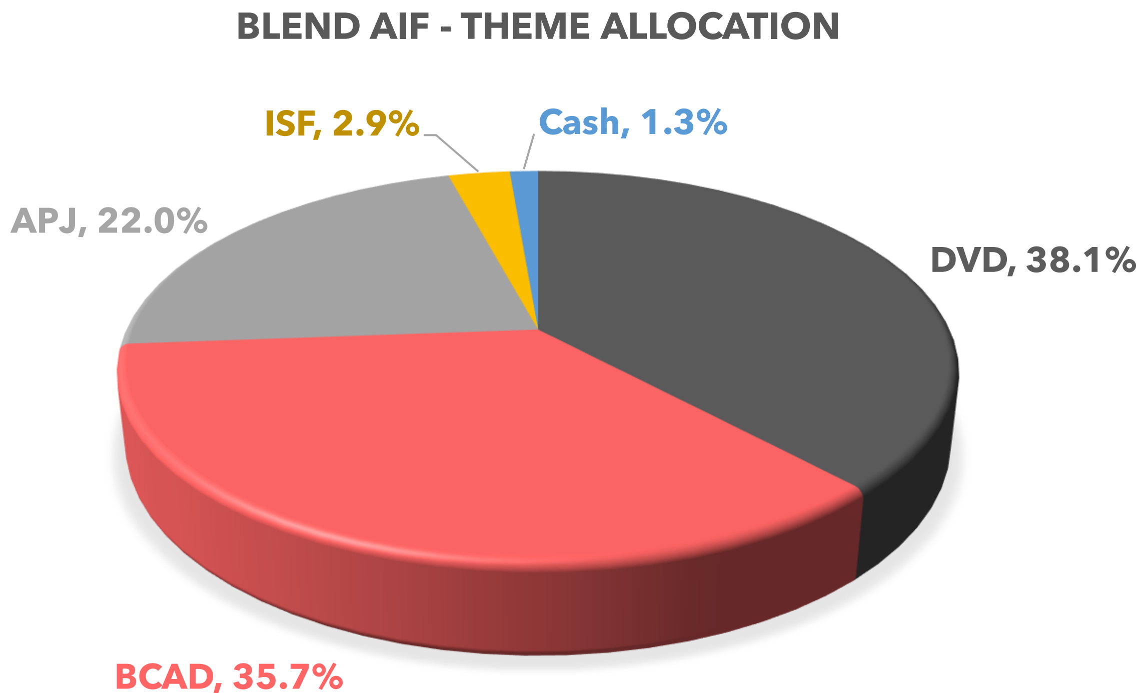
PORTFOLIO FACT SHEET : Q3-FY 2024

UNIFI UMBRELLA AIF - BLEND FUND 2

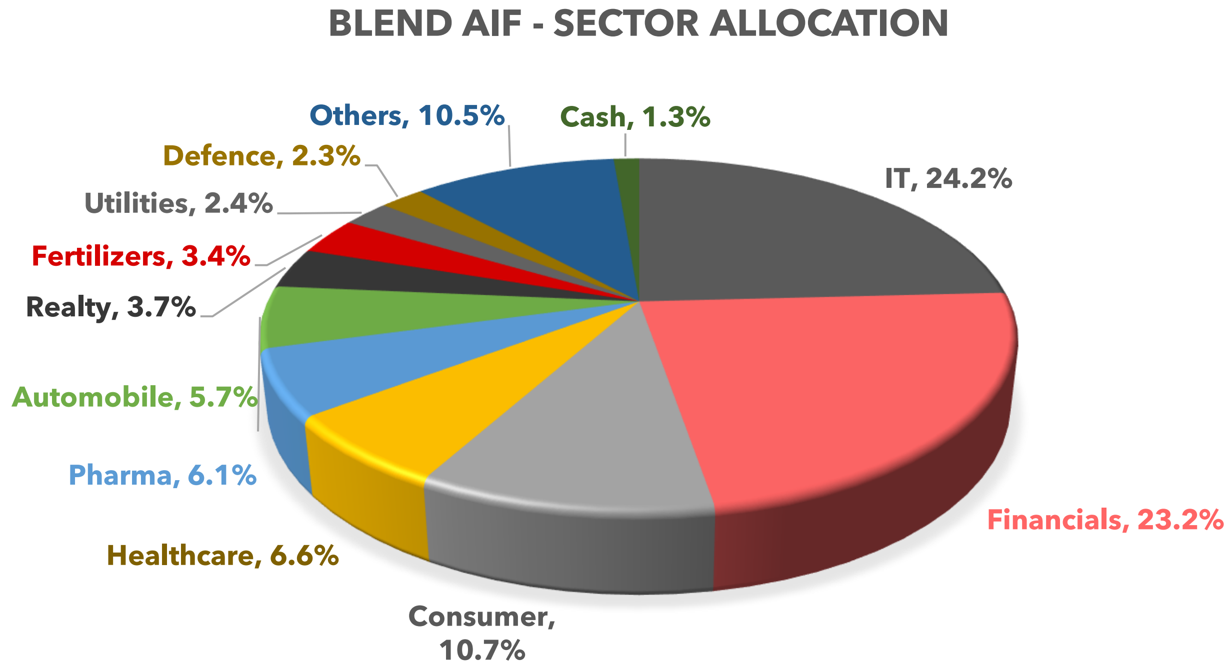
The UNIFI Umbrella BLEND Fund continues to draw from the best opportunities across all of Unifi's investment themes. The fund has the flexibility to invest in stocks across diverse sectors, themes, and market capitalization. The fund's holdings are well diversified and poised to benefit and consolidate their position and deliver industry-leading growth. We have trimmed exposure in a few names that have performed significantly well and redeployed the cash generated in firms that offer a better risk/reward proposition.

	UNIFI Umbrella AIF - BLEND Fund 2
Launch Date	01st June 2021
Scheme Corpus (as of 31st Jan 2024)	INR 23.69 bn
Firm AUM (as of 31st Jan 2024)	INR 235.5 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 strategy wise composition of the Unifi Umbrella Blend AIF fund is as below:



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



The following annexure presents a brief on our top holdings:

Company	Brief background and Investment rationale
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 record high 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.
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. 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.
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 Risks: Delay in Capex, government interference in pricing.

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 into 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

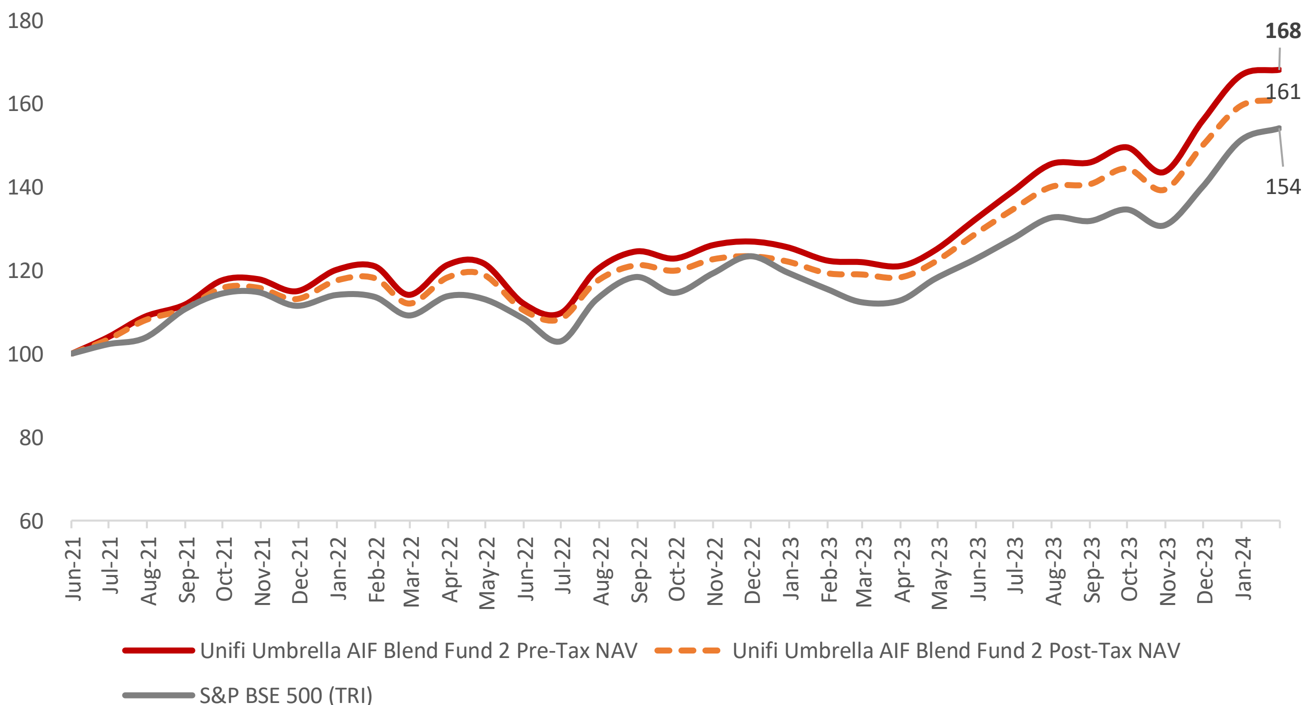
Eicher's Q3FY24 results came in line with expectations. Sales grew 3% sequentially led by new product contribution and product refreshers supported realization improvements. This was offset by lower exports. Gross margins and EBITDA margins were like the previous quarter at 46.1% and 27.5% respectively. 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 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.
Dr Reddy's Labs	Dr Reddy's reported a 7% growth in Revenue to Rs. 7,215cr in Q3 24. North American business reported growth of 9% cc YoY to USD 404mn driven by market share expansion in the core portfolio, new product launches and integration of the Mayne acquisition, while the overall business grew 5% QoQ. The generics pricing trends in the US have been stable for the past few quarters. The company launched 12 new products in the 9m FY24 and is on track to launch 20 new products for FY24. The company has a target to launch 25-26 meaningful products over the next 2 years (FY25 and FY26). Europe business reported growth of 16% YoY. The growth was driven by leveraging the existing portfolio, contribution from new products and favourable forex. India's business growth was in the mid-single digit after excluding the impact of NLEM and discontinued products. The reported growth was 5% YoY. Russia and CIS business did not grow due to currency devaluation and in cc terms. The company has taken price increases on certain products to offset the impact of currency devaluation. Gross margins are down 20bps QoQ and 70bps YoY. The impact is due to the lumpiness of PLI incentives. EBITDA was flat YoY due to the higher expenses on account of investment in sales-marketing, digitalization, and R&D spending. PAT was up 11% YoY due to higher other income. The cash on books as of Q3 24 is Rs. 7700cr. The company is open for small as well as large deals and the key criteria will be to buy an asset with the products/capabilities which Dr Reddy's does not have. Key risks: In case the price erosion improvement cycle is not sustainable in the medium term, the margins and growth in US business will be at risk. Product contraction towards Revlimid. Any earnings dilutive or non-core acquisition.
HCL Tech	HCL Tech reported revenue of Rs 284.5bn (up 6.7% QoQ in INR terms, up 5.9% QoQ in USD terms). IT / Business Services up 1.9%, ER&D services up 8.7% and Product and Platform (P&P) business up QoQ 32.0% QoQ in CC terms. EBIT margins up QoQ by 135bps to 19.7%. As a result, PAT was up 13.5% up QoQ at Rs.43.5bn. HCL Tech reduced its overall guidance to 5-5.5% YoY from earlier 6-8% due to a moderate first half of FY24. Even with revised guidance, HCLT's revenue growth may outperform its peers in FY24E, probably due to a strong deal pipeline. Key Risks – Slowdown in the USA and Europe and cuts in discretionary IT spending by enterprise clients.
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. Excluding 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.
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 has 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.
Sonata Software	Sonata's IT Services came in at US$84Mn, up 3.5%/38% QoQ/YoY, led by both M&A and organic growth. The segment's core EBITDA margins at 21.4% with EBITDA growth of 5% QoQ. The domestic business recorded a 2% revenue growth YoY. Domestic business EBITDA came in at 43cr up 17% YoY. PAT growth was limited due to a combination of cash and non-cash charges related to M&A. In Q3, they completed the 100% acquisition of Quant – this has been a very successful transaction for the company as it has given them exposure to the fast growth segments of Salesforces, AWS, and Adobe. As a result of this acquisition, Sonata has witnessed a combination of cash and non-cash charges of almost Rs.25cr per quarter, or Rs.100cr per annum. c. Some of these non-cash charges will begin to abate by Q1 of FY 2025. Sonata's focused on the newer areas of tech spends: AI & Data, which has reduced their exposure to "traditional" IT Services. They have taken market share in the BFSI, which is led by data privacy & consumer-facing applications. Tailwinds are synergies from Quant M&A and large deal pipelines. Key Risks - Slowdown in the USA and Europe and cuts in discretionary IT spending by enterprise clients.

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 Kolshet (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.



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	28.7	25.2
Earnings Growth	32.0%	17.0%
Debt Equity Ratio	0.07	0.05
ROE %	22.0%	23.9%
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

Unifi Umbrella BLEND AIF	Market Cap (Rs. cr)	PBT (Rs.cr)		YoY (%)	PAT (Rs. Cr)		P/E	ROE	Portfolio Weight
Company	23rd Feb 2024	Q3 FY23	Q3 FY24		FY23	FY24e	FY24e	FY24e	23rd Feb 2024
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%	7.9%
ITC	513,578	6,844	6,682	-2%	19,477	20,724	24.8	30%	7.1%
Narayana	28,096	191	209	9%	607	808	34.8	32%	6.6%
Redington	16,402	494	434	-12%	1,439	1,222	13.4	16%	5.9%
Eicher Motors	107,494	914	1,222	34%	2,914	3,556	30.2	25%	5.7%
Dr Reddy's	107,229	1,638	1,829	12%	4,507	5,353	20.0	21%	5.1%
HCL Tech	450,957	5,372	5,874	9%	14,845	17,454	25.8	26%	5.1%
KVB	14,431	325	526	62%	1,106	1,505	9.6	16%	4.4%
RBL Bank	16,243	274	307	12%	883	1,238	13.1	9%	4.3%
Sonata Software	23,305	155	172	11%	452	547	42.6	38%	3.9%
Oberoi Realty	49,670	929	479	-48%	1,905	1,709	29.1	13%	3.7%

CLASSIFICATION OF MARKET CAP

Segment	Basis	%
Large Cap	> Rs. 67,000cr	48.5%
Mid Cap	> Rs. 23,000 cr < Rs. 67,000 cr	20.5%
Small Cap	< Rs. 23,000 cr	29.5%
Cash		1.5%
Total		**100.0%**

LIQUIDITY ANALYSIS

Segment	% of portfolio
1 day	40.9%
Between 1 & 3 days	20.4%
Between 3 & 7 days	20.1%
Greater than 7 days	17.3%
Total	**98.7%**

CRISIL CAT III AIF BENCHMARKS DATA [as of 31st March 2023]

Index	1 Year (%)
Blend Fund 2 (Scheme of Unifi Umbrella AIF)	-0.72%
CRISIL AIF Index – Long Only Equity Funds (open ended) (INR)	-0.31%
CRISIL AIF Index – Long Only Equity Funds (INR)	-4.07%

Values as on March 31, 2023

Schemes that have completed at least one year since their first close as on March 31, 2023, have been considered for the benchmark. In all, 41 schemes have been considered for the above analysis.

Returns refer to post-expense, pre-carry, pre-tax values. Returns for more than one year are annualized.

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 has been done for Investee companies. management/ financials has 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.

This report and information contained herein is strictly confidential and meant solely for use by clients of Unifi Capital Private Limited and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Unifi Capital Private Limited. The information and opinions expressed in this report have been prepared by Unifi Capital Private Limited and are subject to change without any notice. This report does not constitute a prospectus or disclosure document or an offer or solicitation to buy any securities or other investment. This document is neither approved, certified nor verified by SEBI.The statements contained herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or approach is suitable or appropriate to your specific circumstances. By referring to any particular sector or security, Unifi Capital Private Limited does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. This material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. However, Unifi Capital Private Limited warrants that the contents of this document are true to the best of its knowledge. Neither Unifi Capital Private Limited nor its affiliates or their partners, directors, employees, agents, or representatives, shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this analysis or the contents or any systemic errors or discrepancies or for any decisions or actions taken in reliance on the analysis. The recipient of this material should rely on their investigations and take their own professional advice. Opinions, if any, expressed are our opinions as of the date of appearing on this material only.