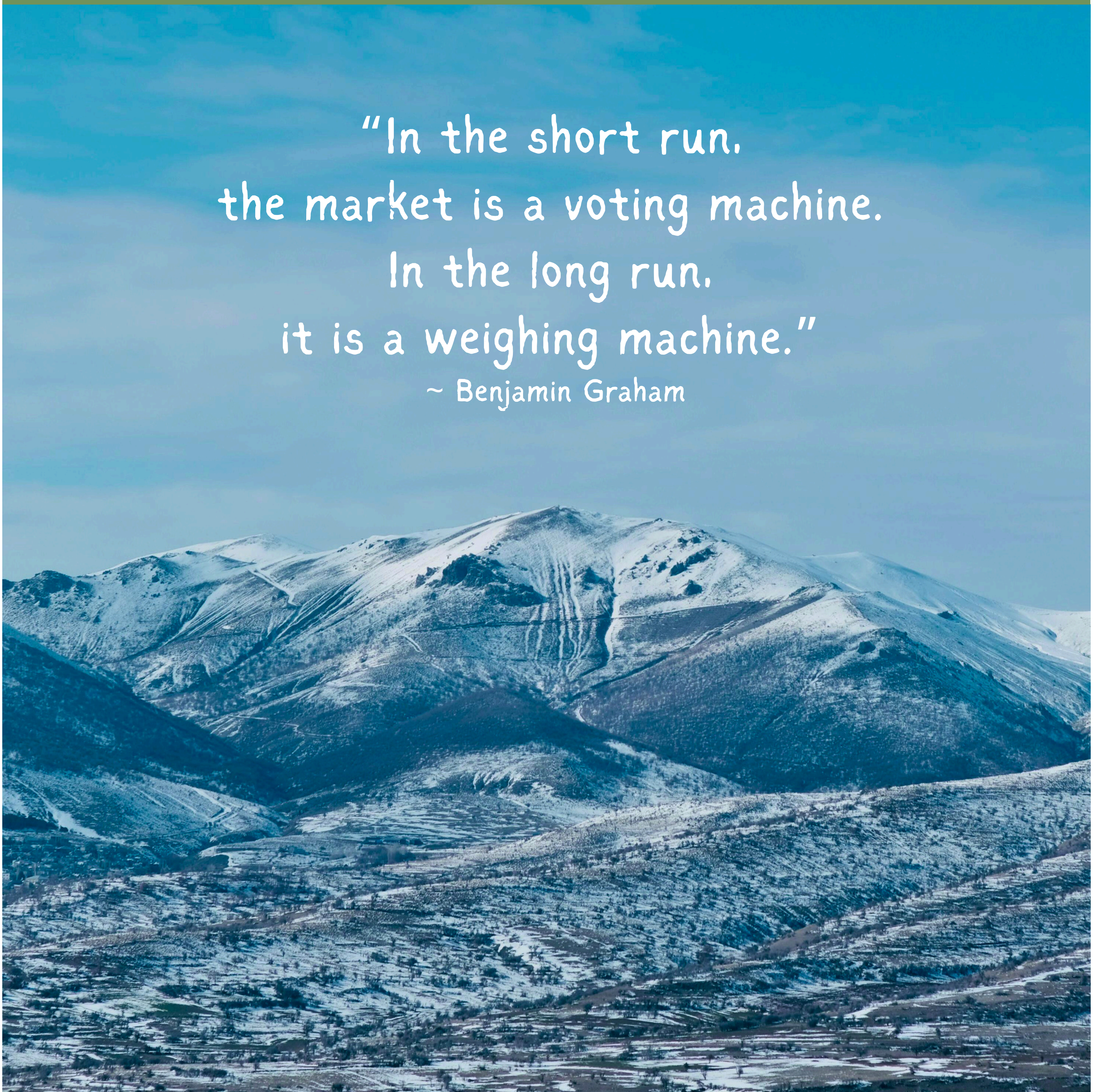
StaG TIMES

DECEMBER 2025 | SENORA ASSET MANAGEMENT | EDITION NO. XVII

An India focused Large Cap AIF CAT III



MONTHLY PERFORMANCE OF INDICES

Nifty 50: 26,202.95 (+1.87%)

Sensex : 85,706.67 (+2.11%)

Mridul Jalan
Co-Founder & CIO

Stock	Returns
GAINERS	
Bharti Airtel	3.07%
Maruti	2.93%
SBI	2.15%
Indigo	1.83%
ETERNAL	1.53%
Chola Finance	1.42%
Bank of Baroda	0.78%
ICICI Bank	0.74%
Axis Bank	0.62%
Reliance	0.61%
Jubilant Food	0.56%
Hindustan Unilever	0.37%
United Spirits	0.14%
LOSERS	
Jio Finance	-0.13%
Tata Power	-0.46%
ABB	-0.51%
Ambuja Cement	-0.85%
Tata Motors	-3.26%

CONTRIBUTION TABLE

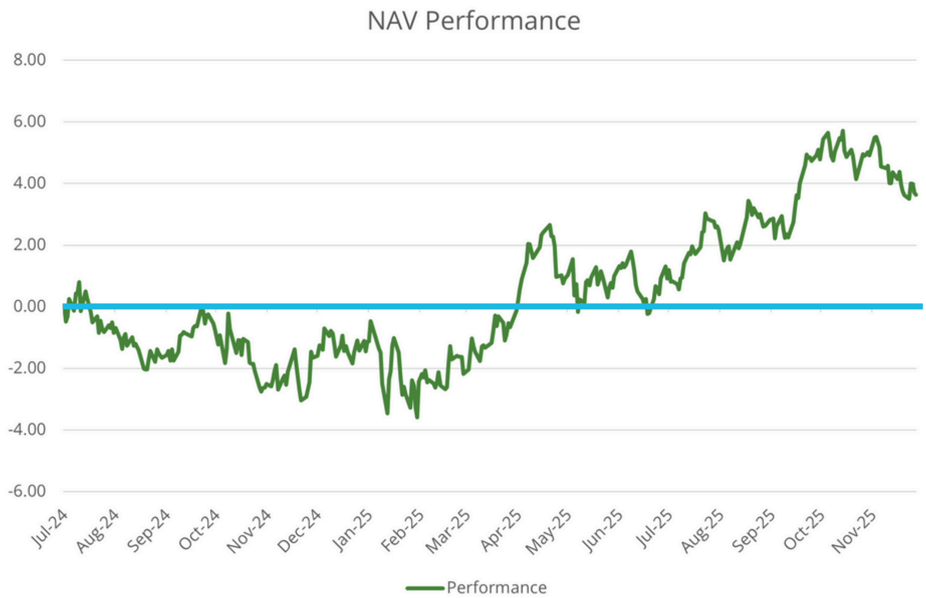
From the CIO's Desk - December 2025

Hello Investors,

As 2025 draws to a close, it has truly been a rollercoaster year for markets, marked by a sharp correction in the first half followed by a steady recovery in the second. Markets touched fresh all-time highs in November before undergoing a healthy consolidation, and as we write this, benchmark indices remain up in low double digits for the year.

However, beyond the headline numbers, broader markets have continued to face pressure. The divergence between large-cap indices and the mid- and small-cap segments remains stark. At the same time, the rupee has weakened to a new all-time low, FIIs have remained consistent net sellers, and bond markets have stayed volatile, largely influenced by currency-related concerns.

Despite this challenging backdrop, large caps have demonstrated relative resilience, with the Nifty up nearly 11 percent for the year. Against this context, we are pleased to share that Senora has continued to outperform the benchmark. Post fees and taxes, our strategy is up close to 15 percent for the year. While we may fall marginally short of our stated 20 percent CAGR guidance for this year, considering how the year unfolded, we are satisfied with the outcome and remain confident in the strength and discipline of our approach as we head into the next phase.



NAV CHART

To know more about us, visit: www.senora-stag.com x.com/SenoraAIF www.youtube.com/@StaGAIF

DECEMBER 2025

WHAT WE WROTE DURING THE MONTH

Webinar: Decoding New-Age Businesses | Growth vs. Profitability

Not all growth is created equal. Recent developments across Swiggy, Paytm, Nykaa, PB Fintech, and others suggest that markets are increasingly rewarding sustainable profitability over blind scale.

In the webinar, we discussed:

- How to distinguish durable technology businesses from momentum-driven stories
- Why unit economics matter more than GMVs
- What truly drives long-term compounding in new-age companies

👉 *For those who could not join us live, the recorded session is available [here]*

Market View

When markets dip, pessimism is loud. When they rise steadily, it often goes unnoticed. Yet the data remains clear. Returns are positive, earnings are improving, and quality businesses continue to compound wealth. At Senora, disciplined and quality-focused investing has consistently delivered superior outcomes, reaffirming that disliked rallies often create the most value.

📊 *Read our detailed market view [here]*

Strategy vs. Execution: Lessons Beyond Politics

The Bihar results highlight a simple truth. Strategy alone is not enough. Trust is built through execution, ownership, and consistency over time. Whether in leadership or business, credibility comes from accountability and delivery, not optics or shortcuts.

🧠 *Explore the full perspective [here]*

Proving Conviction Right: The Bharti Story and What Lies Ahead

Our early, data-backed conviction in Bharti Airtel has played out well, with the stock nearly doubling over the last 18 months while peers struggled. With capex and opex cycles peaking, Bharti is entering a phase of operating leverage, accelerating cash flows, and valuation-driven upside, reinforcing our long-term positive view on the telecom sector.

📈 *Deep dive into the Bharti thesis [here]*

Ahead of the Index, Aligned with Earnings

While many portfolios continue to lag despite the Nifty nearing new highs, Senora portfolios have remained aligned with earnings-led leadership, delivering approximately 16 percent returns versus the Nifty's 11 percent. Broad-based participation and disciplined positioning have helped our investors reach new highs ahead of the market.

📄 *See how the portfolio has performed [here]*

Why Indexes Make New Highs but Most Portfolios Do Not

Markets reward consistency, not trends. Indexes automatically increase exposure to earnings-led winners and reduce laggards, while most portfolios do the opposite by booking profits in winners and holding on to underperformers. At Senora, we focus on structural leaders with consistent earnings, because over time, discipline, not hype, compounds wealth.

🔍 *Understand the difference in approach [here]*

NOVEMBER 2025
STOCK REVIEW

COMPANY	OUR VIEW
ABB India	Muted Growth
Ambuja Cements	Strong Growth
Axis Bank	Mild Growth
Bank of Baroda	Muted Growth
Bharti Airtel	Strong Growth
Cholamandalam Investments & Holdings Ltd	Mild Growth
Eternal Ltd	Strong Growth
Hindustan Unilever	Mild Growth
ICICI Bank	Strong Growth
IndiGo	Mild Growth
Jio Financial Services	Mild Growth
Maruti Suzuki	Muted Growth
Reliance Industries Ltd	Strong Growth
SBI	Strong Growth
Tata Motors Passenger Vehicles	Muted Growth
Tata Power	Strong Growth

Portfolio Snapshot

> **Q2 FY26 (July-September 2025)** delivered a mixed but structurally improving earnings season. Corporate profits grew 12-14% YoY despite single-digit revenue growth, reflecting margin expansion from input cost moderation and operational efficiency

SECTOR OUTLOOK

Banking Sector

A mixed quarter with NIM compression offset by improving asset quality and credit rebound. NIMs declined 5-15 bps QoQ as deposit re-pricing lagged, but sequential improvement was visible. The recent RBI rate cut by 25bps is positive for overall credit growth.

IT Sector

Revenue growth remained subdued with Tier-1 companies posting 1-3% constant currency growth. However, profitability improved primarily due to rupee depreciation (~2% QoQ), which added 10-15 bps to operating margins. Mid-caps outperformed large-caps. We expect FY27 to be muted as well.

Cement/Infrastructure/Power Sector

Strong volume growth and robust execution defined the quarter despite extended monsoons. The GST reduction on cement (28% to 18%), effective September 2025, is a structural positive. Only 38% of Central capex and 21% of State capex spent by August, substantial spending ahead and order book looking strong.

Telecom Sector

Robust revenue and earnings growth driven by steady ARPU improvement post tariff hikes. The industry-wide focus on premiumisation (4G/5G upgrades, postpaid, higher data plans) continues to yield results. Duopoly strengthening as Vi continues to lose share. ARPU trajectory to remain positive.

Auto/Auto Ancillaries Sector

The quarter had a soft start due to monsoon disruptions and pre-GST 2.0 channel caution. The next two are expected to be very strong, driven by festive demand spillover and GST benefits.

FMCG/Consumer Sector

A transitory quarter impacted by GST rate transition disruptions (pipeline corrections, destocking) and extended monsoons. Management commentary suggests that H2 FY26 is expected to witness a strong revival as GST normalisation and festive demand kick in.

PORTFOLIO SPOTLIGHT
BHARTI AIRTEL LIMITED

Overall Performance and Management Context
Bharti Airtel has established itself as India's premium telecom operator, consistently delivering market-beating performance quarter after quarter. The company has successfully transitioned from a volume-driven model to a value-focused strategy, prioritizing quality customer acquisition over mere subscriber additions.

Under the stewardship of Vice-Chairman & MD Gopal Vittal, management has demonstrated remarkable capital discipline and operational excellence. The leadership team has systematically strengthened the balance sheet, reduced leverage to comfortable levels, and maintained a clear focus on sustainable profitability.

The Africa business continues to be a standout performer, delivering consistent constant-currency growth and expanding margins across 15 countries.

Our Investment Thesis
Premiumization as a Core Strategy

Airtel stands out as India's premium telecom operator, targeting high-value users and richer service bundles. Its upgrade-led premiumization, from feature phones to smartphones and prepaid to postpaid, creates a strong flywheel of better customer quality and rising revenue.

Diversified Growth Engines

- Airtel's Homes, Enterprise, and Payments Bank businesses provide strong adjacencies, expanding the company's digital footprint and adding diversified, high-quality growth engines.
- Structural ARPU Expansion Runway: Low industry ARPUs provide clear upside for tariff normalization, while Airtel's tech upgrades, plan migrations, and data monetization are steadily raising ARPU even without price hikes.
- Digital monetization potential: Upsell of digital services and higher data consumption should drive operating leverage and EPS uplift over time.
- High margin mix & operational discipline: Strong EBITDA margins and ongoing deleveraging provide flexibility to invest selectively while improving returns.

Profit & Loss (Figures in Crore)					
Y/E MARCH	FY23	FY24	FY25	FY26E	FY27E
Net sales	1,39,145	1,49,982	1,72,985	2,15,196	2,55,045
Change (YoY, %)	19.4	7.8	15.3	24.4	18.5
Operating expenses	67,871	71,691	79,826	95,209	1,12,220
EBITDA	71,274	78,292	93,159	1,19,987	1,42,825
Margin (%)	51.2	52.2	53.8	55.76	56
Depreciation	36,432	39,538	45,570	51,276	57,876
Interest paid	19,300	22,648	21,754	22,539	23,250
Other income	937	1,435	1,574	2,940	4,088
PBT	15,809	9,970	34,696	49,113	65,787
Tax	4,273	4,121	917	14,191	17,762
Effective tax rate (%)	27	41	3	29	27
Share of JV/Associate	752	2,709	3,703	-324	-
Exceptional items	-670	-7,572	7,287	-	-
Net profit	12,287	8,558	37,481	34,598	48,025
Adjusted net profit	12,957	16,130	30,195	34,598	48,025
Adj EPS	22	27	50	57	79
Dividend per share	4	8	16	21	27
Dividend payout (%)	19	57	26	26	26

Balance Sheet (Figures in Crore)					
Y/E MARCH	FY23	FY24	FY25	FY26E	FY27E
Share capital	2,837	2,877	2,900	2,900	2,900
Reserves & surplus	74,726	79,142	1,10,772	1,32,694	1,64,239
Shareholders' funds	77,563	82,019	1,13,672	1,35,594	1,67,139
Total Debt	1,56,910	1,38,747	1,48,312	1,46,312	1,44,312
Other liabilities	47,705	50,094	75,589	75,589	75,589
Current liabilities & provisions	1,21,964	1,38,668	1,80,440	2,05,716	2,28,915
Current liabilities	89,096	99,252	1,00,837	1,16,990	1,32,487
Provisions	27,526	31,631	36,155	44,833	53,134
Total liabilities	3,21,237	3,19,724	3,60,893	3,83,723	4,05,522
Total equity & liabilities	**4,27,681**	**4,25,288**	**5,14,360**	**5,61,103**	**6,16,536**
Net fixed assets	2,77,394	3,03,303	1,43,272	1,36,996	1,39,120
Investments	28,249	31,333	544	544	544
Other non-current assets	64,537	32,376	3,02,956	3,02,956	3,02,956
Current assets	57,501	58,276	67,589	1,20,607	1,73,917
Inventories	258	364	452	452	452
Sundry debtors	3,982	4,728	7,456	9,564	11,335
Cash & Liquid	13,419	16,340	16,720	64,239	1,12,456
Other current assets	39,844	36,845	16,195	19,586	22,907
Total assets	**4,27,681**	**4,25,288**	**5,14,360**	**5,61,103**	**6,16,536**

Ratio Analysis					
Y/E MARCH	FY23	FY24	FY25	FY26E	FY27E
Debt/Equity (x)	2	1.6	0.9	0.8	0.6
ROCE (%)	10	6	18	15	17
ROE (%)	17	11	38	28	32
Interest Coverage (x)	3.7	3.5	4.3	5.3	6.1
Interest / Debt (%)	15	16	18	22	23
P/BV (x)	16.3	15.6	11.3	9.5	7.7
EV/EBITDA (x)	19.6	17.8	14.8	11.1	8.9
Market Cap / Sales (x)	9.1	8.5	7.5	6	5.1

Key Drivers for Improved Valuation

- Continued ARPU premiumization (higher yields per user).
- Broadband / Homes scale and cross-sell (better revenue per customer, margin accretion).
- Enterprise & value-added services growth (higher margin revenue mix).
- Ongoing deleveraging (lower financial cost, better ROE).
- Operating efficiency gains / network optimization (improved capex productivity → margin expansion).
- Geographic diversification (strong Africa margins stabilizing consolidated profitability).

OUR VIEW

Despite ongoing capex requirements for 5G expansion and persistent competitive intensity from Reliance Jio, we believe the risk-reward profile remains attractive. The company is well-positioned to benefit from multiple secular tailwinds: rising data consumption, digital adoption across enterprises, financial inclusion, and India's broader economic growth trajectory.

We expect operating leverage to accelerate meaningfully over the coming years, translating revenue growth into robust earnings expansion. The impending free cash flow inflection should support both continued balance sheet strengthening and potential capital returns to shareholders. Airtel's ability to balance growth investments with financial discipline differentiates it as a quality compounder in the Indian telecom space.

FROM THE CIO'S DESK - REFLECTION & MARKET VIEW

At the portfolio level, there have been no material changes. While we continue to actively evaluate opportunities both within and outside the existing portfolio, we have not undertaken any major portfolio-level adjustments during the period.

Recent news flow around IndiGo has drawn attention, and we have already shared our perspective on the developments. We believe the long-term impact remains limited, with most of the near-term concerns already reflected in the current price.

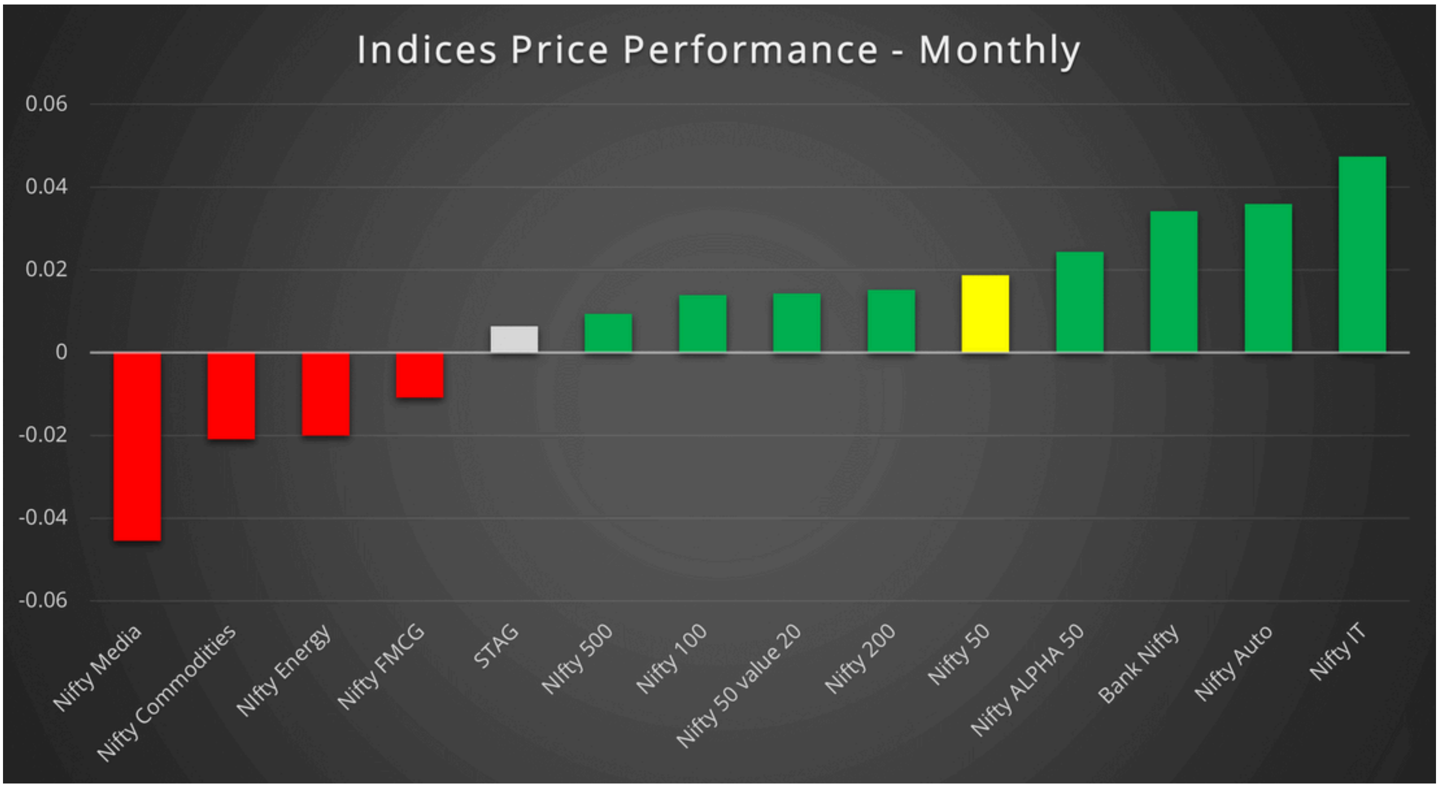
Portfolio performance has shown some divergence, with certain stocks delivering strong returns while others faced temporary headwinds. The attached table highlights the financial year-to-date performance of individual holdings, and as you will note, barring ABB, all other stocks have generated positive returns.

Looking ahead, we expect market focus to shift back to earnings from January onward. Based on our ground-level assessment, business conditions remain healthy, and we anticipate a return to double-digit earnings growth across sectors. Consumer, auto, and IT appear well positioned to lead this phase, while pharma continues to look relatively weaker in our view.

We remain confident that the portfolio is well positioned to deliver improved performance as earnings momentum strengthens across holdings. Outcomes where all portfolio companies generate positive returns for our investors are particularly encouraging and continue to reinforce our conviction in both the portfolio and our investment process.

Since Inception	
GAINERS	
Stock	**Returns**
ETERNAL	52.14%
BHARTIARTL	43.99%
INDIGO	39.65%
MARUTI	30.35%
CHOLAFIN	21.38%
SBIN	15.81%
ICICIBANK	14.02%
HINDUNILVR	9.20%
BANKBARODA	3.15%
RELIANCE	3.03%
LOSERS	
TATAMOTORS	-36.80%
AMBUJACEM	-16.26%
JIOFIN	-14.05%
ABB	-12.27%
TATAPOWER	-9.74%
AXISBANK	-0.44%

Monthly	
GAINERS	
Stock	**Returns**
RELIANCE	5.46%
INDIGO	4.92%
SBIN	4.48%
BANKBARODA	4.09%
AXISBANK	3.80%
ICICIBANK	3.23%
CHOLAFIN	2.31%
BHARTIARTL	2.29%
HINDUNILVR	0.04%
LOSERS	
Stock	**Returns**
TATAMOTORS	-12.98%
ETERNAL	-5.55%
TATAPOWER	-3.66%
AMBUJACEM	-2.69%
MARUTI	-1.77%
ABB	-0.86%
JIOFIN	-0.20%



To know more about us, visit: www.senora-stag.com x.com/SenoraAIF www.youtube.com/@StaGAIF

Meet the Editorial Team

Mridul Jalan
Prachiti Dalvi

Start your journey with us today and invest in India's growth story.

Contact your financial advisor or reach us directly
Email: admin@senoraassetmanagement.com