AMBIT
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Asset Management

NEWSLETTER

April 2026

All That Glitters Is Not Gold

The Indian private investment landscape has reached a pivotal inflection point, shaped by a decade of unprecedented momentum. While Private Equity (PE) and Venture Capital (VC) funds have served as the primary engines of growth over the last ten years, a new power player has emerged. Moving beyond passive fund participation, High-Net-Worth Individuals (HNIs) and Family Offices are increasingly taking the lead, deploying capital directly into both early-stage startups and mature unlisted companies. The capital raised by most active players in the Indian PE and VC ecosystem (and partly for global funds) is increasingly led by this segment as well. This is similar to the domestication of the Indian listed equity markets with the unprecedented surge of mutual fund unit holders as well as Demat accounts. This shift in sophistication is perhaps most visible in the recent IPO boom, where a significant portion of listings have been Offer for Sale (OFS), allowing these very funds and family offices to monetize their early bets.

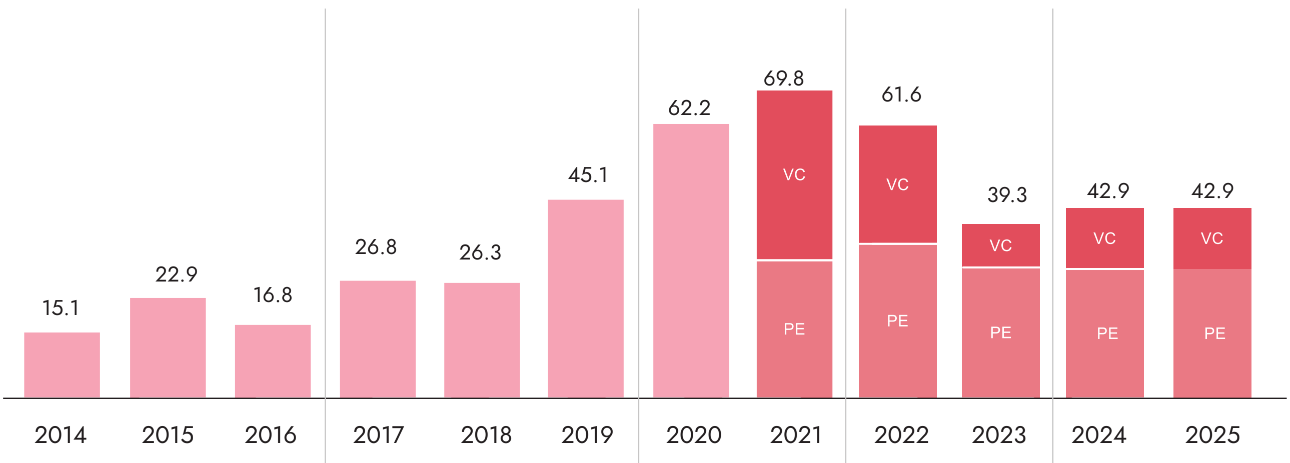
In this edition, we dive deep into this evolving ecosystem to capture:

- **The Catalyst:** The core reasons behind the surge in direct private deal-flow.
- **The Reality Check:** The critical risks inherent in bypassing professional fund structures to invest directly in unlisted entities.
- **The Playbook:** Actionable strategies to mitigate these risks and participate in private opportunities.

Private Equity & Venture Capital investments stagnating?

India's private equity and venture capital ecosystem has expanded dramatically over the past decade but is now showing signs of stagnation. Overall, Indian PE/VC deal flow reached approximately USD 43bn, with 2025 exhibiting a similar trend. Companies are thus exploring alternative pools of capital, which now include family offices and HNIs.

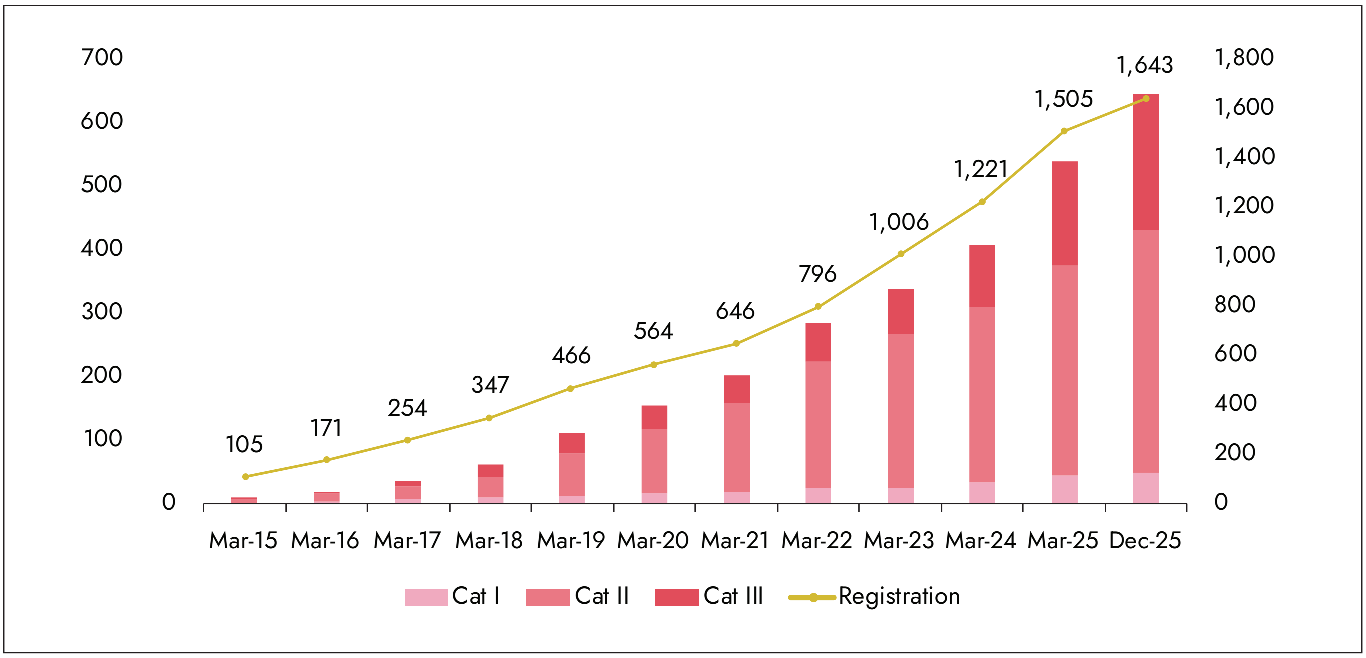
Exhibit 1: Annual PE/VC Investments in India (USD Billion)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of deals (PE/VC)	810	1,433	976	700	785	1,051	1,106	2,067	2,046	1,208	1,583	2,068
Avg. deal size (USD million)	19.0	20.5	17.0	39.2	37.7	48.3	37.2	40.4	34.4	38.5	30.4	20.7

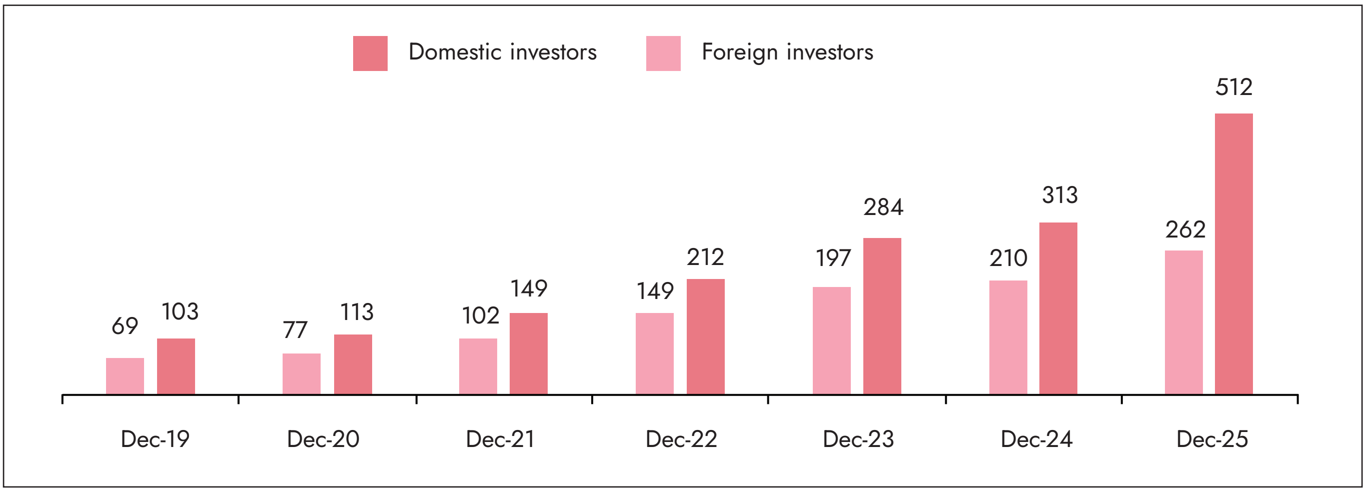
Note: Deals with undisclosed values are included in the count of deals but excluded from average deal size
Source: Bain Report India Private Equity Report, IVCA, Ambit Asset Management

Exhibit 2: Rise of Capital Raised by AIFs in India over the Last Decade



Source: SEBI, Ambit Asset Management
Note: Capital raised in INR Thousand Crores

Exhibit 3: Growth in AIF Commitments: Domestic vs. Foreign



Source: SEBI, Ambit Asset Management
Note - In Thousand crores, Foreign Investors are inclusive of FPIs, FVCIs, NRI, Others

Case Study: NSE — India's Most Traded Unlisted Name

The National Stock Exchange (NSE) is arguably the single most written about name in the Indian private market. With a valuation of INR 5.37 lakh crore, a near-monopoly in equity derivatives, and an FY25 net profit of INR 12,188 crore (up 47% year-on-year), it represents a fundamentally exceptional business. NSE is increasingly being owned by non-institutions; this shift has picked up pace over the last six years. The rapid rise of small shareholders in NSE truly reflects the growing risk appetite amongst HNIs and Family Offices to participate in the unlisted capital.

Exhibit 4: Change in NSE's Shareholding over the Years

	2012		2020		2025	
Shareholder Category	%	No of Shareholders	%	No of Shareholders	%	No of Shareholders
FDI	21.0	7	36.8	34	20.5	61
FPI	13.8	17	12.1	16	6.3	3
Domestic Institutions	52.1	25	28.8	25	29.2	67
Others	13.0	20	22.3	310	43.9	183,490

Source: NSE, Ambit Asset Management

NSE's shareholding base is already reaching 200,000 shareholders. In comparison, listed players in the Indian capital market infrastructure segment, like K-Fin Technologies and MCX, have about 250,000 shareholders. This massive increase in the number of shareholders symbolizes (a) intent to participate in the Indian capital markets boom, (b) ability to take risk of investing in illiquid businesses (relative to the listed segment) which are sizable, scalable and profitable, and (c) development of the over-the-counter market in India for unlisted companies.

Exhibit 5: Shareholder base across Key Market Institutions

Entity	March '21	March '22	March '23	March '24	March '25	December '25
CDSL	177,148	694,979	828,853	843,101	1,529,589	1,462,630
BSE	202,670	378,655	474,080	440,058	668,174	1,058,144
NSDL	-	-	76*	-	34,802**	864,415
MCX	126,875	237,592	188,868	176,305	243,456	252,470
KFin	-	-	83,843	91,348	27,756	255,939
NSE	**865**	**2,230**	**5,097**	**11,949**	**38,123**	**183,621**

*as on 10 July 2023 (DRHP) **as on 23 Jul 2025 (RHP)
Source: Screener, NSE, Ambit Asset Management

NSE has led the way for savvy investors participating in the unlisted securities but has not been alone. Many companies that are listed or have filed DRHPs have a large public shareholder base as well.

Exhibit 6: Retail Participation Widespread among Pre-IPO & Listed Companies

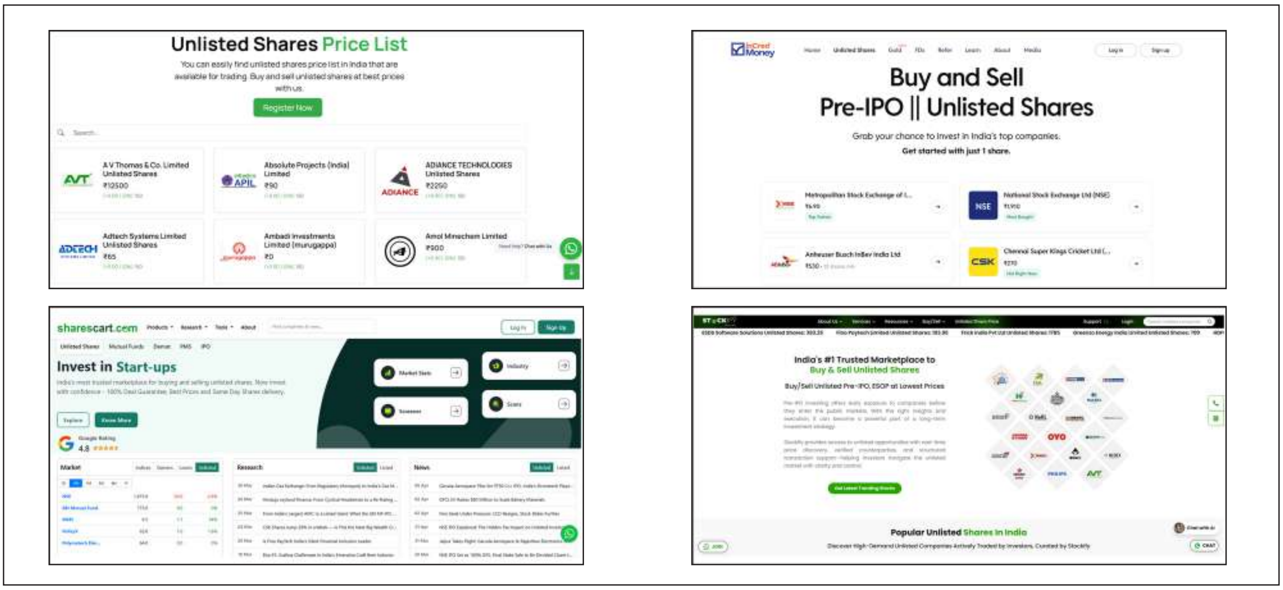
Company	No of Shareholders	% of Promoter Shareholding	% of Public Shareholding	% of Public Shareholding below 1%	Dec 2025 No of Shareholders
Groww	10,622	28.04%	71.96%	7.79%	771,434
Meesho Limited	166	19.08%	80.92%	18.69%	213,179
Lenskart	476	19.9%	80.10%	14.05%	128,502
Tata Capital Ltd	37,012	95.60%	3.70%	2.60%	1,404,334
HDB Financial Services Ltd	49,366	94.32%	5.44%	5.38%	1,027,204
Urban Company Ltd	57	21.1%	78.90%	7.64%	209,972
PhysicsWallah Ltd	842	81.64%	18.36%	1.52%	203,128
Pine Labs Ltd	1,921	0%	100%	20.00%	127,792
Swiggy	26,930	0%	100%	24.05%	535,024
Brainbees (Firstcry)	119	0%	88.84%	9.58%	139,204
Zomato	74	0%	95.80%	10.03%	2,271,175
Nykaa	144	54.25%	45.75%	11.99%	416,760
PayTM	6,368	0%	100%	14.20%	841,556
Phonpe	1,707	73.33%	26.67%	7.45%	N.A
SBI Funds Management Ltd	21,352	98.02%	1.81%	1.86%	N.A

Source: SEBI, RHP/DRHP, Ambit Asset Management

Whilst many of these companies have raised capital in multiple rounds from institutions, family offices, and UHNIs, the rapid rise in the number of small public shareholders can be ascribed to secondary sales of shares by primary fund raise participants, as well as to employees who exercised their ESOPs.

Unlike stock exchanges, which deal in listed securities only, there is no formal mechanism for dealing in unlisted securities. The over-the-counter trade of these securities mostly happens through intermediaries who specialize in these trades. A few intermediaries have also used digital channels to create a marketplace for these secondary markets.

Exhibit 7: Private Companies Market Place Websites



Source: Unlistedzone.com, Sharescart.com, Stockify.net.in, Incredmoney.com, Ambit Asset Management

The IPO Exit Boom

The Indian IPO market has served as a critical exit route for PE/VC investors. The table below tracks IPO volumes, fresh capital raised, and Offer-for-Sale (OFS) proportions over the last decade — illustrating how the stock market has matured into a reliable liquidity window.

Exhibit 8: India IPO Market: Decade of Growth (2015 - 2025)

Year	Issues	Fresh Capital (Rs.Cr.)	OFS (Rs.Cr.)	Issue Amount (Rs.Cr.)	OFS%
2025	375	81,679	113,025	194,704	58%
2024	336	93,727	95,839	189,566	51%
2023	240	26,438	30,883	57,322	54%
2022	151	23,678	41,813	65,491	64%
2021	125	52,797	78,236	131,033	60%
2020	45	19,703	26,593	46,296	57%
2019	69	8,324	9,423	17,746	53%
2018	165	9,401	23,845	33,246	72%
2017	172	20,102	56,020	76,122	74%
2016	94	9,586	17,455	27,041	65%
2015	64	6,784	7,091	13,875	51%

Source: Chittorgarh, Ambit Asset Management

- The trend of PE/VC-backed IPOs in India has accelerated in recent years, underscoring the increasing maturity and depth of the country's capital markets. Public listings are emerging as a preferred exit route for investors, as they often provide higher valuations and liquidity compared to private transactions.

- This shift reflects growing investor confidence in India's market ecosystem. IPOs can unlock significant value - particularly for early-stage investors who support companies through their formative growth phases - while also enhancing the credibility and visibility of portfolio companies.

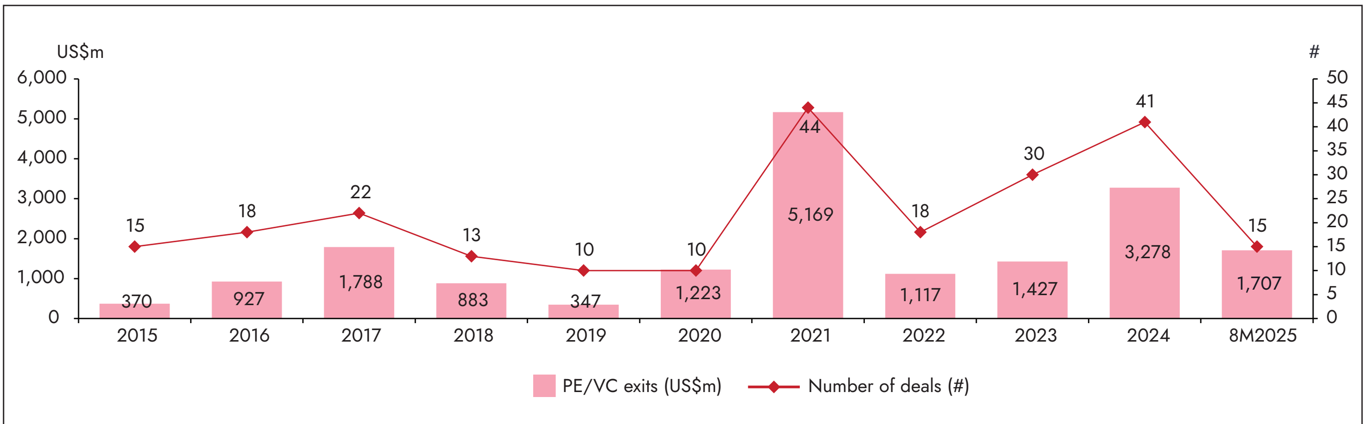
- The year 2021 was pivotal, recording the highest-ever number of PE/VC-backed IPOs (USD 5.2bn across 44 IPOs). A decline followed in 2022 on account of sharp corrections in global equity markets amid rising inflation, rate hikes, and geopolitical conflicts.

- Years 2023 and 2024 saw a resurgence. 2024 recorded the second-highest number of PE-backed IPOs (41 IPOs), supported by buoyant Indian markets, stable economic conditions, and controlled inflation.

- Over the last five years (since 2020), PE/VC-backed IPO exits have realized USD 13.9bn across 158 IPOs. In terms of sectors, financial services recorded the highest volume and value, followed by e-commerce, technology, healthcare, and automotive - these five sectors collectively accounted for 70% of total PE-backed IPO value since 2020.

- PE/VC-backed IPOs now constitute a substantial and growing portion of India's overall IPO market, reflecting the positive evolution of the country's capital markets.

Exhibit 9: PE/VC-backed IPOs: Trend in PE/VC-backed IPO exits



Source: EY IVCA Monthly PE-VC Roundup Report, Ambit Asset Management

Why Investors Invest in Private Markets?

Private markets have seen significant growth over the last decade. Most of that growth has been driven by institutional investors, largely due to a lack of access points for non-institutional investors. However, with more opportunities for private investors to access this area, demand is rising significantly.

Investing in private markets has moved from a niche activity to a mainstream strategy for wealth creation in India. While they carry higher liquidity risk, the potential rewards often outweigh the constraints for patient investors. Here is why investors are increasingly allocating capital to unlisted companies:

1. Superior Returns (The "Alpha" Factor)

One of the top reasons investors are drawn to private markets is the potential for higher returns than public markets. Investors can prioritize maximizing returns, accepting slightly higher risk for the potential of increased performance. The 'illiquidity premium' and 'complexity premium' together can significantly boost returns for investors. The primary driver is thus the valuation gap. By the time a company hits the public markets (IPO), much of its exponential growth has often already occurred. Investing in private markets allows an investor to capture value during the Growth or Late-Stage phases.

2. Diversification Beyond the Index

The public market is often heavy in specific sectors like BFSI, IT Services, Pharma & Healthcare, etc. The private market, however, provides exposure to **new-age sectors** that aren't yet well-represented on the stock exchange, such as:

- E-commerce & D2C Brands
- Clean Energy & EV Infrastructure
- Specialized Manufacturing

Private investors have also been captivated by the potential to harness major secular trends like decarbonization, demographic shifts, and disruptive technologies — trends largely driven by private companies. Key current thematic opportunities include:

- AI Revolution
- Aging Populations - biotech, healthcare services, and senior living
- Space-tech and Deep-tech

Private markets offer a much wider spectrum of opportunities than public markets, driven by companies staying private for longer and securing funding from private capital instead of going public.

3. Early Access to Future Blue Chips

Private market investing allows you to "own the future" today. Many of India's current market leaders were once held exclusively by private investors for decades. By identifying high-quality companies with strong fundamentals and professional management before they go public, an investor positions themselves as an early stakeholder in tomorrow's household names.

4. Influence and Information

For HNIs and Family Offices making direct investments, the unlisted space offers a level of engagement not possible in public markets. One may get:

- Information Rights: Access to detailed monthly/quarterly financial health beyond what public companies disclose.
- Strategic Input: In some cases, a seat on the board or an advisory role to help steer the company's direction.

5. Institutional "Signal"

Many unlisted companies available to sophisticated investors are already backed by top-tier Global PE firms or Sovereign Wealth Funds. Investing alongside these giants provides a level of comfort that the company has undergone rigorous institutional due diligence.

Key Considerations for the Private Markets

Benefit	Description
Price Discovery	Often less volatile than public markets because prices aren't reacting to daily news cycles.
Pre-IPO Upside	Buying at a "Pre-IPO" stage often comes with a discount to the expected listing price.
Long-term Focus	Forces a disciplined, long-term holding period (typically 3–7 years), preventing "panic selling."

Risks of Investing in Private Markets

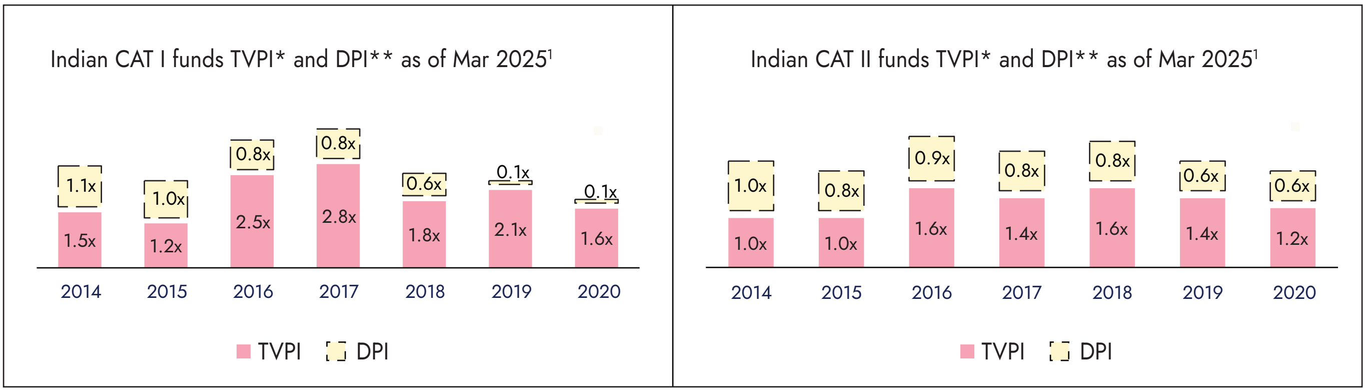
The private market space, while offering genuine alpha potential, is structurally tilted against the uninformed investor. While the promise of "founder-like" returns is compelling, the private markets operate with a different set of gravity - one where capital can remain locked for years and transparency is often a luxury. Unlike the public markets, where liquidity is a click away, direct investments in unlisted companies are inherently illiquid, often requiring a 3 to 7 year horizon with no guaranteed exit window. Furthermore, the absence of centralized exchange means price discovery is subjective, and valuation gaps can be significant, leaving investors vulnerable to "information asymmetry" and governance lapses. From the sudden shifting of regulatory goalposts to the operational risks of a single-asset bet, navigating this space demands a rigorous due diligence framework and a stomach for volatility that public indices rarely test. We highlight few such core risks below:

- **Liquidity & Exit Risk:** There is no "ready market." There is no mechanism for real-time matching of buy and sell orders in the private markets. In periods of market stress, buyers vanish entirely. Unlike listed securities, where an investor can sell any day, an unlisted position can remain permanently locked. NSE itself was unable to provide its unlisted shareholders an IPO exit for a long time. Selling stake requires finding a willing private buyer or waiting for an IPO, which often comes with a mandatory 6M post-listing lock-in period for pre-IPO investors.

  The Indian private equity and venture capital ecosystem is currently facing significant liquidity challenges, largely driven by a higher bar for institutional-grade IPOs and a preference in capital markets for mature, profitable companies. Public market exits (which include IPOs) have plummeted from 40% of VC exits in 2022 to just 13% in 2024, and the median time for a startup to reach an IPO has lengthened from 10.5 years to 13 years.

  Because companies are staying private longer, a massive gap has formed between paper valuations (TVPI) and actual cash distributions (DPI). Only 8.9% of Early, Growth, and Late-stage Funds initiated between 2014 and 2020 managed to return their initial capital (achieving a 1.0x median DPI) after roughly 11 years. This severe lack of liquidity has made returning cash to Limited Partners (LPs) a top priority, with DPI now being considered the "new IRR". Ultimately, these delayed exits are starving the ecosystem of cash and making it significantly more difficult for managers to raise new funds.

Exhibit 10: Resulting in Growing Pressure on Funds to Return Cash to their Limited Partnership's



Source: 1 CRISIL Intelligence – AIF Benchmarks (Total of 735 schemes across CAT I/II have been analyzed – Funds that did not provide adequate/required data were excluded)
Note: * TVPI – Total Value to Paid In Multiple: Net Asset Value to Paid In Capital; ** DPI – Distributed Value to Paid In Multiple: Distributed Capital to Paid In Capital; CAT I – VC, Social Venture and SME Funds; CAT II – Equity (Unlisted + Listed), Real Estate, Debt, Distressed Asset, Venture Debt Funds

India's DRHP pipeline is ballooning unsustainably, with closing numbers climbing from 58 at the end of FY24 to 197 by FY26 - a 3.4x surge that signals regulatory overload, creeping bottlenecks and market preference. New filings exploded to 219, yet closures lagged proportionally (dropping from 40% to 33% of total), while expirations and withdrawals spiked to 37 cases (11% vs. prior 4%), exposing heightened scrutiny. This growing backlog risks market clutter, which dilutes quality and stalls momentum as SEBI grapples with vetting the influx.

Exhibit 11: IPO Market Surge

DRHP Status	FY26	FY25
Total DHRP at start of FY	128	58
New DRHPs Filed during the year	219	140
Total DHRPs	**347**	**198**
IPOs Launched	113	79
% of Total DHRPs	33%	40%
Expired	16	7
Withdrawn	21	1
	37	**8**
% of Total DHRPs	11%	4%
Closing Number of DRHPs in Pipeline	197	128
% of Total DHRPs	57%	65%

Source: Ambit Asset Management

- **Absence of Regulatory Oversight:** Unlike listed securities governed under SEBI's comprehensive framework, unlisted equity transactions occur over the counter between counterparties. There is no centralized exchange, no real-time price discovery, no mandatory disclosure norms, and no grievance redressal mechanism. SEBI explicitly clarified in December 2024 that electronic platforms facilitating transactions in unlisted securities of public limited companies are operating in violation of the Securities Contracts (Regulation) Act, 1956.

Exhibit 12: Investor Protection in the Public Markets in India

The Indian stock market protects investors through a **decentralized, multi-layered architecture** where no single entity has full control over your assets. This structure ensures transparency and prevents a single point of failure. India has one of the most advanced and fastest settlement infrastructures in the world.

Summary of Key Entities & Roles

- **SEBI (The Regulator)**: The **"Police."** It sets the rules, monitors market movements for manipulation, and provides the SCORES platform for resolving investor disputes.
- **Stock Exchanges (NSE/BSE/MSE):** The **"Marketplace."** They provide the platform for buying and selling and ensure companies disclose all relevant information to the public.
- **Depositories (NSDL/CDSL):** The **"Vault."** They hold investor shares in electronic form. Because shares are in investors' names in a demat account, even if the broker goes out of business, investors' shares remain safe.
- **Clearing Corporations (NCL/ICCL):** The **"Guarantors."** They sit between every buyer and seller to ensure that money and stocks are exchanged correctly, removing the risk of one party backing out.
- **Stockbrokers:** The **"Gatekeepers."** They provide an interface for investors to trade. Modern regulations (like ASBA for IPO) ensure they cannot easily misuse your funds or securities.

The Protection Workflow

- **Transaction:** Investors place an order via their **Broker** on the **Exchange.**
- **Verification:** The **Clearing Corporation** verifies that investors have the funds/shares.
- **Settlement (T+1/T+0):** The **Clearing Corporation** moves the money and shares simultaneously.
- **Safekeeping:** Investors' shares are credited directly to their account at the **Depository**, and their funds are protected by bank-level encryption and regulatory mandates.

This "segregation of duties" means that for an investor to lose their assets to fraud, multiple independent institutions would have to fail simultaneously, which is highly unlikely given current digital safeguards.

Critical Risk: NSE's ISIN was not Activated until March 2025

For years, NSE's shares traded in the private markets through a cumbersome two-stage manual transfer process outside of CDSL/NSDL standard settlement. This meant that buyers had no depository-level protection on their holdings — a significant departure from how even other unlisted shares function. The ISIN was only activated for standard T+1 demat settlement in March 2025 pursuant to SEBI prescribing the framework for monitoring the shareholding norms of Market Infrastructure Institutions. Investors who transacted in NSE shares before this date were exposed to settlement risk that is simply not visible to retail participants.

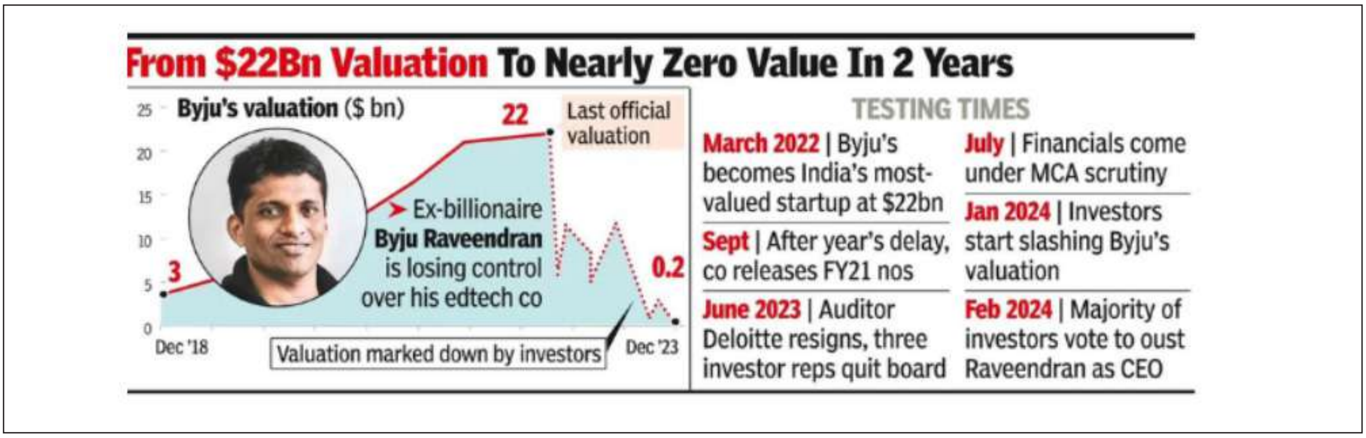
- **Information Asymmetry:** Unlisted firms are not mandated to provide the same level of quarterly disclosures as public companies. Financial reports can be delayed, making it difficult to assess real-time performance.

Exhibit 13: Information Asymmetry - Public vs Private Markets

Dimension	Listed (BSE/NSE) Companies	Unlisted Companies
Financial Transparency and Disclosure Frequency	Mandatory quarterly (Q1–Q4) & annual reports under SEBI LODR Regulations. Audited financials filed on BSE/NSE; publicly accessible via SEBI	No mandatory periodic reporting; governed by Companies Act 2013. Financials filed with RoC (MCA21) but access is limited & often delayed
Material Event Reporting	Immediate disclosure of price-sensitive events under SEBI (PIT) Regulations	No obligation to disclose material events; UPSI remains within closed circles
Investor Blind Spots	Limited due to continuous SEBI-mandated disclosure regime	High - Promoter pledging, RPTs & round-tripping often go undetected
Due Diligence Burden	Lower - BSE/NSE filings, SEBI & third-party databases widely available	High - Requires primary research, RoC searches & direct management engagement

Source: Ambit Asset Management

Exhibit 14: From India's Most Valued Startup to Crisis



Source: Timesofindia.indiatimes.com, Ambit Asset Management

- **Counterparty Risk:** No Disclosure Obligations; Settlement depends on Trust. Direct retail purchasers of unlisted shares receive no statutory information rights: no audited financials, no board disclosures, no regular updates. All information flows through informal broker relationships with conflicting incentives. Settlement is bilateral — the Atum Capital case (INR 115cr of NSE shares allegedly not delivered) demonstrates that even large transactions involving India's highest-profile unlisted security are not immune to counterparty failure.

Exhibit 15: ED Raids on NSE Unlisted Shares Fraud

PRESS RELEASE 05/03/2026

Directorate of Enforcement (ED), HIU had conducted search operations at 8 locations on 27.02.2026 in Mumbai and Chennai in the case of M/s Atum Capital Pvt Ltd and Others under the provisions of Prevention of Money Laundering Act (PMLA), 2002.

Investigation done by ED so far revealed that a cartel is being run by the entities namely Atum Capital Private Ltd, Optimus Financial Solutions Pvt Ltd, Babli Investment Pvt Ltd, M/s Supremus Angel and others. The stated entities through their Directors namely Satish Kumar, Sanjay Damani, Niraj Nisar, Krish Vohra, Manish Soni, Smt. Nisha Kumari lured innocent persons to buy unlisted shares of NSE Ltd and fraudulently promised them that they were holding unlisted NSE shares and would transfer the same to the investors. However, in reality, the accused did not have any stock/possession of unlisted NSE shares. In pursuance of the false promises, the entities entered into share purchase agreements with a premium with the investors and received a large quantum of funds from multiple innocent investors as advance. As, the shares of NSE India Ltd are not listed on any stock exchange, the delivery of the same from the seller to the buyer is not regulated by any stock exchange.

Further, the Proceeds of Crime received by the accused as advance from the investors have been routed through multiple bank accounts and invested in movable/immovable properties. During the course of the searches, details of the properties acquired by the accused, incriminating documents and digital records have been seized which are under examination to ascertain the scale of the fraud perpetrated by the accused. Further, various bank accounts and Demat accounts of key persons/entities, mainly Satish Kumar, Sanjay Damani, M/s Autum Capital Private Limited, M/s Optimus Financial Solutions Pvt Ltd and M/s Babli Investment Pvt Ltd have been frozen u/s 17(1A) of PMLA, 2002 as they were found to be Proceeds of Crime. Investigation has also revealed that multiple complaints have been filed by the victims pan India against the accused, and FIRS are yet to be registered by the LEAS on some of the complaints.

Further investigation is under progress.

mint Premium | MARKETS PREMIUM

NSE unlisted share probe puts spotlight on risky grey market

Abhinaba Saha, Apoorva Ajith | 5 min read | 11 Mar 2026, 12:53 PM IST

Last week, ED conducted searches at eight locations in Mumbai and Chennai as part of a money laundering investigation linked to the sale of shares of NSE. (HT Photo) (HT_PRINT)

SUMMARY

The ED's probe into fake NSE share sales has exposed structural gaps in India's fast-growing ₹5 trillion unlisted market. Experts say clearer regulations could improve investor protection and bring greater institutional participation.

Source: Press Release, Director of Enforcement, India, Mint, Ambit Asset Management

- **Valuation Uncertainty:** Without daily price discovery, valuations are often based on the most recent funding round. If the sector cools or the company misses a milestone, an investor's "on-paper" value could evaporate without a clear benchmark. Unlisted share prices are set by market sentiment, rumors, and the seller's ask, not by any audited, independently determined valuation. Prices routinely move by double digits % with no underlying business trigger as they are discovered in bilateral negotiations. In fact, the same security can trade simultaneously at different prices.

  A classic 'pump and dump' dynamic operates: a coordinated network of brokers drives up the price via Telegram/WhatsApp groups, retail investors rush in, and early sellers exit.

- **Concentration Risk:** Direct investing often involves larger "ticket sizes" in fewer companies. Unlike a diversified PE fund, a single business failure can result in a total loss of principal for that specific allocation.

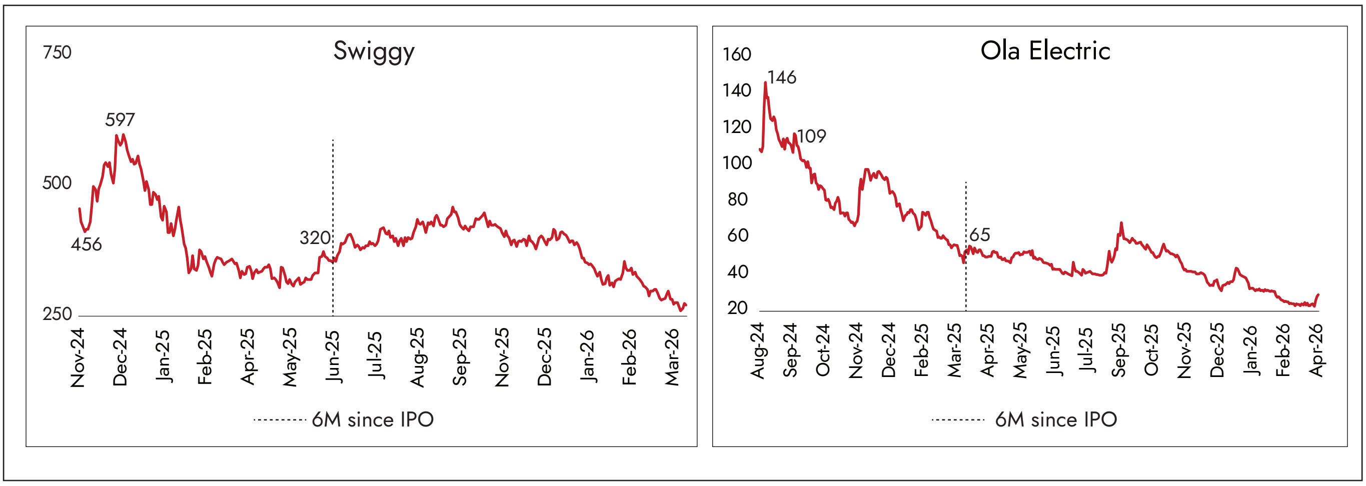
- **Lock-in Risk:** While IPOs are traditionally seen as the defining liquidity event for private investors, they carry a structural risk that is often overlooked. A mandatory 6M period following a listing during which pre-IPO investors are prohibited from selling their shares.

  Recent examples from the Indian market illustrate this clearly. Both Swiggy and Ola Electric saw their stock prices surge sharply in the days immediately after listing, with Swiggy briefly approaching ~INR 600, before entering a prolonged decline in the months that followed.

  The problem is one of timing. The 6M restriction has historically coincided with the period when stock prices were at their highest, leaving pre-IPO investors unable to sell during the most favorable window. By the time the lock in ends and they are free to exit, prices have often already been corrected significantly. Investors who took on the most risk by entering early are thus structurally prevented from capturing peak returns — replacing one form of illiquidity with another, at the worst possible moment.

Unlike an IPO, where SEBI mandates a statutory lock in of 18 months on 20% of Promoter shareholding, 6 months on the rest, and up to 90 days for anchor investors, an AIF carries no such regulatory restriction. This means investors can capitalize on rising valuations and exit at an opportune time, a flexibility simply not available in an IPO. One is regulation-enforced, the other is trust-based.

Exhibit 16: The Lock-In Trap: Why Pre-IPO Investors Miss the Peak



Source: Investing.com, Ambit Asset Management

How to Mitigate These Risks

Managing a private market portfolio requires moving from a "trading" mindset to a "structuring" mindset:

1. **Staged Due Diligence:** Go beyond the pitch deck. Request audited financials for the last 3 years, verify the cap table, and conduct independent promoter background checks.

2. **Right-Sized Allocation:** Treat unlisted securities as a "satellite" portfolio. Most sophisticated investors cap this exposure at 5% to 10% of their total equity allocation to ensure the bulk of their wealth remains liquid.

3. **Governance Rights:** When investing significant capital, negotiate for information rights or observer seats to stay informed of pivot points before they become crises.

4. **Portfolio Diversification:** Avoid "sector-tunneling." An investor could spread the direct bets across 5 - 10 companies in different industries to mitigate the impact of a single company / sector failing.

5. **Fund vs DIY:** Investors seeking exposure to the unlisted equity asset class, the choice of vehicle matters as much as the choice of company. The table below outlines structural differences between retail direct investing and a AIF fund approach - with specific regulatory and legal references.

Exhibit 17: Advantages of Fund Structure over DIY Investments

Dimension	Direct Private Investing	Private investing through AIF
Diversification	Risk	Protected
	No concentration limit - one failure wipes the investment.	Single-asset exposure capped at (10-25%) of investible funds.
Due diligence	Lagging	Real-time
	ROC filings 6—12 months stale; no verification rights.	VDR access, forensic audits, board observer seats.
IPO exit	Locked	Day 1
	Mandatory 6-month post-IPO lock-in.	No Lock-in an AIF Fund, enabling participation in selling post IPO
Pricing	Retail premium	Wholesale
	Marked-up secondary shares via unregulated intermediaries.	Fresh capital in primary rounds at negotiated valuations.
Taxation	Complex	AIF CAT I & II Pass-through In CAT III Fund pays the taxes
	Manual DIS tracking; S.50CA reporting on each transaction.	
Liquidation priority	Last in line	First out
	Standard equity; paid after everyone else in a wind-down.	CCPS (preference shares) recover capital before founders/retail.
Governance	Passive	Active
	Founders can down-round or pivot without notifying you.	Anti-dilution ratchets and affirmative veto rights via SHA.
Counterparty risk	High	Regulated
	Cash sent to unregulated intermediaries; share transfer unverified.	Capital held by an independent SEBI-registered custodian.
Minimum ticket	₹50K - 1L	₹1 Crore
	Accessible to retail investors.	Legally restricted to HNIs and institutions.

India's pre-IPO landscape presents a compelling and still-nascent opportunity for discerning investors. Yet opportunity, absent the appropriate regulatory governance framework, is indistinguishable from risk. The evidence presented across this edition points to a singular conclusion: those who have participated most profitably in India's Private Market Wave have done so through investment vehicles underpinned by rigorous due diligence, enforceable legal protections, regulatory oversight, and incentive structures aligned with investor outcomes.

The choice of vehicle is not incidental to investment performance - it is foundational to it. In a market defined by information asymmetry and uncertain exit timelines, the discipline of '**how**' one invests is every bit as consequential as the decision of '**where**' to invest.

Opportunity in Adversity?

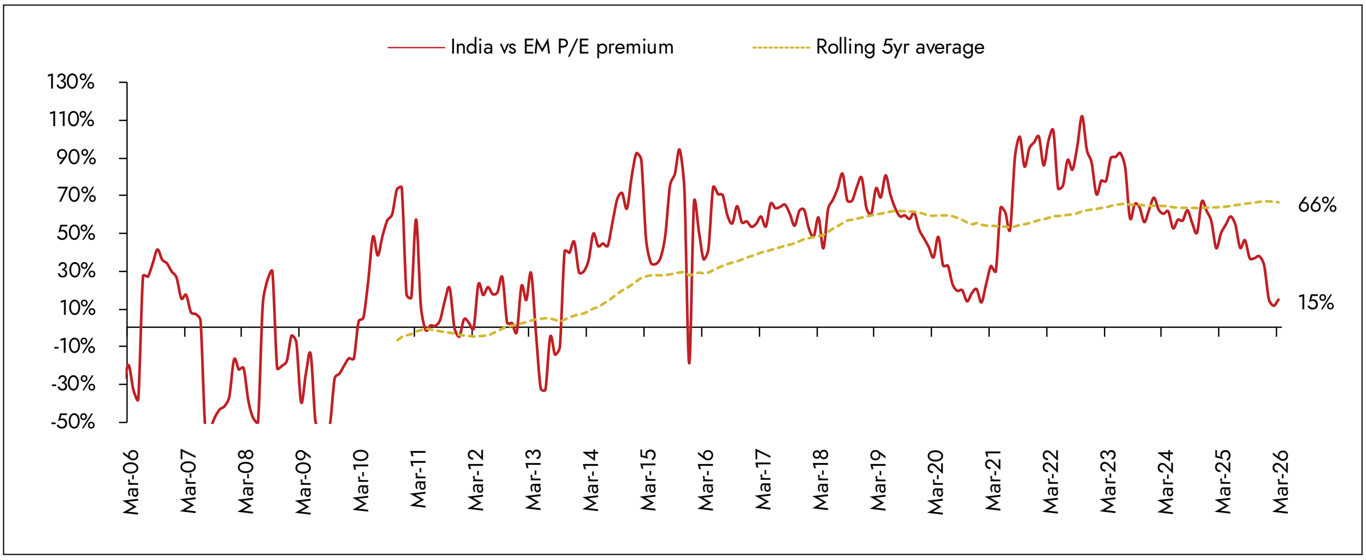
After navigating the complexities and risks of the unlisted market, a natural question emerges: Where should a patient, informed investor be looking right now? The answer, perhaps surprisingly, points back to listed equities. And the timing appears more compelling than it has been in years.

Global markets have been rattled by the US-Iran conflict, triggering a broad selloff across equities and commodities. Indian markets have fallen 13.9% YTD Mar-26, and FII outflows persist across most emerging markets. Yet history shows that across 9 major geopolitical events, markets recovered within an average of 38 days. Furthermore, after every 18–19 month dull period, the Nifty 50 has delivered positive returns 100% of the time in the following 12 months—suggesting the current turbulence may be precisely the kind of adversity that creates opportunity.

On the fundamental side, the case for India looks increasingly compelling. Valuations have corrected significantly nearly 48% of stocks now trade below their 10-year average PE and earnings are finally being upgraded after 7 straight quarters of downgrades. India's valuation premium over broader EM has collapsed from 66% to just 14%, making it attractively priced relative to history. Combined with India's well-diversified market structure and its long-term outperformance over EM (10-year CAGR of 7.2% vs 5.6%), the overwhelming weight of evidence points to this being a strong entry point for long-term investors.

For most of the last decade, investing in India commanded a premium - and rightly so. Strong economic growth, a large domestic market, and consistent corporate earnings justified paying more than other emerging markets. But today, that premium has fallen well below its 5-year average. This has only happened twice before - during the uncertainty of COVID in 2020, and briefly in 2013. On both occasions, investors who stepped in were rewarded. Global investors appear to be underpricing India relative to its long-term potential, and historically, that gap has not stayed open for long.

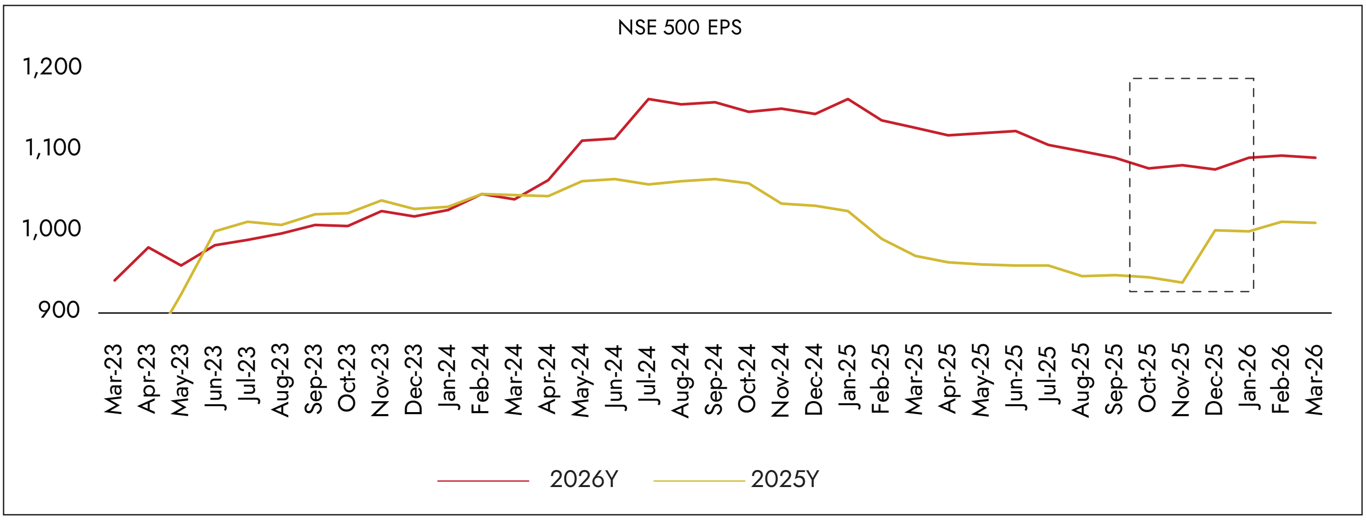
Exhibit 18: India's Valuation Premium over EM is below 5 Year Average (Last time it was during COVID and before that in 2013).



Source: MOSL, Ambit Asset Management

Corporate earnings in India went through a prolonged difficult stretch - seven consecutive quarters where results disappointed expectations. That is a long period of reset. But Q3FY26 marked a meaningful turning point, with earnings finally recovering. This matters because markets typically begin to move before the recovery is fully visible. Investors who wait for confirmation often miss the early and most rewarding part of the cycle. The window between when earnings begin to recover and when prices fully reflect that recovery is historically one of the best times to be invested.

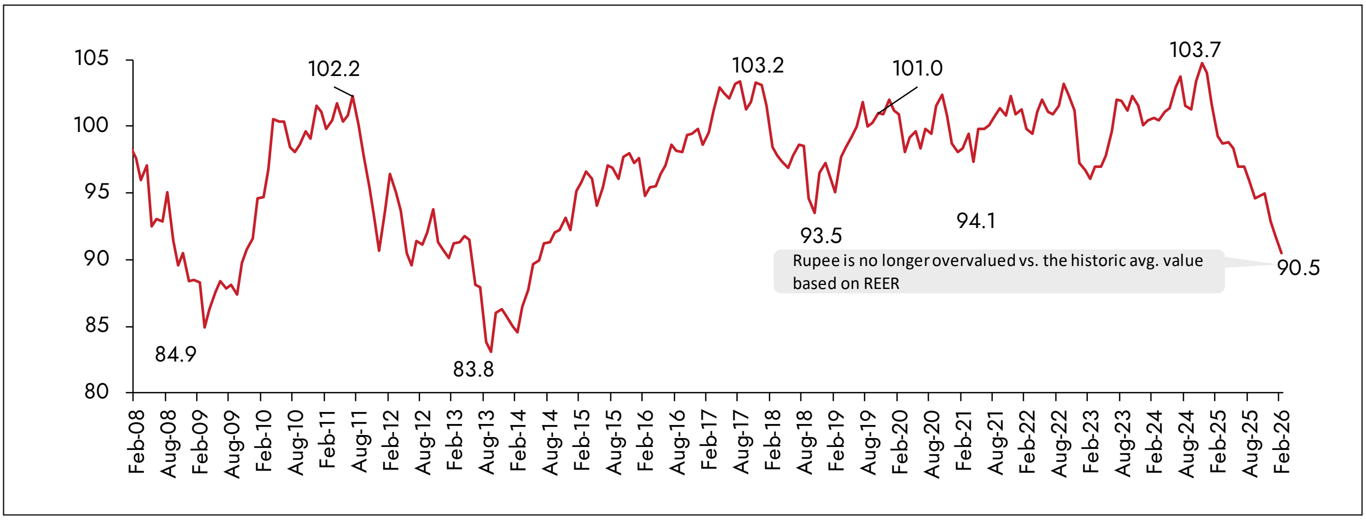
Exhibit 19: Earnings Rebounded in Q3FY26 after 7 Quarters of Downgrades, Signalling a Strong Uptick in Earnings for FY27 and FY28



Source: Bloomberg, Ambit Asset Management

Currency movements tend to be slow and then sudden. The Rupee has weakened over the past 18 months, but that weakness is increasingly looking like a setup for a reversal. A measure that tracks the Rupee's real value against a basket of global currencies - adjusted for inflation - currently suggests it is undervalued by approximately 5% relative to its historical average. We have seen this before. Similar currency stress preceded sharp recoveries in Indian markets after the Global Financial Crisis in 2008-09, the refinancing crisis of 2013, and the financial sector stress of 2018-19. Each time, foreign investors returned in significant numbers and markets responded strongly. The conditions today bear a close resemblance to those periods.

Exhibit 20: The Currency is Positioned for a Recovery



Source: Ambit Capital Research, Ambit Asset Management

A Large Part of the Market is Available at Attractive Prices:

Perhaps the most tangible signal - nearly half of all listed stocks, concentrated particularly in the mid and small cap space, are currently trading below their 10-year average valuations. These are not distressed or struggling businesses. Many are fundamentally sound companies that have been caught in a broader market correction. When quality businesses become available at below-average prices, it is not a warning sign. It is an opening.

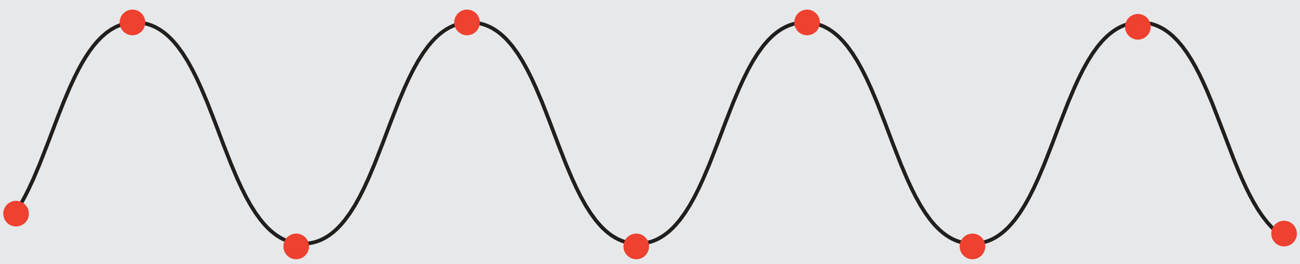
Exhibit 21: Valuations have become Most Attractive Recently. Nearly 50% of Stocks (Primarily in Mid and Small Caps) are Trading below their 10Y Average.

% of stocks trading at a Premium / In Line / Discount to their 10Y Average																		
Mcap Classification	Nov-16			Mar-19			Mar-22			Sep-24			Mar-25			Mar-26		
	Premium	In Line	Discount	Premium	In Line	Discount	Premium	In Line	Discount	Premium	In Line	Discount	Premium	In Line	Discount	Premium	In Line	Discount
Large Cap	59%	19%	22%	41%	28%	31%	51%	20%	29%	76%	8%	16%	41%	32%	27%	37%	31%	33%
Mid Cap	66%	19%	16%	44%	28%	28%	46%	24%	30%	75%	14%	10%	41%	28%	31%	35%	27%	38%
Small Cap	57%	22%	21%	36%	21%	44%	31%	21%	48%	64%	17%	19%	25%	23%	51%	18%	21%	60%
Total	**60%**	**20%**	**19%**	**40%**	**25%**	**35%**	**41%**	**22%**	**38%**	**70%**	**15%**	**15%**	**34%**	**27%**	**40%**	**27%**	**25%**	**48%**

Source: Avendus Spark, Ambit Asset Management

Every market cycle throws up moments where the risk-reward balance shifts in favour of the patient investor. Today, several factors are converging at the same time - valuations have corrected, earnings are recovering, and the currency appears poised for a reversal. For investors willing to look beyond the noise, the public markets are quietly presenting one of the more compelling entry points seen in recent years.

INVEST SUCCESSFULLY ACROSS MARKET CYCLES WITH AMBIT ASSET MANAGEMENT



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- The acumen to navigate volatile conditions
- The acumen to always stay true to character
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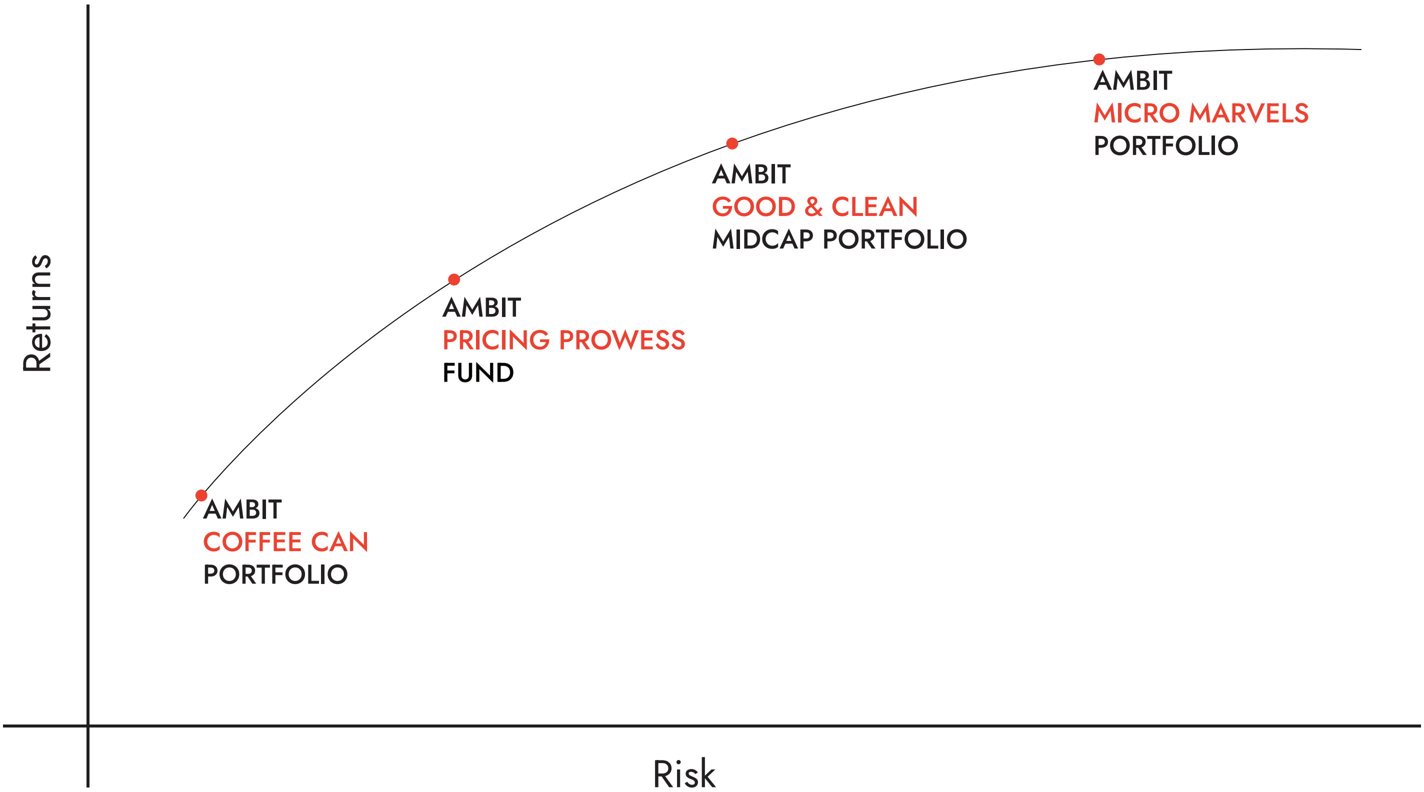


Our Presence


MUMBAI


NEW DELHI


BENGALURU


CHANDIGARH


JAIPUR


BHOPAL


GIFT CITY

Our Team

SUSHANT BHANSALI
CEO

Sushant has over 24 years of experience. Before Asset Management, he led Ambit's Principal Investment business, where he cut his teeth investing in listed equities from Ambit's Balance Sheet. Sushant is a Chartered Accountant, holds a Post-Graduate Diploma in Business Management from Indian School of Business (ISB), and has also completed the Advanced Management Program (AMP) at Harvard Business School (HBS).

DHIRAJ AGARWAL
MANAGING DIRECTOR - AMBIT INVESTMENT MANAGERS

Dhiraj Agarwal, Managing Director of Ambit Investment Managers, has 30+ years of financial market experience. He co-headed Institutional Equities at Ambit Capital, led sales at Standard Chartered India, worked with Boyer Allan Investment Management (a UK based Hedge Fund), and co-founded Sharekhan. He holds an MBA from IIM Bangalore and is an SRCC graduate.

SIDDHARTHA RASTOGI
COO & HEAD OF SALES

Siddhartha Rastogi is the Chief Operating Officer and Head of Sales at Ambit Asset Management, with over 24 years of experience in financial markets. A key pillar of the Ambit Group for more than 16 years, he was also a co-founder of IIFL Wealth. Previously, he led HSBC's Peddar Road branch — the largest and most profitable wealth branch in the country — as its youngest Branch Head. He is a Commerce Honours graduate from the University of Delhi, a Company Secretary (Intermediate), and a Gold Medalist in PGDBA, NMIMS, Mumbai.

SHALINI GUPTA
DIRECTOR - FAMILY OFFICES & INSTITUTIONS

Shalini Gupta brings over two and a half decades of distinguished expertise in asset management, capital markets, and investment strategy. As Director, Family Office , she spearheads institutional investors and family offices engagements focusing on scalable bespoke investment solutions. Her career spans key roles majorly at Alchemy Capital and Principal PNB Asset Management, where she spearheaded Markets as well as established and built institutional partnerships. Shalini holds an MBA & Bcom from University of Pune , enabling her to blend financial expertise with strategic vision.

DIPTI MEHTA
DIRECTOR - OFFSHORE SALES

Dipti has 20+ years of experience, transitioning from a successful sell-side career in institutional equity sales, covering FII clients across the Western Hemisphere. She has worked with firms like Ambit Capital, B&K Securities, and Haitong Securities. Dipti holds a Post-Graduate degree in Finance from NLDSMR.

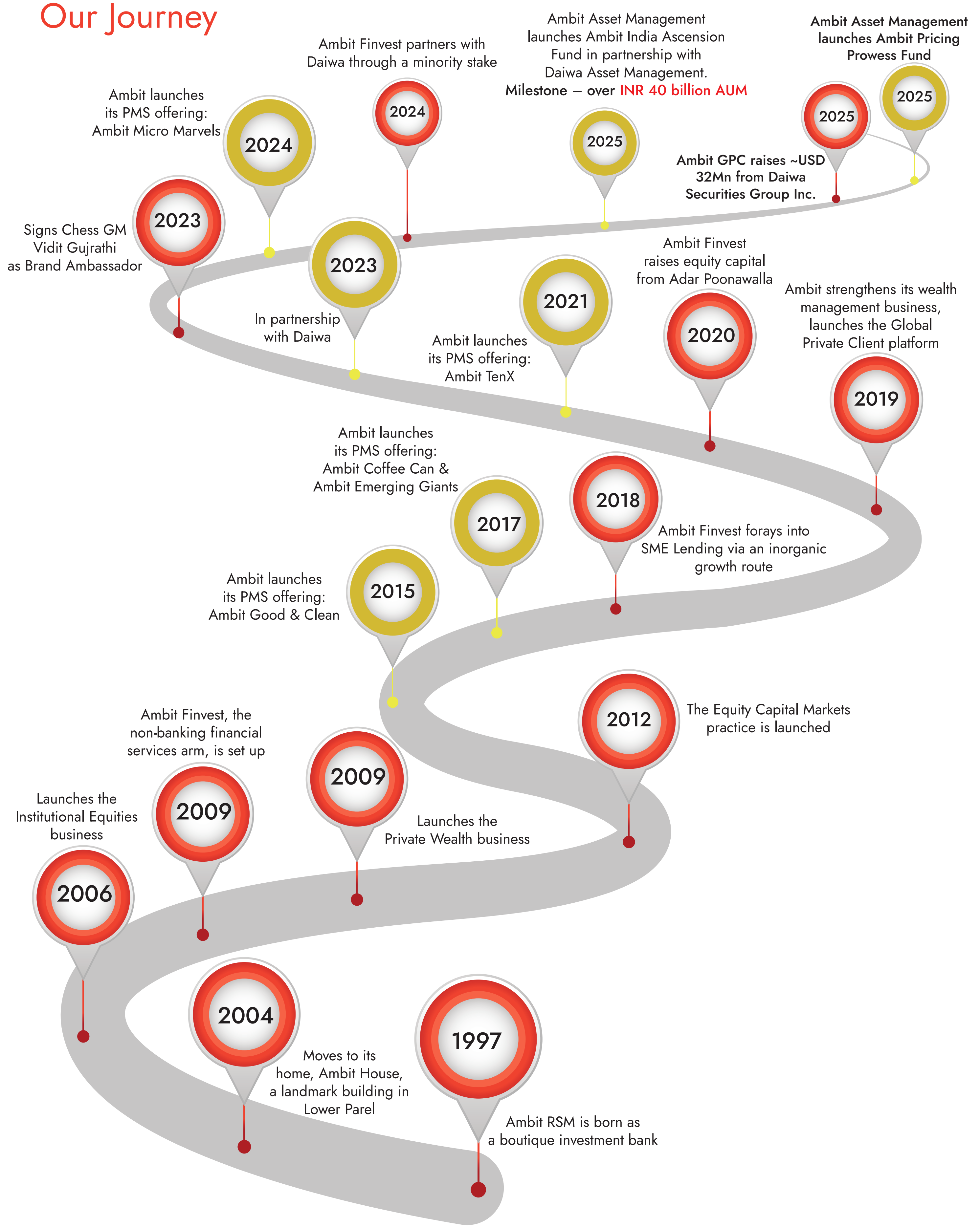
TRILOK AGARWAL
FUND MANAGER - EQUITY

Trilok has over 18 years of experience in equities and asset management. Prior to Ambit, he worked with Dymon Asia Capital and Aditya Birla Sun Life Limited, where he was managing funds over INR 40 billion. Due to his superlative performance, he won several accolades and nominated as a Young Leader. Trilok has completed his post graduation in Finance from MET and BMS – Dual specialization from University of Mumbai.

BHARGAV BUDDHADEV
FUND MANAGER - EQUITY

Bhargav, with 20+ years of experience in equities and asset management, has worked at Kotak Mutual Fund and Ambit Institutional Equities. He pioneered the Beachcombing Series at Ambit Institutional Equities, a small-cap product that earned his team a top-three ranking in Asia Money polls. Bhargav is a Chartered Accountant and holds an MBA in Finance.

Our Journey


1997
Ambit RSM is born as a boutique investment bank
2004
Moves to its home, Ambit House, a landmark building in Lower Parel
2006
Launches the Institutional Equities business
2009
Ambit Finvest, the non-banking financial services arm, is set up
2009
Launches the Private Wealth business
2012
The Equity Capital Markets practice is launched
2015
Ambit launches its PMS offering: Ambit Good & Clean
2017
Ambit launches its PMS offering: Ambit Coffee Can & Ambit Emerging Giants
2018
Ambit Finvest forays into SME Lending via an inorganic growth route
2019
Ambit strengthens its wealth management business, launches the Global Private Client platform
2020
Ambit Finvest raises equity capital from Adar Poonawalla
2021
Ambit launches its PMS offering: Ambit TenX
2023
In partnership with Daiwa
2023
Signs Chess GM Vidit Gujrathi as Brand Ambassador
2024
Ambit launches its PMS offering: Ambit Micro Marvels
2024
Ambit Finvest partners with Daiwa through a minority stake
2025
Ambit Asset Management launches Ambit India Ascension Fund in partnership with Daiwa Asset Management.
Milestone – over INR 40 billion AUM
2025
Ambit GPC raises ~USD 32Mn from Daiwa Securities Group Inc.
2025
Ambit Asset Management launches Ambit Pricing Prowess Fund

Ambit Coffee Can Portfolio

The Ambit Coffee Can Portfolio pursues long-term wealth creation through a large-cap biased, discretionary strategy centered on high-quality, "all-weather" companies with enduring competitive edges. Its core theme emphasizes the "Quality minus Junk" philosophy, favoring resilient franchises that boast pricing power, conservative balance sheets, exceptional management, steady revenue streams, and robust capital efficiency to sustain growth across cycles.

It targets firms in their "Sweet Investment Zone," that high-growth lifecycle phase offering valuation re-ratings, downside shields, and muted volatility, curating a concentrated portfolio that commands a fair premium for lasting superiority.

This approach suits patient investors seeking cycle-resilient, risk-adjusted outperformance, balancing a moderate risk profile - rooted in market swings and discretionary calls - with inherent protection from disciplined quality filters, ideal for those valuing enduring value over fleeting gains.

Ambit Good & Clean Midcap Portfolio

The Ambit Good & Clean Midcap Portfolio navigates polarized markets through a strategic shift from a rigid mid-cap focus to a market-cap agnostic, agile approach that has begun delivering meaningful alpha. Its core theme revolves around "Good and Clean" principles - selecting resilient franchises with exceptional capital efficiency, quality management, and robust governance to drive superior risk-adjusted returns.It employs an evolved framework structured around four distinct investment themes: exploiting market underestimation, capitalizing on inflection points from capex and policy shifts, embracing high-growth new age businesses, and prioritizing bottom-up quality leaders with proven models.

This portfolio suits patient investors seeking outperformance across cycles. It balances a moderate risk profile-stemming from market volatility and strategic shifts with downside protection through disciplined qualitative filters that emphasize enduring franchises and governance strength, making it ideal for those prioritizing long-term value over short-term stability.

Ambit Micro Marvels Portfolio

Ambit Micro Marvels Portfolio embodies an anti-consensus theme, targeting overlooked micro-cap marvels in niche oligopolistic markets that boast deep moats and immense scaling potential into future market leaders.

Its standout features include the proprietary "Good and Clean" framework to pinpoint companies with exceptional capital allocation and governance, the scuttlebutt approach to reveal authentic business strengths beyond management commentary - and a firm commitment to low leverage, curating 20-25 resilient, high-growth stocks for superior long-term, risk-adjusted performance.

Suited for patient, high-conviction investors like family offices and HNIs who embrace micro-cap volatility, the portfolio's risk profile balances inherent uncertainties through disciplined qualitative filters that protect downside while chasing transformative upside across cycles.

Ambit Pricing Prowess Fund

Ambit Pricing Prowess Fund is an All-weather, Open-ended, Long-only, Category III, Flexi-cap AIF - a meticulously crafted opportunity for long-term investors seeking:

1. **Accelerated Portfolio Returns**: The ability to raise selling prices faster than input costs (inflation) directly increases profit margins and accelerates Free Cash Flow (FCF) growth.
2. **Unrivaled Portfolio Resilience:** Pricing Power acts as a structural defense mechanism, stabilizing margins even during periods of macro pressure, supply shocks, or weaker demand.
3. **Maximum Long-Term Value Creation:** Pricing Power is a proxy for an irrefutable competitive advantage (deep moat).

In a market of highly varied valuations, Ambit Pricing Prowess Fund is not constrained by a single market segment. We are designed to seek the most attractive combination of Quality and Price across the entire investment universe.

We can shift capital fluidly between Large, Mid, Small, and even a select number of carefully vetted unlisted businesses. This broad mandate allows us to find and capitalize on unique opportunities that align with our core framework.

Our focus is more on business fundamentals, rather than stock price movements. We do not seek comfort of the crowd and seek exposure to companies that are "unrecognized" because the market either misprices the longevity of their growth or fails to fully appreciate the structural defense their pricing power provides.

The framework's final structure - blending Established (proven track record, mature moats) and Emerging (new, rapidly widening moats, higher growth potential) Pricing Power plays - provides a balanced approach to capture both resilience and accelerated return potential within the portfolio.

Investing in businesses with Pricing Prowess offers compelling advantages, as below:

- Proven Inflation Hedge
- Maximized Profit Margins
- Stable, Quality Compounding (non-Glamorous)
- Formidable Entry Barriers
- Long-term Value Creation

Asset Management

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Corporate office: Ambit Investment Advisors Private Limited - 2103/2104, 21st Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

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Asset Management

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