UNIFI AIF

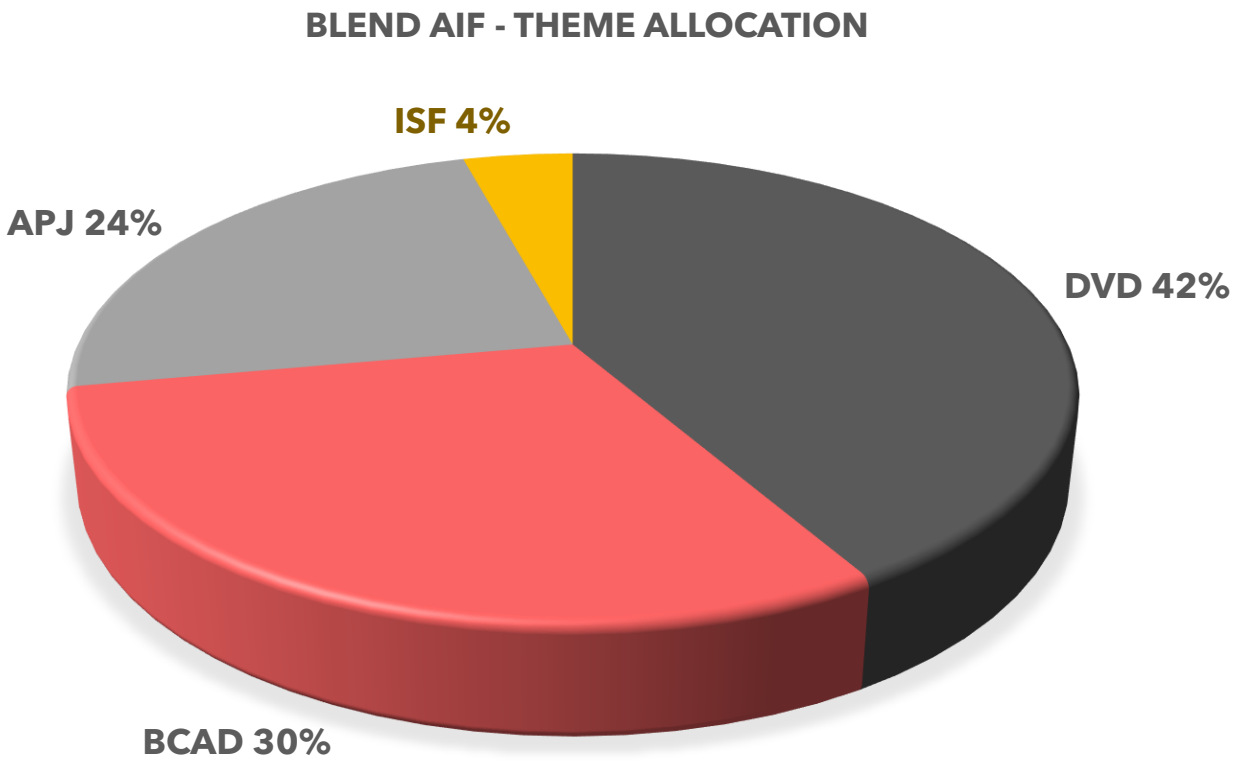
PORTFOLIO FACT SHEET: Q3 FY2025

UNIFI UMBRELLA AIF – BLEND FUND 2

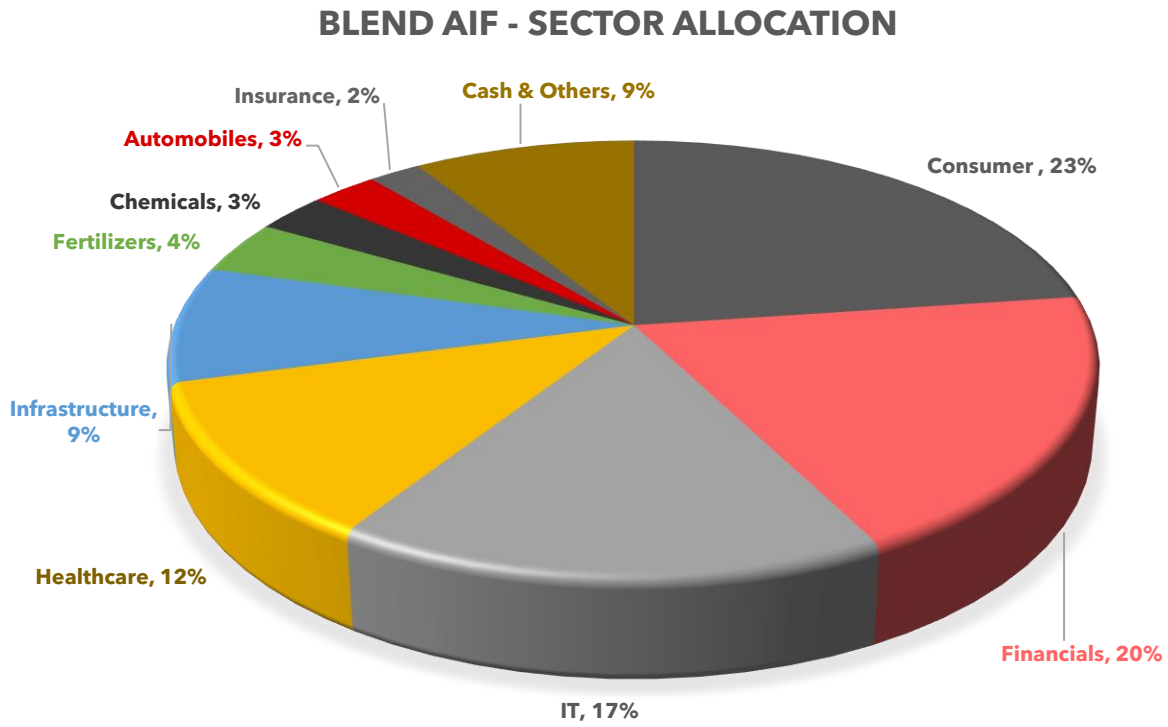
The UNIFI Umbrella BLEND Fund continues to draw from the best opportunities across all of Unifi's investment themes. The fund has the flexibility to invest in stocks across diverse sectors, themes, and market capitalization. The fund's holdings are well diversified and poised to benefit and consolidate 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 BLEND AIF Fund
Launch Date	01st June 2021
Scheme Corpus	INR 28.35 bn
Firm AUM	INR 252.3 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 rational
Bank of Baroda	BoB reported a PAT of Rs 4,837cr vs. Rs 4,579cr (6% YoY) for Q3 FY 2025, while their loan book grew by 2.7% QoQ and 12.4% YoY. On a YTD basis (Apr-Dec'24), the loan book grew by ~8.0%. The loan growth was led by the Retail, Agri, and MSME segments, which grew by 4.8%, 4.5%, and 3.8%, respectively, on a sequential basis. Corporate loan grew by 0.4% QoQ / 8.3% YoY. The bank reiterated its loan growth guidance at 11-13% and deposit growth guidance at 9-11% for FY25. Margins declined by 16bps sequentially to 2.94%, which was led by moderation in yields. The management has revised its margin guidance from 3.15% to 3.05%-3.10%, with the intent of achieving the upper end of the guidance for FY25. The cost to assets has decreased marginally by 3 basis points sequentially to 1.79%. Gross NPA improved by ~7bps QoQ to 2.43%, while Net NPA improved by 1bps QoQ to ~59bps. Provision coverage was stable sequentially at ~76%. Gross slippages declined to 1.04% vs 1.2% in Q2FY25. Net slippages declined to 39bps vs 49bps in Q2FY25. Barring one quarter, the bank has reported net slippage of ~0-50bps for the past 10 quarters. Credit cost reverted to ~38bps vs 86bps in 2QFY25. Overall, there is no imminent stress within the Bank, and the management has reiterated its guidance of ~1.2% gross slippages for FY25, expecting credit cost to be in the range of ~0.5-0.75% for FY25. We like the bank because of its ability to grow in line with systemic growth rates, low NPA risks, and attractive valuations. Key risks include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs, and higher treasury losses.

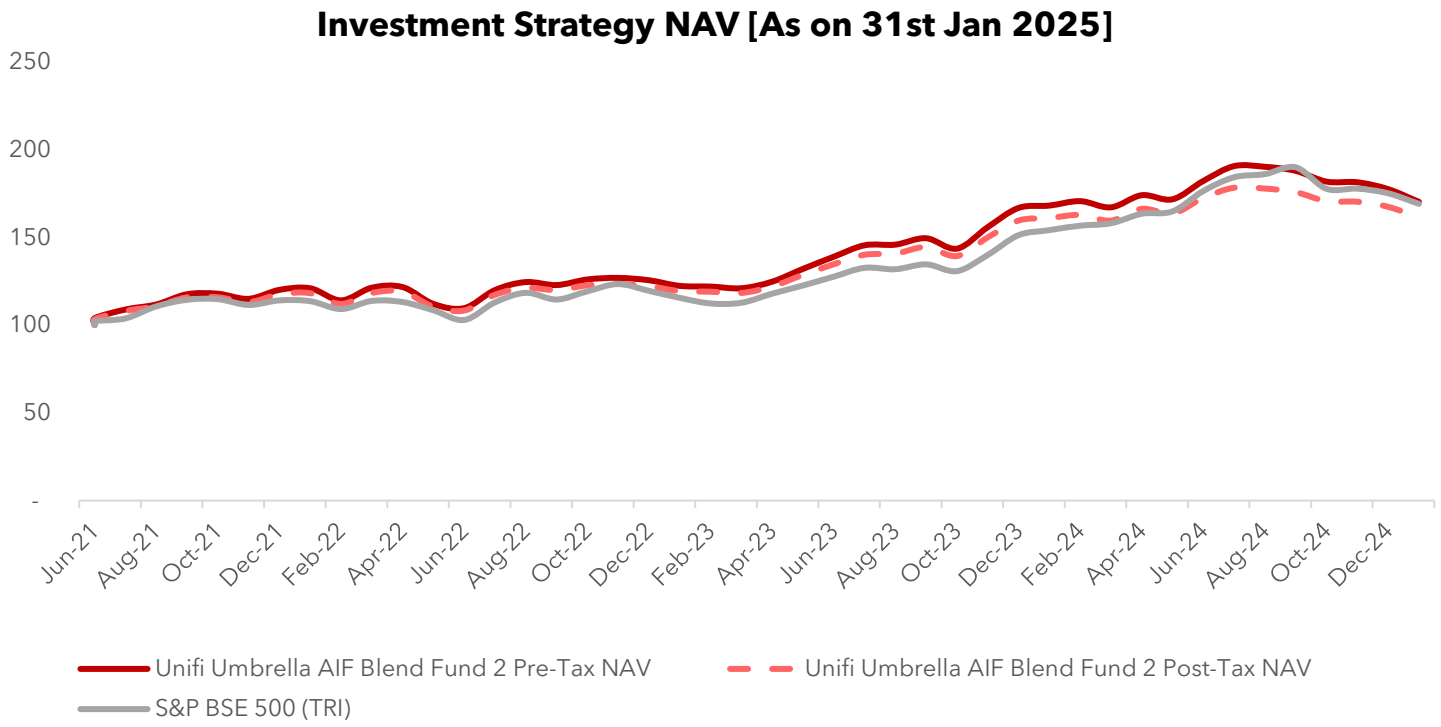
Redington	Redington is a global distributor of Information, Communication, and Technology [ICT] products with a presence across 40 countries. It covers the entire gamut of IT products, smartphones, and offers services and solutions across Managed, Cloud, and Logistics. The company partners with 300+ brand associations and services 43,000+ channel partners. Redington reported revenues of Rs.26,716cr, up 14% YoY. The growth is led by the Indian business, which grew by 18%, while the UAE business grew by 24%. Gross margins improved sequentially to 5.3% vs 5.0%. In the first half, the company had created inventory provisions for the technology and PC segments due to the slowdown in Saudi Arabia, which was reversed in this quarter. The management team's effort in turning around Turkey operations and maintaining costs led to an improvement in EBITDA margin from 2.3% vs 2.2% YoY. Overall, PAT grew 18% YoY from Rs.340cr to Rs.400cr. From a capital allocation perspective, the company's return ratio is healthy at 16% RoE, 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 it is amongst the top 2 ICT distributors across the markets it operates in. The company's dominant positioning and financial muscle give it a significant competitive advantage in a business with high entry barriers. Redington has created a strong services business in 3rd party logistics 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 manage credit, inventory, and currency risks. A significant shift in consumer and enterprise behavior has led to a higher need for higher computing, which has led to shorter product life cycles and the acceptance of premiumization. This tailwind benefits Redington. Key risks include a higher interest rate regime environment, delayed margin recovery, and slowdowns/delays in the high-margin enterprise business.
Narayana Hrudayalaya	Narayana reported revenue growth of 13.5% YoY to Rs.1,367cr and a PAT growth of 2.4% YoY to Rs.193cr. The India business reported a 13% YoY revenue growth. Lower footfalls from Bangladesh have impacted the revenue growth as the revenue from international patients to India declined by 50% YoY to Rs.40cr. The company has been trying to fill these beds with domestic patients, and accordingly, the revenue from domestic patients to India reported a strong 19% YoY revenue growth. The new hospitals (Mumbai and 2 in NCR) continue to show improved traction as they reported a margin of 9% vs 4% in Q3FY24. The EBITDA margin in India's business has been stable at 16.5%. The Cayman business had a strong revenue growth of 15% YoY to USD 35mn in the quarter. The company has been opening the new hospital in phases, and all the departments will open by the end of February. 85% of the costs associated with the new facilities have already been reflected in P&L during Q2 and Q3. The Cayman margins improved to 43.4% vs 38.6% in the last quarter. The new facility is witnessing good traction given its location in the city center. The new facility will be used primarily for OP, Emergency, Neonatal, pediatric, and maternity services. All the other IP services will be provided at the existing facility. This will provide growth for Narayana for the next 2-3 years. The company is now undergoing capex in India, focusing on Bangalore and Kolkata, which are Narayana's core markets. Over the next few years, the company will add 1,400 beds with a capex of Rs. 3,000cr. The company did exceptionally well in FY22-FY24, and this year has been a year of consolidation with flat PAT; we expect strong earnings growth from FY26. Key Risks: Delay in Capex, Government interference in pricing.

ITC	ITC reported revenue growth of 9.3% YoY to Rs. 18,790cr. The tobacco business delivered volume growth of 5% YoY and revenue growth of 8% YoY. Tobacco leaf prices continue to witness steep inflation, impacting the tobacco margins, as a result of which EBIT growth has been 4.5% YoY. The company is mitigating raw material inflation through pricing actions and premiumisation mix. The new tobacco crop should aid in cooling off inflation in the next few quarters. The FMCG business has witnessed weakness due to a mix of pockets of demand weakness and stubborn input cost inflation. This segment reported 4% YoY revenue growth, with EBIT declining by 26% YoY. The company has started taking pricing actions to mitigate inflation. The agribusiness continues to recover with 11% YoY revenue growth and 17% YoY EBIT Growth. This segment continues to benefit from high tobacco leaf prices and value-added agri exports (coffee, spices, etc). The Paper Segment remains impacted due to low-priced Chinese and Indonesian supplies in the global market (including India), as this segment reported an EBIT decline of 20% YoY. Accordingly, the consolidated EBIT Growth has been 2% YoY to Rs. 5,496cr, and PBT has been flat. The reported PAT declined by 8% YoY to Rs. 4,810cr due to the low tax rate in last year's Q3. The key tobacco segment continues to do well due to a stable tax regime and the government curbing illegal cigarettes. The weakness in FMCG is expected to be short-term and will likely come back in a few quarters from here. Recovery in the agriculture and paper segments will further aid in earnings. Key risks: Government taxation on cigarettes, demand slowdown, and raw material inflation.
HCL Technologies	HCL Tech reported revenues of $3.5 Billion, reflecting a 3.8% QoQ growth and a 4.1% YoY growth in constant currency (CC) terms. All business segments showed sequential growth except for financial services, which remained flat. While most segments are experiencing a broad-based recovery, challenges persist in the automotive and aerospace sectors. The company has raised its FY25 revenue growth guidance to 4.5%-5% YoY (up from the previous 3.5%-5.0%). Notably, HCL Tech's deal wins were strong, securing total contract value (TCV) deals worth $2 Billion in Q3FY25, a 9% increase QoQ. Given the company's diversified portfolio across sectors, we anticipate broad-based growth once macroeconomic conditions support an increase in client discretionary spending. Key Risks – Slowdown in the USA and Europe and cuts in discretionary IT spending by enterprise clients.
NCC	NCC's execution was soft in Q3 FY 2025, with revenue growth of 2% YoY to Rs.5,345cr. This impacted EBITDA Margins by 140bps, with EBIDTA declining 9% YoY and reported PAT declining 12% YoY to Rs. 206cr. Two significant factors impacted NCC's performance this year: [a] the central government going to elections and [b] State elections in Maharashtra, slowing down the implementation of planned capital expenditures, and impacting the entire capex value chain. However, order inflow has picked up in Q3 at Rs. 8,840cr vs Rs. 4,760cr in Q2 and Rs. 408cr in Q1. We expect full-scale capex actions by the Centre and Maharashtra to resume by H1 of FY26, and this will help the company deliver strong earnings growth over the next 2-3 years. Key risks: Slowdown in the order inflows and competition impacting margins.
Oracle Financial Services Software	IT product firms often experience lumpy earnings due to the nature of their business. Large software deals, implementation projects, and licensing agreements can create significant revenue surges in certain quarters, followed by periods of relatively lower earnings. Therefore, it's crucial to evaluate these companies from an annual perspective, smoothing out the quarterly volatility to gain a clearer understanding of their long-term performance. With the ongoing digital transformation within the banking and financial sectors, OFSS is poised to capitalize on the increasing demand for its specialized software and services. Consequently, the medium to long-term outlook for OFSS appears promising, driven by sustained growth in the financial technology space.

	Oracle's revenue de-grew by 6% YoY to Rs.1,715cr in Q3 2025 vs Rs.1,824cr, YoY with EBITDA and PAT dropping by 18% and 27%. The slowdown was mainly due to the delay in converting deals into revenue. The deal flow remained strong in Q3 FY25, led by large deals in India, Asia Pacific, and the EU. This provides strong demand visibility for the company, with ongoing customer interest in transitioning to Oracle's cloud services. The company has maintained high levels of capital efficiency, reflected in 25%+ RoE on the back of an almost 100% dividend payout to shareholders. Key Risks: Slowdown in IT spending by enterprise clients.
Karur Vysya Bank	Karur Vysya Bank (KVB) reported a Profit After Tax (PAT) of Rs.496cr for Q3FY25, compared to Rs.474 crore in Q2FY25. The loan book experienced a 3.4% QoQ growth and a 14.6% YoY growth. Year-to-date loan growth stood at 11.7% and 13.7% in 9MFY24. This growth was primarily driven by the Commercial, Retail, and Agri segments, which saw sequential growth of 4-6%, while the corporate loan book declined by 4% QoQ. The corporate loan book has been on a sequential decline for the past six quarters and now constitutes 15% of the loan book, compared to 22% in FY23. The slowdown in corporate loan growth is attributed to lower-than-expected growth in low-cost CASA deposits. The mix of Agri, Commercial, and Retail segments improved by approximately 80bpsQoQ to approximately 84.5%. The bank anticipates loan book growth exceeding system growth for FY25 and FY26. Net Interest Margins (NIM) declined by 8 bps sequentially to 4.03%, consistent with the guidance provided in Q2FY25, due to higher deposit costs. The bank has guided for a further 17 bps decline to 3.85% in Q4FY25, with 12 bps of that decline attributed to an expected repo rate cut. The cost-to-income ratio increased sequentially to 47.3% from 46.7% in Q2FY25. The bank intends to maintain this ratio within the 47-48% range. Asset quality continued to improve, with reductions in Gross Non-Performing Assets (GNPA), Net Non-Performing Assets (NNPA), and Special Mention Accounts (SMA) 1 & 2. GNPA declined by approximately 27 bps QoQ to 0.83%, and NNPA declined by 8 bps QoQ to 0.20%. The Provision Coverage Ratio (PCR) improved marginally to 76%. Key risks include lower-than-expected loan growth, deterioration in asset quality leading to higher-than-expected credit costs, and higher treasury losses.
Coromandel International	Coromandel reported a 26.9% growth in revenue for Q3 2025 at Rs. 6,935cr. The company has reported volume growth of 8% YoY in the fertiliser business. This monsoon season has been above normal, which has helped with good demand for agri inputs. Furthermore, with improved reservoir levels, the performance for the rabi season has been positive. The fertiliser plants operated at 95% capacity. The company reported a record high phosphoric acid production was achieved in Q3 2025, while the recently commissioned sulfuric acid plant operated at full capacity, enabling cost savings and mitigating sulfuric acid price volatility. Reported gross profit was up 44% due to increased subsidies and better cost efficiency led by backward integration measures. EBITDA was up 102% YoY to Rs. 722cr on a low base and PAT was up 123% YoY to Rs. 508cr. The low NBS rates in H1 2025 did not align with the increased raw material prices and negatively impacted the operational performance of all phosphatic manufacturers albeit marginally. The subsidy rates have improved between H2 25 and H1 25. There has been an increase in the subsidy rates of nutrient 'P' as per the NBS rates for the Rabi season. In the crop protection business, the revenue growth was 3% YoY to Rs. 636cr driven by volume growth in domestic formulations and new products doing well. While the overall revenue

	growth was weak in crop protection, management expects a recovery in the global agrochemicals market, coupled with the strong performance of innovative, in-licensing products EBIT margins for the crop protection segment increased from 14.3% to 13.7% YoY. The company's ongoing phosphoric acid and sulfuric acid project at Kakinada (0.2mn tn) is progressing as planned, with commissioning expected by Q4 2026. Additionally, an NPK capacity expansion of 0.75mn tn at Kakinada has been initiated, with commercial production targeted for Q4 2027. 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 growth cycle. 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%+ 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. 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.
CG Consumer	Crompton Greaves Consumer reported 6% revenue growth at Rs.1,545cr on account of the stable performance of the ECD division, which grew at 6% YoY. The lighting segment grew at a lower rate of 3% YoY. Standalone gross margins improved 50 bps YoY from 32.1% to 32.6%. EBITDA margins were up 100bps YoY as the company benefitted from operating leverage. As a result, EBITDA was up 16% YoY to Rs.171cr. Overall, PAT came at Rs.112cr vs Rs.95cr YoY [up 17%]. Crompton Greaves Consumer's potential for earnings growth is bolstered by the anticipated lighting segment recovery and the appliance's portfolio expansion following the Butterfly acquisition. As one of India's most profitable players in the consumer durables space, Crompton boasts best-in-class margins and capital efficiency. We maintain a positive outlook on the company's future, given its strong execution and the expected benefits from the current phase of consolidation and growth in household spending on durables. Key risks to the investment could include a drop in consumer sentiment and steep inflation in raw materials.
Global Health (Medanta)	Medanta delivered revenue growth of 12.4% YoY, to Rs.943cr., primarily led by volume increase of over 10%, while the Average Revenue Per Occupied Bed (ARPOB) saw a more modest 1.2% YoY increase to Rs.61,307. The company's overall facility utilization rate remains at 63.6%, indicating substantial potential for further volume expansion and revenue generation. A key turnaround story within this quarter's results is the revitalization of the Lucknow facility. After encountering a period of slowed growth, management implemented strategic corrective measures. These included aggressive recruitment of senior medical professionals, comprehensive staffing of all departments, and targeted outreach to local communities and societies to enhance brand equity. The hospital also began participating in government healthcare schemes, broadening its patient reach. These initiatives have successfully restored the Lucknow facility's performance to normal levels. The positive impact of these operational improvements is reflected in the company's profitability. EBITDA margins saw a consistent upward trend, reaching 25.5% in Q3FY25, up from 24.5% in Q2FY25 and 22.2% in Q1FY25. This margin expansion and strong revenue growth drove a 15% YoY increase in PAT to Rs.143cr.

	Looking ahead, Medanta is poised for continued expansion. The company is set to launch a new 300-bed greenfield hospital in Noida during Q1/Q2FY26, which will eventually expand to 550 beds. Given its proximity to the National Capital Region (NCR) and Medanta's established brand reputation, this facility is expected to achieve breakeven quickly. Additionally, Medanta has secured a 15-year lease, extendable twice for 15 years each, for a 110-bed hospital in Ranchi, with operations commencing by the end of Q1FY26. This second facility in Ranchi is also anticipated to reach breakeven swiftly. These new hospitals will contribute to bed capacity growth in FY26 and FY27. Furthermore, Medanta is investing in capacity expansion in Mumbai and New Delhi, with contributions expected from FY28 onwards. With the combination of ramp-up in existing facilities and the addition of new hospitals, Medanta projects a 20%+ PAT CAGR over the next 2-3 years. However, potential risks include delays in capital expenditure projects and the impact of government regulations on healthcare pricing.
Hindustan Unilever	Hindustan Unilever Limited (HUL) reported a revenue growth of 1.6%, at Rs.15,818cr for Q3 FY 2025. Volume growth moderated further due to weakened urban demand. While rural demand continued its recovery, the overall impact of the urban slowdown resulted in flat volumes for the quarter. Additionally, a delayed winter season affected volume growth. Increased palm oil and tea prices led to a 70 bps YoY and a 30 bps QoQ compression in gross margins. However, this compression was less severe than the actual inflation in palm oil and tea prices, as the company implemented price increases. Despite the 70bps gross margin compression, HUL maintained its EBITDA margin at 23.4% by reducing advertising and promotion (A&P) spending as a percentage of revenue by 90bps. Profit Before Tax (PBT) before exceptional items remained flat at Rs.3,475cr. The company reported a one-time gain of Rs.507cr, resulting in a 19% growth in PAT. Adjusting for this one-off item, the PAT remained flat. Segmental data revealed that the home care segment continued to perform strongly, with a 10% YoY EBIT growth. Conversely, the beauty and well-being segment experienced a 7% YoY decline in profitability. The delayed winter partially impacted the beauty and well-being segment, although the non-winter portfolio achieved mid-single-digit volume growth. During the quarter, HUL announced the acquisition of Minimalist for Rs.2,950cr, acquiring a 90.5% stake. Minimalist, which focuses on premium skin and hair care brands, has demonstrated rapid growth (from Rs.100cr revenue in FY22 to Rs.500cr revenue in FY25) while maintaining profitability. This acquisition provides HUL with a product portfolio in the beauty and well-being segment, where it has faced challenges from new-age brands. The company also announced the demerger of its ice cream business, which will be listed as a separate entity. HUL believes this demerger will enable focused management and greater flexibility to implement strategies tailored to the ice cream business's distinct model. In the near term, volume weakness may persist for another one to two quarters, with a gradual recovery expected in FY26. Some key raw material prices have begun to correct from their peak, which should help the company maintain margins within the 23-24% range. Key risks include inflation in raw material prices and a further slowdown in 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 24th Feb 2025)	FY2025	FY2026E
P/E Ratio	24.1x	20.2x
Earnings Growth	6%	19%
Debt Equity Ratio	0.1	0.1
ROE %	20.3%	21.4%
PE/ Growth Ratio	1.7x	

**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	24th Feb 2025	Q3 FY24	Q3 FY25		FY 24	FY 25e	FY 25e	FY 25e	24th Feb 2025
BOB	105,746	6,349	6,582	4%	17,788	19,311	5.5	16%	8.7%
Redington	19,494	434	513	18%	1,217	1,271	15.3	16%	8.4%
Narayana Hrudayalaya	29,777	209	219	5%	789	796	37.4	25%	6.0%
ITC	506,072	6,635	6,740	2%	20,752	21,493	23.5	30%	5.9%
HCL Tech	443,436	5,874	6,132	4%	15,710	16,800	26.4	25%	5.8%
NCC	11,355	325	270	-17%	785	860	13.2	12%	5.2%
OFSS	71,193	934	770	-18%	2,219	2,339	30.4	31%	4.7%
KVB	16,911	526	668	27%	1,605	1,895	8.9	18%	4.3%
Coromandel Int	50,675	306	683	123%	1,641	1,704	29.7	17%	4.1%
CG Consumer	21,271	112	151	35%	467	597	35.6	19%	2.8%
Medanta	32,655	172	189	10%	478	518	63.0	16%	2.7%
HUL	530,427	3,445	3,982	16%	10,396	10,586	50.1	21%	2.7%
Alivus Life	11,609	161	185	15%	471	479	24.2	19%	2.6%
CMS Info	7,214	117	125	7%	340	403	17.9	21%	2.6%
Bayer Crop	21,175	124	34	-73%	740	695	30.5	22%	2.5%
M&M	333,519	3,912	5,092	30%	9,154	10,403	32.1	18%	2.5%
TCS	1,312,995	14,829	16,666	12%	46,099	47,636	27.6	53%	2.5%
Britannia	115,403	758	778	3%	2,137	2,029	56.9	47%	2.4%
RBL Bank	9,582	307	-192	-163%	1,167	713	13.4	6%	2.4%
Jindal Saw	15,381	700	645	-8%	1,593	1,805	8.5	19%	2.2%
Fedfina	3,429	88	25	-72%	245	227	15.1	10%	2.1%
Star Health	21,637	388	287	-26%	845	805	26.9	12%	2.0%
South Indian Bank	6,256	435	463	6%	1,070	1,270	4.9	14%	1.7%
SW Solar	6,110	-61	41	-167%	-211	120	50.9	11%	1.3%
NIIT	5,618	78	81	4%	216	250	22.5	24%	1.0%
SBI	633,754	12,548	22,640	80%	61,077	69,862	9.1	19%	0.9%
Senco Gold	4,965	148	45	-70%	181	114	43.6	10%	0.8%
Aarti Drugs	3,410	43	52	21%	180	180	18.9	12%	0.7%
Transpek	750	20	14	-30%	49	40	18.7	9%	0.5%

CLASSIFICATION OF MARKET CAP

Segment	Basis	%
Large Cap	> Rs. 1,00,000cr	36.7%
Mid Cap	> Rs. 33,200cr < Rs. 1,00,000cr	6.6%
Small Cap	< Rs. 33,200cr	48.1%
Cash		8.6%
Total		**100%**

LIQUIDITY ANALYSIS

Segment	% of portfolio
1 day	14.9%
Between 1 & 3 days	12.7%
Between 3 & 7 days	41.9%
Greater than 7 days	21.9%
Total	**91.4%**

CRISIL CAT III AIF BENCHMARKS DATA [as of 31st Mar 2024]

Index	1 Year (%)
Blend Fund 2 (Scheme of Unifi Umbrella AIF)	34.79%
CRISIL AIF Index – Long Only Equity Funds (open ended) (INR)	22.99%

Values as of March 31, 2024
Schemes that have completed at least one year since their first close as on March 31, 2024, have been considered for the benchmark. In all, 60 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 annualised.

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.
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.