

PORTFOLIO FACTSHEET

February 2026



Conflict, Code and Corporate Cycles

The escalation in West Asia has raised concerns about its potential implications for the Indian economy, primarily through higher oil prices. While India remains exposed through its dependence on imported crude, the impact would likely be shared across three channels — government finances, consumer fuel prices and corporate profitability. There could also be some secondary pressure through a temporary moderation in remittances from the GCC. Taken together, while these factors may create some near-term macro pressure, the overall impact on the Indian economy is likely to remain manageable rather than systemic.

At the same time, the debate around IT Services has shifted from cyclical slowdown to structural uncertainty as AI-driven productivity gains raise questions about long-term growth and pricing power. Growth has slowed meaningfully and margins have held largely through cost discipline.

The recent earnings season suggests a gradual but uneven recovery in profits, led primarily by domestic cyclicals. Reflecting this backdrop, the portfolio remains positioned toward domestic demand and earnings resilience, with emphasis on financials, consumption and healthcare.

We have approached this phase with a relatively defensive stance, maintaining a high allocation to core large-cap businesses and a meaningful tilt toward consumption-facing sectors. Should markets react meaningfully to the unfolding events, we would look to selectively dial risk back into the portfolio.

Portfolio Metrics

Performance consistency

%	1-yr rolling returns		3-yr rolling returns		5-yr rolling returns		7-yr rolling returns	
	Buoyant portfolio	BSE 500 TRI						
Count (#)	3,196		2,466		1,735		1,005	
Average returns	26.1	16.5	21.1	15.4	23.5	16.9	20.4	15.3
Median	17.7	11.7	23.2	16.2	23.7	16.7	21.2	15.5
Maximum	133.4	102.1	52.7	33.9	42.4	29.2	25.6	17.7
Minimum	-42.7	-33.3	-7.9	-6.3	10.1	10.2	14.3	12.7
Outperformance against benchmark (% no of obs)	63%		81%		96%		100%	

Relative returns

28-Feb-26	1 month	3 months	6 months	1 year	2 years	3 years	5 years	7 years	Since Inception
TWRR (%)									
Buoyant Portfolio	2.5%	1.3%	9.2%	30.1%	16.8%	26.1%	24.2%	23.1%	21.7%
BSE-500 TR Index	0.5%	-3.1%	3.2%	17.3%	8.1%	17.7%	14.8%	15.8%	14.7%
Absolute (%)									
Buoyant Portfolio					36%	101%	196%	329%	578%
BSE-500 TR Index					17%	63%	99%	179%	281%

Risk metrics

Key ratios	1-yr	2-yr	3-yr	5-yr
Sharpe ratio (X)	2.3	0.8	1.6	1.2
Information ratio (X)	4.2	2.1	1.4	1.2
Standard deviation (%)	10.4	12.6	12.3	14.4
Beta (X)	0.8	0.9	0.9	0.9
Sortino (X)	9.0	1.6	3.5	2.4

Source for all tables: Bloomberg for Indices, Buoyant Capital analysis

Notes:

- Data pertains to Buoyant Opportunities PMS – Discretionary Portfolio. Inception date is 31 May 2016
- The performance data for the Portfolio Manager and Investment Approach provided above has not been verified by SEBI or any other regulatory authority, but is audited on an annual basis
- Performance data for periods up to 12 months is presented as absolute Returns, while data for periods exceeding 12 months is shown as TWRR.
- The TWRR figures provided above are net of expenses. Past performance is not indicative of future results and does not guarantee future returns.

West Asia conflict

The recent discussion — and the market reaction — has centered around the conflict in West Asia and what it could potentially imply for the Indian economy. In this section, we break the issue down into direct impacts and potential second-order fallout across different parts of the economy.

India imports roughly 85% of its crude oil requirements, amounting to about 1.8 billion barrels annually. As we write this factsheet, crude prices have jumped by nearly USD30 per barrel, taking prices closer to USD90/bbl. On a full-year basis, such a move would imply an incremental oil bill of roughly USD50 billion. There will also be some spillover through fertilizer and petrochemical prices, though those are smaller channels relative to crude. Separately, India's exports to the GCC stand at roughly USD57 billion, while exports to the rest of West Asia are about USD10 billion. Following the recent interview of Iran's President, if we assume that the broader GCC region does not get directly drawn into the conflict, the trade channel is unlikely to have a material economic impact.

If crude prices remain elevated for roughly one quarter, the direct economic shock to India would be about USD12 billion. This shock typically gets distributed across three channels: government finances, retail fuel prices, and corporate profitability.

If the entire burden were absorbed by the government through lower fuel duties, a USD30 increase in crude would reduce government revenues by roughly INR 550 billion for the quarter, increasing the fiscal deficit by around 10 basis points, assuming growth remains intact. We believe this is unlikely, as the government is expected to adhere to its fiscal deficit targets and therefore absorb only a part of the shock. At the other extreme, a full pass-through to consumers would imply roughly a INR15 per litre increase in petrol prices, which is also unlikely to be fully implemented given the potential public backlash and the fact that such a move could add over 1 percentage point to inflation.

A more realistic outcome is a three-way split — one-third absorbed by the government, one-third passed through to fuel prices, and one-third borne by corporates. Under such a scenario, the fiscal impact remains modest, petrol prices could rise by roughly INR5 per litre, and corporate profits would likely decline by about USD4–5 billion. Given that the current listed corporate profit pool in India is around USD180 billion, this translates to roughly a 2–3% impact on aggregate earnings.

The second-order effect could come through remittances. India receives about USD130 billion annually in remittances, of which roughly 40% originates from the GCC. If we assume a 10% temporary reduction in these flows, that would imply an additional impact of roughly USD5 billion.

Taken together, this suggests a potential economic impact of roughly USD15 billion, assuming oil prices do not rise further and the disruption is contained within three months. While negative at the margin, this is unlikely to be a disastrous scenario for the Indian economy, inflation trajectory, or corporate profitability.

The Indian IT services debate

The debate around IT Services has shifted from cyclical slowdown to structural compression, and the sector's recent de-rating reflects that change. Advances in AI-led productivity gains have pushed the focus away from near-term earnings toward the durability of long-term growth assumptions. That shift matters: more than half of the sector's enterprise value is effectively explained by terminal value assumptions, making valuations unusually sensitive to even small changes in growth or discount rates. What appear to be incremental developments in AI capabilities therefore translate into disproportionately large market reactions.

Beneath the structural debate, the cyclical slowdown is already visible in the numbers. After growing at double-digit rates during FY22–FY23 — helped in part by the unusually weak base created by the disruption in late FY20

and the first quarter of FY21 — constant-currency growth for the largest four companies is now tracking at roughly ~2% in FY26, versus a historical average closer to 7%. Strip out currency and the sector is effectively flat. The weakness is broad-based and comes despite an easy base more recently, suggesting that demand has slowed more meaningfully than headline numbers imply. Even under reasonable assumptions, medium-term growth is likely to settle into the mid-single-digit range, materially below the levels that defined the previous cycle.

Margins have held up better than revenues, but largely through restraint rather than expansion. EBIT margins remain broadly in the 22–26% range, supported by reduced hiring and tighter cost control. Headcount has declined modestly while revenues have stagnated, creating the appearance of productivity improvement, but revenue per employee has only partially recovered from the excess capacity created during the pandemic years. The sector today looks less like a growth industry benefiting from structural tailwinds and more like a mature services business managing utilisation carefully.

One of the more striking observations is that currency has provided far less support than commonly assumed. The rupee depreciated by roughly 20% between FY19 and FY25, yet sector margins compressed over the same period. In practice, exchange-rate gains tend to be negotiated away through pricing adjustments, making currency largely a pass-through variable rather than a structural tailwind. Currency helps when demand is strong enough to preserve pricing power — conditions that do not exist today.

Even after the correction, expectations still appear relatively benign. Current valuations continue to assume that large providers can sustain mid-to-high single-digit growth over long horizons, only modestly below the previous decade. That may prove achievable, but it leaves limited room for disappointment in a world where AI-driven productivity gains compress effort intensity and pricing power remains weak.

We entered the current dislocation with negligible exposure to IT Services, reflecting our view that the sector was transitioning from a structural compounder to a cyclical industry with lower growth visibility. While periods when the durability of the business model is questioned have historically produced the best entry points, we believe the adjustment is not yet complete. For now, we remain observers rather than participants, recognising that the sector will likely become attractive again only after expectations and valuations reset more fully.

Earnings: Recovery with Reservations

The 3QFY26 earnings season was better than feared, but the strength was more cyclical than structural. Aggregate profit growth for the broader market settled in the ~10–12% range, comfortably ahead of nominal GDP but not exceptional in a historical context. Revenue growth remained healthy at roughly ~10%, while margins were broadly stable. Part of the strength reflected a spillover of pent-up demand following GST-related tax reductions and festive consumption, particularly in autos and discretionary segments — a boost that may prove temporary rather than sustained.

The recovery was led overwhelmingly by domestic cyclicals. Capital goods, infrastructure, autos, metals and financials accounted for a disproportionate share of profit growth, reflecting improving manufacturing activity and early signs of a capex recovery. In contrast, globally exposed sectors such as IT Services and export-oriented businesses remained subdued, reinforcing the divergence between domestic and external demand. Headline earnings were also modestly depressed by one-off provisions linked to the new labour code, suggesting underlying growth was somewhat stronger than reported but not dramatically so.

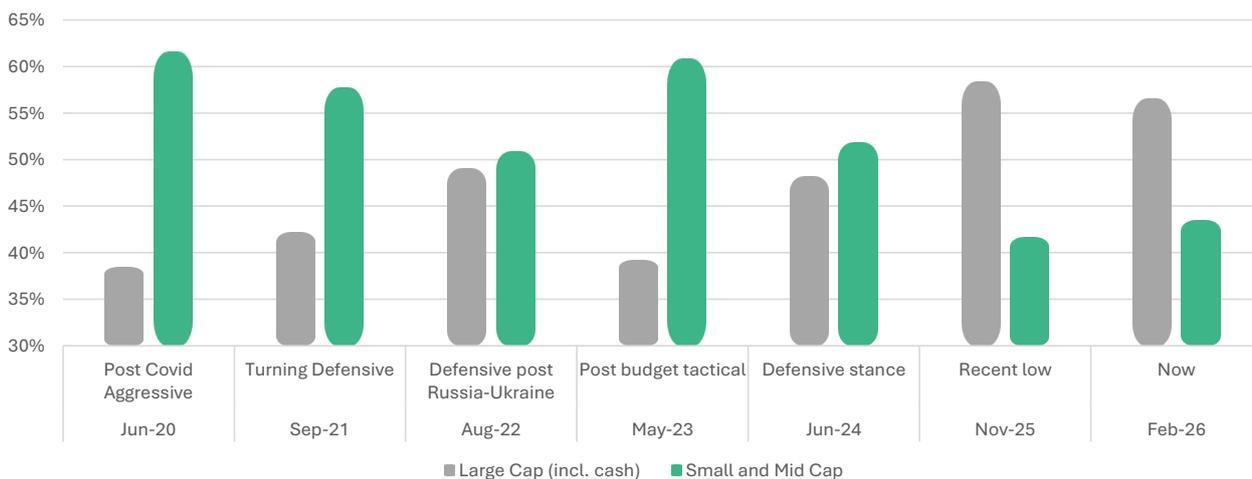
Across market-cap segments, the earnings picture remained uneven. Large-cap profit growth was steady at roughly ~11%, broadly in line with the market, while mid-cap earnings growth was softer at around high single digits, affected by a few large profit contractions. Small-cap earnings growth remained stronger in the high-teens, continuing the pattern of faster growth but also greater dispersion. Overall, the quarter suggested that the earnings cycle is gradually improving, but the recovery remains narrow and cyclical rather than broad-based — with much of the recent strength tied to domestic activity and temporary demand tailwinds rather than a sustained acceleration in underlying growth..

How are we positioned?

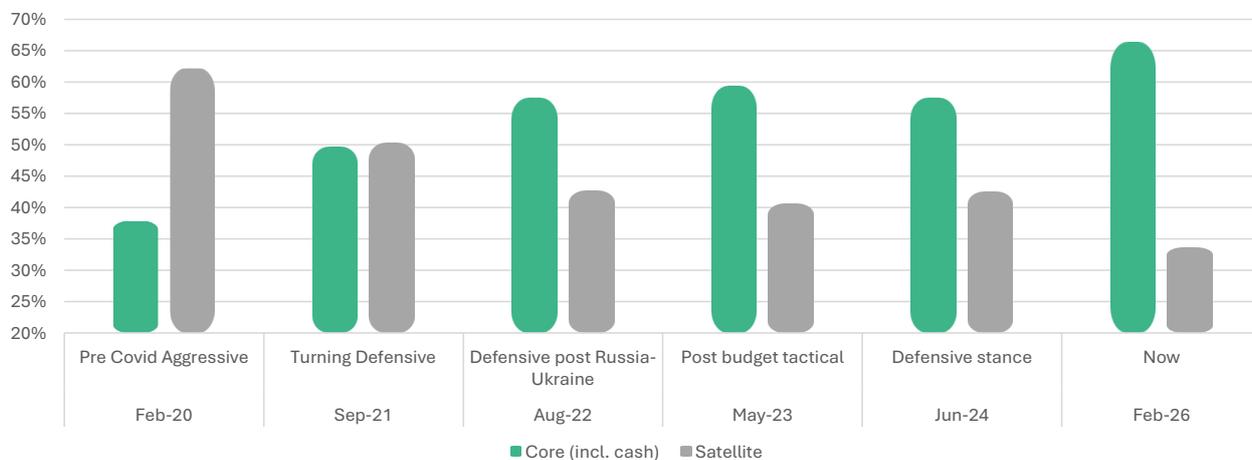
The portfolio entered this phase from a relatively defensive stance, with an emphasis on large-cap franchises and sectors where earnings visibility is stronger even in a volatile macro environment. Financials remain a core exposure — particularly private sector banks and high-quality consumer lenders — reflecting our view that credit growth remains healthy and balance sheets are robust.

Alongside this, we have continued to build exposure to domestic consumption sectors, including staples, discretionary consumption and travel-linked businesses, which benefit from the ongoing shift in the economy from capex-led growth toward household spending. We have also increased exposure to pharmaceuticals, which tend to be relatively insulated from geopolitical disruptions and tariff risks. Overall, the portfolio today tilts toward domestic demand, financial intermediation and defensive healthcare, while maintaining selective exposure to manufacturing and infrastructure leaders, reflecting our preference for businesses with strong balance sheets and earnings resilience during periods of external volatility.

Market cap (select periods)



Core vs. Satellite (select periods)



Sectoral allocation

Banking	23.0%
FMCG	9.4%
Healthcare	9.3%
Insurance	8.6%
Industrials	5.5%
NBFC	5.3%
Automotive	5.2%
Chemicals	4.2%
Information Technology	4.2%
Building Materials	4.1%
Telecom	4.0%
Retail	3.3%
Media	1.7%
Real Estate	0.8%
Textiles	0.6%
Miscellaneous	3.5%
Cash	7.3%

Core vs. Satellite

Core (incl. cash)	66.3%
Satellite	33.7%
<i>Cyclicals</i>	9.2%
<i>Turnaround</i>	12.8%
<i>Challenger</i>	11.7%

Market cap allocation

Large Cap	49.2%
Mid Cap	23.6%
Small Cap	19.9%
Cash	7.3%

Source for all tables: Bloomberg for Indices, Buoyant Capital analysis

Blogs and Media

Our recent blogs and media appearances

Blogs

- [Muskets, markets and models – The Economic Times](#) 28 June 2025
- [Microfinance mysteries – Money control](#) 27 Nov 2024
- [Information vs Insights - The Economic Times](#) 10 Nov 2024
- [Goliaths and Grassroots – Money control](#) 05 Nov 2024
- [Big Bold Numbers – No Big Deal- Money control](#) 22 Oct 2024
- [Value Vacuum – The Economics Times](#) 19 Oct 2024
- [Recalibrating Rates – Money control](#) 08 Oct 2024
- [Inside Intel’s Inertia – The Economic Times](#) 05 Oct 2024
- [Steel storms: Wild cyclical whiplashes – Money control](#) 01 Oct 2024
- [Doing nothing could be the riskiest option – The Economic Times](#) 14 May 2024
- [Ten-billion-dollar lesson – The Economic Times](#) 22 February 2024
- [Habit loop – Money control](#) 15 January 2024

Media Appearances

- [Jigar Mistry \(ET Now\)](#) 3 March 2025
- [Jigar Mistry \(CNBC TV18\)](#) 13 January 2025
- [Jigar Mistry \(CNBC TV18\)](#) 20 December 2024
- [Jigar Mistry \(CNBC TV18\)](#) 13 December 2024
- [Jigar Mistry \(CNBC TV18\)](#) 29 October 2024
- [Jigar Mistry \(CNBC TV18\)](#) 21 October 2024
- [Jigar Mistry \(CNBC TV18\)](#) 4 July 2024
- [Jigar Mistry \(CNBC TV18\)](#) 4 June 2024
- [Jigar Mistry \(CNBC TV18\)](#) 18 May 2024
- [Jigar Mistry \(CNBC TV18\)](#) 24 April 2024
- [Jigar Mistry \(ET Now\)](#) 21 April 2024
- [Jigar Mistry \(CNBC TV18\)](#) 13 March 2024
- [Jigar Mistry \(CNBC TV18\)](#) 2 March 2024
- [Jigar Mistry \(ET Now\)](#) 1 March 2024
- [Jigar Mistry \(CNBC TV18\)](#) 29 February 2024
- [Jigar Mistry \(ET Now\)](#) 28 February 2024
- [Jigar Mistry \(CNBC TV18\)](#) 11 December 2023

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