



**RANGOLI INDIA FUND
(GIFT CITY) NEWSLETTER
Q4: CY 2025**

Acknowledging Context

The preceding twelve months were a trying environment for investment-related macros. India's nominal-GDP growth touched decade lows, urban consumption remained hesitant, tariff disruptions introduced a layer of uncertainty across multiple sectors, while progress in AI capabilities raised questions about the terminal value of several elements of the Technology stack. In such an environment, even fundamentally sound businesses face unreceptive market conditions. These are conditions that test a conviction-driven approach, and we have held ours.

The months since Q3 FY 2026 have produced a cluster of developments that, taken together, represent a meaningful shift in India's enabling environment. The Union Budget for FY 2027 arrived with genuine demand intent, while GST rationalization provided an additional fillip to consumption demand within the quarter itself. The India-US interim trade framework removed a tariff overhang that had distorted capital allocation and suppressed earnings visibility across export-linked sectors for the better part of a year. And the RBI, having delivered 125 basis points of cumulative easing through 2025, chose to pause, the transmission now diffusing through deposit rates, credit costs, and better borrowing conditions.

Over all, while Unifi's investment thesis remains unchanged, the operating conditions have changed. India's GDP is expanding ahead of consensus, and at an absolute quantum. Private consumption is finding its footing after an extended period of demand hesitancy. The credit cycle is transmitting at a better pace into the real economy. Macro turns of this kind tend to accumulate quietly and reveal themselves in earnings over the quarters that follow.

India, State of the Economy

GDP: A Strong Quarter, and a Revised Framework: India's real GDP growth for Q3 FY 2026 (Oct-Dec 2025) came in at 7.8%, ahead of most expectations of c.7.3-7.5%, and a meaningful improvement from 6.2% in the corresponding quarter of the previous year. The full-year estimate for FY 2026 has now been revised upward to 7.6% under the newly released national accounts series with base year 2022-23, which provides a more contemporary and structurally accurate picture of the economy, capturing GST data, digital transaction flows, and a spectrum of other economic activity that the previous series underweighted.

The composition of Q3-FY2026's growth is particularly encouraging. Manufacturing GVA expanded in double digits for the fifth consecutive quarter; a run of industrial momentum that speaks of structural capacity additions and not merely cyclical demand. Services GVA growth accelerated to 9.5%, a seven-quarter high, anchored by financial and professional services. Agricultural output, while growing at a more measured pace of 3.1% for the full year, benefited from above-normal monsoons and healthy reservoir levels entering the Rabi season. These are headline numbers that describe an economy that is broadening its growth base.

For monetary policy, the implications point toward a structural improvement in transmission rather than further rate action. With real GDP growing above 7.5% and inflation running near 2%, India is in a good configuration: the real policy rate is now significantly positive, giving the RBI meaningful room to respond to encourage demand without sacrificing fiscal prudence. For private final consumption, the triple tailwind of rate cuts, GST reforms, and a recovering rural economy creates a more compelling demand outlook than India has seen in several years.

Private investment is a closely watched variable. The budget's capex thrust, combined with improving corporate cash flows and declining borrowing costs, presents the right conditions for the private investment cycle to re-engage. Historical patterns suggest a lag of two to four quarters between monetary easing and a material uptick in private capex. If that pattern holds, the second half of FY 2027 could see a meaningful acceleration in investment demand – a development that would raise the quality and sustainability of growth beyond where it stands today.

The significance of these numbers runs deeper than the headline rate. In aggregate, India's GDP trajectory in a complex global environment is good. As the Chief Economic Adviser noted, India is on course to cross the \$4 trillion GDP mark in FY 2027, making it the world's third-largest economy by nominal GDP. That structural trajectory and the earnings ecosystem it creates remain the central investment thesis for patient, bottom-up investors.

A brief on Artificial Intelligence

We are selective about the trends on which we generally offer a view. Most narratives that animate markets in the short run do not materially alter the earnings trajectory of the businesses we own. Artificial Intelligence is the exception, not because the narrative is loud, but because the underlying capital deployment is of scale [At c.1%+ of US GDP], but because our portfolio exposure to the Technology stack demands a considered response.

The dominant narrative in 2026 has been that AI is on the cusp of rendering categories of white-collar work obsolete and fundamentally restructuring labour markets at a pace that policy cannot absorb. It is our opinion that this will seek to displace a certain quantum of highly vintaged, low-value-added activity that has seen limited productivity initiatives over the past many years.

Our portfolio exposure to the technology stack is across Banking Products, Healthcare and Transaction Processing, select IT services, and Product distribution. We remain constructive on the opportunities artificial intelligence presents to strengthen capabilities and expand revenue potential across our portfolio companies. We touch on the specific dynamics at the holding level in the review section. The headline, however, is this: we have looked carefully at this question, and we are not concerned. [Kindly refer page 4 for an update on our holdings].

Q3 FY 2026 Earnings Update

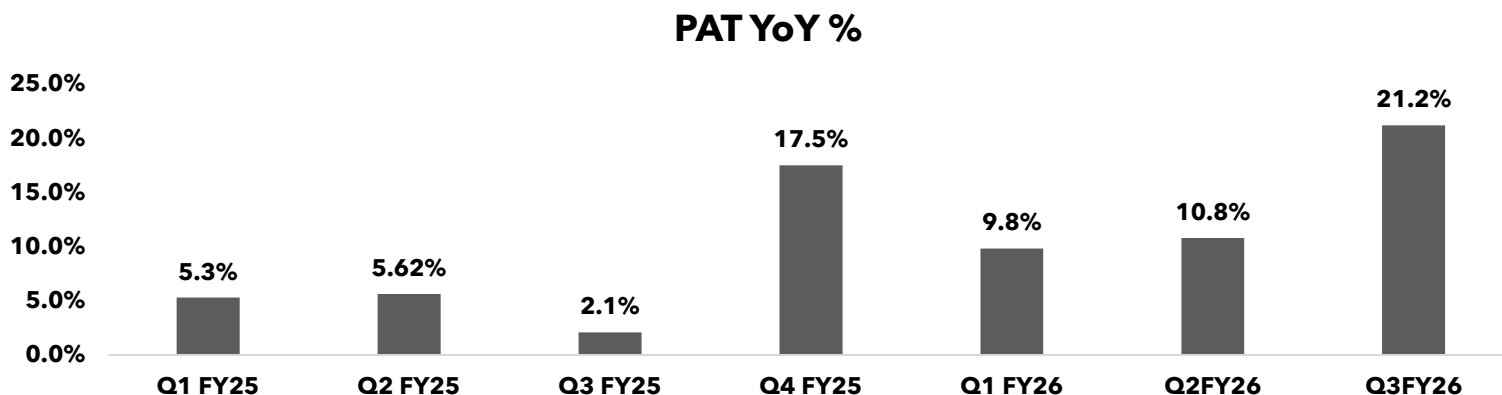
The Broader Market | Q3 FY 2026 delivered a measurably better earnings season than the first two quarters of the year. Aggregate earnings across the NSE-500 universe rose approximately 14% YoY, the strongest result in eight quarters, and a meaningful departure from the single-digit growth and persistent estimate revisions that had characterised much of FY 2025 and the first half of FY 2026. Excluding financials, the growth rate was stronger still, at approximately 16%.

The sectoral composition of the beat was broad-based rather than concentrated. Capital goods companies continued to report strong order inflows and improving execution, with operating leverage increasingly visible in earnings. Healthcare held its footing – hospital ARPOBs rising, CDMO pipelines building, and domestic formulations growing steadily. Pharma companies with exposure to regulated markets benefited from a more stable US pricing environment. In automobiles, the festive season was a genuine demand catalyst – volumes, realizations, and dealer inventory levels all moved in the right direction. EMS and consumer electronics players continued to benefit from structural demand tailwinds and import substitution. Even within financials, where headline growth was muted, asset quality remained broadly benign, and the worst of the NIM compression now appears to be behind the sector.

The picture was not uniformly positive. Certain large-cap technology services companies continued to report subdued revenue growth amid elongated deal cycles and cautious discretionary IT spending. Cement sector earnings disappointed on margin pressure while consolidation in retail-facing businesses reported weaker-than-expected volumes.

BSE 500	Adj PAT Cr		
Sector	Q3 25	Q3 26	YoY %
Automobiles	22,347	21,958	-2%
Banks-Private	49,550	51,596	4%
Banks-PSU	47,142	53,831	14%
Capital Goods	11,867	14,659	24%
Cement	5,536	4,412	-20%
Consumer	15,440	17,320	10%
EMS/ Durables	2,017	2,761	37%
Pharma & Healthcare	16,332	18,233	12%
Technology	33,626	36,539	9%
Utilities	25,378	24,553	-3%

Portfolio Growth | Unifi's Rangoli GIFT strategy recorded weighted-average PAT growth of 21% YoY in Q3 FY 2026 – the highest quarterly earnings growth in seven quarters and the culmination of an anticipated trajectory. The numbers reflect not the fortune of a single good quarter, but the delayed recognition of investments that were building through difficult market conditions.



What gives us greater confidence than the headline number, however, is its composition. Healthcare, financial services, agriculture, and select technology positions each contributed meaningfully; overall, the growth is distributed rather than concentrated. A broad earnings delivery of this kind is, a more reliable signal than one carried by a handful of outperformers, and the more instructive number to hold in mind as FY 2027 approaches.

There were, however, two specific holdings where the quarter did not unfold as hoped. The first is in infrastructure – a South-India-based company operating in the roads and water space. The payments and approvals for a few projects have been delayed. The second is in cash logistics management, a company operating in a segment that is directly correlated with the velocity of the formal economy. A series of one-offs has marred reported earnings for the year, but the sequential build in volumes has begun, and we expect this to show up progressively in numbers over the coming quarters. Both businesses are covered in more detail in the company review section.

Portfolio Review

Credit | Portfolio Composition 20%

Margins troughing, Credit compounding

India's credit cycle has regained its footing. System loan growth has recovered to approximately 13.6% YoY as of mid-February, broad-based across corporate, retail, and MSME segments, after a period of deliberate moderation driven by regulatory caution on unsecured lending and a softer demand environment. The policy backdrop remains constructive: CPI inflation at 2.8% in January, 125 basis points of cumulative repo rate cuts delivered since the easing cycle began, and liquidity well-supported through open market operations and a phased CRR reduction. The RBI's decision to hold rates in February is best read not as a signal of caution, but of confidence, an acknowledgement that transmission is now beginning to work.

The initial phase of the easing cycle was, as expected, margin-dilutive. Asset yields reset downward swiftly; deposit costs adjusted with a lag. That asymmetry is now substantially resolved. Deposit repricing is largely complete across most institutions, exit margins are stabilising, and the sequential improvement in net interest margins that several managements have guided toward appears credible. Asset quality, meanwhile, has remained a source of comfort. Outside the contained stress in microfinance and smaller-ticket unsecured credit, segments to which our portfolio has minimal exposure, corporate books are performing well, retail delinquencies show no systemic stress, and credit costs across the sector remain disciplined. Growth is not being purchased at the expense of underwriting rigour.

Our banking exposure is concentrated on franchises that combine balance-sheet strength with a clear trajectory of improving returns. We hold one of India's largest public-sector banks, an institution that has undergone a genuine structural rehabilitation over the past several years. Legacy stress is largely behind it; loan growth is diversified across corporate and retail; capital buffers are comfortable. The franchise is now in a position to grow without stretching its risk appetite, and return ratios have improved to a degree that the stock's valuation does not yet fully acknowledge. Our mid-sized south-based bank,

is in its transformational journey; the foundational changes are firmly in place, and we expect the operating metrics to compound from here as the structural improvements work through the P&L. In the private sector, our holding is a high-quality, well-governed franchise whose relatively modest market share, provides a long runway for above-system growth.

Hospitals & Healthcare | Portfolio Composition 11%

Operating Leverage Meets Structural Demand

India's private hospital sector continues to deliver well. ARPOBs continues to rise as the large listed chains deepen their tertiary care offerings, while improving operational discipline is bringing down average length of stay. After a prolonged period of consolidation post-COVID, capacity expansion is back on the agenda – and notably, new beds are reaching breakeven significantly faster than historical norms, a sign of better execution and stronger underlying demand.

We hold two positions in this space. The first is a leading East-South chain with strong roots in the affordable and mid-market segments – a part of the market that is often underpenetrated by the premium-focused players. After years of investment and operational restructuring, its India business is now beginning to show meaningful margin expansion. The overseas business has been a consistent performer, and the recent international acquisition is being absorbed into the system, adding a longer runway for growth. The second is a South-focused hospital that continues to execute well.

Across both holdings, free cash flow visibility has improved materially, and reinvestment decisions are being made with more discipline than we've seen historically. We see a combination of operating leverage, structural demand, and healthier balance sheets making this one of the more durable themes available in the market today.

Product Distribution | Portfolio Composition 8%

Hardware, Cloud, ICT upgrade cycle

The structural demand environment for enterprise and consumer technology remains firmly intact. Product cycles are compressing, innovation is accelerating obsolescence and opportunity in equal measure, and the enterprise shift toward cloud, cybersecurity, and SaaS is broadening the addressable market for technology distributors well beyond the traditional hardware stack. Alongside this, the consumer technology landscape is evolving – premiumisation is real, upgrade cycles are shortening, and connectivity is deepening across retail, education, and small business segments in ways that sustain volume even as unit prices rise.

Our holding in this space is a leading ICT distributor with commanding market positions across India and the Middle East – a franchise built on a highly defensible business of efficiently moving technology products from vendor to customer at scale. The business enters the current period with several tailwinds in close alignment. Data centre deployments across the region are accelerating, creating demand for infrastructure hardware that flows directly through distribution channels. Laptop volumes are recovering, supported by firming average selling prices and an enterprise refresh cycle that has been deferred for longer than usual. And in mobility, new product launches from its anchor vendor are driving renewed consumer momentum.

The more important development, however, is the removal of a distraction rather than the arrival of a tailwind. The company's Turkish operations had weighed on reported numbers – and on market perception – for several quarters, introducing a geography-specific loss into a business that is otherwise performing well. That overhang has now been excised through a disposal. What remains is a more focused franchise – one whose India and Middle East operations have continued to grow with discipline amid the noise. With the distortion removed, the market's attention should return to the underlying earnings quality of a business that is compounding quietly in a strong technology distribution corridor.

IT and Technology | Portfolio Composition 9%

The recent correction in technology stocks has been driven less by earnings revisions and more by a shift in market perception. Artificial intelligence has moved from being viewed as a productivity enabler to being interpreted as a labour substitute of scale

and markets have extrapolated that transition rapidly. Historically, such phases compress valuations first and examine business models later. In practice, enterprise technology adoption tends to be gradual, governed by regulatory constraints, switching costs, and integration complexity rather than capability alone. The result is often a period of sentiment volatility without a commensurate change in revenue durability. Against this backdrop, our holdings operate closer to infrastructure than to discretionary IT spending.

One of our key holdings is a core banking software leader, embedded within virtually every activity involved in running and growing a financial services organisation. The need it serves is not linked to people-led revenues and is largely resistant to displacement by automation. Such platforms operate as regulated systems of record – transaction processing, compliance, audit trails and risk controls depend on continuity rather than reinvention. Artificial intelligence, in this context, acts as an extension layered on top of the architecture, improving decisioning and monitoring rather than replacing the underlying system. As banks modernise channels and scale digital volumes, switching risk rises materially, reinforcing vendor longevity and pricing power. The result is a business whose relevance increases with technological change rather than diminishes because of it.

Another key holding within the portfolio operates in the healthcare services and business process domain, a sector where value is created by solving structural complexity and process inefficiencies within a highly regulated system. This business combines deep domain expertise with technology-led workflow design, embedding automation, analytics, and AI throughout the claims lifecycle, revenue cycle management, and clinical support functions. The outcome is not merely cost arbitrage, but measurable improvements in accuracy, speed-to-pay, and customer experience for clients who face mounting operational and regulatory pressures. As American Insurance firms and Hospitals increasingly prioritize productivity and end-to-end process integration, specialized operators of this nature become more strategic, not less, reinforcing long-term relevance and client stickiness. The company has been using automation for several years now to improve productivity and deliver savings for clients and now that journey continues with AI.

Overall, we have moderated the exposure to broad-based, horizontal IT services. The selective positions we hold are where differentiated capabilities [engineering-led services, domain-specific digital transformation, and platform modernization] lead to an investment case in the current environment. In each of these cases, the investment is more about bottom-up inflection: smaller bases that allow for sharper growth acceleration, improving margin structures through operating leverage, and the ability to win share in a cost-conscious environment.

Asset Management Company | Portfolio Composition 5%

Our two AMC holdings represent distinct but complementary expressions of this opportunity. The first is an industry leader, strong fund performance, uptick in SIP market share, and a management team that has demonstrated the operational discipline to convert AUM scale into earnings quality. As flows accelerate, this franchise is positioned to benefit disproportionately, given the operating leverage inherent in the asset-light model. The second is a recovery story, a credible franchise where improved investment performance is beginning to reverse a period of net outflows. The early signs of stabilisation are visible; if sustained, the re-rating potential is material. Together, they offer what we consider a well-constructed position in one of India's most structurally advantaged industries: one to compound, one to recover.

Agriculture | Portfolio Composition 7%

Strong Season and Execution

The Rabi season is playing out broadly in line with expectations, supported by healthy soil moisture levels, well-stocked reservoirs, and a government that remains committed to supporting farm incomes through price support by healthy soil moisture levels, well-stocked reservoirs, and a government that remains committed to supporting farm incomes through price support mechanisms and input subsidies. Rural demand continues to hold up, and the structural case for increased input intensity in Indian agriculture remains intact.

Our fertilizer-focused holding delivered as per expectations. The complex fertilizer business continues to gain ground in its core southern and eastern markets, with volume growth reflecting both market share gains and underlying category expansion. Margin performance was encouraging – the business continues to benefit from its backward integration, which provides meaningful insulation against input cost volatility. The retail and crop advisory network is maturing, driving higher throughput and deeper farmer relationships, while the specialty nutrients portfolio is scaling up and beginning to contribute meaningfully to the mix.

Beyond fertilizers, the crop protection segment delivered a recovery quarter, with volumes picking up after the inventory corrections that weighed on the industry in prior periods. The business continues to invest in its product pipeline, and early signs of channel restocking are encouraging.

The balance sheet remains strong, cash generation is healthy, and the company is reinvesting with discipline. As farm economics remain supportive and input adoption continues to deepen across the smallholder segment, this business is well-placed to compound through the cycle.

Automobiles | Portfolio Composition 6%

A Singular Bet on Market Share Gains

Within the Indian automobile sector, the portfolio's exposure remains intentionally concentrated in a single original equipment manufacturer whose execution has consistently exceeded the industry's baseline. The government's GST rationalisation has broadened demand across vehicle categories, reflecting a deeper structural shift in the economy: as incomes rise and connectivity improves, personal mobility increasingly transitions from discretionary purchase to functional necessity.

Against this backdrop, the holding represents a domestic franchise that has both enabled premiumisation and successfully moved up the value chain, an outcome that has proven elusive for established incumbents. The result has been structurally higher realisations, resilient margins, and growth differentiated not merely by volume but by product mix.

The company continues to outpace industry growth, supported by sustained market-share gains across internal combustion and emerging electric platforms. Its electrification strategy remains economically grounded, prioritising profitability and platform readiness over premature scale, allowing incremental gains in wallet share as adoption gradually evolves.

This passenger vehicle franchise is complemented by a meaningful presence in farm equipment, where favourable agricultural conditions have supported steady tractor demand. The segment's cash generative and relatively counter-cyclical nature provides balance to the broader automotive exposure.

Taken together, diversified demand drivers, disciplined capital allocation and consistent execution position the business as a structurally advantaged participant in India's mobility expansion, with the capacity to compound through both cyclical and secular phases.

Pharma, Specialty API | Portfolio Composition 10%

Transitioning into growth phase

We have exposure to two mid-sized pharmaceutical companies, each anchored by a differentiated business model and distinct growth drivers. The first is an API manufacturer building a diversified portfolio of low-volume, high-value products, underpinned by rigorous compliance and full value-chain integration. Its capabilities span the entire product lifecycle, enabling deep customer engagement and sticky relationships. The company is now using its credibility in the generic API space to expand into CDMO services. With a change in ownership and a renewed focus on disciplined capital allocation, we believe it is entering a phase of stronger, more sustainable medium- to long-term growth.

The other company is engaged in the research, manufacturing, and marketing of OTC products, supported by globally compliant facilities in India, the UK, and the US (including approvals from the US FDA, UK MHRA, and Australia's TGA). After a modest setback in Q1, the company is poised to benefit from operating leverage, with margin expansion and growth visibility improving on the back of ongoing capacity additions and a healthy pipeline of new product launches.

Outlook

With an active share of roughly 90%, the portfolio is deliberately constructed to be meaningfully different from benchmark composition. As a result, short-term performance will not always mirror market movements, as returns are driven primarily by the operating performance of individual businesses rather than by sector weightings or index trends. Periods of divergence, both favourable and otherwise, are therefore inherent to a conviction-led approach, particularly in phases when market sentiment moves faster than underlying fundamentals. Over time, however, outcomes tend to converge toward earnings delivery, which remains the principal anchor of the portfolio's return profile.

Earnings across the portfolio continue to progress on a healthy trajectory, supported by operating leverage and improving demand visibility across several holdings. The cadence remains driven by company-specific execution rather than broad market momentum. Given current earnings visibility and prevailing valuations, the portfolio remains positioned for steady progression rather than episodic outcomes. Accordingly, no material change in course is warranted. The emphasis continues to be on allowing underlying businesses to compound while avoiding reactions to short-term market sentiment, and we remain comfortable with where the portfolio stands today.

This comfort stems less from near-term forecasts and more from the nature of the earnings streams themselves – balance sheets remain conservative, competitive positions intact, and growth drivers largely internal rather than cyclical. Under such conditions, price volatility often exceeds volatility in business performance. Our approach therefore remains anchored to observing operating metrics rather than market movements, permitting time for execution to translate into valuation recognition.

Our investment philosophy remains anchored in rigorous bottom-up research, selective sector allocation and disciplined valuation – with capital preservation at its core. Allocations vary across mandates, but the objective is consistent: to deliver meaningful absolute returns while limiting drawdowns.

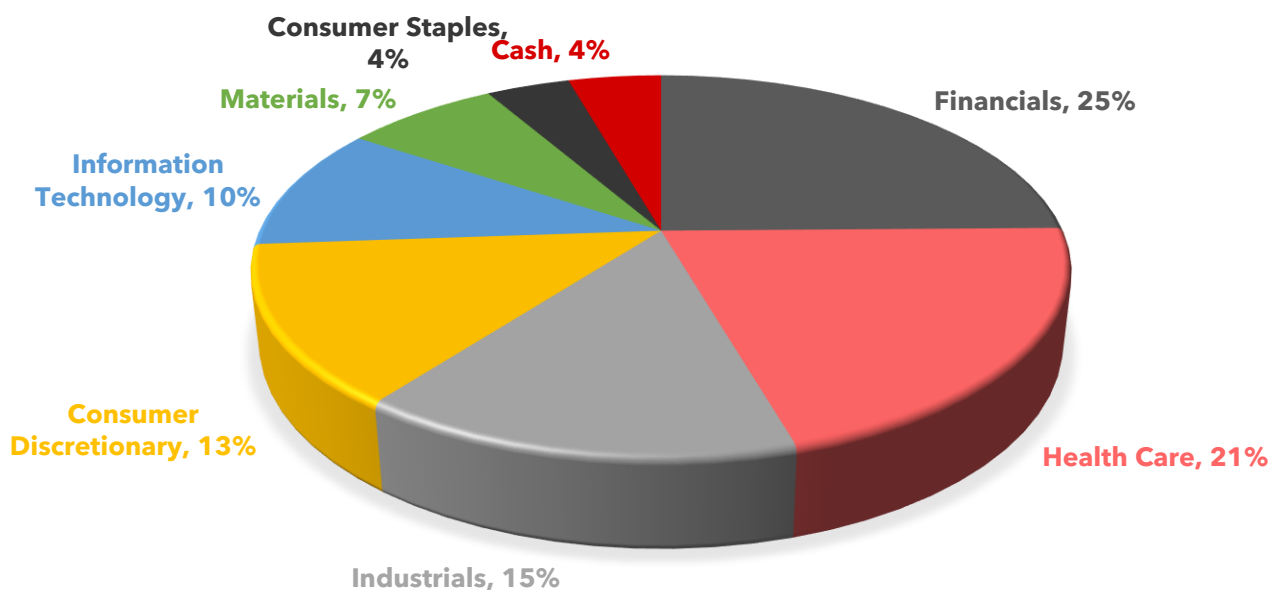
The following sections outline our investment strategies and provide a performance summary for Q3 FY26.

Background

The Rangoli GIFT 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.

	Rangoli GIFT Fund
Launch Date	12 th April 2024
Scheme Corpus	USD 11.62 Mn
Strategy AUM	USD 1,911.83 Mn
Investment Manager	Unifi Investment Management LLP
Minimum Investment	0.15 Mn USD
Custodian	ICICI bank
Auditors	Walker Chandiook (Grant Thornton)
Lawyer	IC Universal Legal

The sector-wise composition of the fund is as below:



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Company	Brief background and Investment rationale
Bank of Baroda	<p>BoB delivered a steady performance in Q3FY26, with PAT at Rs.5,055cr, supported by lower credit costs. Advances grew 5.3% QoQ / 15.1% YoY, with broad-based traction across Corporate, Retail, Agriculture, and MSME segments. Management reiterated loan growth guidance of 11–13% and deposit growth of 9–11% for FY26. The bank continues to focus on improving the mix towards higher-yielding RAM (Retail, Agriculture & MSME) loans. Deposits grew 3.1% QoQ / 11.1% YoY, with CD ratio at ~85.7%, within the guided range of 82–85%. Margins declined ~17bps QoQ to 2.79%, largely due to lower yields, higher share of international advances, and wholesale deposit growth. However, management expects improvement in Q4FY26, aided by term deposit repricing, reduction in peak TD rates, CRR (Cash Reserve Ratio) cut benefits, moderation in bulk deposit reliance, and faster growth in RAM book. The bank reiterated its FY26 NIM guidance of 2.85–3%. Cost-to-assets improved to 1.73%, though cost-to-income was slightly higher sequentially due to margin pressure. Medium-term cost-to-income guidance remains at ~47–48%.</p> <p>Asset quality trends remain resilient. GNPA improved ~12bps QoQ to 2.04%, while NNPA was stable at 0.57%. Gross slippages moderated to 95bps, with nil corporate slippages and stable trends across segments. Except for two quarters, net slippages have largely remained within 0–50bps over the past several quarters. Credit cost improved sharply to ~25bps in the quarter and is guided to remain below 60bps for FY26. The transition to ECL may have a modest capital impact (~60–70bps, spread over five years) and limited recurring credit cost impact. Overall, we remain constructive on BoB given steady loan growth, expected margin recovery in 4Q, structurally improving asset quality, and contained credit costs, which provide reasonable earnings visibility and reasonable return ratios.</p> <p>Key risks include slower-than-expected growth, sharper margin compression if deposit repricing lags, adverse asset-quality surprises (including international book), and potential treasury volatility.</p>
Redington	<p>Redington is a global distributor of Information, Communication, and Technology [ICT] products across 40 countries. It covers the entire gamut of IT products and smartphones, offering services and solutions across managed, cloud, and logistics services. The company partners with over 450 brand associations and services more than 75,000 channel partners. Redington reported revenue of Rs. 30,920cr, an increase of 16% YoY. This growth was driven by all major regions, with India experiencing a 25% YoY increase, the UAE business growing by 19% YoY, and KSA growing by 29% YoY. Gross margins were down to 4.9% YoY on account of high competition in the technology solutions segment. The company experienced lower provisions QoQ, as it had adequately provided for the stressed receivables in the previous quarter and endeavours to recover from the written-off accounts in the coming quarter. However, the employee expenses grew at a higher rate of 16% YoY as the company is expanding in new markets and recruiting people to grow its software solutions segment. As a result, EBITDA was up 5% YoY and 8% QoQ to Rs. 634cr. Overall, the company reported a PAT of Rs. 442cr, up from Rs.400cr last year, translating to 10% YoY growth.</p> <p>From a capital allocation perspective, the company's return ratio is healthy at 16% RoE, and it continues to pay out 35-40% of its PAT as dividends, resulting in a dividend yield of 2.5-3%. We like Redington, given that it is amongst the top 2 ICT distributors in its markets. The company's</p>

dominant position and financial strength provide it with a significant competitive advantage in a business with high entry barriers. Redington has established a strong services business in third-party logistics and the high-margin cloud business. Redington's broad portfolio and relationships with vendors across various segments enable balanced growth and reduce vendor concentration. Redington has consistently demonstrated robust risk management practices across multiple cycles, effectively managing credit, inventory, and currency risks. A significant shift in consumer and enterprise behaviour has driven higher demand for advanced computing, leading to shorter product life cycles and the adoption 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.

Sagility

Sagility is a pure-play, US-focused healthcare process services provider, which operates in a large and underpenetrated ~USD 45 billion market, benefiting from ongoing digitisation and efficiency-led transformation. The company offers one of the industry's broadest service portfolios, managing mission-critical workflows for insurers (close to 90% of revenue) and increasingly for hospitals and provider networks. It has a diversified global delivery footprint across India, the Philippines, the Caribbean, and the US. Sagility stands to benefit from the structural expansion of US healthcare spend (17%+ of GDP), alongside ~8% industry growth in healthcare operations and technology services. Rising regulatory complexity and cost pressures are driving sustained outsourcing demand, while deep client relationships, averaging 17 years with its top five customers, provide strong revenue visibility. With a largely non-discretionary revenue mix, the company has visibility of sustained growth, improving margins, potential deleveraging by FY27, and high-teens earnings compounding. In an industry conducive to consolidation, Sagility is well positioned to gain incremental wallet share as clients consolidate vendor relationships toward scaled, proven partners.

Sagility delivered a strong Q3 FY26 performance, with USD revenue increasing 17% QoQ to USD 222mn and INR revenue rising 19% QoQ to Rs. 1,971cr. Growth was largely volume-led, supported by higher member enrolments, and expanded scope across existing insurance clients. EBITDA margins improved to 25.9% vs. 25% in Q2 26, reflecting operating leverage from higher throughput. During the quarter, the company incurred a one-time Rs. 32cr impact related to labour code changes, adjusting for this, the PAT stood at Rs. 294cr in Q3 FY26 compared to Rs. 251cr in Q2 FY26, indicating healthy underlying profitability. Deal momentum remained robust, with USD 30mn in new ACV added and three new clients signed during the quarter. Seasonally, the second half benefits from the US "open enrolment" cycle (December–January), when insurers onboard new members, temporarily elevating volumes. Even after normalising for this seasonal uplift, Q4 growth is expected to remain healthy, underscoring the strength of the underlying demand environment. The broader industry outlook remains constructive, with continued outsourcing momentum from US insurers amid rising efficiency and compliance requirements. While pricing discussions may remain tight, management remains confident of mitigating pressure through automation, AI-led productivity gains, and disciplined cost control.

Key Risks: Slowdown in IT spending by enterprise clients.

Narayana Hrudayalaya

The India business has reported 11.7% YoY revenue growth to Rs. 1,178cr. The growth continues to be primarily led by ARPOBs which grew 18% YoY. Over the past few years, the company has implemented multiple initiatives across case mix, bed mix, and payor optimisation, and is now beginning to see the benefits of these efforts. The India business EBITDA Margin improved by 270bps YoY to 19.7% in this quarter. The improvement in EBITDA Margin is primarily due to better realisations and a continued reduction in clinic losses. We expect this trend to continue in the medium term, and thereafter, growth will be supported by the commissioning of new beds.

The Cayman hospital business saw strong growth, with revenue of USD 45Mn (28% YoY), as the new hospital continues to scale up. The insurance business reported revenue of USD 13 Mn in this quarter with USD 1.6Mn losses. At the Cayman consol level, the company reported EBITDA growth of 34% YoY to Rs. 172cr. The Cayman Hospital scale-up will continue for a few more quarters, and insurance losses will gradually decline, providing a better outlook for the medium term.

	<p>During the quarter, the company has consolidated the UK business for 7 weeks. The revenue and EBITDA came in at GBP 42Mn and GBP 3.6Mn respectively. This unit has a loss of GBP 1.2Mn in the quarter. Management has taken control and started implementing technology and other aspects. At the consolidated level, the company reported adjusted PAT of 255cr, up 32% YoY from 194cr in Q3FY25. However, the reported PAT came in at Rs. 128cr, due to Rs. 51cr from labour code impact and Rs. 76cr one-off acquisition cost of the UK business.</p> <p>Given the better profitability in India and further scale-up in Cayman operations, the company should deliver 20-25% PAT growth in the medium term. Post which, the addition of new beds in India will support the growth.</p> <p>Key Risks: Delay in Capex, delay in UK turnaround and government interference in pricing.</p>
Mahindra & Mahindra	<p>M&M's topline grew 26% YoY to Rs. 38,517 Cr in Q3 FY26, with Auto volumes at 2,66,444 units (+23% YoY) driven by the XUV 7XO ramp-up, and tractor volumes at 1,49,567 units (+23% YoY) supported by healthy reservoir levels and post-monsoon demand. Auto standalone EBIT margin held at 9.5%, while tractor EBIT margin expanded to 20.2% (+210 bps YoY); while the key drag remains the EV business (MEAL), where EBIT margin deteriorated to -3.8% in Q3 from -1.3% in Q2 owing to a ~15% QoQ decline in EV ASP from lower variant mix and higher discounting.</p> <p>Reported PAT grew 33% YoY to Rs. 3,931 Cr. PLI qualification for all EVs in Q1FY27 (8–13% of ASP benefit) should support EV realisations from here, while ICE ASPs are expected to recover sequentially in Q4 as XUV 7XO fills the full quarter.</p> <p>Key risks include El Niño headwinds for tractors on a high base, EV margin volatility as the segment scales, and near-term memory chip availability constraints.</p>
Kovai Medical and Center	<p>The company's revenue grew 15% YoY to Rs. 407cr. The hospitals segment, which accounts for 95% of revenue, delivered a healthy 14% YoY growth, with EBIT margin of 23.6%. The existing Coimbatore facility has growth levers for 2-3 more years, as its current utilisation is ~60%. The ARPOB is currently at < 25,000, and there is scope for improvement here. The Chennai facility (OMR) will be commissioned by the end of this financial year, and this will aid growth. The education business revenue grew by 18% YoY to Rs. 31cr, and EBIT Margin came in at 45.3% vs 39% in Q3FY25. Overall, the company reported PAT growth of 13% YoY to Rs. 65cr. The stock is well-positioned for higher growth in the medium term on the backdrop of the new facility and ramp-up in the existing location.</p> <p>Key risks: Government interference in pricing, delay in new capex.</p>
Coromandel International	<p>Coromandel reported a 27% growth in revenue for Q3 2026 at Rs. 8,779cr. The manufactured segment has reported flat volume growth in the fertilizer business. India experienced an above-normal monsoon at 108% of the long-period average; however, unseasonal rains in October and November in South and West India delayed crop protection sprays and nutrient applications. This led to lower acreage for key crops like chilli and grapes. Reported gross profit was up 24% due to increased subsidies and better cost efficiency led by backward integration measures. EBITDA was up 11% YoY to Rs. 799cr, and PAT was flat YoY at Rs. 506cr. The low NBS rates in FY25 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 in FY26. There's on an average, 10% upward revision in nutrient-based subsidy (NBS) rates for H2 FY26, considering rising global raw material prices. In the crop protection business, the revenue growth was 73% YoY to Rs. 1,098cr, driven by the partial consolidation of NACL Industries for the quarter. Excluding NACL, the crop protection business reported 24% YoY growth, with an EBIT margin expansion of ~600bps. The domestic B2C business was impacted by erratic rainfall, leading to lower spraying and offtake. Exports reported strong growth, led by strong demand for Mancozeb in LATAM. The company has acquired NACL Industries in the current year, and the management has identified procurement inefficiencies at NACL as a key area for improvement. Efforts will be made to enhance procurement practices with the first objective of restoring EBITDA margins to historical levels of 9-10%. 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 0.75 million tons at Kakinada has been initiated, with commercial production targeted for H2 2027.</p>

Structurally, the company is well-placed to battle cost inflation with reasonable capital allocation and governance. The company is well-positioned for the next growth cycle with a debt-free balance sheet. 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 subsidised 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.

TD Power

TD Power delivered Q3 FY26 revenue of Rs. 443 Cr (+26% YoY), despite temporary production slowdown during the shift to the new facility, while EBITDA grew 32% YoY to Rs. 80 Cr and PAT grew 26% YoY to Rs. 56 Cr on account of better cost absorption.

The newly commissioned plant is the company's key growth lever, positioning it to scale up to a quarterly revenue run rate of ~Rs.600 Cr, representing nearly 35% growth over the current run rate. Order inflows accelerated to Rs. 650 Cr (vs. ~Rs. 400 Cr quarterly run rate in FY25), with the book at Rs. 1,845 Cr (+41% YoY), supported by data centre demand.

The company is expected to onboard another large OEM, has set up an R&D facility in UK to develop higher MW generators and is driving a focused effort in its motors business – all of which are expected to provide sufficient legs for growth. Further, given land availability and potential for debottlenecking – we do not foresee the need for large scale capex in FY27/28 – which should reflect in healthy margins.

Key risks include US tariff uncertainty and timing delays in domestic order finalisation.

ITC

ITC reported YoY revenue growth of 6.7% to Rs. 20,047 cr. The EBIT and adjusted PAT grew by 8% and 10% YoY, respectively. The tobacco business continued to deliver strong volume resilience with 6% growth; the EBIT Margin was impacted by higher leaf tobacco prices. However, this year, supply has been higher, and leaf tobacco prices have started correcting, which should aid tobacco margins. On the FMCG side, revenue growth has been strong at 13% YoY with broad-based growth across staples, biscuits and noodles. The EBIT growth for FMCG has been 40% YoY, with EBIT margins expanding by 140bps. The agri business has been stable, whereas the paperboard business remains under pressure. The reported PAT grew by 4% YoY to Rs. 5,018cr as there has been Rs. 355cr of one-off labour code impact.

The government has announced a steep tax increase on January 1st, which will impact medium-term profitability. The company has been taking calibrated price hikes to mitigate the impact; however, the extent of volume elasticity and the pace of further tax actions will remain key monitorables.

Key risks: government taxation on cigarettes, demand slowdown and raw material inflation.

South Indian Bank

South Indian Bank delivered a strong Q3FY26 performance with accelerating RAM (Retail, Agriculture & MSME) growth and continued improvement in asset quality. Loan growth surprised positively at 5.0% QoQ / 12.2% YoY, with YTD growth at 10.5%. Higher-yielding segments led the expansion — Agri +9.4% QoQ, Retail +4.4%, MSME +4.1% — taking the RAM mix to 60.4% of advances (vs 58.7% in Q4FY25). Retail growth on YoY basis was led by gold-loan led (~76% of incremental growth), with housing contributing ~20%. MSME disbursements have picked up meaningfully, supported by strengthened manpower, processes, and infrastructure. Management reiterated ~12% growth for FY26, with internal aspiration to accelerate RAM growth toward 18–20% over time. Deposits grew 2.2% QoQ / 12.2% YoY, with CD ratio stable at 80%. NIM improved 6bps QoQ to 2.86%, aided by better CD ratio and gradual mix shift toward higher-yielding segments. While the 25bps repo cut may keep margins broadly stable in Q4, repricing of deposits and continued RAM mix improvement provide a medium-term upward bias. Management expects margins to improve structurally over time. Cost discipline remains strong — cost-to-income improved to 57.2% and cost-to-assets to 2.28%, with opex declining sequentially and YoY. Since Q3FY24, absolute employee costs have declined despite ~30% loan growth, reflecting

productivity gains from tech investments.

Asset quality strengthened materially. GNPA declined 26bps QoQ to 2.67% and NNPA improved 11bps to 0.45%, with PCR rising to 83.5%. Gross slippages moderated to 0.8%, while the restructured book declined to 23bps. Since Q3FY25, NNPA has sharply improved from 1.25% to 0.45%, underscoring sustained clean-up. Credit cost stood at 35bps and is expected to remain near current levels given healthier book quality. We remain constructive on South Indian Bank given accelerating RAM-led growth, visible margin improvement drivers, structurally improving asset quality, tight cost control, and a clear trajectory of improvement in RoA over the next couple of years.

Key risks include slower margin recovery due to rate cuts, competitive deposit environment, and potential stress in Agri/MSME segments.

Alivus Life Sciences

Alivus Life Sciences reported revenue growth of 5% YoY in Q3 2026 to Rs. 673cr, with EBITDA and Adjusted PAT growing by 21% and 24% YoY to Rs. 231cr and Rs. 170cr, respectively. The company has ~30% revenue contribution from erstwhile parent Glenmark Pharma, which reported 14% growth in revenues in the current quarter. The external sales (non-Glenmark) business reported 1% YoY revenue growth. Glenmark's business has reported a recovery in Q3 FY26, post weakness in H1 FY26. API business reported 2% growth in Q3, while the CDMO business reported 85% growth in revenues, led by both existing and new projects. The company expected CDMO revenues to remain back-ended, due to the scale-up of the fourth project and the commercialisation of the fifth project, and it has played out accordingly. The market mix remains steady with regulated markets at 80%+. The core Therapy mix continues to be constant [CVS, CNS] while the urology segment has grown well. The company has maintained a 30%+ margin despite PLI incentives going off in the recent quarters. Geographically, regions including India, LATAM, ROW and Japan contributed to the growth, while the USA had some impact due to destocking in a few key products. Gross margins improved by ~3% YoY, led by better product mix with new launches and CDMO picking up.

With the divestment of the majority stake to Nirma Limited, the company will enter a new phase of growth. Under the new promoters, the company intends to significantly step up its investments while also exploring the incorporation of new chemistry platforms, increasing growth opportunities in the medium term. Alivus' focus remains on building a sizeable portfolio of low-to-mid-volume high-value APIs. Regarding its R&D efforts, the company endeavours to primarily focus on APIs, which can be commercialised in the next 3-5 years. The company intends to incur ~Rs. 350-400cr capex in FY26. At Solapur, The Company has received Environmental Clearance for installing a 1,000MT capacity for the planned greenfield site at Chincholi Industrial Area. Engineering work has started for the construction of 200KL in phase 1, and the total capacity of 1,000KL will be operational by FY28.

Key risks include a low extent of backward integration, with high KSM sourcing from top suppliers, regulatory risks, and customer concentration towards Glenmark Pharma, and higher Tariffs in the USA.

Marksans Pharma

Marksans Pharma reported revenue growth of 11% YoY at Rs. 754cr in Q3 2026. The revenue growth is mainly driven by the USA, the largest revenue contributing geography, growing 17% YoY. While the UK and ROW geographies reported flat revenues. Australia, as a geography, reported 30% YoY Growth. EBITDA and PAT reported growth of 18% and 11% YoY to Rs. 164cr and 117cr, respectively. Gross margins improved by ~2% at 58% YoY, subject to product-mix differences and benign raw material costs. Employee costs are up 23% YoY and 5% QoQ due to headcount additions at the acquired facility in Goa. Opex was steady YoY and QoQ. In the USA, the current order book stands at between \$220 million. The company is targeting a \$300 million order book, potentially by FY28. The Unit 2 facility in Verna, Goa (the erstwhile Teva facility) completed a US FDA inspection with ZERO Form 483 observations. While Q1 2026 was the blip quarter with multiple line items getting hit in a quarter, Q2 2026 and Q3 2026 have reported normalised operating profitability with an improved outlook for the near term as well as the medium term.

With a robust presence in over 50 countries, including key markets like the United States, United Kingdom, Australia, and New Zealand, the company offers a diverse portfolio of over 300 products across various therapeutic segments such as pain management, cardiovascular, central nervous system, anti-diabetic, and gastrointestinal treatments. Marksans operates state-of-the-art manufacturing facilities in India, the UK, and the US, all compliant with stringent international

	<p>regulatory standards like the US FDA, UK MHRA, and Australia's TGA. The company's strategic focus on quality assurance, cost-effective production, and strong R&D capabilities has positioned it among the top Indian pharmaceutical firms in the UK market. Under the leadership of CEO Mark Saldanha, Marksans continues to expand its global footprint through strategic acquisitions and partnerships, reinforcing its commitment to delivering affordable healthcare solutions worldwide.</p> <p>Key Risks: Higher Tariffs in the USA due to geographic concentration, inability to scale-up from the newly acquired facility, Regulatory Risks and Higher API and KSM prices.</p>
<p>CMS Info Systems</p>	<p>India's cash logistics sector is poised for robust growth, driven by several key factors. Despite the rise of digital payments, cash remains a vital component of the Indian economy, particularly in rural and semi-urban areas. The increasing penetration of ATMs, the expansion of retail networks, and the continued reliance on cash for everyday transactions contribute to a sustained demand for efficient and secure cash management services. Furthermore, government initiatives promoting financial inclusion and the outsourcing of ATM management from public sector banks will further strengthen the need for reliable cash logistics infrastructure.</p> <p>Within this landscape, CMS Infosystems stands out as a leader, boasting a market share of ~40% in the ATM space, backed by its extensive route network, operational edge, and strong balance sheet strength.</p> <p>In Q3 FY26, CMS reported revenues of Rs. 618cr, up 6% YoY and 2% QoQ. The Cash Management segment declined due to the exit of smaller MSP relationships facing payment delays and rationalisation of low-margin retail/CIT clients, while Managed Services grew strongly on a favourable base and Securens contribution. Despite stable EBITDA margins at 22.6%, higher depreciation from Securens led to a QoQ decline in EBIT. The quarter also included a one-off Rs. 11cr labour code impact (adjusted PAT at Rs. 66cr). Elevated capex of Rs. 275cr in YTD, incurred in anticipation of large order wins, combined with the cancellation of a Rs. 1,000cr SBI mandate (where CMS was the sole bidder) and prolonged AGS-related disruptions, resulted in negative operating leverage. A broader slowdown in retail cash management further weighed on performance.</p> <p>Looking ahead, management expects a recovery trajectory, supported by the refreshed SBI mandate (~5,000 ATMs, Rs. 50cr annual revenue potential), steady ramp-up of the Rs. 750cr TCV ICICI/IPPB contract (~75% live), and a robust FY27 ATM RFP pipeline of ~7,000 ATMs (worth Rs. 2,000cr TCV). Additionally, retail cross-selling, gig-based deployment models, and scale-up in remote monitoring post-Securens acquisition should aid margin recovery. The medium-term growth thesis remains intact, anchored by CMS's operational strengths, favourable business mix shifts away from traditional ATM cash management, and significant consolidation opportunities as smaller or inefficient players exit the market.</p> <p>Key Risks include a potential decrease in currency in circulation or a perceived decline in the cash economy.</p>
<p>Aditya Birla AMC</p>	<p>Aditya Birla Sun Life AMC reported a steady Q3FY26 performance. AUM growth remained healthy, though a weaker equity mix and marginal yield compression weighed on revenue momentum relative to peers. Overall QAAUM grew 4.2% QoQ, while Equity AUM (ex-Hybrid) rose 2.4% QoQ. However, equity mix moderated to 33.2% (vs 33.8% in Q2FY26 and 37.1% in Q3FY25), impacting the yield profile. Revenue from operations grew 3.6% QoQ / 7.4% YoY, trailing peers with a stronger equity mix. Net equity flows (including arbitrage) improved to ~Rs.16bn for 9MFY26, with ~60% toward arbitrage. Management indicated that equity market share losses have stabilized, aided by improved scheme performance over the past 1–1.5 years, now reflecting in 3-year rankings and distributor recommendations. Focus categories such as Flexicap, Balanced Advantage, Multi-Asset, and Small/Midcap funds have seen improving traction. SIP flows declined 1.8% QoQ / 22% YoY to Rs.10.8bn, with market share at 3.5% (vs 3.7% QoQ and 5.2% YoY). New SIP registrations moderated sequentially, though SIP AUM grew to Rs.870bn. Management expects improvement as fund performance sustains and distributor engagement deepens.</p> <p>Gross yields declined marginally by 0.26bps QoQ to 43.1bps, primarily due to mix changes; yields</p>

across asset classes were stable. Alternates AUM grew 6.8% QoQ to Rs.375bn, contributing ~7% of core revenue, with ongoing fundraising across PMS/AIF, offshore, and real estate strategies. The company has also secured SEBI approval for its Specialized Investment Fund (SIF) under the new 'Apex' brand, with product launches underway. Operating expenses rose 7% QoQ / 12% YoY, led by higher employee costs (including ESOP and labour-code impact). EBITDA grew 1.5% QoQ, with margins at ~60% (vs 61.3% in Q2). Management indicated that expense growth (ex-ESOP) will broadly track inflation. We remain constructive on Aditya Birla AMC as improving fund performance, stabilization in equity market share, scaling alternatives/SIF platforms, and operating leverage over time can support a gradual earnings recovery.

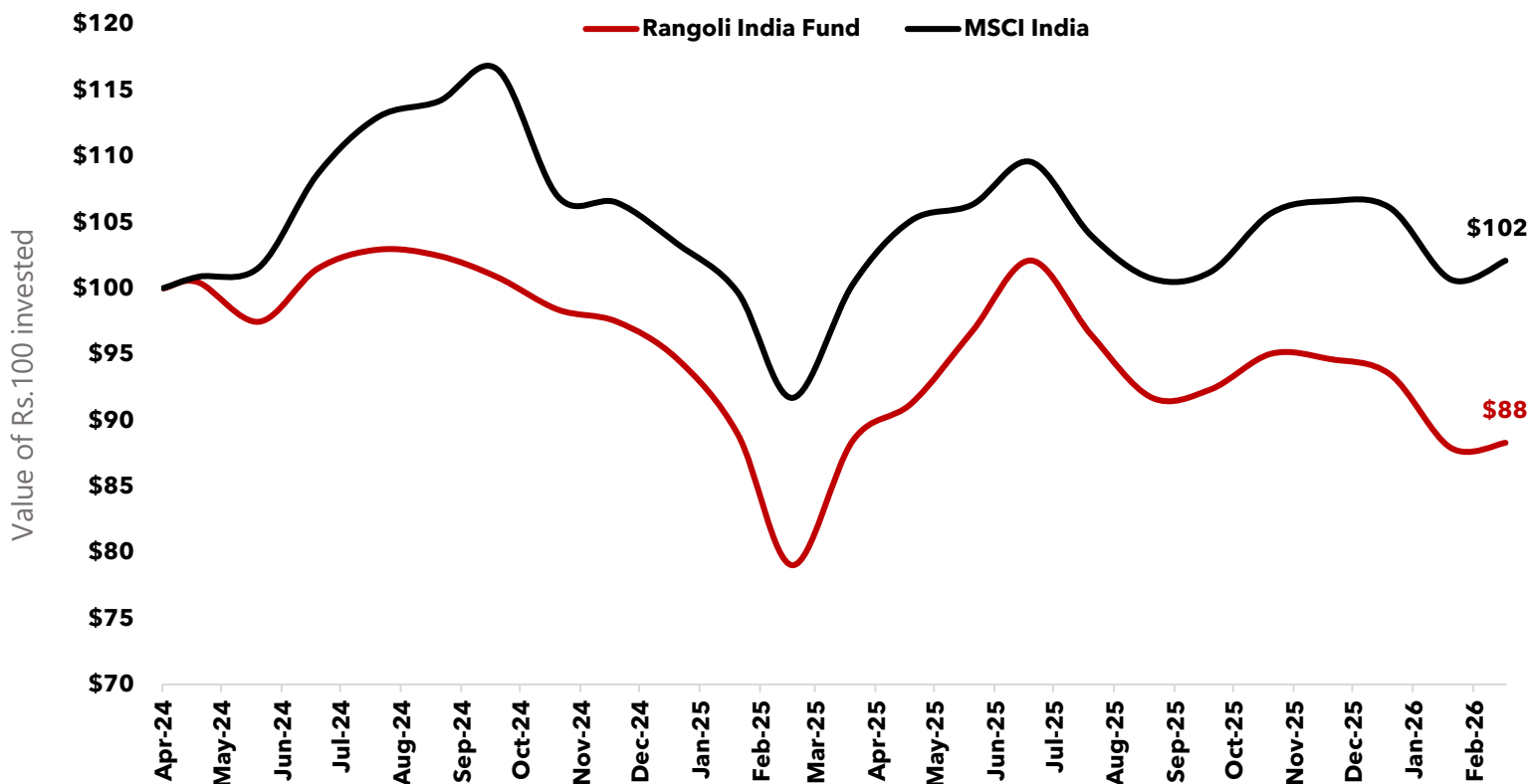
Key risks include sustained weakness in equity flows, continued market-share pressure in SIPs, and regulatory changes impacting TERs/distribution economics.

Kotak Mahindra Bank

Kotak reported PAT of Rs.3,446cr, primarily impacted by higher operating expenses, while core operating trends remained healthy. Advances grew 3.9% QoQ / 16.1% YoY, led by traction in Corporate and secured Retail segments. Retail growth was driven by Tractor (+5.3% QoQ), Business Banking (+5.2%), and Home/LAP (+4.5%). The unsecured mix declined ~30bps sequentially to 9.9%, with muted growth in PL and Credit Cards, as the bank continues to scale this portfolio prudently toward its medium-term target of ~15%. Management reiterated its growth aspiration of 1.5–2.0x nominal GDP. Margins were stable at 4.54%. Cost of funds declined for the second consecutive quarter, with deposit repricing largely nearing completion. Management expects gradual NIM improvement over 4QFY26–1QFY27, aided by deposit repricing, CRR benefits, and balance sheet optimization, despite repo transmission. CASA growth remained healthy on a sequential basis. Operating costs rose 8.4% QoQ, with cost-to-assets increasing to 2.80% (2.74% adjusted), driven by festive spends, acquisition costs, and labour code impact. Management remains confident of sustaining cost-to-assets at ~2.8% and structurally improving toward ~2.5–2.6%, supported by automation and technology investments (IT spend ~14% of opex)

Asset quality improved sequentially, with GNPA declining to 1.30% and NNPA to 0.31%. Gross and net slippages moderated, and credit cost improved to 69bps, led by normalization in PL and MFI, while credit card stress plateaued. Management expects further moderation in credit costs through 4QFY26 and 1QFY27. We remain positive on Kotak, supported by steady growth momentum, visible margin recovery triggers (deposit repricing + liquidity normalization), improving asset quality trends, and structural operating efficiency benefits.

Key risks include slower-than-expected NIM recovery, delayed revival in unsecured growth, and prolonged stress in the Retail CV portfolio.



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 27 th February 2026)	FY2026E	FY2027E	FY2028E
P/E Ratio	22.6x	19.1x	16.4x
Earnings Growth	17.4%	17.0%	16.3%
Debt Equity Ratio	0.1	0.1	0.1
ROE %	18.6%	19.0%	19.2%
PE/ Growth Ratio	1.1		

*Adjusted for one-off to make figures representative.

We are continually monitoring the environment for any opportunities that have the potential to materially improve the portfolio composition.

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

Company	Market Cap (USD Mn)	PBT (USD Mn)		YoY(%)	PAT (USD Mn)		P/E	ROE	Portfolio Weight
	3 rd March 2026	Q3 FY26	Q3 FY25		FY26E	FY 25	FY26e	FY26e	27 th Feb 2026
Bank of Baroda	17,037	715	716	0%	2,100	2,361	7.2	14%	9%
Redington	2,330	61	56	9%	169	197	11.9	18%	9%
Sagility	2,594	40	32	28%	99	119	21.8	11%	7%
Narayana Hrudayalaya	4,184	30	24	26%	107	135	31.0	24%	6%
Mahindra & Mahindra	47,956	515	382	35%	1,341	1,507	31.8	21%	6%
Kovai Medical Center	663	9	8	16%	27	30	22.2	20%	5%
Coromandel International	7,563	71	75	-6%	234	270	28.0	18%	5%
TD Power Systems	1,172	8	6	32%	26	34	34.2	23%	5%
ITC	45,767	762	710	7%	2,323	2,290	20.0	28%	4%
The South Indian Bank	1,156	55	50	9%	156	176	6.6	14%	3%
Alivus Life Sciences	1,174	24	20	20%	64	71	16.6	19%	3%
Marksans Pharma	858	17	16	8%	41	52	16.5	15%	3%
CMS Info Systems	600	10	14	-30%	34	42	14.2	15%	3%
Aditya Birla AMC	2,588	(12)	(5)	116%	110	122	21.2	27%	3%
Kotak Mahindra Bank	46,297	497	477	4%	1,540	1,873	24.7	12%	3%
Bayer Cropsience	2,172	12	4	232%	76	89	24.5	26%	3%
ICICI Bank	112,120	1,764	1,703	4%	5,337	6,058	18.5	15%	3%
Garware	698	8	7	21%	25	31	22.5	21%	2%
RPG Life Sciences	418	4	5	-19%	12	15	27.8	19%	2%
S.J.S. Enterprises	600	7	4	67%	19	21	28.1	20%	2%
Can Fin Homes	1,299	37	29	27%	111	123	10.6	18%	2%
Pearl Global	755	6	6	10%	29	34	22.1	19%	2%
HDFC AMC	11,620	110	91	21%	327	379	30.6	37%	2%
Caplin Point Laboratories	1,503	22	19	15%	69	78	19.3	19%	2%
Thomas Cook (India)	704	10	8	18%	27	34	20.8	23%	1%
Tech Mahindra	17,267	193	140	38%	529	706	24.5	22%	1%

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	Mitigants
Geo-political risks	Any geopolitical tensions between India and neighboring countries can disrupt supply chain in the region. This might have a non-linear impact on business.
Raw material inflation	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.
Liquidity risk (in case of NBFCs)	The NBFC led liquidity crisis in India has had a systemic effect on the entire economy. Our investee companies have been able to tap diversified sources of liquidity on the back of their long-term track record of comfortable asset quality and asset-liability-management (ALM). However, sustained deterioration of the asset quality can continue to affect our holdings in Banks and NBFCs.
Foreign Exchange risk	Fund has invested exclusively in Indian Listed companies without employing any hedging strategies and hence the fund's investments face foreign exchange risk at the Fund level.
Leverage risk	Except for financial companies, most of the operating 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.
Technology Obsolescence	Technological changes can render the products/services of a company obsolete and thereby hurt its profitability and valuation. Such a risk is generally minimized by limiting the aggregate exposure of portfolio to such investments to less than 10% of value.
Governance risk	We avoid investing in companies with a known history of corporate governance issues. If such issue arises in an existing investment, we stop additional purchases and start optimally exiting the investment.
Concentration risk	At the portfolio level, such risks are minimized by limiting the aggregate exposure of portfolio to such investments to less than 10% of value at the time of investment.
Stock Illiquidity risk	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, size of the investment and trading strategies to minimize the costs due to illiquidity.
Key Man Risk	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 portfolio to such investments is limited to less than 10% by value.

Risk	Mitigants
Slowdown in global consumption	The wallet-share of the investee companies in the global manufacturing value chain, does not pose a significant risk of loss of business to their vendors. New and high growth areas such as Lithium-Ion batteries, EV vehicles are in relative infancy stage and have a strong growth curve ahead of them.
Softness in IT product spends	The convergence to digital software solutions is a 'must do' proposition and our investee companies have exhibited significant traction in competing in this space. A combination of their recent deal wins, and current bid pipelines bode well for their future.

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