White Whale Portfolio Management – 1Q FY27 Quarterly Letter

Dear Partners,

Greetings from White Whale Partners.

Portfolio Performance – White Whale North Star

Portfolio Performance – White Whale Rising Star

White Whale Rising Star - The strategy invests across market cap with a concentrated portfolio of ~8-12 companies. This strategy's focus is on **Value and Special Situations**. The Rising Star portfolio has delivered strong absolute and relative returns. For 1QFY27, the portfolio gained 35.1% vs the Nifty 50 TRI which was up 7.4%. For the last one year, the strategy is up 18.2% vs the Nifty 50 TRI decline of 5.4%. On an annualized basis, since inception, the portfolio is up 17.1%[1], compared to a decline of 3.3% for the Nifty 50 TRI, delivering a strong 20.4% outperformance.

Figure 2

	3 months	6 months	1Yr	Inception Annualised
WW Rising Star	35.1%	15.2%	18.2%	17.1%
Nifty 50 TRI	7.4%	-8.1%	-5.4%	-3.3%

White Whale North Star – The strategy invests in **strong businesses with long term structural tailwinds run by exceptional management teams.** The strategy delivered healthy absolute and relative returns for the quarter. For 1QFY27, the portfolio gained 21.3% vs the Nifty 50 TRI which was up 7.4%. For the last one year, the strategy is up 2.6% vs the Nifty 50 TRI decline of 5.4%. On an annualized basis, since inception, the portfolio is up 13.0%[2], compared to 13.3% for the Nifty 50 TRI.

Figure 1

	3 months	6 months	1Yr	3Yr	Inception* Annualised
WW North Star	21.3%	-1.7%	2.6%	9.2%	13.0%
Nifty 50 TRI	7.4%	-8.1%	-5.4%	8.8%	13.3%

The Indian indices, along with the world indices, had seen a sharp correction in the March quarter related to the geopolitical uncertainties surrounding the Iran war. A large part of this drawdown was offset in the June quarter, driven by the temporary ceasefire. In the near term, the fallout from the war and its impact on the global oil prices will determine the impact to India as an economy and the supply chains across industries. Thus, we continue to closely monitor the geopolitical situation and its impact on our portfolio companies.

From a more longer term basis, the Indian markets have now gone through a time correction for over two years now. While part of this has been due to excessive valuations, another important factor has been the high levels of selling from foreign investors. For 2025, total FII selling was US$19 billion, and just in the first half of 2026, it was a record US$29 billion (See Figure 3). India is now viewed as the anti-AI play, and many foreign investors have sold Indian stocks to fund AI related stocks in other emerging markets like Taiwan and Korea. Post the recent consolidation, MSCI India has now underperformed vs the MSCI Emerging markets by 40% through June, the highest in the last 40 years. Furthermore, FII ownership has now reached a multi-decadal low.

[1] Periodic portfolio performance information is calculated net of management and incentive fees. The information is unaudited and current year performance information is subject to change pending the completion of the current year audit. In addition, individual performance may vary based upon timing of contributions, withdrawals, participation in certain investments, and fee arrangements. For individual investor performance, investors should rely on information contained in account statements. The performance related information is not verified by SEBI.

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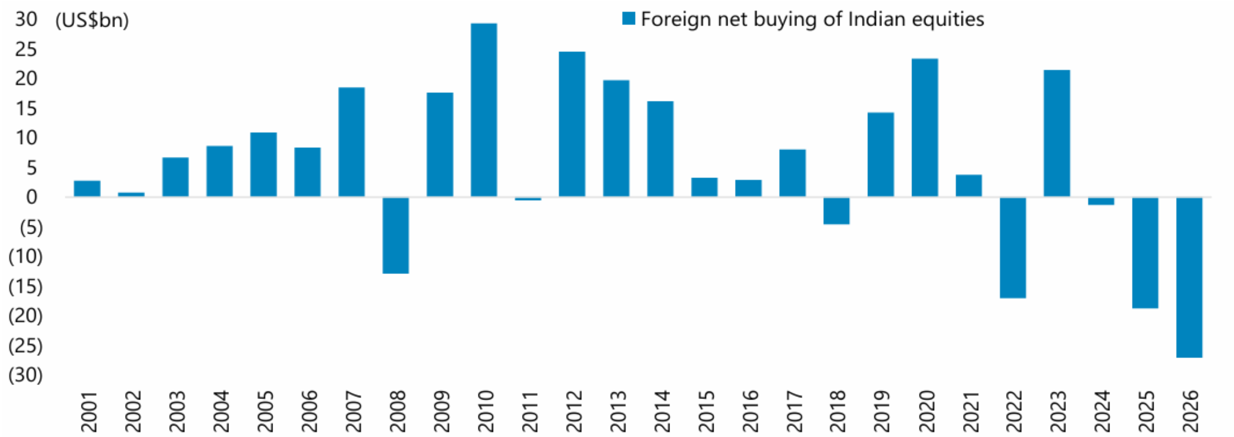
Figure 3

Foreign Net Buying in India (US$bn)



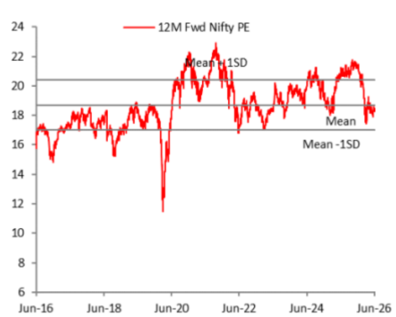
Source: Bloomberg, SEBI

In spite of this sharp foreign selling, the Indian markets have held up fairly well, driven by record domestic investor flows which continues unabated. SIPs or systematic investment plans have now reached a run rate of Rs32,000cr a month, which is over 3.5x the pre-covid run rate. The sharp divergence between foreign investors and domestic investors flows has also to some extent impacted the divergent performance of large cap stocks (that are FII heavy) compared to mid-cap and small cap stocks (which are DII heavy). Year to date, while the Nifty 50 index is down 8.8%, the Mid Cap and Small Cap indices are actually up 4.5% and 7.4% respectively.

Post the price and time correction seen over the last two years, valuations are now more reasonable for the large cap companies. The Nifty 50 Index is trading at 17.9x forward earnings, at a slight discount to its 10 year average of 18.2x (See Figure 4). However, the NSE Mid Cap at 27.1 forward earnings (See Figure 5) is at premium of ~9% to its 10-year average, while the NSE Small Cap index, at 23.6x forward earnings (See Figure 5) is at a ~34% premium to historic valuations. Furthermore, the small and mid-cap stocks are trading at over a 32% premium to the large cap stocks, compared to a discount historically. While we continue to be vary about valuations of the broader market, we focus on identifying investment ideas that look attractive from a bottom-up basis.

Figure 4

Nifty 50 Index 1 Year Forward PE



Source: Phillip Capital

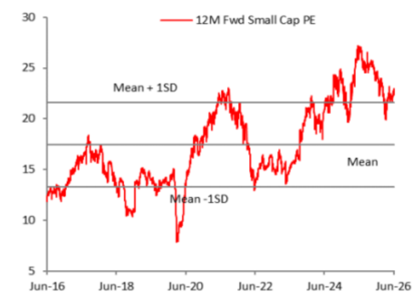
Figure 5

Nifty Midcap Index 1 Year Forward PE

Source: Phillip Capital

Figure 6

Nifty Smallcap Index 1 Year Forward



Source: Phillip Capital

The fundamental performance of our portfolio, in terms of revenue and earnings growth, continues to trend well. For 4QFY26, our portfolio delivered 22% revenue growth and 21% earnings growth on a weighted average basis (See Figure 7).

Figure 7

White Whale Portfolio Companies Performance						
Company Name	Sector	Allocation	Revenue Growth*	EBITDA Growth*	PAT Growth*	ROE**
Position 1	Platform	10.0%	20%	55%	54%	10%
Position 2	NBFC	9.5%	21%	21%	27%	18%
Position 3	Industrials	7.8%	27%	13%	7%	23%
Position 4	NBFC	7.0%	24%	21%	23%	13%
Position 5	Consumer Discretionary	6.6%	14%	10%	36%	17%
Position 6	Pharma	6.4%	7%	8%	23%	15%
Position 7	Fintech	6.4%	18%	NA	NA	NA
Position 8	Banks	6.3%	5%	1%	9%	14%
Position 9	Consumer Discretionary	5.2%	11%	24%	69%	21%
Position 10	Chemicals	5.2%	-31%	-49%	-42%	20%
Position 11	Banks	5.1%	8%	6%	9%	16%
Position 12	Auto	5.1%	29%	28%	42%	20%
Position 13	Hospitals	5.0%	11%	17%	22%	15%
Position 14	Quick Commerce	4.0%	186%	60%	NA	NA
Position 15	Platform	2.6%	52%	30%	NA	11%
Position 16	Online Travel	0.1%	-14%	-34%	-46%	6%
Cash		7.8%				
Weighted Average***		100%	22%	17%	21%	15%

** YoY Growth Over Q4FY26; ** FY26 ; *** Adjusted for Cash*

Source: Company Filings, White Whale Research

We believe our portfolio will continue to deliver around 20% annualized earnings growth over the next several years, given that most of our portfolio companies are either market leaders in nascent industries which are at an inflection point, or are well positioned to gain market share in established industries due to their unique competitive positioning. We remain excited about the growth prospects of India over the next decade and believe our portfolio is well-positioned for the long term.

Macroeconomic Developments

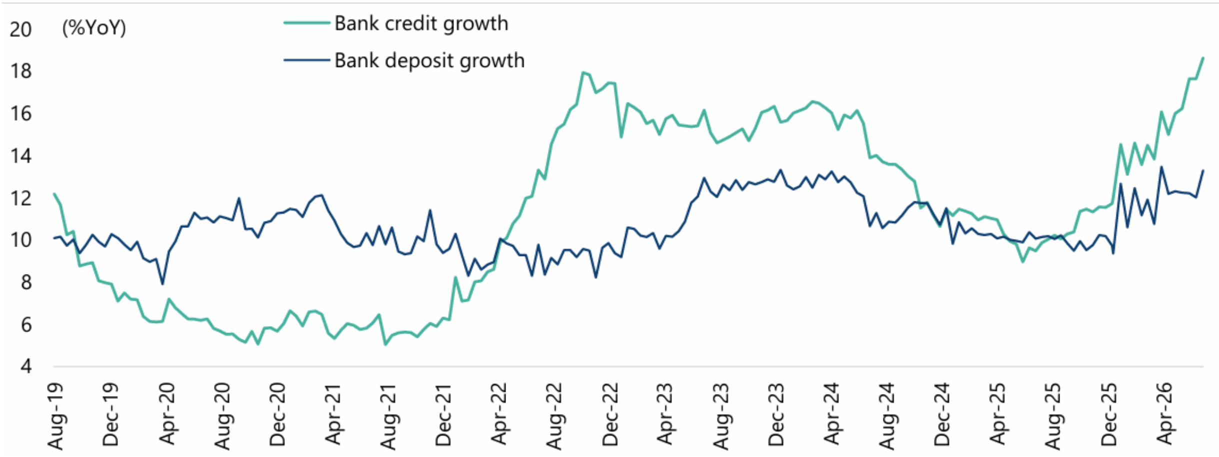
From a macro-economic perspective India continues to emerge from a short-term cyclical slowdown. GDP growth in the March quarter at 7.8% was similar to that in December. While the June quarter numbers are still awaited, early indicators such as consumer discretionary spend, private capex, freight movement point towards a stable macro-economic environment. Indeed, the early indications from companies reporting their June quarter results have also been fairly positive. As per Goldman Sachs earnings tracker, close to 50% of the BSE 200 companies that have reported results so far, have delivered a positive surprise of over 3%.

One of the key risks here are clearly the global oil prices. So far, a large part of the increase in global oil prices has been shielded by the government and oil marketing companies. Thus, while oil prices increased from US$70 to over US$100, retail petrol and diesel prices only increased by 7%-8%. However, this is still being reflected in inflation levels, with CPI inflation for the month of June rising to 4.4%, reaching an 18 month high. This is still within the RBI target range of 2%-6%. Given the impact of oil prices on the broader commodity prices, the WPI (wholesale price index) has increase to 9.9% though, and could pressure operating margins for businesses going forward. Combination of a high oil import bill, alongside sharp FII selling has resulted in significant pressure on the rupee as well, which has depreciated by 11% over the last one year.

While the external environment remains volatile, internally the economy still seems to be showing healthy signs of a cyclical recovery. System credit growth has accelerated into double digits currently (See Figure 8). While there is limited room in terms of fiscal policy, a stable regulatory and monetary policy alongside high capacity utilization should kickstart the long awaited private capex cycle. We remain very positive on the macro-economic set up for India from a medium-term perspective, and continue to believe that we are still in the midst of a multi-year pick up in capex cycle.

Figure 8

Bank Credit and Deposit Growth (% YoY)



Source: RBI, CEIC data

Portfolio Insights – Why We Favour Platform Businesses

We remain steadfast in sticking to our core investment philosophy, which has been to identify incredible businesses backed by outstanding management teams that can compound capital over a long period of time. One of the key attributes of investing in incredible businesses is that they have sustainable competitive advantages that protect their earnings power and allow them to generate a high rate of return on invested capital (ROIC) over an extended period of time.

A recurring theme in our portfolio construction is a preference for platform businesses that benefit from positive network effects and strong operating leverage. The dynamics in these kind of businesses are structurally different from traditional linear businesses. In a classic two-sided marketplace, growth on one side of the network directly improves the proposition for the other side. A platform that connects buyers and sellers becomes more useful to each new participant precisely because others are already there — more supply means better choice and pricing for demand, and more demand means better utilisation and earnings for supply. This creates a self-reinforcing flywheel: growth begets more growth, and the leading player in a given market tends to pull away from smaller rivals over time, since a new entrant must convince both sides of the market to switch simultaneously, a considerably harder task than displacing a single-sided product.

The commercial consequences of this flywheel are threefold, and each feeds into the next.

- **First - stickiness.** Once a platform has become the default venue where a critical mass of counterparties transact, the switching costs for any individual user rise — not because of contractual lock-in, but because leaving means giving up access to the depth and liquidity of the network itself. This shows up in the numbers as high repeat usage, rising share-of-wallet, and low customer acquisition costs over time, since a large share of new demand tends to arrive organically rather than through paid channels.
- **Second - operating leverage.** Platforms are typically asset-light relative to the physical or capital-intensive businesses they intermediate. The marginal cost of serving one more transaction — another match, another payment, another data point — is low, while the fixed costs of building and maintaining the technology, trust, and brand are largely sunk. As transaction volumes scale, revenue grows faster than costs, and incremental margins expand well ahead of the topline. This is the arithmetic that turns a loss-making young platform into a highly profitable mature one, often within a surprisingly short window once critical mass is reached.
- **Third - a durable competitive moat.** A well-defended network is difficult to replicate: a competitor cannot simply out-market or out-fund their way to the same density of supply and demand, because the incumbent's advantage compounds with every transaction that takes place on its rails.

This combination of low reinvestment needs, expanding margins, and defensibility is precisely what produces superior, sustainable returns on capital over a full cycle — the platform earns high returns on the capital already invested while requiring comparatively little further capital to keep growing. It is this combination — growth, moat, and capital efficiency occurring together — that we look for when we underwrite a platform investment, and it is the thesis that drove us to investing in Eternal Ltd.

Eternal: Thriving across multiple platforms

Eternal is India's premier digital commerce ecosystem, operating interconnected consumer and business verticals. Transformed from a core foodtech company, its multi-brand framework scales hyper-local commerce. Blinkit (Quick Commerce), the group's primary revenue engine, utilizing over 2,443 dark stores, achieved a quarterly Net Order Value (NOV) of ₹17,132 crore. Zomato (Food Delivery) the main profit generator, operates across 800+ cities, pulling a quarterly NOV of ₹10,769 crore with a healthy 5.6% adjusted EBITDA margin. Consolidated quarterly operations reached ₹20,211 crore in revenue.

Management: Strong Track Record of Adaptation

One of the features we value most in Eternal's management is a demonstrated willingness to adapt and be versatile. The company's history is instructive. Founded in 2008 by Deepinder Goyal and Pankaj Chaddah as a restaurant discovery and reviews website, the business began as a pure content and listings play with no delivery or transaction layer at all. It entered food delivery only around 2015, several years after establishing itself as India's default restaurant directory, and built that business into the country's largest food delivery platform by the time of its 2021 IPO.

The more consequential pivot came in 2022, when Zomato acquired Blinkit in an all-stock deal valued at roughly ₹4,447 crore, moving the company into quick commerce at a point when the segment was still nascent and widely doubted by the market. That bet has since become the company's central growth engine: Blinkit's order value overtook food delivery's for the first time in the quarter ended June 2025, and is well positioned to become much larger over the next several years. It has further added District, an events and dining-out app, and continues to focus on Hyperpure, a B2B restaurant supply business, as further extensions of the same platform.

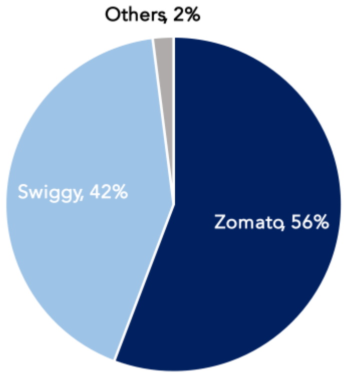
Competitive Advantage: A Rational Duopoly in Delivery and a First-Mover Lead in Quick Commerce

Food delivery in India has consolidated into what is now effectively a stable, rational duopoly. After a crowded and capital-destructive field of competitors — including TinyOwl, Foodpanda and Uber Eats — either exited or were acquired between roughly 2015 and 2020, the market settled into two players, Zomato and Swiggy, that today collectively hold in excess of 98% of organised food delivery, with Zomato the larger of the two at close to 57-58% share, up from near-parity with Swiggy as recently as 2021 (See Figure 9). This consolidation matters economically as much as competitively: with only one credible rival, discounting intensity has moderated relative to the earlier land-grab years, and food delivery adjusted EBITDA margins have moved from deeply negative to modestly positive as a result. This stable duopoly would be very difficult to break, because of reasons discussed earlier.

Quick commerce is a different story today, and one where competitive intensity remains high — Blinkit, Zepto and Swiggy's Instamart between them control the large majority of the market, and all three continue to invest heavily in dark-store expansion and customer acquisition. But the underlying economics of this category rhyme closely with food delivery: density of dark stores and delivery riders within a few kilometres of the customer, rather than brand alone, is what ultimately decides who wins a given neighbourhood, and that density compounds with scale in the same way restaurant and rider density did in food delivery. Blinkit holds the clearest lead on this dimension today (See Figure 10), with the largest dark-store network of the three players and order volumes, assortment and profitability metrics ahead of its closest rivals. Its advantage did not arise by accident: Blinkit began building its delivery infrastructure earlier than its rivals, focused on assortment early on and once folded into Eternal it gained access to the parent's existing consumer base, transaction data, delivery network and balance sheet — a first-mover advantage reinforced by platform-level network effects. We expect this category, like food delivery before it, to consolidate toward a smaller number of scaled winners as the current investment phase matures, and we believe Blinkit is best positioned to be one of them, given its sizable market share and strong profitability metrics.

Figure 9

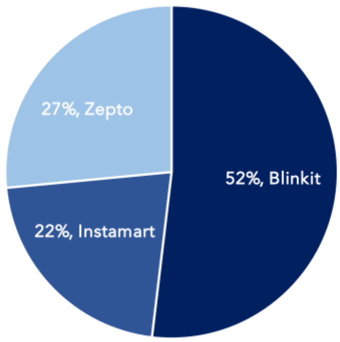
Food Delivery Market Share



Source: MOFSL

Figure 10

Quick Commerce Market Share



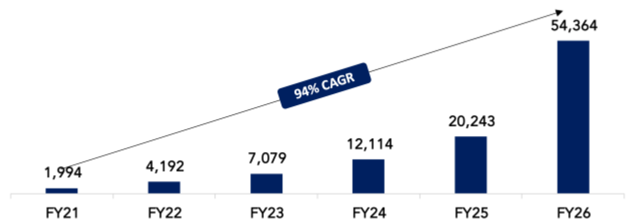
Source: Company Filings, Eternal, Zepto and Swiggy

A Long Runway: Quick Commerce Still Has Substantial Room to Grow

Despite its rapid rise, quick commerce remains a small fraction of India's overall retail spend. Industry estimates put the category's annual gross merchandise value at roughly $5-8 billion currently, with forecasts pointing to growth beyond $15 billion by 2030 and penetration reaching only around 10% of branded retail by 2030 — implying the current scale represents an early stage of a much larger structural shift rather than a maturing category. Growth is coming both from deepening usage in existing metro markets, as consumers migrate spend from kirana stores and traditional e-commerce toward instant delivery for an expanding range of categories beyond groceries — personal care, electronics accessories, and in some cities alcohol and medicines — and to a lesser extent from geographic expansion into tier-2 and tier-3 cities that remain comparatively underpenetrated. For Eternal specifically, this runway is compounded by the platform's ability to cross-sell across its ecosystem: Blinkit, Zomato's food delivery base, and District can share customer data, delivery infrastructure, and marketing spend in ways that a standalone quick commerce competitor cannot easily replicate. We see this long growth runway, combined with Blinkit's scale lead and improving unit economics, as the primary driver of returns from this position over the coming years.

Figure 11

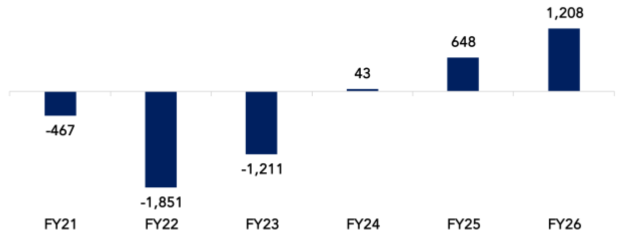
Revenue (₹Cr)



Source: Company Filings, Eternal

Figure 12

Operating Profit (₹Cr)



Source: Company Filings, Eternal

The stock witnessed a sharp correction earlier this year, driven by volatility around the war as well as concerns around competitive intensity in quick commerce. We used this as an opportunity to build a position in the name.

Conclusion

In closing, we would like to thank you for your support and faith in the White Whale Portfolio Management Team. We look forward to a long and prosperous partnership together. If you have any questions, feedback, or suggestions, please always feel free to reach out. We look forward to hearing from you.

Sincerely,

White Whale Partners Team