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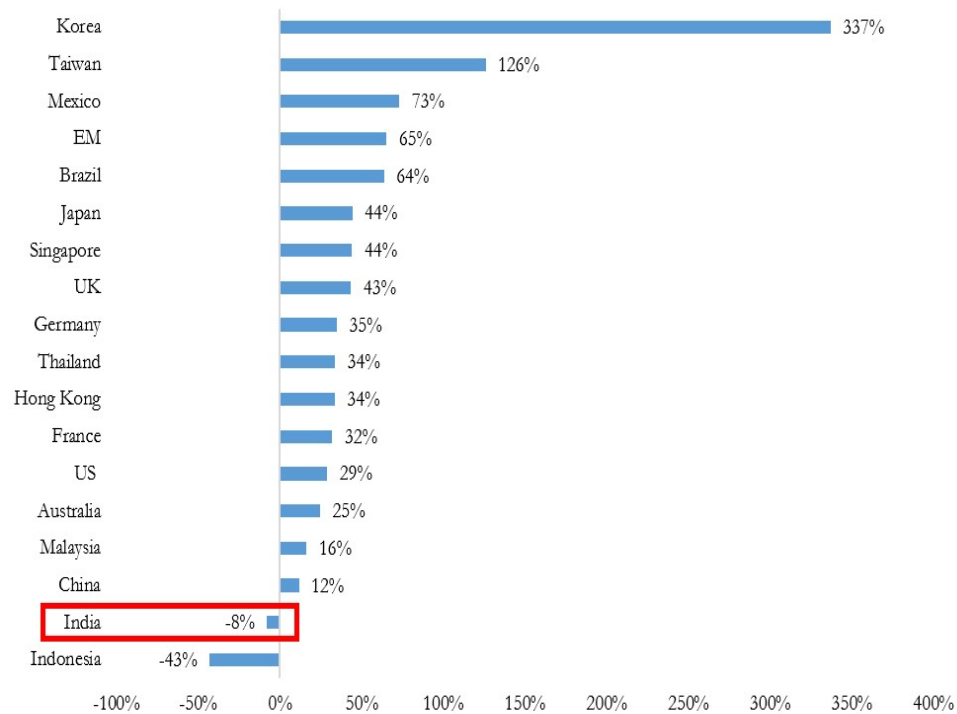
June 2026 Quarterly Update: Peeling the India Onion

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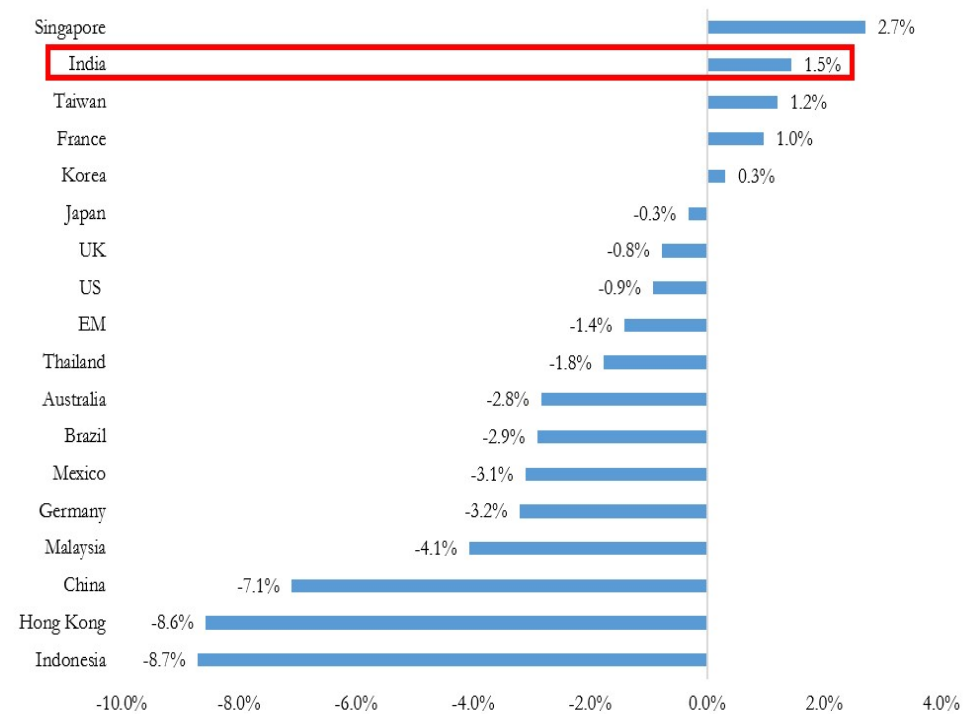
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India's Underperformance

Index USD Returns % : Jan 1, 2025 – June 30, 2026



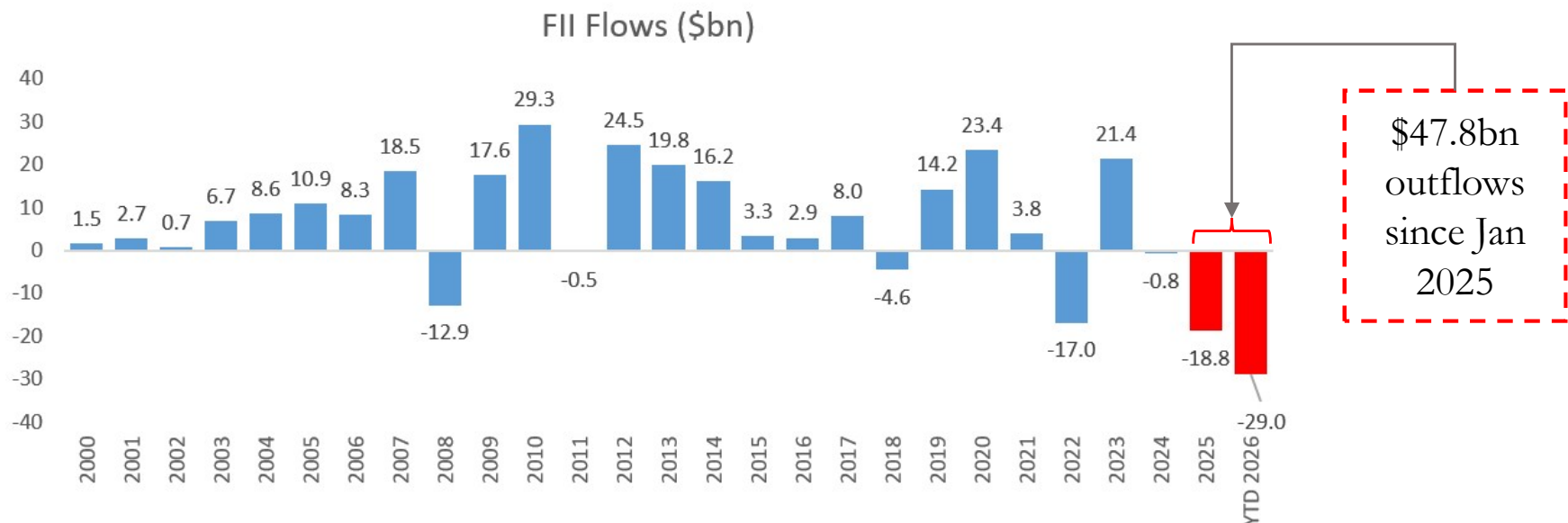
Index USD Returns % : Jun 1, 2026 – June 30, 2026



Is the tide turning? – India has been an outperformer over the last month

Foreign Investors (FIIs) have sold... MORE

- 2026 has seen the highest FII outflows India has recorded in any year this century - *and it is only a half-year figure!*



Is the tide turning? - the second half of June saw FII flows turn positive

What We Will Cover Today

- AI - Impact on India vs impact on the portfolio
- Portfolio Companies
 - Skipper
 - Five Star Finance
 - Eternal
 - IndiGo

AI: A Flows Problem, Not a Fundamental One

Impact on India: The Flows Headwind

- AI winners Korea & Taiwan have surged; benchmark money has rotated **out of India**.
- India's EM index weight **halved** in under 2 years - **22%** to **11%**!
- This is despite MSCI India earnings having held up well over the last 6 months.

Impact on Duro: our positioning

- Duro has **zero** IT services exposure.
- AI-linked holdings are **export & enabler plays**: power and data-center infrastructure.
- Duro's portfolio benefits **from** the global AI capex cycle - does not get disrupted by it.

The Deeper Pattern

- India's edge is **deployment, not invention**.
- India won every prior wave: **Y2K, Mobile internet, UPI** - AI is the next frontier.
- Point to note: IT services is only ~7% of GDP; the other 93% deploys.

PORTFOLIO COMPANY UPDATES

Skipper: Mispriced by Association

WHY: A Differentiated T&D Product Platform

- Backward integration drives a structural raw-material cost edge over peers.
- Only Indian vendor approved for higher-margin US monopolies.

WHY NOW: Capacity Expansion into a Global T&D Supercycle

- Capacity is set to double into an accelerating transmission cycle across the globe.
- Export order inflow set to rise from ~15% to 50%, driving meaningful EBITDA margin expansion.

PRICE-VALUE: A Product Business Priced Like an EPC Contractor

- Trades in line with lower-quality EPC peers despite superior growth and ROCE.
- 30%+ EPS CAGR over three years implies a ~**60% IRR** at a 25x exit P/E.

Five-Star Finance: Where Banks Won't Go

WHY: A Lending Model Built for the Hard-to-Serve

- Provides secured small business loans to informal-income borrowers.
- Underwriting model has been refined over three decades and multiple cycles.

WHY NOW: The Credit Cycle Is Turning as Growth Reaccelerates

- Asset quality is improving and collection efficiency has recovered to a near-historic high of 99.3%.
- Growth is returning. We expect >20% AUM growth in FY27 with reduced competitive intensity.

PRICE-VALUE: The Recovery Is Not Yet Fully Priced In

- We expect ~**25% IRR** over the next two years on 13x P/E and 2x P/B, supported by normalising credit costs, renewed growth and sustained mid-to-high-teen ROEs.

Eternal: Winning the Second War

WHY: Category Leader in Two Large, Growing Verticals

- 57.5% share in the food delivery duopoly, with EBITDA margins that are 400 bps+ above Swiggy.
- ~51% market share among the top three players in Quick Commerce. Profitable, while Instamart and Zepto continue to bleed money.

WHY NOW: Growth and Profitability are Converging

- Blinkit turned EBITDA-positive in Q3 FY26 in a vertical that is still < 5% penetrated
- Instamart is slowing expansion due to losses, while Zepto may need to access public markets at a significant discount to its latest private valuation.

PRICE-VALUE: Reasonable for Exceptional Growth and Positioning

- We expect a **>50% IRR**, assuming multiples in line with leading consumer businesses with materially lower growth.

IndiGo: Built for Turbulence

WHY: Structural Leadership in a Brutal Industry

- Dominates an industry defined by repeated bankruptcies.
- Prime airport slots remain with airlines that utilise them effectively, creating a strong entry barrier.

WHY NOW: Market Share Consolidation Accelerated by Disruption

- The Middle East disruption sets up a repeat of IndiGo's post-Covid share gains, when domestic share rose from ~40% to 60%+ in three years.

PRICE-VALUE: Compounding Should Continue at an Attractive Rate

- **25%+ IRR** from here at a 25x exit P/E — underpinned by dominant share, earnings growth and a net-cash balance sheet.

In Conclusion

- **The Setup** - Record outflows and a halved index weight reflect India underweight positioning, not earnings; in fact, India's earnings already bottomed as money was leaving.
- **The Turn** - Cyclical earnings recovery + an initial reversal in both flows and relative underperformance, coupled with a longer-term bearish view on Oil.
- **The Edge** – Duro's concentrated, long-only strategy that has delivered 5.28% annualized alpha over the last five years.

Thank you. Join us for the next webinar.

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