UNIFI AIF

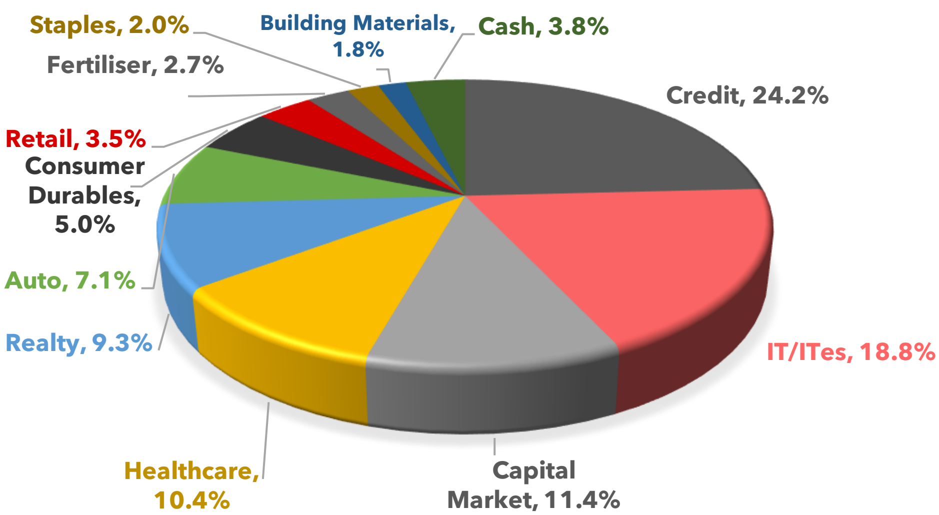
# PORTFOLIO FACT SHEET : Q2–FY 2024

## UNIFI UMBRELLA AIF – BCAD FUND

## Background

The Umbrella BCAD AIF seeks to invest in invest in sectors that are witnessing structurally high growth rates driven by demographic led consumption and larger stream of disposable incomes. The fund continues to focus on large formal operators with competitive advantage and scale, consolidating their position across consumer durables, building materials, food & beverages, healthcare, hospitality etc. A review of the results from Q2 FY24 suggests that the respective sector leaders are well poised for market share gains in the post-pandemic world.

The sector wise composition of the Unifi Umbrella BCAD AIF fund is as below:




**Fund Details**

**Launch Date:** 1st August 2022

**Scheme Corpus:** INR 3.9 bn

**Firm AUM:** INR 203.2 bn

**Investment Manager:** Unifi Capital Private Limited

**Minimum Investment:** INR 10 million

**Custodian:** Axis Bank Limited

**Auditors:** M/s. Walker Chandiok & Co LLP

**Lawyer:** IC Universal Legal

## The following annexure present a brief on our top holdings:

| Company | Brief background and Investment rationale |
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| **Narayana Hrudayalaya** | Narayana reported strong revenue growth of 14% YoY to Rs. 1,305cr, driven by both India and Cayman operations. India Business ARPOB continued to see an upward trend (9% YoY growth in Q2 FY24 ARPOB) due to changes in the case mix, bed mix and improved productivity. The 3 new hospitals in India made a cumulative EBITDA Margin of 7% and the margin trend here is expected to further improve in the next few quarters. Cayman business also had strong revenue growth of 8% YoY in US$ terms with EBITDA Margin being stable at 40%+. Consolidated EBITDA Margin came in at 23.6% in this quarter vs 21.3% in Q2 FY24. Strong revenue growth coupled with margin expansion resulted in adjusted PAT of Rs. 227cr in this quarter vs Rs. 156cr in Q2 FY24 (growth of 45%).<br><br>The company has recently commissioned its Oncology block in Cayman, and this is the first full-fledged oncology department in Cayman. This will lead to higher revenue and improved profitability for the Cayman business. The company is also adding a 50-bed hospital in Cayman which would be operational by Q1FY25. On the domestic front, it is adding a green field hospital in Kolkata and debottlenecking Bangalore Hospital. For Cayman and India, it would be incurring Rs. 1,100cr capex in FY24 and this would give the growth for the mid-term.<br><br>Key risks include government policies in India and Cayman, and margin contraction in the interim period of high capex. |

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| **SBI** | SBI reported PAT of Rs 14,330crs vs Rs 16,884crs in 1QFY24 and Rs 13,265crs in 2QFY23. SBI reported 3.4% QoQ / 13.3% YoY growth in loan book. Management reiterated its guidance of ~12-14% loan growth led by sustained higher growth in Retail & MSME and double-digit growth in corporate book. Management mentioned that it can grow above 14% in FY24. Margins declined by 1bps QoQ to 3.32%. Majority of term-deposit (TDs) have been repriced and the rest of TDs will be repriced in 3QFY24. Management guided that margins shall moderate by ~3-5bps over the next couple of quarters. Cost to avg assets ratio increased by ~32bps QoQ to 2.2% led by one-offs in in employee expenses. Employee expenses include one-time expense of Rs3,417crs on account of revision of wages for IBA employees. SBI is accounting for 14% wage revision vs 10% earlier.<br><br>Gross NPA improved by ~21bp QoQ to 2.55% while Net NPA improved by ~7bps QoQ to 0.64%. Gross slippages improved to 0.5% vs 1% in 1QFY24. Slippages are seasonally higher in 1Q due to higher agri slippages. Agri slippages contributed 30% of total slippages in 1Q. Net slippages stood at Nil vs 0.5% in 1QFY24. The bank has been reporting gross slippages of ~0.4-0.5% over the past 4 quarters. Credit cost was Nil vs 30bps in 1QFY24.<br><br>Key risks would include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs and higher treasury losses. |
| **Eicher Motors** | Eicher's Q2FY24 results came slightly ahead of our expectation driven by lower RM costs and impact of price hikes taken in Q1FY24. This led to a sequential improvement in Gross Margins by 350bps QoQ. While the revenues were up just 0.75% QoQ EBIDTA increased by 8.35% QoQ. Margins came in at very strong 27.9% as against 26% in Q1FY24. Since FY20 margins have been in the 24% range (as against 30% previously). So, the trend seems to be reversing despite increased competition. Overall, PAT came in at Rs938cr, an increase of 53% yoy and 3% QoQ.<br><br>In the international market, weak macro environment has been impacting sales but they are also careful enough to not push down the inventory. The company has maintained its market share of 8-9% in the middle weight category in the geographies that it operates.<br><br>New Launches - The newly launched Himalayan 450 has got good reviews and should help drive growth including in the international market. They have also launched the Meteor 650 in North America which should aid growth in that geography. Overall, it seems quite a few interesting launches, including one in March'24, are in the pipeline that are (sub)category creators.<br><br>Key Risks - potential slowdown in the 2-W sector, increased slowdown in export markets, delay in new launches and strong traction of competitors' launches in the 250cc and above category. |
| **Infosys** | Infosys reported 2.3%/2.5% QoQ/YoY CC revenue growth in Q2 at $ 4.7 bn which was broadly within expectation of 1-2% after a moderate Q1'24. As per company this was in line with their internal growth expectations due to higher-than-expected slowdown in discretionary IT spend, delay in closure, and ramp up of certain large/mega deals. The EBIT margins improved QoQ by 40bps to 21.2% led by cost optimisation benefits. Company reiterated FY24E EBIT margin guidance of 20-22% and is on margin expansion strategy. PAT came at Rs 6,215cr up 4.5% QoQ and up 3% YoY.<br><br>With that Infosys has downgraded its FY24 revenue growth guidance to 1-2.5% YoY CC (from earlier 4-7%) which implies 1% sequential growth for the rest of FY24. This seems |

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| | reasonable and unlikely to disappoint. Infosys reported record high TCV of 7.7bn USD and now revival of revenue growth depends much on ramp-up of large deals with increase in IT spending. With overall expectation of recovery in US macros and some uncertainties, Tier-1 IT is a better place to be in.<br><br>Key risks: Slowdown in the USA and Europe and cuts in discretionary IT spending by enterprise clients. |
| **Axis Bank** | Axis Bank reported PAT of Rs 5,864crs vs Rs 5,797crs in 1QFY24 and Rs 5,330crs in 2QFY23. Axis Bank reported 4.5% QoQ / 22.8% YoY growth in loan book (YoY growth includes Citi Acquisition). Margins improved by 1bps QoQ to 4.11% led by the deployment of excess liquidity. Yields on Funds improved by 14bps QoQ offsetting ~14bps increase in the cost of funds of 14bps. Management guided that the marginal cost of funds has stabilized and the pace of increase in deposit cost will moderate in H2FY24. Cost to Assets increased by ~13bps QoQ to 2.64%. Management indicated that higher margins and lower credit cost trajectory are giving them the opportunity to invest in the business. They have guided earlier that they can pull back the cost if need be. Management remains committed to achieve a cost-to-asset ratio of around 2.1% in the medium-term including CITI bank integration costs.<br><br>Asset quality continues to improve led by moderation in GNPAs & NNPAs. The bank has now one of the lowest net-NPAs across all major banks. Gross slippages further improved to ~1.5% vs ~1.9-2% for the past 5 quarters. Net slippages stood at 0.4% vs 0.5% in 1QFY23 led by higher recoveries. Credit cost came at merely 37bps vs 49bps in Q1FY24. Axis Bank carries unutilised provisions of ~56bps of loan book.<br><br>Key risks would include a deterioration in asset quality leading to higher-than-expected credit costs and lower-than-expected loan growth. |
| **Oberoi Realty** | The residential real estate market is divided into 3 segments: a) Affordable Housing (Real estate players make 10-15% EBITDA Margin); Mid segment (20-25% margin); Premium (>40% margin). Oberoi is present only in the premium segment and makes a 40-50% EBITDA Margin (highest in the industry). Till now the company is present only in the MMR region and has key projects in Goregaon, Mulund, Borivali and Worli.<br><br>Oberoi reported area sales of Rs. 965cr in this quarter i.e. a decline of 17% YoY and 100%+ QoQ. The company didn't have any new launches in H2FY23 and H1 FY24 and this has impacted the sales numbers. The strong sequential uptick is primarily due to company selling 4 units in the Three Sixty West project with a cumulative sale value of Rs. 317cr. The collections remained strong at 1,100cr in this quarter resulting in a net debt to equity of 0.18x. The Kholset project is launched in November and there will be 5 towers. The company will be launching a few towers in the first phase and all these houses would be 3BHK. Pokhran project will be launched in Q4. Given these launches, H2 will be much better than H1 for Oberoi. The reported revenue was up 77% YoY at Rs. 1,217cr in Q2 FY24 with EBITDA margins of 52% vs 45% YoY. PAT was up Rs. 457cr vs 318cr YoY, up 44%. The way Oberoi operates is it identifies micro markets in MMR and buys huge land parcels (given their balance sheet strength). The company would be releasing inventory into the market gradually by launching a few towers in each phase. Oberoi has 2 land parcels in Thane. At Rs. 25,000/sqft realisation, both these projects can contribute to sales of Rs. 42,000cr over the next 15 years for Oberoi.<br><br>Key risks: Delayed projects launches, slowdown in the demand. |

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| **RBL Bank** | RBL reported PAT of Rs 294crs vs Rs 288crs in 1QFY24 and Rs 202crs in 2QFY23. Loan book grew by 4.4% QoQ / 22% YoY led by retail book which grew by 8% QoQ / 35% YoY. Wholesale book declined by 2% QoQ and grew by 7% YoY. Retail mix improved to 58% vs 55% in 1QFY24. Management has guided for retail loan mix of 60-65% by FY26. Management guided loan growth of ~20-22% led by retail portfolio which will continue to grow at 7-8% sequentially. During the quarter, margins improved by 5bps QoQ to 4.89%, as per old accounting policy. As per new accounting policy, NIMs improved by 1bps QoQ to 5.54%. Management reiterated its guidance of 5-5.1% margins by 4QFY24. This translates to ~5.7% as per new accounting policy. As per old accounting policy, Cost to Income ratio has declined to 63.6% vs 66.5%. As per new policy, cost to income declined to 66.5% vs 69.3% earlier. Management indicated that cost ratio shall decline by ~1-1.5% over the next two quarters. Improvement in cost ratios shall be led by improvement of internal sourcing and operating leverage in new lines of business.<br><br>Asset quality improved sequentially with gradual improvement in GNPA & NNPA. GNPA declined to 3.1% vs 3.2% in 1QFY24. NNPA declined to 0.78% vs 1% in 1QFY24. Gross slippages declined to 3.1% vs 3.2% in 1QFY24. Net slippages increased to 2.1% vs 1.7% in 1QFY24. During the quarter, the bank had tax write-back of Rs 223crs on post tax basis and Rs 292crs on pre-tax basis owing to income tax orders. The bank has used this write-back to create contingency provision of Rs 252crs against Cards and MFI book (1.4% of Cards & MFI). The bank has modified its provisioning policy on credit cards. Now the bank will write-off credit cards NPA in 120days vs 180days earlier. This has resulted in additional one-time credit cost of Rs 48crs. Excluding above provisions, credit cost would have been at 1.8% vs 1.5% in 1QFY24. The bank reiterated its guidance of 1.5-2% credit cost for FY24 excluding above one-time provisions.<br><br>Key risks would include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs and higher treasury losses. |
| **360 One Wealth** | IIFL Wealth is rebranded as 360 One. 360 One is amongst the largest wealth and asset managers in India with an AUM of 4.13 lakh crores (Excluding custody assets). Revenue/EBITDA/PAT are up 5%/9%/2% QoQ at Rs.427cr/Rs.213cr/Rs.185cr respectively in 2Q FY24. The recurring assets AUM is 2.02 lakh crs, up 6% YoY. Recurring AUM grew 12,000cr sequentially of which 9,000cr was accounted for by the flows into non-discretionary AUM (RIA/NDPMS). A large part of this AUM (c.75-80%) is not yet fee-bearing in nature. In a nutshell, there has been a time delay between adding AUM and recognizing the revenue. the management expects the new flows to move into the fee mandate in the next two quarters. This resulted into recurring revenues being lower by 4% QoQ at Rs. 311 crs for the quarter.<br><br>Recurring assets comprise the asset management AUM of 0.64 lakh crs and wealth AUM of 1.38 lakh crores. The net flows were Rs.5,700cr for 2QFY24 due to the planned outflows in asset management. 360 one' next large leg of growth is expected from the foray into the HNI segment (Rs.5-25cr). This is expected in FY25 and the company has hired a team of c.40 members. They have hired a senior wealth banker to drive this new vertical. Additionally, there is a significant wealth opportunity with global Indian and NRIs in key cities such as Singapore, Dubai, and London. An 8-member team has commenced work on this opportunity. All this increased headcount is built into the cost and will help drive revenue.<br><br>We like the business given the sector tailwinds as HNI Wealth is expected to grow faster than the industry and the shift of assets from physical to digital. 360 One has an industry-leading business model, demonstrated executional capabilities and a strong leadership and management team. The company has a c.25% ROE and offers a c.3% dividend yield.<br><br>Key risks would include slowdown in net inflows and any employee/client attrition. |

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| **Redington** | Redington is a global distribution company with presence across 40 markets and covers the entire gamut of IT products, Smartphones, and offers service & solutions across Managed, Cloud, Logistics. The company partners with 300+ brands associations and services 43,000+ channel partners. Redington' reported revenue growth of 17% YoY. Revenues for 2Q24 were Rs.22,220cr. The growth number is noteworthy, given the context of the global slowdown reflecting market share gains and Redington's execution capabilities across geographies. Standalone business in India grew 16% YoY, while the global business grew 17% YoY. There has been a slowdown in consumer spending, while enterprise demand and government spending remain strong. There is a sequential improvement in numbers. Gross and EBITDA margins improved by 20bps sequentially to 5.8% and 2.2%. The EBITDA improvement came in despite higher opex outgo which captures the factoring cost in Turkey. Factoring cost for the quarter was 87cr, higher by 27cr over the previous quarter number of 60cr. Redington under the previous CEO [Rajiv Srivastava] had seen a higher than ramp up in costs which had led to margin reduction. The numbers for the quarter reflect the course correction adopted. Working capital intensity decreased to 35 days from 40 days. We expect the company to deliver better balance between profitability and growth going forward.<br><br>From a capital allocation standpoint, the company's return ratio is healthy and the company continues to pay out 40% of PAT as dividends which results into a dividend yield of c.4%. We like Redington given that they are amongst the top 2 ICT distributors across markets it operates in. The company's dominant positioning and financial muscle give it significant competitive advantage in a business that has high barriers to entry. Redington has created a strong services business - both on 3rd party logistics business and the high-margin cloud business. Redington's broad portfolio and relationships with vendors across segments allows for balanced growth and reduces vendor concentration. Redington has demonstrated robust risk management practises over cycles that help better manage credit, inventory, and currency risks. A significant shift in consumer and enterprise behaviour has led to higher need for higher computing > leading to shorter product life cycles > and acceptance of premiumization. This tailwind benefits Redington.<br><br>Key risks are higher interest rate regime environment, delayed recovery in margins and slowdown/delays in the high margin enterprise business. |
| **KFin Tech** | KFin is a registrar and transfer agent (RTA); a service provider to the asset management industry (MFs & AIFs). KFin services 25 of the 46 AMCs with C.Rs.14.8 trillion AUM. KFin's overall average AUM market share is at c.34%. KFin has a c.47-48% market share in the issuer solutions market where it caters to 5,600+ corporate clients. KFin also offers transfer agency and fund accounting solutions for the AIF, PMS players and other international clients. KFin got listed on 29 Dec 2022.<br><br>For 2QFY24, revenues/EBITDA/PAT grew 17%/32%/28% YoY at Rs.209 cr, 94 cr and 61 cr respectively. EBITDA margins are at 45% vs 40% YoY. Growth in AUM with stable yields and similar costs leading to operating leverage - EBITDA margins improved to 44.8% vs 38.8% QoQ. Domestic MF revenues yields were broadly stable at 0.038%. The revenue growth in issuer solution was 13% YoY as new folios were added. The total folios managed are c.11.4cr. International business growth was 48% YoY and 30% QoQ. This was led by client additions and clients going live. Yield in the international business is 5bps+ as there is a floor / minimum fees from each client irrespective of the AUM vs the domestic business where yields are c.3.8-4bps. Growth in the international business is expected to continue in 2HFY24. Historically 44-45% PAT is in the 1H while the rest is in 2H. |

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| | We like the business given the favorable industry structure of a duopoly, low asset intensity and capital efficiency. The overall average AUM in domestic mutual funds continued to grow faster than the industry, aided by contributions from new clients & faster growth in existing clients' portfolios. KFin' presence in international geographies offers a meaningful opportunity given the first mover advantage.<br><br>Key risks would include delay in international AUM, event risks from a merger of any mutual funds leading to consolidation and change in the regulatory landscape that may result in pressure on yields. |
| **Kewal Kiran** | Kewal Kiran delivered revenue growth of 16% YoY to Rs.262cr, aided by strong sales of the bottom wear category and early offtake of winter wear sales. The company added 16 new stores in the quarter and is on track to double its store count to 700 stores in the next three years, by adding 60-80 stores per annum. EBITDA margins were up from 22% to 23.5% YoY on the back of operating leverage. As a result, EBIDTA was up by 23% YoY to Rs.62cr. Overall, PAT was up by 27% YoY to Rs.50cr.<br><br>We like the business as it stands out in the retail spectrum, with control over manufacturing and branding, enabling them to keep most of the margins at their end. In the last decade, they have followed financial prudence and capital allocation discipline and returned 75% of earnings to shareholders. We believe that the rise in household incomes will keep up the demand for discretionary clothing allowing the branded players to grow higher and gain market share.<br><br>Key Risks: Competitive Intensity from MNC brands and private labels of large format stores. |
| **KVB** | KVB reported PAT of Rs 378crs vs Rs 359crs in 1QFY24 and Rs 250crs in 2QFY23. Loan book grew by 5.4% QoQ / 15.5% YoY. Loan growth was led by Agri, commercial and Retail segments while corporate book declined sequentially by 1.8% QoQ. The bank has reported loan growth of ~10% on YTD basis (Apr-Sep'23) vs its loan growth guidance of ~14-15% for FY24. Margins declined by 12bps QoQ to 4.07% led by 20bps increase in cost of deposits. Management guided that cost of deposit is expected to increase by ~20bps in 3QFY23 while yields on loans are expected to improve by 15bps over the next two qtrs. Management reiterated its guidance of 4% margin for FY24. Cost to income ratio increased to 49% vs 47% in 1QFY23. KVB added ~25branches in 2QFY24 (3% of branches). The bank will add another 15 branches in 3Q as a part of FY24 branch expansion strategy. As per management, cost ratios shall moderate after 2-3 quarters.<br><br>Asset quality improved sequentially as GNPA declined by ~25bps QoQ to 1.73%. Net NPA declined by 12bps QoQ to 0.47%. PCR improved to 74% vs 71% in 1QFY24. Gross slippages improved by ~10bps to 0.9% while Net slippages stood stable at ~0.2% sequentially. Management intends to keep gross slippages below 1% during FY24. Credit cost improved to 75bps vs 100bps in 1QFY24. Excl floating provision of Rs 25crs in 1Q&2Q FY24, credit cost improved to 60bps vs 85bps in 1QFY24. Management indicated that they may further create floating provision over the next two qtr. Floating provision is created largely to provide for any gaps in shifting to ECL based provisioning. Management reiterated their guidance of ~75bps of credit cost for FY24 excluding floating provisions.<br><br>Key risks would include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs and higher treasury losses. |

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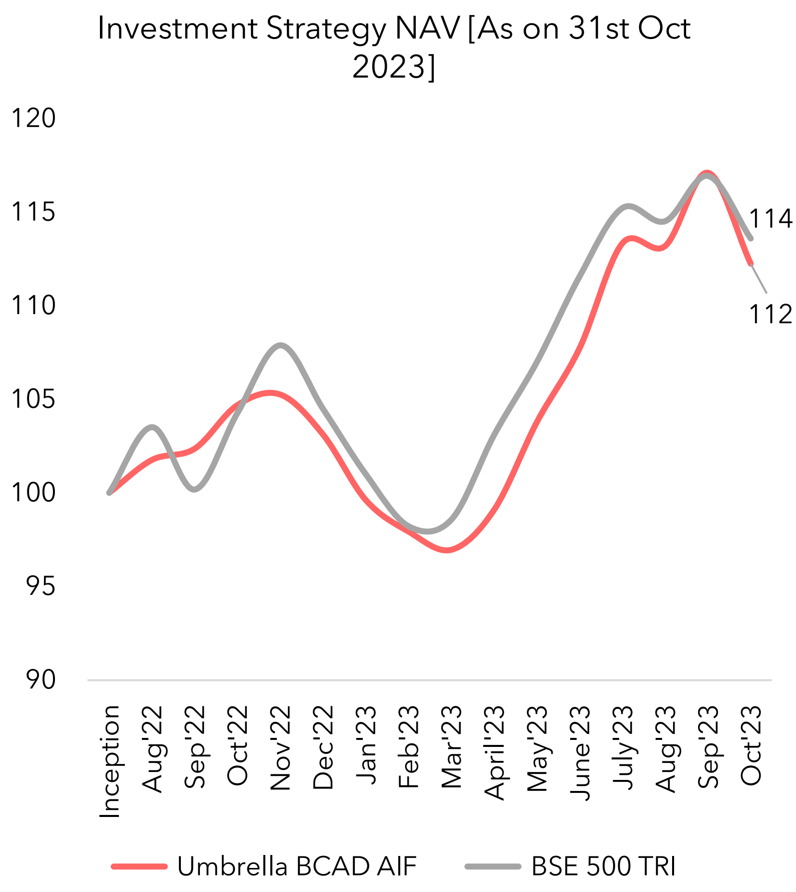
| **RR Kabel** | RR Kabel delivered revenue growth of 18% YoY to Rs.1,610cr, aided by strong volume growth in cables & wires segment, which grew at 19% YoY. The company was able to drive 23% volume growth on account of distribution expansion and market share gains from unorganised players. The FMEG segment revenue was up only 7% YoY at Rs.160cr, on account of lower offtake in the fans category.<br><br>RR Kabel was able to improve EBITDA margin YoY to 7.5%, thanks to better product mix and operating leverage. As a result, EBITDA was up by 88% YoY to Rs.121cr. Overall, PAT grew at 111% YoY to Rs.74cr. RR Kabel is the 4th largest player in in the wires & cables industry after Havells, with a market share of 8% of the organized market. In the last 5 years, company has built a consumer durable portfolio of reasonable scale to leverage the existing distribution network. We remain positive about the medium-term earnings due to the strong traction in B2B cables business, pickup in real estate demand and expanding product categories in the FMEG segment. The company will also be expanding its global footprint, which will help in utilisation of its capacities, aiding in better margins going forward.<br><br>Key risks include further escalation in metal prices, slowdown of demand. |
| **Coromandel** | Coromandel reported a 31% decline in revenue for Q2 24 at Rs.6,988cr. However, the revenue growth number is of less significance as it includes the pass-through of RM cost. The company has recorded volume degrowth of 8% YoY in the fertilizer business due to sub-normal monsoons in key geographies. The company has not filled inventories in the channel considering the weakness in primary consumption. EBITDA was flat YoY at Rs.1,059cr. PAT was up 2% at Rs. 755cr. Margins have been improved YoY despite inventory losses due to backward integration in Phosphoric Acid, sourcing efficiency, operating leverage and higher subsidy rates for Kharif. The company has increased its Phosphoric acid capacity by 25%. Also, the company is increasing Sulfuric acid capacity to increase the share of backward integration. A decline in working capital has improved net interest income, which has resulted in better PAT growth for Q2 24 despite marginal JV accounting losses. In the crop protection business, the revenue increased by 3% YoY, despite destocking in key products in the domestic market. Export business growth was healthy. EBIT margins for the crop protection segment declined from 15% to 12% YoY. The company has announced a cumulative capex of Rs. 2,000cr across verticals to increase the share of the non-subsidized segment.<br><br>Structurally, the company is well-placed to battle cost inflation with good capital allocation and governance. With a debt-free balance sheet, the company is strongly poised for the next cycle of growth. Coromandel is India's largest privately held non-urea (Phosphatic) fertilizer company with a diversified revenue mix of regulated and unregulated products. It has a 25.5% market share in India's NPK/complex fertilizer consumption. In Crop Protection, Coromandel has taken a slow and measured step to overhaul its portfolio from older generics to a mix of combination and in-licensed products from global innovators. Over the next few years, the company endeavours to reduce the share of subsidized businesses by investing in crop protection and other allied segments.<br><br>Key risks to the investment could be a significant reduction in RM prices leading to a correction in inventory valuation, unexpected regulatory developments, and the erratic monsoon. |
| **CCL Products** | CCL Products consolidated revenue increased 20% YoY to Rs.608cr., driven by higher volume growth (10-12%) and realizations. Gross margins declined by 270 YoY to 42%, impacted by coffee inflation. While EBITDA margins contracted 120bps YoY to 18.1%, EBITDA grew by 13% YoY to Rs.110cr, indicating stable EBITDA/kg. Consolidated PAT rose 5% YoY to Rs.61cr. . |

Their domestic retail business grew by 25% to Rs.250cr in FY 23 (65% branded) and the company is targeting 30-35% growth in this business over next few years. CCL's new Spray Dried (SD) facility in Vietnam (16,500 MT) has commenced operations and is expected to operate at 50% utilization in FY24, leading to volume growth from the geography. While their green-field facility in India (16,000 MT) is expected to be operational by Q1/Q2 of FY25E, providing room for the growth for the next few years. The company is also setting up $50mn new Freeze Dried (FD) capacity in Vietnam (6,000 MT), which is expected to go on stream by Q3/Q4 of FY25E. Overall, there is visibility of CCL Product's sustained growth over the next few years led by robust demand for instant coffee the world over and their initiatives to double capacities in 2-3 years' time. With increasing share of value-added businesses, higher contribution from Vietnam and FD capacity in India fully booked till FY24, their overall margin trajectory should also improve.

Key risks include failure in new client acquisition amidst rising competition and timely utilisation of capacities.




## Key Portfolio Metrics

It is important to note that each investment in the fund has been made on its own merit and the portfolio characteristics are merely a by-product of the process. In sync with Unifi's philosophy, the aggregate portfolio has low leverage, demonstrates potential for strong earnings growth, and has reasonable valuations.

| Valuation Parameters* (As on 23rd Nov 2023) | FY2023 | FY2024E |
|---|---|---|
| **P/E Ratio** | 24.9 | 19.8 |
| **Earnings Growth** | 32.3% | 18.1% |
| **Debt Equity Ratio** | 0.1 | 0.1 |
| **ROE %** | 20.7% | 21.0% |
| **PE/ Growth Ratio** | 1.1 | |

**Adjusted for one-off to make figures representative.*

We are continually monitoring the environment for any opportunities that have potential to materially improve the portfolio composition. We will be writing to you again post the 3rd quarter results.

In closing, we encourage you to write to us, or your relationship manager, for a detailed review of the portfolio and understanding of our proposition in greater granularity.

## ANNEXURES

## Financial Details of Top Portfolio Companies

| | Market Cap (Rs. cr) | PBT (Rs.cr) | | YoY | PAT (Rs. Cr) | | P/E | ROE | Portfolio Weight (%) |
|---|---|---|---|---|---|---|---|---|---|
| Company | 23rd Nov 2023 | Q2 23 | Q2 24 | | FY 23 | FY 24E | FY 24E | FY 24E | 23rd Nov 2023 |
| Narayana Hrudayalaya | 25,177 | 211 | 248 | 18% | 591 | 804 | 31.3 | 32% | 10.3% |
| State Bank of India | 2,82,916 | 18,081 | 19,301 | 7% | 50,232 | 54,848 | 5.2 | 18% | 7.4% |
| Eicher | 1,06,362 | 880 | 1,307 | 49% | 2,599 | 3,178 | 33.5 | 24% | 7.1% |
| Infosys | 6,03,070 | 8,391 | 8,768 | 4% | 24,111 | 24,537 | 24.6 | 32% | 6.9% |
| Axis Bank | 3,08,820 | 7,166 | 7,817 | 9% | 22,066 | 23,696 | 13.0 | 18% | 6.1% |
| Oberoi Realty | 51,164 | 388 | 599 | 54% | 1,903 | 1,960 | 26.1 | 15% | 5.7% |
| RBL Bank | 14,277 | 271 | 91 | -66% | 883 | 1,238 | 11.5 | 24% | 5.5% |
| Redington | 12,378 | 471 | 408 | -13% | 1,391 | 1,250 | 9.9 | 16% | 5.4% |
| 360 ONE Wealth | 18,551 | 226 | 227 | 0% | 668 | 777 | 23.9 | 24% | 5.3% |
| Kfin Technologies | 8,776 | 60 | 84 | 40% | 196 | 230 | 38.2 | 24% | 4.5% |
| Kewal Kiran | 4,917 | 52 | 66 | 27% | 119 | 147 | 33.5 | 25% | 3.5% |
| RR Kabel | 19,129 | 49 | 105 | 114% | 189 | 338 | 56.6 | 21% | 3.1% |
| Karur Vysya Bank | 12,247 | 345 | 512 | 48% | 1,106 | 1,505 | 8.1 | 16% | 3.0% |
| Coromandel | 33,138 | 989 | 1,000 | 1% | 2,012 | 1,985 | 16.7 | 24% | 2.8% |
| CCL Products | 8,520 | 73 | 70 | -4% | 252 | 323 | 26.4 | 22% | 2.0% |

### CLASSIFICATION OF MARKET CAP

| Segment | Basis | % |
|---|---|---|
| Large Cap | > Rs. 49,500cr | 33.0% |
| Mid Cap | > Rs. 19,500 cr < Rs. 49,500 cr | 28.5% |
| Small Cap | < Rs. 19,500 cr | 34.7% |
| Cash | | 3.8% |
| Total | | **100%** |

### LIQUIDITY ANALYSIS

| Segment | % of portfolio |
|---|---|
| 1 day | 29.8% |
| Between 1 & 3 days | 32.1% |
| Between 3 & 7 days | 13.7% |
| Greater than 7 days | 20.6% |
| Total | **96.2%** |

*The recent AIF Benchmark report issued by CRISIL is as of 31st March 2023. As of 31st March 2023, the BCAD Fund had not completed one year, therefore Benchmark agency did not provide the benchmark returns of this scheme in their report.*

## Risk Management

While the environment is buoyant for India in the longer term, in the shorter to medium term, the aftereffects of unforeseen economic linkages from a recessionary West may be a risk. While India remains a largely domestic consumption-oriented economy, a rapid worsening of the economies in the West may affect their balance of trade with the World [including India] in the immediate to medium term. India's Current Account Deficit and foreign exchange reserves may be under pressure if energy prices remain elevated and rise. The recent softening of energy and commodity prices will assist India's macroeconomic case, but there remains the prospect of second or third-order impact from global macroeconomic and geo-political shocks.

| Risk | Level | Mitigants |
|---|---|---|
| Concentration Risk | Fund | At the portfolio level, such risks are minimized by limiting the aggregate exposure of the portfolio to such investments to less than 10% of the value at the time of investment. |
| Foreign Exchange Risk | Fund | Fund has invested in only Indian Listed companies and hence the fund's investments do not face any foreign exchange risk at the Fund level. |
| Leverage Risk | Investee Company/Fund | Fund has not taken any leverage at the Fund level. Except for financial companies, most of the investee companies in the strategies carry nil to moderate debt on their balance sheets with a track record of having managed leverage well in the past. Their leverage is monitored regularly. |
| Realization Risk | Investee Company/Fund | High Impact cost, due to thin trading at the time of buying or selling is endemic to small & mid-caps. We plan our investment decisions, the size of the investment and trading strategies to minimize the realization risk. |
| Strategy Risk | Investee Company | Investments are evaluated from a bottom-up and top-down perspective. The fund investments align with the segments of the economy that are emerging and companies that have characteristics which make them the dominant participants in their industry. The investments are assessed through a detailed financial model that captures historical performance and forward estimates based on publicly disclosed documents. The investment team rigorously undertakes quarterly diligence for any change in the investment thesis. |
| Reputation Risk | Investee Company | Company selection starts with rigorous fundamental analysis and a historical performance review supported by a detailed financial model constructed internally. We have an internally designed governance framework vetted over many years. This governance framework helps us in evaluating companies that meet our internal guidelines. We evaluate the investee companies both at an absolute and relative level. Periodic maintenance diligence of management/ financials is been done for Investee companies. |
| Extra Financial Risk | Investee Company/Fund | We avoid investing in companies with a known history of corporate governance issues. If such an issue arises in an existing investment, we stop additional purchases and start optimally exiting the investment. Our governance framework helps us in identifying any lapses in corporate governance. We actively monitor all publicly disclosed documents regarding ESG [Environmental, social, and corporate governance]. Any reported misconduct is evaluated by the investment committee for further action. |

| | | |
|---|---|---|
| Geopolitical risks | Investee Company | Geopolitical tensions globally can disrupt the supply chain in the region. This might have a non-linear impact on business. |
| Raw material inflation | Investee Company | India continues to be dependent on the supply of feedstock whose pricing is global in nature. Key categories would be crude, metals, minerals, and natural commodities. Sharp movement in their underlying prices will have a short-term financial impact on the companies. The situation in China [political] has the potential to disrupt the supply chain of a few of our investee companies. |
| Key Man Risk | Investee Company | Small and mid-caps are frequently managed by a key promoter/person on whom the business is completely reliant and without whom the business would be materially inferior. We generally avoid such names and in cases where we make any exceptions, the aggregate exposure of the portfolio to such investments is limited to less than 10% by value. |