

DISCLOSURE DOCUMENT

[As required under Regulation 22 of Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020]

I. Declaration:

- a) The Disclosure Document (hereinafter referred as the “**Document**”) has been filed with Securities and Exchange Board of India along with the certificate in the prescribed format in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020.
- b) The Document serves the purpose of providing essential information about the portfolio management services in order to assist and enable the investors in making informed decision for engaging Equitree Capital Advisors Private Limited (hereinafter referred as the “**Portfolio Manager**”) as the portfolio manager.
- c) The Document contains the necessary information about the Portfolio Manager required by an investor before investing. The investor is advised to retain the Document for future reference.
- d) The name, phone number, e-mail address of the principal officer as designated by the Portfolio Manager along with the address of the Portfolio Manager are as follows:

PRINCIPAL OFFICER

Name : Pawan Bharadia

Phone : +91 22 49726816

E-Mail : pawan.b@equitreecapital.com

PORTFOLIO MANAGER

Equitree Capital Advisors Private Limited

Address: 301, Tree Building 28,
Above Mercedes Benz Service Centre,
Raghuvanshi Mills, S.B.Marg,
Lower Parel, Mumbai- 400013

FORM C**SECURITIES AND EXCHANGE BOARD OF INDIA
(PORTFOLIO MANAGERS) REGULATIONS, 2020
(Regulation 22)**

We confirm that:

- (i) the Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and the guidelines and directives issued by the Board from time to time;
- (ii) the disclosures made in the Document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management;
- (iii) the Disclosure Document has been duly certified by an independent Chartered Accountant, N H Variava & Co, having Membership Number 146176 and office at B-23, Mahavir Kunj, Ambadi Road, Vasai Road West, Mumbai- 401202, (enclosed is a copy of the Chartered Accountants' certificate to the effect that the disclosures made in the Document are true, fair and adequate to enable the investors to make a well informed decision).



Signature of the Principal Officer:



Mr. Pawan Bharadia

Date : 19th June 2023,
Place: Mumbai

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III. Contents:

1) Disclaimer

- a) Particulars of this Document have been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020, as amended till date and filed with SEBI.
- b) This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of the Document.

2) Abbreviations & Definitions

(a) Agreement

Means the portfolio management services agreement entered between the Portfolio Manager and the Client/Investor, as amended, modified, supplemented or restated from time to time together with all annexures, schedules and exhibits, if any.

(b) Applicable Laws

Means any applicable Indian statute, law, ordinance, regulation including the SEBI Regulations, rule, order, by law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India, as is in force from time to time.

(c) Capital Contribution

Means the amounts contributed by the Client for investments in accordance with the terms of the Agreement from time to time during the Term.

(d) Chartered Accountant

A Chartered Accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act.

(e) Client / Investor

Means domestic resident Indian individuals, company/body corporate, partnership firm, trust, society, association of persons, limited liability partnership, and such other persons as may be deemed by the Portfolio Manager, to be eligible to avail of the services of the Portfolio Manager from time to time under the PMS.

(f) Disclosure Document

This Document issued by the Portfolio Manager – **Equitree Capital Advisors Private Limited**

(g) Financial Year:

A financial year shall be the period of 12 months commencing on 1st of April and ending on the 31st March of the succeeding year.

(h) Management Fee

Means the management fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(i) Performance Fee

Means the performance-linked fee payable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

(j) Portfolio Manager

Means Equitree Capital Advisors Private Limited, who pursuant to a contract or arrangement with a Client / Investor, advises or directs or undertakes on behalf of the Client / Investor (whether as a discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the Client / Investor, as the case may be.

(k) Portfolio Entity

Means companies, enterprises, entities, bodies corporate, venture capital funds, trusts, limited liability partnerships, partnership firms or any other entities in the Securities in which the monies of the Portfolio are invested subject to Applicable Laws.

(l) Portfolio or Client Portfolio

Means the total holding of all investments, Securities and funds belonging to the Client in accordance with the Agreement.

(m) Portfolio Commencement Date

Means the date when the Capital Contribution shall be paid to the Portfolio Manager.

(n) Principal Officer

An employee of the Portfolio Manager who is designated as the Principal Officer under Regulations by the Portfolio Manager.

(o) PMS

Means the portfolio management services provided by the Portfolio Manager in accordance with the terms and conditions set out in the Agreement entered with its Client/Investor and in accordance with the terms of this Document.

(p) PML Laws

Means the Prevention of Money Laundering Act, 2002, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, the guidelines/circulars issued by SEBI thereto as amended and modified from time to time.

(q) Product / Option

Means the investment products/options with the respective investment strategy/features, introduced by the Portfolio Manager from time to time.

(r) Regulations

Means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 as amended and modified from time to time and including any circulars/notifications issued pursuant thereto.

(s) Securities

For the purpose of this Document shall mean and include securities/instruments of Portfolio Entities, all marketable securities including equity shares, quasi equity shares, preference shares, debentures (whether convertible or non-convertible and whether secured or unsecured and whether listed or unlisted), convertible securities, depository receipts, bonds, secured premium notes, government securities, pass-through certificates, treasury bills, units, derivatives, equity linked products, debt, hybrid debt products, mortgage-backed securities, commercial debt papers, notes, units of a trust, units of a domestic venture capital fund and any other instrument falling within the definition of 'security' under section 2(h) of the Securities Contract (Regulation) Act, 1956.

(t) SEBI

Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.

(u) Set-up Fees

Means a fee payable by the Client (only if applicable under the terms of the Agreement) in accordance with the terms of the Agreement and this Document.

(v) Term

The term of the Agreement as reflected in the respective Agreement entered with the Client by the Portfolio Manager.

(w) Termination Fee

Means the withdrawal charge/spayable to the Portfolio Manager in accordance with the terms of the Agreement and this Document.

Any term used in this Document but not defined herein (but defined in the Regulations) shall have the same meaning as assigned to them in the Regulations.

3) Description

(i) History, Present Business and Background of Equitree Capital Advisors Private Limited, the Portfolio Manager

Equitree holds a valid certificate of registration with SEBI as a Portfolio Manager vide registration number INP000005777 to offer investment management, portfolio management, and advisory services to High Networth Individuals (HNIs), institutional clients, corporates and other permissible class of investors.

Prior to this, Equitree has helped business entities across diverse industries in their fund raising pursuits including but not limited to Engineering, Consumer driven businesses, Agriculture based businesses, Real-estate, Financial Services amongst others.

These fund syndication services have given a great insight in to operations of these diverse businesses and an on-the-ground understanding of businesses at large.

Directors of Equitree have had a long standing successful investing career, investing in listed and unlisted Small and Mid sized companies in India across a diverse range of sectors. Equitree will look to leverage this wide spread experience to offer superior portfolio management / investment advise to its investors.

(ii) Promoters of the Portfolio Manager, Directors and their background

Equitree has been promoted by:

S K Enterprises HUF
Laxmi Yarns Pvt Ltd.

A brief profile of all Directors of the Company is mentioned hereunder:

1. **Pawan Bharadia:** Pawan has over 18 years of SME focused investing experience and spearheads the Investment Advisory business at Equitree. Pawan is instrumental in entire deal making process - right from origination to execution and monitoring. Prior to Equitree, he has held senior positions in SME focused private equity firms like Nine Rivers Capital, Axis Holdings & Frontline Ventures. His successful investment track record includes investing in companies across diverse sectors such as Value Added Engineering, Healthcare, Logistics, and Environmental Engineering amongst others. Some of the notable investments which he has been associated with include companies such as Astra Microwave, Cbay Systems, Megavisa (now Arshiya International), Titagarh Wagons, Shilpa Medicare and Strategic Engineering Pvt. Ltd (now Shriram SEPL Composites). In early part of his career, he has also worked with global organizations like Chase Manhattan Bank and ABN Amro Bank. Pawan is a qualified Chartered Accountant and a Bachelor of Commerce from Mumbai University and is based in Mumbai.

Work experience (in reverse chronological order):

Name of organization	From	To	Nature of work
Equitree Capital Advisors Private Limited	Ju1-12	Current	<ul style="list-style-type: none"> Financial Advisory Proprietary investments in equities
Nine Rivers Capital	Nov-07	Jun-12	<ul style="list-style-type: none"> Private equity investing and advisory
Axis Holdings Pvt. Ltd.	Sept-06	Oct-07	<ul style="list-style-type: none"> Private equity investing and advisory
Frontline Venture Services Pvt. Ltd.	Feb-01	Aug-06	<ul style="list-style-type: none"> Private equity investing and advisory

ABN Amro Bank	Mar-99	Feb-01	• Fund Accounting & allied services
JP Morgan Chase	Aug-98	Feb-99	• Fund Accounting & allied services

2. **Suneet Kabra:** Suneet has a wide spread experience of over 18 years as a practicing Chartered Accountant and a hugely successful entrepreneur. Suneet spearheads the Financial Advisory business at Equitree. Prior to setting up Equitree, he has been an in-house advisor to a number of small and mid-sized companies for their financial needs as well as tax matters. He has also been responsible for managing financial function for his family's diversified businesses (textile, chemicals, cement bricks etc.) Additionally, he has also run a boutique financial services firm wherein he was instrumental in arranging short term finances for large corporates like Essar, Edelweiss, Welspun India Group, Ipca Labs, Lupin Laboratories amongst others. He also has been an astute real estate investor and has seen huge amount of success in his real estate investing as well. Suneet is a qualified Chartered Accountant and Bachelor of Commerce from Ajmer University and is based in Mumbai.

Work experience (in reverse chronological order):

<u>Name of organization</u>	<u>From</u>	<u>To</u>	<u>Nature of work</u>
Equitree Capital Advisors Private Limited	Jan-08	Current	<ul style="list-style-type: none"> • Financial Advisory • Proprietary investments in equities
J Somani & Co, Chartered Accountants	Sept-98	Current	<ul style="list-style-type: none"> • Tax & Audit practice • Consulting • Fund Syndication
Suneet Kabra & Associates	Sept-98	Current	<ul style="list-style-type: none"> • Tax & Audit practice • Consulting • Fund Syndication

(iii) Top 10 Group companies/firms of the Portfolio Manager on turnover basis.

The Portfolio Manager has no group companies/firms.

(iv) Details of the services being offered: Discretionary, Non- Discretionary and Advisory

The Portfolio Manager primarily carries discretionary portfolio management services and advisory services and if opportunity arises thereafter, then it also proposes to render non-discretionary portfolio management services. The above mentioned services shall be offered to High Networth Individuals (including Non-Resident Indians), Corporates, Hindu Undivided Families, Trusts, Partnerships, Limited Liability Partnerships for investment into the listed equity market as per the rules and regulations laid down by SEBI and RBI.

a) Discretionary Services:

Under the Discretionary PMS, the choice as well as the timings of the investment decisions rest solely with the Portfolio Manager and the Portfolio Manager can exercise any degree of discretion in the investments or management of assets of the Client. The Securities invested /

disinvested by the Portfolio Manager for Clients may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's account is absolute and final and cannot be called in question except on the ground of fraud, *malafide*, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the applicable laws in force from time to time, including the Regulations. Periodical statements in respect of the Client's assets under management shall be sent to the respective Clients.

Equitree Capital is currently offering PMS under its discretionary investment management service platform through the "Equitree Emerging Opportunities" the details of which are set out at Paragraph 5 below.

b) a Non - Discretionary Services:

Under the Non-Discretionary PMS, the assets of the client are managed in consultation with the Client. Under this service, the assets are managed as per the requirements of the Client after due consultation with the client. The Client has complete discretion to decide on the investment (quantity and price or amount). The Portfolio Manager inter alia manages transaction execution, accounting, recording or corporate benefits, valuation and reporting aspects on behalf of the Client.

c) Advisory Services

The Portfolio Manager may provide investment advisory services, in terms of the Regulations, which shall include the responsibility of advising on the portfolio strategy and investment and divestment of individual securities on the Clients portfolio, for an agreed fee structure and for a defined period, entirely at the Client's risk; to all eligible category of Investors who can invest in Indian market including NRIs, FIIs, etc. The Portfolio Manager shall be solely acting as an advisor to the portfolio of the Client and shall not be responsible for the investment / divestment of Securities and / or any administrative activities on the Client's portfolio. The Portfolio Manager shall provide advisory services in accordance with such guidelines and / or directives issued by the regulatory authorities and / or the Client, from time to time, in this regard.

4) Penalties, pending litigation etc.

Penalties, pending litigation or proceedings, findings of inspection or investigations for which action may have been taken or initiated by any regulatory authority:

- (i) All cases of penalties imposed by SEBI or the directions issued by SEBI under Applicable Laws.
None.
- (ii) The nature of the penalty/direction.
None.
- (iii) Penalties imposed for any economic offence and/ or for violation of any securities laws.

None.

- (iv) Any pending material litigation/legal proceedings against the Portfolio Manager/key personnel with separate disclosure regarding pending criminal cases, if any.

None.

- (v) Any deficiency in the systems and operations of the Portfolio Manager observed by the SEBI or any regulatory agency.

None.

- (vi) Any enquiry/ adjudication proceedings initiated by SEBI against the Portfolio Manager or its directors, principal officer or employee or any person directly or indirectly connected with the Portfolio Manager or its directors, principal officer or employee, under Applicable Laws.

None.

5) Services Offered

- (i) **The present investment objectives and policies including the types of securities in which it generally invests shall be clearly and concisely stated in the Document for easy understanding of the potential investor.**

I. **Product Name:** Equitree Emerging Opportunities

- (a) The primary investment objective of the portfolio manager is to generate capital appreciation over the medium to long term by investing in equity / equity related instruments of companies listed in the Indian equity markets and any other permissible Securities/instruments/products in which the Portfolio Manager can invest in as per Applicable Laws. The portfolio manager would primarily invest in small market capitalization companies which do not have a market capitalization beyond INR 50 billion. However, the Portfolio manager may at his own discretion choose to invest beyond the above investment universe. The Portfolio Manager would seek to generate capital appreciation and/or recurring gains/income on Client's capital from such investments.
- (b) The Portfolio Manager will invest in small market capitalization companies that generally exhibit the following characteristics:
- Company has an increasing addressable market opportunity;
 - Qualified and experienced management & second line of management;
 - Company is able to expand and defend its competitive moat;
 - Company has the potential to generate superior shareholder returns over long period of time;
 - Company should have high standards of corporate governance
- (c) The Portfolio Manager shall have the sole and absolute discretion to invest the Capital Contribution in accordance with the Agreement and make changes to the investment

pattern and/or invest all or some of the Capital Contribution in a manner that it deems fit.

- (d) The Portfolio Manager may exercise voting rights, if any, and such other rights in relation to any Securities held on behalf of or invested with the Capital Contribution, in its absolute discretion, but subject to Applicable Laws.
- (e) Any decision of the Portfolio Manager (taken in good faith) in deployment of the Client Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the grounds of malafide, fraud, conflict of interest or gross negligence.
- (f) The Portfolio Manager, in its absolute discretion, may conduct operations and transactions including sale and purchase transactions from the Client Portfolio through agencies, entities, brokers or a panel of brokers at prevalent market prices.
- (g) In the management of the Client Portfolio, the Portfolio Manager may, in its sole discretion apply for, subscribe, obtain, buy, accept, acquire, endorse, transfer, redeem, renew, exchange, dispose, sell or otherwise deal in the Securities and generally manage, convert, transpose and vary the investments of the Client's Portfolio. The powers exercised by the Portfolio Manager as above shall be final, binding and irrevocable on the Client and the Client shall be deemed to have approved/ratified any such investment and related activities or deeds that the Portfolio Manager may undertake from time to time.
- (h) Accruals, accretions, benefits, allotments, calls, refunds, returns, privileges, entitlements, substitutions and / or replacements or any other beneficial interest including dividend, interest, premium, discounts and other rights, benefits and accruals that accrue to the investments in respect of the Client's Portfolio shall be received by the Portfolio Manager in the name of the Client or in its own name only if so permitted by Applicable Law but would in any event belong to Client Portfolio.
- (i) The Portfolio Manager shall buy and sell Securities on the basis of delivery and shall in all cases of purchases, take delivery of the relevant Securities and in all cases of sale, deliver the relevant Securities and shall in no case put itself in a position whereby it has made a short sale or needs to carry forward a transaction or engage in badla finance, except where it is permitted to trade in derivatives in accordance with the Regulations.
- (j) Subject to the fees charged by the Portfolio Manager, and other deductible expenses, all variations in the value including capital appreciation or depreciation, trading profits or losses, dividends, interest, premium, discounts and other rights and accruals on the Securities of the Client's Portfolio, would be to the account of and belong solely to the Client. Subject to the aforesaid, the Portfolio Manager, may from time to time:
 - i. purchase or sell Securities inter se among its Clients;
 - ii. have business relationship with Portfolio Entity/ies whose Securities

- are held, purchased or sold for the Client's account and may be separately compensated for carrying on such other business activity by the Portfolio Entity/ies;
- iii. purchase, hold and sell for the Client's account any Securities that may have been held or acquired by it or by its Clients with whom it has business relationships subject to the provisions of Clause (ii) hereinabove; and
 - iv. exercise voting rights, if any, and such other rights in relation to any Securities held on behalf of or invested with the Capital Contribution, in its absolute discretion, but subject to Applicable Laws.
- (k) The Portfolio Manager shall keep the funds of the Client in a separate bank account segregated from the accounts of Portfolio Manager. The Portfolio Manager may keep the funds of a Client along with the funds of other clients in the PMS subject to the requirements laid down under Regulations and use the same for the purpose of the purchase and sale of Securities allowed in the Agreement and for payment of allowable expenses/fees and for the purposes set out in the Agreement. The Portfolio Manager shall not use funds of the Client for the benefit of any of its other clients. The Portfolio Manager shall (itself or through an entity appointed by it) ensure that the securities account of the Client is segregated from the accounts of all the other clients of the Portfolio Manager (in accordance with the Applicable Laws).
- (l) Funds pending investments, if any, shall be invested by the Portfolio Manager in bank deposits, money market instruments, liquid funds, stocks of BSE-100 companies, bonds with investment grade rating from an accredited rating agency, government issued treasury securities and capital guaranteed schemes offered by major financial institutions, liquid or money market mutual fund schemes and other similar securities/instruments etc. In no case shall the Portfolio Manager deploy the Capital Contribution in unregulated financing mechanism such as badla or discounting of bills of exchange or for the purpose of lending or placement with corporate or non-corporate bodies unless otherwise permitted by SEBI.

II. Investment Approaches of the Portfolio Manager

We broadly invest in companies which has strong or improving balance sheet. We generally look for businesses which are poised for 20% year-on-year growth over the next few years.

Strong Management Teams- A clean and focused management is equally important as much as a good business. We spend considerable time in understanding management's vision and priorities, and back teams with passion for scaling up businesses.

Long Term Holdings- We stay invested as long as the growth is visible, valuation stays reasonable and there are no other structural issues with the investment.

Valuation/Market Risk- We tend to keep a close watch on parameters like price to earnings growth to define what price we are paying for the kind of projected growth. This, with an additional layer of comparative 7-10 years, historical valuations help us to build in downside risk in a bear market.

Management Risk- Consistent Tracking of Changes in management's shareholding structure/encumbrances as well as quality of financial reporting is vital for our investments. We also take cognizance of issues like environmental, technological and litigation risks.

Liquidity Risk- We follow a disciplined hard cap of more than 10% allocation in a single company and not more than 25% in a single sector. From an exit management perspective, we also generally do not buy more than 1-5% of the company's market cap.

III. The policies for investments in associates/group companies of the portfolio manager and the maximum percentage of such investments therein subject to the applicable laws/regulations/guidelines.

The Portfolio Manager will not be making investments in associates/group companies.

6) Risk factors

- Securities investments are subject to market risk and there is no assurance or guarantee that the objectives of the PMS will be achieved.
- The Portfolio Manager has no previous experience/track record in the field of portfolio management services and has obtained a license to function as a portfolio manager only in July 2017.
- Without prejudice to the above, the past performance of the Portfolio Manager will not indicate its future performance.
- Any act, omission or commission of the Portfolio Manager under the Agreement would be solely at the risk of the Client and the Portfolio Manager will not be liable for any act, omission or commission or failure to act save and except in cases of gross negligence, willful default and/or fraud of the Portfolio Manager.
- The Client Portfolio may be affected by settlement periods and transfer procedures.
- The Portfolio Management Service is subject to risk arising out of non-diversification as the Portfolio Manager under its PMS may invest in a particular sector, industry, few/single Portfolio Entity/ies. The performance of the portfolios would depend on the performance of such companies/industries/sectors of the economy.

Other risks arising from the investment objectives, investment strategy and asset allocation are stated as under:

Risks associated with investments in equity and equity linked securities

- Equity and equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- Execution of investment strategies depends upon the ability of the Portfolio Manager to identify opportunities which may not be available at all times and that the decisions made by the Portfolio Manager may not always be profitable.
- In domestic markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- In the event of inordinately low volumes, there may be delays with respect to unwinding the Portfolio and transferring the redemption proceeds.
- The value of the Portfolio, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the Portfolio valuation may fluctuate and can go up or down.
- Investors may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.

Management and Operational risks

Reliance on the Portfolio Manager

The success of the PMS will depend to a large extent upon the ability of the Portfolio Manager to source, select, complete and realize appropriate investments and also reviewing the appropriate investment proposals. The Portfolio Manager shall have considerable latitude in its choice of Portfolio Entities and the structuring of investments.

Disclosure: The Portfolio Manager may invest/trade in same stocks as that of its clients.

Other risks in relation to investment in Securities/Instruments

- The in-specie distribution of the Securities by the Portfolio Manager upon termination or liquidation of the Client Portfolio could consist of such Securities for which there may not be a readily available public market. Further, in such cases the Portfolio Manager may not be able transfer any of the interests, rights or obligations with respect to such Securities except as may be specifically provided in the Agreement with Portfolio Entities. If an in specie distribution is received by the Clients from the Portfolio Manager, the Clients may have restrictions on disposal of assets so distributed and consequently may not be able to realize full value of these assets.
- Some of the Portfolio Entities in which the Portfolio Manager will invest may get their Securities listed with the stock exchange after the investment by the Portfolio Manager. In connection with such listing, the Portfolio Manager may be required to agree not to dispose of its securities in the Portfolio Entity for such period as may be prescribed under the Applicable Law, or there may

be certain investments made by the Portfolio Manager which are subject to a statutory period of non-disposal and hence Portfolio Manager may not be able to dispose of such investments prior to completion of such prescribed regulatory tenures and hence may result in illiquidity.

- A part of the Client Portfolio may be invested in listed securities and as such may be subject to the market risk associated with the vagaries of the capital market.
-
- The Portfolio Manager may also invest in Portfolio Entity/ies which are new or recently established or are investment vehicles like mutual funds/trusts/venture capital funds. Such investments may present greater opportunities for growth but also carry a greater risk than is usually associated with investments in listed securities or in the securities of established companies, which often have a historical record of performance.

Portfolio-related Risks

Identification of Appropriate Investments

The success of the PMS as a whole depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in India where the Portfolio Manager may invest, and other factors outside the control of the Portfolio Manager. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Portfolio Manager.

Change in Regulation

Any change in the Regulations and/or other Applicable Laws or any new direction of SEBI may adversely impact the operation of the PMS.

Political, economic and social risks

Political instability or changes in the Government could adversely affect economic conditions in India generally and the Portfolio Manager's business in particular. The Portfolio Entity's business may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private and public sector companies, market conditions, prices and yields of the Portfolio Entity/ies.

Inflation Risk

Inflation and rapid fluctuations in inflation rates have had, and may have, negative effects on the economies and securities markets of the Indian economy. International crude oil prices and interest rates will have an important influence on whether economic growth targets in India will be met. Any sharp increases in interest rates and commodity prices, such as crude oil prices, could reactivate inflationary pressures on the local economy and negatively affect the medium-term economic outlook of India.

Tax risks

Changes in state and central taxes and other levies in India may have an adverse effect on the cost of operating activities of the Portfolio Entities. The Government of India, State Governments and other local authorities in India impose various taxes, duties and other levies that could affect the performance of the Portfolio Entities. An increase in these taxes, duties or levies, or the imposition of new taxes, duties or levies in the future may have a material adverse effect on the Client Portfolio's profitability. Furthermore, the tax laws in relation to the Client Portfolio are subject to change, and tax liabilities could be incurred by Clients as a result of such changes.

7) Client Representation

(i) Details of client's accounts activated:

Category of Clients	No. of Clients	Funds Managed (INR In crores)	Type of Service
Associates / Group Companies (last 3 years)	Nil	Nil	NA
Others: As on 31.05.23	8	15.00	Advisory
As on 31.05.23	76	94.11	Discretionary
Others: As on 31.03.23	9	17.50	Advisory
As on 31.03.23	74	74.38	Discretionary
Others: As on 31.03.22	14	23.00	Advisory
As on 31.03.22	45	46.66	Discretionary
Others: As on 31.03.21	6	18.00	Advisory
As on 31.03.21	34	21.84	Discretionary

(ii) Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.

Not Applicable.

8) Financial Performance

Financial Performance of Portfolio Manager (based on audited financial statements)

Particulars	As on 31/03/2021 (Audited)	As on 31/03/2022 (Audited)	As on 31/03/2023 (UnAudited)	As on 31/05/2023 (UnAudited)
Professional fees	65,59,380/-	57,39,921/-	1,46,05,366/-	-
Other Income	71,56,021/-	2,33,98,098/-	65,17,250/-	5,42,019/-
Net Profit (After Tax)	28,22,713/-	(18,61,849/-)	17,26,929/-	(14,61,836/-)
Paid-up capital	1,41,33,340/-	1,51,33,340/-	1,62,54,030/-	1,62,54,030/-
Free reserves (excluding evaluation reserves)	2,68,99,063/-	3,17,21,776/-	3,52,39,238/-	3,52,39,238/-
Total Networth	4,38,55,116/-	4,49,93,267/-	5,32,20,197/-	5,00,31,432/-

9) Performance of Portfolio Manager

The Consolidated Portfolio Performance of PMS Clients for the last 3 financial year is as under:

Discretionary Services:

Performance in %	Returns from 01.04.2022 to 31.03.2023	Returns from 01.04.2021 to 31.03.2022	Returns from 01.04.2020 to 31.03.2021
Portfolio return	-2.36	35.87	131.38
NIFTYSM100	-13.81	28.63	125.7

Performance in %	From 01.05.23 to 31.05.23	From 01.04.23 to 30.04.23
Portfolio Return	10.32	12.43
BSE 500 Total Returns Index	3.78	4.59

Performance depicted above is based on all clients portfolio as on such date using time weighted average methodology. Past performance is no guarantee of future returns. The above portfolio performance is net of expenses. Please note that actual performance for a client's portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client mandate, specific portfolio construction characteristics or other structural parameters. These factors may have impact on client portfolio performance and hence may vary significantly from the performance data depicted above.

Neither the Portfolio Manager, nor its directors or employees shall in any way be liable for variation noticed in the returns of individual client portfolios. The Portfolio Manager does not make any representation that any investor will or is likely to achieve profits or losses similar to those depicted in this document. Since inception date is considered to be the date on which first client investment was made under the PMS.

10) Audit Observations

NIL

11) Nature of expenses

The following are the general costs and expenses to be borne by the Clients availing the services of the Portfolio Manager. However, the exact nature of expenses relating to each of the following services is annexed to the Agreement in respect of each of the services provided.

I. Management fee:

The management fee relates to the portfolio management services offered to the Clients. The fee may be a fixed charge or a percentage of the quantum of the funds being managed.

II. Advisory fee:

The Advisory fees can be combination of fixed management fees and/or performance fees subject to hurdle rate and high water mark principle.

III. Performance fee:

The performance fee relates to the share of profits charged by the Portfolio Manager, subject to hurdle rate and high water mark principle.

IV. Termination fee:

The Portfolio Manager may charge early withdrawal fee as may be agreed upon between the Portfolio Manager and the Clients as per the terms and conditions of a particular Product.

V. Other fees and expenses:

i. Services related to regular communication, account statements, etc.:

Charges relating to custody and transfer of shares, bonds and units, and/or any other charges in respect of the investment.

ii. Depository/Custodian fee:

Charges relating to opening and operation of demat account, rematerialization and rematerialisation, etc.

iii. Registrars and Transfer Agents' fees:

Fees payable to the Registrars and Transfer Agents in connection with effecting transfer of any or all of the securities and bonds including stamp duty, cost of affidavits, notary charges, postage stamps and courier charges.

VI. Brokerage, Transaction Costs and other Services:

The brokerage and other charges like stamp duty, transaction cost and statutory levies such as service tax, securities transaction tax, turnover fees and such other levies as may be imposed from time to time.

VII. Any other incidental or ancillary expenses:

All other costs, expenses, charges, levies, duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above arising out of or in the course of managing or operating the Portfolio incurred by the Portfolio Manager on behalf of the Client shall be charged to the Client.

12) Taxation

The following are the tax provisions applicable to Clients investing in Portfolio Management Services as per the prevailing tax laws. The tax rates mentioned in this document relate to Financial Year 2023-24

1. Dividends

The Dividend Distribution Tax ('DDT') is abolished in the budget 2020. Any dividend income earned shall be taxed at the normal rate of tax applicable. TDS shall be deducted @10% on the dividend income exceeding INR 5000/-.

2. Capital Gains Tax

(i) **Long term capital gains:** Finance Act, 2018 terminates the exemption granted under section 10(38) to long term capital gains arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A to provide that long term capital gains arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 10% plus applicable surcharge and health and education cess.

(ii) **Short term capital gains:** On sale of listed securities (when the transactions for sale take place on recognized stock exchanges) and on units of any equity oriented fund, which are subject to securities transactions tax (STT), are taxable @15% (plus applicable surcharge and health and education cess).

(iii) Transactions in other securities or transactions not on recognized stock exchanges as per prevailing tax laws.

^Assuming the investor falls into highest tax bracket.

4. Tax rates applicable for FY 2023-24

A. Income Tax

Old Tax Regime

For Individuals and Hindu Undivided Family

Total Income	Tax Rate
Up to Rs. 2,50,000	NIL
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Rs. 10,00,001 and above	30%

For Individuals (Senior Citizen)

Total Income	Tax Rate
Up to Rs. 3,00,000	NIL
Rs. 3,00,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Rs. 10,00,001 and above	30%

For HUF, AOP,BOI, Other Artificial Juridical Persons

Total Income	Tax Rate
Up to Rs. 2,50,000	NIL
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Rs. 10,00,001 and above	30%

B. Surcharge

Surcharge is levied on the amount of income tax at the following rates if the total income exceeds specified limits:

Total Income	INR 50 Lacs to 1 Crore	INR 1 Crore to 2 Crore	INR 2 Crores to 5 Crores	Exceeding INR 5 Crores
Surcharge Rate	10%	15%	25%	37%

Note 1: The enhanced surcharge of 25% and 37% as the case may be, is not levied, from income chargeable to tax under sections 111A,112,112A and Dividend Income. Hence the maximum rate of surcharge on tax payable on such income shall be 15% except when the income is taxable Section 115A, 115AB, 115AC, 115ACA and 115E.

Note 2: In case of association of persons consisting of only companies as its members, the rate of Surcharge on the amount of income tax shall be maximum 15%.

C. Health and Education Cess

Health and Education cess is levied at the rate of 4% on the amount of income tax plus surcharge.

New Tax Regime

The Finance Act, 2020 has provided an option to individuals, HUF, AOP, BOI, AJP for payment of taxes at the following reduced rates:

Total Income	Tax Rate
Up to INR 3,00,000	NIL
INR 3,00,001 to 6,00,000	5%
INR 6,00,001 to 9,00,000	10%
INR 9,00,001 to 12,00,000	15%
INR 12,00,001 to 15,00,000	20%
INR 15,00,001 and above	30%

Note 1: Surcharge and Health and Education Cess is same as rates applicable under old tax Tax regime except that the highest surcharge rate is 25% for income above INR 2 Crores.

Indian Companies

The normal income tax rates applicable are as under:

Company Turnover	Tax Rate
When the turnover does not exceed INR 400 crore in the previous year	25%
Above INR 400 crore	30%

Surcharge : Surcharge is levied on income tax at the following rates if the total income exceeds the specified limits:

Total Income	INR 1 Crore to 10 Crores	Above INR 10 Crores
	7%	12%

Health and Education cess is levied at the rate of 4% on the amount of income tax plus surcharge.

Special Tax Rates

Sections	Tax Rate
115BA	25%
115BAA	22%
115BAB	15%

The rate of surcharge in case of a company opting for taxability under section 115BAA or Section 115BAB shall be flat 10% irrespective of amount of total income. The health and education cess shall be 4 percent on the amount of tax and surcharge.

The information stated above is based on the general understanding of direct tax laws in force in India. However, the Client is advised to consult his/her/their tax consultant for tax treatment of the nature of income indicated therein.

Details under FATCA/Foreign Tax Laws

Tax Regulations require us to collect information about each investor's tax residency. If you have any questions about your tax residency, please contact your tax advisor. Foreign Account Tax Compliance provisions (commonly known as FATCA) are contained in the US Hire Act 2010. Applicants (Including joint holders, Guardian, POA holder) are required to refer and mandatorily fill/sign off a separate "FATCA declaration form". Applications without this information / declaration being filled/signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided / declaration in the application form may undergo a change on receipt of communication / guidelines from SEBI.

13) Accounting policies

Following key accounting policies shall be followed:

- All investments will be marked to market.
- In determining the holding cost of investments and the gains or loss on sale of investments, the 'first in first out' method shall be followed.
- The cost of investments acquired or purchased would include brokerage, stamp charges and any charge customarily included in the broker's contract note.

- Accounting norms prevalent in the portfolio management services industry and as may be prescribed/applicable from time to time.

14) Investors services

The Portfolio Manager seeks to provide the portfolio clients a high standard of service. The Portfolio Manager is committed to put in place and upgrade on a continuous basis the systems and procedures that will enable effective servicing through the use of technology. The Client servicing essentially involves: -

- Reporting portfolio actions and client statement of accounts at pre-defined frequency;
- Attending to and addressing any client query with least lead time;
- Ensuring portfolio reviews at predefined frequency.

Name, address and telephone number of the investor relation officer who shall attend to the investor queries and complaints:

Name	Pawan Bharadia
Address	Equitree Capital Advisors Private Limited 301, Tree Building 28, Above Mercedes Benz Service Centre, Raghuvanshi Mills, S.B.Marg, Lower Parel, Mumbai- 400013
Contact No	+91 22 49726816
Email id	pawan.b@equitreecapital.com

Grievance redressal and dispute settlement mechanism:

The aforesaid personnel of the Portfolio Manager shall attend to and address any client query/concern/grievance at the earliest. The Portfolio Manager will ensure that this official is vested with the necessary authority and independence to handle client complaints.

The aforesaid official will immediately identify the grievance and take appropriate steps to eliminate the causes of such grievances to the satisfaction of the client. Effective grievance management would be an essential element of the Portfolio Manager's portfolio management services and the aforesaid official may adopt the following approach to manage grievance effectively and expeditiously:

1. **Quick action-** As soon as the grievance arises, it would be identified and resolved. This will lower the detrimental effects of grievance.
2. **Acknowledging grievance-** The aforesaid officer shall acknowledge the grievance put forward by the Client and look into the complaint impartially and without any bias.
3. **Gathering facts-** The aforesaid official shall gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts shall be maintained so that these can be used in later stage of grievance redressal.
4. **Examining the causes of grievance-** The actual cause of grievance would be identified. Accordingly, remedial actions would be taken to prevent repetition of the grievance.

5. **Decision-making** – After identifying the causes of grievance, alternative course of actions would be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure would be analysed and accordingly decision should be taken by the aforesaid official. The aforesaid official would execute the decision quickly.
6. **Review** – After implementing the decision, a follow-up would be there to ensure that the grievance has been resolved completely and adequately.

Grievances/concerns, if any, which may not be resolved/satisfactorily addressed in aforesaid manner shall be redressed through the administrative mechanism by the designated Compliance Officer, namely Suneet Kabra and subject to SEBI (Portfolio Managers) Regulations 2020 and any amendments made there to from time to time. The Compliance Officer will endeavor to address such grievance in a reasonable manner and time. The coordinates of the Compliance Officer are provided as under:

Name	Suneet Kabra
Address	Equitree Capital Advisors Private Limited 301, Tree Building 28, Above Mercedes Benz Service Centre, Raghuvanshi Mills, S.B.Marg, Lower Parel Mumbai- 400013
Contact No	+91 22 49726816
Email id	skabra@equitreecapital.com

If the client still remains dissatisfied with the remedies offered or the stand taken by the Compliance Officer, the Client and the Portfolio Manager shall abide by the following mechanisms:

Any dispute unresolved by the above internal grievance redressal mechanism of the Portfolio Manager, can be submitted to arbitration under the Arbitration and Conciliation Act, 1996. The arbitration shall be before three arbitrators, with each party entitled to appoint an arbitrator and the third arbitrator being the presiding arbitrator appointed by the two arbitrators. Each party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. Further, the cost of appointing the presiding arbitrator will be borne equally by both the parties. Such arbitration proceedings shall be held at Mumbai and the language of the arbitration shall be English. The Courts of Mumbai shall have exclusive jurisdiction to adjudicate upon the claims of the parties.

Without prejudice to anything stated above, the Client can also register its grievance/complaint through SCORES (Sebi Complaints Redress System), post which SEBI may forward the complaint to the Portfolio Manager and the Portfolio Manager will suitably address the same.

15) Details of investments in the securities of related parties of the portfolio manager

NA

16) Details of the diversification policy of the portfolio manager

Equitree focusses on investing in small and micro cap emerging businesses with strong fundamentals and bright prospects whose full potential is yet to realize in the market. This reliance in strong fundamentals provides downside protection against volatility in market. For managing diversification risk, It follows a disciplined hard cap of not more than 10% allocation in a single company and not more than 25% in a single sector. From an exit management perspective, It also generally do not buy more than 1-5% of the company's market cap.

17) General

Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 ('**PML Act**') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 and Master Circular dated December 31, 2010 has mandated that all intermediaries including Portfolio Managers should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by Clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by Clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring *inter alia* maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). SEBI has further strengthened the KYC and client risk assessment requirements under its circular no. CIR/MIRSD/1/2014 dated March 12, 2014. The PMLA, Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended and modified from time to time, the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'PML Laws'.

The Client(s), including guardian(s) where Client is a minor, should ensure that the amount invested through the services offered by the Portfolio Manager is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, 1961, PML Laws, Prevention of Corruption Act, 1988 and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under.

To ensure appropriate identification of the Client(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the Portfolio Manager (itself or through its

nominated agency as permissible under Applicable Laws) reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. The Client agrees to provide all information and submit to the Portfolio Manager, or its agent, all documents as may be required to verify the Client's identity and comply with its KYC and PML policies. The Portfolio Manager may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the Portfolio Manager to satisfy themselves of the investor(s) identity, address and other personal information.

The Client(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the Client(s) including *inter alia* identity, residential address(es), occupation and financial information by the Portfolio Manager. The Portfolio Manager shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND (and any other competent authorities and self-regulating bodies) that it believes are suspicious in nature within the purview of the PML Laws and/or on account of deficiencies in the documentation provided by the Client(s) and the Portfolio Manager shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the persons becoming the Client by virtue of operation of law e.g. transmission, etc.

The Portfolio Manager will not seek fresh KYC from the Clients who are already KRA compliant and the ones who are not KRA compliant, the information will be procured by the Portfolio Manager and uploaded.

The KYC requirements shall also be applicable for all joint holders, legal representatives, legal heirs, estates, nominees of the Client. The KYC documentation requirements shall also be complied with by the person(s) becoming beneficial owner of the account by virtue of operation of law for e.g. transmission cases and nominees/legal heirs on the death of the Client. In case of minor Client, KYC documentation requirements shall be complied by the Client on attaining the "major" status.

The Portfolio Manager, and its directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the client account/rejection of any application or mandatory repayment/returning of funds due to non-compliance with the provisions of the PML Laws and KYC policy and/or where the Portfolio Manager believes that transaction is suspicious in nature within the purview of the PML Laws and/or for reporting the same to FIU-IND.

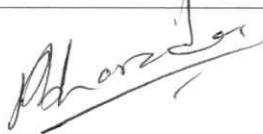

Client Information

The Portfolio Manager shall presume that the identity of the Client and the information disclosed by the Client is true and correct. It will also be presumed that the funds invested by the Client through the services of the Portfolio Manager come from legitimate sources / manner and the investor is duly entitled to invest the said funds.

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the investments are made and/or registered, the Client shall provide an undertaking that the Client is holding the funds/Securities in his name is legally authorized /entitled to invest the said funds through the services of the Portfolio Manager, for the benefit of the beneficiaries.

Notwithstanding anything contained in this Document, the provisions of the Regulations, PML Laws and the guidelines there under shall be applicable. Clients/Investors are advised to read the Document carefully before entering into an Agreement with the Portfolio Manager.

For and on behalf of Equitree Capital Advisors Private Limited

Pawan Bharadia (Director)	:	
Suneet Kabra (Director)	:	

Place: Mumbai
Dated: 19th June 2023



CERTIFICATE

We have been requested by Equitree Capital Advisors Private Limited (the Company), having Corporate office at 301, Tree Building 28, Above Mercedes Benz Service Centre, Raghuvanshi Mills, S.B.Marg, Lower Parel, Mumbai-400013 to certify the contents and information provided in the Disclosure Document required to be filed with the Securities and Exchange Board of India (SEBI) as per Regulation 22, Schedule V of SEBI (Portfolio Managers) Regulation, 2020.

We have verified the details with the respective documents provided by the Management of the Company and have relied on various representations made to us by the Management wherever necessary.

Based on our verification of the records and information provided to us, we certify that the contents and information provided in the Disclosure Document dated 19th June 2023 are true, fair and adequate as required under Regulation 22 and Schedule V of SEBI (Portfolio Managers) Regulations, 2020.

For N H Variava & Co.
Chartered Accountants

Niraj Variava
Proprietor
M. No. 146176
Place : Vasai
Date : 20/06/2023
UDIN: 23146176BGXECC9392

