

Geopolitics: Navigating the US/Israel-Iran Conflict

The ongoing conflict in West Asia has introduced an additional layer of uncertainty for Indian equities.

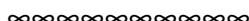
India remains structurally more exposed to such shocks than many large economies given its dependence on imported energy, meaningful remittance linkages with the Gulf region, and reliance on global shipping lanes for several industrial inputs. The first-order market reaction is therefore understandable: a temporary pause in risk appetite. The market in March fell 11.4% and the rupee depreciated by an additional 4%.

However, while geopolitical shocks weaken aggregate sentiment, they also accelerate competitive divergence within industries. Periods such as these often reveal which businesses possess genuine pricing power, balance sheet resilience, supply-chain flexibility, and the ability to gain share while competitors retreat.

Accordingly, we are focused less on making macro predictions and more on identifying where the market is likely mispricing the duration or magnitude of the impact. Areas we are monitoring particularly closely include:

- 1. Market leaders temporarily sacrificing margins to strengthen competitive positioning**
In several industries, stronger companies may absorb short-term pressure in order to consolidate market share. Historically, such periods have often strengthened long-term industry structure.
- 2. Well-capitalized lenders where market fears exceed underlying credit deterioration**
Periods of stress frequently create opportunities for disciplined lenders with conservative underwriting and strong provisioning frameworks to emerge with stronger competitive positions.
- 3. Businesses benefiting from increasing focus on energy security and domestic supply chains**
A prolonged geopolitical disruption increases the strategic importance of domestic energy infrastructure, transmission, localized manufacturing, and supply-chain resilience.
- 4. High-quality exporters and manufacturers positioned to benefit from supply-chain diversification**
While some companies may experience near-term disruption, prolonged instability can also accelerate customer efforts to diversify sourcing relationships toward reliable Indian suppliers.
- 5. Companies continuing to invest through the cycle**
Management behaviour during periods of uncertainty is often highly revealing. Businesses that continue investing prudently through difficult environments frequently emerge with stronger long-term competitive advantages.

Importantly, we do not intend to make a macro call on the conflict itself. That is neither our edge nor our process. Our edge lies in identifying where short-term fear creates attractive long-term entry points. Historically, periods of elevated uncertainty have often provided the foundation for some of the most attractive long-term investment outcomes.



Promoter Buying - A Subtle but Important Signal

Another development worth highlighting is the meaningful shift in promoter behaviour within Indian equities. According to Jefferies, Indian promoters/founders were substantial net sellers of equity during CY2024 and CY2025, monetizing approximately US\$56 billion through block sales and IPOs. This occurred during a period when MSCI India traded materially above its long-term average valuation levels.

This behaviour appears entirely rational. When public markets are willing to pay elevated multiples, promoters often use the opportunity to monetize holdings, deleverage, fund growth initiatives, or diversify personal balance sheets. What is more interesting is the shift now emerging in CY2026.

Jefferies estimates that promoters purchased more than US\$4 billion of equity during the first quarter of 2026 through open-market purchases, rights participation, preferential allotments, and strategic stake increases.



We believe this matters because promoters operate with a fundamentally different information set and time horizon than public market participants. Promoters do not typically purchase stock to express short-term views. Meaningful increases in ownership, particularly following an extended period of monetization, can often signal:

- improved confidence in medium-term earnings growth,
 - more reasonable valuations, or
 - a belief that their own businesses represent a superior use of capital relative to external opportunities.
- Notably, much of this buying activity has been concentrated in more asset-heavy sectors such as power, infrastructure, and property. These are sectors where replacement cost, execution capability, regulatory approvals, and access to capital can create substantial barriers to entry.

This does not mean promoter buying is, by itself, an investment thesis. We would not buy a stock simply because a promoter is buying. Governance, capital allocation, leverage, cyclicity and valuation still matter. However, when promoter behaviour aligns with our own bottom-up work, it can serve as a useful confirming signal.

More broadly, the timing of this shift is consistent with what we are increasingly observing across our portfolio and research universe:

- valuations have normalized materially,
- earnings expectations have already been reset lower across many sectors,
- foreign investor positioning remains light,
- and several high-quality businesses are now available at prices that imply materially lower long-term earnings power than we believe is likely.

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Duro Positioning - Meaningfully Invested into Opportunity

I am often asked whether the current environment warrants a more defensive stance. Our approach remains unchanged. We do not attempt to make market calls. Instead, we remain focused on identifying situations where:

- industry structure is improving (“Why”)
- earnings growth is turning structurally stronger (“Why Now”), and
- valuations remain reasonable relative to long-term earnings potential (“Price-Value”)

Today, we believe that setup exists across a growing portion of our opportunity set. As a result, we remain meaningfully invested through a concentrated portfolio of our high-conviction ideas.

Periods of dislocation often create increasingly differentiated long-term earnings outcomes for businesses benefiting from strengthening competitive positions and structural industry shifts. With valuations across many businesses now below long-term averages, we believe the next 12-24 months are likely to provide a particularly attractive backdrop for active investors such as ourselves relative to passive index exposure.



FUND OVERVIEW

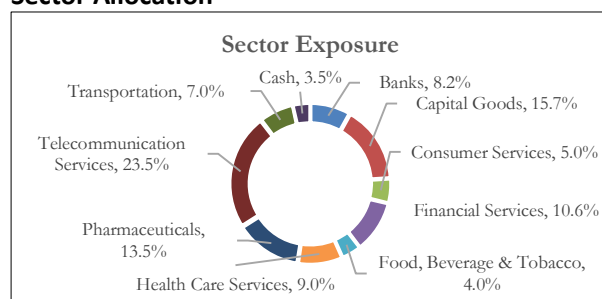
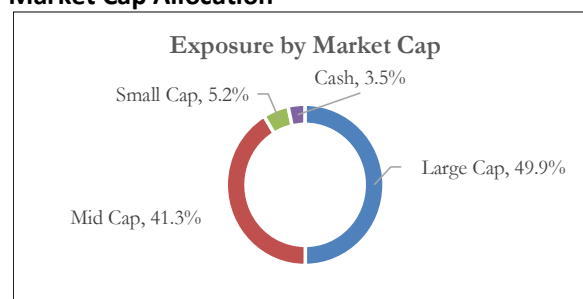
- **Fund Name:** Duro Opportunities Fund
- **Inception Date:** 8th July 2025
- **Registration Number:** IN/AIF3/24-25/1765
- **Category:** Category III AIF
- **Scheme Name:** Duro Equity Opportunities AIF 1
- **Investment Manager:** Duro Capital Management LLP
- **Sponsor:** Duro Opportunities Sponsor Limited
- **Structure:** Open-ended scheme

KEY SERVICE PROVIDERS

- **Trustee:** Mitcon Credentia Trusteeship
- **Registrar & Transfer Agent:** CAMS
- **Tax Advisor:** Deloitte, Ernst & Young
- **Audit:** Deloitte
- **Legal Advisor:** Khaitan & Co.
- **Custodian/Fund Accountant:** Kotak Mahindra Bank Ltd.

PORTFOLIO ATTRIBUTES (as of March 31, 2026)**Top Position Sizing**

Position	% of AUM
Top Position	9.8%
Top 5 Positions	40.7%
Top 10 Positions	66.8%

Sector Allocation¹**Market Cap Allocation²**

¹ Source: Bloomberg GICS Industry Group Name

² Large Cap: >INR20,000 crore market cap; Mid Cap: >INR5,000 crore and <INR20,000 crore; Small Cap: <INR5,000 crore

RISK DISCLOSURES

Risk	Level	Mitigants
Concentration Risk	Fund	At the portfolio level, such risks are minimized by limiting the aggregate exposure of the portfolio to such investments to less than 10% of the NAV of the Fund.
Foreign Exchange Risk	Fund	The Fund has no direct foreign exchange risk. However, portfolio companies may experience low to moderate effects from currency movements due to the nature of their business activities.
Leverage Risk	Portfolio Company/ Fund	The Fund does not employ leverage at its own level. The companies we invest in typically operate with low to moderate debt and have demonstrated prudent balance sheet management over time. Their leverage profiles are tracked on an ongoing basis to ensure continued financial discipline.
Realization Risk	Portfolio Company/ Fund	All the investments are in listed Indian entities.
Strategy Risk	Portfolio Company	Investment opportunity is predominantly reviewed through bottom-up fundamentals supplemented by broader top-down considerations. Our investment team builds and analyses detailed financial models incorporating historical performance trends and forward estimates based solely on publicly available information. Any development that may affect the investment thesis is carefully reassessed. To reinforce alignment with our investors, the sponsor has invested INR 10.05 crore in the Fund.
Reputation Risk	Portfolio Company	The selection process begins with in-depth fundamental research supported by internally prepared financial models and historical analysis.
Extra Financial Risks	Portfolio Company/Fund	We refrain from allocating capital to businesses with known or recurring governance red flags. Our internal governance framework enables us to identify gaps or early warning signals. ESG-related disclosures, across environmental, social and governance dimensions are monitored continuously using publicly available information to ensure responsible and informed investment decisions.
Performance Review	Fund	Benchmarking for the Fund is not applicable at this stage in terms of the prescribed regulations as one year has not elapsed from the date of the first closing.

OTHER DISCLOSURES

Particulars	Description
Any fees ascribed to the Manager or Sponsor; and any fees charged to the Alternative Investment Fund or any investee company by an associate of the Manager or Sponsor	The fees ascribed to the Manager/Sponsor by the fund is as per the Private Placement Memorandum. There are no other fees ascribed to the Investment Manager or Sponsor. Further no fee is charged to the Fund or any investee company by an associate of the Manager or Sponsor.
Any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction	No actions have been taken by any legal or regulatory bodies against Investment Manager, Fund or its Scheme.
Any material liability arising during the Alternative Investment Fund's tenure	There are no material liabilities against the Trust and its Schemes.
Any breach of a provision of the placement memorandum or agreement made with the investor or any other fund documents, if any	There has been no breach of provision of the PPM.
Change in control of the Sponsor or Manager or Investee Company.	There has been no change in control of the Sponsor or Manager or Investee Company.
Conflict of interest	No conflict of interest has arisen.

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