



VANTAGEPOINT

Our Focus Makes All The Difference

From Global AI Theme to India’s Sovereign Ambitions

Artificial Intelligence has quickly moved from being a promising technology to the central theme shaping global markets. Since the launch of ChatGPT in 2022, capital has flowed into AI at an unprecedented pace, with investors convinced that its transformative power could rival the Industrial Revolution. This belief has driven extraordinary gains in companies that supply the building blocks of AI—semiconductor manufacturers, cloud providers, and select software platforms—creating a sharp divergence between these winners and the broader market.

Table 1: 200 Years of Disruption: Steam, Electricity, Computing, AI

<div>1st</div> <div>Steam-based engines</div> <div></div> <div>18th century</div>	<div>2nd</div> <div>Electrical Energy-based mass production</div> <div></div> <div>19th - 20th century</div>	<div>3rd</div> <div>Computer & Internet-based knowledge</div> <div></div> <div>20th century</div>	<div>4th Industrial Revolution</div> <div>Artificial Intelligence</div> <div></div> <div>Early 21st century</div> <div>The confluence & convergence of emerging technologies</div>
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At the same time, AI’s disruptive potential has introduced new risks. Traditional tech and service businesses are under scrutiny as investors question the durability of existing revenue models in an AI-enabled world. Valuations have swung sharply, reflecting both optimism about future productivity gains and concern over near-term displacement. In effect, AI has not just become the biggest growth story of this cycle—it has also been the key force reshaping market leadership across sectors and geographies.

While this excitement has helped tech leaders worldwide, it has created challenges for Indian IT services. Concerns that traditional businesses like application development and BPO will be disrupted by AI have affected sentiment.

Given this context, we continue to take an underweight position on the sector, while selectively investing in two mid-cap and one micro-cap company. We think smaller, more nimble firms will adapt faster and be in a better position to use AI in their delivery models.

While global markets chase the AI revolution, India is charting its own path by building the foundations for a sovereign AI future. One of the key enablers of this journey is our portfolio company, Netweb Technologies, which is building the high-performance computing infrastructure required to power India's sovereign AI ambitions.

Importantly, Netweb recently secured a significant order from the Government of India, underscoring both the credibility of its solutions and the strategic importance of domestic capabilities in this space. We see Netweb as a strong beneficiary of this structural shift, uniquely positioned to align with both global trends and India's priorities.

As investors, our goal is to seek businesses that are not only resilient in the face of disruption but are active participants in the opportunities it creates.

While we continue to capture the AI opportunity through select names like Netweb, our portfolio's largest overweight versus the Nifty 50 is in the capital goods sector—reflecting our conviction in India's ongoing industrial capex cycle.

In the following section, we would like to share insights into four companies that, in our view, combine strong order visibility, operating leverage, and structural growth drivers in the sector, with the potential to deliver sustained growth and attractive returns.

Bharat Electronics (BEL) – Poised for Growth

Bharat Electronics (BEL), India's largest defence electronics company, supplies advanced systems to the Ministry of Defence, ISRO, and other agencies. It plays a critical role as system integrator for projects such as the BrahMos missile and QRSAM. With a strong order book of nearly ₹80,000 crore and rising defence allocations in FY26, BEL is well placed to benefit from sustained industry demand.

The government's ₹40,000 crore Emergency Procurement Mandate, followed by a 15-year defence modernization plan, underscores focus areas like hypersonic missiles, laser-based weapons, and naval platforms. Growing indigenization should further support margins. Over the next 18–24 months, we expect healthy order inflows, reinforcing defence as a secular long-term theme amid heightened global geopolitical tensions.

Table 2: Trivantage Capital Edge Portfolio vs. Nifty 50 Sector-wise positions

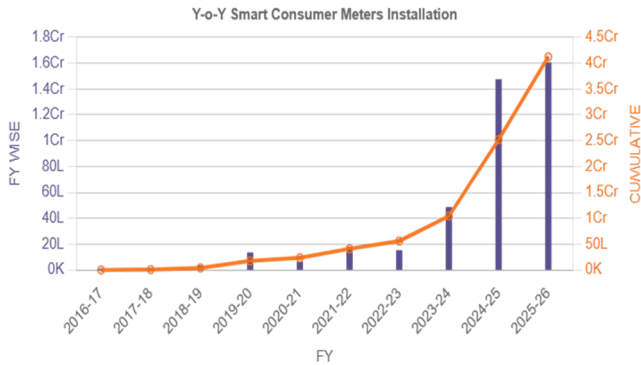
	Trivantage Capital Edge Portfolio	Nifty 50	Diff%
Capital Goods	14.4%	1.3%	13.1%
Realty	3.0%		3.0%
Construction	6.0%	3.8%	2.2%
Auto & Auto Components	9.4%	7.5%	1.9%
Financial Services	38.4%	36.5%	1.9%
Consumer Services	4.6%	2.9%	1.7%
Consumer Durables	3.7%	2.2%	1.6%
Chemicals	0.8%		0.8%
Healthcare	5.1%	4.3%	0.8%
Telecommunication	4.6%	4.5%	0.1%
Services	2.0%	2.0%	0.0%
Construction Materials		2.2%	-2.2%
Power		2.6%	-2.6%
Information Technology	7.1%	9.9%	-2.8%
Metals & Mining		3.8%	-3.8%
Fast Moving Consumer Goods		6.8%	-6.8%
Oil, Gas & Consumable Fuels		9.8%	-9.8%

Sector wise weightages in the portfolio and the index are as of 30 September 2025.
Source for Index weightages: NSE Indices

Kaynes Technology: Moving Up the Value Chain

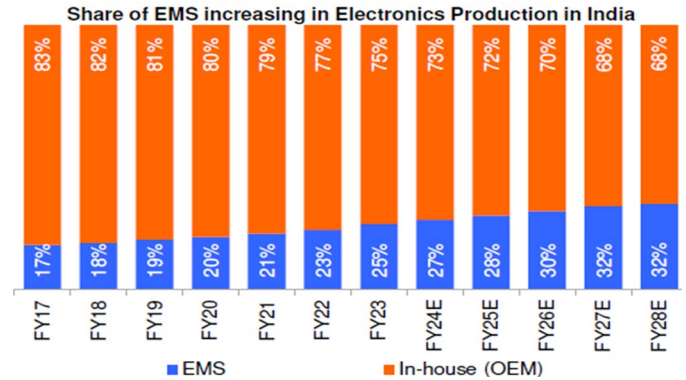
Kaynes Technology, among India's leading EMS players, has built a strong presence across industries from smart meters and EVs to railways, medical, and aerospace. Over the past year, it expanded into outsourced semiconductor assembly and testing (OSAT) and bare board printing—initiatives that should lift margins and strengthen its position higher in the value chain.

Table 3: Accelerating Adoption of Smart Meters



Source: Ministry of Power, Government of India.

Table 4: Shift Toward EMS in India (FY23–28E)



Source: Antique Stock Broking (June 2025).

Operating in a segment with higher entry barriers and complex workloads, Kaynes enjoys a strong reputation and pricing power. With India emerging as a low-cost electronics hub amid supply-chain diversification, and EMS growth set to outpace the broader economy, Kaynes is well placed to capture long-term opportunities driven by rising electronics penetration, AI adoption, and next-gen technologies.

TD Power: Growing Relevance in Energy & Data Centers

TD Power Systems (TDPS), a leading Indian manufacturer of generators and motors, has built a strong presence in power and energy projects spanning renewables, biomass, and waste-heat recovery. Over the past year, it has also gained traction with data centers and electricity grid companies in the US and Europe.

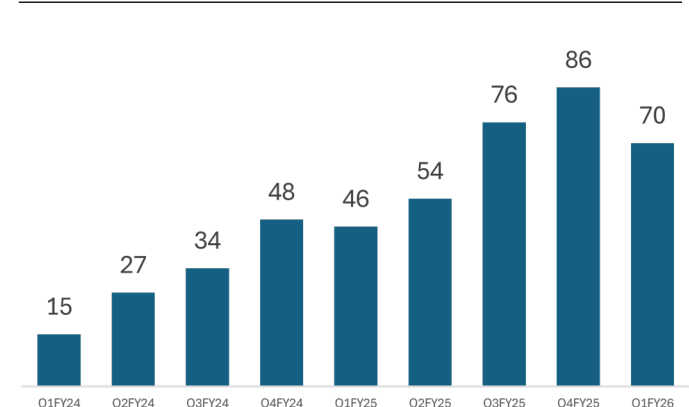
TDPS supplies generators for gas turbines to Siemens, General Electric, and Innio—the only global makers of turbines used in data centers. With grid stability becoming a priority worldwide and data center expansion continuing at pace, TDPS' credibility and order book have strengthened, supported by rising inquiries from major European and American clients.

GE Vernova T&D India: Riding the Grid Upgrade Cycle

GE Vernova T&D India (GETD), a subsidiary of US-based GE Vernova, is among the country's largest producers of transformers and transmission equipment, competing in a niche, high-voltage segment with limited players. Post-pandemic, India has accelerated grid modernization, driving strong demand amid constrained supply.

Around 30% of GETD's revenues come from exports to the Middle East and Asia, supported by its parent's brand and technology strength.

Table 5: Power Grid's Capital Expenditure (Rs. bn)



Source: IIFL Capital (August 2025)

The order book has expanded meaningfully across both public and private clients. With state utilities investing in advanced technologies such as HVDC, industry tailwinds are likely to sustain over the next 2–3 years.

Together, these companies illustrate India’s rising capabilities in defence, electronics, and power infrastructure. With policy momentum, global demand, and technology adoption converging, the outlook for these sectors remains strong.

Table 6: Scope for increasing market share in transformers due to elimination of China players

Transformers & Reactors	Market Share (%)
Crompton	19.7%
TBEA	16.6%
GE T&D	15.6%
Hitachi	8.8%
BHEL	8.4%
Toshiba	6.4%
Siemens	6.0%
Hyosung	5.6%
TRIL	5.3%
Baoding	4.8%
Others	2.8%

Source: Antique Stock Broking (June 2025).

OUR OUTLOOK

Indian equities are navigating multiple headwinds currently with slowing growth, tariff stalemate with the US, weakening of INR, lacklustre earnings growth etc. Foreign Portfolio Investors (FPIs) have taken out USD 17.6 bn from Indian stocks since January 2025.

Table 7: 1-yr returns for leading indices

Indices	1-yr Returns (%)
Nifty Next 50	-11.2%
Nifty Small Cap 250	-8.8%
Nifty Midcap 100	-5.5%
Nifty 500	-5.3%
Nifty 50	-3.5%

As on 30 Sep 2025. Source: NSE

Table 8: 1-yr returns for sectoral indices

Sectoral Indices	1-yr Returns (%)
Nifty Realty	-20.8%
Nifty IT	-18.0%
Nifty FMCG	-14.8%
Nifty Auto	-0.9%
Nifty Bank	4.0%

As on 30 Sep 2025. Source: NSE

In a couple of weeks from now, Indian listed companies will begin reporting earnings for Q2FY26. The season is expected to report modest earnings growth for most sectors.

The market is reflecting the headwinds as can be seen from Exhibit 7. One year returns for most leading indices range between -5% to -10%. Exhibit 8 shows the sectoral breakup.

At this crucial juncture, we believe that it is important to stick to bottom-up investing with significant overweights and underweights depending on the visibility of growth in revenue and margins. Indian equities have only been able to attract foreign capital because of delivering a much stronger growth than most emerging markets. In the process, Indian markets have enjoyed a much higher “growth multiple” in valuations. This valuation multiple premium to other EMs has been challenged in a slowing economy.

This is the reason why we have taken high conviction overweight positions in capital goods, auto & auto components etc. and underweight positions in FMCG, IT Services etc.

We believe FY26 will remain a year of modest growth but FY27 will bounce back strongly on the back of continued government reforms, lower inflation and interest rates and lower US tariffs.

The valuation multiples have already seen some moderation and as growth returns, the foreign capital will return.

We remain focussed on generating a portfolio alpha (excess of portfolio returns over benchmark) of around 3% p.a. on a 3-year rolling basis.

Despite very strong headwinds in 2025 thus far, we have maintained this goal as shown in table 9.

Table 9: 3-yr returns of portfolio vs. benchmark index

	3-Year CAGR (%)
Trivantage Capital Edge Portfolio	17.6%
Nifty 50 TRI	14.2%

As on 30 Sep 2025. The performance is calculated on a client-consolidated basis for all clients under the Investment Approach using TWRR methodology, is net of expenses and annualised for periods > 1 year. Past performance may not be sustained in future. The performance-related information is not verified by SEBI.

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