



OCTOBER 2026

Agile with Growth. Patient with Value.

THEME FOR THE QUARTER: CONSUMPTION

India's consumption story is entering a new phase. Private consumption, the single largest engine of the economy, stood at INR 49.08 lakh crore in Q1 FY27, accounting for 55.6% of GDP.¹ Supported by several prevailing enablers like GST rationalisation, income tax relief and lower interest rates, India is poised to capture one in eight incremental global consumption dollars over the next five years² The opportunity is expected to benefit organised retailers, e-commerce and quick-commerce platforms, consumer durables manufacturers, and premium brands.

Why is consumption important now?

The policy push: After years of supply-side reform, policy has pivoted firmly towards the consumer. GST rates were cut from 22 September 2025, lowering prices by 6–7% for lifestyle products and 7–8% for large appliances, while personal income tax relief added USD 10–12 billion of annual disposable income.⁷ The impact was visible almost immediately - festive retail sales grew ~25% YoY during the October 2025 Diwali sales, compared with ~15% in 2024.⁸ Lower inflation and cheaper credit have further improved household purchasing power.

The scale of spending

Household consumption driving India's growth: After a period of moderation post-Covid, consumption reaccelerated in 2025. Private consumption growth rose to ~10.5% in 2025 from ~8% during 2022–24 while real private consumption grew 7.7% and household vehicle registrations rose 17.4%.³ In Q1 FY27, real private consumption grew a steady 7.1%, even as investment took the lead with 11.9% growth.⁴ Spending has also broadened across the country. Average Monthly Per Capita Consumption Expenditure (MPCE) has nearly tripled in rural India and grown ~2.7x in urban India since 2011-12, while the urban-rural gap has narrowed from 84% to 70%.⁵

The channel shift: Where India shops is changing as fast as what it buys. In Apr–Jun 2026, traditional trade volumes fell 6%, while modern trade grew 17.5% and e-commerce grew 34.8%.⁹ Quick commerce has scaled to USD 10–11 billion in GMV and is projected to reach USD 65–70 billion by 2030, contributing 45–50% of incremental e-retail GMV.¹⁰ As a result, organised and digital channels are fast becoming the most important gateway to the Indian consumer. Interestingly, a recent study by NIQ³ (at a pan-India level) reveals that e¹⁰ commerce now accounts for 7% of FMCG sales nationally (somewhat edging into the traditional kirana store domain), narrowing the gap with modern trade. In the top eight metros, e-commerce's share has already reached 21%.¹¹

Exhibit 1: Per capita spending has risen sharply across rural and urban India⁶

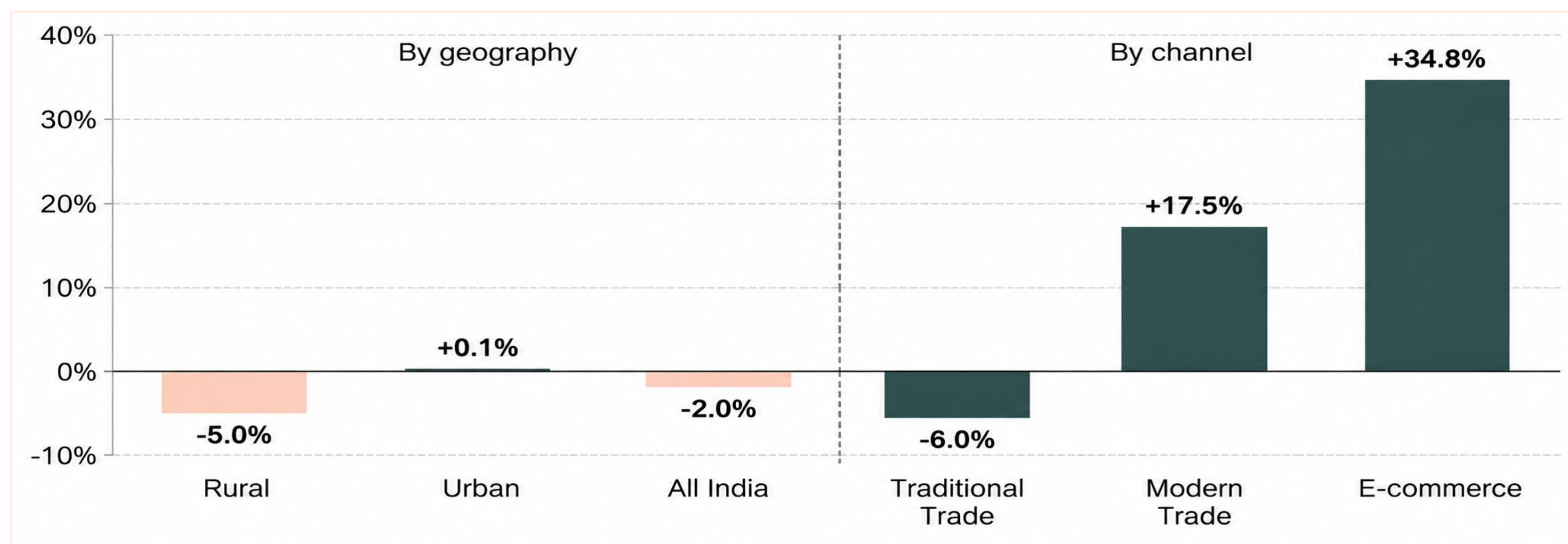
Year	Rural MPCE (INR/month)	Urban MPCE (INR/month)	Urban–Rural Gap
2011–12	1,430	2,630	84%
2022–23	3,773	6,459	71%
2023–24	4,122	6,996	70%

1. [PIB Gov Press Release](#) 2. [Bain & Co](#) 3. [PIB Gov Press Release](#) 4. [PIB Gov Press Release](#) 5. [MOSPI](#) 6. [MOSPI](#) 7. [Bain & Co](#) 8. [Bain & Co](#) 9. [NielsenIQ](#) 10. [Bain & Co](#) 11. [NielsenIQ](#)

Premiumisation and organised retail – the bastion of growth

India is not just consuming more; it is consuming better. Household spending is shifting away from staples towards mobile phones, automobiles, rent, eating out and education, while premium categories continue to outgrow mass segments.¹² Legacy categories such as FMCG are growing at ~5–10%, whereas digital-first categories such as OTT, e-commerce and quick commerce have seen 40–95% growth trajectories.¹³

Exhibit 3: Consumption shifts toward organised channels (Apr–Jun 2026, volume growth YoY)¹⁴



The two-speed problem

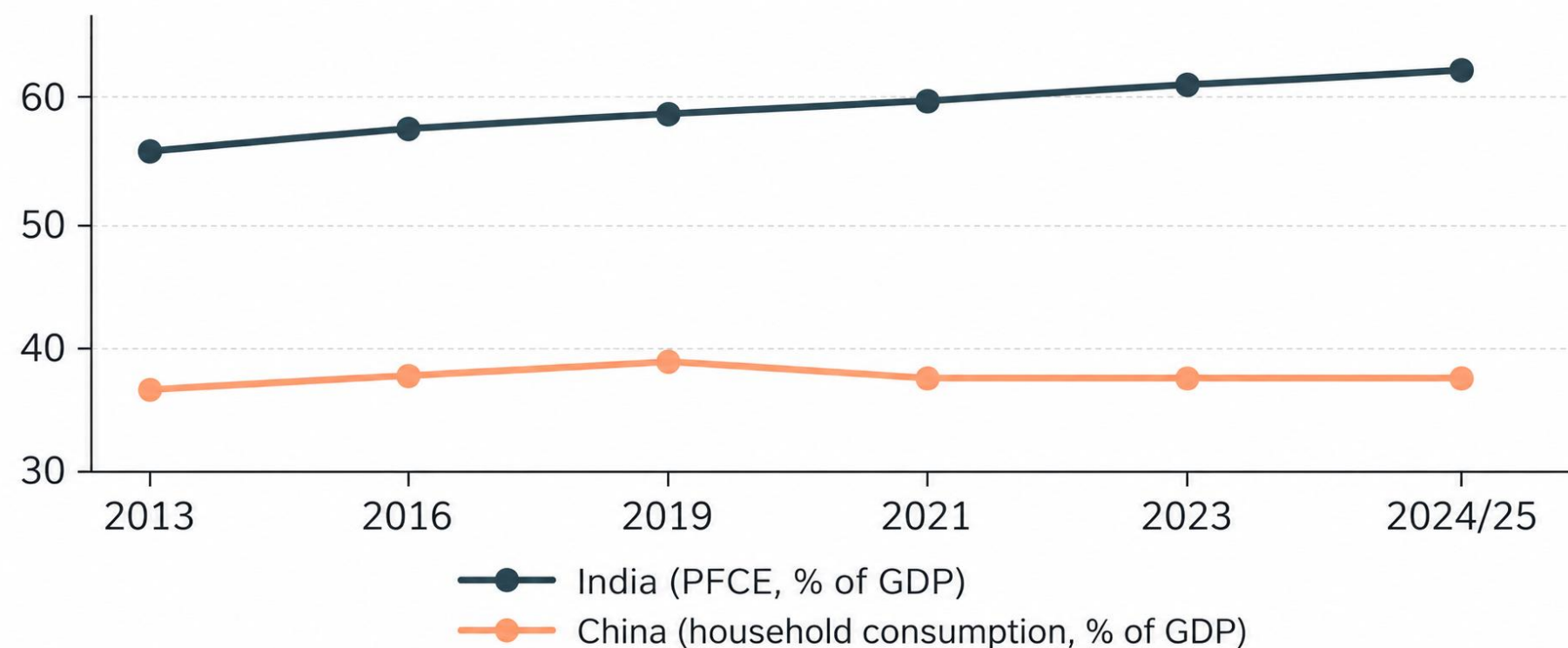
The recovery, however, is not evenly spread. Incomes of urban affluent households have grown at **~18% CAGR**, compared with only ~6% for the broader urban mass segment.¹⁵ In Apr–Jun 2026, FMCG volumes fell 2% YoY: rural volumes declined 5% while urban volumes were flat, as higher fuel and input costs, a 40% June rainfall deficit and consumer confidence at its lowest level since Covid weighed on demand.¹⁶ As a result, mass consumption remains patchy even as premium spending accelerates.

India's consumption cycle is creating a multi-year growth opportunity, but one that rewards selectivity. In the near term, mass demand, particularly in rural India, remains under pressure from higher costs and a weak June monsoon, making the festive season and upcoming consumer confidence readings key indicators to watch. Over the longer term, rising affluence, low penetration of consumer durables, and the rapid shift to organised and digital channels position premium consumer brands, organised retailers, consumer durables manufacturers, and e-commerce enablers to deliver sustained revenue growth, margin expansion, and long-term earnings visibility.

12. [Kotal ME](#) 13. [Kotal ME](#) 14. [NielsenIQ](#) 15. [Kotak ME](#) 16. [NielsenIQ](#)

One Chart. One Minute. One Insight

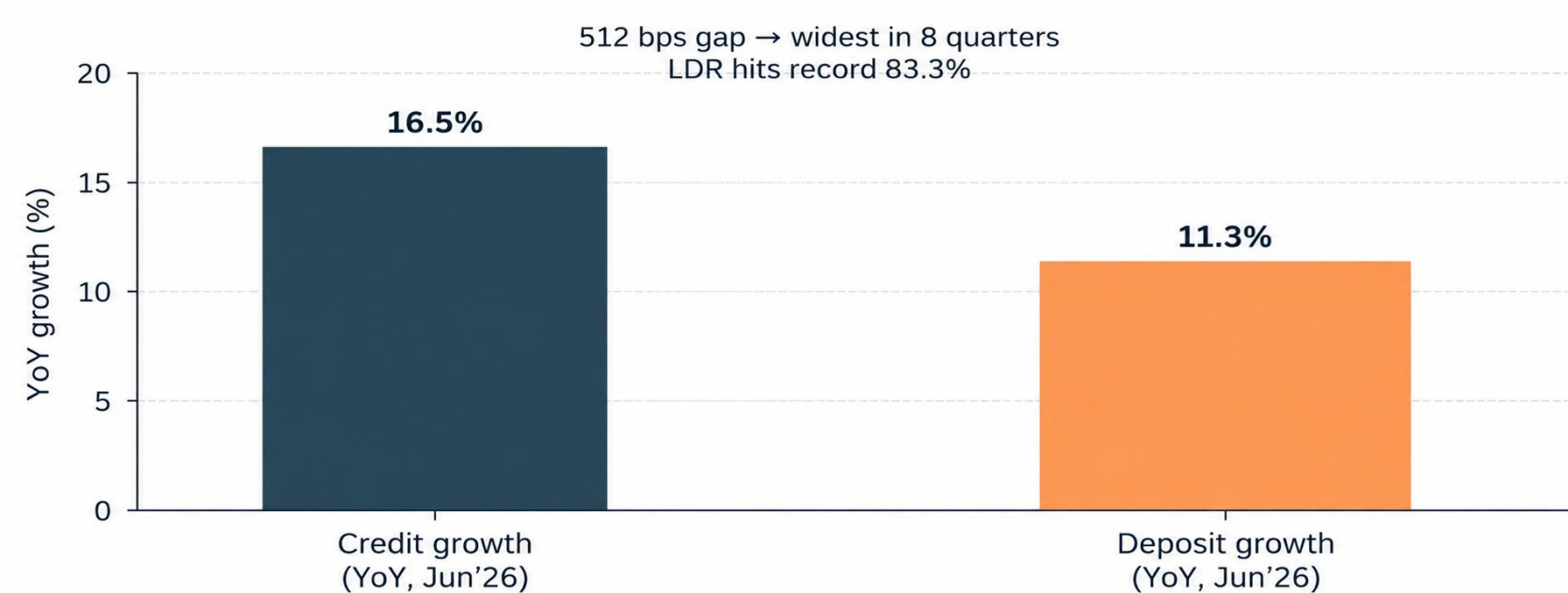
China vs India - Two large, but distinct consumption engines¹⁷



1 Minute Read: India's private consumption now accounts for roughly 56% of GDP, the highest share since FY2003, while China's has been stuck at 37-40% of GDP¹⁸ for over a decade despite its economy being ~4x larger. India's household spending nearly doubled from about \$1.0 trillion in 2013 to \$2.1 trillion in 2024,¹⁹ growing at an annual rate of around 7.2%, outpacing consumption growth in the United States, China, and Germany over the same period.²⁰ China's consumer class is older (median age 39) and more urban, while India's is younger (median age 30) and still building out; by 2030, India will have 357 million consumers below the age of 30,²¹ the largest young-consumer market in the world.

Insight: These aren't two versions of the same growth story. They're structurally different engines. China converts investment and exports into GDP; India converts household spending into GDP. That means India's consumption story has a much longer runway (a 30-year-old consumer base still building spending power) versus China's, which is aging into its peak. For portfolios, this favours a longer holding horizon on India's discretionary consumption and formalisation themes rather than treating them as a cyclical trade.

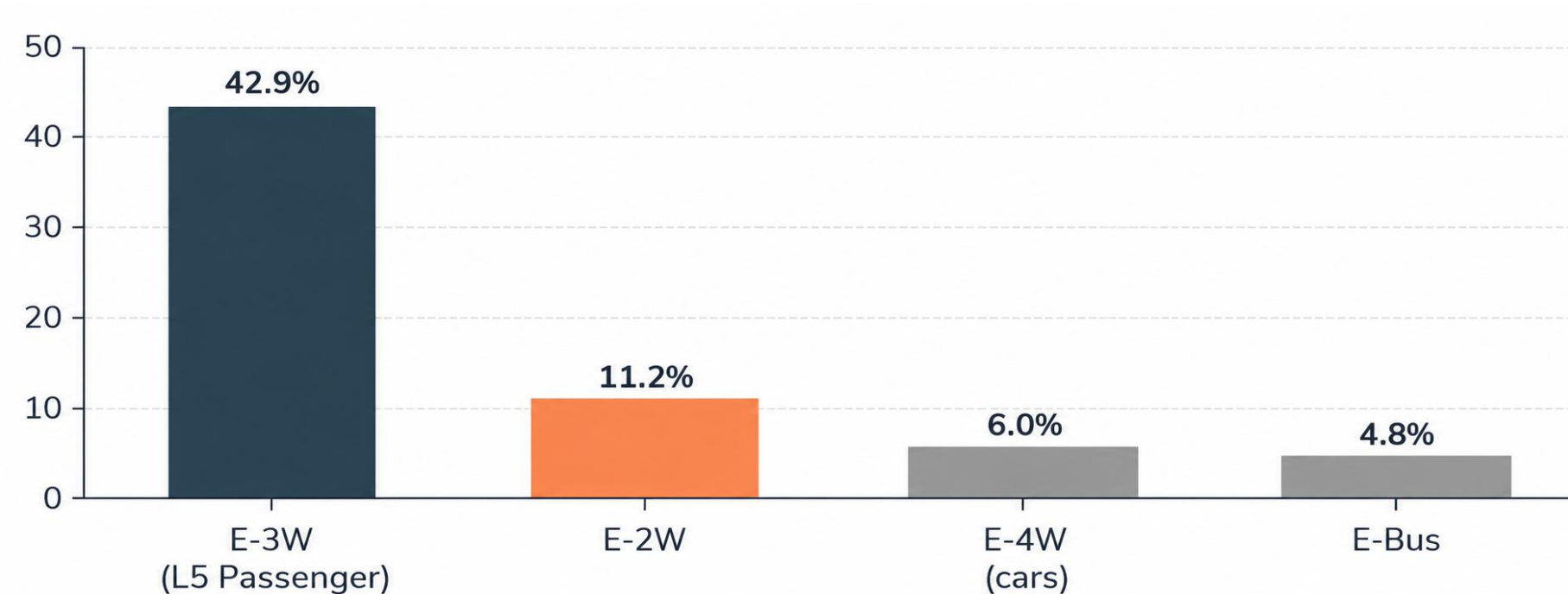
Financials - The credit-deposit gap is the widest in two years²²



1 Minute Read: Credit outstanding rose to ₹213.6 lakh crore as of June 30, 2026, while deposits stood at ₹256.5 lakh crore. Bank credit grew 16.5% year-on-year while deposits lagged at just 11.3% - a 512-basis-point gap, the widest in eight quarters, pushing the system's loan-to-deposit ratio to a record 83.3%.²³

Insight: Headline credit growth looks like a bull case for banks, but the deposit shortfall behind it is the more important number. Banks' funding a record share of that credit book through costlier CDs and bulk deposits face a structural squeeze on net interest margins - even in a "strong credit growth" narrative. Within financials, this argues for favouring banks with sticky, low-cost CASA franchises over pure credit-growth/NBFC-style stories right now.

India's EV transition is wildly uneven by vehicle type²⁴



1 Minute Read: India's overall EV market grew 43% YoY in H1 2026, with blended penetration rising to 11.43% from 8% a year earlier, however that headline masks a huge spread across categories. Electric three-wheelers (L5 passenger) have reached 42.9% penetration, electric two-wheelers sit at 11.2%, while electric cars remain at just 6% and electric buses at 4.8%, as of the seven months to July 2026.

Insight: Treating "EV adoption" as one theme misses where the real disruption is actually happening. Three-wheelers and two-wheelers, dominated by domestic players like Bajaj Auto, TVS Motor, and Mahindra's last-mile mobility unit, are already deep into electrification and structurally advantaged. Passenger cars are a much longer, more capital-intensive transition - investors chasing a single "India EV story" should instead be underwriting two very different adoption curves with two very different sets of winners.

17. [BSE India](#) 18. [Unicommerce](#) 19. [IBEF](#) 20. [Deloitte](#) 21. [Brookings](#) 22. [CareEdge Ratings](#); RBI data, Q1 FY27 (June 2026). 23. [CareEdge Ratings](#); RBI data, Q1 FY27 (June 2026). 24. [EVreporter](#)

Fund Strategy, Objective and Theme

- Q 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.
- Q 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.
- Q 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.
- Q The portfolio is suited for clients who have a **minimum of 4 - 5 years investment horizon**

Key Terms

Inception Date:	10 th 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

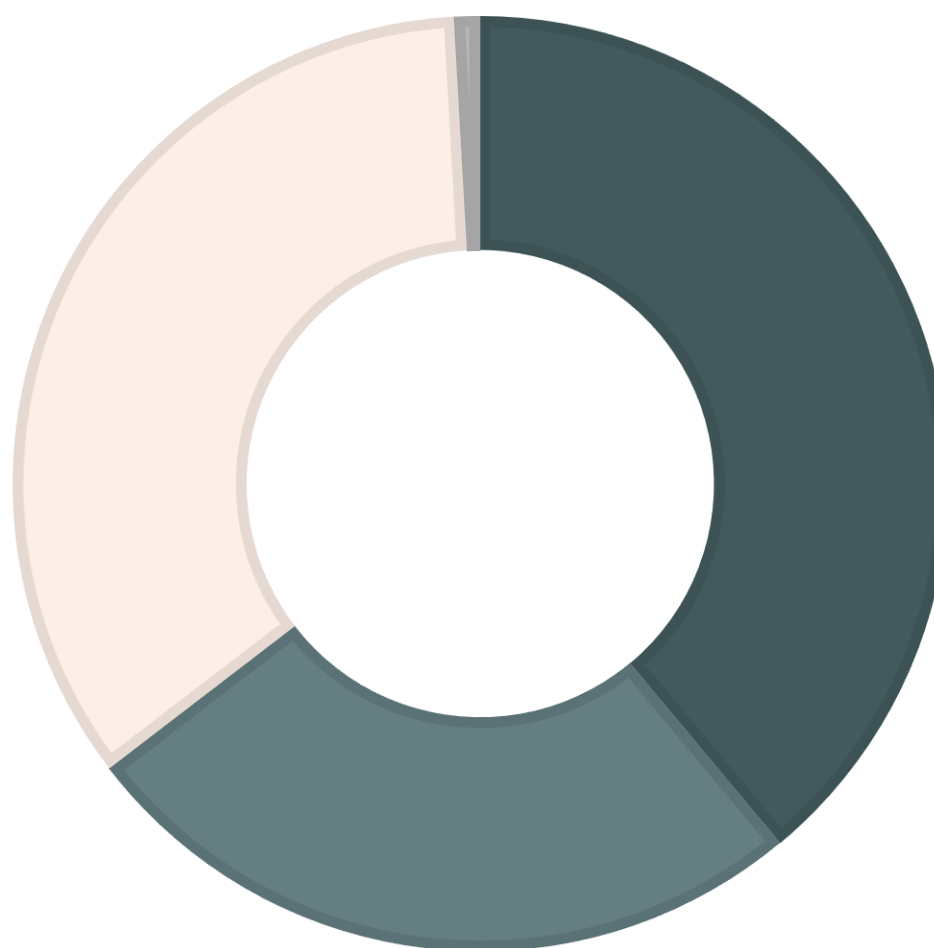
(As on 30th September 2026)

Particulars	3 M	6 M	1 YR	Since Inception
Quest Smart Alpha – Sector Rotation Class A1	-1.63%	12.49%	-9.26%	9.97%
Quest Smart Alpha – Sector Rotation Class A2	-1.37%	12.81%	-8.87%	10.28%
Quest Smart Alpha – Sector Rotation Class A3	-1.18%	13.42%	-8.23%	10.98%
NSE 500	-4.02%	7.52%	-2.91%	10.93%

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. The NAV valuation methodology has been realigned across all schemes of the Trust with effect from 1 October 2026, to incorporate tax on both realised and unrealised gains at the fund level. Accordingly, the reported performance going forward will reflect the impact of such tax provisioning in the NAV.

MARKET CAPITALISATION

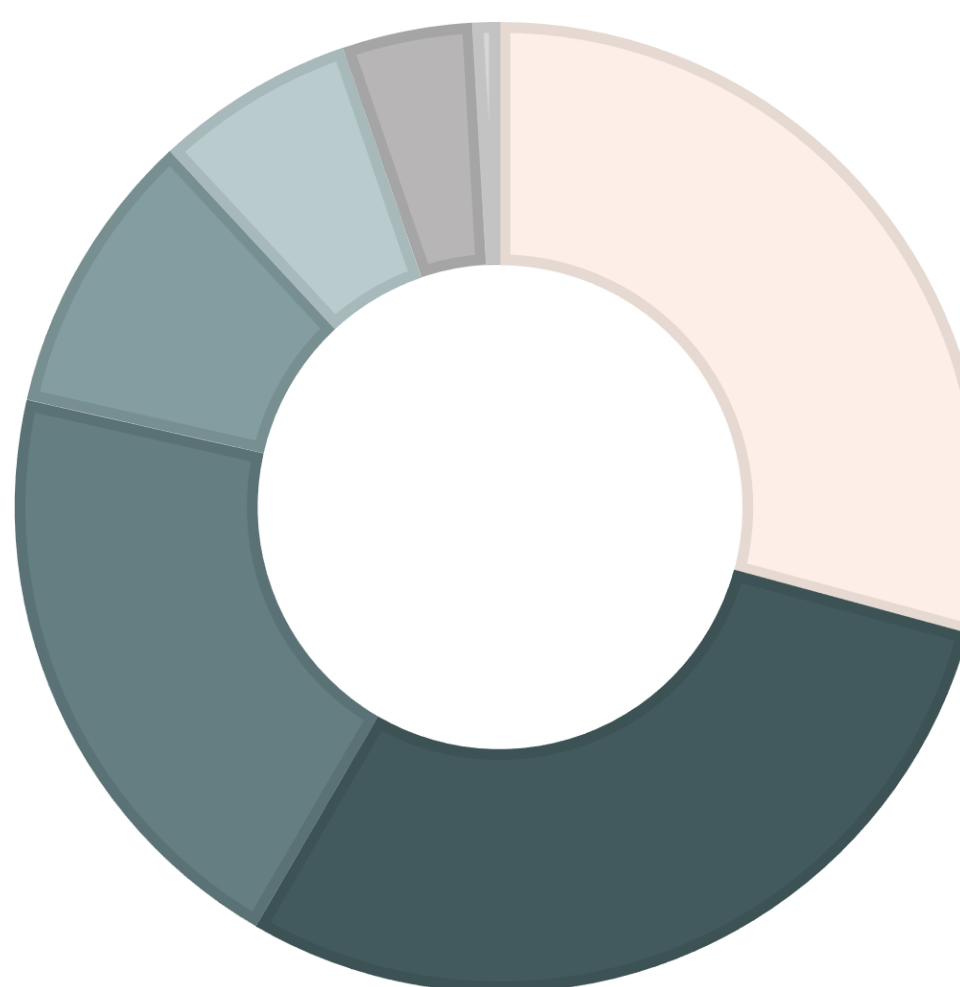
(As on 30th September 2026)



Asset Class	(%)
Large Cap	38.93
Mid Cap	25.65
Small Cap	34.53
Cash & Cash Equivalent	0.89
Total	100.00

THEMATIC ALLOCATION

(As on 30th September 2026)



Sector	(%)
India Consumption	29.21
India Manufacturing	29.18
Financial Inclusion	20.16
Capital Goods & Infra	9.55
Pharma & Healthcare	6.66
Industrial & Capex	4.35
Cash & Cash Equivalent	0.89
Total	100.00

Holdings as on 30th September 2026

Company Name	Weightage (%)
VISHAL MEGA MART LTD	7.16%
TVS MOTOR COMPANY LIMITED	6.37%
ULTRATECH CEMENT LIMITED	5.77%
SUDARSHAN CHEMICAL INDUSTRIES LIMITED	5.47%
SIEMENS ENERGY INDIA LIMITED	4.99%
ONE 97 COMMUNICATIONS LIMITED	4.76%
TATA CAPITAL LIMITED	4.72%
TECHNO ELECTRIC AND ENGINEERING COMPANY LIMITED	4.56%
JINDAL STEEL AND POWER LTD.	4.35%
MAHINDRA AND MAHINDRA LTD	4.19%
CITY UNION BANK LIMITED	4.17%
PIDILITE INDUSTRIES LTD	4.16%
BIOCON LTD	3.70%
TVS HOLDINGS LIMITED	3.40%
KIRLOSKAR FERROUS INDUSTRIES LTD.	3.40%
SWIGGY LIMITED	3.37%
ZF COMMERCIAL VEHICLE CONTROL SYSTEM INDIA LIMITED	3.21%
SAMHI HOTELS LIMITED	3.05%
PIRAMAL PHARMA LIMITED	2.96%
TATA CONSUMER PRODUCTS LIMITED	2.87%
VIYASH SCIENTIFIC LIMITED	2.58%
AXIS BANK LIMITED	2.47%
ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED	2.31%
NATIONAL STOCK EXCHANGE OF INDIA LTD	1.73%
LG ELECTRONICS INDIA LIMITED	1.66%
WHEELS INDIA LTD	1.60%
TVS HOLDINGS LIMITED NCRPS	0.13%
CASH AND EQUIVALENT	0.89%

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	19.08%	23.33%	46.68
TVS MOTOR COMPANY LIMITED	18.82%	25.68%	39.00
ULTRATECH CEMENT LIMITED	14.67%	20.34%	31.92
SUDARSHAN CHEMICAL INDUSTRIES LIMITED	8.48%	218.40%	38.21
SIEMENS ENERGY INDIA LIMITED	21.35%	18.02%	62.55
ONE 97 COMMUNICATIONS LIMITED	26.24%	70.57%	88.48
TATA CAPITAL LIMITED	23.33%	32.40%	20.29
TECHNO ELECTRIC AND ENGINEERING COMPANY LIMITED	24.87%	16.97%	23.17
JINDAL STEEL AND POWER LTD.	27.39%	60.84%	19.90
MAHINDRA AND MAHINDRA LTD	10.87%	7.64%	21.18
CITY UNION BANK LIMITED	15.13%	12.31%	14.79
PIDILITE INDUSTRIES LTD	13.54%	14.17%	49.27
BIOCON LTD	16.11%	87.20%	65.44
TVS HOLDINGS LIMITED	12.00%	13.50%	12.44
KIRLOSKAR FERROUS INDUSTRIES LTD.	15.07%	36.25%	13.99
SWIGGY LIMITED	27.12%	NEG	NEG
ZF COMMERCIAL VEHICLE CONTROL SYSTEM INDIA LIMITED	16.94%	16.66%	48.26
SAMHI HOTELS LIMITED	12.37%	56.09%	19.74
PIRAMAL PHARMA LIMITED	13.01%	L2P	199.18
TATA CONSUMER PRODUCTS LIMITED	11.10%	19.46%	51.16
VIYASH SCIENTIFIC LIMITED	12.61%	71.16%	23.28
AXIS BANK LIMITED	11.41%	17.44%	13.07
ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED	16.02%	16.67%	39.53
NATIONAL STOCK EXCHANGE OF INDIA LTD	8.71%	10.20%	38.89
LG ELECTRONICS INDIA LIMITED	13.85%	32.10%	49.18
WHEELS INDIA LTD	17.62%	46.98%	28.48

INVESTMENT RATIONALE AND SWOT

JINDAL STEEL LTD



Primer

- Jindal Steel is the flagship steelmaking company of the OP Jindal Group. It is one of India’s leading integrated steel producers, operating a domestic crude steelmaking capacity of ~15.6 MTPA as of September 2026, anchored by its primary integrated manufacturing hubs at Angul (Odisha), Raigarh (Chhattisgarh), and Patratu (Jharkhand).
- The company manufactures specialized flat and long products, including heavy plates, rail tracks, medium/heavy structural shapes, and hot-rolled coils (HRC). With the commissioning of the 6.0 MTPA Hot Strip Mill (HSM) and the Plate Mill at Angul, the share of value-added and flat products in its overall portfolio has risen to ~66%–68%, significantly diversifying revenue from basic commodity longs.
- Jindal Steel has established an integrated raw material infrastructure. It operates captive thermal power and waste-heat recovery units alongside 11.37 MTPA captive coal capacity from its Utkal blocks connected directly via automated pipe conveyors. Iron ore requirements are supported by captive mines (Kasia, Tensa, Roida-1 with a combined capacity of ~13.6 MTPA) and a 15 MTPA pellet capacity across Barbil and Angul. The commissioning of its 200 km Barbil–Angul iron ore slurry pipeline has structurally lowered inbound freight costs.
- Over FY21–FY26, the company divested non-core assets (including its Oman subsidiary and JPL thermal power business) to deleverage aggressively. It funded its mega Angul brownfield expansion primarily through internal cash flows, maintaining a low leverage profile with consolidated net debt-to-EBITDA contained around 1.7x.

Investment Thesis

- Massive Angul Capex Program Aiding Operating Leverage and Margin Expansion:** The completion and ramp-up of the Angul Phase-II expansion has doubled Angul's crude steel capacity to 12 MTPA, driving total company capacity to 15.6 MTPA. As sales volumes scale toward a guided 10.5–11.0 million tonnes for FY27, fixed cost dilution and operating leverage are set to trigger significant margin expansion. Logistics efficiencies from the operational Barbil–Angul slurry pipeline (structural savings of ~₹700/tonne) and 100% captive thermal coal linkage via the Utkal conveyor belt are projected to optimize raw material cash costs structurally.
- Volume Growth Drivers in Place:** Sustained domestic demand is underpinned by Indian government capital outlays on infrastructure (high-speed rail corridors, dedicated freight corridors, highways, and bridges), as well as broad-based industrial and real estate development. As one of the approved suppliers of specialized head-hardened rails and heavy structural beams, Jindal Steel remains positioned to capture domestic demand growth and outperform broad market volume trends.
- ESG Focus, Green Hydrogen, and Renewable Transition:** Jindal Steel has committed to reaching Net Zero carbon emissions by 2047. The company is executing a 3 GW renewable energy transition through Jindal Renewables and pioneering green hydrogen integration for syngas-based DRI production at its Angul plant, decoupling steel production from emissions and future carbon tax risks (such as the EU CBAM).

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Strong promoter pedigree and established product brands in long & flat steels	High cyclicity and price volatility inherent to the steel sector	Operating leverage and structural cost savings (slurry pipeline & captive coal conveyor) driving margin expansion	Influx of low-cost imports and dumping from global markets impacting domestic realizations
High degree of backward integration (captive iron ore, pellet plants, and Utkal coal mines)	Geographic concentration of primary manufacturing assets in Eastern India (Odisha/Chhattisgarh)	Transition to renewable energy (3 GW) and green hydrogen integration to lower carbon footprint and production costs	Sustained volatility in global coking coal costs impacting blast furnace cash margins
Market leadership in niche high-margin segments (head-hardened rails, heavy structural sections, specialty plates)		Rising domestic demand fueled by national infrastructure expansion (Railways, Highways, Urban Housing)	Potential demand slowdown in key global markets or domestic economic deceleration

INVESTMENT RATIONALE AND SWOT

National Stock Exchange Of India Ltd



Primer

- Q NSE is India's largest multi-asset exchange, operating an integrated platform across cash equities, futures, options, mutual funds, commodities, currency derivatives, wholesale debt and interest-rate products, alongside listing, clearing, data and licensing services.
- Q NSE is the dominant exchange across key segments: ~93% cash-market share and ~100% stock/index futures share in YTD FY27. Its index-options premium market share has declined to ~65% in YTD FY27 from ~97% in FY24.
- Q The platform benefits from a deep liquidity pool and network effect. NSE had 129.1mn unique registered investors and 1,325 trading members in FY26, with 2,978 listed entities and aggregate listed market capitalization of ₹411.3tn.
- Q NSE is the world's largest derivatives exchange by contract volume and retained the top position for the seventh consecutive calendar year in 2025. In FY26, it accounted for ~51.2% of global equity-derivative contracts and ~11.4% of global cash-equity trades.

Investment Thesis

- Q **Dominant market position creates a powerful liquidity moat:** NSE has maintained ~93% share in cash equities and ~100% in stock and index futures in YTD FY27. The deep order book, broad participant base and Nifty ecosystem reinforce liquidity and execution quality, making the platform difficult for competitors to displace. NSE processed ~8bn cash-equity trades annually and had 129.1mn registered investors in FY26.
- Q **Structural financialization provides a long runway for volume growth:** India's increasing shift towards financial assets, rising retail participation and digital adoption support long-term capital-market growth. NSE's unique registered investor base increased from 39.9mn in FY21 to 129.1mn in FY26, while annualized SIP inflows reached ~₹3.5tn. Emkay expects cash turnover to compound in the high teens over the medium term.
- Q **Non-transaction businesses offer a second earnings engine:** Transaction charges still contribute ~79% of operating revenue, but colocation, data feeds, index licensing and listing services provide recurring revenue opportunities. PL Capital expects these segments to grow at ~14% CAGR over FY26-29E versus ~9% for transaction income. Emkay estimates data, technology and connectivity were only ~13% of FY26 operating revenue versus 20-30% for global exchange groups, indicating monetization headroom.
- Q **New products provide optionality beyond traditional equity trading:** NSE is expanding its product universe through commodities, electricity futures, electronic gold receipts and Brent crude futures. Commodity derivatives' turnover crossed ₹234bn in FY26, while electricity futures generated ₹111bn of turnover in their first year. These businesses are still small but can add incremental growth as liquidity and participation build.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Near-monopoly market position: ~93% cash-market share and ~100% stock/index futures share in YTD FY27	High earnings concentration in transaction income: ~79% of operating revenue in FY26	Continued financialization of household savings and rising retail participation	Regulatory intervention can materially affect derivatives volumes through expiry rules, lot sizes, STT, Closing Auction Session and proprietary-trading regulations
Global scale: ~51.2% of global equity-derivative contracts and ~11.4% of global cash-equity trades in FY26	Index options remain the center of gravity, contributing ~₹99bn or ~60% of operating revenue in FY26	Monetization of data, analytics, connectivity, index licensing and colocation can diversify earnings; non-transaction businesses are expected to grow faster than transaction income	Further loss of index-options market share to BSE remains risk given the segment's ~60% contribution to operating revenue
Deep liquidity/network effect supported by 129.1mn registered investors, 1,325 trading members and 2,978 listed entities in FY26	Non-transaction revenue remains relatively underdeveloped: data, technology and connectivity were ~13% of FY26 operating revenue versus 20-30% for global exchange groups	Commodity derivatives, electricity futures, electronic gold receipts and Brent crude futures can create new growth verticals as liquidity develops	Lower market volumes or volatility

INVESTMENT RATIONALE AND SWOT

Tata Consumer Products Ltd



Primer

- Tata Consumer Products Limited (TCPL) is one of India’s leading FMCG conglomerates and the second-largest branded tea player globally. Backed by the trusted Tata brand equity and an extensive pan-India distribution network reaching over 4.5 million retail outlets and 290 million households, the company has anchored on delivering steady mid-single-digit volume growth in mature core categories while accelerating growth categories at 2x–4x that pace.
- Branded India Business: Forms the core engine of TCPL’s revenue (~72% of branded turnover), spanning India Beverages (Tata Tea, Tetley, Tata Coffee, Himalayan, Tata Gluco Plus) and India Foods (Tata Salt, Tata Sampann pulses, spices, poha, Tata Soulfull cereals/millet, Ching’s Secret, Smith & Jones, and Organic India). These categories cater to daily Indian kitchen staples, packaged culinary aids, and value-added wellness nutrition.
- International & Non-Branded Business: Encompasses international branded operations (~28% of branded turnover) across the UK, USA, and Canada (Tetley, Eight O’Clock Coffee, Teapigs, Good Earth), alongside a non-branded B2B extraction and plantation division that supplies soluble coffee and bulk tea to global industrial and institutional clients.

Investment Thesis

- **Transformation from Pure-Play Beverages to Multi-Category FMCG:** TCPL has systematically transitioned from a commoditized tea and salt business into a diversified food-and-beverage platform. Over the past five years, its growth portfolio has expanded over 7x, significantly broadening its Total Addressable Market (TAM) into packaged pantry staples, ready-to-cook (RTC) culinary aids, functional ready-to-drink (RTD) beverages, and premium wellness supplements. Robust volume momentum in emerging businesses—evidenced by Tata Sampann (+58%), NourishCo RTD (+41%), and combined acquired labels (+35%)—acts as an operational buffer against mature staple volatility, supporting double-digit consolidated revenue expansion.
- **Synergy Extraction and Distribution Integration from Scaled M&A:** The integration of Capital Foods (Ching’s Secret, Smith & Jones) and Organic India into TCPL’s centralized supply chain unlocks substantial gross-margin accretion and distribution cross-selling. By routing these high-margin, category-leading product lines through TCPL’s extensive domestic general trade network and international distribution corridors, the company accelerates market penetration while optimizing consolidated operating costs.
- **Accelerated Product Innovation Pipeline:** Innovation cycles have expanded meaningfully, with TCPL launching 80 new products in FY26 (doubling the cadence of the prior year) to sustain an Innovation-to-Sales ratio between 4.5% and 4.8%. Value-added portfolio additions—such as Tata Tea Gold premium variants, Himalayan sparkling extensions, unpolished organic pulses, and fortified RTD hydration—drive realization growth and premiumization across key categories.
- **International Portfolio Optimization and Out-of-Home Scaling:** Global operations have transitioned from volume chases to margin preservation and portfolio premiumization. The UK operation focuses on high-margin fruit and herbal infusions (19% value market share), the US business expands price realization and single-serve K-Cup penetration (delivering 7% constant currency growth), and Canada maintains market leadership in specialty teas with a 25% value share. In the out-of-home space, the Tata Starbucks joint venture scaled its footprint to 502 stores across 80 cities, maintaining positive same-store sales growth (5% SSSG).

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Formidable brand equity backed by the Tata conglomerate, with Tata Salt commanding clear #1 national market leadership and Tata Tea holding a top-tier domestic position	Core black tea and basic salt categories are heavily penetrated and mature, tying baseline volume growth closely to broader Indian demographics and GDP	Substantial unorganized-to-organized transition runway across daily culinary staples (pulses, besan, poha, spices) via Tata Sampann and millets via Soulfull	Persistent cost volatility in core agricultural raw materials (farmgate tea auctions and global coffee beans) that can compress margins prior to phased retail price adjustments
Pan-India retail footprint covering 4.5 million outlets and reaching 290 million households, providing an immediate launch highway for newly introduced product categories	Short-term operating margin dilution and higher balance sheet amortization burdens resulting from debt- and cash-funded acquisitions (Capital Foods, Organic India)	Rapid cross-selling and margin expansion by plugging high-margin culinary brands (Ching’s Secret, Organic India) into TCPL’s extensive general trade and export pipelines	Intensifying price competition and aggressive promotional discounts from regional tea/spice players and organized private-label supermarket brands
Market-leading omni-channel presence, with e-commerce and quick-commerce scaling to a 19% salience of the India branded business	Exposure to secular volume declines and consumption deceleration in legacy international beverage markets (notably standard black tea bag contraction in the UK)	Long-term monetization of emerging and institutional sales channels, including Tata MyBistro vending, Food Services, and specialized pharmacy retail	Unfavorable currency fluctuations, heightened ocean freight costs, and geopolitical tensions dampening overseas margins and export profitability

INVESTMENT RATIONALE AND SWOT

TVS Motor Company Ltd



Primer

- TVS Motor Company Ltd (TVSL) is one of India’s largest two-wheeler manufacturers with a diversified portfolio spanning motorcycles, scooters, mopeds and three-wheelers across both ICE and EV, complemented by a fast-growing export franchise and the premium Norton Motorcycles brand in the UK.
- Management’s FY26 annual report frames the year around five strategic priorities – premiumization, EV leadership, commercial mobility, sustainability, and global expansion – backed by R&D spend of ~₹12.5bn (2.7% of FY26 revenue, a 5x increase over 10 years) and brand investment of ~4% of revenue.
- Group entities add further depth: TVS Credit Services (the financing arm, loan book of ~₹320bn, ~26mn customers, PBT +16% YoY), and Norton Motorcycles (UK premium brand, ~£250mn cumulatively invested since FY21) is now entering a monetization phase with new model launches from FY27.

Investment Thesis

- Broad-based volume growth across segments:** Q1FY27 domestic 2W/3W volumes grew 28% YoY, with scooters (+36%) and three-wheelers (+48%) outperforming, alongside record exports (+33% YoY to 0.47mn units).
- EV leadership consolidating industry position:** TVS is India’s #1 E-2W player with ~24% retail market share and a rapidly scaling E-3W franchise (~11% share, up from ~1% a year earlier). EV volumes grew 86% YoY in Q1FY27 to ~130k units (~₹17.8bn of revenue), with management expecting profitability to keep improving as the ecosystem matures beyond early scale – supported by a 1,000+ dealer EV network and ~5,000 charging points.
- Exports – a structural growth lever outpacing domestic:** International volumes hit a record ~0.47mn units in Q1FY27 (+33% YoY), with demand currently outstripping available production capacity across Africa, LatAm and Asia. TVS’s export share of total volumes has risen to ~27–28%, among the highest in the industry, with continued investment in capacity, distribution and premium brand-building in these markets.
- Premiumization as the structural margin and brand lever:** TVS derived ~47% of FY26 motorcycle sales from the premium segment, the highest among peers, led by Apache, Ronin, and RR310 alongside Jupiter 125cc and Ntorq in scooters. Norton is entering its monetization phase after ~£250mn invested since FY21, with four new super-premium models (Manx, Manx R, Atlas, Atlas GT) launching across the UK, Europe, India, and the US from FY27.
- Margin resilience despite commodity cost pressure:** Despite ~3.5% commodity cost inflation in Q1FY27 (with a further ~0.5% expected in Q2), EBITDA margin still expanded 28bps YoY to 12.8%, aided by calibrated price hikes, favorable mix, and cost optimization.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Industry-leading diversification across motorcycles, scooters, mopeds, 3Ws, ICE and EV, with the lowest reliance on top 3 models among major 2W OEMs	Heavy cumulative investment in loss-making foreign subsidiaries (~₹20–25bn in Norton/SEMG), keeping capital allocation discipline a recurring investor concern	Continued EV penetration gains in 2W (10.6%) and 3W (>40%) as the ecosystem matures beyond early scale	Elevated commodity cost inflation (steel, aluminium, plastics, oil-linked inputs) amid geopolitical disruptions, pressuring margins
#1 position in India’s E-2W market (~24% share) and a fast-scaling E-3W franchise (~11% share), backed by a 1,000+ dealer EV network	Export demand currently outpacing production capacity, risking lost sales if capacity additions lag	Norton’s commercialization phase (new Manx/Atlas models, UK/Europe/India/US launches) opening a path to premium Western markets	Intensifying EV and premium-motorcycle competition (Ola Electric, Ather, Bajaj, Hero) could cap further share gains

INVESTMENT RATIONALE AND SWOT

Viyash Scientific Ltd



Primer

- Viyash Scientific, formerly SeQuent Scientific, was created through the integration of Viyash Lifesciences (human health) and SeQuent Scientific (animal health). The company operates across APIs, finished-dose formulations for human and animal health, and CDMO, with capabilities spanning R&D, manufacturing, regulatory and commercial operations.
- The company combines backward-integrated API and formulation capabilities with a global manufacturing and marketing network. It operates 10 API and 5 formulation facilities, with products marketed in 150+ countries, supported by regulatory approvals including USFDA, EU GMP and WHO GMP.
- FY26 revenue mix: The company reported ₹3,420 crore revenue from operations. Formulations contributed ₹1,866 crore (~55%), while APIs contributed ₹1,491 crore (~44%); the balance was attributable to other/corporate items. Within formulations, the portfolio spans human health and animal health, while the API business serves both segments.

Investment Thesis

- Formulations-led growth, particularly animal health, can become the primary growth engine:** Formulations already account for ~55% of FY26 revenue, and grew 18% YoY, versus 8% for APIs. Within formulations, the company is moving beyond its traditional large-animal base toward companion animals, where it is building R&D, manufacturing and front-end distribution capabilities. Management sees an addressable European companion-animal market of approximately \$1 billion excluding vaccines, with genericization increasing and pricing erosion generally less severe than in human generics. The Boehringer Ingelheim partnership in India and direct companion-animal sales initiatives in Italy are early steps toward strengthening this front end. This creates a credible route for formulations to sustain higher growth than the legacy API business.
- The API business is being deliberately upgraded rather than simply expanded:** FY26 API growth of 8% understates the intended direction of the business: management has consciously reduced lower-quality, commodity intermediate sales while prioritizing higher-value APIs. It expects double-digit API growth going forward, supported by human-health approvals and a step-up in animal-health APIs. The investment thesis is therefore not just volume growth, but better product mix, stronger regulatory positioning and greater value capture from complex APIs.
- The merger creates a multi-year synergy and operating-leverage opportunity:** FY26 EBITDA margin expanded from 14.6% to 20.5%, with adjusted EBITDA growing 59.6%. Importantly, management says annualized synergies are currently around ₹50–60 crore, with a potential ₹125–150 crore annualized benefit over the next 12–18 months. The opportunity extends beyond corporate-cost savings: internalizing intermediates, using available low-cost capacity, procurement optimization, R&D integration, and cross-selling across the combined customer base.
- CDMO and the combined R&D platform provide a second leg of growth beyond the existing portfolio:** The integrated platform brings together API development, advanced intermediates, formulations and end-to-end CDMO capabilities. Management is investing in complex human-health and companion-animal formulations, while the combined R&D team of around 250 scientists supports product development across both businesses. The longer-term opportunity is to use this scientific and manufacturing base to add differentiated products and scale CDMO, rather than remain dependent on the existing API/formulation portfolio.
- FY27 should benefit from the conversion of the existing pipeline into commercial revenue:** The company reported 19 product launches in Q4 FY26, including 5 APIs and 1 finished-dose formulation, alongside multiple regulatory filings, approvals and validations. Management expects API growth to improve as approvals come through, while animal-health formulation R&D and capacity investments are being accelerated.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Integrated platform across APIs, formulations, CDMO and R&D	Execution complexity across businesses and geographies	Expansion in companion-animal formulations, especially Europe and Brazil	Generic pricing pressure and regulatory/compliance risks
Strong backward integration and global regulatory footprint	Dependence on successful product approvals and launches	Higher-value API growth and improved product mix	Delays in approvals, commercialization or capacity ramp-up
Improving profitability with strong deleveraging	Continued R&D and capacity investments may limit near-term cash flows	Merger synergies and scaling of CDMO revenues	Intense competition and potential customer concentration

INVESTMENT RATIONALE AND SWOT



Wheels India Limited

Primer

- Wheels India Ltd (WIL) WIL, founded in 1962 in Chennai and part of the TVS Group / TSF Group, is one of India's oldest auto component manufacturers. Management believes its product mix and industry spread – spanning PV, CV, tractor, construction equipment, air suspension, wind turbine and hydraulic components – is not matched by any single global competitor, including Chinese peers.
- The company operates two segments: Automotive Components (wheels for PV/CV/tractor/construction equipment plus air suspension & lift axle; ~83% of FY26 revenue at a 25.3% segment ROCE) and Industrial Components (hydraulic cylinders and wind-turbine parts; ~17% of FY26 revenue at a lower 6.8% segment ROCE).
- The company exports to 27 countries (~26% of revenue), runs 12 plants across India and employs 9,000+ people.

Investment Thesis

- Cast aluminum wheels – a near-term margin inflection:** PV aluminium wheel penetration is ~40%, yet WIL's share here remains small. Volumes are on a steep ramp – from ~40,000/month currently to ~80,000/month by March and ~1.2 lakh/month a year out. Profitability turns positive above ~50,000 wheels/month and margins turn double-digit above ~80,000/month; at a 1.1–1.3 lakh/month run-rate, management sees this becoming a ~₹1,000cr standalone business at ~15% margins – a key driver of consolidated profitability over the next 12–18 months.
- Air suspension and the Bosch JV – strong validation, modest near-term contribution:** WIL already commands ~85% share of India's air-suspension-equipped bus fleet. Growth is accelerating as the EV-bus shift requires front + rear suspension (vs. rear-only on diesel buses), roughly doubling content per bus. Separately, Bosch has chosen the TSF group (Wheels India 20%, Brakes India 30%, Bosch 50%) to re-enter the CV air-actuated products business globally – a strong validation of group engineering capability, though JV revenue is back-ended (from ~2030) and WIL's own product line is a small (~10% or less) share of the JV's ~₹3,000cr 2035 revenue target.
- Construction & tractor wheels – global leadership with further share gains:** WIL already supplies ~25% of the global (ex-China) construction equipment wheel market and holds ~52% share of the Indian tractor wheel market. International (ex-India/China) tractor wheel share is just ~7% today, with management targeting at least 20% over three years, aided by a China-plus-one supply-chain shift and relationships with Caterpillar, John Deere and CNH.
- Windmill components – a multi-pronged, high-margin conversion business:** Wheels India machines and fabricates parts for wind turbines, including large hub components for its partner Baettr India. Volumes are set to grow as global wind turbine makers shift their supply chains away from China and toward India as Baettr India plans to double its capacity here.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Unmatched diversification and scale across five growth engines, with leadership in most mature categories (truck, tractor, PV steel wheels, air suspension)	Aluminium wheels and hydraulic cylinders remain loss-making / low margin (~7%) at current sub-scale volumes, requiring execution on an aggressive ramp	Aluminium wheel margin inflection as volumes crosses 80,000/month – a potential ~₹1,000cr business at ~15% margins	Execution risk on the aggressive aluminium wheel ramp (40,000–60,000 to 1,30,000 units/month within ~1 year)
Largest construction and tractor wheel manufacturer globally by volume, with deep ties to Caterpillar, John Deere, CNH, Maruti and Tata Motors		Bosch JV validates group engineering capability and opens a path to a ~₹3,000cr opportunity by 2035, though WIL's direct share is modest	Underlying cyclicality across PV, CV and construction equipment end-markets

INVESTMENT RATIONALE AND SWOT



ZF Commercial Vehicle Control Systems India Ltd

Primer

- Q ZFCV is the clear market leader with a dominant ~80–85% share in air-braking systems for India's medium & heavy commercial vehicles (M&HCVs). It supplies the compressors, actuators, valves, ABS, and increasingly the electronic control systems (ESC, EBS, ADAS) that stop and stabilize trucks and buses. It is a subsidiary of Germany's ZF Friedrichshafen, the world's largest CV-systems supplier.
- Q Revenue is drawn from four channels: Domestic OEM (~47 - 48% of sales – Tata, Ashok Leyland, VECV/Eicher, Daimler/BharatBenz, Mahindra), Exports (~24–25%), Aftermarket (~15%, sticky and higher-margin), and engineering & software services income for the ZF group (~11–13%, asset-light and growing).
- Q The company leverages proven safety technology already deployed by parent ZF Friedrichshafen in Europe and the US, adapted for Indian trucks – a meaningful edge over local-only competitors – alongside a large aftermarket network of 6,000+ retailers, 4,000+ distributors and ~280 service centres.

Investment Thesis

- Q **Regulation-led structural step-up in content per vehicle:** MoRTH's phased ESC, AEBS and full ADAS mandate for M&HCVs, buses and intermediate trucks – effective from FY28 (Oct-2027) – represents a structural step-up in content opportunity, adding an incremental ~₹45,000 of ZF content per vehicle over a historically low safety-content base. With ZF commanding ~85% share in CV braking systems, this regulatory shift should translate into a meaningful acceleration in both revenue growth and earnings from FY28 onwards.
- Q **Electric buses – a large content multiplier:** The absence of an engine-driven air compressor on e-buses necessitates a separate electric air compressor and ECAS air suspension (~₹25,000–30,000) for low-floor variants – together lifting content per e-bus to ~₹1.5–2 lakh, versus a fraction of that on a basic diesel truck. Government-led EV-bus adoption (PM E-Drive/FAME, State Transport Undertakings) provides a structural tailwind.
- Q **ESC – a defensible, low-risk extension of the base-braking moat:** The threat to market share in ESC is minimal, as ESC sits within the braking-system envelope itself and the incumbent's existing ~85% share in base braking naturally extends to ESC – no third party can supply stability control independent of the underlying brake architecture.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Dominant ~80–85% share in India's CV air-braking systems, the high-volume LCV segment built on decades-long OEM relationships	Historically limited presence in the high-volume LCV segment (~44% of CV units)	Structural step-up in content per vehicle from the phased ESC/AEBS/ADAS mandate from FY28	Rising competitive intensity in LDW/BSD/DDA from PV-origin ADAS entrants (e.g. Bosch-Brakes India-Wheels India JV)
Access to proven, globally-deployed safety technology from parent ZF Friedrichshafen	Earnings tied to underlying M&HCV volume growth, which has been slow in recent years	Large content multiplier from electric bus adoption (~₹1.5–2 lakh of content per e-bus)	Slow real-world regulatory enforcement/adoption, as seen with the 2019 trailer ABS mandate

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 30th Sep 2026 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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