

A New Ascent for Small Caps?



After delivering 48.1% in CY23 and 26.4% in CY24, the Nifty Small Cap 250 Index entered a period of consolidation, declining 6.0% in CY25 and recording its weakest calendar-year performance in seven years. The correction began in early 2025, driven by a combination of factors: a valuation reset as earnings growth failed to keep pace with elevated expectations; profit-taking activity alongside regulatory caution regarding stress testing in the small-cap segment; and substantial primary issuance and secondary market supply, which diverted liquidity from the broader segment. These domestic factors were compounded by external uncertainties, including tariff-related concerns and geopolitical tensions in West Asia, which periodically increased market volatility during 2025 and 2026. While monetary easing, liquidity infusions, tax measures and other policy initiatives were introduced to support economic activity, their impact on market sentiment remained limited during much of this period.

The environment has improved meaningfully in recent months. The ceasefire framework agreed between the United States and Iran has reduced geopolitical risk premiums, supporting stability in both crude oil markets and the Indian rupee. Progress in trade negotiations between India and the United States has also improved India's relative tariff position compared with many regional competitors. At the same time, the earnings trajectory of small-cap companies has strengthened, with growth accelerating over the past two quarters. Valuations, while not inexpensive in absolute terms, have been corrected materially from the elevated levels observed in 2024. Taken together, these developments suggest that the economy may be beginning to respond to the fiscal, monetary and liquidity-support measures implemented over the past 12 to 15 months.

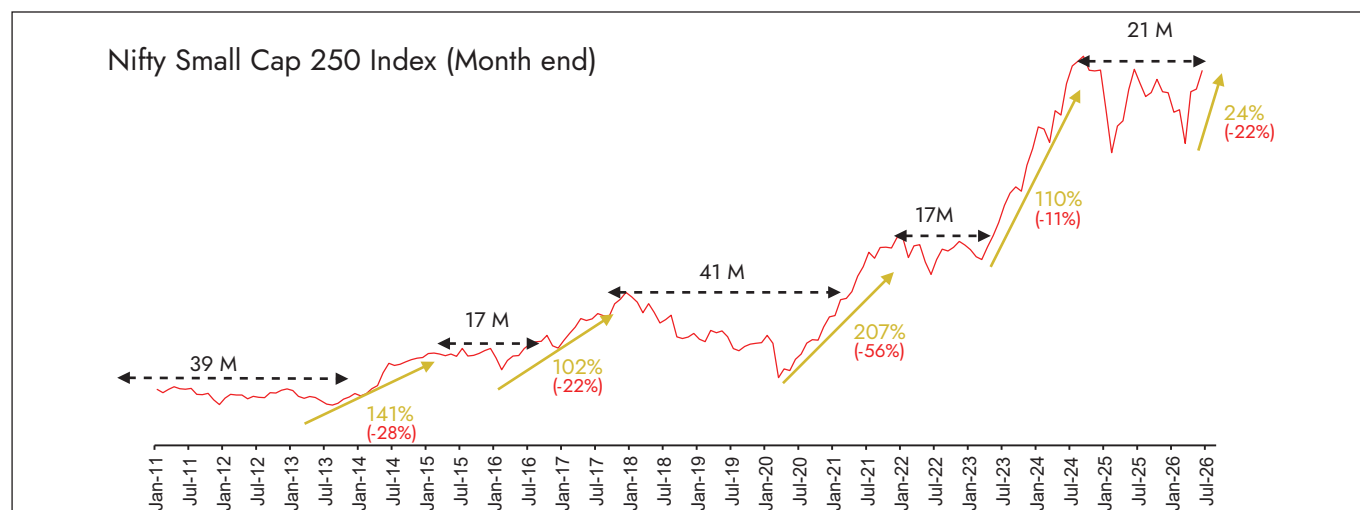
In this note, we examine the cyclical behaviour of the small-cap segment and assess whether conditions are becoming favourable for the emergence of a new upcycle. Our analysis focuses on five key drivers: external factors, earnings momentum, valuations, capital expenditure trends and liquidity flows. We believe the balance between risk and reward within the Indian small-cap universe has improved materially for the first time since the beginning of CY25.

Small Caps are cyclical in nature

Over the past fifteen years (2011-2026), the Indian small-cap segment has experienced multiple distinct cycles. Historically, significant periods of outperformance have typically followed prolonged corrections and consolidation phases. These adjustment periods generally lasted between eighteen to forty

months before prior index peaks were regained. Once recoveries become established, however, the subsequent advances have often been substantial, with gains ranging from two to three times from cycle lows depending on the severity of the preceding drawdown.

Exhibit 1: Small Caps are cyclical in nature



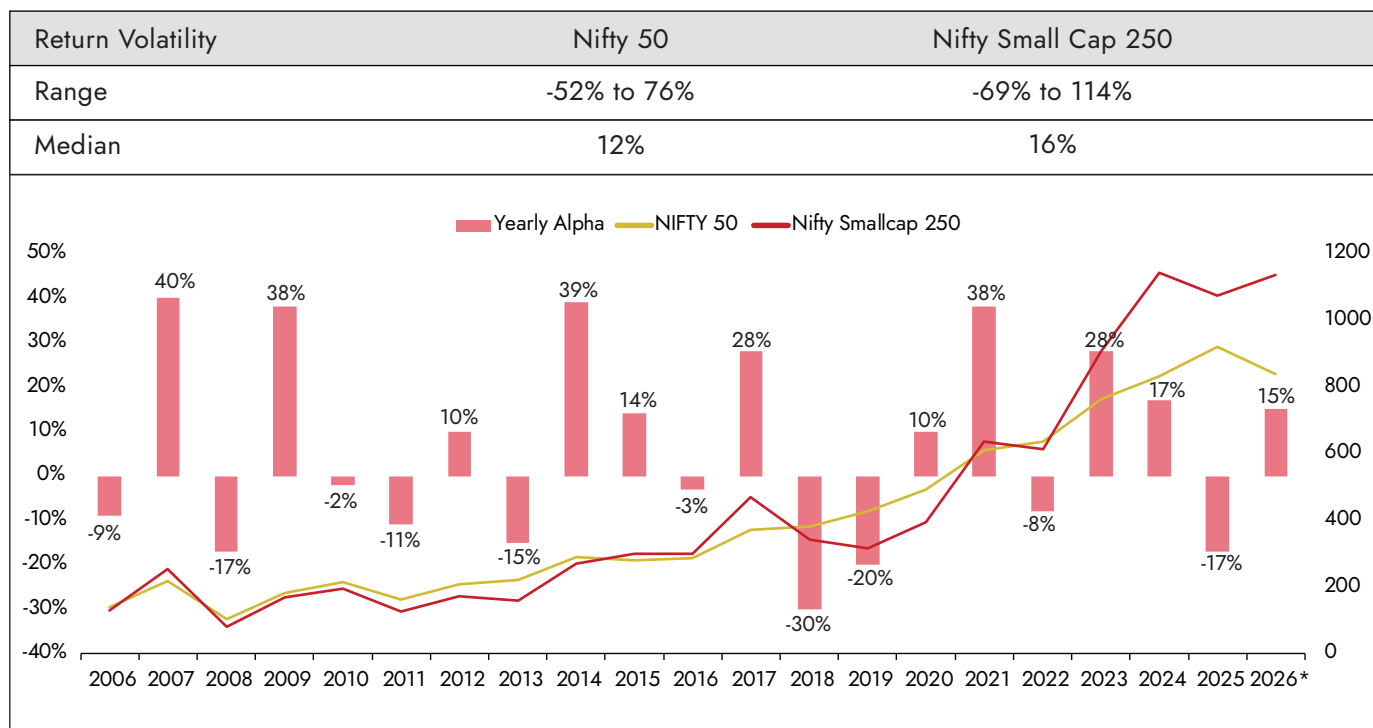
Source: Ambit Asset Management (analysis basis month-end index levels)

Small Caps vs Large Caps

Historically, small-cap equities have delivered superior long-term returns relative to large-caps, albeit with significantly higher volatility. Relative performance versus the Nifty 50 has exhibited

pronounced fluctuations, reflecting the segment's greater sensitivity to changes in earnings expectations, liquidity conditions and economic sentiment.

Exhibit 2: Nifty Smallcap 250 relative performance versus Nifty 50



*31st July 2026

Source: Bloomberg, Ambit Capital research, Ambit Asset Management

Periods of strong outperformance have generally coincided with a combination of accelerating earnings growth, supportive liquidity conditions and improving economic confidence. Conversely, periods of underperformance have typically emerged when valuations become disconnected from underlying fundamentals, economic uncertainty increases, or deteriorated liquidity conditions.

While each correction has been triggered by different circumstances, the duration and severity of market weakness have largely depended on the nature of the underlying disruption. During 2018-19, the IL&FS crisis significantly constrained credit availability for smaller businesses at a time when earnings growth was already slowing, resulting in an extended period of weakness. In contrast, the correction during 2020 was driven by the extraordinary external shock of the COVID-19 pandemic. Aggressive monetary and fiscal support, combined with exceptionally accommodative global liquidity conditions, facilitated a rapid recovery. Similarly, the weakness observed in 2022 reflected a global inflation shock (post Russia-Ukraine conflict), rising interest rates and elevated

commodity prices, all of which disproportionately affected smaller companies due to their generally higher funding costs and more limited financial flexibility.

The most recent correction, which began in early 2025, was primarily characterised by a valuation adjustment. Earnings growth moderated from exceptionally strong levels, investor profit-taking increased, regulatory concerns regarding excessive speculation emerged, and external uncertainties added to risk aversion. Importantly, unlike previous cycles, this period was not accompanied by systemic credit disruption or a significant inflation-driven tightening of financial conditions. Rather, the correction largely served to realign valuations with underlying earnings fundamentals.

As a result, the recovery process may prove less prolonged than in cycles driven by structural economic or financial imbalances. Encouragingly, the acceleration in reported earnings over the last two quarters suggests that fundamental conditions are beginning to strengthen once again.

External Risks Are Easing

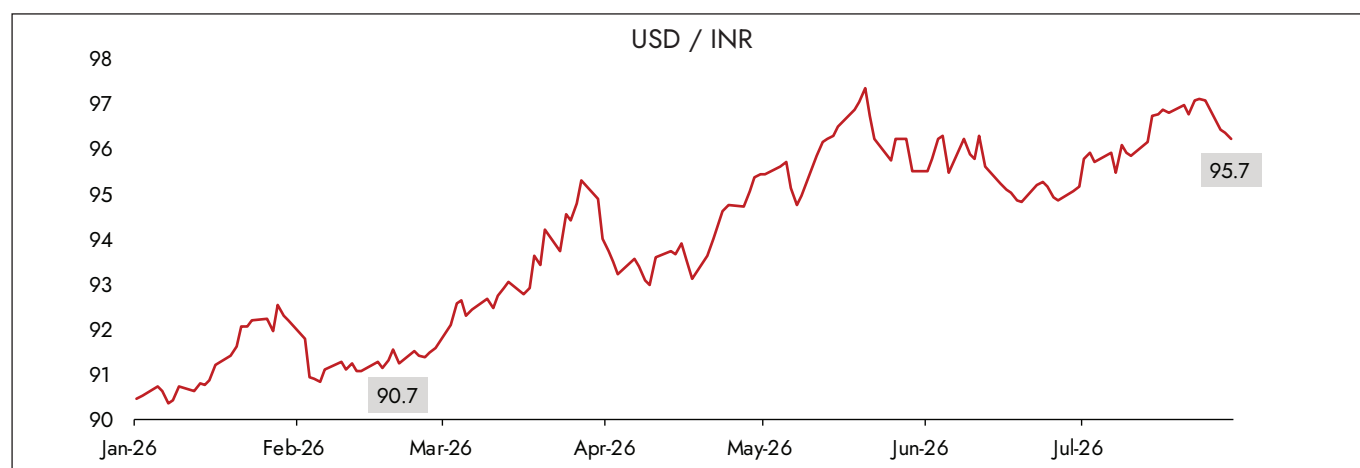
Geopolitical risk is fading

Geopolitical headwinds that weighed on investor sentiment through much of 2025 and early 2026 have begun to recede. The ceasefire framework between the United States and Iran, agreed on 14 June 2026 and formally signed on 19 June, has significantly reduced concerns around energy supply disruptions by facilitating the reopening of the Strait of Hormuz and the removal of restrictions on Iranian maritime trade. As a result, Brent crude prices have corrected from a peak of approximately USD 115 per barrel to around USD 82, while the Indian rupee has recovered from its low of nearly 97 per USD to approximately 95.7. Although negotiations toward a comprehensive and permanent settlement remain ongoing, the reduction in geopolitical risk premiums has materially improved the external backdrop for emerging markets, including India.

Tariff uncertainty is resolving

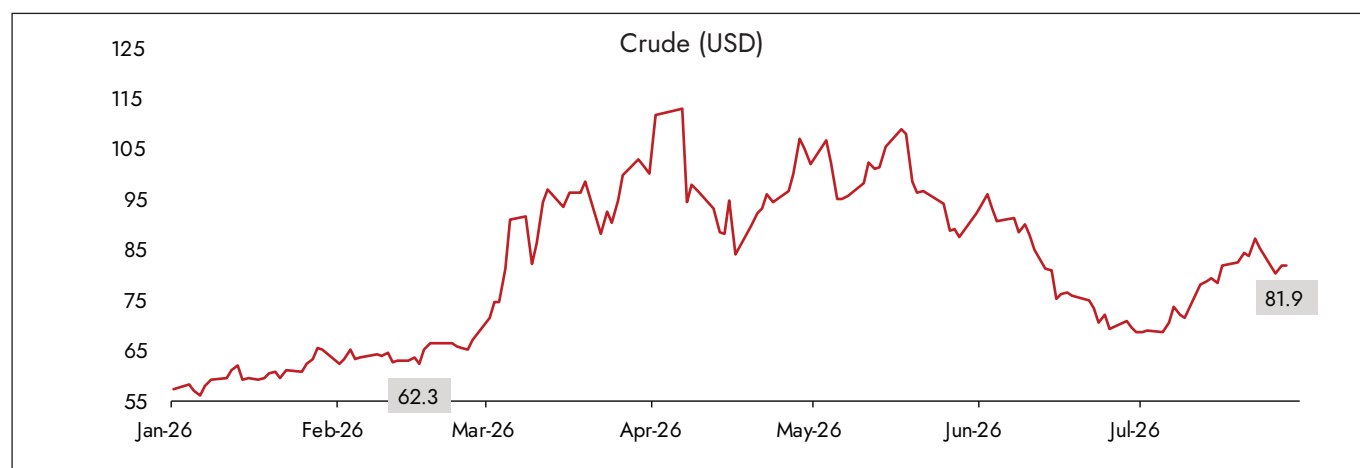
The trade environment has also become more favourable. India's effective tariff position has improved significantly over the past twelve months, moving from the punitive 50% rate imposed in August 2025 to 18% under the interim framework announced in February 2026, and subsequently to 10% following the July 2026 Section 301 adjustment. Importantly, India now enjoys a tariff position that is at least as competitive as, and in some cases more favourable than, several competing key Asian manufacturing economies, including China, Vietnam and Thailand. Discussions aimed at securing a longer-term preferential framework remain underway, but the substantial reduction in policy uncertainty is already improving visibility for exporters. This is particularly relevant for small-cap companies, many of which have higher export exposure, narrower operating margins and lower pricing power than their larger counterparts, making them more sensitive to changes in global trade conditions. Increased clarity on tariff policy therefore represents a meaningful tailwind for a broad range of export-oriented small-cap sectors.

Exhibit 3: Currency movement



Source: Ambit Asset Management

Exhibit 4: Crude movement



Source: Ambit Asset Management

Exhibit 5: India's tariff path: penalised, then parity, now advantaged

Country	Announced 2-Apr-25	In force Aug-25	Before ruling Feb-26	Current Jul-26
India	26%	50%	18%	10%
China	54%	30%	20%	12.5%
Vietnam	46%	20%	20%	12.5%
Bangladesh	37%	20%	19%	10%
Thailand	36%	19%	19%	12.5%
European Union	20%	15%	15%	10%
Indonesia	32%	19%	19%	10%
Malaysia	24%	19%	19%	10%

Source: Office of the United States Trade Representative, White House joint statement of 6 Feb 2026, India Briefing, Ambit Asset Management

Export upside from trade agreements

India is well positioned to benefit from an expanding network of trade agreements, which could provide a meaningful boost to export growth over the medium term. Estimates suggest that India's annual exports could increase by approximately USD 67bn from CY27 onwards as recently concluded and proposed trade agreements become operational. The Comprehensive Economic and Trade Agreement (CETA) with the United Kingdom came into effect on 15 July 2026, while negotiations with the United States and the European Union are progressing, with implementation anticipated by the end of 2026 or early 2027.

Notably, the United States and the European Union together represent more than 80% of the projected incremental export opportunity. India's improved tariff competitiveness in both

markets is expected to enhance market access and strengthen the position of Indian exporters across a range of manufacturing and services sectors. As trade barriers decline and supply chains continue to diversify, Indian companies are likely to benefit from increased participation in global trade flows.

For the small-cap universe, these developments are particularly significant. The segment has greater exposure to several export-oriented industries that stand to benefit directly from expanded trade access and improved competitiveness. Consequently, the implementation of these agreements could provide an important incremental driver of revenue growth and earnings expansion for a broad range of small-cap businesses over the coming years.

Exhibit 6: Exports expected to rise meaningfully post FTAs

Trade bloc	Deal	2025	2026E	2031E (Case -1)	2031E (Case -2)
USA	BTA	92.5	97.4	184.1	228.6
EU	FTA	74.1	80.4	235.1	328.2
UK	CETA	13.8	14.7	37.8	50.6
UAE	CEPA	38.7	42.1	63.3	68.7
Total (all blocs)	-	258.1	277.5	612.3	794.0

Source: Avendus Spark Research, Ambit Asset Management

Small-cap companies are expected to be among the primary beneficiaries of India's expanding network of trade agreements, given their meaningful exposure to export-oriented industries and global supply chains. The Small Cap Index has a higher

representation of sectors likely to benefit from free trade agreements relative to the Nifty 50, positioning it to capture a disproportionate share of any improvement in export activity and global market access.

Exhibit 7: Small cap offers wider opportunity for investors

Weights			Export Intensity
Sector	Nifty Small Cap 250	Nifty 50	
A. FTA No Impact			
Financial Services	24	34	
Healthcare (incl. Pharma)	13	8	40–60%
Automobile	0	8	~5–15%
IT	5	11	80–90%
Services	4		5–15%
Construction	4		5–15%
FMCG	3		19%
Consumer Durables	3	10	15–30%
Oil, Gas & Fuels	2	9	15%
Sub Total (A)	58	80	
B. FTA Beneficiary Sectors			
Capital Goods	12	8	20–35%
Auto Components	9		30–45%
Chemicals	6	4	35–50%
Textiles	1		50%
Power	2		10%
Metals & Mining	2	4	~30–50% (for some metals)
Others	10	4	~5–15%
Sub Total (B)	42	20	
Total (A+B)	100	100	

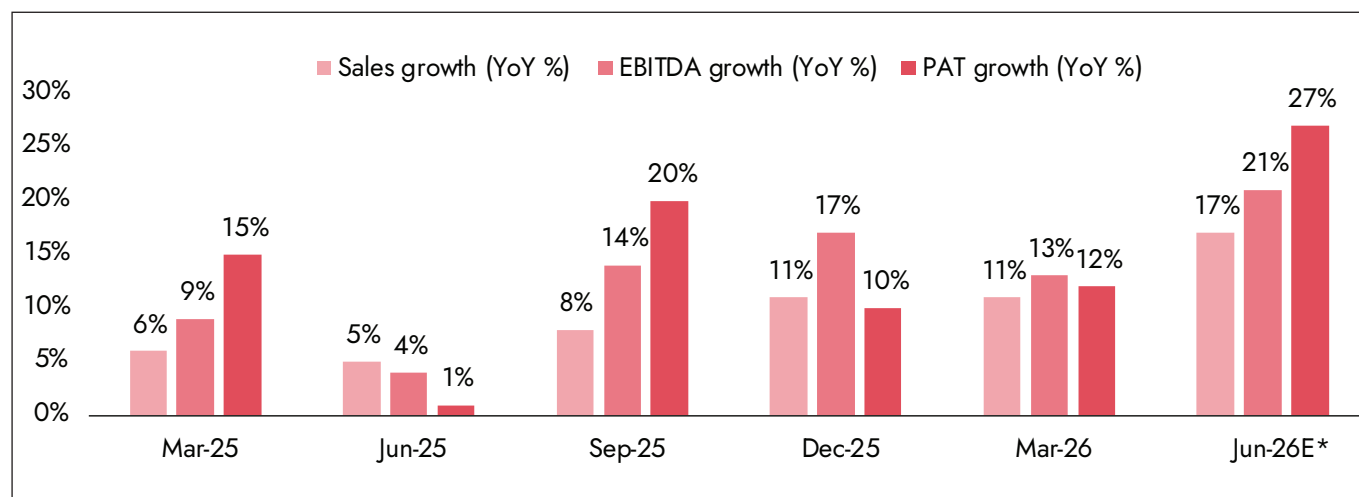
Source: Ambit Asset Management

Earnings Momentum Is Building

The earnings outlook for small-cap companies has improved considerably over the past year. Following a trough in mid-2025, earnings growth has accelerated, with the Nifty Smallcap 250 recording an estimates of 27% YoY increase in PAT as of June 2026, ahead of the large-cap segment. Revenue growth and EBITDA expansion have also strengthened over the previous two

quarters, suggesting improving business conditions across a broad range of sectors. In addition, FY27 earnings estimates have been revised higher, in contrast to the conditions prevailing a year ago when valuations had run significantly ahead of earnings fundamentals.

Exhibit 8: Earnings gaining traction



Note: *Sales, EBITDA and PAT reflect reported numbers. For companies that have not reported results as on 31st July 2026, considered consensus estimates
 Source: Bloomberg, Ambit Capital research, Ambit Asset Management

The Nifty Small Cap 250 Index offers access to several niche and emerging industries that have limited or no representation in the

Nifty 50 Index, enhancing diversification and expanding participation across a broader range of economic themes.

Exhibit 9: Beyond the Nifty 50, the Small Cap Index unlocks exposure to unique and emerging sectors

GICS Industry	No of Companies
Automotive Parts & Equipment	10
Commercial & Residential Mortgage Finance	8
Electrical Components & Equipment	8
Construction Machinery & Heavy Transportation Equipment	7
Fertilizers & Agricultural Chemicals	7
Commodity Chemicals	6
Data Processing & Outsourced Services	5
Hotels, Resorts & Cruise Lines	5
Industrial Machinery & Supplies & Components	5
Investment Banking & Brokerage	4
Life Sciences Tools & Services	4
Textiles	4

Source: Ambit Asset Management

Valuations Have Reset Across the Market

Valuation excesses have corrected meaningfully across the market, with small caps experiencing the largest reset among the three market-cap segments. As of July 2026, 47% of small-cap stocks continued to trade below their 10-year average valuations,

compared with 31% of mid-caps and 27% of large caps. While valuations have recovered from the trough levels reached earlier in the year, the small-cap universe continues to offer a broader set of opportunities trading below historical averages.

Exhibit 10: Percentage of stocks trading at a premium, in line, or discount to their 10-year average valuation

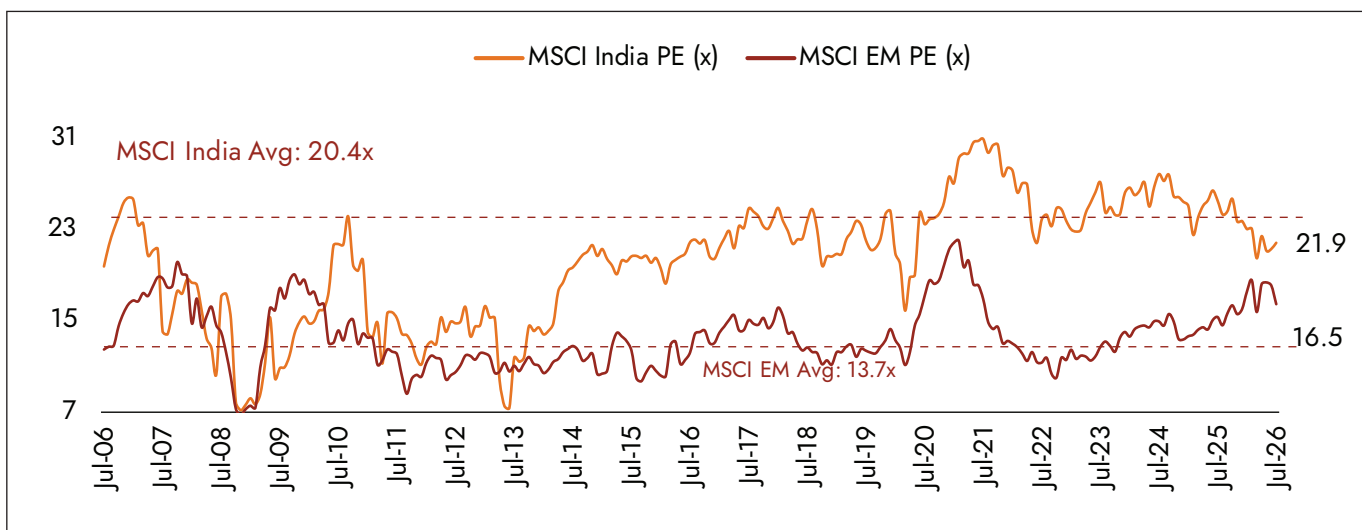
	Sep-24			Mar-25			Feb-26			Mar-26			Jul-26		
Mcap	Prem	Line	Disc	Prem	Line	Disc	Prem	Line	Disc	Prem	Line	Disc	Prem	Line	Disc
Large Cap	76%	8%	16%	41%	32%	27%	54%	23%	23%	34%	30%	35%	46%	26%	27%
Mid Cap	75%	14%	10%	41%	28%	31%	40%	29%	31%	31%	20%	48%	42%	27%	31%
Small Cap	64%	17%	19%	25%	23%	51%	24%	20%	55%	16%	14%	70%	33%	20%	47%
Total	70%	15%	15%	34%	27%	40%	36%	24%	41%	25%	19%	56%	39%	24%	38%

Source: Avendus Spark Research, Ambit Asset Management

The valuation gap between India and other emerging markets has narrowed meaningfully. MSCI India's one-year forward P/E premium to MSCI Emerging Markets stood at 14% in July 2026, below its five-year average, while the market's trailing P/E multiple of 21.9x is now much closer to its long-term average of

20.4x. This suggests that the valuation adjustment of the past eighteen months has improved India's relative attractiveness without undermining the structural growth premium that investors have historically been willing to pay for the market.

Exhibit 11: Trailing P/E ratio (x) for MSCI India vs. MSCI EM



Source: MOSL, Kotak, Ambit Asset Management

Sector Valuations: Where the Opportunity Is Greatest

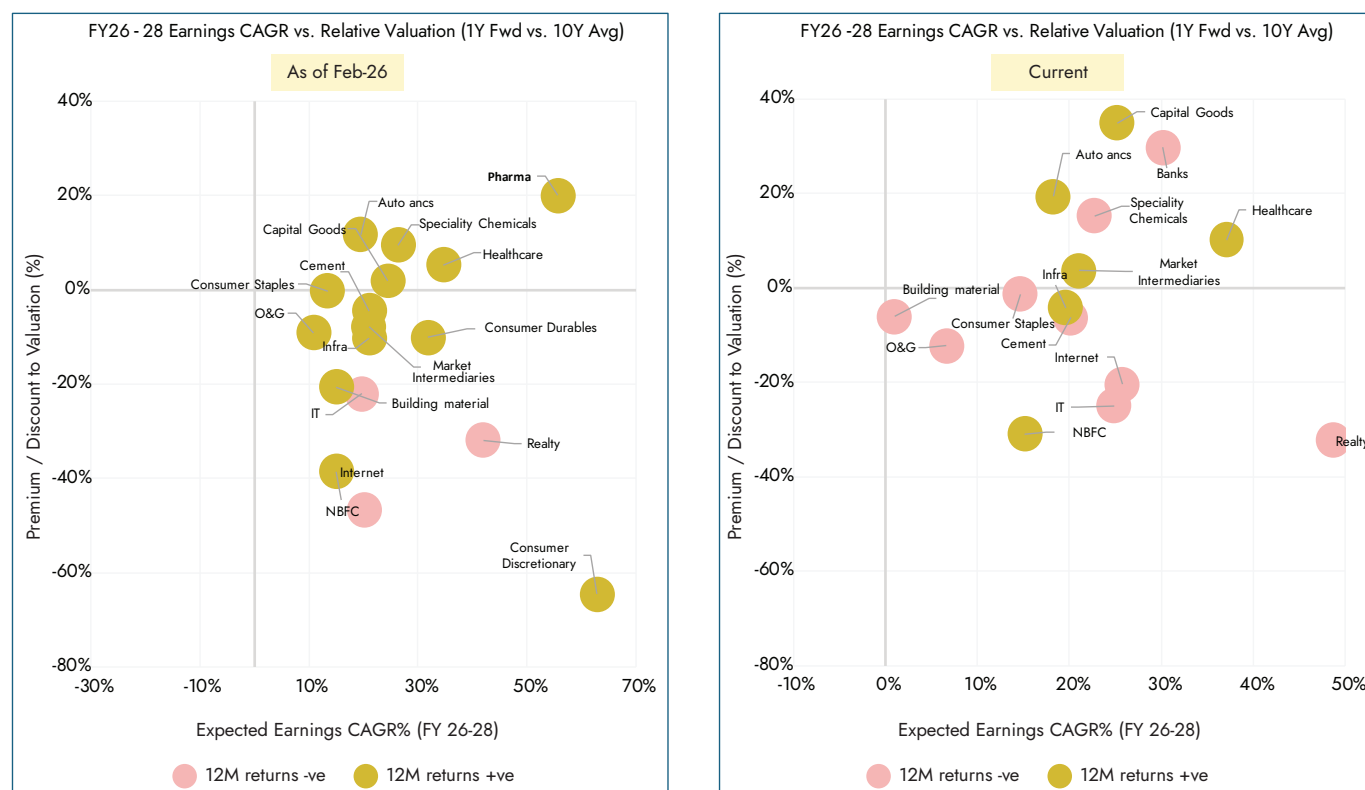
Note: The chart below that most sectors have corrected in valuation since February 2026 and are now trading at or below their 10-year average valuation levels, despite largely unchanged earnings growth expectations for FY26-28. This suggests that the recent market correction has been driven more by valuation de-rating than by deterioration in fundamentals. As a result, sectors such as Banks, IT, Auto OEMs, NBFCs, Building

Chart Interpretation: The X-axis represents the expected earnings CAGR for FY26-28, with sectors positioned further to the right expected to deliver stronger earnings growth. The Y-axis shows the premium or discount of each sector's 1-year forward valuation relative to its 10-year average, where values above 0% indicate sectors trading at a premium and values below 0% indicate sectors trading at a discount. The left exhibit ("As of Feb-26") shows the relationship between growth

Materials, Consumer Durables, and Realty now offer a more attractive risk-reward profile, while sectors like Pharma and Capital Goods continue to command valuation premiums due to their strong growth outlook. Overall, the chart supports the view that several quality sectors have become more reasonably valued without a meaningful downgrade in earnings expectations.

expectations and valuations at that point in time, while the right exhibit ("Current") shows the latest positioning. Comparing the two exhibits illustrates that many sectors have moved lower on the valuation axis, indicating a valuation correction, even though their expected earnings growth has remained broadly stable. This highlights the improved attractiveness of several sectors from a valuation perspective.

Exhibit 12: Most sectors trading at a discount to 10Y average valuation



Sectors beyond 50% CAGR (Consumer Discretionary, Electrical Consumer Durables, Pharma) fall outside the chart's axis range.

Source: Avendus Spark Research, Ambit Asset Management

The valuation reset has been particularly evident at the sector level. Across the 18 small-cap sectors, the average relative valuation has moved from a premium of 20% to its five-year average in September 2024 to a discount of approximately 6% currently. At the same time, the number of sectors trading below their long-term average valuations has increased from three to twelve, indicating that the correction has broadened across the market.

Importantly, valuation opportunities are no longer confined to a handful of sectors. Internet, Information Technology, Consumer Discretionary, Electrical Consumer Durables and Realty stand out for combining above-median earnings growth expectations

over FY26-28E with valuations that remain below their historical averages. This combination of improving growth prospects and undemanding valuations appears particularly attractive from a stock-selection perspective.

In contrast, sectors such as Banks and Capital Goods have already experienced significant re-rating, supported by strong 12-month returns of 102% and 43%, respectively. Meanwhile, Information Technology, Realty and Oil & Gas remain among the weakest-performing sectors over the past year despite maintaining relatively healthy earnings growth expectations, suggesting that valuation recovery in these segments may still lag improvements in underlying fundamentals.

Capex and Flows Support the Cycle

Capital expenditure activity remains supportive of the broader investment and earnings cycle. Total listed capex increased by 9% year-on-year to INR 11.5tn in FY26, with investment growth led by mid-cap (+16%) and small-cap (+13%) companies. The trend is even more pronounced within the private sector, where capex rose 11% year-on-year, while private-sector investment excluding Reliance Industries grew 16%, continuing the strong momentum observed over the past two years.

Investment activity has been concentrated in structural growth areas such as renewable energy, power transmission, metals and coal, while significant opportunities remain ahead. An additional INR 20-25tn of capital expenditure is expected over

the next four years across sectors including power, data centres and semiconductors, reflecting continued confidence in India's medium-term growth prospects.

Historically, sustained private-sector capex cycles have been associated with stronger earnings growth, increased capacity utilisation and expanding opportunities across the broader industrial ecosystem. Given their higher exposure to domestic investment themes, small-cap companies are often among the key beneficiaries of such an environment.

Exhibit 13: Listed capex grew 9% y-o-y to Rs.11.5tn in FY26 with Mid (+16%) and Small (+13%) sectors leading

Segment	FY25	FY26	FY26 YoY
Total listed capex	10,572	11,554	9%
Private capex	7,976	8,827	11%
Private, ex-Reliance	6,577	7,598	16%

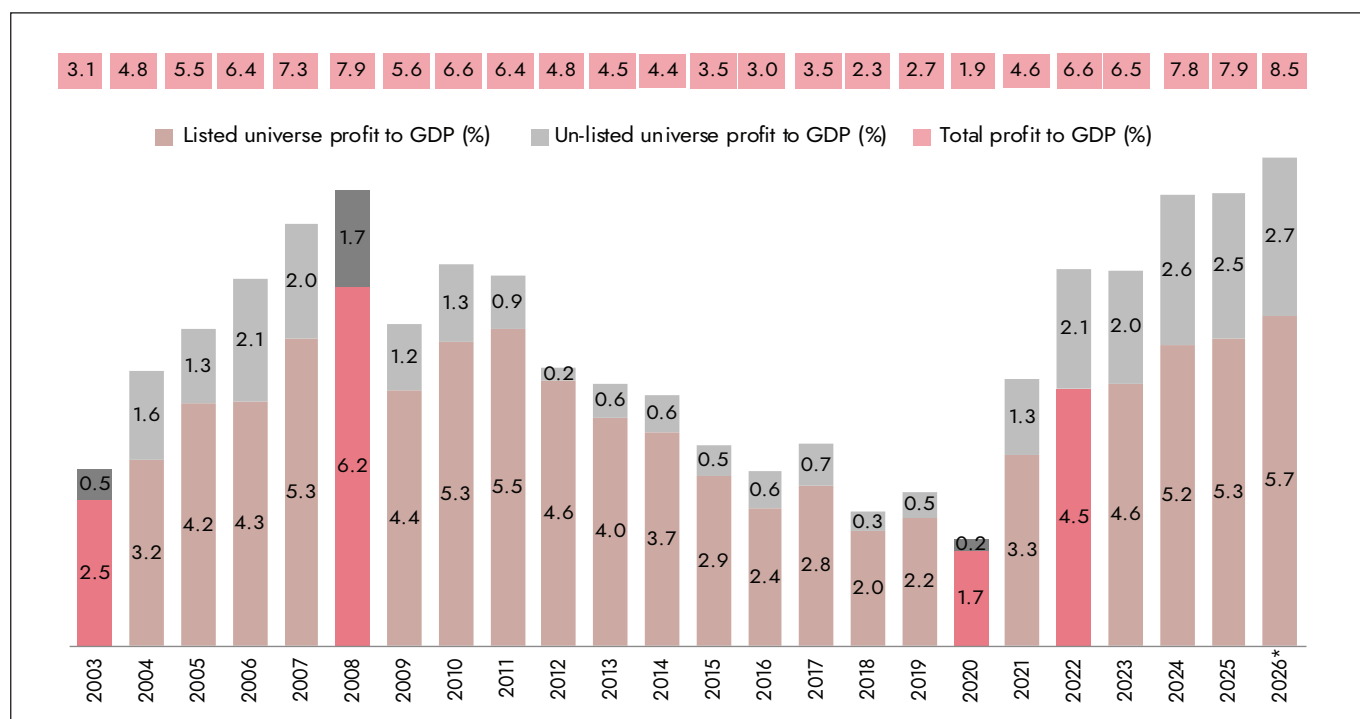
Source: Capitaline, Avendus Spark Research, Ambit Asset Management

India Inc. (Listed/Unlisted) - corporate profit-to-GDP ratio trend

Corporate profitability remains robust, reinforcing the foundation for continued private-sector investment and earnings growth. The profit-to-GDP ratio of the Nifty 500 universe increased to a record 5.2% in FY24 and remained near peak levels at 5.3% in FY25, rising further to an estimated 5.7% in FY26. Including the unlisted universe, aggregate corporate profits are estimated to have reached approximately 7.9% of GDP in FY25, remaining well above long-term historical averages.

Notably, corporate profit growth has continued to outpace nominal GDP growth in recent years, indicating that profitability gains have been sustained despite a moderation in economic growth. This expansion in corporate earnings provides companies with greater internal funding capacity, supports balance-sheet strength and enhances the ability to undertake new capital expenditure. Historically, periods of elevated corporate profitability have been conducive to broader investment cycles, creating opportunities across the listed universe, particularly within mid-cap and small-cap segments that are more leveraged to domestic economic activity.

Exhibit 14: Corporate profit to GDP an all-time high



Note: *Unlisted companies' earnings have been estimated at a growth rate similar to that of listed companies for FY26 on the basis of FY25.

Source: Capitaline, Avendus Spark Research, Ambit Asset Management

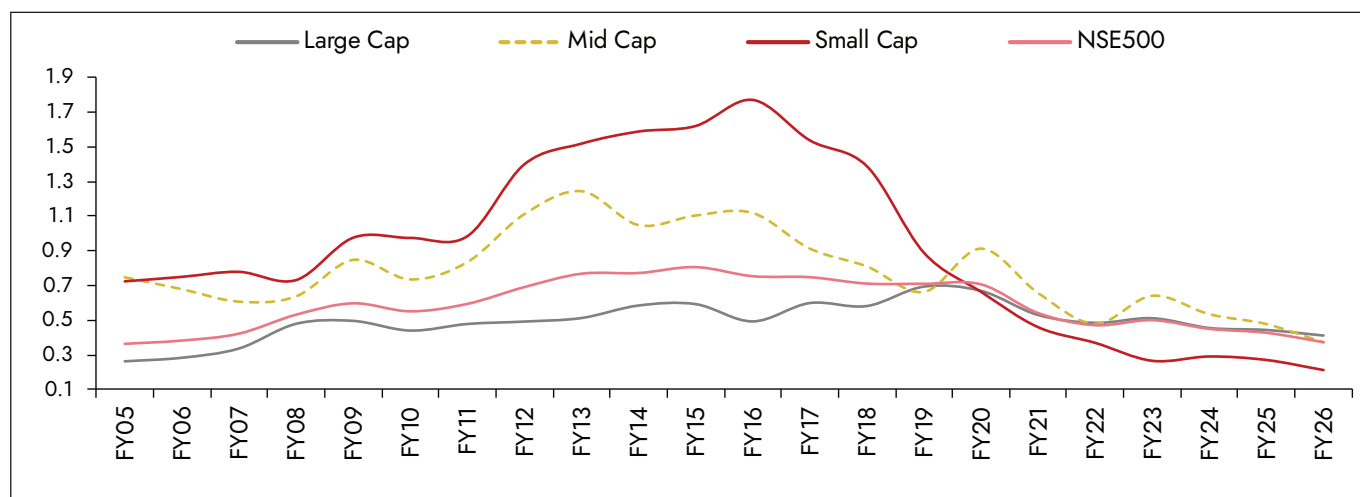
The current investment cycle is being supported by a substantial improvement in corporate balance sheets. Over the past decade, companies across market-cap segments have undertaken significant deleveraging, reducing net debt-to-equity ratios to levels well below those observed during the peak of the previous capex cycle. Small-cap companies, which historically carried the highest leverage, have witnessed the sharpest reduction in indebtedness since FY16.

As of FY26, net debt-to-equity ratios across large-cap, mid-cap and small-cap companies remain near multi-year lows, reflecting stronger cash flows, improved profitability and greater financial discipline. Healthier balance sheets enhance corporate

resilience and provide greater flexibility to fund expansion, undertake capital expenditure and pursue growth opportunities without excessive reliance on external financing.

Historically, sustained capex cycles have been strongest when accompanied by robust profitability and low leverage. The combination of record corporate profits, improving cash generation and reduced balance-sheet stress suggests that the current investment cycle may have a more durable foundation than previous periods of expansion. This is particularly relevant for small-cap companies, which tend to benefit disproportionately from an acceleration in private-sector investment and economic activity.

Exhibit 15: Corporate leverage is lowest in last decade



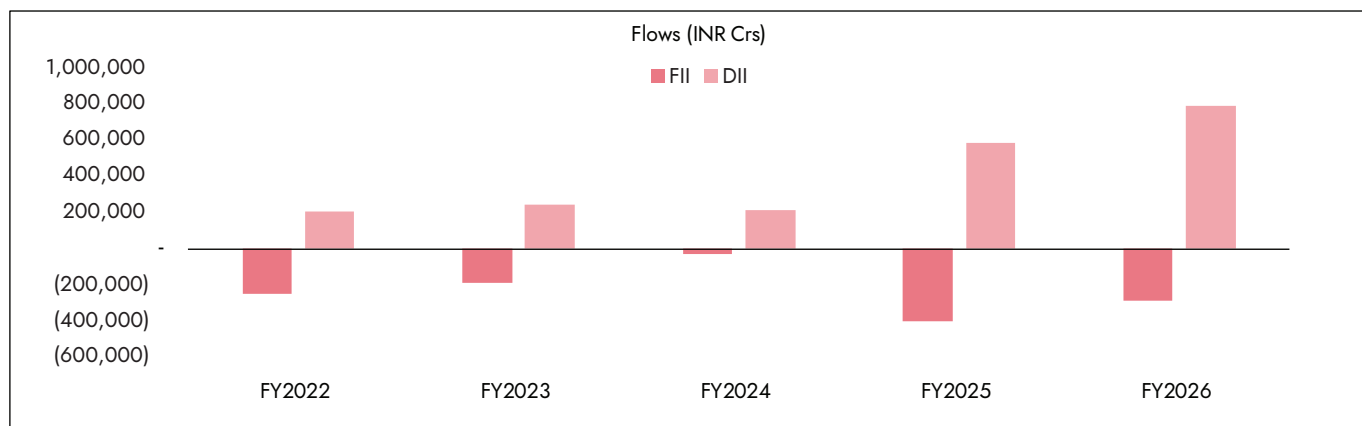
Source: Ambit Asset Management

Flows

Domestic flows have emerged as the dominant driver of small-cap liquidity. Net inflows into small-cap mutual funds rose from INR 10,145cr in FY22 to INR 51,872cr in FY26, while the category's share of overall equity mutual fund inflows increased from 6% to 14% over the same period.

Despite continued moderation in foreign ownership, strong and growing domestic participation has provided a significant source of support for the segment, with annual inflows equivalent to approximately 1.4% of small-cap market capitalisation compared with just 0.3% for large caps.

Exhibit 16: FII and DII net flows, INR crore, FY22-26



Source: Ambit Asset Management

Exhibit 17: Mutual fund flows (Category) (INR Cr)

Category	FY2022	FY2023	FY2024	FY2025	FY2026
Large + Large & Mid Cap	28,292	26,594	(3,532)	63,795	68,495
Mid Cap	16,308	20,206	(3,557)	41,409	51,197
Small Cap	10,145	22,104	29,859	41,673	51,872
Multi + Flexi Cap	63,973	28,382	(35,447)	91,862	122,431
Others	45,680	46,468	985	178,314	52,541
Total Equity Schemes	164,399	146,754	(11,692)	417,053	346,536

Source: Ambit Asset Management

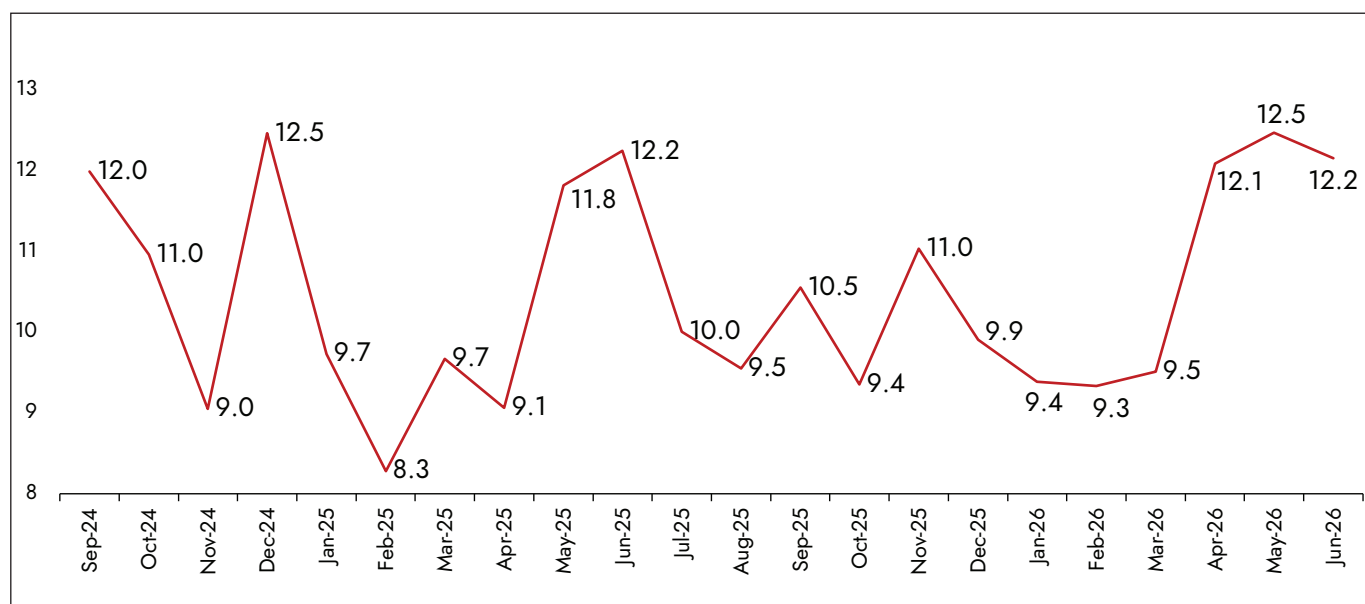
Domestic investors have become the primary source of liquidity for the small-cap segment. Net inflows into small-cap mutual funds increased more than fivefold, rising from INR 10,145cr in FY22 to INR 51,872cr in FY26, even as foreign institutional ownership continued to decline. Over the same period, the

share of small-cap funds in total equity mutual fund inflows increased from 6% to 14%, highlighting the growing importance of domestic savings as a source of capital for the asset class.

Market liquidity has also improved meaningfully in recent months. The 30-day average traded value of Nifty Smallcap 250 constituents recovered from a low of approximately USD 8.3mn in February 2025 to USD 12.2mn by June 2026, exceeding pre-correction levels. The recovery in trading activity indicates improving investor participation and market depth, making it easier for investors to deploy and recycle capital across the segment.

The resilience of domestic inflows has helped offset periods of foreign selling and has contributed to a more stable liquidity environment for small-cap equities. Unlike previous cycles, where market performance was heavily influenced by foreign investor participation, domestic investors are now playing a significantly larger role in determining liquidity conditions within the segment.

Exhibit 18: 30-day average traded value of Nifty Smallcap 250 constituents (USD mn)



Source: Ambit Asset Management

Taken together, strong domestic fund flows and improving market liquidity continue to provide an important technical tailwind for small-cap equities. When combined with

strengthening earnings momentum and a more reasonable valuation backdrop, these factors create a supportive environment for the broader small-cap universe.

Conclusion

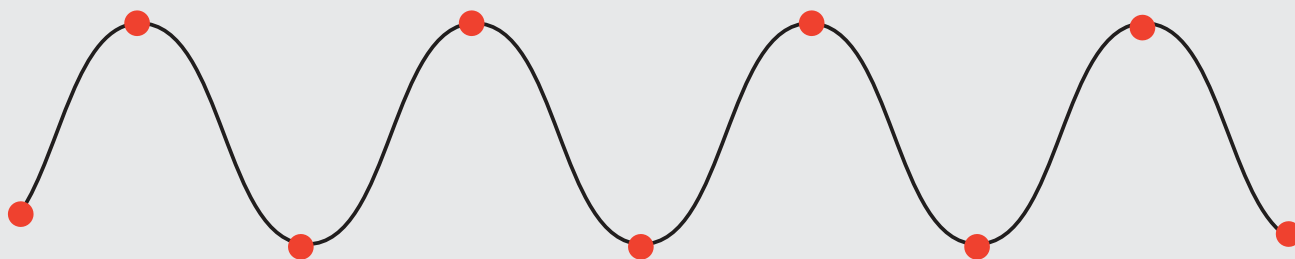
The correction that began in early 2025 appears to have been driven primarily by a valuation reset rather than a structural disruption to credit markets or economic activity. Since then, earnings growth has strengthened, with the Nifty Smallcap 250 delivering an estimated 27% year-on-year increase in profits, while valuations have moderated to more attractive levels across a broad segment of the market.

The backdrop has also become more supportive. Geopolitical risks have eased, trade visibility has improved, corporate profitability remains near historic highs, and private-sector capital expenditure continues to gather momentum. At the same time, corporate balance sheets are significantly stronger than

during previous investment cycles, providing the financial capacity to sustain future growth and investment.

Domestic investors continue to provide a resilient source of liquidity, while trading activity within the small-cap universe has recovered meaningfully from the drawdown lows. Although risks remain, including geopolitical developments and the sustainability of the earnings recovery, many of the conditions historically associated with successful small-cap upcycles are beginning to re-emerge. In our view, the balance between risk and reward within the small-cap segment has improved materially and warrants renewed investor attention.

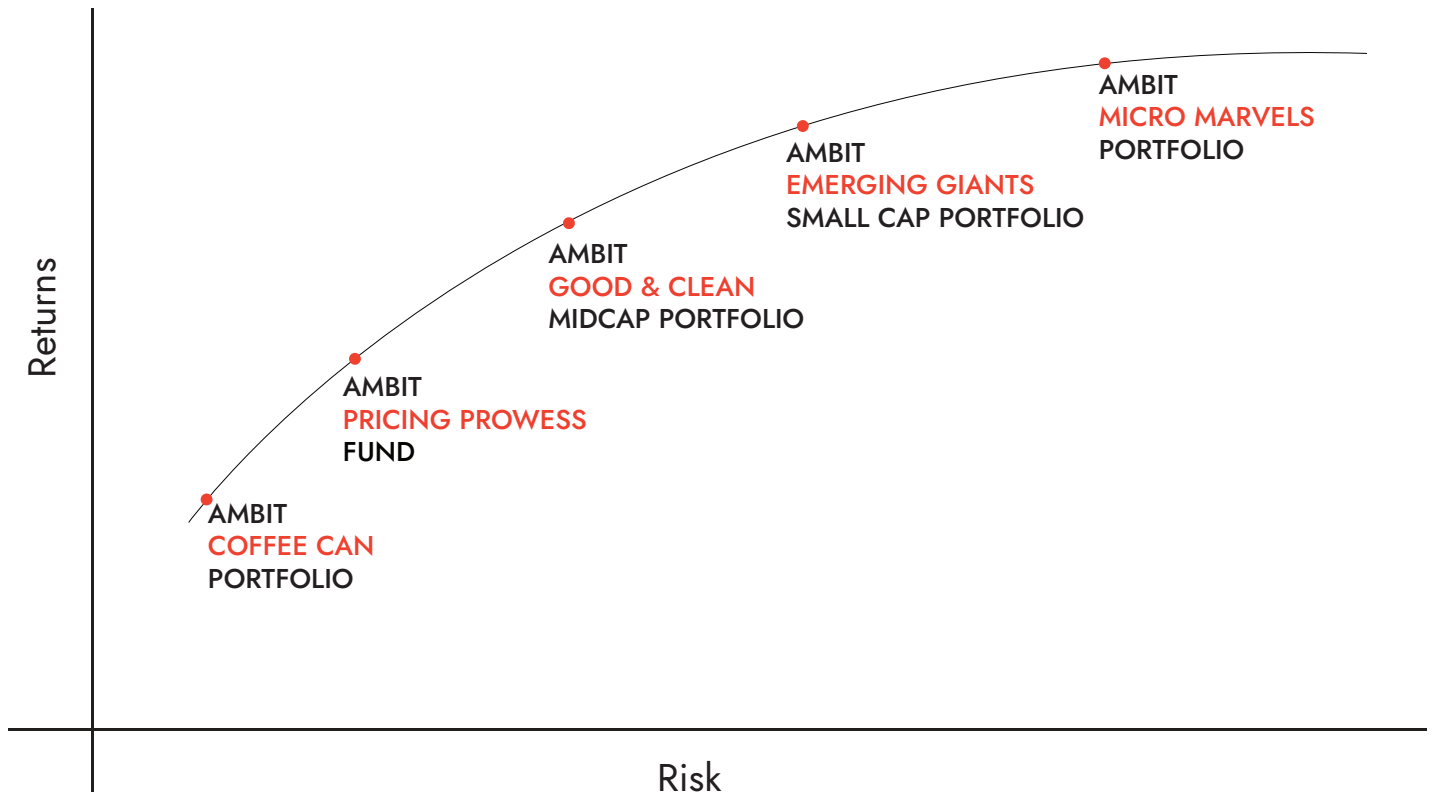
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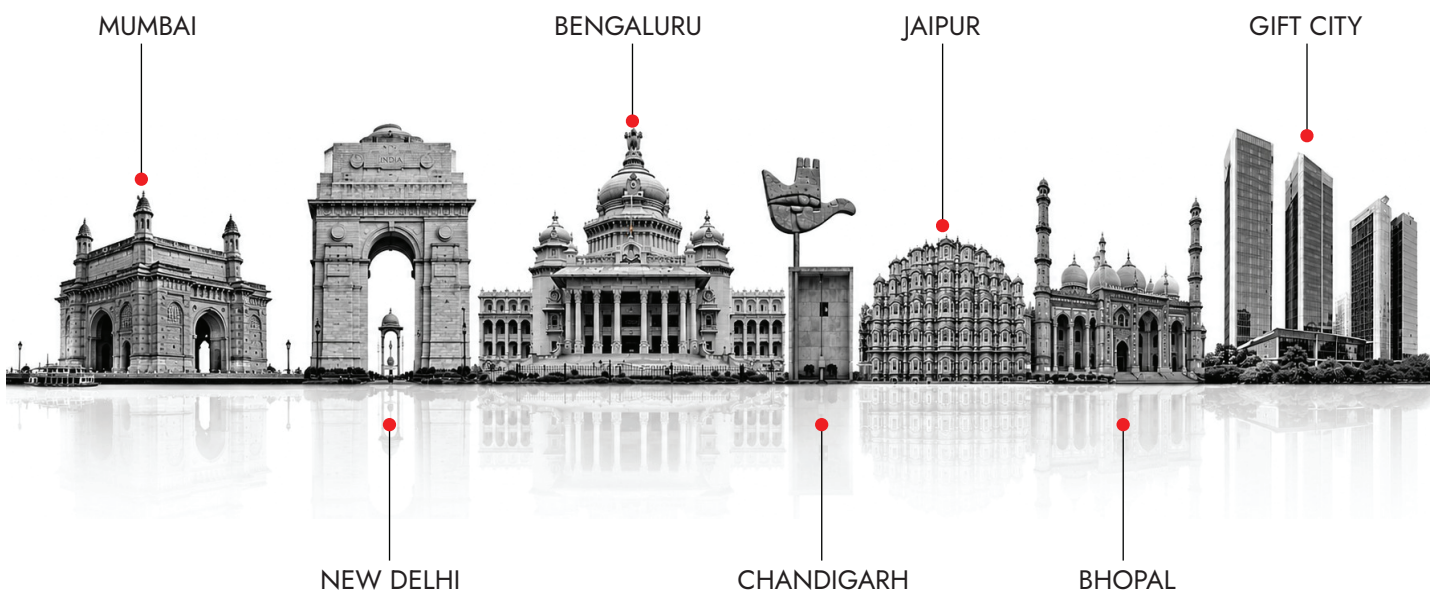
- Successful investing takes acumen
- The acumen to have a solution for every need
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Our Team



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).



SIDDHARTHA RASTOGI
COO & HEAD OF SALES

Siddhartha Rastogi is the Chief Operating Officer and Head of Sales at Ambit Asset Management, with over 23 years of experience in financial markets. A key pillar of the Ambit Group for more than 15 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 holds a PGDBA from NMIMS, Mumbai.



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.



LOVELESH MANOCHA
FUND MANAGER -
EQUITY

Lovelesh has over 18 years of experience in equities and asset management. Prior to Ambit, he served as a Fund Manager at Bandhan Life (formerly Aegon Life), managing multiple large-cap funds. During his tenure, his funds consistently outperformed the benchmark, generating an average alpha of over 300 bps. Lovelesh holds a CFA, a PGDM from IIM Lucknow, and a B.E. in Chemical Engineering from Panjab University.



SHALINI GUPTA
DIRECTOR - FAMILY
OFFICES & INSTITUTIONS

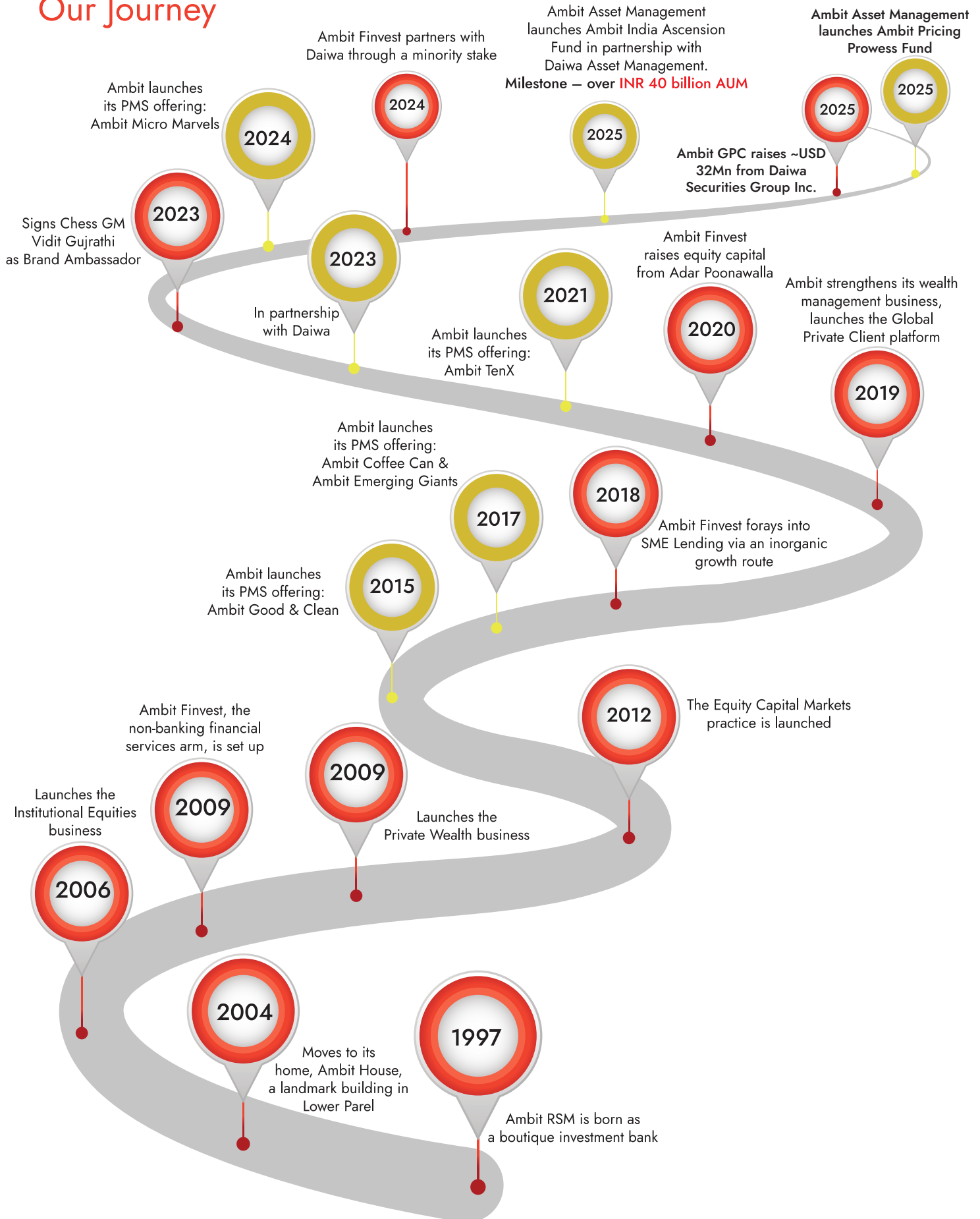
Shalini Gupta brings over two and a half decades of distinguished expertise in asset management, capital markets, and investment strategy. As Director, Family Office, she spearheads institutional investors and family offices engagements focusing on scalable bespoke investment solutions. Her career spans 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.



RAHUL MAHESHWARY
VICE PRESIDENT - ASSOCIATE FUND
MANAGER

Rahul Maheshwary is an Associate Fund Manager at Ambit Asset Management with over 11 years of experience in equity markets. Currently in his second stint with the company, he has previously worked with Dolat, TCG, and IDBI Asset Management, building extensive expertise in portfolio construction, active fund management, long-short investing, and fundamental equity research across a diverse range of sectors. Rahul is a Chartered Accountant and an alumnus of the Indian Institute of Management Calcutta.

Our Journey



Ambit Coffee Can Portfolio

At Coffee Can Portfolio, we do not attempt to time commodity/investment cycles or political outcomes and prefer resilient franchises in the retail and consumption-oriented sectors. The Coffee Can philosophy has an unwavering commitment to companies that have consistently sustained their competitive advantages in core

businesses despite being faced with disruptions at regular intervals. As the industry evolves or is faced with disruptions, these competitive advantages enable such companies to grow their market shares and deliver long-term earnings growth.

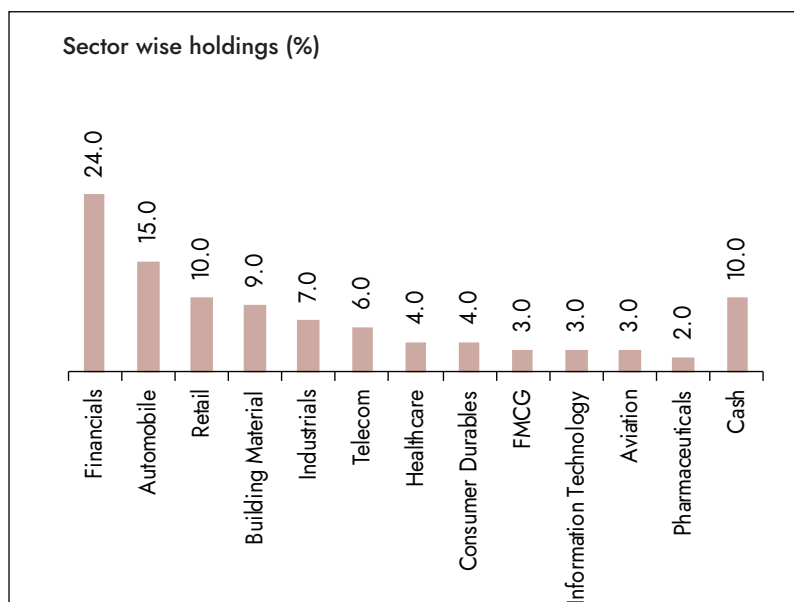
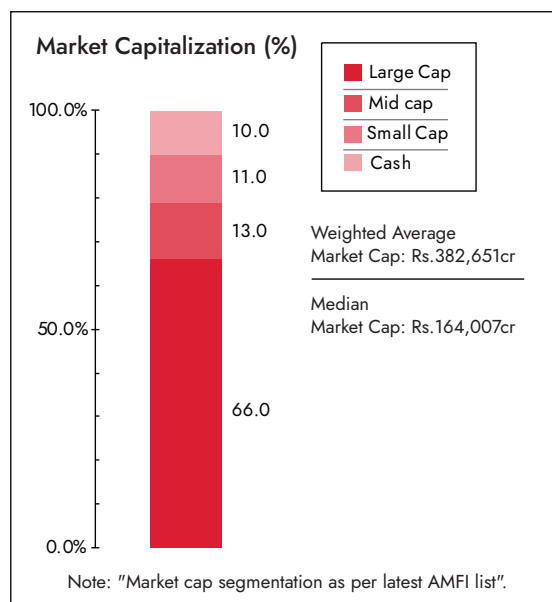
Point-to-point Returns (%) as on 31st Jul'26	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	Since inception
Ambit Coffee Can Portfolio	3.5	4.9	0.2	-0.5	2.8	9.5	8.5	13.6	13.1
Nifty 50 TRI*	2.4	2.3	-3.0	-0.4	0.1	8.6	10.4	13.2	12.1

Calendar year Returns (%) as on 31st Jul'26	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26 TD	Since inception
Ambit Coffee Can Portfolio	11.9	10.9	18.4	21.4	22.5	-4.4	16.4	15.8	7.6	-1.9	13.1
Nifty 50 TRI*	9.8	4.6	13.5	16.1	25.6	5.7	21.3	10.1	11.9	-5.9	12.1

Ambit Coffee Can Portfolio inception date is June 20, 2017;

**1M Return: 1st - 31st Jul'26; 3M Return: 1st May'26 – 31st Jul'26; 6M Return: 1st Feb'26 – 31st Jul'26; 1Y Return: 1st Aug'25 – 31st Jul'26

*Nifty 50 TRI is the selected benchmark for the Ambit Coffee Can Portfolio. The performance related information provided herein is not verified by SEBI.



Source: Ambit Asset Management

Top 5 Holdings	Weight (%)
HDFC Bank Ltd	9.0
Eternal Ltd	7.0
Eicher Motors Ltd	7.0
Bharti Airtel Ltd	6.0
Bajaj Finserv Ltd	5.0

Source: Ambit Asset Management

Ambit Good & Clean Portfolio

Ambit's Good & Clean strategy provides long-only equity exposure to Indian businesses that have an impeccable track record of clean accounting, good governance, and efficient capital allocation. Ambit's proprietary 'forensic accounting' framework helps weed out firms with poor quality accounts, while our proprietary 'greatness' framework helps identify efficient capital allocators with a holistic approach for consistent growth. Our focus has been to deliver risk-adjusted returns with as much focus on lower portfolio drawdown as on return generation. Some salient features of the Good & Clean strategy are 1. Process-oriented approach to investing, 2. Long-term horizon and low churn and 3. Low drawdowns.

Point-to-point Returns (%) as on 31st Jul'26	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	Since inception
Ambit Good & Clean Portfolio	1.4	8.8	8.6	13.8	1.2	15.3	12.3	15.9	13.8	12.7
BSE 500 TRI**	2.2	3.8	2.0	3.0	0.4	11.9	12.4	15.8	13.6	12.3

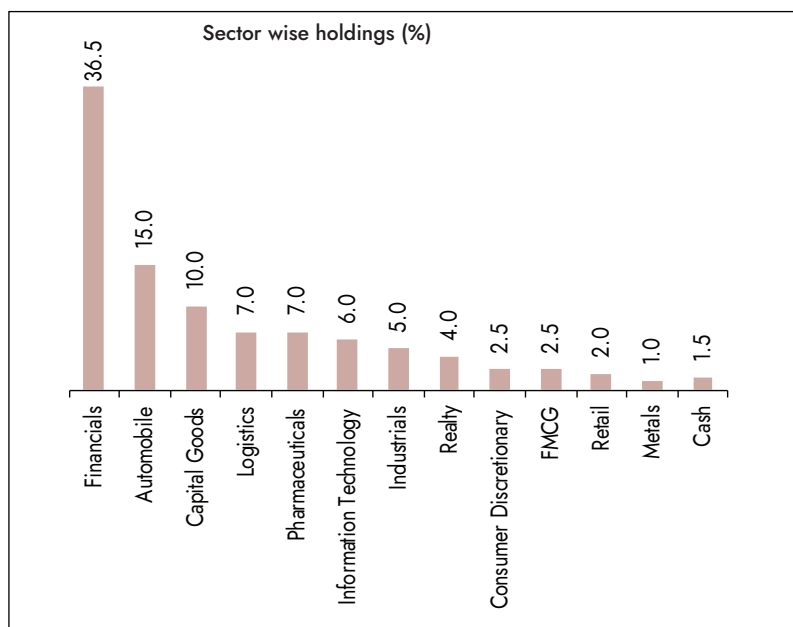
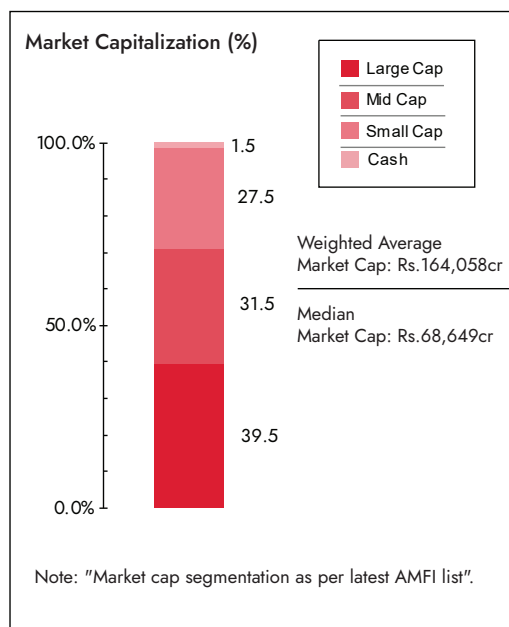
Calendar year Returns (%) as on 31st Jul'26	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26 TD	Since inception
Ambit Good & Clean Portfolio*	-2.3	5.5	29.4	2.3	13.6	16.2	29.1	-0.4	32.0	23.0	-4.6	8.7	12.7
BSE 500 TRI**	-4.8	5.2	37.6	-1.8	9.0	18.4	31.6	4.8	26.5	15.8	7.6	-1.4	12.3

Ambit Good & Clean Portfolio inception date is Mar 12, 2015;

**1M Return: 1st - 31st Jul'26; 3M Return: 1st May'26 – 31st Jul'26; 6M Return: 1st Feb'26 – 31st Jul'26; 1Y Return: 1st Aug'25 – 31st Jul'26

*The name of the investment approach has been changed from Ambit Good & Clean Midcap Portfolio to Ambit Good & Clean Portfolio with effect from June 02, 2026.

**BSE 500 TRI is the selected benchmark for the Ambit Good & Clean. The performance related information provided herein is not verified by SEBI.



Source: Ambit Asset Management

Top 5 Holdings	Weight (%)
Lupin Ltd	6.0
Shriram Finance Ltd	6.0
Aegis Logistics Ltd.	5.0
TVS Motor Company Ltd	5.0
Bharat Electronics Ltd	5.0

Source: Ambit Asset Management

Ambit Emerging Giants Small Cap Portfolio

Small caps with secular growth, superior return ratios and no leverage – Ambit's Emerging Giants Small Cap portfolio invests in small-cap companies with market-dominating franchises and a track record of clean accounting, governance and capital allocation. The fund invests in companies with market caps less than INR 10,000cr. Companies with excellent financial track records, superior underlying fundamentals (high RoCE,

low debt), and the ability to deliver healthy earnings growth over long periods of time. However, given their smaller sizes, these companies are not well discovered, owing to lower institutional holdings and lower analyst coverage. Rigorous framework-based screening coupled with extensive bottom-up due diligence led us to a concentrated portfolio of 18-20 emerging giants.

Point-to-point Returns (%) as on 31st Jul'26	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	Since inception
Ambit Emerging Giants Small Cap Portfolio	0.7	13.6	21.5	4.7	-2.5	2.5	6.7	17.6	11.9
BSE 500 TRI*	2.2	3.8	2.0	3.0	0.4	11.9	12.4	15.8	12.7
Nifty Smallcap 250 TRI**	1.3	7.4	14.1	5.2	0.5	17.2	15.3	22.5	12.5

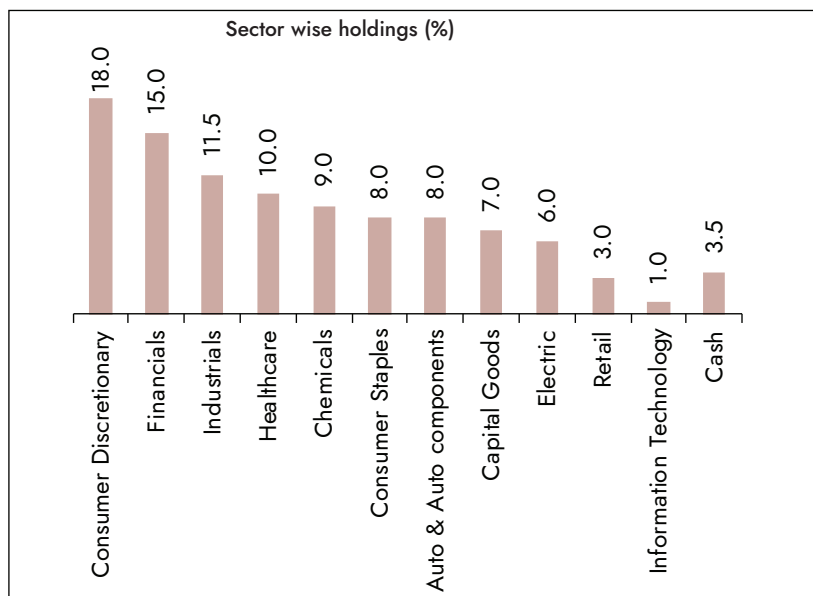
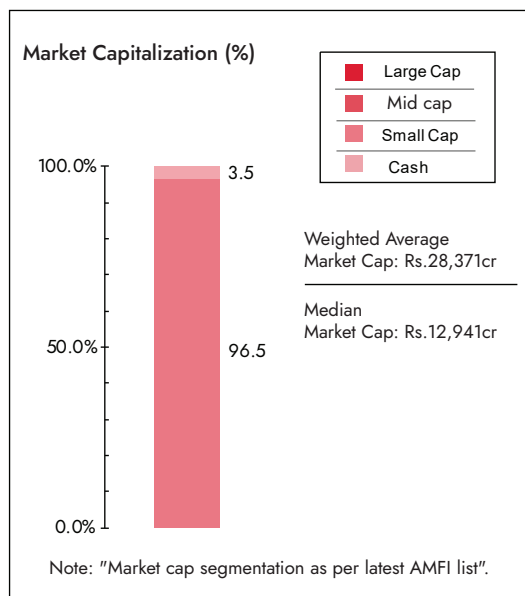
Calendar year Returns (%) as on 31st Jul'26	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26 TD	Since inception
Ambit Emerging Giants Small Cap Portfolio	7.5	-7.5	-0.3	44.6	43.7	1.8	24.7	6.5	-18.5	16.9	11.9
BSE 500 TRI*	3.5	-1.8	9.0	18.4	31.6	4.8	26.5	15.8	7.6	-1.4	12.7
Nifty Smallcap 250 TRI**	4.7	-26.1	-7.3	26.5	63.3	-2.6	49.1	27.2	-5.5	7.8	12.5

Ambit Emerging Giants Small cap Portfolio inception date is Dec 1, 2017;

***1M Return: 1st - 31st Jul'26; 3M Return: 1st May'26 – 31st Jul'26; 6M Return: 1st Feb'26 – 31st Jul'26; 1Y Return: 1st Aug'25 – 31st Jul'26

*BSE 500 TRI is the selected benchmark for the Ambit Emerging Giants Small cap. The performance related information provided herein is not verified by SEBI.

**Nifty Smallcap 250 TRI is the secondary benchmark, being provided solely for additional reference and comparison. For details refer disclaimer clause.



Source: Ambit Asset Management

Top 5 Holdings	Weight (%)
CCL Products India Ltd	8.0
Venus Pipes & Tubes Ltd	6.5
Arvind Ltd	6.0
R R Kabel Ltd	6.0
City Union Bank Ltd	5.0

Source: Ambit Asset Management

Ambit Micro Marvels Portfolio

We aim to create a portfolio that invests predominantly in micro-cap companies with the potential of delivering superior earnings growth and generating relatively better risk-adjusted performance over a long period of time.

Ambit's proprietary 'forensic accounting' framework helps weed out firms with poor quality accounts while our proprietary 'greatness' framework helps identify efficient capital allocators. The result is a concentrated portfolio of 20-25 stocks that draws down less than the market in corrections and has low churn.

Key Features of Portfolio Companies:

1. High earnings growth companies with low leverage,
2. Market leaders or challengers with strong moat.
3. Strong corporate governance coupled with apt capital allocation.

Point-to-point Returns (%) as on 31st Jul'26	1M	3M	6M	1Y	Since inception
Ambit Micro Marvels Portfolio	2.3	10.0	15.3	-5.2	-5.2
BSE 500 TRI*	2.2	3.8	2.0	3.0	0.9
Nifty Smallcap 250 TRI**	1.3	7.4	14.1	5.2	1.4

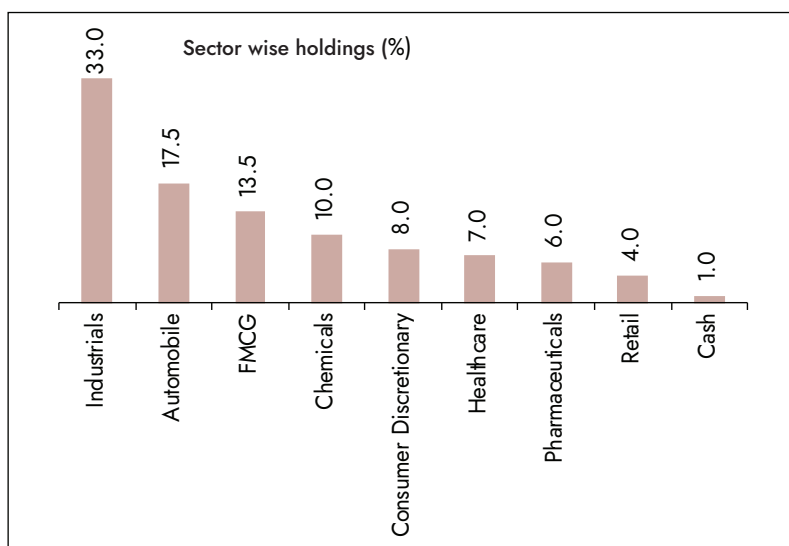
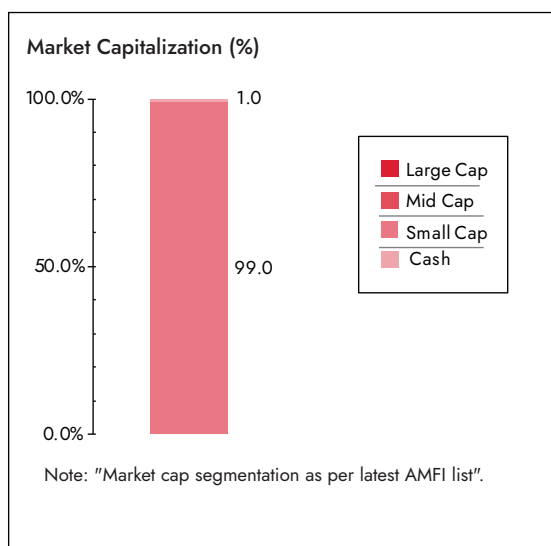
Calendar year Returns (%) as on 31st Jul'26	CY24	CY25	CY26TD	Since inception
Ambit Micro Marvels Portfolio	-0.7	-16.7	8.5	-5.2
BSE 500 TRI*	-4.0	7.6	-1.4	0.9
Nifty Smallcap 250 TRI**	0.9	-5.5	7.8	1.4

Ambit Micro Marvels Portfolio inception date is Jul 29, 2024;

***1M Return: 1st - 31st Jul'26; 3M Return: 1st May'26 – 31st Jul'26; 6M Return: 1st Feb'26 – 31st Jul'26; 1Y Return: 1st Aug'25 – 31st Jul'26

*BSE 500 TRI is the selected benchmark for the Ambit Micro Marvels Portfolio. The performance related information provided herein is not verified by SEBI.

**Nifty Smallcap 250 TRI is the secondary benchmark, being provided solely for additional reference and comparison. For details refer disclaimer clause.



Source: Ambit Asset Management

Top 5 Holdings	Weight (%)
Thejo Engineering Ltd	8.0
Globus Spirit Ltd	8.0
Sanstar Ltd	6.0
Entero Healthcare Solutions Ltd	6.0
Macpower CNC Machines Ltd	6.0

Source: Ambit Asset Management

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, 2.Unrivald Portfolio Resilience and 3.Maximum Long-Term Value Creation.

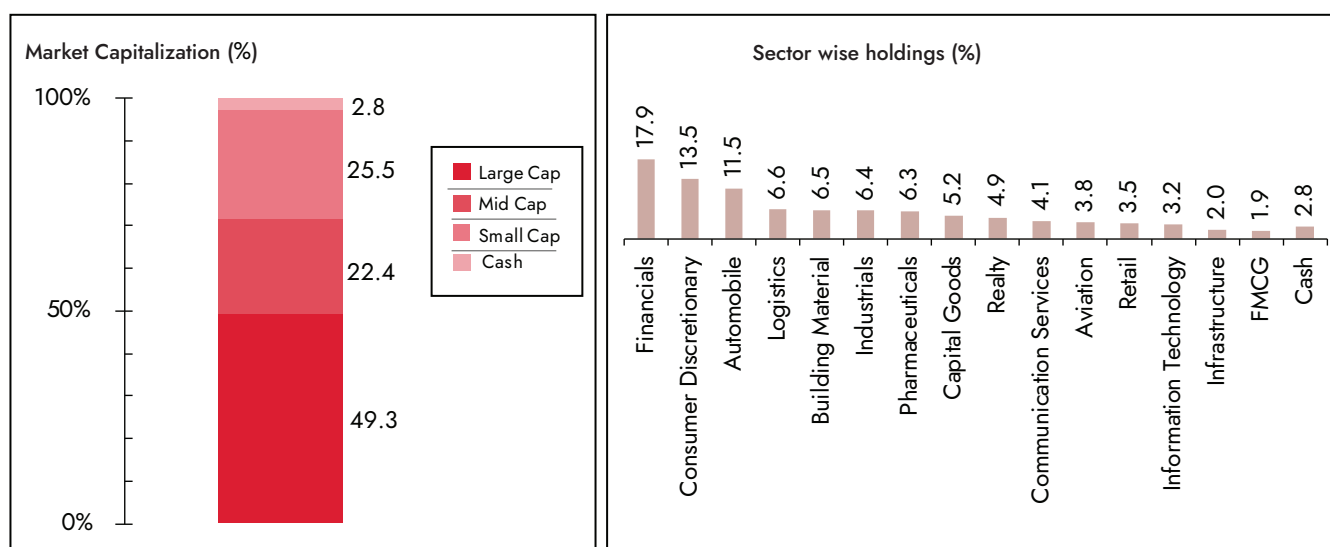
In a market of highly varied valuations, Ambit Pricing Prowess Fund is not constrained by a single market segment. We are designed to seek the most attractive combination of Quality and Price across the entire investment universe. We can shift capital fluidly between Large, Mid, Small, and even a select number of carefully vetted unlisted businesses. This broad mandate allows us to find and capitalize on unique opportunities that align with our core framework. 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.

Point-to-point Returns (%) as on 31st Jul'26	1M	3M	6M	Since inception
Ambit Pricing Prowess Fund	2.8	7.0	5.3	0.2
BSE 500	2.0	3.3	1.4	0.1
Nifty 50	2.2	1.6	-3.7	-3.1

Calendar year Returns (%) as on 31st Jul'26	CY25	CY26TD	Since inception
Ambit Pricing Prowess Fund	-1.5	1.7	0.2
BSE 500	2.2	-2.0	0.1
Nifty 50	3.8	-6.7	-3.1

**1M Return: 1st - 31st Jul'26; 3M Return: 1st May'26 – 31st Jul'26; 6M Return: 1st Feb'26 – 31st Jul'26; 1Y Return: 1st Aug'25 – 31st Jul'26

Note: Data as on 31st July 2026; First close for Ambit Pricing Prowess Fund was done on 24th Sept 2025; Returns are computed at Fund level and are pre fees and on pre-tax basis. Returns of BSE 500 and Nifty 50 is being provided solely for additional reference and comparison. The performance related information provided herein is not verified by SEBI.



Source: Ambit Asset Management

Top 5 Holdings	Weight (%)
Eternal Ltd.	6.7
Eicher Motors Ltd.	5.1
The Phoenix Mills Ltd.	4.9
Aegis Vopak Terminals Ltd.	4.6
Maruti Suzuki India Ltd.	4.1

Source: Ambit Asset Management

For any queries, please contact:

Phone: +91 22 6623 3281 / +91 22 6623 3187 | Email - amsales@ambit.co

Registered office: Ambit Investment Advisors Private Limited - Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

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

Statutory details:

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

Phone: +91 22 6623 3281 / 91 22 6623 3187 | Email - amsales@ambit.co | www.ambit.co/asset-management