

EQUITREE CAPITAL ADVISORS

A Historical Legacy Bringing a Blend of Rich Entrepreneurial and Investing Experience



Pawan Bharaddia
founder

Today, the story that we, at Insight Success, present is of friendship. It is a story of two long-time friends that embarked on a business journey. We would like you to meet **Pawan Bharaddia** and **Ssuneet Kabra** who founded **Equitree Capital Advisors Private Limited** eight years ago.

Introduced as a proprietary investment office, Equitree focuses on investing in small and micro-cap companies. The company works around this with a private equity approach. With an enviable track record of over eight years, Equitree has seen both bull and bear phases in the market. Recently, it has morphed into a SEBI registered Portfolio Manager. Further, it has also begun to accept third-party funds from like-minded investors.

The firm follows the classical fundamental and deep value investment strategy. Its **Equitree Emerging Opportunities** scheme adheres to this philosophy to the hilt. Within EEO, it invests typically in the market range of Rs. 500-10000cr with the following characteristics:

- Inherent and visible growth of approx. 20-25% during our holding period
- Committed and passionate promoters with a zeal to scale up

- business
- Under invested / under-researched by the markets
- Attractive valuations

A Friendship that Shaped Equitree

Pawan Bharaddia and Ssuneet Kabra, both are Chartered Accountants by education. They bring over 40 years of collective experience in investing and allied activities.

Pawan commenced his career with global organizations such as JP Morgan Chase and ABN Amro. Later, in 2002 he started investing in private equity when it was still in a nascent stage in India. Since then, he has had success in investments in small and micro-cap companies.

Ssuneet, on the other hand, has been an in-house advisor to a range of small and micro-cap organizations. He has also dabbled into the entrepreneurial role himself, managing his family businesses. Further, he has also been an astute and successful investor in real estate.

Both of them bring a unique combination of *touch and feel* of how the Indian Businesses work on the ground. They also make sure not to go by the *bookish* investment philosophies. This differentiation has

become a cornerstone of Equitree's success.

Under their able leadership, Equitree has been able to identify emerging businesses promptly. Alongside, it has risen to the growth journey by creating alpha returns.

Eight Years of Success

Investing since 2012, the firm understands the importance of a timely exit. Within eight years, the firm has liquidated its entire portfolio and returned the entire sum to investors twice. It has also generated an IRR of 42% on the first and 37% on the next exit.

Equitree gives paramount importance to research and to remain cognizant of developments. The conviction in the research data has helped the company to remain confident and hold investments even in difficult market scenarios. *“Even when the small and mid-caps saw ruthless corrections, we remained confident in the companies held by us. This conviction, which allows us to not only hold investments but also add more even when the markets aren't rewarding, is what helps achieve the returns we do,”* says the duo.

A Transparent Vision

Equitree believes that there will be a shift in investing relative to technology. The hype around AI replacing active investing is similar to the shift in the auto industry towards self-driving cars. Yet, it also believes that it will take years before it can attract a sizeable chunk of investments in an emerging

economy. The company cites an example of our nation where the majority of the population hasn't invested in the mutual funds.

Secondly, the algorithmic-based investment strategies would favor traders and will hardly impact long-term businesses.

Thirdly, algorithm-based decisions wherein an event triggered a buyer or seller will increase the volatility across markets rather than providing a precise decision.

The firm believes that the technology will bring competition for those who rely on short-term investment decisions making rather than relying on the understanding of business models.

“Though these algorithms and software could be an interesting investment tool, the probability of them being able to successfully replace the human element of fundamental investing seems low. The Indian markets are highly sentimental markets, driven by emotions, this cannot be factored into algorithms. While certain software are helpful in data mining, and these software will assist us in investing, we don't believe technology will eliminate the human component in fundamental investing,” say Pawan and Ssuneet.

Thoughts about Tomorrow


Equitree Capital Advisors Limited will continue to search for fundamentally strong investible ideas. For upcoming years, the firm wishes to deliver strong



Suneet Kabra
founder

performances even in the lackluster environments. *“We believe this is the period during which if we were to invest in sensible and solid businesses, we could generate handsome returns over the next couple of years, as the economy and markets revive.”*

Contrary to what most people believe and fear, the markets will not remain tepid incessantly. We wait for consumer spending to revive and catalyze the growth cycle,” conclude Pawan and Ssuneet.

Visit www.equitreecapital.com to learn more. 

“Our Equitree Emerging Opportunities scheme adheres classical fundamental, deep value investment strategy to the hilt”