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K SARATH REDDY | UNIFI CAPITAL

The winning HEDGE

Reddy started a fund management firm with his savings of ₹1.5 crore. Today, the 50-member Unifi manages ₹500 crore assets for 300-plus customers



Swati Anand | TNN

The meeting room at Unifi Capital, like the rest of the office, is functional and unfussy. What stands out is a framed Rs 1,000 note with a famous autograph – that of Warren Buffett, arguably the greatest investor of all time. K Sarath Reddy, the founder and chief investment officer of Unifi, tells us about how one of his colleagues waited in line behind Bill and Melinda Gates at an annual shareholders' meet of Berkshire Hathaway to get Buffett's signature.

Reddy is clearly a Buffett fan. So it's easy to understand why he thinks he has a long way to go even though his firm is listed fourth among Asia's top hedge funds by Barclays.

The decade long journey at Unifi was hardly a planned one. Reddy returned an MBA from Utah State University and joined Standard Chartered Bank in Mumbai in 1990. He worked there for three years, but left when he didn't see an opportunity to work in capital markets, where his passion was. He joined SPIC group and started Navia Capital Markets. After a long stint, the entrepreneurial bug bit Reddy and he decided to branch out on his own in 2001.

He invested all his savings, including provident fund – around Rs 1.5 crore – to start his boutique fund management firm Unifi. Private equity firms Peepul Capital (then iLabs) and Singapore-based family-run fund Orion, backed him early on. "I started with a team of five," he recalls. "Four of them are still with me. In fact, they have a stake in the company and are as passionately involved as I am." Reddy is the largest stakeholder with 70%.

First on his list of his clients was his sister Chandana. "We also did some corporate financing assignments for MetLife to keep the cash flow coming in," he says. But Reddy never fell prey to the hardsell route. "We still don't have a sales team. Our clients

come to us purely on referrals." His 50-member team has ensured that less than 1% of his 300-plus customers have left them. Unifi today manages Rs 500 crore assets. This, with the big daddies like Deutsche, ABN Amro and State Bank of India all within a stone's throw away from Unifi office.

"Most of my clients do business with these large banks, too, and clearly, they're good at what they do. But I think the reason they come back to us is our service," he says. "In big banks, you have an MBA fresher doing relationship management. Within a couple of years, there is another face and customers find it difficult to rebuild the relationship. That is where the continuity of our core team makes a difference."

Reddy believes in promising only what he can deliver and communicating honestly with his clients. He is understandably discreet about his client list that include a wide gamut of the wealthy – professionals, CEOs, doctors and businesspersons. He also has offices in Bangalore and Hyderabad, that like his office in Nungambakkam, are in prime property and yet stay discreet.

Over the years, Unifi also has spread their business overseas in geographies like Mauritius and the UAE. "Our international business constitutes around 40% of our revenues today," Reddy says.

This year, for the first time, Unifi is hiring freshers from B-schools. "The idea is to train these freshers for six months and initiate them into the process of relationship management. If this works, we might repeat it in the coming years," he says, almost nervously.

Unifi is also looking to expand to cities like Mumbai, Delhi and Pune. But Reddy is in no hurry. "We have to find the right people. Once that happens, the expansion automatically falls into place."

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(This is a series celebrating successful startups in Chennai)