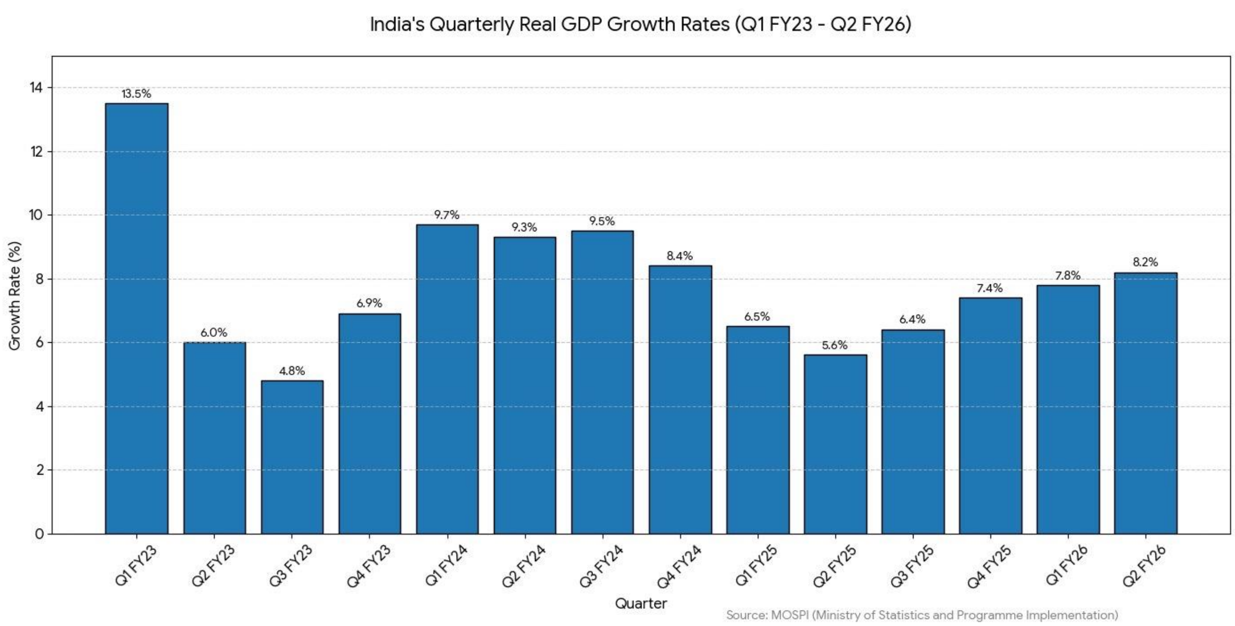
9th December, 2025

Dear Investor,

Nifty benchmark made a festive rally high of 26310 in October 2025 and closed at 26200 with better sentiment powered by strong macro performance with GDP growing at 8.2% and RBI interest rate cut. How ever this was spooked by the higher Japanese bond yield affecting all the emerging market currencies. We were also affected with rupee depreciating to Rs 90 to a dollar.

Fastest growing economy

India's economy extended its strong run for a third consecutive quarter, growing at a six-quarter high of 8.2 percent in July–September (Q2FY26) compared with 7.8 percent in the previous quarter, helped by robust manufacturing and a buoyant services sector, especially financial, real estate and professional services, according to official data released on November 28. The print comfortably beat a recent poll of economists, which had pegged Q2 growth at 7.3 percent, and was well above the Reserve Bank of India's 7 percent projection for the quarter. The upside surprise in the Q2 GDP growth print was driven by services, even as the agriculture and industrial sectors largely reported prints along expected lines,



Front loading of production for exports, sustained rural demand, government spending and a lower deflator on account of much lower inflation have together lifted India's Q2 GDP print beyond consensus expectations, and this momentum is likely to continue despite some headwinds from trade challenges. The GST reforms and higher disposable incomes from income tax relief at the lower end of the tax brackets should keep urban demand supported, while good rainfall and the absence of major adverse climatic events point to rural demand holding up as well, giving us confidence of a strong GDP print in the second half

RBI prioritises growth over currency volatility.
The RBI's rate cut, coming at a moment of currency volatility, sends a clear signal: growth takes precedence and the central bank commentary suggests more easing ahead , with inflation projected at 2% for the current fiscal year. The RBI's inflation projections for FY26 have taken into account the current levels of the rupee. RBI's repo rate cut and revised GDP growth forecast. The RBI's liquidity measures were aimed at countering year-end tightening.

Solid diplomacy at work
On the diplomatic front, India-Russia ties got a strong push and both the countries, agreed to strengthen economic ties , healthcare products, and focus on civilian nuclear power, amid US pressure to curb India's oil trade with Russia. The two leaders also finalised an agreement allowing Indian professionals to relocate to Russia and signed pacts for shipments of Indian marine products and farm goods to Russia, aiming to increase trade to $100 billion by 2030. Meanwhile, Russia's Rosatom has delivered the first batch of nuclear fuel for Kudankulam third reactor, with multiple flights planned to complete the supply under a 2024 contract.

Better Earnings going forward
The GST reform and lower interest cycle should give good fillip to the earnings during the second half of 2025-26. We continue to highlight that the Indian markets now appear to be in a healthy state vs. last year. The earnings cycle is expected to accelerate into double digits. Valuations are reasonable. Any signs of earnings growth acceleration should support valuation expansion. Our portfolio is more aligned towards domestic names, driven by expectations of a domestic economic rebound.

Outlook and Valuations
We strongly feel one should take a longer term perspective, post the healthy correction. With massive sizable manufacturing opportunity and digital and AI world India offers attractive investment destination. We firmly believe that India will overcome in this crisis as well and emerge stronger going forward.

Thanks with Regards,

CA Rakesh Doshi

Principal Officer & Fund Manager

KRIIS – The Portfolio Management Company