

PMSBAZAAR CONCLAVE 2026

SPECIAL EDITION

MAY 2026

ALTERNATIVE INVESTMENTS *for* ALPHA



India's Private Equity Boom:
Where the Next Billion-Dollar
Stories Begin

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Cover Story

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**GIFT City as India's
Two-Way Capital Gateway:**
Inbound and Outbound
Investment Opportunities

Pg No. 59

Portfolio Management Services

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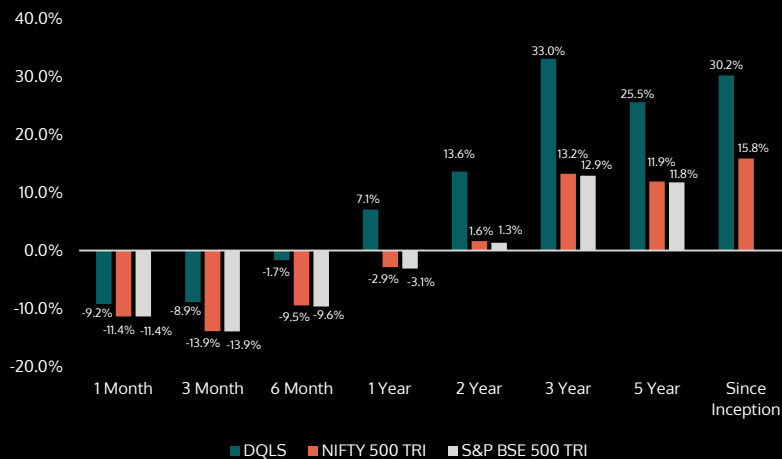
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Key Facts

Investment Strategy	Use Multi momentum price and risk factors to create a diversified portfolio	Designing Strategy & Rules	Systematic Alpha generation through statistically robust strategy
Returns	Focusing aggressively on generating maximum alpha over Nifty 500 on a 3-year CAGR basis	Stock Universe	Nifty 500 TRI
Cash Calls / Liquidity	Yes / Daily	Benchmark	S&P BSE 500 TRI
Horizon	3 to 5 Years	Number of Stocks	Maximum 20

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- ✓ Dynamic Factor Modelling
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- ✓ Trend identification & Validation
- ✓ Reactive & Predictive Analysis
- ✓ Absolute & Relative Momentum Mapping
- ✓ Relative Strength identification (Alpha)

Pattern Recognition

Statistically Robust Alpha Generation

Drawdown Mitigation through Cash

Sector/ Size & Mkt.Cap. agnostic

Data Calibrated Rebalancing

Source: ACEMF, Morningstar & Internal Research. Data as of 31st March 2026.

Inception Date: January 16, 2026. Returns from January 16, 2026 onward reflect live performance; prior results are based on back-tested data from May 1, 2001. All returns for periods above one year are presented as CAGR. Back-tested results are gross of fees and pre-tax and are calculated using historical data; such results are indicative in nature and may evolve with ongoing model improvements. These results have not been verified by SEBI or any regulatory authority. Past performance is not indicative of future results. Investments in securities are subject to market risks. Please read all disclosure documents carefully before investing.

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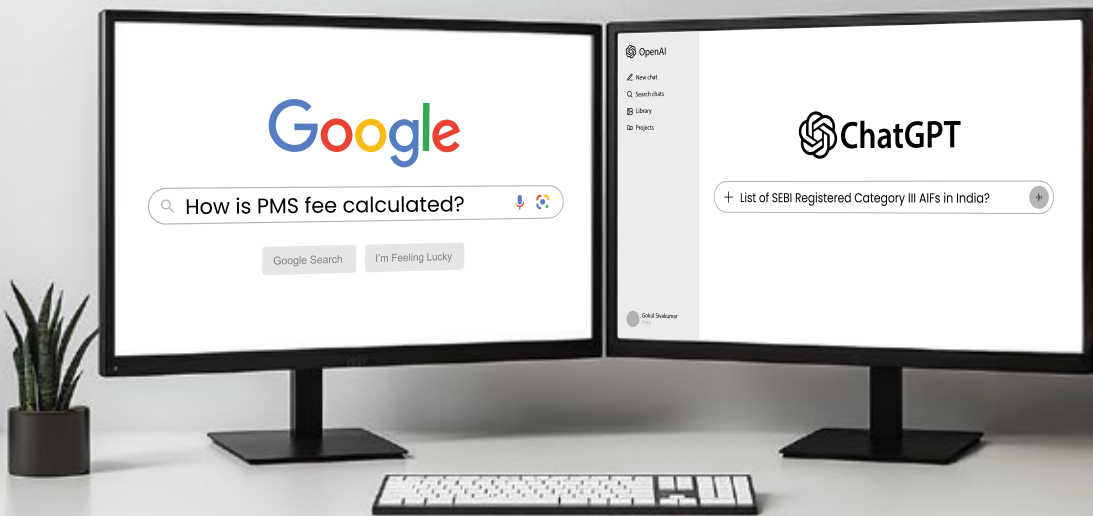
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MESSAGE FROM PMS BAZAAR

We are delighted to welcome you to the sixth edition of the Regional Conclave 2026 at Bangalore, hosted at TAG MG Road, Bangalore. Building on past momentum, we bring you our latest issue. Over the past few years, PMS Bazaar has consistently sought to elevate the discourse around Portfolio Management Services (PMS) and Alternative Investment Funds (AIFs) by bringing together HNI/UHNI Investors, distributors, advisors, family officers, wealth managers, and asset managers under one roof. Each edition of our Regional Conclave has been a step forward in this journey by curating insights.

This Regional Conclave 2026 – Bangalore Edition, bringing key highlights and a sharper focus on India’s evolving alternative investment ecosystem. This year’s theme, **“Alternative Investment for Alpha”** reflects the rise of alternative investments.

This special edition magazine is an extension of that vision. It has been thoughtfully curated to serve as a comprehensive guide to the opportunities and challenges shaping alternative investments today. The articles in this edition delve into critical themes such as future-proofing portfolios amid global disruptions, uncovering opportunities in India’s growth story, and understanding how Category I AIFs are powering the country’s startup ecosystem. In addition, we explore the strategic importance of GIFT City as a two-way capital gateway, the ongoing momentum in India’s private equity landscape, the emergence of private credit as a compelling asset class, and the increasing role of quantitative strategies in modern portfolio construction.

What sets this edition apart is its focus on connecting macroeconomic trends with practical investment insights. Whether it is the rise of MSME-focused investments, the evolution of cross-border structures, or the



shift towards data-driven decision-making, each article is designed to provide clarity and perspective for discerning investors navigating this dynamic environment.

At PMS Bazaar, our endeavor has always been to bridge the gap between sophisticated investment solutions and investors seeking access, understanding, and confidence. As Warren Buffett wisely noted, **“Games are won by players who focus on the playing field—not those whose eyes are glued to the scoreboard.”** In today’s fast-evolving financial markets, this philosophy holds even greater relevance. True wealth creation lies in maintaining discipline, staying informed, and aligning investments with long-term objectives.

As you explore this edition, we invite you to reflect on the insights, challenge conventional perspectives, and uncover new avenues for growth.

Happy Investing!

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Explore key ideas, expert perspectives, and opportunities shaping the next phase of wealth creation.

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India's Private Equity Boom

WHERE THE NEXT BILLION-DOLLAR STORIES BEGIN



VINIT RAI

Managing Director

JM FINANCIAL PRIVATE EQUITY



India's private equity and venture capital market closed 2025 with a headline that demanded attention: \$60.7 billion invested across 1,475 deals — the second-highest annual investment value ever recorded in the country's history. Deal value rose 8% year-on-year and volumes grew 9%, a performance made more striking by the context in which it was achieved: a global environment marked by geopolitical fracture, US tariff volatility, a depreciating rupee touching INR 92/USD, and mid-cap equity market corrections that constrained India's IPO window for much of the year.

If 2024 was the year India's PE market proved it could recover, 2025 is the year it proved it could sustain. The recovery was not a dead-cat bounce from the 2022–23 trough. It has now compounded for two consecutive years, with fundraising hitting an all-time record and strategic exits surging to levels that signal something qualitatively different: India is no longer merely a destination for capital. It is a market where capital can compound, exit, and be redeployed with institutional discipline.

Three structural pillars continue to underwrite every investment thesis written in this country: domestic consumption at scale, a startup ecosystem approaching genuine maturity, and a digital public infrastructure with no peer anywhere in the world. Together, they are the architecture of India Growth 2.0: the phase where private capital stops riding the macro wave and starts intermediating it.

The 2025 Numbers: Resilience Becomes a Data Pattern

The headline from the EY–IVCA Trendbook 2026, released in March 2026 at the 15th IVCA Conclave, is unambiguous: India's PE/VC ecosystem recorded its

second-strongest year ever. But the more important signal lies in the composition of that performance. Growth investments emerged as the leading investment strategy of 2025, with deal volumes rising 56% to 282 transactions. The startup segment expanded as well, with volumes rising 19% to 767 deals. This breadth across growth and early-stage cohorts simultaneously is the signature of a market with a functioning capital stack, not a market chasing one hot sector.

Sectorally, the top five financial services, infrastructure, real estate, technology, and e-commerce accounted for 72% of total investment, consistent with 2024 patterns. Financial services overtook infrastructure as the single largest sector in 2025, a rotation that reflects both the depth of India's NBFC and fintech ecosystem and investors' appetite for credit-oriented structures in a higher-for-longer rate environment. The private credit market alone surged 53% to \$9 billion in the first half of 2025 before the full-year figures consolidated.

On the venture side, Bain & Company's India Venture Capital Report 2026 notes that the VC and growth equity market reached approximately \$16 billion in 2025 its second consecutive year of growth with larger rounds (\$100 million or more) rebounding sharply in software/SaaS and fintech, and \$250 million-plus deals doubling year-over-year. The thematic focus of new funds sharpened markedly around AI, deeptech, climate, space, and industrial technology, signalling a broadening of India's venture ambition well beyond the consumer-tech origins of the ecosystem.



Exits and Fundraising: The Infrastructure of Confidence

If investment volumes tell you where capital is going, exit and fundraising data tell you whether investors believe in the cycle. On both dimensions, 2025 delivered records or near-records that would have seemed improbable three years ago.

Exit value reached \$32.9 billion across 257 transactions, the second-highest annual total on record, growing 17% over 2024 despite a 10% decline in exit volumes. The more important structural development was the composition of those exits. Strategic exits corporate acquisitions, both domestic and cross-border surged 211% year-on-year to \$16 billion, accounting for nearly half of total exit value. This is a significant evolution from the IPO and block-trade dominated exits of 2024. When strategic buyers are competing for PE-held assets at scale, the market is signalling that India's private equity portfolio companies are genuinely attractive assets not just IPO candidates which dramatically widens the exit optionality available to fund managers.

The fundraising story is perhaps the most underappreciated data point of the 2025 vintage. Fundraising hit an all-time high of \$23.2 billion more than doubling the \$9.8 billion raised in 2024 and the number of fundraises rose 35% to 123, the highest annual count ever recorded. Sovereign wealth funds, global pension managers, and domestic family offices deepened their India allocations even as they recalibrated exposure elsewhere. When LP capital doubles in a single year, the signal is not optimism. It is conviction.

The Macro Architecture: Why the Foundation Holds

Short-term volatility has tested the India thesis in each of the last four years. In each of those years, long-term investors

chose to add exposure rather than reduce it. Understanding why requires looking beneath the headline investment totals at the structural conditions that make India uniquely insulated from the cyclical forces that batter other emerging economies.

India's macroeconomic fundamentals entering 2026 are supportive. GDP is projected to expand at approximately 7%, keeping India among the fastest-growing major economies globally. The Reserve Bank of India cut rates by a cumulative 125 basis points through 2025, and with inflation trending toward 4%, monetary conditions are incrementally enabling for deal activity. The government's continued capital expenditure push with an FY27 allocation of INR 12.2 lakh crore provides a durable pipeline of infrastructure and manufacturing opportunities for PE capital.

The digital infrastructure layer deserves particular attention because its scale has no global parallel. UPI processed 228.5 billion transactions in 2025 a 33% year-on-year increase with monthly transaction values approaching INR 28 lakh crore, equivalent to approximately 70% of India's entire currency in circulation. By March 2026, UPI was recording 22.64 billion transactions monthly. This is not a payments statistic. It is the data trail, the credit underwriting backbone, and the distribution infrastructure for virtually every consumer and financial services business that PE funds are backing in India today.

For private equity, the practical implication of this infrastructure is that every business built on digital payments, lending, e-commerce logistics, or financial services in India is operating on a public utility an open, interoperable, government-designed stack that compresses the cost of building distribution and acquiring customers in ways that no other market has replicated at India's scale.

India Growth 2.0: Capital as Nation-Builder

The narrative arc connecting private capital to national development has deepened considerably. The PE/VC ecosystem is no longer narrowly digital; it is becoming multi-sectoral and asset-backed in ways that parallel the economy's own diversification. Bain's 2026 report highlights increasing investor interest in what it terms 'old economy sectors undergoing tech-led transformation' — manufacturing, logistics, and agritech — a rotation that mirrors India's own industrial policy priorities around PLI schemes, supply-chain localisation, and green energy transition.

The domestic fundraising story is equally part of the nation-building narrative. The doubling of LP commitments to \$23.2 billion in 2025 reflects the maturation of India's own institutional investor base domestic family offices, insurance capital, and pension pools deploying alongside global sovereigns rather than merely following their lead. This is sticky capital. It recycles domestic dividends, reduces sensitivity to foreign-exchange volatility, and provides the dry powder continuity that enables funds to remain deployed across global risk-off cycles.

The regulatory environment has continued to evolve in ways that reduce structural friction. Fast-track merger approvals, the liberalisation of share-swap and deferred consideration structures, and the ongoing buildout of GIFT City as a domestic AIF domicile have collectively narrowed the gap between what Indian PE can structurally achieve and what its global peers take for granted. These are not headline-making reforms. They are the quiet infrastructure of a maturing market.

The Road Ahead: Cautious Deployment, Unequivocal Long-Term Conviction

Entering 2026, the industry's tone is measured rather than euphoric and appropriately so. The EY-IVCA Trendbook 2026 identifies a cluster of near-term risks: policy uncertainty around US tariffs (now reduced to 18% on key Indian exports but awaiting operational guidelines); equity market volatility triggered by the Union Budget's increase in Securities Transaction Tax; the Iran-Israel-US conflict's potential impact on crude oil prices; and the rupee's depreciation touching INR 92/USD, which has compressed dollar returns for foreign investors.

The bid-ask spread remains wide. Sellers are anchoring on peak valuations; buyers are pricing in earnings uncertainty. Deal closures are extending. The IPO pipeline while improving is not the frictionless exit window it was in 2024.

And yet: \$60.7 billion deployed. \$32.9 billion returned to investors. \$23.2 billion of fresh LP commitments. A VC market of \$16 billion with deal sizes expanding and thematic breadth widening. These numbers were assembled in a year when the rupee depreciated, global trade fractured, and domestic equity markets corrected. The India thesis did not require a perfect environment to deliver. It delivered despite the imperfections.

That is the most important fact about India Growth 2.0. It does not need perfect conditions. It needs sufficient conditions — and those remain firmly in place: a 1.4 billion-person consumer market still formalising, a digital public infrastructure building compounding advantages in every sector it touches, a startup ecosystem that has survived its boom-bust adolescence and emerged with discipline, and an LP base that is deepening rather than withdrawing.

The billion-dollar stories of the next decade will be found where healthcare delivery intersects with AI-powered diagnostics, where consumer aspiration meets formalised supply chains, where manufacturing ambition meets green energy transition. Private equity disciplined, operationally engaged, and patient remains the instrument best designed to find them, fund them, and bring them to scale.

The boom is not a cycle. It is a structural repricing of what India is worth.

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DEZERV

WHAT SEVEN LAKH PORTFOLIO REVIEWS REVEAL ABOUT HOW INDIANS BUILD WEALTH



SANDEEP JETHWANI
Co-Founder
DEZERV

In March 2020, a friend asked me what he should do with his investments. He was a senior partner at a Big 4 firm who had spent two decades advising companies on their most consequential decisions. I asked him to send me his portfolio first.

When it arrived, I counted more than 50 holdings: mutual funds, stocks, insurance-linked products, and structured notes. I had to look up several of them just to know what they were. Nobody had reviewed the full picture in years.

I shared the portfolio with Sahil and Vaibhav, who had been my colleagues in wealth management for years. We had the same reaction. If someone who advises billion-dollar businesses ends up here, the new wealth creator does not stand a chance.



That conversation led us to start Dezerv in 2021. Before we built any technology, we sat down with prospective clients and worked through their portfolios on excel sheets, trying to understand what was going wrong. The same patterns showed up, meeting after meeting. Today, Dezerv has reviewed more than seven lakh portfolios tracking over Rs. 2.5 lakh crore in assets. Roughly 54,000 of those sit above Rs. 40 lakh, the cohort closest to PMS Bazaar's readership.

In this cohort, only 43% of portfolios beat the market benchmark. Fewer than 1% beat it by more than a single percentage point.

The owners of these portfolios are founders, doctors, and partners at law and consulting firms. They make high-stakes decisions every day in their professions. Their portfolios rarely reflect the same rigour. Across thousands of reviews, the reasons are remarkably consistent. They are worth understanding because they are not failures of intelligence or effort. They are structural.

WHEN NOTHING GETS REMOVED

Most investors did not set out to own 50 holdings. It happened gradually, over a decade of advisor meetings where each conversation added something and nobody removed anything. A thematic fund one year. A midcap recommendation the next. A debt product after that. Each decision was reasonable on its own. No one was watching what it all added up to.

A portfolio we recently reviewed held 34 different products. Twelve needed to be exited. Sixty percent were underperforming the benchmark. The estimated cost was Rs. 81 lakh in missed gains on holdings of Rs. 5.10 crore. Markets

had nothing to do with it. The portfolio had simply been allowed to grow without anyone reviewing it as a whole.

A client of ours, a venture capital partner, described his earlier experience this way: "I found many of them to be too salesy, more intent on pushing what they have as compared to understanding what I need." When the advisor earns from transactions, the portfolio becomes a record of sales conversations rather than a plan for capital.

Good portfolios are built on more than good additions. They also need timely exits, all guided by a single investment thesis. When no one is responsible for the whole picture, portfolios slowly drift away from the purpose they were built for.



CHASING RECENT WINNERS

In most portfolios, the selection logic is easy to spot. Investors and their advisors tend to buy what has done well in the recent past.

Consider flexicap direct mutual funds over the last decade. The fund ranked first between December 2021 and December 2024 was ranked eighth in the three years before that. The fund ranked fifth most recently was ranked first three years prior. Rankings shift almost completely across cycles.

In the portfolios we have reviewed, 72% of mutual funds were underperforming their benchmark at the point of review. Most had been bought on the back of a strong recent track record.

Past returns are the most visible piece of data an investor has. They feel like evidence. In reality, they describe a market environment that has, in most cases, already changed. What actually shapes future returns is much harder to look up. It includes today's macro setup, current valuations, how the fund is positioned, and how its strategy has held up across full market cycles. None of these show up neatly on a returns chart.

Picking funds without this context tends to repeat the same outcome. Investors buy when confidence is highest and exit near the bottom.



THE COST OF FULL CALENDARS

Every founder and CXO who comes to us is running at full capacity on everything that is not their portfolio. As one client put it, there is always more work to do than time to manage wealth.

Markets do not wait. In 2025 alone, three moments called for action: the large-cap earnings data in February, the tariff and rate-cut developments in April, and the tariff escalation in August. A portfolio with no one actively watching it moved through all three without a single change.

This discipline cuts both ways. In our own portfolio management practice, we have made nine adjustments over the last thirty months. Some of the harder calls were the ones where we chose not to act, even when everything around us suggested we should. Knowing when to stay still is just as important as knowing when to move. Most retail and even HNI portfolios are not built for either kind of decision.

WHAT AN INSTITUTIONAL ANSWER LOOKS LIKE

None of these three problems are difficult to solve in principle. They persist because the typical advisory model is not built to solve them. Transactional incentives reward additions. Sales-driven recommendations follow recent performance. And when no one is paid to watch a portfolio between meetings, the portfolio simply waits.



Three changes shift the outcome.

The first is a portfolio that is built and managed by experts, held to a single clear thesis. The asset allocation reflects where the investor needs to be, not what they have collected over the years. Multi-asset diversification is built in from the start. Someone is finally responsible for the entire portfolio.

The second is selection that is anchored to the investor's actual goals, not the market's most recent winners. When you build a portfolio around where the investor needs to be in ten or twenty years, the way it is composed changes. So does the experience of owning it across the ups and downs.

The third is continuous oversight that does not depend on the investor finding time they do not have. This is what discretionary PMS is built for. The decisions sit with a team

whose only job is the portfolio. The investor's calendar stops being a bottleneck. For founders, doctors, partners and CXOs whose biggest constraint is time, this is the only solution that actually fits.

This is what Dezerv was built to deliver. India has accumulated roughly \$12 trillion in financial savings since independence. The next twenty-five years are projected to generate eight times that, most of it in the hands of first-generation wealth creators who have no inherited playbook for managing it.

Building wealth and preserving wealth are two different disciplines. Most portfolios I have reviewed are built only for the first. Five years and seven lakh reviews after that conversation in March 2020, what stays with me is simple. People who spend their lives getting very good at their work deserve a portfolio that has been built with the same care. That is what Dezerv exists to do.

ALTERNATIVE INVESTMENTS *for* ALPHA



**HOW CATEGORY I AIFs POWER
INDIA'S STARTUP ECOSYSTEM?**



INTRODUCTION:

India stands at a pivotal point in its economic journey, with strong macro fundamentals, policy support, and a rapidly expanding digital and entrepreneurial ecosystem driving the next phase of growth.

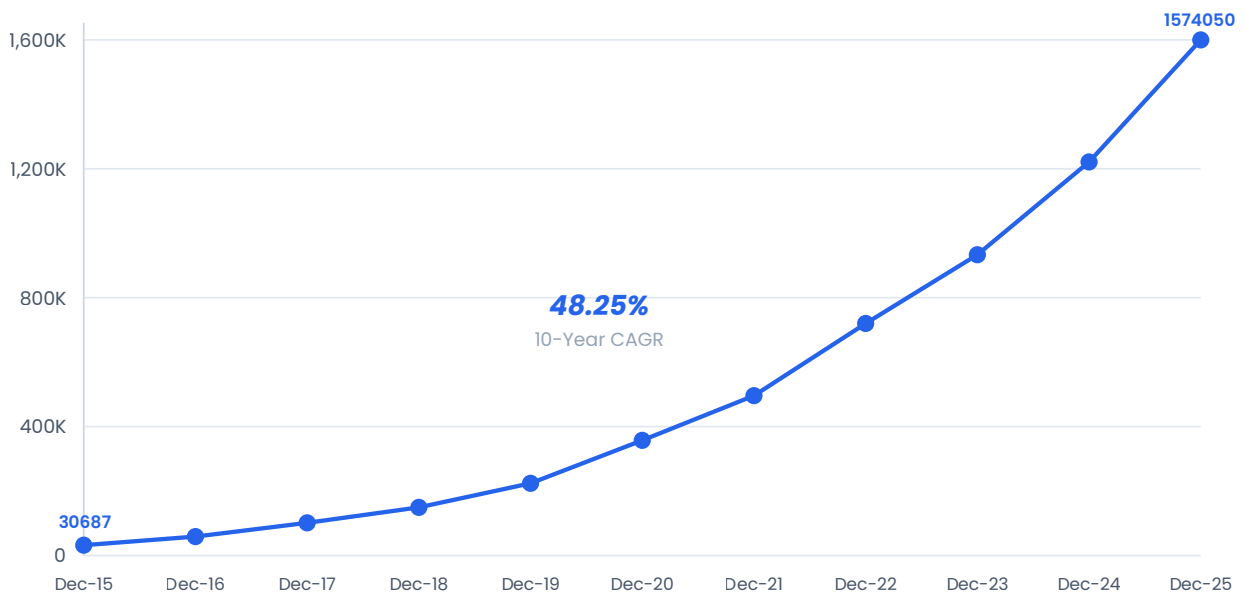
In an era where traditional asset classes are increasingly efficient and returns are becoming more normalized; investors are compelled to look beyond conventional avenues to generate alpha. This shift has brought Alternative Investments into sharper focus, particularly for High-Net-Worth Individuals (HNIs) and Ultra High networth Individuals (UHNIs), family offices, and institutional investors seeking differentiated sources of return.

India's Alternative Investment Fund (AIF) ecosystem has undergone a significant transformation over the past decade, evolving into a critical pillar of private market investing. **The AIF industry AUM rose from Rs 30,687 crores in December 2015 to Rs 1,574,050 crores by December 2025, implying a 10-year CAGR of about 48.25 percent. Even the five-year run from December 2020 to December 2025 delivered about 28.92 percent CAGR.**

By December 2025, Category II dominated the AIF AUM stack at Rs 1,164,118 crores (about 74.0 percent), followed by Category III at Rs 311,944 crores (about 19.8 percent) and Category I at Rs 97,988 crores (about 6.2 percent). The split is a useful guide for how investors are using AIFs.

Category I is typically long duration theme exposure (Start-ups, Ventures, infrastructure, Social and many more). The upside can be meaningful, but dispersion is wide and liquidity is limited. Vintage diversification and underwriting quality matter.

AIF Industry Growth over a Decade (In ₹ Crores)



Source: SEBI (As on Dec 2025)

At the heart of transition lies India's rapidly evolving startup ecosystem, one of the largest and most dynamic globally spanning sectors such as fintech, SaaS, deep tech, and electric mobility, AI. This ecosystem is not only driving innovation but also creating early-stage investment opportunities that remain largely inaccessible through public markets.

Alternative Investment Funds (AIFs), particularly Category I AIFs, have emerged as a critical bridge to this opportunity set. By channeling capital into startups, SMEs, infrastructure, and impact-driven sectors, these funds enable investors to participate in value creation at its earliest stages where the potential for alpha generation is the highest.

WHAT IS AIF CATEGORY I?

Alternative Investment Funds (AIFs) are privately pooled investment vehicles registered and regulated by the Securities and Exchange Board of India (SEBI) under the AIF Regulations 2012. They provide sophisticated investors primarily High Net Worth Individuals (HNIs), family offices, and institutional capital access to asset classes beyond traditional stocks, bonds, and mutual funds.

Category I AIFs occupy the most impactful tier of this framework. Unlike their Category II counterparts (private equity, Private Credit, Real Estate) or Category III funds (LONG SHORT Strategies), Category I funds are purpose-built to channel capital into sectors the government considers economically and socially productive:

- Venture Capital Funds (VCFs) – early-stage and growth-stage startups
- SME Funds – small and medium enterprise financing
- Social Venture Funds – ESG-aligned and impact investing vehicles
- Infrastructure Funds – roads, energy, urban infrastructure
- Angel Funds – minimum investment ₹25 lakh, entry point for accredited angels

Category I and II AIFs enjoy pass-through tax status. Income is not taxed at the fund level but passed directly to investors, who are taxed individually.

NEW RULES, NEW OPPORTUNITIES

The regulatory landscape for Category I Alternative Investment Funds (AIFs) has evolved significantly, with recent reforms by the Securities and Exchange Board of India aimed at enhancing flexibility, transparency, and investor participation.

One of the most notable changes is the introduction of **Co-Investment Vehicles (CIVs)**, enabling investors to participate in specific deals alongside the main fund. This aligns Category I AIFs more closely with global private equity practices, offering greater control and customization.

Another key development is the launch of **Accredited Investor Only Funds (AIOFs)**. These structures allow sophisticated investors to access Category I AIFs with relaxed regulatory requirements, resulting in faster execution and reduced compliance burdens for fund managers.

Additionally, the revised framework for **Large Value Funds (LVFs)** has lowered the entry threshold, broadening access to high-value investment opportunities. On the taxation front, increased clarity around capital gains treatment and improved buyback taxation mechanisms have enhanced post-tax return visibility for investors.

Collectively, these changes mark a shift toward a more investor-friendly and globally competitive AIF ecosystem, positioning Category I AIFs as a compelling vehicle for long-term capital formation and innovation-led investments in India.

CHARTING THE RISE OF CATEGORY I AIFs

The AUM trajectory of Category I Alternative Investment Funds reflects a profound structural transformation within India's private market ecosystem. Expanding from ₹337 crore in 2012 to ₹97,988 crore in Dec 2025, the segment has witnessed exceptional scale-up, supported by strong policy intent, increasing institutional participation, and the rising relevance of innovation-led capital allocation. The **13-year CAGR of approximately 55%** underscores a prolonged phase of hyper-growth, driven by the expansion of venture capital, SME financing, and thematic investment strategies aligned with India's economic evolution.

Over a Decade of Strong Growth (In ₹ Crores)



Source: SEBI (As on Dec 2025)

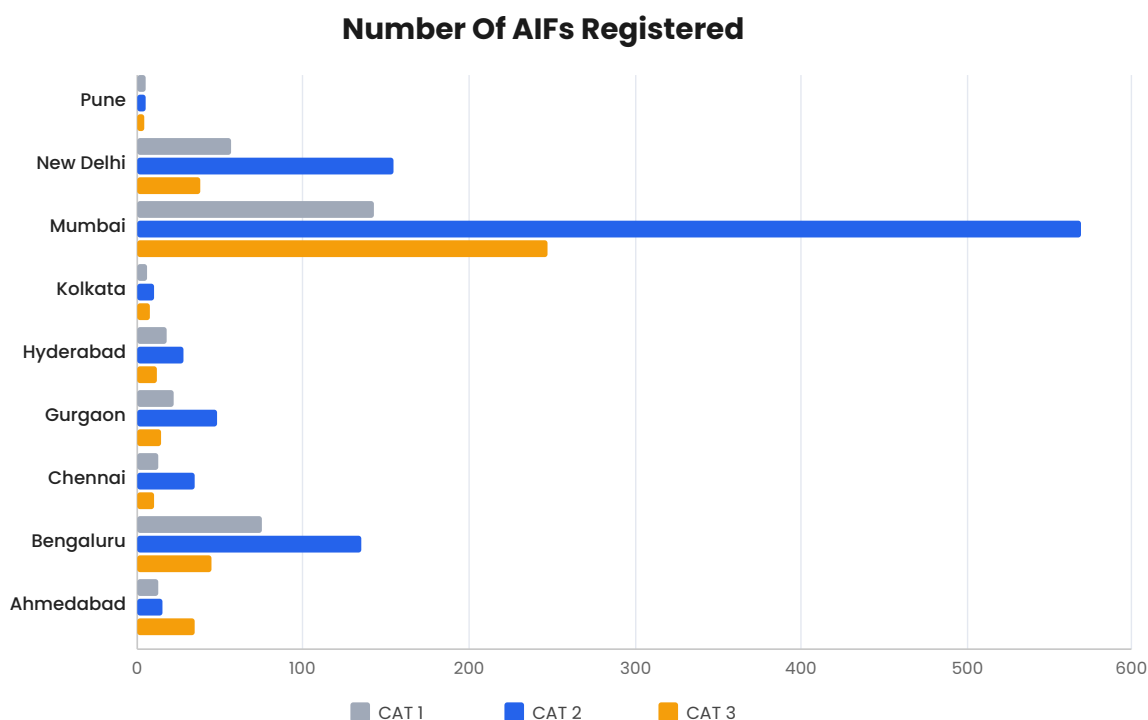
A defining feature of this journey is the sharp inflection observed during the 2016–2018 period. AUM nearly doubled from approximately ₹9,900 crore in 2015 to over ₹19,000 crore in 2016, marking a pivotal shift in trajectory. This acceleration was catalyzed by a surge in fund launches, enhanced regulatory clarity, and the onset of institutional capital participation. Importantly, this was not a cyclical spike but a structural turning point, signaling the transition of Category I AIFs from a nascent segment to a scalable and credible investment platform.

In recent years, growth has moderated, with a **5-year CAGR of 18%** and a **3-year CAGR of 16%**, indicating a shift toward a more stable and sustainable expansion phase. This moderation reflects base effect normalization rather than any structural slowdown. Notably, the absence of any contraction in AUM across periods highlights the long-term nature of capital commitments and the resilience of the asset class.

Overall, the data signals a clear transition from rapid expansion to institutional maturity. With improving regulatory frameworks, deeper capital pools, and sustained investor confidence, Category I AIFs are well-positioned to play a pivotal role in India’s long-term capital formation story.

INDIA’S AIF MAP

India’s AIF ecosystem totals 1,742 registered (as of March 31st, 2026) funds across nine cities, spanning **Category I (351)**, **Category II (993)**, and **Category III (398)**. AIF II dominates at 57% of all registrations, reflecting the primacy of private equity and debt funds in India’s alternative investment space.



Source: SEBI (As on 31st Mar 2026)

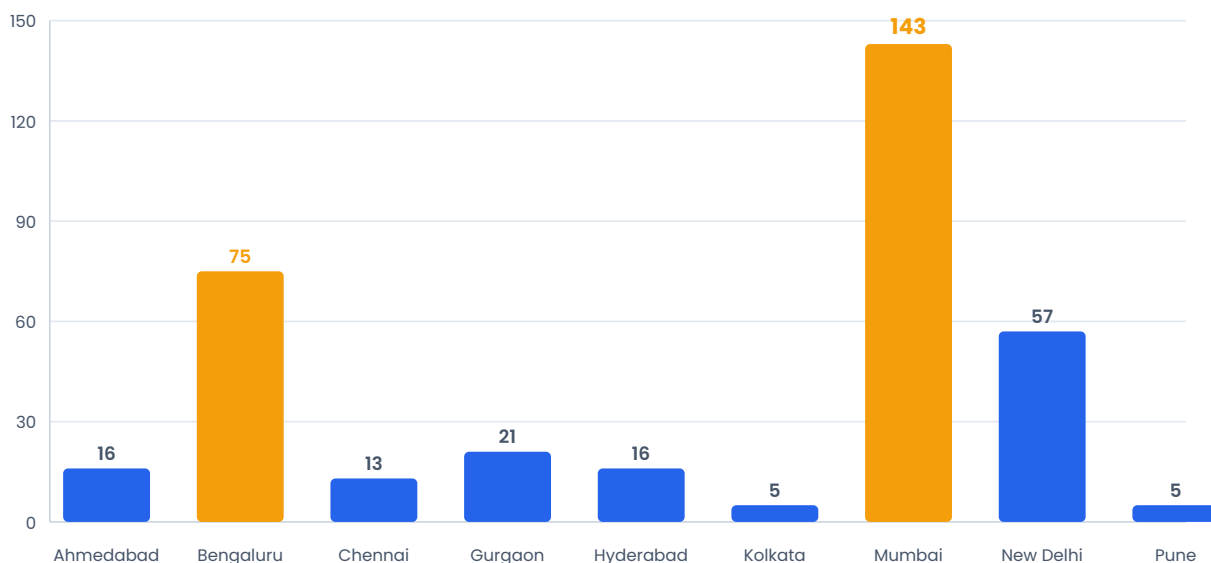
Mumbai alone commands 55% of the national total, with Bengaluru and New Delhi forming a distant but competitive second tier. Together, the top three cities account for over 83% of all AIF registrations nationally, exposing a deep geographic concentration that mirrors India’s broader financial infrastructure divide.

BANGALORE- WHERE EARLY-STAGE INDIA CALLS HOME

AIF Category I spanning venture capital, infrastructure, angel, and social venture funds totals 351 registrations nationally, the smallest of the three AIF categories by volume.

Mumbai’s 143 funds (40.7%) reflect a registration gravity that goes beyond financial instinct. The city functions as India’s AIF administrative capital. Mumbai-registered funds frequently deploy capital into projects and startups located elsewhere in India. The registration address and the investment destination are often two different cities entirely, which means Mumbai’s 40.7% share overstates its role as an innovation hub while understating its role as a financial processing center.

GEOGRAPHIC REPRESENTATION OF CAT 1 AIF IN INDIA



Source: SEBI (As on 31st Mar 2026, the above picture consists of the numbers only from the tier-1 cities)

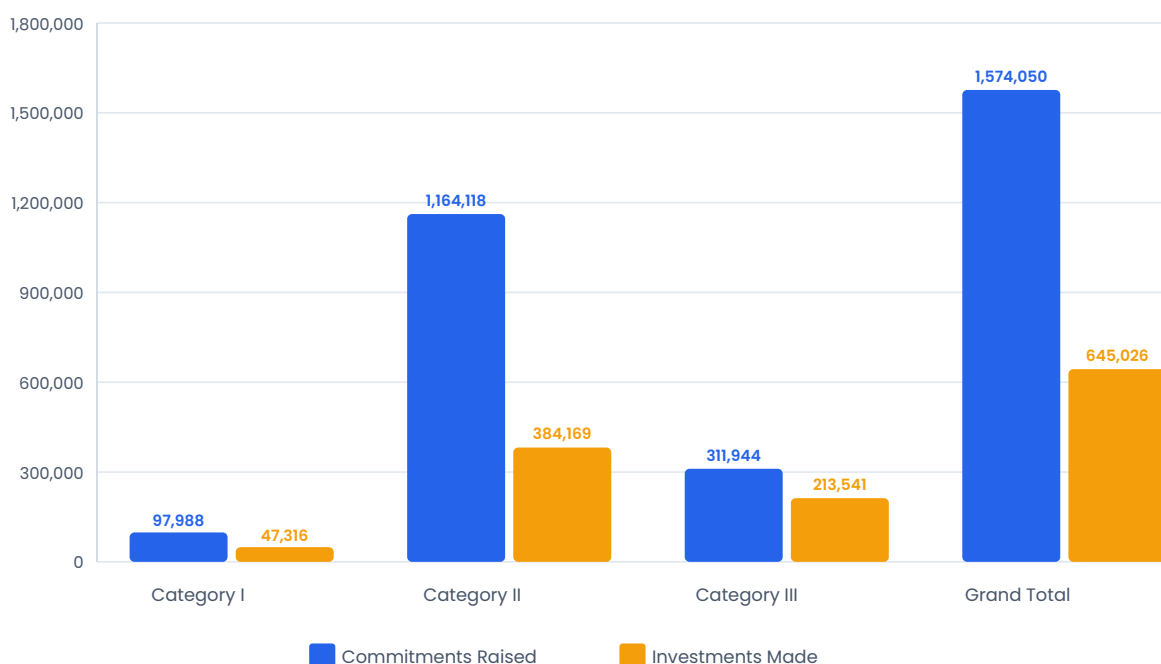
Bengaluru’s 75 funds (21.4%) tell the opposite story and are arguably the most credible number in the entire dataset. Its AIF I registrations are not administrative convenience but economic consequence. The city’s deal flow generated by one of Asia’s densest startup ecosystems across deep tech, SaaS, fintech, electric mobility, and consumer internet has compelled domestic fund managers to formalize capital pools that previously operated informally. Every fund registered in Bengaluru is almost certainly investing in Bengaluru, making it share a genuine measure of local venture capital depth rather than a financial address preference.

New Delhi's 57 funds (16.2%) carry a distinct policy fingerprint. Unlike Mumbai's market-driven or Bengaluru's startup-driven concentrations, Delhi's AIF I registrations skew towards infrastructure funds, social venture funds, and impact-oriented mandates that align closely with central government schemes.

AIF INDUSTRY: COMMITMENTS RAISED VS INVESTMENTS MADE

The AIF landscape as of December 2025 reflects a notable divergence between capital commitments and actual deployment across categories, underscoring varying maturity levels and investment pacing within the ecosystem.

AIF: Commitments vs Investments Made (Dec 2025)



Source:SEBI (as on Dec 2025)

Deployment efficiency, measured as the ratio of investments made to total commitments, provides a deeper lens into how effectively capital is being deployed across AIF categories rather than merely raised. As of December 2025, **Category III AIFs** exhibit the highest deployment efficiency at approximately **68.6%**, indicating a relatively faster capital deployment cycle. This aligns with the nature of Category III strategies, which typically include liquid market instruments and shorter-duration trades, enabling quicker turnaround and more active portfolio management.

In comparison, **Category II AIFs**, despite accounting for the largest share of commitments (~74%), show a more measured deployment efficiency of around **33.0%**. This is reflective of their investment style, which largely focuses on private equity, structured credit, and growth-stage opportunities. These investments

inherently require longer gestation periods due to deal sourcing, due diligence, and structured exits, resulting in a slower pace of capital deployment.

Category I AIFs present a particularly encouraging trend, with a deployment efficiency of approximately **48.0%**. While smaller in scale, this relatively strong ratio highlights improving capital absorption within early-stage, venture capital, and impact-oriented sectors. It suggests that fund managers are increasingly able to identify and deploy capital into viable opportunities within startups and emerging industries.

Overall, the contrast across categories underscores how strategy-specific dynamics influence deployment behavior, with Category I showing steady and positive momentum in capital utilization.

DISCIPLINED FUNDING, STRONGER ALPHA OPPORTUNITIES

India's startup ecosystem continues to evolve with a clear shift toward quality capital allocation and innovation-led growth. According to the Inc42 Indian Tech Startup Report Q1 2026, total funding stood at \$2.3 billion across 271+ deals, reflecting sustained activity despite moderation in late-stage investments.

A defining trend is the sharp rise in early-stage funding (up 58% YoY), even as late-stage funding declined significantly. This signals a structural pivot toward backing new-age, technology-driven ventures at inception where the potential for alpha generation is highest.

Sectorally, momentum remains strong in AI and deeptech, alongside continued traction in ecommerce, highlighting a forward-looking shift toward innovation-driven sectors. At the same time, corrections in fintech and enterprise tech reflect a healthy normalization of valuations. Overall, the data reflects a maturing, resilient, and opportunity-rich startup ecosystem.



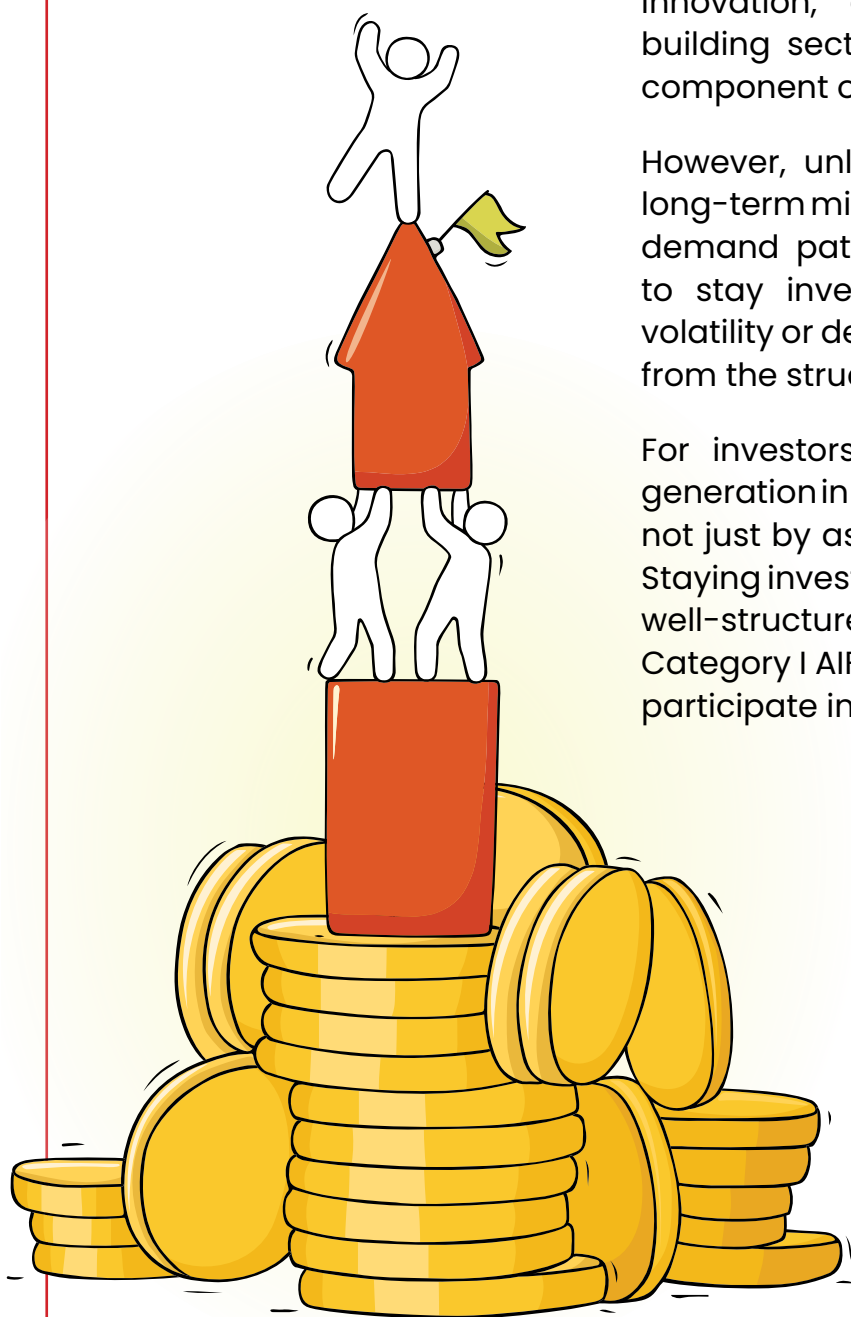
CONCLUSION

India's growth story is not cyclical, it is structural, driven by demographics, digital transformation, and a rapidly scaling startup ecosystem. As value creation increasingly shifts toward private markets and early-stage innovation, the pathways to alpha are also evolving.

Category I AIFs offer a unique opportunity to participate in this transformation by providing early access to high-growth businesses at the inception stage. Their alignment with innovation, entrepreneurship, and nation-building sectors positions them as a critical component of forward-looking portfolios.

However, unlocking this potential requires a long-term mindset. Private market investments demand patience, discipline, and the ability to stay invested across cycles. Short-term volatility or delayed liquidity should not detract from the structural value being created.

For investors, the message is clear: alpha generation in the coming decade will be defined not just by asset allocation, but by conviction. Staying invested in India's growth story through well-structured alternative investments like Category I AIFs offers a compelling pathway to participate in wealth creation at its source.





WHAT YOU HEAR MIGHT MISLEAD YOU...



USE DATA
TO MAKE
INFORMED
INVESTMENT
DECISION





DINESH GIRIDHAR

Co-Founder, MD & CEO - Asset Management & Private Wealth

DOLAT CAPITAL

Demystifying
Quantitative Investing
in Modern Portfolio
Construction >>>>

In the world of investing, few terms are as widely used and as widely misunderstood as quantitative investing. For many, it relates to black box models, high frequency trading, or at best, systematic factor investing strategies. While these elements are certainly part of the quantitative universe, they only scratch the surface of what modern quant investing truly represents.

Quantitative investing is not a single strategy. It is a way of thinking. It is a framework that uses data, mathematics, and computing power to make investment decisions in a structured, repeatable, and scalable manner. Reducing it to factor investing is like saying medicine is just about taking vitamins. Useful, but far from complete.

Over the past decade, factor investing such as value, factor investing, quality and low volatility have become the most visible face of quant. These factors are well researched, academically validated, and relatively easy to implement. As a result, many portfolios that call themselves quantitative are essentially structured exposures to a handful of these factors.



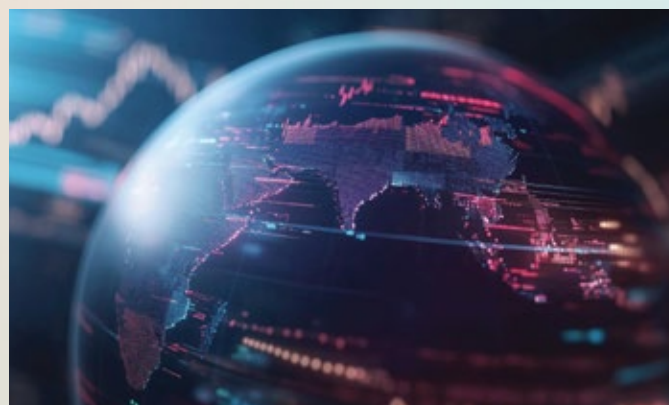
Factor investing strategies rely on the persistence and cyclicity of certain characteristics. It relies on historical relationships between these characteristics and returns. This approach has merit, but it is also inherently a static way of looking at a market that is constantly evolving. It assumes that the past structure of returns will continue, often without questioning

why those relationships exist or whether they are changing beneath the surface.

True quantitative investing goes a step further. It continuously questions, adapts, and redefines these relationships as new data emerges.

At its core, quantitative investing is about identifying patterns across time, across assets, and across market environments.

A robust quant framework does not look at data in a single dimension. It evaluates short term signals such as daily or weekly patterns, medium term dynamics such as monthly trends, and long-term structural behavior that can span years. Sometimes, it even draws learning from decades of global market data.



Each of these layers may tell a different story. A stock that appears attractive from a long-term perspective may show weakness in the near term. A sector that has performed well recently may be approaching a point of exhaustion when viewed through a broader historical lens.

The strength of a quant framework lies in its ability to process these seemingly conflicting signals together and arrive at a balanced decision. It does so without the emotional biases that often influence human judgment.



This is where quant moves beyond traditional factor investing. Instead of relying on predefined categories, it builds adaptive models that evolve with data.

This also leads to a fundamental shift in how portfolios are constructed.

Traditional portfolio construction often follows a top-down approach. Investors decide on asset allocation, select strategies, and then rebalance at fixed intervals. Even factor based portfolios tend to operate within relatively fixed structures.

Quantitative investing challenges this idea. It treats allocation not as a one time decision, but as a continuous process.

Capital is dynamically allocated based on changing market conditions, evolving signal strengths, and shifting risk return expectations. If certain patterns begin to weaken and others gain strength, the portfolio can gradually adjust. If volatility changes, position sizes can be recalibrated in response.

The result is a portfolio that is not just diversified, but also aware of the environment it operates in.



At the heart of this approach lies an often overlooked advantage of quantitative investing, which is discipline. Markets constantly test investor behavior through fear, greed, and noise. A rules based framework ensures that decisions are not driven by impulse or short-term narratives, but by a consistent process. This ability to stay disciplined across cycles is often the difference between

average and superior long-term outcomes.



One of the most meaningful contributions of quantitative investing is how it redefines the idea of diversification itself.

By focusing on behavior rather than labels, quant strategies can achieve a deeper and more resilient form of diversification.

In many traditional portfolios, diversification often appears effective during stable periods but breaks down during market stress. This happens because different investments may still be driven by similar underlying forces.

Quantitative investing addresses this by diversifying at the level of signals. By combining strategies that respond differently to changing conditions, it reduces the likelihood that all parts of the portfolio struggle at the same time.



Risk management also takes on a different meaning in a quantitative framework. Instead of relying on static measures, risk is treated as something that evolves. Drawdowns, changes in volatility, shifts in correlation, and liquidity conditions are continuously monitored.

This allows for more proactive adjustments rather than reactive decisions taken after the fact.

Another important aspect is position sizing. In traditional investing, a lot of emphasis is placed on selecting the right securities. In quantitative investing, how much capital is allocated to each idea is equally important.



Position sizes are determined not just by conviction, but by probability and expected risk adjusted outcomes. This ensures that no single position can disproportionately impact the portfolio.

There is also a common perception that quantitative investing operates as a black box. While this may be true for certain high frequency strategies, most modern quant frameworks, especially in the context of long only portfolios and PMS structures, are far more transparent than they are often perceived to be.

Every decision is based on defined rules. Every rule can be tested. Every outcome can be measured and evaluated. The

complexity lies not in secrecy, but in the scale and depth of information being processed.

In the Indian context, quantitative investing is still at a relatively early stage compared to global markets. This creates an interesting opportunity.

Markets are becoming deeper, data availability is improving, and investor awareness is steadily increasing. For PMS investors, this becomes particularly relevant. As portfolios grow in size and complexity, the need for discipline, consistency, and scalability becomes far more important. Quantitative frameworks are well suited to address these needs.

Ultimately, quantitative investing is not about replacing human judgment. It is about strengthening it. It brings structure to decision making, removes emotional biases, and allows investors to navigate complexity with greater clarity.

More importantly, it shifts the focus from what to buy to how decisions are made, and ultimately towards building a more holistic and resilient portfolio.

Factor investing will always have a role to play, but it is only one piece of a much larger framework. The real evolution lies in moving beyond static exposures towards an approach that is adaptive, data driven, and thoughtfully constructed around changing market conditions.

That is where the true potential of quantitative investing begins.



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SHEKHAR DAGA
Head – Private Capital
ICICI PRUDENTIAL AMC

STRUCTURE OVER SENTIMENT: INDIA'S PRIVATE CREDIT EDGE IN A VOLATILE GLOBAL MARKET

The emergence of private credit over the past decade represents one of the most consequential developments in global finance. From a niche segment of alternative investing, it has expanded into a market valued at approximately USD 1.7 trillion in the United States alone, growing roughly fivefold over the last decade. This expansion was propelled post the Global Financial Crisis (GFC), a prolonged low-yield environment and sustained institutional demand for enhanced income. More recently, the asset class in the US attracted significant retail participation through structures designed to offer periodic liquidity windows within an inherently illiquid investment framework. That framework is now undergoing a period of meaningful stress-testing in the US markets.

For investors in India's emerging private credit market, the lessons from global markets are not cautionary signals, but they act as a clarification. The turbulence observed in the United States reflects the consequences of how private credit was structured, distributed and leveraged within a specific market context. India, by

contrast, presents a structurally distinct investment proposition.

The stress currently evident in US private credit is, at its core, a structural challenge rather than a credit quality deterioration. Unlisted perpetual vehicles with quarterly redemption windows created an inherent asset liability mismatch and created a false sense of liquidity. As investor sentiment shifted, redemption requests across several large funds reportedly increased threefold in the second half of 2025, compelling managers to choose between gating mechanisms and distressed asset disposals.

Compounding this was the concern of weakening coverage ratios, elevated leverages and meaningful portfolio concentration in relatively small technology companies directly exposed to AI-driven disruption, with limited capacity to absorb earnings compression. In effect, the structural framework failed before the underlying asset quality did. India's private credit architecture, however, was designed along materially different principles.

A Fundamentally Different Market Architecture

In this global context, India's private credit market should be assessed as a distinctly structured ecosystem shaped by fundamentally different foundations. Currently valued at approximately USD 25 billion, India's private credit market is at an early stage of development, characterised by steady growth and a regulatory framework focused on safeguarding investor interests.

The most consequential distinguishing feature is regulatory in nature. Indian private credit funds operate as Category II Alternative Investment Funds under SEBI's AIF Regulations. By statute, these are closed-ended vehicles with fixed investment tenors. There are no mid-cycle redemption windows and fund-level leverage is not permitted. The liquidity mismatch that has generated structural stress in US fund vehicles cannot replicate itself within India's AIF ecosystem. The regulatory architecture anticipated and excluded this vulnerability before it became a subject of global concern.

India has a long chequered history of addressing stressed loans. Prior to Insolvency and Bankruptcy Code 2016 (IBC), India grappled with host of complicated legislations with complex interplays. IBC was formulated with a view to increasing the certainty in the process, including what constitutes insolvency, the process to be followed to resolve insolvency and bankruptcy. This has resulted in a behavioural change that has redefined the debtor-creditor relationship. Promoters are now making all-out efforts to prevent stress or resolve it much before it translates into default or settle the default before facing action under the code. Since 2016, as many as 30,000 cases (~78% of the total cases) have been withdrawn pre-IBC admission.

This is not an incidental advantage, it is foundational. When the rules governing a market prevent a structural failure from

occurring, investors are not solely reliant on the quality of manager judgment to protect against systemic risk. The regulatory framework itself performs that function.

Conservative by Design, Growth-Oriented by Nature

Indian private credit deals are typically structured at leverage multiples of three to four times EBITDA, which is materially lower than the six to eight times leverage commonly observed in US leveraged buyout-driven credit transactions. This disparity represents a substantially wider margin of safety for lenders and creates a portfolio that is inherently more resilient in the face of earnings volatility.

Equally significant is the purpose to which capital is deployed. A substantial proportion of private credit in India finances business growth, in the form of capacity expansion, working capital and acquisition financing for promoter-led enterprises. This represents capital enabling enterprise creation rather than capital enabling financial engineering. That distinction is important. Growth-oriented borrowers naturally reduce leverage as their businesses scale and this organic deleveraging dynamic constitutes a structural tailwind embedded in India's private credit market, something which the US credit, burdened by sponsor-driven leverage optimisation, does not enjoy to the same degree.

Covenant structures in Indian transactions also tend to be more protective, lender rights more robustly preserved and security packages more carefully constructed. In combination with lower leverage, these features create a lending environment that is inherently more aligned with capital preservation alongside return generation.

The nature of credit risk in India further distinguishes the market. Indian private credit risk is primarily counterparty risk, encompassing the quality of the promoter, the integrity of the management team, the sustainability of the underlying business model and the enforceability of security. This requires rigorous risk management which makes prudent underwriting a critical pillar of the private credit market. Inadequate assessment of borrower risk can result in higher delinquencies and capital losses. Such lapses can dampen investor confidence and adversely impact the long-term stability of the private credit market in India.

At ICICI Prudential Alternates, our private credit strategy is built on a disciplined, institutionally driven underwriting framework. Promoter quality, governance standards and business durability form the starting point of our evaluation. We aim to focus on transactions with transparent cash flows, hard collateral cover and well-structured covenants, supported by active monitoring throughout the investment life. Over time, this approach has enabled us to build a diversified private credit portfolio across sectors such as infrastructure-linked businesses, manufacturing, real estate, logistics and select services while maintaining steadiness in outcomes rather than chasing headline yields.



The Right Market at the Right Moment

India's private credit market also fulfils a structurally valuable role within the broader financial ecosystem. Commercial banks and non-banking financial companies, while well-capitalised, operate within regulatory constraints that leave substantive funding gaps particularly for mid-market businesses, structured transactions and bespoke financing requirements that formal credit markets cannot readily accommodate. Private credit addresses these gaps with both discipline and flexibility, thus becoming an increasingly essential component of India's credit infrastructure.

Two Markets, Two Distinct Narratives

The US private credit market is navigating a structural stress event that erupted from its distribution structures. India's private credit market, on the other hand, is navigating through a fundamentally different setup, one that is underpinned by sound regulation, conservative deal structures and deep unmet demand for growth capital resulting in a compelling long-term growth story.

For disciplined investors, the current global turmoil is best understood as a reminder that structure, regulatory architecture and underwriting rigour are the true determinants of outcome in credit investing.





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“OUR FTPM FRAMEWORK FOCUSES ON RELATIVE ALPHA GENERATION, DISCIPLINED ALLOCATION, AND DYNAMIC REBALANCING, ENABLING CONSISTENT OUTCOMES EVEN IN LOW-RETURN, RANGE-BOUND ENVIRONMENTS.”

ASHISH CHATURMOHTA

Managing Director & Fund Manager - APEX PMS

JM FINANCIAL LIMITED



EXCLUSIVE INTERVIEW

From a 5-year investment perspective, which new-age or emerging business models is Apex PMS prioritising today?



- From a 5-year investment perspective, the AI infrastructure ecosystem—especially data centers—stands out as the most compelling emerging business model. The AI capex cycle is still in its early stages, with hyperscaler spending expected to rise from \$185B in CY23 to ~\$650B by CY26, indicating a massive and sustained buildout. The global data center market is projected to grow from \$280B in 2024 to \$510B+ by 2030 (~10% CAGR), while power demand from data centers is expected to nearly triple to ~1,000 GW.
- A key driver is the shift from AI training to inference, which is expected to account for 60%+ of AI compute spend by 2028. Unlike training, inference creates continuous, high-frequency demand, making the model more annuity-like with recurring revenue visibility. This structurally increases demand for compute, storage, and power infrastructure.
- In India, the opportunity is even more attractive. Capacity is expected to scale from 1,300 MW to 8,000+ MW by 2030 (22% CAGR), despite the country generating ~20% of global data but having only ~5.5% of global data center capacity—highlighting a significant infrastructure gap.
- As an emerging model, this ecosystem is evolving into “compute-as-a-utility,” where scalable, on-demand computing is delivered like electricity, supported by high entry barriers and long-term demand visibility.

In a largely directionless and range-bound market environment, how does your FTPM framework adapt to identify opportunities and continue delivering consistent outcomes?



- In a largely directionless and range-bound market, the FTPM framework adapts by shifting focus from broad market direction to stock-specific opportunity identification through its four pillars—Fundamentals, Quantitative Analysis, Psychology, and Market Dynamics.
- On the fundamental side, the framework prioritises companies with strong earnings visibility, robust balance sheets, and clear sectoral tailwinds, ensuring returns are driven by business performance rather than market beta.
- Quantitative analysis plays a crucial role in our investment process by systematically identifying relative value opportunities, evolving factor trends, and potential mispricing through data-driven signals. This approach enables efficient capital allocation even in directionless or uncertain market environments.

- During range-bound phases, markets often move in intermittent cycles with rapid sector rotations. By leveraging quantitative insights, we continuously monitor strength and weakness across stocks and sectors. This allows us to exit underperforming positions in a timely manner and reallocate capital toward stronger sectors or themes, thereby enhancing portfolio efficiency and maintaining performance despite lack of clear market direction.
- The psychology component helps assess market sentiment—capturing phases of fear or greed—which is critical in sideways markets where sentiment often drives short-term moves. Meanwhile, market dynamics such as sector rotation, liquidity flows (FII/DII), and shifts across market caps guide active portfolio positioning to capture relative outperformance.
- Overall, instead of relying on market direction, the FTPM framework focuses on relative alpha generation, disciplined allocation, and dynamic rebalancing, enabling consistent outcomes even in low-return, range-bound environments.

In your view, what phase of the market cycle are we currently in, and how should investors position themselves in response?



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- Overall, instead of relying on market direction, the FTPM framework focuses on relative alpha generation, disciplined allocation, and dynamic rebalancing, enabling consistent outcomes even in low-return, range-bound environments.

What is your market Cap allocation within the portfolio, what level of cash are you holding, what is driving that decision?



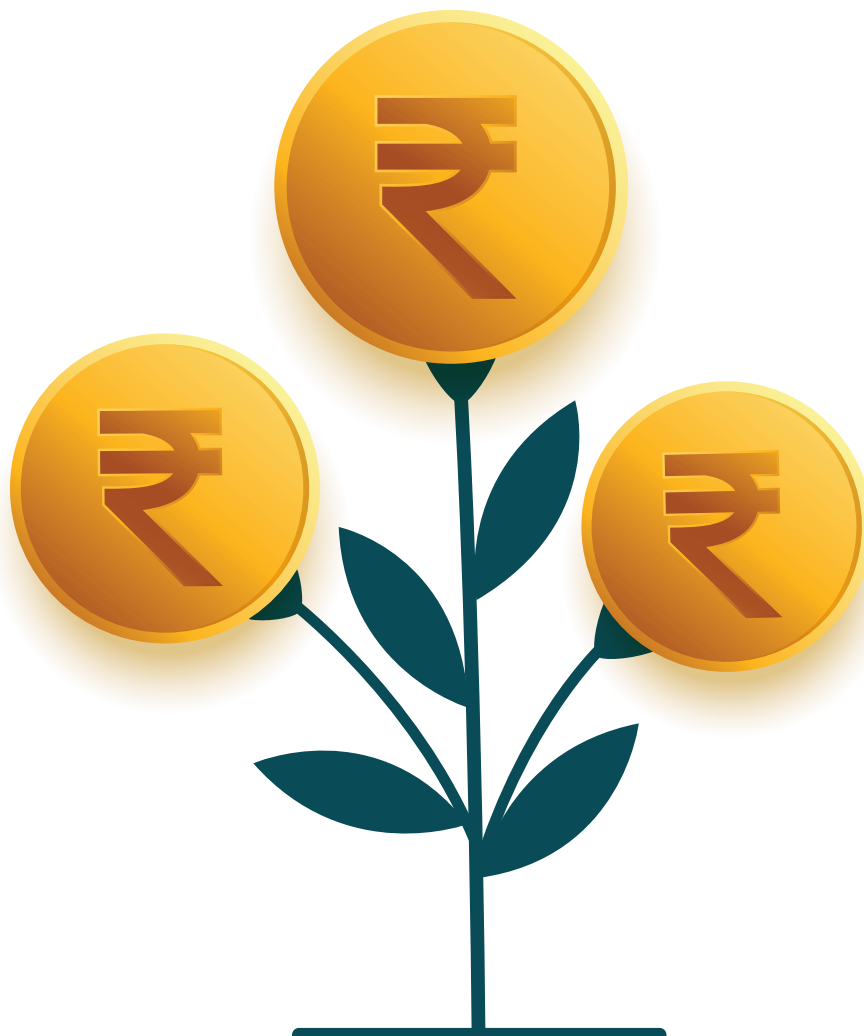
- The portfolio is currently allocated with a balanced yet growth-oriented approach, where large-cap stocks constitute approximately 48% of the total exposure, providing stability and resilience. Mid-cap stocks account for around 19%, offering a blend of growth potential and relatively moderate risk, while small-cap stocks make up about 28%, reflecting our intent to capture higher alpha opportunities despite their inherent volatility. Additionally, we are maintaining a cash position of nearly 5%, which provides tactical flexibility to deploy capital during favorable market conditions.
- Our overarching investment philosophy is to remain largely invested across market cycles rather than attempting to time short-term fluctuations. During periods of market downturn or heightened volatility, instead of significantly reducing equity exposure, we rely on hedging strategies to manage risk. These hedges act as a protective cushion, helping to limit downside impact while allowing the core portfolio to stay aligned with long-term growth objectives. This disciplined approach enables us to participate in upside opportunities while maintaining prudent risk management during uncertain phases.



With inflation showing signs of picking up and crude oil prices adding pressure, do you see RBI leaning towards a rate hike?



- The RBI's stance is likely to remain cautiously watchful rather than immediately hawkish. India is currently well-positioned as long as crude oil remains below ~\$90 per barrel, beyond which inflation risks start becoming more pronounced and can impact CPI materially. The report highlights that a sustained rise in crude—especially towards \$120—could increase inflation, push bond yields higher, and tighten financial conditions.
- However, at the current juncture, inflation pressures are manageable, and there is no immediate indication of aggressive rate hikes. Instead, RBI is more likely to maintain a data-dependent approach, closely tracking crude prices, inflation trajectory, and global developments.
- Overall, unless crude prices sustain significantly above the comfort threshold, RBI is expected to pause and monitor, rather than shift decisively towards a rate hike cycle.





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Investing in a Changing world

The World is Changing...

Bhaskar Bukrediwala
Head of PMS
IIFL Capital Services Limited

The world around us is changing. These changes are witnessed across various spectrums such as:

- Change in technology & AI adoption
- Realignment of supply chain and reducing dependency upon uncertain trade partners
- Increased focus on data security
- Modernising military capabilities & increasing focus on self-reliance
- Change in consumption pattern among the young consumers

Impact of these changes are reflected in the capital markets across globe. Beneficiary of AI adoption & tech evolution such as Bloom Energy (US) & SK Hynix (Korea) have compounded at over 100% in the last 3 years.

Among all these changes, India is changing too. This is reflected across different areas such as:

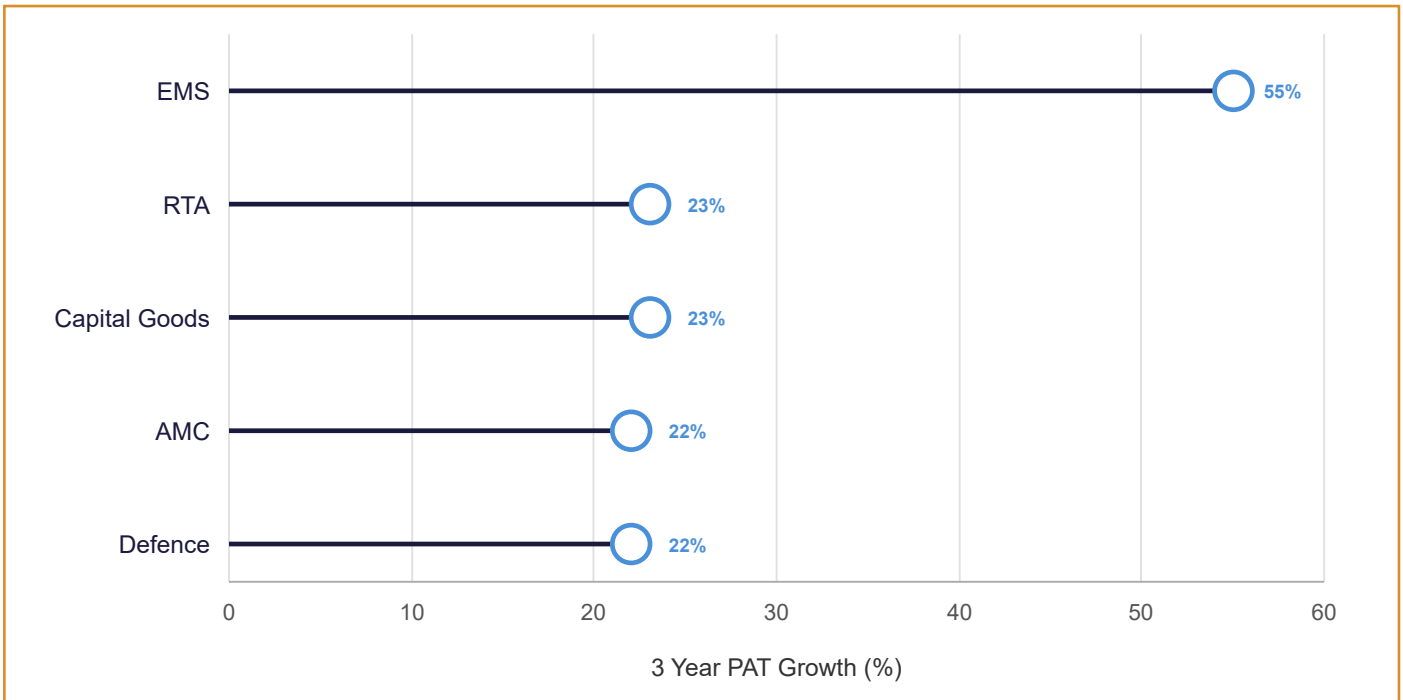
- Changing consumption pattern – Shift is happening from offline retail to online retail. This is resulting in shifting bargaining power from brand owners/manufacturers to large scale online retailers
- Energy transition – Moving from fossil fuel to renewable energy
- Shift towards EV adoption – Consumers are moving towards electric vehicles over ICE vehicles
- Defence modernization and self-reliance – Increasing budgetary allocations along with push for higher localization norms
- Introduction of PLI scheme to promote local manufacturing

The following table highlights the changing business landscape across various strata;

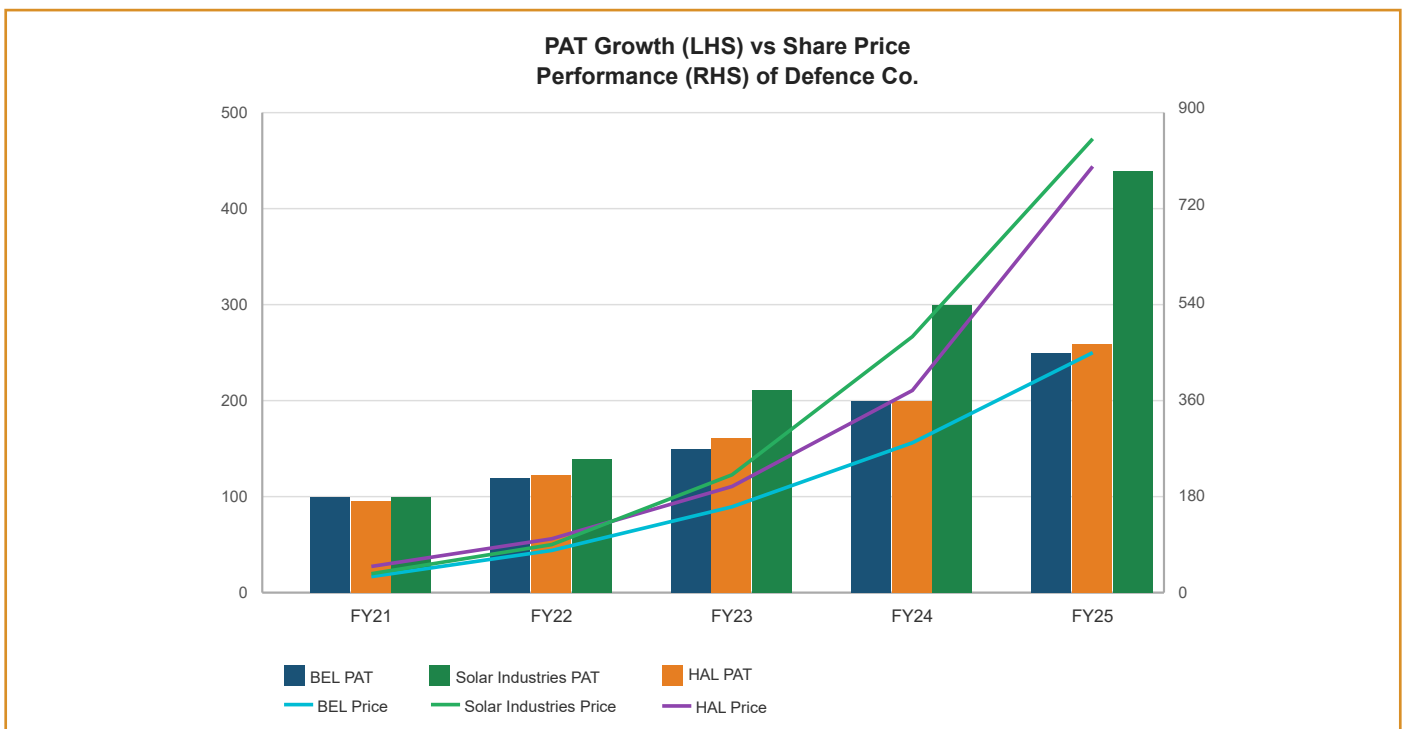
Category	Prevailing moat	Disruption	Beneficiary
FMCG	Distribution depth + brand recall	Quick commerce flattens distribution; category-focused D2C captures market share	QC platforms; D2C brands
QSR	Brand loyalty + prime locations	Aggregator-led choice expansion; regional cloud kitchens	Food-delivery platforms; new-age brands; cloud kitchens
E-commerce for Bharat	Affluent-focused legacy players ignored the mass market	Unbranded, low-AOV, zero-commission model for Tier 2/3	Meesho
Home services	Informal, unorganised supply	Trust, Service level agreements and quality aggregation at scale	Urban Company
Mobility	ICE OEM scale + dealer network	EV transition supported by policy tailwinds	EV OEMs
Media & cinema	Theatrical window; physical music distribution	OTT and audio streaming shifting consumption	Streaming platforms; music labels (Tips, Saregama)
Logistics	Asset ownership in fragmented market	Tech first + Supply aggregation at PAN India level	Delhivery

Changes in profit pool

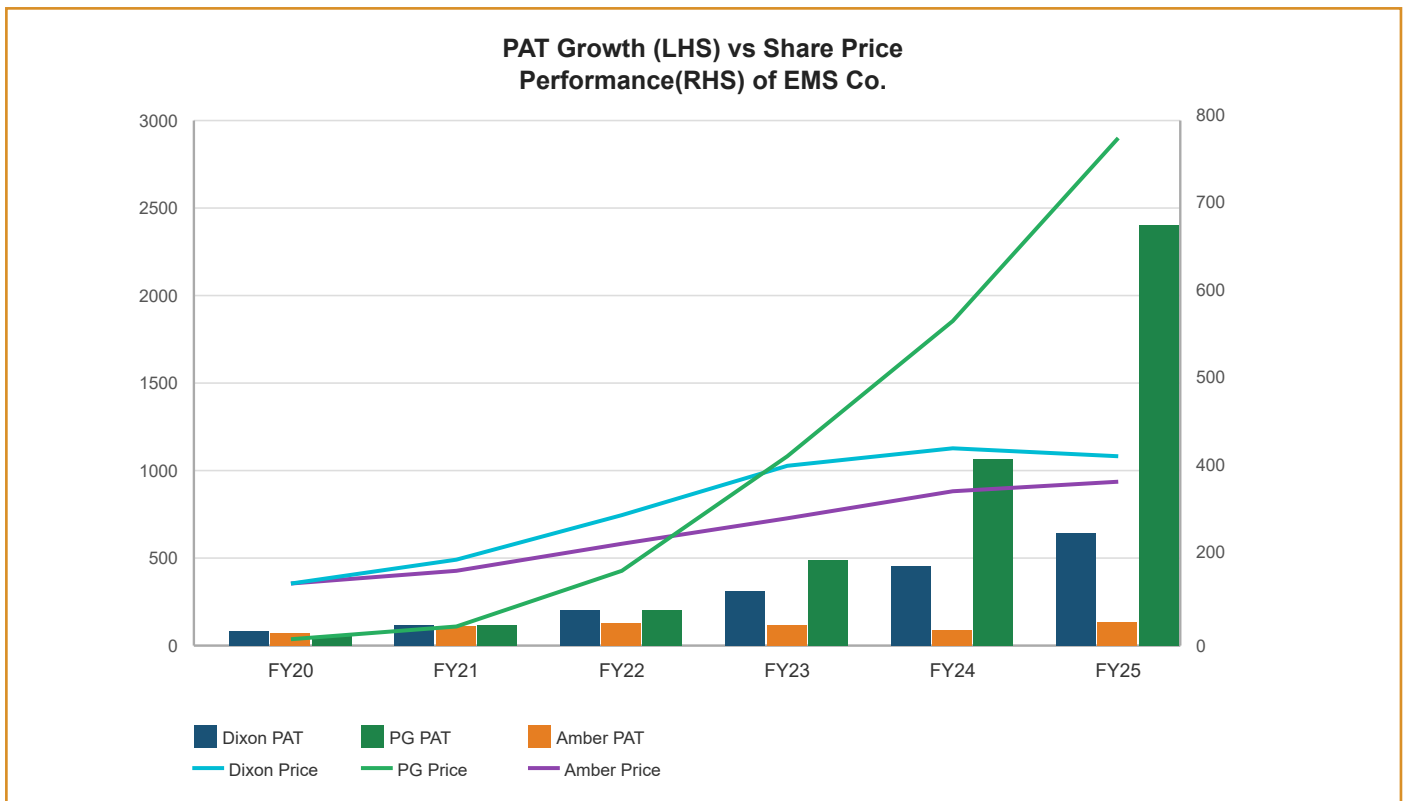
As the changes are happening, they are getting reflected in the profit pools of the company. For eg. profit pool of traditional media companies such as multiplex & print media is shrinking & is moving towards new age digital media companies. New profit pools such as Food Delivery, Quick Commerce, Home services & EMS (Electronics Manufacturing Services) have emerged (chart below) whereas profit growth of traditional IT & FMCG companies has slowed down to mid-single digit in the last 5 years.



Source: IIFL Capital Asset Management Ltd



PAT rebased to 100. Source: IIFL Capital Asset Management Ltd.



PAT rebased to 100. Source: IIFL Capital Asset Management Ltd.

As new profit pool emerges, investors will keep shifting towards these, leading to shift in valuation multiples as well – contraction of multiples in shrinking profit pools & expansion of multiples in growing profit pools. For instance, defence companies which used to trade at a median multiple of 15x PE when profit growth was moderate, are now trading at 35-40x PE. Similarly in the consumer sector, companies which are leveraging tech in their business are commanding far higher multiple (over 60x PE) vs others (35x PE) due to this shift resulting in higher profit growth.

At IIFL Capital Asset Management, our investment style is positioned towards identifying these shifts and investing into them. Some of the sectors where we are invested are food delivery, electronics, consumer tech platforms, defence, hospitals, and capital markets.

“

NARRATIVE IS BECOMING MORE GROUNDED, AND HAS MOVED FROM WHO WILL BENEFIT FROM AI TO WHERE IS MONETISATION ACTUALLY HAPPENING.

”

ANAND SHAH
CIO – PMS & AIF
ICICI PRUDENTIAL AMC



**EXCLUSIVE
INTERVIEW**

The Iran–US conflict has once again exposed India’s reliance on Middle Eastern energy. Do you see this as a structural trigger for increasing focus on domestic energy production and renewables?



We believe this is not a new trigger but an acceleration of an existing trend. India has been steadily moving toward diversification, both in terms of sourcing energy and investing in domestic production and renewables.

Furthermore, India’s growth model is gradually transitioning toward greater self-reliance in energy, manufacturing, and critical infrastructure, driven by both economic necessity and policy intent. Diversification across energy sources such as fossil fuels, renewables, and domestic capacity is a necessity. Episodes of global supply disruption or geopolitical stress merely reinforce this reality and increases the urgency of execution.

As we look toward FY27, how should India prepare for potential global shocks or weaker earnings growth, and how should investors position themselves to navigate such uncertainties?



From a macro perspective, risks like energy price volatility, supply chain disruptions, and technological disruption may continue to create uncertainty. But these are not new phenomena. They evolve over time and markets adjust. Within the same industry, outcomes are expected to vary depending on how companies navigate cost pressures and demand. Overall, we believe investors should recalibrate expectations, as this is unlikely to be a phase of outsized returns, but rather steady compounding with disciplined investing.

For investors, it is of utmost importance to maintain asset allocation discipline. Avoid deploying capital in one go because the market environment remains fluid. The key is to think of this as a marathon, not a sprint, and align preparation and expectations accordingly.

Last year, AI was the dominant market theme driving valuations and investor interest. How has that narrative evolved today, and where do you see real earnings visibility emerging within the AI ecosystem?



A year ago, AI was largely a narrative-driven theme that led to valuation expansion across segments. Today, that narrative is becoming more grounded, and has moved from “who will benefit from AI” to “where is monetisation actually happening.”

In this theme there are broadly three layers: First, the infrastructure layer which consists of semiconductors, data centres, cloud. This is where earnings visibility is currently strongest, especially globally. Second, enablers which encompasses software platforms and tools. Here, visibility exists but is still evolving. Third, end users like IT services. This is where the situation is more nuanced. Near-term earnings risk is not as high as market corrections suggest, but there is uncertainty around long-term growth and pricing power. If AI leads to efficiency gains, it could also compress pricing.

So the narrative has shifted from broad-based optimism to selective earnings validation. As investors, we need to be far more discerning about where AI is actually translating into sustainable profitability.



With all yours PMS strategies collectively seeing over ₹8,000 crore in gross inflows this financial year (as of Feb 2026), how have you approached capital deployment in a largely sideways market?

Given the volatile market environment, we adopted a gradual deployment strategy. The recent market correction helped us to build positions in high-conviction ideas and increase weights where conviction improved.

Even in these times, we continue to adhere to our investment framework governed by the BMV – (Business-Management-Valuation) framework, focussed on identifying bottom-up opportunities which also acts as a buy and sell discipline.

The PMS Contra Strategy has delivered ~18% over the last five years (as of Feb 2026)-against a backdrop of evolving macro conditions and market volatility, what have been the key drivers behind this performance?

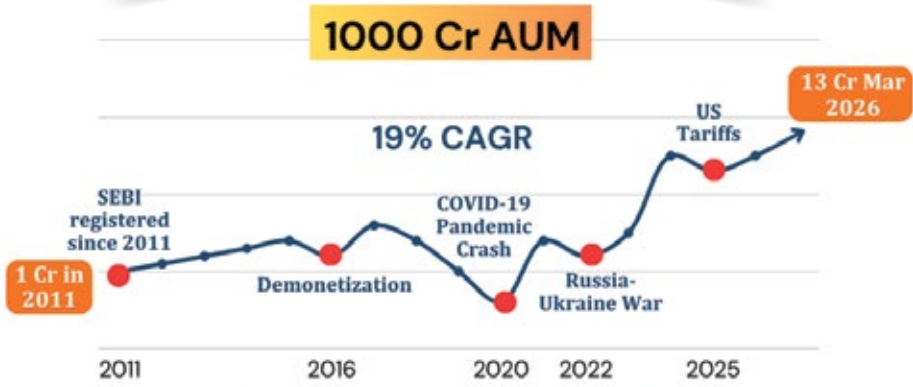


The performance of the Contra Strategy has been driven by getting both components of returns right, i.e. Earnings growth and Valuation re-rating. Even in identifying contrarian investment opportunities, we rely on our BMV framework, focussed on improving earnings growth potential through sustainable competitive advantage, management quality and governance, along with cash flow discipline.

The Contra Strategy adopts a contrarian approach, investing in sectors or stocks currently out of favor but with strong fundamentals and potential for revival. Contra investing requires the ability to withstand short-term underperformance. The payoff comes when the cycle turns and market expectations reset. For instance, in the past we have capitalized on opportunities in metals and financials during downturns, and this has helped deliver favourable outcomes over the long term.



14 Years of Legacy in Wealth Creation



Growth plus value IA

Flexibility to Invest In

Bottom up Approach

Growth Plus Value IA

- Investment in Small Cap
- Inception Year- 2011
- 3 Years Return 17.8 %
- 5 Years Return 19 %
- Since Inception Return 19.1 %

Top Down Approach

Large & Midcap IA

- Investment in Top 250 Nifty
- Inception Year- 2020
- 3 Years Return 23.1 %
- 5 Years Return 17.1 %
- Since Inception Return 19.3 %

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ARPIT SHAH
Co-Founder & Director
CARE PMS

FUTURE-PROOFING YOUR WEALTH: **Global Disruptions, Local Opportunities**

The ongoing Middle East tensions highlight a simple reality - India cannot control global shocks, but it can control its preparedness.

We've seen this before. Oil spikes lead to the same outcomes- **inflation rises, the rupee weakens, and macros come under pressure, margins contract.** The difference this time is frequency. These shocks are no longer rare; we have seen this movie before.

Even at \$80-85 crude, the hit is sharp :

+50 bps inflation, WPI ~5%, CAD ~1.6%, growth narrowing to ~6.3%, and a ₹1.6 lakh crore fiscal hit. Yields harden. Rupee feels the heat.

The real shift? Markets adjust. Businesses adjust. The bigger takeaway is that India's growth path remains intact - but the quality of that growth will now depend on **how well we reduce external dependencies.**

POLICY SHIFT: SELF-RELIANCE MOVES TO THE CENTRE

Expect the government to sharpen its focus on **self-reliance, with double force.**

We are likely to see:

- More **push** on **domestic energy production** and faster build-up of **strategic reserves**
- Stronger **incentives** for **renewables** and **alternative energy**
- Continued thrust on **manufacturing and import substitutions** in **staple categories**
- Focus on **critical minerals, mining,** and **supply chain security**

The market may or may not move uniformly. Stock and Sector selection will matter more than ever. Where to Look Next?

DEFENCE: OPPORTUNITY, BUT REQUIRES A NEW LENS



Defence as a sector will remain in focus. But investors need to be careful about what they are buying. Modern warfare is changing. The **Russia-Ukraine, Op Sindoer, Iran-Israel-USA, conflicts** have already shown that wars today are increasingly driven by **Drones and Anti-Drone setups, Surveillance systems, Electronic warfare, and Software-led capabilities**, rather than just traditional platforms using heavy machineries.

The opportunity is real but it will reward those who look beyond legacy businesses.

RENEWABLES: FROM OPTIONAL TO INEVITABLE



Renewables are no longer just an ESG theme - they are now a strategic necessity.

For a country heavily dependent on imported oil and gas, accelerating **solar, wind, and emerging areas like green hydrogen** is the most logical path forward. Policy support here is likely to grow more and remain strong and consistent.

Opportunity seems promising but in this sector, identifying **efficient operators, strong balance sheets, and scalable models** will be the key and not just capacity & order-book announcements.

BANKING: NAVIGATING A TIGHTER CYCLE



In the near term, **higher yields and tighter liquidity** can increase cost of funds, but reward them later through better lending spreads provided they have the balance sheet to navigate the transition.

ENERGY: THE CORE VULNERABILITY INDIA CAN'T IGNORE



Energy remains India's biggest macro risk. Every global disruption reminds us how dependent we still are on imports.

The government response this time is unlikely to be temporary. Expect a more serious push towards **domestic exploration, strategic reserves, and diversification of energy sources**. Policy will increasingly favour players who reduce dependence on volatile global supply. It extends to **critical minerals, power inputs, and the broader resource ecosystem**.

For investors, the opportunity is not just in upstream plays, but across the broader ecosystem—**storage, logistics, and companies enabling energy security**.

FERTILIZERS: POLICY-BACKED STABILITY



This is where we, Care PMS see an opportunity. Over the last few months, we have been **selectively accumulating quality names in the fertilizer space, presently having 15% exposure**, focusing on businesses with strong efficiency and reducing their import dependency through a backward integration. India remains structurally dependent on imports **~25-30% of Urea and a significant share of complex Raw material** are sourced globally. Gulf countries export about 45% of global exports of complex raw material for fertilizers. The current disruption is not a demand issue, but a **cost and logistics shock**.

India cannot risk food inflation or shortage

So govt:

- Increases **subsidy**
- Ensures **plants keep running**
- Prioritizes **domestic producers**

Risk gets transferred from company -> government

- Domestic plants run at **higher utilization**
- Efficient players operate **better than subsidy assumptions.**
- Cash flows improve as policy becomes more proactive

NOTE FOR INVESTORS: TIME TO EVOLVE THE PLAYBOOK

Since 2020, one thing is clear, **macros are no longer stable.** Global shocks, policy shifts, and geopolitical events are now frequent, not exceptions.

In such an environment, the old approach of “buy and forget” needs an upgrade. **It’s now about “buy right and stay active.”**

Geography is now a double-edged sword.

What accelerates growth in one phase can amplify risk in another.

Take **L&T** as one lens. It has 7L+ cr of order book and ~37% of it is tied to the Middle East. If tensions ease, this very exposure can turn into a sharp upside trigger. But if volatility persists, it becomes a pressure point

Which is why this is no longer a market for static thinking.

Returns will increasingly come from being active and dynamic - not from simply holding on.

WHERE TO FOCUS

The direction of capital is also becoming clearer.

- **Follow Government policies but don’t ignore Valuations**
- **Back Domestic Strength**

Businesses driven by **India’s own consumption and internal growth** are better placed than those heavily dependent on global cycles.

In a world that is changing faster, investing cannot remain static. The edge will not come from reacting to every event, but from positioning in the right direction and staying agile along the way.



DEZERV

VAIBHAV PORWAL
Co-Founder
DEZERV

**EXCLUSIVE
INTERVIEW**

“

**BY THE TIME A
FUND'S 3-YEAR
CAGR LOOKS
STAR-RATED,
THE TAILWINDS
HAVE USUALLY
PEAKED BUT
THE INVESTOR
ENDS UP
BUYING
YESTERDAY'S
WINNER AT
TODAY'S PEAK
PRICE**

”



If an investor builds a disciplined portfolio using top Mutual Funds and PMS strategies, what incremental return or risk-adjusted benefit does Dezerv add that justifies its layer?

The honest starting point is that "top" is a moving target. A large majority of funds in the top quartile over any rolling three-year period fail to stay there in the next three. Across most equity categories, 60 to 100 percent slip into lower quartiles. By the time a fund's three-year CAGR looks star-rated, the tailwinds have usually peaked, fresh capital floods in, and the investor ends up buying yesterday's winner at today's peak price. With over 1,800 schemes in total and 70 equity NFOs in FY25 alone, even a disciplined investor is selecting inside enormous noise.

But the deeper issue is structural. A disciplined DIY investor with the best mutual funds and the best PMS still has no one sitting above all of the products, rebalancing across equity, debt, REITs and AIFs as a single portfolio, making manager-level entry and exit calls, harvesting losses or coordinating tax across strategies.

There is also an information gap retail cannot close. Our team is in constant dialogue with fund managers and AMCs. That access surfaces strategy shifts, capacity constraints and team changes well before they show up in performance data. An individual investor working through apps and distributors does not have that conversation.

What Dezerv adds is a layer that owns the aggregate view, acts on opportunities without delay, and operates across asset classes rather than inside a single product. The benefit shows up as lower drawdowns during corrections, lower deviation of outcomes versus goals, and the absence of portfolio errors due to behavioural biases.



As you layer multiple managers and strategies into a single portfolio, how do you determine the optimal point where diversification continues to improve risk-adjusted returns, versus the point where it starts diluting high-conviction ideas and compressing alpha?

We think about diversification not as adding more managers, but as adding differentiated return streams. The moment incremental diversification stops improving risk-adjusted returns, it usually means we are introducing redundancy, not diversification.

Our process works in two stages. The first defines the manager universe and is built to avoid false diversification. We apply three filters to ensure every added manager is genuinely differentiated. One, we require at least 50 percent low overlap between managers. Two, we cap the aggregate number of underlying stocks across the combined portfolio, and third, we currently hold the combined portfolio to more than 40 percent active share against the benchmark, which keeps the blend meaningfully different from the index and rules out closet indexing.

The second stage is where optimisation actually happens. Once we have a clean, differentiated set of managers, allocation becomes the alpha driver. Two levers do most of the work. First, market-cap allocation, where we tilt dynamically between large, mid and small caps based on where we are in the cycle. And the second is style allocation, where we adjust exposure to growth, value and quality depending on the prevailing environment. These decisions, driven by our internal data models, are what determine whether diversification translates into better risk-adjusted returns or diluted alpha.

The optimal point itself is something we monitor continuously. We would rather hold fewer high-conviction, differentiated managers than build a complete but index-like portfolio. Category completeness is not the goal. Outcome completeness is.



How do you decide when to enter or exit a strategy or manager, and how frequently does that change?

The framework is PRISM, our proprietary fund analysis model, and it is the most operationally important piece of how Dezerv runs money.

PRISM evaluates over 400 factors across five dimensions. Portfolio construction and fundamentals capture concentration, capacity, and quality of holdings. Risk-adjusted returns cover Sharpe, Sortino, Treynor and maximum drawdown etc. Macro indicators bring in the environment: repo rate, yield spreads, VIX, FII-DII flows etc. Style and sector exposure tracks the fund's true tilt across size, style and sector etc. Momentum scores measure sustained directional strength against benchmark and the broader equity universe.

A machine learning model uses these factors to identify funds with a positive forward outlook. Our investment team then reviews the output, checks for discrepancies, applies guardrails against extreme outcomes, and finalises the portfolio. A new manager earns a place in the portfolio only if it improves incremental Sharpe, reduces concentration risk without meaningfully reducing active share, or adds a distinct factor or style exposure the current blend lacks. If an addition does not move these metrics, it is diluting conviction rather than enhancing diversification.

Reviews run monthly. Most months, the framework confirms the existing allocation. When PRISM flags an early signal, a manager whose risk-adjusted profile is deteriorating, a style drift, or a macro regime shift that changes the case for an entire strategy, we act sooner. The frequency of change is an output of the data, not a calendar event.



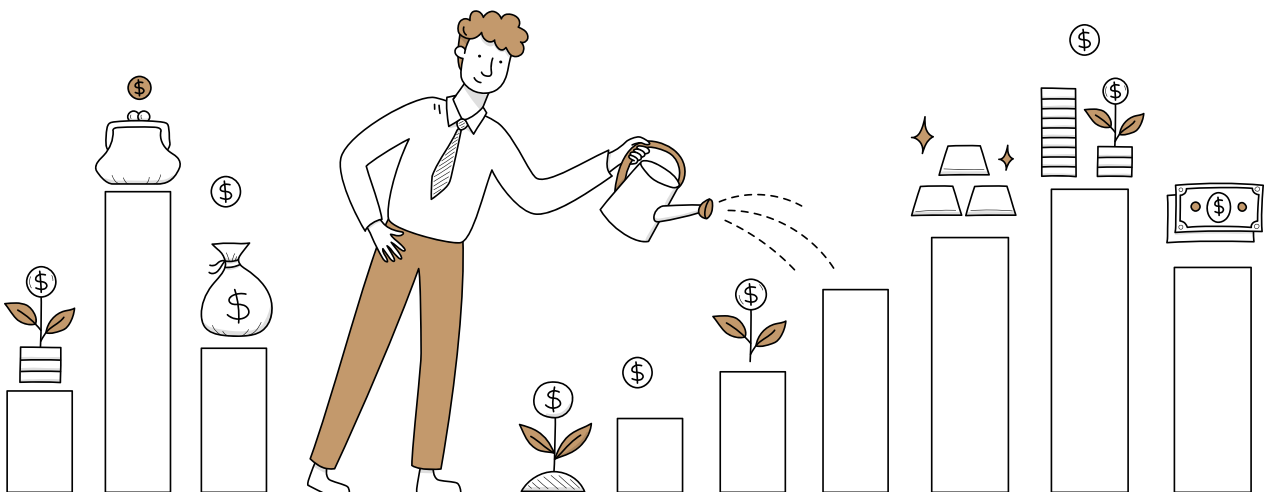
If I had invested ₹10 crore with you right from inception, what would my portfolio look like today and how different would that outcome be from a disciplined mix of mutual funds and PMS?

A ₹10 crore mandate with us does not start with a product. It starts with the allocation: corpus, liquidity needs, life-stage, risk capacity. From there, we build across our discretionary PMS strategies in equity, debt, REITs, precious metals and AIF strategies layered in where the allocation calls for it. A representative long-horizon portfolio might sit at roughly 55 to 65 percent equity across our PMS strategies, 25 to 30 percent debt & REITs and selective AIF allocations. The exact mix is calibrated to the client.

The substantive difference from a disciplined DIY mix is in the experience & returns over time, not only the labels on the holdings.

The DIY investor, even a sophisticated one, has by now likely chased one or two themes that ran hot, switched a fund or two on three-year ranking shifts, accumulated short-term capital gains from that churn, and made at least one allocation decision during a correction that they would unwind if given the chance again. None of that is a failure of discipline. It is the structural cost of being the person who has to make those calls.

The Dezerv client at the same point has had the portfolio rebalanced through corrections without their involvement, managers entered and exited in a timely & right way, losses harvested and gains coordinated across strategies for tax efficiency, and allocation tightened as life-stage and goals evolved. The drawdown profile is lower, the dispersion of outcomes against the original financial plan is narrower, and the tax drag is meaningfully lower. That is the real comparison.



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in alternates, while you enjoy the life you've earned.

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RISHI AGARWAL

CO-FOUNDER & FUND MANAGER
AARTH GROWTH FUND



Aarth Growth Fund

MSMEs THE PARADOX OF PAIN & POTENTIAL

The evolution of MSMEs in India's capital markets reflects a shift from a limited financing to "a more inclusive, equity driven growth ecosystem". Before 2012, structured access to public capital markets for small enterprises was limited to internal accrual, borrowings & private equity, leaving many promising businesses without a clear pathway to scale through public participation.

The launch of BSE SME & NSE Emerge in 2012 created the missing launchpad -regulated, accessible & designed to graduate companies upward.

SME Exchange	Listed IPOs	Fund Raised (₹ in Cr)	Market Cap at Listing (₹ in Cr)
BSE SME	144	5,731.19	23,918.36
NSE Emerge	113	5,174.48	21,887.56
Grand Total	257	10,905.67	45,805.92

Table 1: SME Exchange IPO Activity, FY 2025–26

For larger enterprises, public capital is raised on mainboard where SEBI approves the prospectus. Below is the snapshot of Mainboard Vs SME raise.

Metric	Mainboard IPOs	SME IPOs
Number of IPOs (FY25–26)	112	257
Previous Year (FY24–25)	84	235
YoY Growth	▲33%	▲9%
Funds Raised (FY25–26)	₹ 191,644.56 Cr	₹ 10,905.67 Cr

Table 2: Mainboard vs. SME IPOs Comparison, FY 2025–26

As per our experience, a raise up to around ₹120 crore typically opts for SME segment, while Mainboard IPOs generally involve fundraises exceeding ₹150 crore.

At Aarth, we invest in Microcap i.e. companies raising upto 400cr at a market cap of below 5,000cr. Our universe consists of 2500+ listed companies & 250+ IPOs each year. To give you a flavour of the volume, we have over 490 DRHPs filed across SME & Mainboard, while 190 are approved & awaiting listing as on 31st March 2026.

For investors & fund managers, this dynamic represents a clear, **“PARADOX OF PAIN & POTENTIAL”** A market large enough to generate compelling opportunities, yet complex enough that identifying sustainable businesses requires deep research, discipline & careful capital allocation.

The path from a crowded market to a high-conviction portfolio runs through three distinct layers each sharpening the lens, each narrowing the field, until only the most compelling businesses remain.

Navigating the Paradox

Addressing this voluminous space requires an institutional process backed by micro-cap experience to make informed judgement. At Aarth, it done through a three-stage layer.

First layer – Investment Philosophy

Most capital entering the microcap segment begins with enthusiasm but long-term success depends on a structured investment philosophy & disciplined execution. In a segment where information asymmetry is the real edge, an early position can deliver multiples that later entry may not.

Second layer – AARTH Framework

The AARTH Framework (Addressable Market, Asset Quality, Regulation & governance, Timing & Trends, Horizon) is where intent meets reality. The cost of an incorrect conviction extends beyond mark-to-market impact, affecting time, allocation and opportunity cost making disciplined evaluation critical.

Third layer– Risk Metrics

Risk in the microcap segment often emerges gradually through governance, operational or capital allocation signals that require continuous monitoring. It accumulates in the governance choices management quietly makes, in the operational inefficiencies that silently erode margins, shifts in the promoter focus or strategic priorities that investors must monitor closely.

Where the Real Opportunity Lies

Success stories of Microcap are far lesser than average & below average performers by number. The maximization of investment potential relies on a seamless transition from the science of exclusion to the art of conviction. While the science provides the essential discipline to filter out un-investible companies, the true advantage in the micro-cap space is found in the ability to size positions based on the art of investing.

When these two dimensions operate within an institutional risk management framework, the micro -cap universe transforms from a chaotic set of small companies into a structured opportunity set.

And it is precisely here within this balance of science & art that the **“Paradox of Pain & Potential evolves into a landscape capable of generating sustainable alpha.”**



**EXCLUSIVE
INTERVIEW**



“

**THE CHALLENGE IS NOT THE ABSENCE OF OPPORTUNITY,
BUT THE ABILITY TO GENERATE CONSISTENT AND
SCALABLE ALPHA IN A MARKET**

”

MANIT ANKHAD
Director – Head of Quantitative Investment Strategies
DOLAT CAPITAL

1

Given that quant strategies underperformed last year, what is the rationale behind launching a new fund in this space now?

The recent underperformance of quantitative strategies needs to be seen in a broader context rather than in isolation. Phases of macro dislocation, with sharp factor rotations, high correlations, and event driven moves tend to reduce the dispersion that quant models depend on. These periods are cyclical and are often followed by phases where inefficiencies return more strongly.

The rationale behind launching Dolat Quantum Leap now is rooted in this cyclicity. Market disruptions reset patterns and create fresh opportunities for well-built quantitative models to generate alpha. Our approach is not dependent on a single factor or market style. It uses a diversified, multi strategy framework supported by strong infrastructure and adaptive models.

We have also incorporated key learnings from recent market conditions, including better risk management, regime awareness, and improved execution. This helps the strategy remain resilient across different environments.

From a portfolio perspective, quantitative strategies offer low correlation to traditional discretionary investing, making them powerful diversifiers. Traditional discretionary investing relies on human conviction, judgment, and bias. These attributes are advantageous in taking concentrated, high conviction bets. In contrast, Dolat Quantum Leap systematically evaluates the entire universe of stocks in parallel, removing subjectivity and enabling participation across a wider opportunity set, thereby capturing the full breadth of the market more efficiently.

2

How would you describe the gap between U.S. quant funds and Indian quant funds in terms of strategy, scale, and market maturity?

In terms of strategy, United States quant funds operate across a wide range of approaches including high frequency trading, statistical arbitrage, and multi asset strategies. They benefit from deep research ecosystems and long histories of data. In India, quant strategies are still evolving and are largely focused on equity markets, with growing but limited participation in derivatives and intraday strategies.

Scale is another key difference. United States funds manage significantly larger capital, supported by strong institutional participation and access to global investors. This allows them to invest heavily in technology, data, and talent. Indian quant funds are smaller in comparison but are growing steadily as investor awareness increases.

Market maturity also plays an important role. The United States market is highly efficient, with intense competition and thinner margins. India, on the other hand, is a developing market with relatively lower efficiency and higher retail participation, which can create more opportunities for well-designed quant strategies.

3

In the current market context, what are the biggest hurdles for quant funds in India today?

A key challenge is crowding in a relatively limited alpha pool. Compared to developed markets, India has fewer liquid instruments and a narrower opportunity set. As more participants adopt similar quant strategies, edges tend to compress faster and become less persistent.

Capacity is another important issue. Many strategies work well at smaller capital levels but lose effectiveness as capital increases, especially in mid and small cap segments where liquidity is limited.

While the usage of alternative datasets is still evolving.

Overall, the challenge is not the absence of opportunity, but the ability to generate consistent and scalable alpha in a market that is becoming more competitive and efficient.

4

In markets like India, where factor cycles can shift quickly, how do you ensure your models remain relevant and not backward-looking?

One way we address this is by using a diversified set of factors instead of depending on a single style such as value or momentum. Different factors perform in different environments, so diversification helps reduce dependence on any one factor.

We continuously track how different factors are performing and adjust the model using recent data, while layering it with our pattern recognition framework. This helps the strategy gradually move towards factors that are working well and reduce exposure to those that are losing strength.

Risk management also plays a key role. By controlling position sizes and exposures, the model avoids over committing to any one theme that may reverse quickly.

Finally, we focus on execution and real time feedback. Markets evolve, and models need to learn from recent outcomes to stay relevant.

Overall, the goal is to build a process that is adaptive, diversified, and disciplined, so that it remains effective even as market conditions change.

5

How frequently is your model re-calibrated or re-trained, and how do you handle structural regime shifts that might break historical back-tested relationships?

Our model is designed to be adaptive, so recalibration is an ongoing process rather than a one-time exercise. At a basic level, model parameters are reviewed and updated regularly using rolling data windows. This ensures that the model reflects recent market behavior while still being anchored in sufficient history to avoid overfitting.

The frequency of recalibration depends on the strategy. Shorter horizon strategies are updated more frequently, while medium horizon models are recalibrated at a slightly slower pace. In addition to scheduled updates, we also monitor live performance closely. If we observe a meaningful deviation between expected and actual outcomes, it triggers a deeper review.

To handle structural regime shifts, we focus on diversification and robustness. The model is built using multiple signals and factors so that it does not rely on a single relationship. We also test strategies across different market conditions to ensure they are not dependent on one specific regime.

Risk controls are equally important. Exposure limits and drawdown monitoring help contain the impact if certain relationships break down.

Overall, the approach combines regular recalibration with continuous monitoring and strong risk management, allowing the model to adapt while remaining stable across changing market conditions.





GIFT CITY AS INDIA'S TWO-WAY CAPITAL GATEWAY: INBOUND AND OUTBOUND INVESTMENT OPPORTUNITIES



India's growth story is increasingly attracting global capital, while Indian investors are simultaneously expanding their search for international opportunities. At the centre of this transformation is **GIFT City**, India's International Financial Services Centre (IFSC), which has evolved into a globally competitive platform for cross-border finance. With a progressive regulatory framework, tax efficiency, and international market infrastructure, GIFT City is emerging as India's **two-way capital gateway**—facilitating both inbound investments into India and outbound investments from India to the world.

Gateway for Inbound Capital into India

For global investors seeking exposure to India's high-growth economy, GIFT City provides an efficient and internationally aligned jurisdiction. Through Fund Management Entities (FMEs), Alternative Investment Funds (AIFs), venture capital structures, family office platforms, managed accounts, portfolio management vehicles, and institutional pooling structures, overseas investors can deploy capital into India across sectors such as infrastructure, manufacturing, financial services, real estate, technology, healthcare, logistics, and consumer businesses.

Several global and domestic managers are using GIFT City structures for India-focused private equity, venture capital, private credit, real estate, and public market strategies. The jurisdiction is increasingly preferred for fund domiciliation, co-investment vehicles, warehousing platforms, feeder funds, and continuation funds, offering both operational efficiency and regulatory clarity.

The scale-up of the ecosystem demonstrates growing global confidence. As of **December 2025**, GIFT City hosted **202 Fund Management Entities** and **313 fund schemes**. Non-retail fund activity recorded strong momentum, with **USD 32.13 billion cumulative commitments raised**, **USD 17.34 billion cumulative funds raised**, and **USD 15.58 billion cumulative investments made**.

Fund Management Growth Snapshot in GIFT City till December 2025

FMEs	202
Fund Schemes	313
Commitments Raised	USD 32.13 Bn
Funds Raised	USD 17.34 Bn
Investments Made	USD 15.58 Bn

Source: IFSCA Bulletin Oct - Dec 2025

Platform for Outbound Investments from India

At the same time, GIFT City is enabling Indian capital to participate in global markets. Indian family offices, ultra-HNIs, institutions, corporate treasury centres, and sophisticated investors are increasingly seeking geographic diversification and access to global asset classes.

Through GIFT City, outbound strategies are being structured via offshore feeder funds, fund-of-funds platforms, discretionary portfolio management accounts, treasury investment vehicles, global ETF access platforms, overseas debt products, hedge fund exposure routes, and global asset allocation mandates. This allows investors to access international equities, fixed income,

private markets, structured products, and thematic opportunities through a regulated ecosystem based in India.

In effect, GIFT City is connecting India's growing domestic wealth base with the world's investment universe.

Where GIFT City Funds Are Investing

GIFT City-based funds have shown increasing diversification across sectors aligned with India's structural growth themes and global megatrends. While strategies vary by manager, investments are largely concentrated in the following sectors:

Key Sector Focus Areas

Technology & Digital: SaaS, AI, fintech, enterprise tech, digital infrastructure

Financial Services: NBFCs, insurtech, wealth platforms, payments

Infrastructure & Energy: Roads, renewables, logistics parks, utilities

Healthcare: Hospitals, diagnostics, pharma, healthtech

Manufacturing: Electronics, semiconductors, specialty chemicals, industrials

Real Estate: Warehousing, commercial assets, yield platforms

Consumer: Brands, e-commerce, food services, lifestyle

Climate & ESG: Clean mobility, circular economy, energy transition assets

These allocations reflect how GIFT City structures are increasingly being used to capture both India domestic growth and global sector opportunities.

Recent Developments Strengthening the Ecosystem

Recent regulatory reforms have further strengthened GIFT City's attractiveness. Amendments to the **IFSCA (Fund Management) Regulations, 2025**, approved in December 2025 and notified in February 2026, introduced major ease-of-doing-business measures, including:

- Relaxation in eligibility norms for Key Managerial Personnel through certification-based alternatives
- Wider recognition of relevant professional experience, including advisory and consulting roles
- Additional flexibility in validity of Placement Memorandum for Venture Capital and Restricted Schemes
- One-time extension window for expired Placement Memorandums
- 24-month migration window for appointment of IFSCA-registered custodians where required



These changes are expected to accelerate fund launches, reduce friction for managers, and deepen the ecosystem.

Additionally, investor participation across fund categories continues to expand. As of December 2025, IFSCA Bulletin.

- **722 investors** in Venture Capital schemes
- **1,503 investors** in Category I & II AIFs
- **3,257 investors** in Category III AIFs
- **1,239 investors** in Retail Schemes

This reflects broadening market depth and rising confidence in the jurisdiction.

The Road Ahead

As India advances toward becoming one of the world's largest economies, the need for a globally integrated financial gateway will only increase. GIFT City's dual ability to attract international capital into India while enabling Indian investors to access global markets gives it unique strategic relevance.

More than a financial centre, GIFT City represents India's next-generation platform for global capital flows - **the world's gateway to India, and India's gateway to the world.**



Don't Just Make
APPLE TO APPLE COMPARISON



Cross compare Portfolio Management Services (PMSes), Alternative Investment Funds (AIFs), Mutual Funds (MF) & Unit Linked Insurance Plans (ULIPs) in a single screen with

finalyca

All-in-one Investment Analytics Platform



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DEZERV

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- 01** A 30-minute, in-depth analysis
- 02** Identification of risks and underperformance
- 03** Improvement of allocation and outcomes

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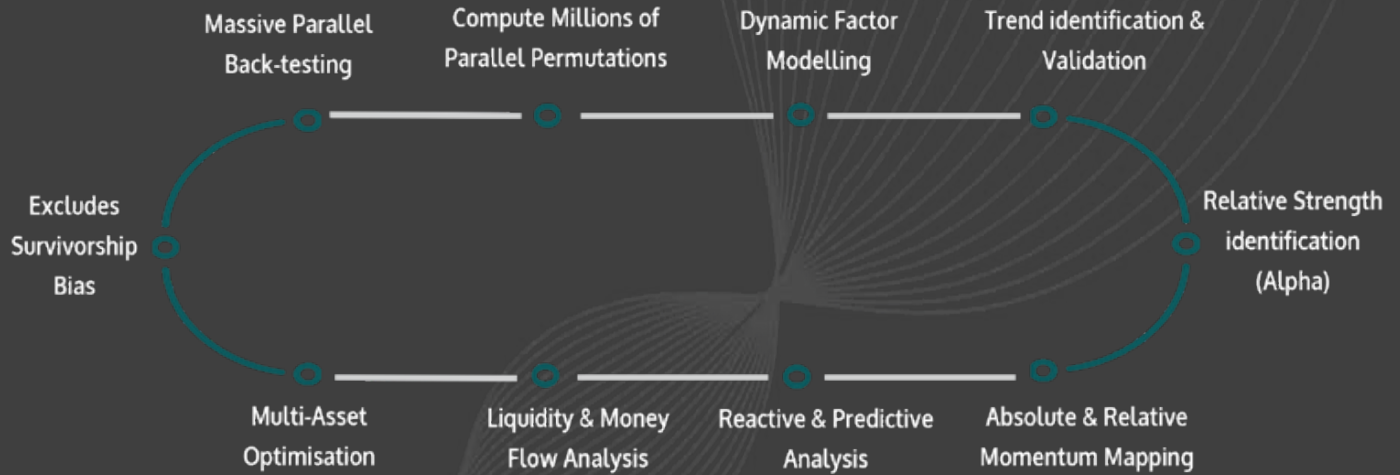


Crafting India's Quant Evolution With Dolat Quantum Leap

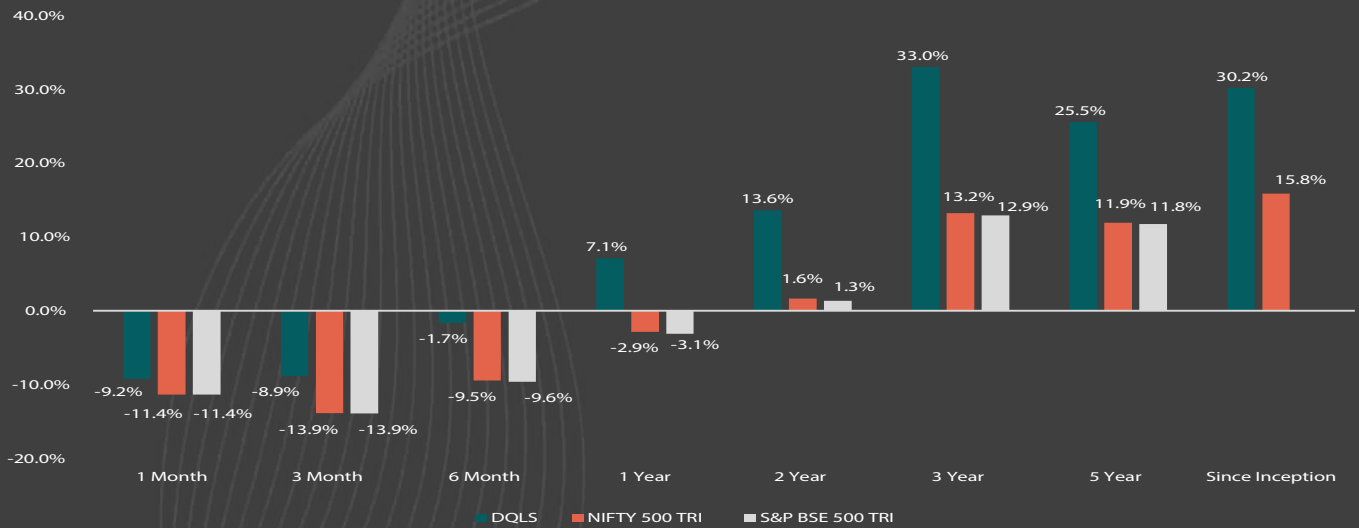
About the Fund

Dolat Quantum Leap combines data, mathematical precision, and linear, parallel analytics through an unadulterated quant framework designed to deliver alpha across market regimes.

Portfolio Construction



Multi Dimensional Rigorously Back-Tested Returns



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SCAN QR CODE FOR DETAILS

Source: ACEMF, Morningstar & Internal Research. Data as of 31st March 2026.
 Inception Date: January 16, 2026. Returns from January 16, 2026 onward reflect live performance; prior results are based on back-tested data from May 1, 2001. All returns for periods above one year are presented as CAGR. Back-tested results are gross of fees and pre-tax and are calculated using historical data; such results are indicative in nature and may evolve with ongoing model improvements. These results have not been verified by SEBI or any regulatory authority. Past performance is not indicative of future results. Investments in securities are subject to market risks. Please read all disclosure documents carefully before investing.

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