the UK, and sterile fill–finish in the US) and gives sponsors a single accountable partner for late-stage tech transfer and commercial launch. It also shortens qualification and audit cycles by placing critical steps in the US/UK where many approvals occur, while upstream steps can be sourced competitively from India or Canada under the same quality system.
- **Complex Hospital Generics:** CHG provides predictable cash flow, defensible margin, and a credible hospital franchise that stabilizes earnings while the CDMO portfolio scales in ADCs, HPAPIs and peptides. The segment's operational moat, vertical integration, sterile and device know-how, global regulatory credibility, and entrenched hospital contracting, are hard to replicate. Over the next 12-36 months, successful sevo capacity ramp-up, a steady injectables launch cadence, and disciplined regulatory execution should sustain above-sector margins.
- **US Onshoring could be a Structural Tailwind for PPL:** Recent US policy moves and public commitments by large pharmaceutical companies to expand domestic manufacturing have created a multi-year demand tailwind for near-shore CDMO capacity, making PPL's Lexington and Riverview assets commercially advantaged versus India-only peers. PPL has already funded and announced its US expansions, including an US$80m Lexington program that more than doubles annual batch capacity and additional US upgrades (new filling line and two commercial lyophilizers) scheduled through CY27F, positioning it to win contracts that require US drug product supply and to capture any local incentives or pricing premia associated with domestic sourcing. These steps also reduce tech-transfer friction for US launches and align with clients' China+1 risk reduction strategy.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Unlike most Indian pharmaceutical companies that depend on one business segment, Piramal Pharma derives revenue from three complementary businesses. This diversified business mix reduces dependence on any single product or geography while providing multiple growth engines	Any slowdown in global biotech investments or project delays can materially impact revenue and profitability	Global pharmaceutical companies continue outsourcing research and manufacturing to reduce costs and improve efficiency. This structural trend significantly expands Piramal's addressable market	CDMO revenues ultimately depend on customer molecules progressing successfully. Failure of clinical trials or cancellation of projects can reduce future commercial manufacturing opportunities
Piramal Pharma is among India's leading CDMO company with capabilities like Drug discovery, Process Development, Clinical manufacturing etc. These capabilities require significant technical expertise, regulatory approvals and capital investment, creating high entry barriers for new competitors	Unlike Indian pharmaceutical leaders, Piramal has deliberately avoided building a large domestic prescription formulations business. Consequently, it has relatively lower exposure to India's fast-growing branded prescription market and remains more dependent on international businesses	Demand for Antibody-drug conjugates (ADCs), Biologics, High-potency APIs, Precision oncology therapies, etc. is growing much faster than conventional small-molecule drugs. Piramal has already invested in these capabilities, positioning it to benefit from one of the fastest-growing areas in pharmaceutical outsourcing	The company operates numerous facilities supplying regulated markets. Any observations from regulators such as the U.S. Food and Drug Administration or European authorities could impact production, customer confidence, and future orders

INVESTMENT RATIONALE AND SWOT

ULTRATECH CEMENT

UltraTech CEMENT The Engineer's Choice

Primer

- UltraTech Cement is the cement flagship company of the Aditya Birla Group. UltraTech is the largest Cement producer in the world, outside of China, with consolidated Grey Cement capacity of ~ 205.5 MTPA as of April 2026 (which includes 5.4 MTPA from overseas operations in the UAE, Bahrain, and Sri Lanka).
- White Cement & RMC Segment: Under the Birla White brand, the company now operates two White Cement units and four Wall Care putty units, pushing total capacity up to 3.3 MTPA (from 2.60 MTPA). Furthermore, its Ready Mix Concrete network has expanded to 465 RMC plants across 167 cities in India.
- Power & Integrated Operations: While its captive thermal power plant (TPP) capacity remains at 1,333 MW, its green energy infrastructure has increased significantly. As of March 31, 2026, its Waste Heat Recovery System (WHRS) capacity stands at 414 MW (up from 363 MW) and its renewable energy capacity (solar and wind) has grown to 1.39 GW (1,390 MW, up from 1,082 MW). Green power contributed 43% of its total power consumption mix in FY26.
- UltraTech has a strong track record of integrating acquisitions, having added 42 MTPA during FY19–22 (Jaypee: 21.2 MTPA, Century: 14.6 MTPA, Binani: 6.25 MTPA) at costs below replacement value. In FY25, it further strengthened its position in South India with the acquisitions of India Cements (14.45 MTPA) and Kesoram Cement (10.75 MTPA), adding ~25 MTPA capacity. UltraTech successfully completed the legal integration, financial turnaround, and complete migration to the UltraTech brand by March 2026.

Investment Thesis

- **Massive capex program to ensure market share gains & operating leverage aiding margin expansion:** It has a track record of timely capacity addition (both organic and inorganic) over the last decade. According to expansion plans unveiled so far, UTCEM is in the process of increasing its PAN India capacity to ~213 MT by FY27 and touching ~242.5 MT including overseas assets. These efforts would further contribute to the improvement of its capacity and market share. As a result, we expect a steady volume growth of ~10% over the next three years. Cost-saving initiatives such as higher blending, improved AFR mix, green power mix and freight cost optimization are expected to add Rs. 300+ ton by FY28 (already delivered ~Rs. 185/ton savings).
- **ESG focus and resultant investment in RE and AFR to improve efficiency further:** UTCEM has set aggressive ESG targets for itself to be achieved by 2050 and has set medium term targets to increase share of renewable energy (WHRS + Solar + Wind) and alternative materials (Raw materials + Fuel). Addition of solar power is also likely to improve its share of green power from the current 39.50% to 85% by 2030 and reduction of carbon intensity from 549/ ton in FY24 to 464/ ton in FY32. The steps taken under ESG are likely to contribute to significant improvement in efficiency as well as improved cost structure.
- **Volume growth drivers in place:** Key demand drivers are government focus on infrastructure (Roads, Airports, Railways, Rural & Affordable Housing) as well as recovery in Real Estate sector. Ultratech, being the market leader, is expected to achieve higher than industry volume growth.
- **Portfolio Architecture:** The business aspires to maintain a balanced 50-50 split between Core (growing at 1x to 2x of GDP) and Growth/Pioneer categories (growing at 2x to 4x of GDP). Notably, Araldite has been successfully integrated into the Core portfolio (alongside Fevicol, Fevikwik, and M-Seal) due to rapid distribution synergy. Premium extensions like Fevicol Probond and Roff Starlike (rebranding Litokol's tech) are driving market outperformance.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Promoter pedigree & strong brand	Cyclicality of cement industry	Massive capex program to ensure market share gains & operating leverage aiding margin expansion	Weak volume growth led by economic slowdown
Pan India player & highly integrated operations	Slowdown in government spending on infra	ESG focus and resultant investment in RE & AFR to further improve efficiency.	Sustained input (PM & fuel) cost inflation impact profitability

Risk Management

(Disclosures Under Regulation 22 (g) of SEBI (Alternative Investment Funds) Regulations, 2012)

Parameters	Level	Mitigants
Concentration Risk	Fund	▪ Fund shall not invest more than 10% of the NAV in any single Investee Company.
Foreign Exchange Risk	Fund	▪ Fund has invested only in Indian securities hence the fund's investments do not face any Foreign Exchange Risk.
Leverage Risk	Fund	▪ The fund hasn’t taken any borrowings or invested in derivatives till 31st Dec 2025 nor does it plan to do so in the future.
Leverage Risk	Investee Company	▪ Strong Balance Sheet is one of the key investment parameters and hence most investments are likely to be in companies where the Debt Equity ratio is very comfortable.
Realization Risk	Company/Fund	▪ We will be investing only into listed equities which shall mitigate realization risk to a large extent. Till the funds are invested, they may be parked in overnight / liquid funds.
Reputation Risk	Company	▪ The fund prefers to invest in high quality businesses run by capable management teams that have a clear focus on growth and cash flows. ▪ The strategy attempts to invest in companies with improving business fundamentals. Periodic evaluation of management decision/strategy and company financials is being undertaken.
Extra Financial Risk	Company/Fund	▪ The fund aspires to manage satisfactory liquidity at all times for better management of any financial emergency. ▪ All expenses and financial obligations are well managed and provided for. ▪ For any investment in smaller companies, liquidity may be a risk. The Fund manager endeavours to take these risks by relying extensively on primary research. For such stocks, risk- reward trade-off between liquidity and long-term prospects is considered before investing and is also reviewed periodically post investments. ▪ Portfolio construction will be post considering the overall macro environment, valuations and risk reward equation at that point in time and reviewing each of the investment.
Regulatory Risk	Fund	▪ There have been no instances of any inquiries/ legal actions by legal or regulatory bodies against the Fund, Sponsor, Investment Manager or Trustees to the Fund.
Strategy Risk	Company/Fund	▪ The investment philosophy and strategy has been discussed in detail earlier. The fund will perform reasonable due diligence/research and seeks to make Fund Investments in Investee Companies that have the potential to earn superior returns vis-a-vis the broader markets.

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