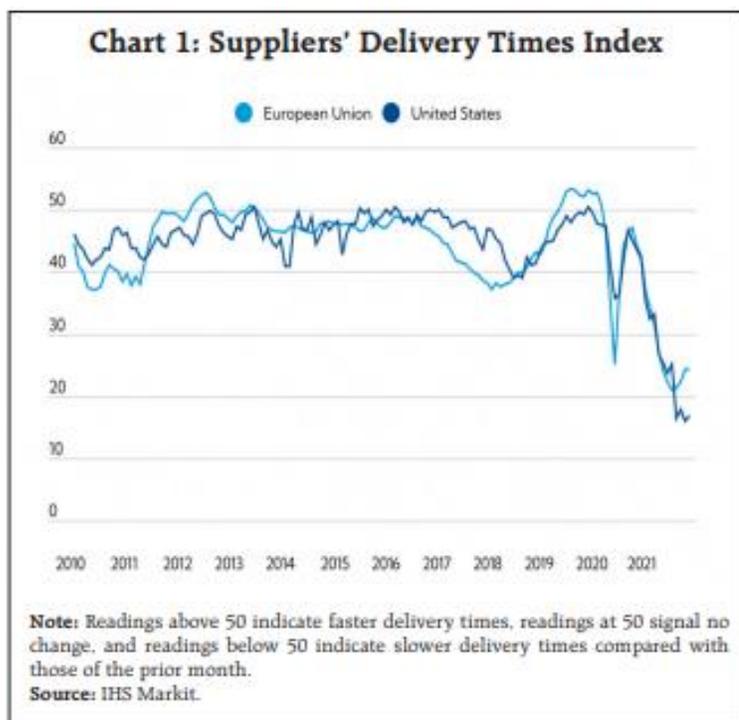


Portfolio Management Services

November 16, 2021



Volatility ruled supreme in the month of October as the markets rallied during the first half of the month only to give back all the gains during the latter half, globally the developed markets across the US and Europe clawed back from the previous months' correction while Asian markets continued to be under pressure.



Freight rates have corrected and the chip supply issue is signaling gradual normalization, natural gas prices have also corrected from recent highs and as the corrections boils over to crude oil as well this could substantially ease the raw material price pressure that we have seen across the board during the Q2 numbers announced by companies. Easing base metal prices and the crackdown by China resulting in substantial correction in coal prices should further help ease input price pressures being faced by most companies. Vegetable oil prices have also led the inflationary charge and have still not shown any weakness. The cut in taxes on petrol and diesel will have a calming effect on inflation.

Record horticulture crops production during 2020-21 is expected to bolster the availability of vegetables and fruits. Total horticultural crop production at 331.1 million tonnes (with recent upward revision of 0.4% over the 2nd

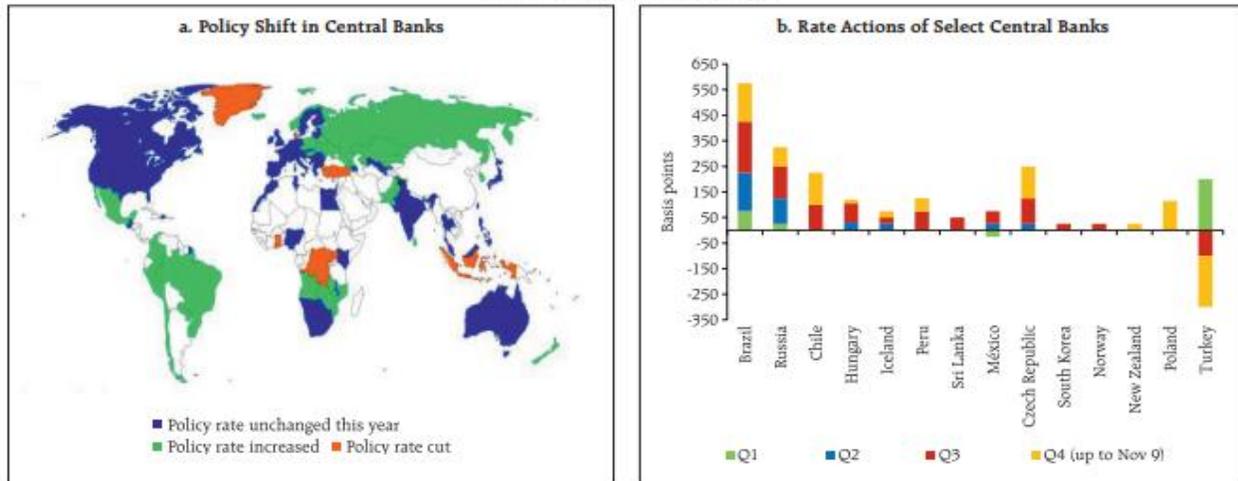
AE for 2020-21), marked a growth of 3.3% over the final estimates (FE) of 2019-20

While there are doubts still form various quarters regarding the nature of inflation, we believe that the above factors should result in inflationary pressures substantially easing over the next 1-2 months.

On the policy front, a distinct shift towards unwinding of pandemic-led stimulus is taking hold as inflation worries are rumbling more clearly than before. The US Fed, in its November meeting, announced the tapering of its asset purchases at a pace of US\$ 15 billion per month beginning mid-November. From the current pace of monthly purchase of US\$ 80 billion of Treasury securities and US\$ 40 billion of agency mortgage-backed securities (MBS), the taper will be of US\$ 10 billion in Treasury securities and US\$ 5 billion in agency MBS. The Bank of Canada in its October meeting left its policy rate unchanged but ended its weekly bond-buying programme of C\$ 2 billion. The Reserve Bank of Australia also dumped its policy of yield curve control as a signal to act against a post-pandemic surge in prices.

While bond yields, rallied higher in anticipation possible taper, they have since given up on some gains. The interest rate scenario globally seem to shifting to a higher rate trajectory though at a slow pace.

Chart 9: Monetary Policy



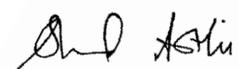
Sources: Bloomberg, and Central bank websites.h

RBI with the aim to gradually absorb excess liquidity from the system, has announced a calibrated increase in 14-day variable rate reverse repo (VRRR) amount from Rs 4 trn currently to Rs 6 trn by December 6th. This may be accompanied with different tenor VRRRs as needed to absorb liquidity on a durable basis, even as the Governor emphasised on keeping system liquidity in adequately surplus position (~Rs 2-3 trn).

As most high frequency indicators point to recovery and as valuations run into expensive territory and the supply bottlenecks ease we will start getting a realistic and holistic picture of the economic environment globally. How taper plays out and how it impacts this risk on rally is another aspect that needs to be closely monitored while the GOI policies and the US push on investments across the economy have the potential to boost long term growth rates. The GOI policies seem to be aiming at the right things and if properly implemented and executed have the potential to lay the groundwork for a solid decade of growth.

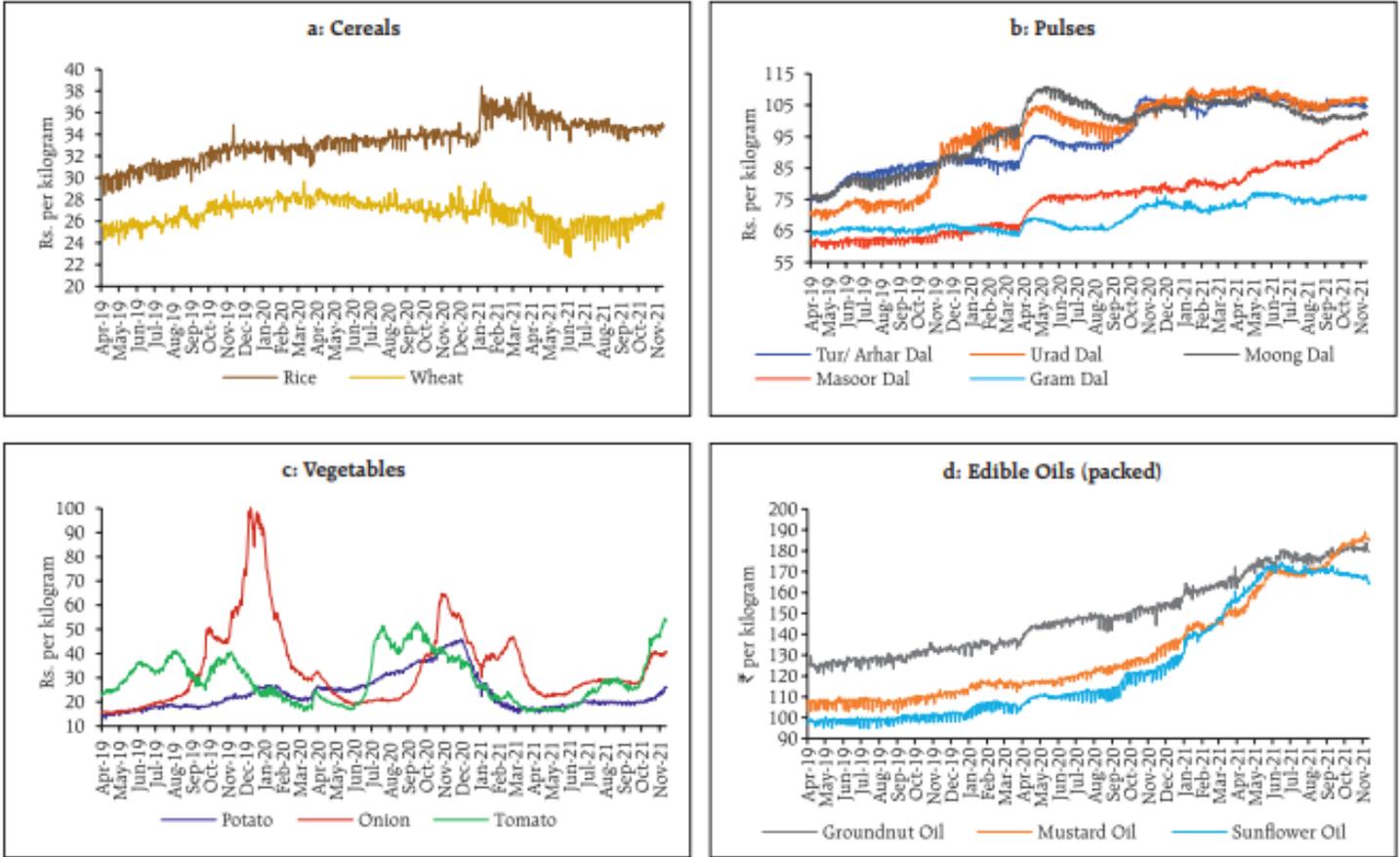
“In the short run, the market is a voting machine. In the long run, it is a weighing machine.”

- **Benjamin Graham**

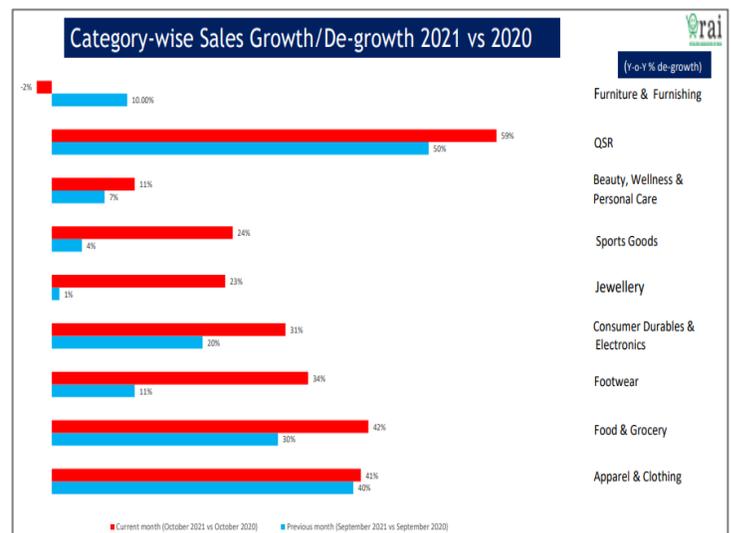
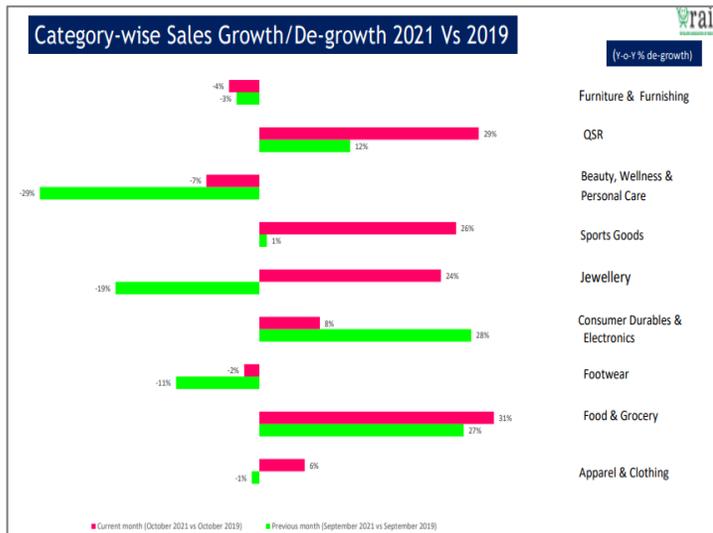


Sharad Avasthi
 Vice President – PCG, SMIFS Ltd.

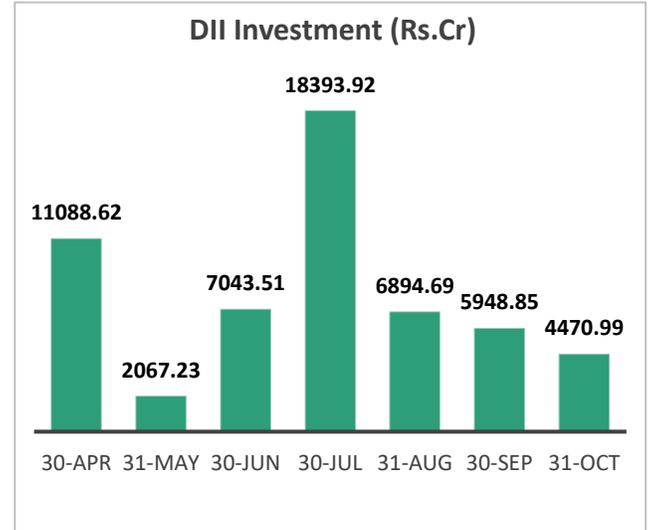
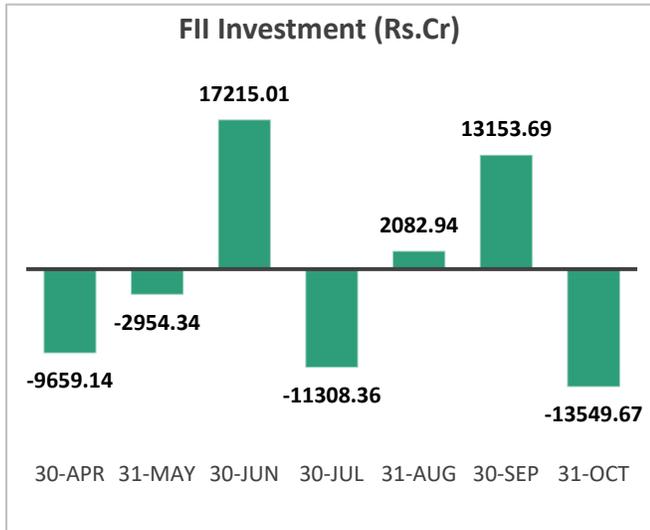
Chart 39: DCA Essential Commodity Prices



Sources: Department of Consumer Affairs, GoI; and RBI staff estimates.



Fund flows- Equities



EVERGREEN

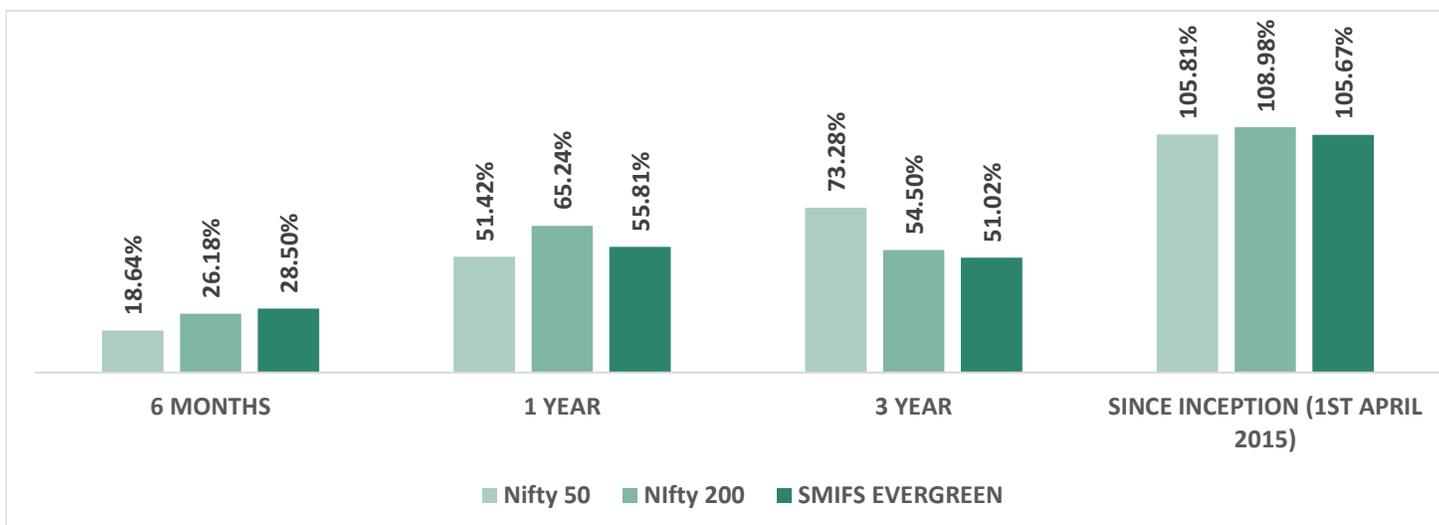
❖ Investment Objective

SMIFS EVERGREEN	
Investment Philosophy	To invest in companies with Growth at Reasonable Price
Risk Appetite	Minimal
Strategy	Invest in fundamentally strong companies available at affordable valuation in large, mid and small caps
Investment timeframe	2-3 years
Sectoral Bias	Across the spectrum with no particular bias
Maximum Weightage	Stock 15% and Sector 25%

❖ Details

Investment Committee & Members	: Mr. Rahul Kayan Mr. Ashwini Kumar Tripathi Mr. Sharad Avasthi
Strategy Type	: Open ended
Date of Inception	: 1st April 2015
Benchmark	: Nifty 200

❖ Absolute Return %



❖ Market Capitalization

	% Allocation
Largecap	24.46
Midcap	52.39
Smallcap	10.86

❖ Top 10 Holdings

Companies	% Allocation
Larsen & Toubro Ltd.	9.9
Nazara Technologies Ltd.	8.5
Bharti Airtel Ltd.	7.5
Can Fin Homes Ltd.	7.1
State Bank of India	7.1
AIA Engineering Ltd.	6.4
Aarti Industries Ltd.	6.4
Oracle Financial Services Software Ltd.	5.8
Ador Welding Ltd.	5.2
Vaibhav Global Ltd.	5.2

❖ Top 3 Sectors

Sector	% Allocation
IT	14.2
BFSI	14.2
Capital Goods	16.0

Evergreen

State Bank of India

State Bank of India is a Fortune 500 company. The largest and oldest bank in India with over 200 years of history. The bank operates a network of 22,330 branches and ~58,000 ATMs across India. It also operates ~71,000 business correspondent outlets across India. The bank has a market share of 22.84% in deposits and 19.69% share in advances in India. It has a strong customer base of ~45 crore customers. Retail loans account for 39% of the loan book, followed by corporate (37%), SME (14%) and Agriculture (10%). The bank owns various subsidiaries which are engaged in related business activities :- SBI Capital Markets Ltd (100% stake) - SBICAP is a leading investment banker, offering investment banking and corporate advisory services to clients, This company further has wholly owned subsidiaries in related businesses viz. SBICAP Securities, SBICAP Trustee Co., SBICAP Ventures & others. 2. SBI DHFI Ltd (72% stake) - It is a primary dealer and supports the book building process and provide depth and liquidity to secondary markets in G-Sec. 3. SBI Cards and Payment Services Ltd (69% stake) - It is a non-banking financial company that offers extensive credit card portfolio to individual cardholders and corporate clients. 4. SBI Life Insurance Co. Ltd (57.6% stake) - It is one of the leading life insurance company in India which offers a wide range of individual and group insurance solutions that meet various life stage needs of customers. 5. SBI Funds Management Pvt Ltd (63% stake) - It is a JV between SBI and AMUNDI (France). It is an asset management company with the fastest CAGR of 33% as against industrial average of 14% in the last 3 years. 6. SBI General Insurance Company Ltd (70% stake) - It is a general insurance company which focuses on profitable growth in banc-assurance channel along with other distribution channels and line of businesses. It is first non-life insurance company in India to cross 6,000 crores in a decade of operations.

Canfin Homes

CFHL is promoted by Canara Bank which holds the majority stake of 29.99% in the company as on June 30, 2021. CFHL mainly focuses on loans to salaried and professional class which constituted of 73.2% of the total outstanding loan portfolio. Around 90.5% of the overall portfolio constitutes of housing loans, while the balance is made of mortgage loan/ loan against property and other top-up loans, top-up personal loans, etc. The company remains southern region focused with 114 out of 200 total branches located in south India and 69% of the total advances from southern states.

Ador Welding Ltd

Ador (formerly, Advani-Oerlikon) is a leading provider of high-quality welding equipment, consumables, automation solutions and training. Additionally, Ador has been in Flares & Process Equipment Division for more than 30+ years. . It offers wide variety (of over 200 types) of electrodes, fluxes, flux-cored wires and specially customized electrodes. The PEB division provides services like design, manufacture, erection and commissioning, mechanical, electrical and instrumentation of process packages, process equipment, flare system & components, LSTK (lump sum turnkey) projects and EPC (engineering, procurement and construction) contracts. With presence across 40+ countries in Middle east, Africa, and South east Asia, Ador maintains a robust sales and distribution network across the globe and provides solutions to a wide spectrum of industries including defense, shipbuilding, oil and gas, railways, infrastructure, nuclear energy, power and automotive sectors. The company has further augmented its distribution network to around 300+ distributors spread across India.

Bharti Airtel Limited

Bharti Airtel Ltd is one of the world's leading providers of telecommunication services with presence in 18 countries representing India, Sri Lanka, 14 countries in Africa. Revenue Breakup- Mobile (India) – 49.8%, Africa – 25.8%, Airtel business – 12.9%, Homes – 2.1%, Digital Services – 2.7%, Towers – 6.4%. It became the first telecom service provider to

demonstrate its capability to roll out 5G wireless services in India. Airtel business is India's largest player in the B2B connectivity space and serves over one million businesses with an integrated portfolio.

Nazara Technologies

A leading India-based diversified gaming and sports media platform with a presence in India and across emerging and developed global markets such as Africa and North America, with offerings across the interactive gaming, esports and gamified early learning ecosystems. The content is developed in-house for the Indian as well as global audience. Among the first entrants in the Indian market in esports (through Nodwin) and cricket simulation (through Nextwave). Amongst the few companies that have championed the case for esports in India.

They now command the greatest mindshare in the mobile cricket segment. Kiddopia remains one of the top downloaded gamified early learning apps in the United States.

Larsen & Toubro Ltd

Infrastructure segment accounts for ~75% of order book, followed by hydrocarbon (~14%), Power (~4%), Defence engineering (~2%), heavy engineering (1%) and others (4%). Domestic orders accounts for ~79% of order book, followed by Middle East (~13%) and others (~8%). The company's IT business is divided between its 3 subsidiaries :- a. L&T Infotech Ltd b. Mindtree Ltd & c. L&T Technology Services Ltd. The company's financial services business primarily comprises of rural finance, housing finance, wholesale finance, mutual fund and wealth management. The business is controlled by company's subsidiary L&T Finance Holdings Ltd.

AIA Engineering Ltd

They are into designing, developing, manufacturing and installation of abrasion and corrosion resistant castings. It's the Second Largest Hi-Chrome casting producer in the world. The company has 11 subsidiaries in countries including India, UAE, UK, USA, etc. The company's current capacity stands at 3,90,000 MT of high chrome mill internals. It is in the process of setting up a dedicated Greenfield plant for manufacture of Mill Lining with a capacity of 50,000 TPA.

Vaibhav Global Ltd

Company owns Shop LC for USA & Shop TJC for UK which are both 24 hour live shopping channels. Presently, about 67% of revenues comes from TV platform & the rest 33% revenues come from web platform.

Aarti Industries Ltd

The Company ranks among the top five globally for 75% of its portfolio and is a 'Global Partner of Choice' for various major global and domestic customers. Aarti Industries Limited manufactures and sells specialty chemicals and pharmaceuticals in India. The company also provides active pharmaceutical ingredients. The Company expects to have an investment of about Rs. 1,000-1,200 crores annually for next couple of years.

Oracle Financial Services Ltd

Oracle Financial Services Software Limited provides information technology (IT) solutions and business processing services to the financial services industry worldwide. It operates through three segments: Product Licenses and Related Activities, IT Solutions and Consulting Services, and Business Process Outsourcing Services.

HARVEST

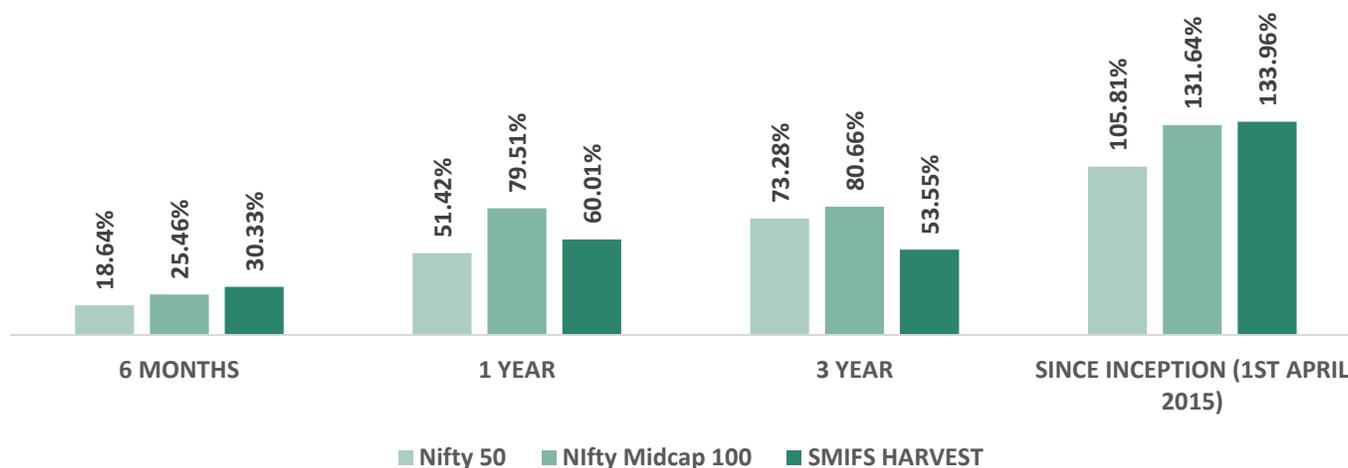
❖ Investment Objective

SMIFS HARVEST	
Investment Philosophy	To invest in companies considering calculated risk to achieve significant growth
Risk Appetite	Moderate
Strategy	Invest in identifiable growth stocks in mid and micro caps at an early stage so as to ride the surge in value at the right time
Investment timeframe	Medium to long term, from 6-18 months. Expect some churn arising out of investment review
Sectoral Bias	Focus on high growth sectors in India
Maximum Weightage	Stock 20% and Sector 30%

❖ Details

Investment Committee & Members	: Mr. Rahul Kayan Mr. Ashwini Kumar Tripathi Mr. Sharad Avasthi
Strategy Type	: Open ended
Date of Inception	: 1st April 2015
Benchmark	: Nifty Midcap 100

❖ Absolute Return %



❖ Market Capitalization

	% Allocation
Largecap	Null
Midcap	47.41
Smallcap	51.99

❖ Top 10 Holdings

Companies	% Allocation
India Pesticides Ltd.	8.4
Asian Energy Services Ltd.	7.0
Hester Biosciences Ltd.	6.7
Deepak Frt & Ptrchm Limited	5.8
Voltas Ltd.	5.6
Power Mech Projects Ltd.	5.3
MSTC Ltd.	5.3
KEI Industries Ltd.	4.4
Parag Milk Foods Ltd.	4.4
Natco Pharma Ltd.	4.1

❖ Top 3 Sectors

Sector	% Allocation
Chem & Fert	14.2
E comm	11.7
Healthcare	10.7

Harvest

Asian energy Services

Provides services to energy and minerals sector in India and internationally. It offers services, including 2D/3D land seismic acquisition, transition zone acquisition, on-site data processing, borehole and multi-client seismic, seismic consulting and interpretation, and wireless seismic and data acquisition in real time. The company also operates and maintains onshore and offshore oil and gas facilities. In addition, it offers various facilities, such as floating oil production units; floating, production, storage, and offloading; mobile oil production units; and onshore oil and gas terminals.

India Pesticides Ltd

India Pesticides Limited is one of the globally operating agro-chemical manufactures, since 1984. The company engages in the manufacture, sale, and distribution of fungicides, herbicides, insecticides, and various agrochemical products, as well as active pharmaceutical ingredients for use in pharmaceutical drugs. It also exports its products to Australia Europe, Africa, and Asia. The company is the sole Indian manufacturer and among the top five manufacturers globally for several Technicals

Hester Biosciences Ltd

The leading animal health care companies & the second largest poultry vaccine manufacturer in India. Founded by Mr. Rajiv Gandhi in 1987, it has now a presence in over 30 countries & has a key market in India, Nepal & Tanzania Partners with Bill & Melinda Gates Foundation, GALVmed, Golchha Organisation, Novapharma, etc.

Deepak Frt & Ptrchm Ltd

Produces and sells fertilizers and industrial chemicals in India. It operates through Chemicals, Bulk Fertilisers, Realty, and Windmill segments. The company also exports its products to approximately 27 countries across 6 continents. The crop nutrient business contributes 45.4% to revenues while the industrial chemicals business contributes 54.4% to revenues. The company also exports its products to approximately 27 countries across 6 continents. Largest manufacturer of Bentonite Sulphur and a market leader in speciality and water-soluble fertilisers in India

Voltas Limited

Part of the Tata Group, which holds 30.30% stake in the company. Voltas is present in the Mechanical, Electrical and Plumbing (MEP) and Heating, Ventilation and Air-Conditioning (HVAC) projects segments in the domestic and international (mainly West Asian) markets, as well as in the AC business in the domestic market. These two businesses account for ~95% of Voltas' revenues. Voltas is the undisputed market leader, with ~27% market share in Room Air Conditioners, manufacturing and marketing India's No.1 brand of Air Conditioners, with a substantial lead over numerous multi-national competitors. It also has a lead position in Commercial Refrigeration products and has forayed into Fresh Air Coolers, a new proposition in cooling.

Power Mech Projects Ltd

Largest O&M service provider in India, 110 On-going projects including 42 AMCs and 10 overseas projects. Presently Operates Pan-India with International operations spread across Middle East, North Africa, South Asia and Africa. Strategic foray into Railway, Rural Electrification, Water Projects and Cross Country Pipelines projects along with diversification into material handling & associated works leading to widening focus from Power to Non-Power sectors. 15,000 direct and 25,000 indirect work force and huge fleet of cranes and machines, it is capable of handling and executing over 4,00,000 MT annually while operating up to 55 sites simultaneously. Order backlog of ~16000 crs.

MSTC Ltd

MSTC (Metal Scrap Trade Corporation) Ltd undertakes trading activities, e-commerce and also disposal of ferrous and non-ferrous scrap, surplus stores, minerals, agri and forest products, etc. Trading/ Marketing Business (~41% of revenues). The company acts as a facilitator for procurement of raw material for secondary steel producers and petrochemical industry on behalf of buyers and charge mark-up on percentage basis. Scrap Recovery Business (~37% of revenues) The business is primarily undertaken through company's subsidiary and Joint Venture :-1. Ferro Scrap Nigam Ltd - The company is a wholly owned subsidiary that undertakes the job of recovery and processing of scrap from slag and refuse generated during iron and steel making at Steel Plants. It also offers various other services in the scrap recovery field. The subsidiary accounted for ~410 crores of revenues in FY20. 2. Mahindra MSTC Recycling Pvt Ltd - It is a JV with Mahindra Intertrade Ltd wherein the company holds 50% stake. It owns an auto-recycling plant in Greater Noida, Uttar Pradesh and completed its first year of operations in FY20. Its second plant in Chennai started operations in Feb 2020. During FY20, the company shredded ~1800 End-of-Life Vehicles (ELVs) and earned revenues of ~6 crores. 3. E-commerce Business (~22% of revenues). The company is a major e-commerce service provider in the country. It introduced e-comm in various commodities such as coal, iron ore, minerals, pulses, grains, oil seeds, timber, etc. It has also undertaken the e-auction of land, buildings, apartment, banks' NPAs and others. Its services include selling agency business, e-sales, e-procurement, e-sales, e-solutions, etc. It is casting more focus on untapped e-comm business from the private sector and has signed ticket agreements with Reliance, Indus Towers, Tata Power, Vedanta, and others. The company is significantly important for GOI as it undertakes various important e-auctions for the government. In FY21, it undertook e-auctions for allotment of license for liquor shops, selection of agency for sand operations in A.P., Coal Block auctions for commercial mining and others.

Kei Industries

One of the leading manufacturers of cables and wires in India, with a diverse product portfolio ranging from house wires to low tension power cables, high tension cables and extra high voltage cables, catering to retail and institutional customers. Share in the total cables and wires industry of 5.2% whereas share in the organized cables and wires industry of 7.3%. Also manufactures SS wires and provides EPC services within the exports business segment. Five manufacturing facilities, with a combined installed capacity of 114,600 Kms in respect of cables, 1,117,000 Kms in respect of wires and 6,600 MT in respect of stainless steel wire.

Natco Pharma

Vertically integrated pharmaceutical company with presence across geographies - India, US and ROW. Strong brand position in domestic pharma segments. Well established player in oncology with brands catering to diseases including breast, bone, lung and ovarian cancer. Growing presence in Cardio and Diabetes products. Three key business segments: Oncology, Specialty Pharma, Cardiology and Diabetology. Filed 6 products with regulatory authorities for China market. API-39 active DMFs in the US with niche products under development. Portfolio of well recognized brands – 7 brands with INR 100mn+ sales in the oncology segment. Widened its oncology product range from 6 in 2003-04 to 38 in 2020-21

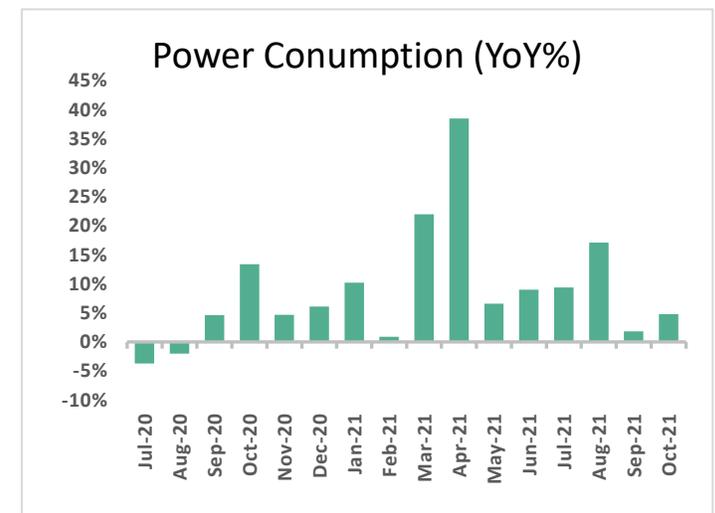
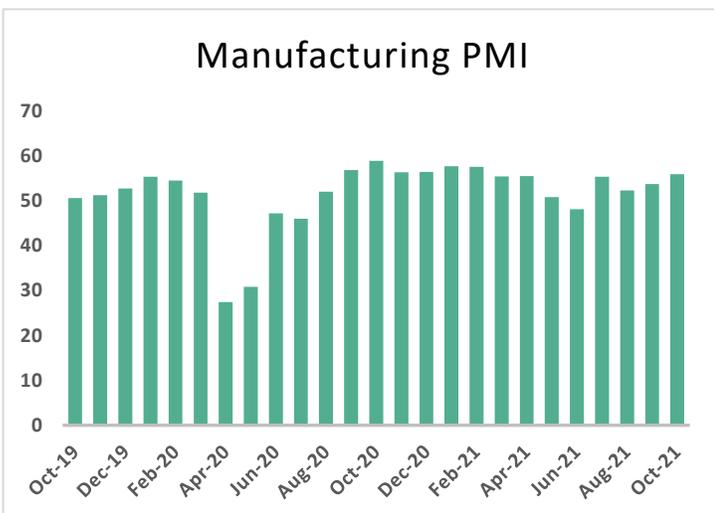
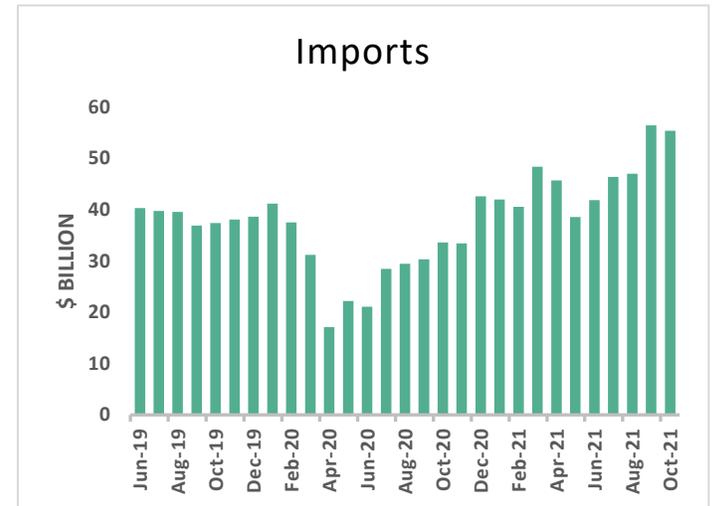
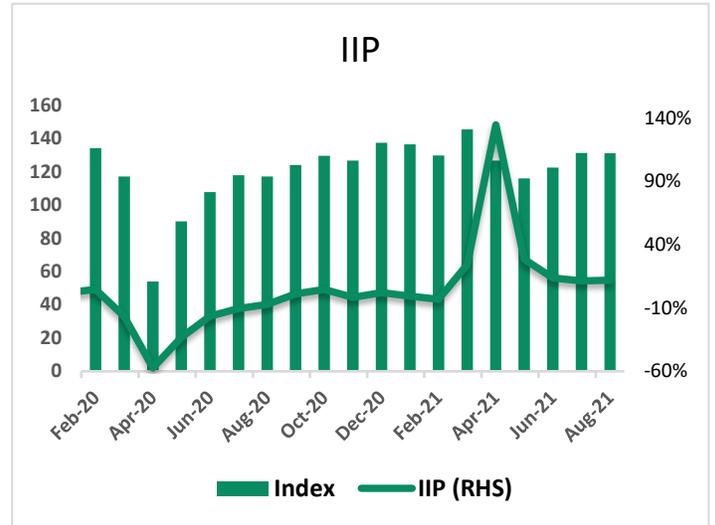
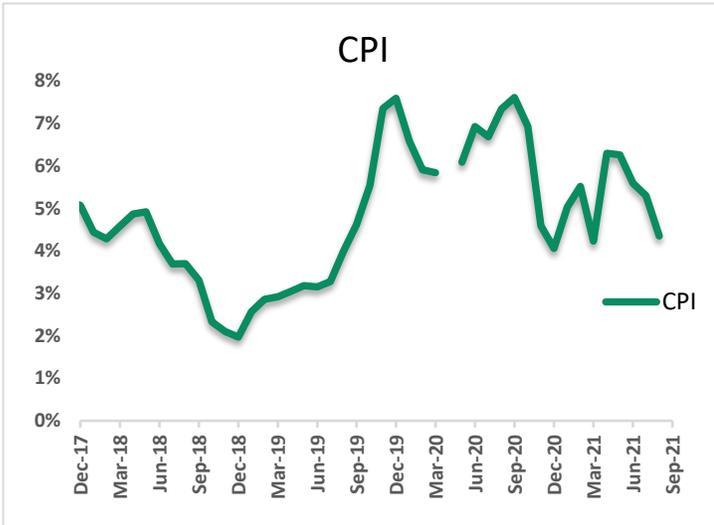
Parag Milk Foods Ltd

Parag Milk Foods Ltd, founded in 1992 by Mr. Devendra Shah is involved in the development and promotion of 100% fresh cow's milk and milk products under international brand names with a diverse portfolio in over 10 product categories. It is the 2nd Largest Player in Cheese in India with a 35% Market Share. It is a leader in the Cow Ghee category with its brand 'Gowardhan' Ghee

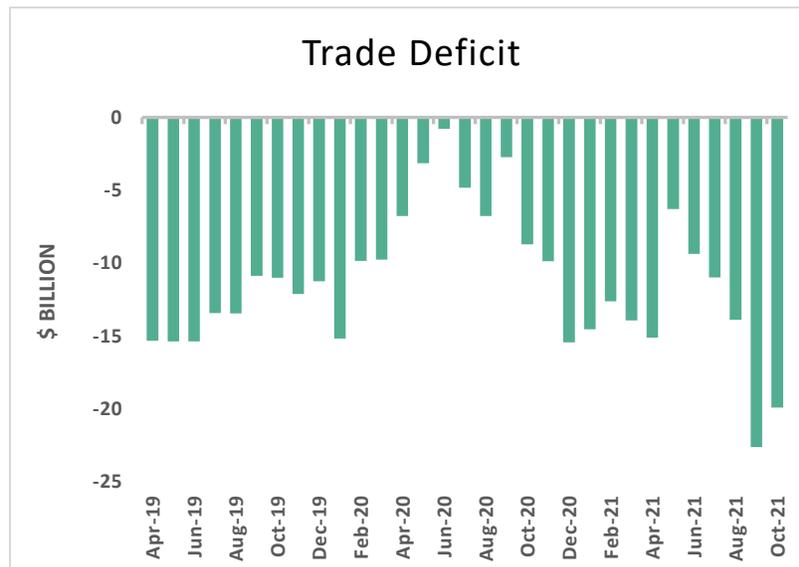
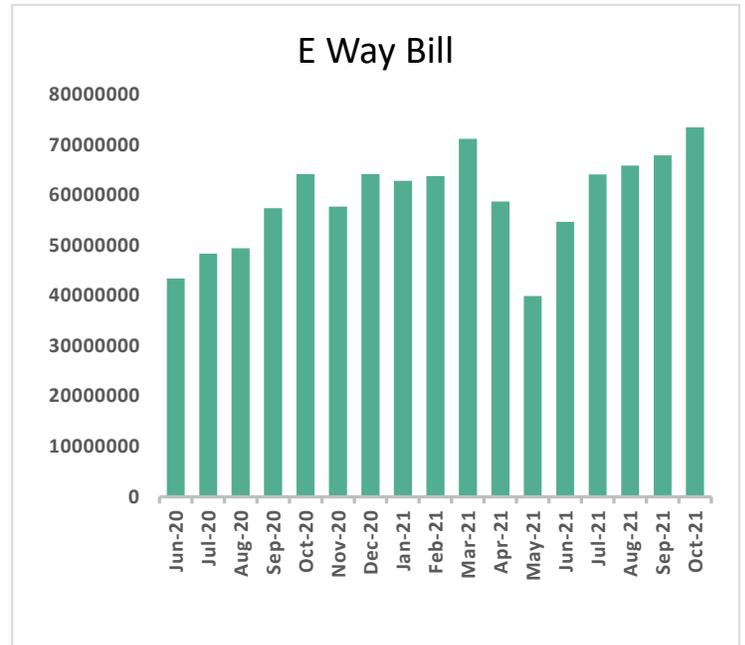
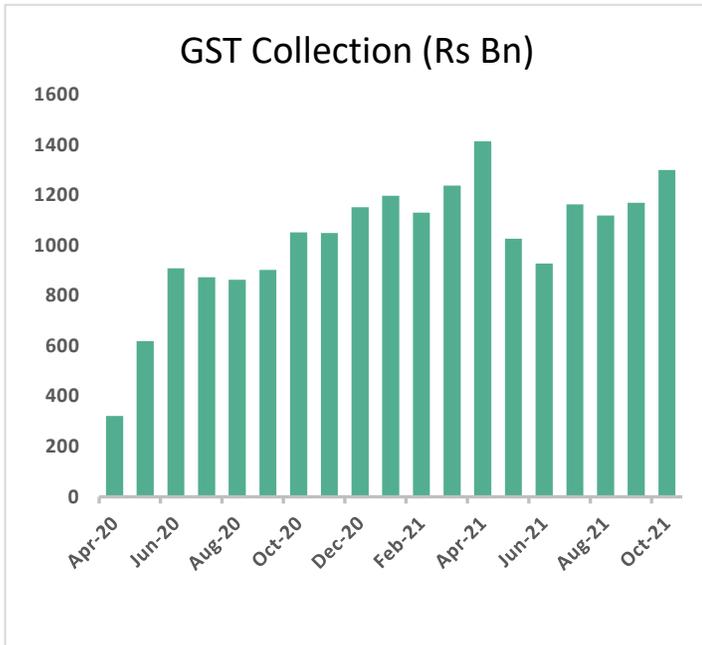
It is India's First Company to launch a truly 'Made-in-India' B2C Whey protein powder under Brand 'Avvatar' in 2017. It is the only company to manufacture Fresh Paneer with a 75 Day Shelf Life.

Its cheese plant has the largest production capacity in India, with a raw cheese production capacity of 40 MT per day. Revenue Distribution is Consumer Products (67.4%), Fresh Milk(18.6%), Skimmed Milk Powder (12.8%), Other Revenue (1.2%). The company has seen an increase in its value-added products segment from 64% in FY2017 to 77% in Q3FY2021. Its future plan is to install processing units at Newly Acquired Sonipat Facility for pouch milk, cup curd, etc., and expand the existing yogurt facility. It intends to have the Health & Nutrition business as 7% of its portfolio in the medium term and drive its profitability and growth for both Cheese & Whey businesses. The company will introduce high potential Lactose products as there is a huge opportunity for import substitution.

Macro Data – India



PMS - Indinomics



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Analyst's dependent relatives' ownership in the stock- NIL

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