

STEPTRADE REVOLUTION FUND
SCHEME OF STEPTRADE FUND
CATEGORY III ALTERNATIVE INVESTMENT FUND
[SEBI Registration Number: IN/AIF3/23-24/1330]

Annual Report for the financial year ended March 31, 2024

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STEPTRADE REVOLUTION FUND SCHEME OF STEPTRADE FUND CATEGORY III AIF

DISCLAIMER

This report may contain forward looking statements. Due to various risks and uncertainties, actual events or results may differ materially from those contemplated in such forward-looking statements.

*The purpose of this report is to provide general information to prospective or current investors regarding the **STEPTRADE REVOLUTION FUND** Scheme of STEPTRADE FUND (the "Fund"). It does not purport to contain all the information that a prospective or current investor may need or require. This report is intended for the use of current or prospective investors only to whom it is addressed and who is willing and eligible to invest in the Fund.*

This report is for informational purposes only and should not be regarded as an official opinion of any kind or a recommendation. In considering the performance information contained herein, prospective investors should bear in mind the past performance is not necessarily indicative of future results and there can be no assurance that the Fund will achieve comparable results or that the Fund will be able to implement its investment strategy and investment approach or achieve its investment objective.

*This report is not an offer to sell units/securities of any investment fund or a solicitation of offers to buy any such securities. Securities/units of the **STEPTRADE REVOLUTION FUND** are offered to selected investors only by means of a complete private placement memorandum/information memorandum and related subscription materials, which contain significant additional information about the terms of an investment in the Funds (such documents, the "**Offering Documents**"). Any decision to invest must be based solely upon the information set forth in the Offering Documents, regardless of any information investors may have been otherwise furnished, including this report.*

An investment in any strategy, including the strategy described herein, involves a high degree of risk. Returns are dependent on prevalent market factors, liquidity and credit conditions. The aimed returns mentioned anywhere in this document are purely indicative and are not promised or guaranteed in any manner. Instrument returns depicted are in the current context and may be significantly different in the future. There is no guarantee that the investment objective will be achieved. Past performance of these strategies is not necessarily indicative of future results. There is possibility of loss and all investment involves risk including the loss of principal. Securities/units of the Fund are not registered with any regulatory authority, are offered pursuant to exemptions from such registration, and are subject to significant restrictions.

The Manager makes no report as to the accuracy or completeness of such information. Opinions, estimates and projections in this report constitute the current judgment of the Manager and are subject to change without notice. Any projections, forecasts and estimates contained in this report are necessarily speculative in nature and are based upon certain assumptions. It can be expected that some or all of such assumptions will not materialize or will vary significantly from actual results. Accordingly, any projections are only estimates and actual results will differ and may vary substantially from the projections or estimates shown. This report is not intended as a recommendation to purchase or sell any commodity or security. The Manager has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The Manager or any of its directors or principal officers/employees do not assure/give guarantee for any accuracy of any of the facts/ interpretations in this report and shall not be liable to any person including the beneficiary for any claim or demand for damages or otherwise in relation to this opinion or its contents.

There can be no guarantee that the position regarding taxation of the Fund and taxation of the investors of the Fund would be necessarily accepted by the concerned tax authorities. Prospective investors are urged to consult their own tax advisers in this regard.

STEPTRADE REVOLUTION FUND SCHEME OF STEPTRADE FUND CATEGORY III AIF

The contents of this report should not be treated as advice relating to investment, legal or taxation matters. It is recommended that, prospective investors consult their stockbroker, banker, legal adviser and other professional adviser and the other professional advisers to understand the contents of this report. This report is qualified in its entirety by the private placement memorandum/information memorandum and other related documents, copies of which will be provided to prospective investors.

Each prospective investor is hereby invited to meet and/or ask questions to the representatives of the Manager concerning the terms and conditions of making investment and to request any additional information, which such representatives possess or can acquire without unreasonable effort or expense. Investment in the Fund will involve significant risks due to, among other things, the nature of the Fund's investments. All investors must read the detailed private placement memorandum/information memorandum including the risk factors therein, before making any investment decision/contribution to the Fund.

This report is strictly confidential and may not be reproduced or redistributed in whole or in part nor may its contents be disclosed to any other person, without the express consent of the Manager.

FUND MANAGER'S MESSAGE

Dear Investor,

It is with great pleasure that we share with you the annual report of **STEPTRADE REVOLUTION FUND** for the year 2024. This year has been marked by resilience, adaptability, and most significantly, growth. We have remained committed to our mission of identifying and nurturing investing companies with the strong fundamentals, attractive valuations and sustainable business practice.

The fund follows a benchmark agnostic diversified portfolio approach with bias towards high-quality of listed and unlisted equity and equity related securities. It invests in companies with strong fundamentals, attractive valuations and Sustainable business practices. We also conduct in-depth research on investee companies to identify those with strong fundamentals and attractive valuations and additionally integrates ESG (environmental, social, and governance) factors into its investment process. Furthermore, before making any investment decisions we also consider the management quality, earnings potential, events/trends.

The Fund evaluates business fundamentals of investee companies by assessing factors which have the combination of strong growth potential, have a competitive advantage in their industry, strong management team, interests of the shareholders are aligned with the interests of the management team, manage their capital prudently and the potential for improved profitability of its market leaders.

As we navigate the ever-evolving landscape of investments, we remain vigilant yet optimistic about the opportunities that lie ahead. Our dedication to rigorous due diligence, prudent risk management, and active portfolio management continues to be the cornerstone of our success.

We extend our sincere gratitude to our investors for their unwavering support and trust. Your confidence us to strive for excellence and innovation in everything we do. Together, we are not just investing, we are shaping the future of entrepreneurship and making a meaningful impact on the world.

Thank you for being part of this remarkable journey of growth and innovation. Our team is here to address any questions or concerns you may have regarding this report or any other matter. Your support and understanding are greatly appreciated.

Regards,



Ankush Kumar Jain
Fund Manager of STEPTRADE REVOLUTION FUND

STEPTRADE REVOLUTION FUND SCHEME OF STEPTRADE FUND CATEGORY III AIF

REPORT TO INVESTOR

As per Regulation 22(g) read with regulation 22(h) of the SEBI (Alternative Investment Funds) Regulations, 2012 ("SEBI AIF Regulations"), an Alternative Investment Fund shall provide on an annual basis, report to investors which reflect financial information of investee companies and material risks associated with the investment which as follows;

A. FINANCIAL INFORMATION:

This report also covers the financial performance of our investee companies. As this marks the first year of our fund's investment in these companies, comparisons on a year-to-year basis lack the perspective of Investment Manager involvement and are solely based on data received from the investee companies. Below, you will find the standalone financial information of the investee companies;

1. NHPC Ltd.

Particulars	FY23	9MFY24
Revenue from Operations	11284.9	8673.7
EBITDA	6945.6	5,121.60
EBITDA Margin (%)	61.55%	59.05%
PAT	3890	3,074.70
PAT Margin (%)	34.47%	35.45%

2. Sona Machinery Ltd.

Particulars	FY23	FY24
Revenue from Operations	80.84	-
EBITDA	12	-
EBITDA Margin (%)	14.84%	-
PAT	7.7	-
PAT Margin (%)	9.52%	-

3. Medico Remedies Limited

Particulars	FY23	FY24
Revenue from Operations	144.4	145
EBITDA	13.6	15.00
EBITDA Margin (%)	9.42%	10.34%
PAT	7.2	8.30
PAT Margin (%)	4.99%	5.72%

4. Shree Karni Fabcom Limited

Particulars	FY23	6MFY24
Revenue from Operations	-	-
EBITDA	-	-
EBITDA Margin (%)	-	-
PAT	-	-
PAT Margin (%)	-	-

5. J G Chemicals Limited

Particulars	FY23	FY24
Revenue from Operations	256.6	244.6
EBITDA	23.6	17.70
EBITDA Margin (%)	9.20%	7.24%
PAT	15.8	10.80
PAT Margin (%)	6.16%	4.42%

6. PAR Drugs and Chemicals Limited

Particulars	FY23	FY24
Revenue from Operations	95.7	95.6
EBITDA	18.4	23.10
EBITDA Margin (%)	19.23%	24.16%
PAT	11.3	14.50
PAT Margin (%)	11.81%	15.17%

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7. Pune E-Stock Broking Limited		
Particulars	FY23	FY24
Revenue from Operations	31.7	64.7
EBITDA	10.4	17.60
EBITDA Margin (%)	32.81%	27.20%
PAT	6.3	11.60
PAT Margin (%)	19.87%	17.93%

8. SAR Televentures Limited		
Particulars	FY23	H1FY24
Revenue from Operations	32.5	35.78
EBITDA	5.8	5.23
EBITDA Margin (%)	17.85%	14.62%
PAT	3.9	4.06
PAT Margin (%)	12.00%	11.35%

9. Basilic Fly Studio Limited

Particulars	FY23	FY24
Revenue from Operations	100.3	70.2
EBITDA	51.7	36.70
EBITDA Margin (%)	51.55%	52.28%
PAT	36.2	26.40
PAT Margin (%)	36.09%	37.61%

10. Signoria Creation Limited

Particulars	FY23	6MFY24
Revenue from Operations	19.15	6.53
EBITDA	3.86	1.17
EBITDA Margin (%)	20.16%	17.92%
PAT	2.31	0.65
PAT Margin (%)	12.06%	9.95%

11. Enfuse Solutions Limited

Particulars	FY23	6MFY24
Revenue from Operations	26.1	15.02
EBITDA	5	2.77
EBITDA Margin (%)	19.16%	18.44%
PAT	2.9	1.78
PAT Margin (%)	11.11%	11.85%

12. HCL Technologies Limited

Particulars	FY23	FY24
Revenue from Operations	101456	109913
EBITDA	23986	25,693.00
EBITDA Margin (%)	23.64%	23.38%
PAT	14851	15,702.00
PAT Margin (%)	14.64%	14.29%

13. Wipro Limited

Particulars	FY23	9MFY24
Revenue from Operations	90487.6	92391.1
EBITDA	19119.3	19,406.60
EBITDA Margin (%)	21.13%	21.00%
PAT	11350	11,045.20
PAT Margin (%)	12.54%	11.95%

14. Yash Optics and Lens Limited

Particulars	FY23	6MFY24
Revenue from Operations	39.7	18.66
EBITDA	12.6	6.94
EBITDA Margin (%)	31.74%	37.19%
PAT	8.1	4.23
PAT Margin (%)	20.40%	22.67%

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15. Indo Borax & Chemical Limited

Particulars	FY23	FY24
Revenue from Operations	215	145.9
EBITDA	68.7	39.20
EBITDA Margin (%)	31.95%	26.87%
PAT	50.4	27.10
PAT Margin (%)	23.44%	18.57%

16. Kothari Petro Chem Limited

Particulars	FY23	9MFY24
Revenue from Operations	482.1	435.1
EBITDA	63.4	75.70
EBITDA Margin (%)	13.15%	17.40%
PAT	39.2	48.60
PAT Margin (%)	8.13%	11.17%

17. Naman in Store (India) Limited

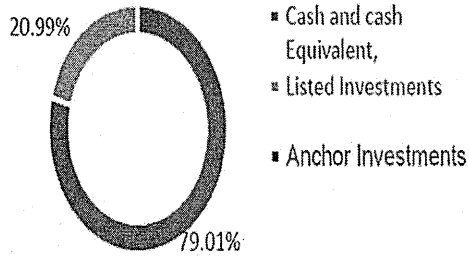
Particulars	FY23	6MFY24
Revenue from Operations	149.8	79
EBITDA	11.1	13.00
EBITDA Margin (%)	7.41%	16.46%
PAT	4.4	6.00
PAT Margin (%)	2.94%	7.59%

* DISCLAIMER

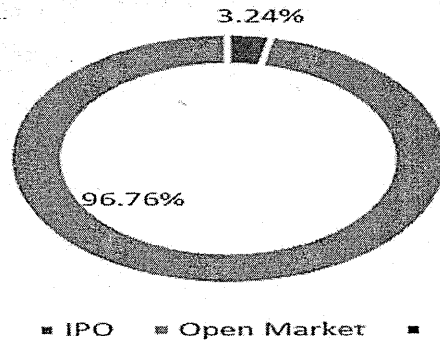
- It is hereby disclosed that two or more schemes managed by Steptrade Share Services Private Limited, Investment Manager may, from time to time, invest in the same security. The investment decisions for each scheme are made independently in accordance with their respective investment objectives, strategies, and policies. The investment decisions are made without any influence or consideration of the holdings of other schemes.
- The Fund commits to full transparency with our investors. Detailed information about the portfolio holdings and the investment activities of each scheme is provided regularly through our periodic reports. Investors are encouraged to review these reports to understand the overlapping investments and the measures taken to manage potential conflicts of interest.
- The Fund has established robust compliance and oversight mechanisms to monitor and manage conflicts of interest.
- The Fund is committed to addressing any investor concerns and providing clarifications as needed.
- By maintaining high standards of transparency and fairness, we aim to protect the interests of all our investors.

STEPTRADE REVOLUTION FUND SCHEME OF STEPTRADE FUND CATEGORY III AIF

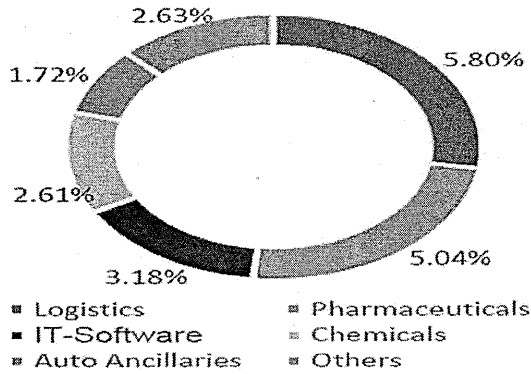
Investments by Type



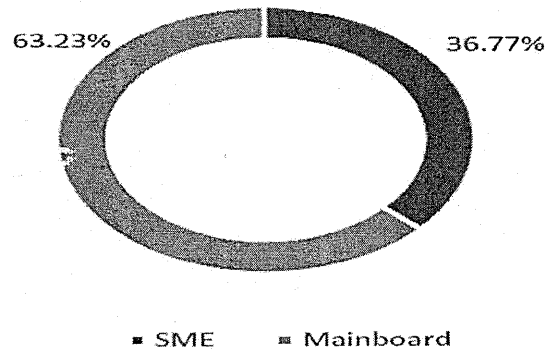
Investments by Stage



Investments by Sector



Investments by platform



Portfolio Allocations

Portfolio Company	Invested Amount	Market Value	% Commitment	% of AUM
Anchor Allocations	0.00	0.00	0.00%	0.00%
Gconnect Logitech and Supply	1.38	1.34	5.75%	5.58%
Medico Remedies	1.08	1.14	4.48%	4.74%
Steel Strips Wheels Ltd	0.41	0.40	1.71%	1.69%
HCL Technologies	0.39	0.39	1.62%	1.61%
Indo Borax & Chemical	0.33	0.36	1.36%	1.52%
J.G. Chemicals	0.30	0.35	1.23%	1.45%
Other Investments	1.12	1.18	4.67%	4.91%
Listed Allocations	5.00	5.15	20.82%	21.50%
Cash & Cash Equivalent	18.82	18.82	78.40%	78.50%
Total	23.81	23.97	99.22%	100.00%

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B. EXPOSURE TO VARIOUS RISKS AND ITS MANAGEMENT;

In adherence to Regulation 22(g) of the SEBI (Alternative Investment Funds) Regulations, 2012, we have outlined below the material risks associated with our scheme and their management strategies:

1. Concentration Risk at fund level:

The Fund has not invested more than the regulatory limit of 10% in a single investee company as on 31st March 2024. Accordingly, the Fund has negligible concentration risk since it is at inception stage and has a long way to go and complete its term. To further mitigate this risk, the Fund will endeavour to have a fair degree of diversification in its asset type with varying exit horizons.

2. Foreign exchange risk at fund level:

The Fund is India based domiciled focused fund. All the NRI investors transfer their Fund from NRI Account in India to the bank account of the Fund at the time of drawdown in Rupees. The Fund receives such funds and deploys in INR denominated securities. Thus, at the Fund level i.e. between the Fund and the investee company level, there is no transaction in foreign currency and therefore, there is no direct foreign exchange risk.

3. Leverage risk at fund and investee company levels:

The Fund has not taken any leverage and therefore there is no leverage risk at the fund level.

4. Realization risk (i.e. change in exit environment) at fund and investee company levels:

As an open-ended fund, the fund invests in both listed and unlisted securities. At Fund Level the following is adopted to mitigate realisation risks;

- **Diversification:** Fund has diversified its investments to spread risk across different sectors or geographies.
- **Market Monitoring:** Continuously monitoring market conditions and industry trends to time exits better.

At Investee Company level the following realisation risks may occur which may impact the exit environment;

- **Company Performance:** The performance and growth prospects of the company are paramount. The investee company may underperform or face operational issues.
- **Industry Trends:** Changes in industry dynamics, such as technological advancements or shifts in consumer preferences, can impact the company's valuation and exit potential.
- **Economic Conditions:** Broader economic factors, like recession or inflation, can affect the company's market value and the timing of an exit.
- **Competitive Landscape:** Increased competition or new market entrants can reduce the company's market share and appeal.
- **Valuation Multiples:** Changes in how companies are valued within the industry (valuation multiples) can influence the expected return on exit. For example, if similar companies are being sold at lower multiples, it can negatively impact the exit valuation.

However, it's important to note that realization risk is presently not applicable as the fund is still in its deployment stage. Investors in this fund have the option to exit after a designated lock-in period.

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The Fund has adopted robust due diligence and portfolio diversification practices which are essential to mitigate the impact of realization risk and safeguard investor interests in fund.

5. Strategy risk (i.e. change in or divergence from business strategy) at investee company level:

- a. Market Volatility: Many Companies operate in dynamic markets where demand, competition, and regulations can rapidly change. A risk arises when investee companies fail to adapt their strategies to mitigate the impact of market volatility, leading to revenue fluctuations and decreased profitability.
- b. Limited Resources: Investee Companies which have limited financial and human resources compared to larger corporations. This poses a risk as investee companies may struggle to scale operations, innovate, or withstand economic downturns without adequate resources.
- c. Competitive Pressures: In crowded markets, Investee Companies face intense competition from both established players and new entrants. Failure to differentiate their products/services, build strong customer relationships, or innovate can result in market share erosion and diminished growth prospects.
- d. Operational Challenges: Investee Companies may encounter operational hurdles such as supply chain disruptions, production inefficiencies, or regulatory compliance issues. Investee companies that fail to address these challenges promptly and effectively risk damaging their reputation and financial performance.
- e. Talent Acquisition and Retention: Investee Companies often face difficulties in attracting and retaining top talent due to limited resources and competition from larger firms. This talent risk can impede innovation, hinder growth, and weaken the company's competitive position.
- f. Dependency on Key Individuals: Many Investee Companies rely heavily on the expertise and leadership of key individuals, such as founders or key executives. A risk arises if investee companies lack succession plans or fail to mitigate the impact of key personnel departures on operations and strategic direction.
- g. Financial Management: Inadequate financial management practices, including poor cash flow management, high debt levels, or over-reliance on external funding, can expose investee companies to financial risks such as liquidity crises, bankruptcy, or inability to fund growth initiatives.
- h. Technological Disruption: Rapid advancements in technology can disrupt traditional business models and render existing products/services obsolete. Investee Companies that are slow to adopt or adapt to technological changes risk losing market relevance and being overtaken by more innovative competitors.
- i. Regulatory and Compliance Risks: Investee Companies must navigate a complex landscape of regulations and compliance requirements, which vary by industry and jurisdiction. Failure to stay abreast of regulatory changes or non-compliance with legal obligations can result in fines, legal disputes, and reputational damage.
- j. External Shocks: External factors such as natural disasters, geopolitical events, or global economic downturns can have a significant impact on investee companies' operations and financial stability. Investee companies that lack robust risk management strategies may struggle to weather external shocks and sustain long-term growth.

In light of the aforesaid strategy risks at investee level companies, there is no change or divergence from business strategy) at investee company level.

6. Reputation risk at investee company level:

The Investment Manager conducted in-depth research on investee companies to identify those with strong fundamentals and attractive valuations. The fund also takes an active approach to management which focuses on management track record especially in terms of corporate governance and promoter background of the investee company as a key parameter in selection of investee company. The fund seeks to outperform the market by identifying and investing in investee companies which are undervalued. We believe all the companies are well placed to not harm the society or the environment. The Fund is not aware of any developments at Investee Company level which have any adverse impact on its investments.

7. Extra-financial risks, including environmental, social and corporate governance risks, at fund and investee company level:

The Investment Manager believes that sustainability is an important factor for long-term investment success. As a result, it integrates ESG factors into its investment process so that the Fund generally does not invest in company which have environmental, social and corporate governance related issues or risk.

ADDITIONAL DISCLOSURES

TEAM UPDATES

There were no changes to the investment team in the financial year 2023-24.

INVESTMENT MANAGER AND FUND DECLARATIONS

The Investment Manager confirms that there has been no change in control of the Investment Manager during the reporting period and that the Fund's Sponsor holds continuing interest in the Fund in accordance with the SEBI AIF regulations. The Fund has paid management fees due for the financial year 2023-24 to the Investment Manager in the reporting period.

During the reporting period, there are no current or likely conflicts of interest that the Steptrade Revolution Fund or Investment Manager faced during the reporting period, nor has been there any inquiry or legal action that was initiated/pending by/at any legal or regulatory authority against the Investment Manager or Fund.

The Investment Manager has been in compliance with all restrictions in relation to borrowing of funds, and there has been no breach of provisions of the Fund documents or agreements with investors, as the case may be, during the reporting period. There has been no material change in information provided by the AIF to investors.

The Investment Manager has conducted a risk assessment exercise for the Fund and confirms that appropriate mitigants have been put in place to address all key material risks.