



UNIFI CAPITAL

BCAD FUND

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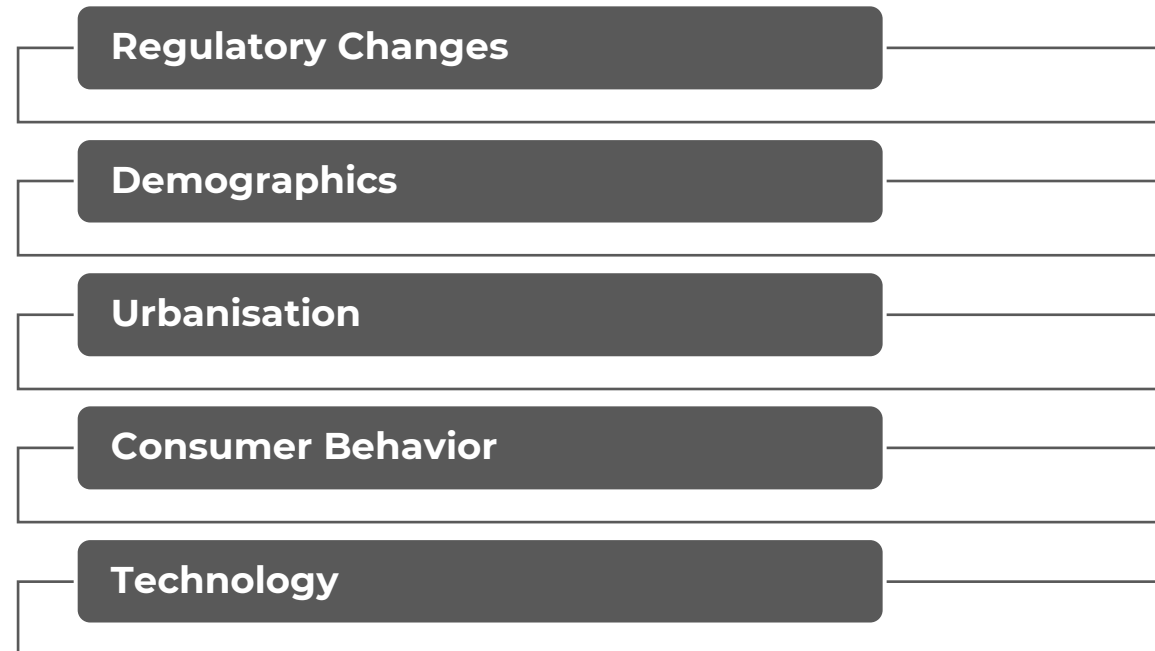
February 2024

# Business Consolidation After Disruption (BC AD 1)

## What triggered our idea of BCAD in 2018?

- GST Implementation and its impact on unorganized businesses benefiting organized players in the same industry
- Post demonetization small businesses that were handling cash faced many challenges

## Disruptions driving consolidation



# Why revisit the theme now ?

## Changing consumption pattern

Spending pattern across middle class India is changing driven by factors like education, nuclearization of family, income growth, premiumization, access to credit and many more

## Urbanization

The trend of urbanization continues to rise with migration from rural India to urban India along with improving rural productivity

## Compliance and consolidation

The trigger set by demonetization, GST and the pandemic has had a a stark impact on small scale industry players. This has led to the consolidation of the larger and formal operators

## Financialization of savings

Household's investment towards financial assets instead of physical assets has strong tailwinds and is a long-term trend

# Why revisit the theme now ?

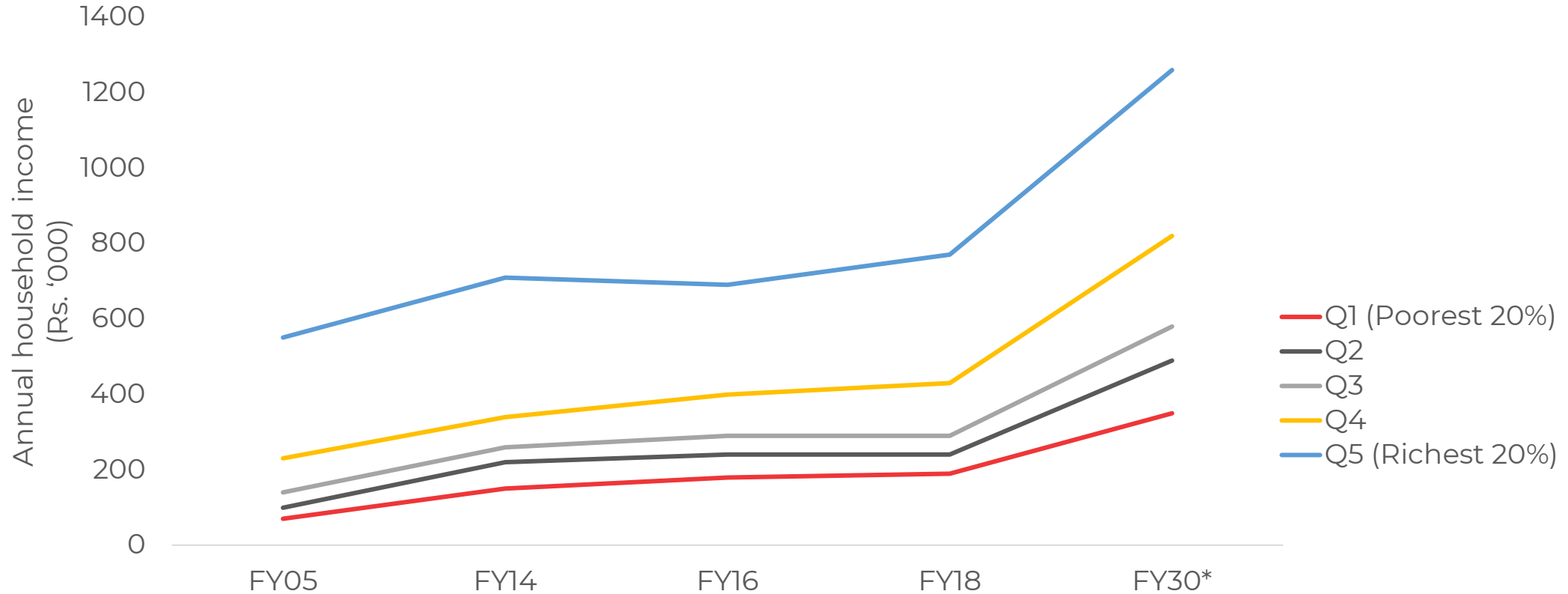
- The 'Business Consolidations After Disruptions' ("BCAD") theme looks to benefit from the underlying consumerism and the imminent migration of market share and economic value from unorganized to organized players.
- The investment mandate will be directed towards companies where the underlying is consistency in volume growth, rate of growth > than the industry, operating leverage, and incrementally better capital efficiency profile.
- The drivers of each of these variables are a combination of consistency in execution at the marketplace, premiumization, product leadership and cost optimization.
- We run proprietary filters on governance to eliminate managements with a poor history of capital allocation and poor operations.
- We seek to make such investments at reasonable value to long term growth potential. We believe such companies have a long runway of growth ahead of them.
- The fund shall focus on a bottom-up approach for selection of securities. The securities would be identified on the basis of fundamental and rigorous stock selection process backed by in-house research and supported by external validation.
- The fund shall follow a 'buy and hold' strategy but will not hesitate to sell in order to redeploy in a relatively better opportunity, or when the stock achieves a valuation higher than is warranted.
- The fund would identify stocks considering qualitative and quantitative analysis including earnings growth, capital efficiency, relative margin of safety to valuations and management integrity.

# Income Structure of Consumer India

Population Quintile based on per capital Income	HH in mn	HH Size	HH Inc lakhs/year	% Share of each income quintile to total		
				Income	Expenditure	Surplus income
Richest 20%	72 mn	3.72	6.3	45	36	70
Next 20%	61 mn	4.33	3.6	22	23	20
Next 20%	42 mn	4.71	2.7	15	18	8
Next 20%	49 mn	5.44	2.2	11	14	3
Bottom 20%	42 mn	6.28	1.6	7	10	-1
All India	281 mn	4.70	3.9	100	100	
Richest 10%	39 mn	3.43	7.5	29%	22	50
Poorest 10%	20 mn	6.56	1.4	3%	4	-1

Source: Ice 360

# Breakout of Next 20



The second line (from top) representing second quintile of population is growing at a faster rate for the last few years and is breaking out from the lowest 3 quintiles.

# The Universe

## Roti

- Food/Snacks/Masalas
- Dairy & value added
- QSR Chains
- Restaurants
- Rice
- Non-alcoholic beverages
- Alcoholic beverages
- Cigarettes
- Food retail
- Proteins

## Kapda

- Home care
- Personal care
- Clothing
- Innerwear
- Footwear
- Jewelry

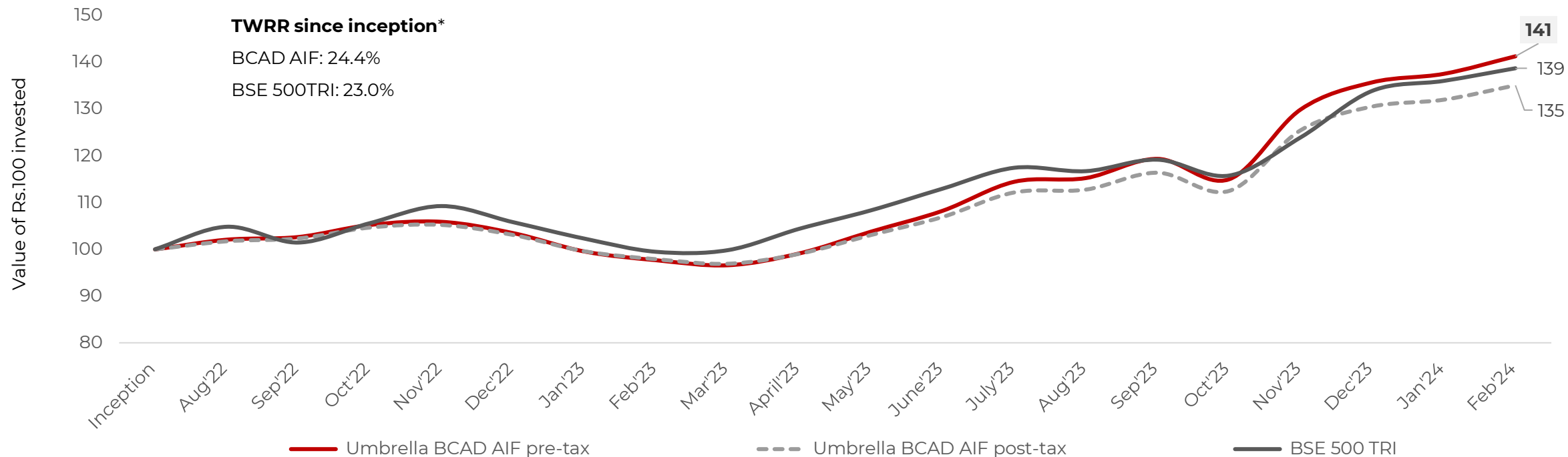
## Makaan

- Home appliances
- Kitchen appliances
- Cables and electricals
- Paints
- Tiles
- Adhesives
- Sanitary ware
- Pipes
- Plywood/MDF
- Roofing
- Laminates
- Structural steel
- Mattress
- Staffing
- Office spaces
- Real estate

## Plus 1

- Financialization
- Savings
- Multiplex
- Hotels
- Gaming
- Malls
- Luggage
- Diagnostics
- Healthcare
- Consumables
- Logistics
- Travel
- Internet
- Entertainment

# Unifi Umbrella BCAD AIF- Performance



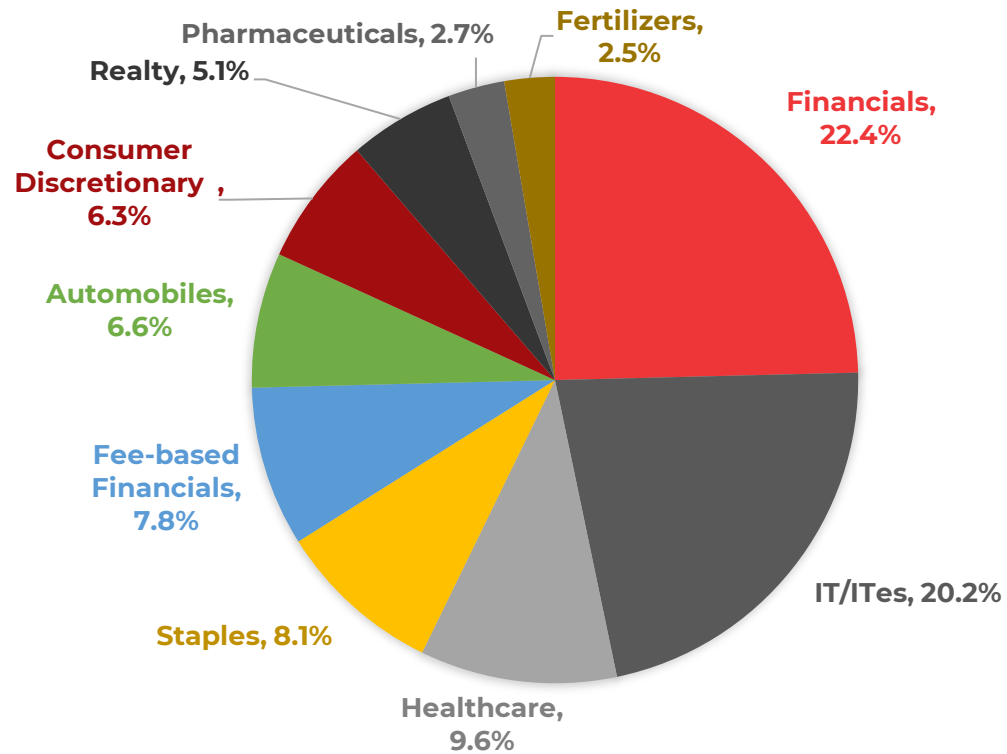
TWRR	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FYTD
<b>FY 23</b>					2.09%	0.56%	2.51%	0.63%	-2.27%	-3.81%	-1.86%	-1.09%	<b>-3.4%</b>
<b>FY 24</b>	2.62%	4.68%	4.29%	5.71%	0.69%	3.56%	-3.66%	12.96%	4.46%	1.34%	2.72%		<b>46.1%</b>

\* Performance data disclosed hereabove is net of Management & Performance fees [As of 29<sup>th</sup> February 2024]

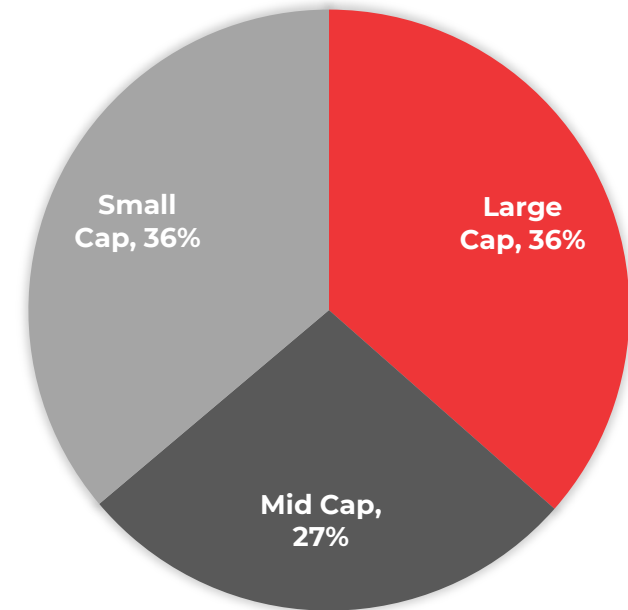


# Sector Allocation & Market Cap Exposure

Sector Exposure



Market Cap Exposure



# Unifi Umbrella BCAD AIF - Valuation Metrics

Characteristics	FY23e	FY24e
Earnings Growth	37.3%	18.4%
P/E	26.5	22.0
ROE	21.5%	21.7%
D/E	0.06	0.08
PEG		1.2

# Unifi Umbrella BCAD AIF - Salient Features

<b>Commencement Date</b>	<b>Last day to Submit the Forms</b>	<b>Last Day to Transfer Funds</b>	<b>Subscription Day</b>
01-Aug-22	<b>25-Mar-24</b>	<b>28-Mar-24</b>	<b>01-Apr-24</b>
<b>Investment Manager</b>			Unifi Capital Pvt Ltd.
<b>Trustee</b>			Vistra ITCL (India) Limited
<b>Custodian</b>			Axis Bank Limited
<b>Legal Counsel</b>			IC Universal Legal
<b>Tax Advisors and Auditors</b>			Walker Chandiook & Co LLP

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## CONTACT US

Mumbai	Nisha Kakran	77188 11182	nisha@unificap.com
	Minal Malpani	91671 40533	minal@unificap.com
	Sheetal Joshi	97027 11444	sheetal@unificap.com
Pune/ Rest of Maha	Dhaval Dave	96999 34703	dhaval@unificap.com
	Cherag Murzban Khajotia	98254 05990	cherag@unificap.com
Gujarat	Dhaval Dave	96999 34703	dhaval@unificap.com
	Cherag Murzban Khajotia	98254 05990	cherag@unificap.com
Delhi	Harshwardhan Agarwal	99301 12828	harsh@unificap.com
	Rovind Kumar	92050 71210	rovind@unificap.com
Chennai	Baba Prasad	91766 91756	baba@unificap.com
	Aswath T	99406 54961	aswath@unificap.com
	Prasad Manuel	95628 77744	prasad@unificap.com
Bengaluru	Santheep A	99861 04247	santheep@unificap.com
	Christopher Vinod	96322 44747	chris@unificap.com
Hyderabad	PrabhakarP	98496 69488	prabhakar@unificap.com
	Satyanarayan Maurya	82975 81503	satyanarayan.maurya@unificap.com
Kolkata	Baba Prasad	91766 91756	baba@unificap.com

Unifi Capital Pvt Ltd., 11, Kakani Towers, 15 Khader Nawaz Khan Road, Nungambakkam High Road, Chennai - 600 006. INDIA  
Tel: +91-44-2833 1556, Email: [info@unificap.com](mailto:info@unificap.com)

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