

MAY 2025

“At heart ‘uncertainty’ and ‘investing’ are synonyms” – Benjamin Graham

Dear Investors,

We often keep hearing about the famous quote by Vladimir Lenin "There are decades where nothing happens; and there are weeks where decades happen". Last few weeks have been no different and the world at large has been facing extreme uncertainties around tariff imposed by Mr. Trump on every piece of land outside the borders of America, be it friendly state or enemy state or even uninhabited islands! The method and rationale of arriving at the obnoxious tariff rates on different countries itself had been a topic of discussion among think tanks. **With the speed at which Mr. Trump makes decisions and reverses or modifies them, volatility of global markets is a certainty.** As abruptly as he had announced the tariff rates on all countries including, with similar abruptness he has now announced a 90-days pause on those but a flat 10% arbitrary tariff would be charged on all countries barring China and a few more countries which retaliated with their own tariffs. **Volatility is bound to be there for the foreseeable future and there is no way of predicting with accuracy the extent of impact of his decisions from time to time. Also the old rule based globalization has been shelved and a new ad-hoc mutual agreement based trade agreement with US could become the new norm.** However, in the midst of all this uncertainty and global supply chain disruptions and economic trade relations getting altered dramatically, India remains a key market which is seeing lesser and lesser direct negative impact, and on the contrary this whole trade war could be a blessing in disguise for India in the medium to long run.

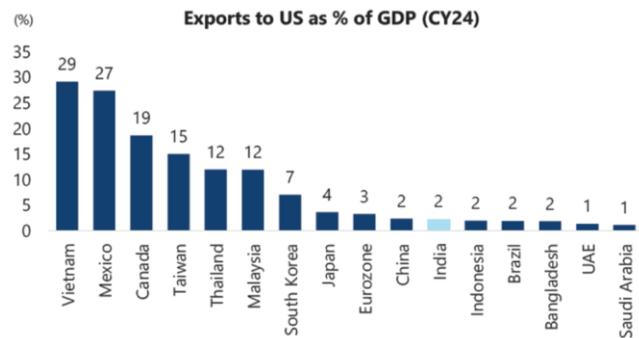
If you were to ask me, where do I see Indian markets in the next 3 months, 6 months and 1 year, amidst global uncertainties, absolute index performance is difficult to predict. **But India should emerge as a relative outperformer.** My confidence comes from various factors which are supportive of this theory. **Lesser dependence to US & China demand, relatively lower tariff incidence, lower crude oil prices, low FPI exposure in recent quarters, large domestic market and a pro-growth RBI stance are the key reasons.** I continue to believe that there is limited direct implication of the USA's reciprocal tariff (whether 10% or the earlier 26%) for India. When a comparison is made between the top 27 countries (based on their export to the US, reciprocal tariff rate, and overall exports) and India, product-wise exports to the US suggest that India may face limited impact. Moreover, **the bilateral trade discussion with the USA (if finalized) may be positive in the medium to long term.** Countries like India, Malaysia, Philippines, Thailand could benefit from very high tariffs in China as supply chain could shift to these new destinations which have better trading terms with US. We see limited risk of dumping from China into our markets given recent examples of policy intervention in the form of quality certification, Anti Dumping Duty (ADD), etc. **Despite limited direct impact of tariff on India, volatility may persist in the near term given United States accounts for ~26% of the global GDP, ~48% of the world's market cap, and ~43% of FPI equity asset under custody (AUC) in India.**

MAY 2025

Some key factors that give confidence that India is relatively better off and its good time to increase India equity allocation for investors:

- India's relatively low exposure to US markets is a boon:** Though the US is India's largest trading partner, yet it accounts for approximately 18% of total exports from India. The dependence on US looks meagre when we see that **India's goods exports and trade surplus with the US are at 2.3% / 1.2% of GDP** and are much lower in comparison to most emerging market counterparts. For example, Korea and Taiwan exports to US are 7% and 15% of GDP respectively, while their trade surpluses at 4% and 10% respectively are much higher compared to that for India.
- Lower Crude oil prices nearly offset the tariff impact:** Brent Crude oil prices are down ~20% YTD to US\$60/bbl. India is a large net importer, so a decline in oil prices is a significant positive for the country's Balance of Payment / Fiscal / and Inflation (CPI) situation. The govt. already raised the excise duties on petrol & diesel by Rs2/ltr even as retail prices are constant. This adds 0.1%/GDP (Rs320bn) to government revenues. A US\$10/bbl decline in crude oil prices reduces India's Current Account Deficit (CAD) by ~0.3-0.4% of GDP, and **at US\$60/bbl (vs. US\$80/bbl avg. in FY25), the lower crude effectively more than makes up for potential reduction in US trade surplus.**

India has a low share of US exports as % to its GDP

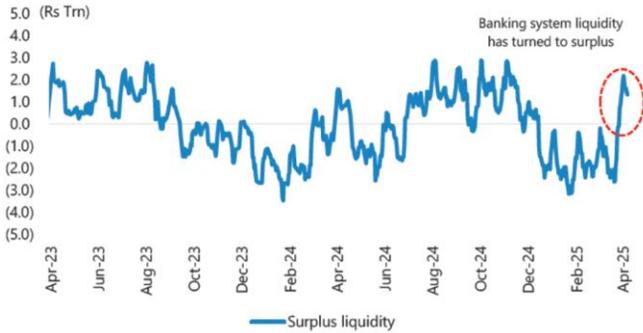


Crude being India's largest import bill has positive impact on its trade deficit as oil prices fall



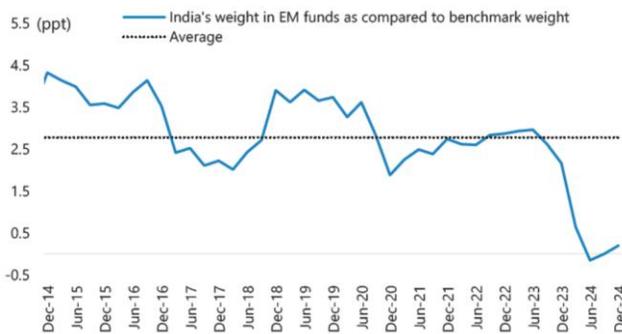
MAY 2025

Liquidity is no longer a concern for the banking sector



- RBI actions on rate cuts and improved liquidity stance would support the domestic growth engine:** RBI's monetary policy in recent times after the new governor has taken charge, has shifted its stance on liquidity to 'accommodative' from 'neutral', implying RBI will maintain surplus liquidity in the banking system. Already, several steps worth Rs8.5trn (2.6% of GDP) have been taken by the RBI since Dec24 to inject liquidity, consequent to which liquidity has shifted to a surplus position (Rs1.3 trillion) vs. a deficit earlier in the year. **Relaxed liquidity stance should help in deposit rate cut transmission and support bank margins and credit growth whenever capex picks up.**

India has become underweight in most EM funds



- Foreign Portfolio Investors (FPI) ownership is low and India allocation is underweight; room for equal weight to overweight:** FPIs have sold equity shares worth US\$27bn in India since Sep'24, partly as China rallied and post US elections when money also flowed back to the US markets. Few factors which drove this was weakening Indian Rupee, strengthening Dollar Index, strengthening US Bond yields, slowing corporate India earnings growth and better prospects of Corporate America profitability with tax cuts and strong economic recovery. Also as seen from the graph on the left, it shows that the majority of funds are carrying India weight at Neutral to Underweight when compared to the benchmark indices. **This underweight stance is seen reversing as March was the first month after almost months when there was a net buy figure from FII in Indian equities.**

MAY 2025

So where do we go from here in Indian and Global markets and what should investors do?

Sharp swings in global markets depending on news flows around tariffs is the new norm. I believe no matter by how much the tariff rates get reduced to, it would be inflationary for US citizens and the same would have to be addressed through tax cuts and Fed rate cuts in US markets. Bond yields in US are again something which will be closely watched because that would also lead to dollar strengthening or weakening as a large amount of the T-bills are coming for maturity next year and is one of the major cause of concern for Mr. Trump and reducing the trillions of dollars of debt has been biggest election manifesto. Mr. Trump wants to bring back manufacturing to America but then this is good for discussion and impractical for implementation considering the high cost of manufacturing anything in the US. All this sounds good in theory but in reality, will not be easy to address. **The process of supply chain realignment would be painful and will keep global economy on the edge of slow growth and recession in different parts of the world.** India would also not be immune from the same but as mentioned in my above pointers, **India has all the ingredients to emerge as a major out-performer from all this noise.** US-China trade relations will surely not be the same again and someone large enough and who has better trade terms with US, has to fill the boots. India fits the bill, though the transition will be a long-drawn process because private capex in India is a slow process and replacing large Chinese capacities is not easy overnight.

I continue to believe that the **domestic slowdown in India is transient and not structural.** Domestic growth is likely to revive given multiple policy intervention in the form of monetary easing through 50 bps rate cut already delivered and another 50-bps expected in 1HFY26, banking liquidity turning surplus, lower risk weight for NBFCs & MFIs and Fiscal easing (tax sops in the form of higher rebates helping middle-income households and higher government capex spending). Management commentary in terms of the evolving demand situation is a key monitorable as we have just entered Q4FY25 earnings season. **It would be prudent for investors to use the current weakness and volatility in the market to gradually add onto their equity portfolios and continue the process of staggered investments into Indian markets because valuations have become relatively comfortable compared to the expected earnings growth in FY26 and FY27.** At the same time investors should keep in mind that the near-term returns could be volatile swinging from positive to negative territory and vice versa as the tariff noise and earnings recovery data will become the key drivers of the market in the near term.

Happy Investing!

Aniruddha Sarkar

Chief Investment Officer

Quest Investment Advisors



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: 28th April 2023

Benchmark Index: Nifty MidSmall Cap 400

Minimum Investment: Rs 1 Crore

Fund Manager

Mr. ANIRUDDHA SARKAR

Aniruddha is the CIO and Fund Manager at Quest Investment Advisors since Feb-2020. He brings with him over 17 years of experience in the capital markets with diverse role managing money for investors across PMS, AIF and Advisory business. He has an eye for sector themes and has been instrumental in catching many themes early on in their lifecycle over the years. Prior to joining Quest, he was with IIFL group companies for over 11 years. At IIFL AMC in his last role, he was the Portfolio Manager for IIFL Multicap PMS since its inception in 2014 where he had generated industry leading performance over the 5 years till Dec 2019 and the same was also recognized in Industry awards in 2019. He holds a Bachelor's degree in Commerce and an MBA in Finance.

PERFORMANCE SUMMARY POST TAXES

(As on 31st March 2025)

Particulars	3 Months	6 Months	1 Year	Since Inception (28/4/2023)
Quest Smart Alpha – Rising Leaders AIF (A1 Class shares)	-19.35	-22.61	-1.74	9.22
Quest Smart Alpha – Rising Leaders AIF (F Class shares)	-19.35	-22.60	1.72	0.80
Nifty MidSmall Cap 400	-11.51	-15.63	6.82	28.46

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

PERFORMANCE SUMMARY POST TAXES

(As on 30th April 2025)

Particulars	3 Months	6 Months	1 Year	Since Inception (28/4/2023)
Quest Smart Alpha – Rising Leaders AIF (A1 Class shares)	-7.63	-19.77	-9.00	9.41
Quest Smart Alpha – Rising Leaders AIF (F Class shares)	-7.63	-19.76	-9.06	1.41
Nifty MidSmall Cap 400	-1.02	-7.99	2.21	29.13

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



Holdings as on 31st March 2025

Company Name	Weightage (%)
Piramal Pharma Ltd	9.13%
Ajmera Realty And Infra India Ltd	6.89%
Nippon Life India Asset Management Ltd	6.70%
S H Kelkar And Co. Ltd.	6.28%
Sansera Engineering Ltd	6.18%
Styrenix Performance Materials Ltd	6.03%
Sequent Scientific Ltd	5.27%
TVS Holdings Ltd	4.80%
Kolte-Patil Developers Ltd	4.64%
Home First Finance Company India Ltd	4.47%
Kirloskar Ferrous Industries Ltd.	4.19%
Gokaldas Exports Ltd	4.05%
Sudarshan Chemical Industries Ltd	4.02%
360 One WAM Ltd	3.92%
PCBL Ltd	3.87%
Indigo Paints Ltd	3.73%
Natco Pharma Ltd	3.24%
Kalpataru Projects International Ltd	3.17%
GMM Pfaudler Ltd	3.13%
Samhi Hotels Ltd	2.86%
AU Small Finance Bank Ltd	1.52%
Cash and Cash Equivalent	1.91%



As on 31st March 2025

SUMMARY FINANCIALS OF INVESTEE COMPANIES

Company Name	Revenue CAGR FY25-27(E)	PAT CAGR FY25-27 (E)	FY 26 PE (E)
Piramal Pharma Ltd	12.1%	116.5%	64.6
Ajmera Realty And Infra India Ltd	15.0%	16.2%	23.6
Nippon Life India Asset Management Ltd	10.4%	10.2%	25.8
S H Kelkar And Co. Ltd.	13.0%	34.9%	16.4
Sansera Engineering Ltd	17.1%	34.1%	22.8
Styrenix Performance Materials Ltd	12.8%	11.9%	17.8
Sequent Scientific Ltd	14.2%	230.5%	16.0
TVS Holdings Ltd	12.0%	19.3%	9.7
Kolte-Patil Developers Ltd	15.0%	48.3%	15.2
Home First Finance Company India Ltd	39.8%	32.8%	17.3
Kirloskar Ferrous Industries Ltd.	16.3%	30.6%	7.3
Gokaldas Exports Ltd	14.0%	51.2%	22.5
Sudarshan Chemical Industries Ltd	11.7%	29.8%	30.7
360 One WAM Ltd	14.9%	14.7%	29.5
PCBL Ltd	9.1%	23.7%	30.1
Indigo Paints Ltd	15.9%	26.4%	26.4
Natco Pharma Ltd	-17.7%	-41.8%	7.2
Kalpataru Projects International Ltd	13.5%	42.8%	17.7
GMM Pfaudler Ltd	9.0%	33.6%	29.0
Samhi Hotels Ltd	15.7%	82.2%	23.6
AU Small Finance Bank Ltd	17.0%	23.7%	14.7

The estimates in the table above are on consolidated basis except for banks & financials.



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360 One WAM Ltd



About the company

- 360One WAM (360ONE) is among India's few players with a full-fledged wealth management (WM) platform for RMs to cater to clients across different categories.
- As a target segment, 360ONE focuses on ultra HNIs (UHNIs), which have an investible surplus of > Rs 250 million. It serves a diverse clientele encompassing successful entrepreneurs, industrialists, and professionals. Currently, 360ONE serves ~7,500 relevant families. Overall wealth AUM managed stands at Rs 5.79 trillion (incl. Rs. 0.85 trillion of alternative focused AMC) as on Dec 31, 2024, of which ~43% comprises ARR assets (revenue generated on assets managed). The remaining 57% of assets are transactional (revenue generated on assets sourced) and custody assets.
- It has a strong RM base of more than 242 and owing to its well-rounded, comprehensive platform, attrition in both client (<2%) and RM (single digits) level have been low.
- 360ONE distributes financial products under (a) ARR AUM, which includes MFs, managed funds (AIF/PMS), short-term loans to clients, advisory AUM (financial products including index funds, ETFs) and (b) transactional AUM, which includes unlisted equities, structured products, and debentures.

Investment Thesis

- Financialization of savings is a megatrend in India** - India high savings rate at ~30% is higher compared to Developed Economies and dominated by households (HH). HH savings pool of ~US\$800bn has grown at a steady 8% CAGR since FY20 and within this share of financial savings has increased to ~45% (vs 40% in FY12). In the financial savings mix, the share of bank deposits has been on a downward trajectory as individuals upgrade to non-bank financial products such as insurance & PFs and equities & debt instruments (incl. MFs). There has been a clear uptrend in the share of capital market products to ~7-9% of financial savings, showcasing a large opportunity
- The company is looking at new growth opportunities such as -**
 - Mid-market segment - Post becoming one of the leading wealth managers in the UHNI segment, 360ONE is looking to tap the next growth area – the HNI segment (investible surplus of >Rs 10mn). In this segment, total addressable market identified by the company is about US\$ 205-210bn across 160-170k families. 360ONE is looking to utilize the network of its existing clients and RMs to ramp up in this space.
 - Global business - 360ONE is also seeing significant growth opportunities in serving the 'Global Indian' client segment and is in the process of building a wealth and asset platform for the same. On global side, it has added a team of 6-7 individuals.
 - Mgmt expects 25-30% of incremental AUM to come from HNI/global business over long term and, given the opportunity size, these segments can help drive sustained earnings.

360 One WAM Ltd



- Recurring revenue drives overall growth** – Over the years, 360ONE has been working towards increasing the ARR revenue share. Post internal changes in revenue recognition in PMS/AIF in FY20, the company’s overall revenue growth crawled at a ~3% CAGR over FY18-FY23. However, between FY20-FY23, revenue growth was strong at ~13% led by a ~22% revenue CAGR in ARR revenues even as TBR - Transactional revenues (incl. carry income) grew by a soft ~3.5%. This led to a material shift towards ARR revenues, which grew by 14% in FY24 to INR 1331 Crore. As ARR yields are 3-4x higher than TBR yields, higher ARR mix reduces the pressure on firm-level gross retention ratios.
- Acquisition of B&K Securities** - Management had earlier announced the acquisition of B&K Securities, a full-service mid-cap brokerage, in a Rs18.8bn stock + cash deal. This will complement 360 ONE's UHNI wealth business in two areas: 1) larger equity broking opportunity, especially in the SMID segment (B&K covers 450+ stocks), and 2) execution capabilities through investment banking.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
India’s strong market position in wealth management supported by stable senior management team	Concentrated loan book and funding profile	Financialization of saving - a large business opportunity	Market cyclicality as well as regulatory uncertainty impacting AUM / net inflow.
	Decline in retention rates	New growth opportunities like mid-market segment & global Indian clients	Growing competition can turn pricing irrational, impacting profitability.
		Rising ARR mix drives stable gross retentions at firm levels	

AU Small Finance Bank Ltd



About the company

- AU Small Finance Bank (AU) is a scheduled commercial bank, which transitioned to a small finance bank (SFB) from an asset financing non-banking financial company (NBFC). While it was incorporated in 1996 as an NBFC, it commenced SFB operations on April 19, 2017, after receiving the final licence on December 20, 2016. The Reserve Bank of India (RBI) had granted in-principle approval in September 2015. AU was listed on the stock exchanges in July 2017 and was granted scheduled commercial bank status in November 2017.
- During its early years of operations, AU (formerly AU Financiers (India) Limited) was primarily engaged in vehicle financing through funds raised from high-net-worth individuals in Jaipur. Over the years, it raised equity from private investors at regular intervals and expanded its product portfolio. AU has an established market position in Rajasthan and has expanded its operations to Maharashtra, Gujarat, and other states over the years.
- AU operates in the retail asset financing segment, with the vehicle financing segment accounting for ~35% of its GLP as on March 31, 2024. Its product portfolio also includes micro business loans, home loans, loans to NBFCs, loans to real estate groups, business banking, agri-banking, credit cards, personal loans, etc. AU's liability product offerings include current accounts, savings accounts, recurring & term deposits, transaction banking, and insurance covers among others.

Investment Thesis

- **Successful execution of Fincare merger** – Merger with Fincare SFB is expected to provide wider distribution channels (resulting in 2x touch points), opportunity to expand customer base and geographic presence (Fincare has 49% branches in South of India) and address PSL shortfall of AU (Fincare has 85% share of PSL advances). Successful execution would diversify the business and support ROAs. Changing portfolio mix towards higher yielding assets would help in maintaining ROAs for FY25
- **Deposits to grow @ 25% for next couple of years** – Management will continue to drive its deposit growth journey by building a strong individual and retail franchise. In order to do so, the bank will continue to enhance its liability-side product proposition to acquire new customers and deepen relationship with existing customers. In line with this, it launched: i) AU Wealth, a wealth management proposition across segments, ii) restructured its corporate salary account vertical. Additionally, the bank has been consistently driving higher engagement with customers through other product offerings such as credit cards, QR codes, bill payments, etc, which may ensure higher customer stickiness.
- **Focus on high yielding assets like MBL, Wheels & Microfinance** - The bank targets to increase high yielding, high RoA book to ~72-75% by FY27 led by the higher growth in the higher RoA businesses (i.e. wheels, MBL, gold loans, MFI) while moderate growth in lower RoA businesses (i.e. home loans, business banking, agri banking). All these efforts are targeted towards achieving RoA of 1.8% by FY 2027.

AU Small Finance Bank Ltd



SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Established retail asset franchise with track record of comfortable asset quality	Relative moderate CASA	Merger of Fincare SFB – apart from expansion in South India, it provides various cross-selling opportunities across its diverse product portfolio.	Intensified competition
Wide footprint with strong pan-India presence.	Elevated cost of funds compared to private banks		Regulatory changes

Kalpataru Projects Intl. Ltd (KPIL)



About the company

- Q KPIL is a diversified conglomerate with interest in Real Estate, Power Generation, Agri Logistics (thru 100% subsidiary Shree Shubham) and EPC in major infrastructure segments like Power Transmission & Distribution (T&D), Buildings & Factories, Roads & Highways, Water & Irrigation, Railways and Oil & Gas (O&G).
- Q KPIL is currently executing projects in over 30 countries and has global footprints in 67 countries. It has extended its reach in European market through its subsidiary LinjemontageiGrastorp AB in Sweden and Latin America through its subsidiary Fasttel Engenharia Ltda in Brazil. The wide reach and presence of KPIL's T&D business includes international geographies like Africa, CIS countries, the Middle East, SAARC, Asia-Pacific, Europe and America. JMC has also expanded its operations in the international EPC market with presence in Sri Lanka, Ethiopia, Ghana, Mongolia and Maldives
- Q KPIL has maintained a leadership position in all its major business backed by strong organizational capabilities, superior technical knowhow, and adherence to top-class sustainability standards.

Investment Thesis

Q Robust Growth prospects across sectors

- Q Domestic T&D business outlook remains robust on back of healthy tender visibility of over ₹ 50,000 Crores from TCB and SEBs
- Q Business visibility remains robust on the back of increasing adoption of renewables and grid integration / upgradation in international market; Focus markets include India, Africa, Latin America and MENA; Over US\$ 4 Billion of projects are to be bided in the next 10-12 months in international market.
- Q B&F – Diversifying in new segments like data centers, educational complexes, trade centers etc. Also focusing on expanding in international markets; Secured second B&F project in the international market in April 2023
- Q Water – Huge visibility across country in view of increased allocation of Rs. 67,000 crores for Jal Jeevan Mission. Company is strengthening capabilities and bidding for large-size projects in India and international markets.
- Q Oil & Gas - Currently qualified in 7 countries to bid for Oil & Gas pipeline and related infrastructure works. Estimated investment of US\$150bn over the next 5 years by international companies besides, growth in the national pipeline grid and replacement of old pipelines in domestic market.
- Q Railways – Strengthen presence in technology-enabled areas like metro electrification, signaling & telecom, sub-station, ballast-less track etc. Station development in Railway along with B&F division. Focusing on opportunities in the international markets.
- Q Urban infra – 8 lakh crore opportunity in the elevated metro, tunnel, flyover, and high-speed rail sectors over the next five years. Company has commenced execution of an airport project in Maldives.

Kalpataru Projects Intl. Ltd (KPIL)



- ☉ **Healthy Order book & Strong tendering scenario provides Revenue Visibility** – Q2FY25 Order backlog of Rs. 61,429, crores (3.1x FY24 revenues) coupled with order inflow of Rs. 20,181 crores in YTD FY25 & L1 of Rs. 2,500 crore provides healthy revenue visibility with gradual improvement in margins going forward. With strong tendering pipeline, increasing geographical presence & expansion of verticals, KPIL has set target of 12-13% revenue growth, Order inflow of Rs. 22-23,000 crore.
- ☉ **Benefits of JMC merger are now visible & being realized in phased manner** – The merged entity has greater ability to build a portfolio in strategically important segments for diversified and sustainable growth. The combined entity possesses the capabilities to bid for larger projects, enabling higher growth and profits as also cushioning debt and interest costs. The merged entity will benefit from operational & cost synergies arising from scale and size of the combined business.
- ☉ **Deleveraging to continue by divesting non-core businesses** i.e. Road BOOT (receiving active interest), Indore Real Estate & Shree Shubham, KPIL is well on track to divest its non-core interests into. It is expected that significant liquidation of investments to take place in FY25, resulting in balance sheet deleveraging (addressing investor's concerns).

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
India's leading EPC company	Working capital intensive business	Widespread market opportunity	Rising Competition owing to low entry barrier
Diverse & high growth business portfolio – Power T&D, Railways, Oil& Gas, Building & Factories, water & urban Infra	Volatility in commodity prices – steel	Healthy Order book provides revenue visibility	Global geopolitical uncertainties impacting on-going project execution
Extensive global presence in 70 countries with local presence in Sweden and Brazil	Continuous financial support to Road BOOT assets & Shree Shubham	KPIL JMC Merger benefits are being realized in phased manner	48.8% of Promoters' holding pledged

Kolte Patil Developers Ltd



About the company

- Q Incorporated in 1991, KPDL is a leading real estate company with a dominant presence in the Pune residential market, and growing presence in Mumbai and Bengaluru. Kolte-Patil is a trusted name with a reputation for high quality standards, unique design, corporate governance, transparency, and timely delivery of projects.
- Q The company has developed and constructed over 58 projects including residential complexes, integrated townships, commercial complexes, and IT Parks covering a saleable area of > 26 million square feet (msf) across Pune, Mumbai and Bengaluru (FY24).
- Q KPDL markets its projects under two brands: 'Kolte-Patil' (addressing the mid-income segment) and '24K' (addressing the premium luxury segment). Consolidating its leadership position in Pune, the company diversified its geographical presence in Mumbai (focusing on society redevelopment projects having lower capital intensity) & Bangalore. At present, Pune accounts for ~80% of sales, while Mumbai & Bangalore contributes 20% of sales.
- Q The Company's growth trajectory, internal processes and corporate governance practices have benefitted from partnerships with marquee financial institutions like KKR, JP Morgan Asset Management, Portman Holdings, ASK Capital, Motilal Oswal, ICICI Ventures and Planet Smart City.

Investment Thesis

- Q **Geared for a strong launch pipeline** - KPDL has a robust launch pipeline across its key markets of operations viz. Pune, MMR, and Bengaluru with Total Sales Area of ~7 msf with GDV (Gross Development Value) of ~Rs 7,000 crore. Additionally, it also has an unsold inventory of ~2 msf. Unsold and planned launches together account for ~3x the current sales volume run-rate, thus providing robust visibility for sustained sales momentum.
- Q **Strong Delivery boost Earnings, Collections & Cash-flow** – With expected delivery of strong sales in previous 3 years, its net cash flow and earnings are expected to remain robust over the next 2-3 years. Efficient execution in terms of sales, steady construction, and tight cost control KPDL is likely to generate strong FCF going ahead (operating cash flow of ~Rs 3.5 bn in FY24), which comes handy for expansion opportunities.
- Q **Healthy balance sheet position boost Business Development (BD) targets** –KPDL is one of the most disciplined real estate developers and has consistently maintained comfortable gearing. The company's strong balance sheet and robust operational performance provides the advantage of driving expansion plans without relying on external capital, which is icing on the cake. Its almost net debt free status provides ample liquidity to meet BD target.
- Q **Sector Demand Tailwind** - Real estate demand continues to remain strong. Key segments driving demand are IT in Pune, first-time home buyers in mid-income segment and improved affordability & consumer sentiment for high quality homes driving growth in premium segment.

Kolte Patil Developers Ltd



SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Leading Residential real estate player with dominant presence in Pune	Geographical concentration with Pune accounting for 80% of business	Strong launch pipeline over next few years	Increasing interest rates are not conducive to growth in Real Estate sector
Partnership with Marquee financial Institutions	Rising competition	Strong Delivery Schedule to boost Earnings, Collections & Cash-flow	Macro-economic uncertainties impacting RE sector growth
		Healthy Balance sheet position	Over Regulated environment

Sudarshan Chemical Inds. Ltd



About the company

- Established in 1952 and headquartered in Pune, Sudarshan Chemical Industries Ltd is India's largest manufacturer of organic and inorganic pigments, catering to industries like coatings, plastics, inks, and cosmetics.
- The company exports its products to over 85 countries, with a strong presence in Europe, North America, and Asia offering high-performance pigments while striving for eco-friendly manufacturing practices.
- Sudarshan is in the process of acquiring Germany-based Heubach group which is the second largest pigment manufacturer globally at deal value of INR 1180 crore.

Investment Thesis

- Strong Product Portfolio & Established Clientele:** Sudarshan Chemical Industries boasts a robust product portfolio that includes a wide range of organic, inorganic, and effect pigments, catering to diverse industries such as paints, plastics, inks, cosmetics, and textiles. The company's extensive offerings under recognized brands like Sudaperm, Sudafast, and Sudacolor have enabled it to establish strong relationships with clients globally. With over 4,000 varieties of products, Sudarshan provides a one-stop solution for its customers, enhancing its market position as a reliable supplier of high-quality pigments. This established clientele and strong product portfolio serve as a solid foundation for sustained growth and profitability.
- Manufacturing Capacities & Capabilities in Place:** Sudarshan Chemical Industries has well-established manufacturing capacities, with two facilities in Roha and Mahad, Maharashtra, offering a combined installed capacity of 37,000 MTPA. These facilities are equipped to produce a variety of pigments, including azos, HPPs, effect pigments, and dispersions. The company's post-Covid capex investments of INR 750 crore have further enhanced its manufacturing capabilities. This robust infrastructure allows Sudarshan to meet global demand efficiently, ensuring consistent supply and quality that supports its growth ambitions in the pigment market.
- Opportunity to Turn Around Heubach:** The acquisition of Heubach presents Sudarshan with a significant opportunity to turn around a historically prominent player in the pigment industry. Heubach faced financial challenges due to rising costs and high interest rates, but its strong technological capabilities and global footprint make it an attractive asset. Sudarshan's acquisition strategy includes a clear turnaround plan aimed at leveraging Heubach's strengths while addressing its weaknesses. By integrating Heubach's operations, Sudarshan can enhance its product portfolio, expand its market presence, and drive financial strength and profitability, ultimately positioning itself for long-term success in the global pigment market.
- Emerge as a Leader in Global Pigment Markets:** Sudarshan Chemical Industries can emerge as a leader in the global pigment market following its acquisition of Heubach. With this strategic move, Sudarshan combines its operational expertise with Heubach's technological capabilities, creating a formidable entity with a diversified asset footprint across 19 international sites. As the third-largest pigment player globally, Sudarshan aims to become the world's most valuable pigment company by driving innovation and delivering high-quality solutions. The acquisition strengthens its presence in Europe and the Americas, positioning Sudarshan to capitalize on market opportunities and consolidate its position as a premier pigment supplier worldwide.

Sudarshan Chemical Inds. Ltd



SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Strong product portfolio and established market position	Highly depended on demand environment of few sectors like coatings or plastics	Scale up Heubach and emerge as a leader in global	Susceptible to currency and RM fluctuations
Diversified global manufacturing presence with 19 sites		Ramp up India capacity utilizations quickly by shifting volumes from Heubach	Competition from Chinese players

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

Parameters	Level	Mitigants
Concentration Risk	Fund	<ul style="list-style-type: none"> Fund shall not invest more than 10% of the NAV in any single Investee Company.
Foreign Exchange Risk	Fund	<ul style="list-style-type: none"> Fund has invested only in Indian securities hence the fund's investments do not face any Foreign Exchange Risk.
Leverage Risk	Fund	<ul style="list-style-type: none"> The fund hasn't taken any borrowings or invested in derivatives till 31st March 2025 nor does it plan to do so in future.
Leverage Risk	Investee Company	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

Disclaimers

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