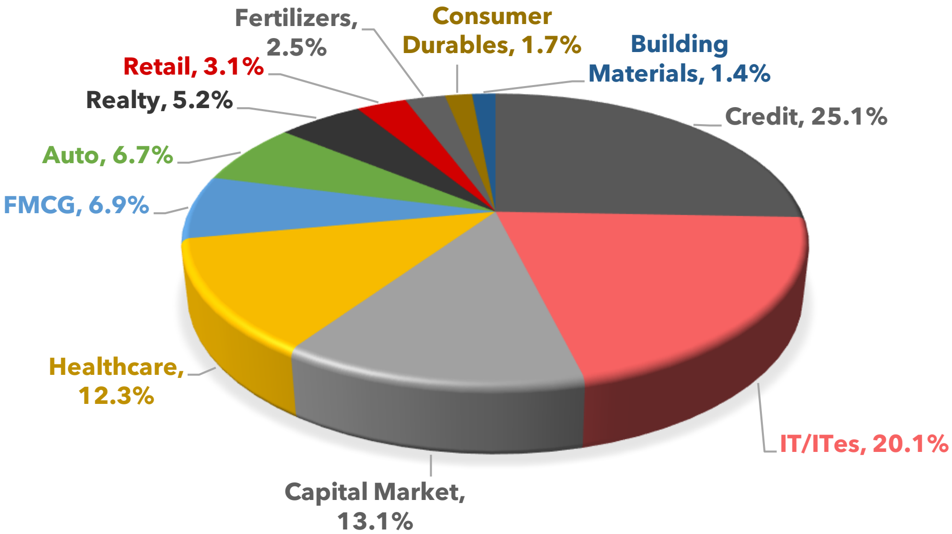
PORTFOLIO FACT SHEET : Q3-FY 2024

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 Q3 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 4.7 bn (as of 31st Jan'24)

Firm AUM: INR 235.5 bn (as of 31st Jan'24)

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
Narayana Hrudayalaya	Narayana reported revenue growth of 6.7% YoY to Rs. 1,204cr. Reduction in the consumables cost and improvement in ARPOB resulted in EBITDA Margin expanding to 23.2% in this quarter vs 22.6% in Q3FY23. The company reported PAT growth of 22% YoY to Rs. 189cr. India business had reported lower growth of 5.4% YoY and this is due to company's conscious call of changing the payor mix to improve the cash flow situation. This has resulted in lower footfalls but resulted in a higher ARPOB (growth of 10% YoY). Given that the company's facilities in Bangalore and Kolkata are operating at almost peak utilisations, optimisation of payor mix will result in better profitability. In the meantime, the company will be doing both brownfield and green field expansions in Bangalore and Kolkata. In the existing facilities, the company is focussing on improving the throughputs so that more revenue can be generated without adding too many beds. Cayman business continues to do very well with revenue growth of 8.5% YoY in Dollar terms and margins touching new high as the Oncology department is ramping up. The new cayman hospital (50 beds) will get commissioned in Q2FY2025 and this will give next leg of growth for the Cayman business. With the commissioning of new hospital, Narayana would have presence in all the important specialisations in Cayman. Given the industry tailwinds, management's execution and the capex plans, we expect the company to deliver 15-20% PAT CAGR over the next 2-3 years. Key Risk: Delay in Capex, government interference in pricing

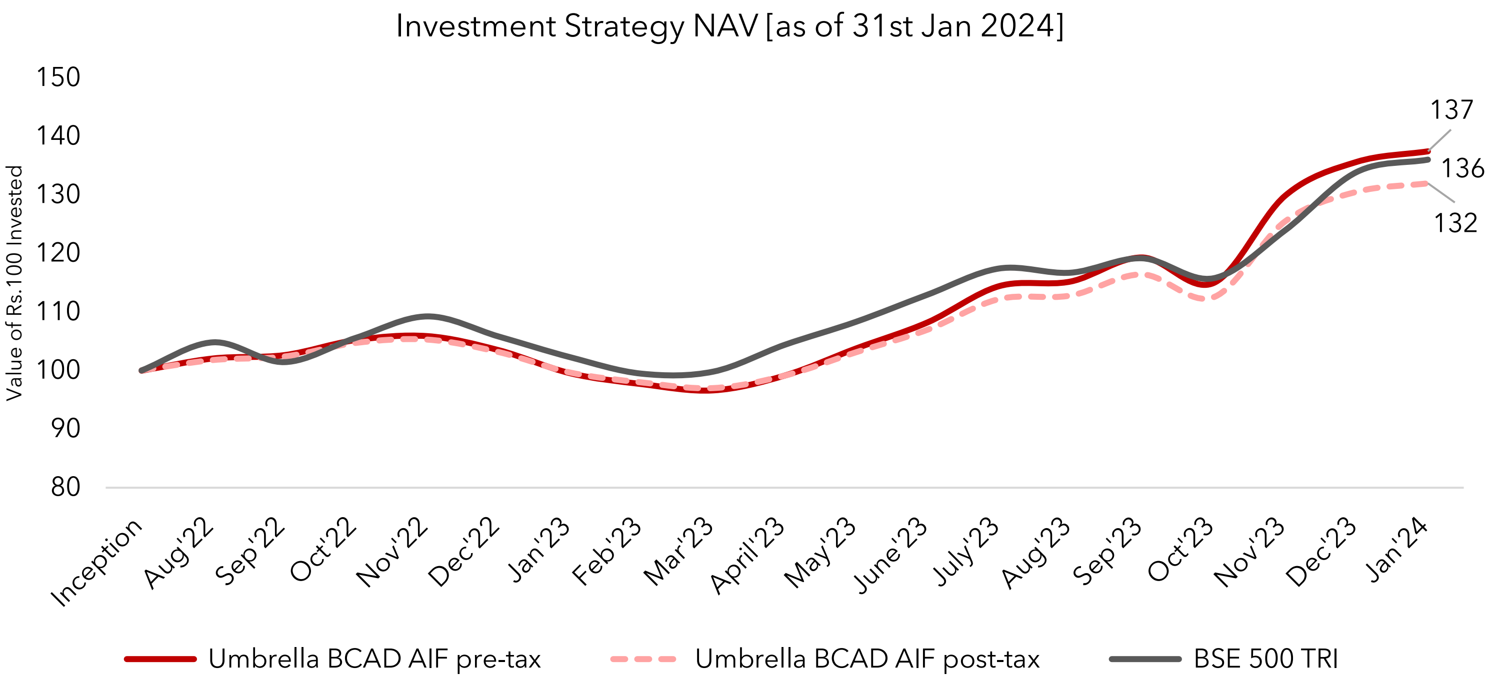
State Bank of India	SBI reported PAT of Rs 9,164crs in 3QFY24 vs Rs 14,330cr in 2QFY24 and Rs 16,884crs in 1QFY24. Lower PAT was led by an exceptional item of Rs 7,100crs towards employee expenses. These were non-recurring in nature. Excluding one-offs, results were relatively better. SBI reported ~5.1% QoQ / 14.4% YoY loan growth which was higher than a few large private sector banks. We expect that FY25 will be a strong year in terms of credit growth led by corporate capex. Margins declined by 7bps QoQ to 3.29%. Margins are likely to stay at around current levels as SBI's CD ratio is still reasonable at ~74%. Cost ratios were higher during 3QFY24 as it included arrears of wage revision. Cost ratios should improve in FY25 led by normalisation of wage bill. Gross NPA improved by ~13bp QoQ to 2.42% while Net NPA were stable at 64bps on sequential basis. Gross slippages were stable at 0.6% vs 0.5% in 2QFY24. Net slippages stood at 0.4% vs Nil in 2QFY24. The bank has been reporting gross slippages of ~0.4-0.5% over the past 6 quarters. Credit cost stood at ~8bps vs Nil in 2QFY24. COVID restructured book declined by 8bps QoQ to 0.54%. The bank has provisions of ~35% on the restructured book. SMA I & II has was stable at ~12bps on sequential basis. Key risks would include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs and higher treasury losses.
Infosys	Infosys reported decline of 1% QoQ/YoY CC revenue growth in Q3 at $ 4.6 bn which was broadly within expectation after a moderate Q2'24. 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 reduced QoQ by 70bps to 21.2% led by wage hikes. Company reiterated FY24E EBIT margin guidance of 20-22% and is on margin expansion strategy. PAT came at Rs 6,113cr down 1.5% QoQ and up 7% YoY. With that Infosys has downgraded its FY24 revenue growth guidance to 1.5-2% YoY CC (from earlier 4-7%) which implies 0.5% sequential growth for Q4 24. This seems reasonable and unlikely to disappoint. Infosys reported robust deal win - TCV of 3.2bn 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. Key risks: Slowdown in the USA and Europe and cuts in discretionary IT spending by enterprise clients.
Redington	Redington is a global distribution company with a 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+ brand associations and services 43,000+ channel partners. Redington's reported revenue growth of 8% YoY. Revenues for 3Q24 were Rs.23,504 cr. India grew 18% YoY, while the global sales were flattish yearly. There has been a slowdown in consumer spending, while enterprise demand and government spending remain strong. There is a sequential improvement in numbers. This is a strong revenue quarter for mobility which has slightly lower gross margins. Gross margins are 5.6% vs 5.8% sequentially. Opex and employee costs have moderated over the previous quarter. As a % of sales, employee cost is 1.3% vs 1.5% sequentially and opex is 2.1% vs 2.2%. The EBITDA margins were 2.2%. Factoring cost for the quarter was 94cr vs 87cr sequentially. Redington under the previous CEO [Rajiv Srivastava] had seen a higher ramp-up in costs which had led to margin reduction. The new CEO - Mr. Hariharan joined in September 2023. He has been associated with Redington for the past 11 years as a board member. The numbers for the quarter reflect the course correction

	adopted. Working capital intensity remained broadly similar sequentially at 36 days. Normalized working capital is expected to be 35-40 days. We expect the company to deliver a better balance between profitability and growth going forward. 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 in a dividend yield of 3%. 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 a 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 allow for balanced growth and reduce vendor concentration. Redington has demonstrated robust risk management practices over cycles that help better manage credit, inventory, and currency risks. A significant shift in consumer and enterprise behaviour has led to a higher need for higher computing > leading to shorter product life cycles > and acceptance of premiumization. This tailwind benefits Redington. Key risks are a higher interest rate regime environment, delayed recovery in margins and slowdown/delays in the high-margin enterprise business
Eicher Motors	Eicher's Q3FY24 results came in line with expectations. Sales grew 3% sequentially led by new product contribution and product refreshers supported realization improvements. This was offset by lower exports. Gross margins and EBITDA margins were similar to the previous quarter at 46.1% and 27.5% respectively. Since FY20 margins have been in the 24% range (as against 30% previously). The trend seems to be reversing despite increased competition. Overall, standalone PAT came in at Rs 915 cr, an increase of 34% YoY. Consolidated PAT was Rs. 996cr. In the international market, he weak macro environment has been impacting sales. Eicher has trodden this path carefully, by not pushing any channel inventory. The company has maintained its market share in the middle-weight category in the geographies in which it operates. New Launches - The newly launched Himalayan 450 has got good reviews and should help drive growth. This quarter they introduced the Shotgun 650 in North America. In the previous quarter, they launched the Meteor 650. The company has a pipeline of launches to create (sub) categories. It is just a question of appropriate timing. Eicher is a classic example of supply creating demand. This is why they continue to be a dominant force in premium motorcycles. 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.
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 4.54 lakh crores. Revenues were flattish sequentially at 416 cr vs 412 cr. PAT was up 7% sequentially at 195cr. The recurring assets AUM is 2.2 lakh crs, up 9% YoY. Over the past two quarters, a large part of the new flows (c.15,000cr) has not yet turned fee-bearing. 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. The recurring revenues were Rs. 315 cr for the quarter. Recurring assets comprise the asset management AUM of 0.69 lakh cr and wealth AUM of 1.51 lakh cr. The net flows were Rs.8,800cr of which Rs. 7,700cr was in wealth and Rs.1,100cr in asset management.

	For the past 3 quarters, 360 one has moved into an investment mode to prepare for the next leg of growth that will commence in FY25 and significantly shape up by FY26. This is the mid-market and global opportunity. 360 One' cost to income has moved from 45% at the start of the year to 49% presently due to hirings across these future growth engines. The breakup of this is as follows - 1.2% of costs have been made to hire additional senior management teams in the UHNI segment. There are 35+ partner level and above hires made. Another 1.2% of the cost is attributed to the mid-market HNI team. This is expected to go live in 1QFY25. Final 1.2% of the cost is attributed to the global business team. The endeavour is to tap the global Indian and NRIs in key cities such as Singapore, Dubai, and London. All this increased headcount is built into the cost and will help drive revenue. 360 one continues to be a dominant force in the UHNI segment and has the potential to expand the addressable opportunity in mid-market and global opportunity. 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. 360One has an industry-leading business model, demonstrated executional capabilities and a strong leadership and management team. The stock has a c.25% ROE and offers a c.3% dividend yield. Key risks would include slowdown in net inflows and any employee/client attrition.
RBL Bank	RBL reported lower PAT of Rs 233crs vs ~Rs 294crs in 2QFY24 led by one-time provisions on AIF investments. Loan book grew by 4.7% QoQ / 19.9% YoY led by both retail & wholesale book which grew by 5% & 4% on sequential basis. Retail mix remained stable at ~58% on sequential basis. Retail mix is expected to improve to ~60-65% by FY26 of which new secured products may contribute ~30% of loan mix. During the quarter, margins declined by ~2bps QoQ to 5.52% as per new accounting policy largely because of the lower disbursals in MFI. Margins are likely to remain at similar levels in Q4 due to dynamics around deposit cost. During the quarter, cost to income ratio increased by ~60bps QoQ to ~67.1% led by Increase was driven by the business acquisition cost, marketing spends and on products and expansion of teams. Cost ratios are expected to improve gradually in coming quarters. Improvement in cost ratios shall be led by improvement of internal sourcing and operating leverage in new lines of business. GNPA remained stable at 3.1% on sequential basis. NNPA increased by ~2bps QoQ to 80bps. PCR declined to 75.1% vs 77.6% in 2QFY24. Gross slippages were elevated at 3.5% vs 3.1% in 2QFY24 led by higher slippages from MFI & wholesale segment. Net slippages also increased to 2.4% vs 2.1% in 2QFY24. MFI slippages were higher the bank was not able to perform collection process during ~15-20days for Dec'24. Management indicated that recovery percentage of the MFI got impacted in the few states where there were elections. Now, in those states the bank have come back to that collection efficiency of 99.41%. Credit cost was elevated at ~2.4% vs normalised credit cost of ~1.7-1.8% led by provisions of Rs1.15bn towards AIF investments. Excluding these provisions, credit cost would have been at 1.75% for the quarter. Key risks would include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs and higher treasury losses.
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. For 3QFY24, revenues/EBITDA/PAT grew 16%/21%/25% YoY at Rs.219 cr, 98 cr and 67 cr respectively. EBITDA margins are at 45% vs 43% YoY. Growth in AUM with

	stable yields and similar costs led to operating leverage. Domestic MF revenues yields were broadly stable at 0.038%. The revenue growth in the issuer solution was 8% YoY as new folios were added. Revenue per folio continues to be in the range of Rs.9-11. The total folios managed are c.11.9cr up 9% YoY. International business growth was 28% YoY. This was led by client additions and clients going live. Yield in the international business is 5.2 bps given floor / minimum fees from each client irrespective of the AUM vs the domestic business where yields are c.3.8bps. Expect revenue growth in international revenues as clients go live. Historically 44-45% PAT is in the 1H while the rest is in 2H. 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. 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.
Oberoi Realty	Oberoi has delivered pre-sales volume growth of 19% YoY / 43% QoQ . On value terms, the pre-sales growth has been 25% YoY growth/ 18% QoQ decline. The decline on QoQ basis is largely due to lower sales in the Worli project during the quarter impacted presales as well as P&L. The company has now entered Thane market through its project at Kholset (launched in November). This is a new micro market for Oberoi and the company has priced it at very competitive rates. This project is seeing increased traction and management's target is to do 500-600cr of annual presales. The company will be launching another project in Thane at Pokhran during Sept 2024. Oberoi has large land parcels in Thane and the success of these 2 projects gives multi-year sales visibility for the company. During the quarter, the company has also bought 15acres land in Gurgaon thereby marking its first diversification beyond MMR. In the existing inventory, the sales continue to be steady. On the commercial side, the 3 under-construction projects would be ready in the next few months (Borivali Mall, commercial tower and Ritz Carlton Hotel). These 3 projects cumulatively would give an annual annuity income of Rs 700-800cr p.a. with 70%+ margins. The annual rental for all the commercial projects would cross 1,700cr post the ramp-up of the utilisation. On the P&L side, the company reported revenue decline of 35% YoY to Rs. 1,054cr as company didn't have many deliveries in the quarter. The OCs for Borivali project have bene received now and this should help company to deliver better revenue. The decline in the revenue impacted the profitability as EBITDA Margin declined to 48% and PAT declined to 360cr. The real estate sector demand continues to be quite strong at the industry level whereas Oberoi couldn't benefit fully from the same due to lack of new launches. But, now the Thane entry should help the company to deliver better sales. Key risks: Delayed projects launches, slowdown in the demand.
Karur Vysya Bank	KVB reported PAT of Rs 412crs vs Rs 378crs in 2QFY24 and Rs 289crs in 3QFY23. Loan book grew by 3.3% QoQ / 16.3% YoY. The bank has already reported loan growth of ~13.7% on YTD basis (Apr-Dec'23) vs its loan growth guidance of ~14-15% for FY24. Margin improved by 25bps QoQ to 4.32% led by one-off income from recovery. Excl one-offs, margins improved by 6bps QoQ to 4.13%. Higher margins excluding one-offs were due to the conscious shedding of low-yielding corporate customers. Margins are expected to be around 4% in 4QFY24. Cost to income ratio increased to 50% vs 49% in 2QFY23. Cost to assets also increased to 2.7% vs 2.6% in 2QFY24. Management has guided that considering its business expansion plans, cost to income ratio should be in the range of ~45-50 for FY24. Asset quality improved sequentially as GNPA declined by ~15bps QoQ to 1.58%. Net NPA declined by 5bps QoQ to 0.42%. PCR was stable at ~74%. Gross slippages increased

	sequentially by 20bps to 1.1% but are largely stable. Net slippages also increased to 0.5% vs 0.2% in 2QFY24. Gross slippages are expected to be ~1% for FY24. Credit cost stood at 85bps vs 75bps in 2QFY24. The bank has been providing Rs 25crs each quarter towards contingent provision since 1QFY24. Excluding a floating provision of Rs 25crs in 2Q&3Q FY24, credit cost stood at 70bps vs 60bps in 2QFY24. SMA 1 & 2 numbers declined sequentially to 0.3% and 0.2% vs 0.4% and 0.2% respectively restricting the flow of incremental slippages. Key risks would include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs and higher treasury losses.
ITC	ITC reported revenue growth of 2% YoY to Rs. 18,020cr. The company reported weak numbers in cigarette business, though FMCG and hotels continue to do well. The cigarette business delivered 3.6% YoY revenue growth (implied volume growth of 0-1%) . The premium segment in cigarettes had done well dew to new products launch whereas the mass market segment had muted growth due to weaker demand. There has been sharp cost escalation in leaf tobacco but the same has been largely mitigated through product mix, cost management and calibrated price hikes. Accordingly, the EBIT in cigarette business grew by 2.3% YoY to Rs. 4,728cr. FMCG business delivered 7.6% YoY revenue growth. The higher inflation continues to impact rural demand, but ITC has largely premium portfolio and hence it is able to deliver better growth. FMCG reported 23% YoY EBIT growth as company continues to deliver on margins. Margin expansion driven by multi-pronged interventions viz. premiumisation, supply chain optimisation, judicious pricing actions, digital initiatives, and strategic cost management. Given the strong industry tailwinds, Hotel business revenue grew by 18% YoY to Rs. 872cr. High Revpar led to margin expansion and this segment registered EBIT growth of 56% YoY. Agri business revenue registered 2% YoY decline. The revenue got impacted by government ban on rice and wheat exports. Excluding rice and wheat exports, this segment delivered revenue growth of 14% YoY. Paper continues to be under significant pressure with 10% YoY revenue decline and 51% YoY EBIT decline. Paperboards, Paper and Packaging Segment remains impacted by low priced Chinese supplies in global markets, muted domestic demand, surge in wood cost and high base effect. The consol PAT registered 6.5% YoY growth to Rs. 5,409cr. Agri and Paper, which together account for 10% of EBIT continue to drag profitability. Though FMCG and Hotels continue to do well, the weak rural demand and some channel correction impacted cigarette volumes during the quarter. In the medium term, we expect cigarettes to benefit from stable taxation regime and FMCG to do well in the premium segments. ITC should deliver 10-12% PAT CAGR for the next couple of years. Key risks: government taxation on cigarettes, demand slowdown and raw material inflation.
Kewal Kiran	Kewal Kiran delivered revenue growth of only 1% YoY to Rs.262cr, on account of lower winter wear offtake. However, the core categories continued [jean, shirts, trousers, t-shirts] delivered healthy growth in a tough environment. The company added 13 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 17% to 19.4% YoY on the back of better product mix and low-cost raw material benefit. As a result, EBIDTA was up by 16% YoY to Rs.39cr. Overall, PAT was up by 24% YoY to Rs.33cr. 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. Key Risks: Competitive Intensity from MNC brands and private labels of large format stores.



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 Feb 2024)	**FY2023**	**FY2024E**
P/E Ratio	27.1	22.4
Earnings Growth	37.3%	18.4%
Debt Equity Ratio	0.1	0.1
ROE %	21.5%	21.7%
PE/ Growth Ratio	1.2	

**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 4th 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 Feb 2024	Q3 23	Q3 24		FY 23	FY 24E	FY 24E	FY 24E	23rd Feb 2024
Narayana	28,096	191	209	9%	607	808	34.8	32%	9.6%
SBI	677,512	19,459	12,548	-36%	50,232	56,590	12.0	18%	9.2%
Infosys	694,045	8,931	8,619	-3%	24,108	24,537	28.3	32%	7.2%
Redington	16,402	494	434	-12%	1,439	1,222	13.4	16%	7.2%
Eicher Motors	107,494	914	1,222	34%	2,914	3,556	30.2	25%	6.7%
360 ONE WAM	25,889	223	235	5%	658	760	34.1	23%	6.3%
RBL Bank	16,243	274	307	12%	883	1,238	13.1	9%	5.7%
Kfin Tech	11,989	71	89	25%	196	232	51.7	24%	5.2%
Oberoi Realty	49,670	929	479	-48%	1,905	1,709	29.1	13%	5.2%
KVB	14,431	325	526	62%	1,106	1,505	9.6	16%	5.1%
ITC	513,578	6,844	6,682	-2%	19,477	20,724	24.8	30%	5.0%
Kewal Kiran	4,598	36	44	22%	119	153	30.1	26%	3.1%

CLASSIFICATION OF MARKET CAP

Segment	Basis	%
Large Cap	> Rs. 67,000cr	33.3%
Mid Cap	> Rs. 23,000 cr < Rs. 67,000 cr	25.2%
Small Cap	< Rs. 23,000 cr	36.7%
Cash		4.8%
Total		100%

LIQUIDITY ANALYSIS

Segment	% of portfolio
1 day	67.4%
Between 1 & 3 days	17.8%
Between 3 & 7 days	11.3%
Greater than 7 days	0.0%
Total	95.2%

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.