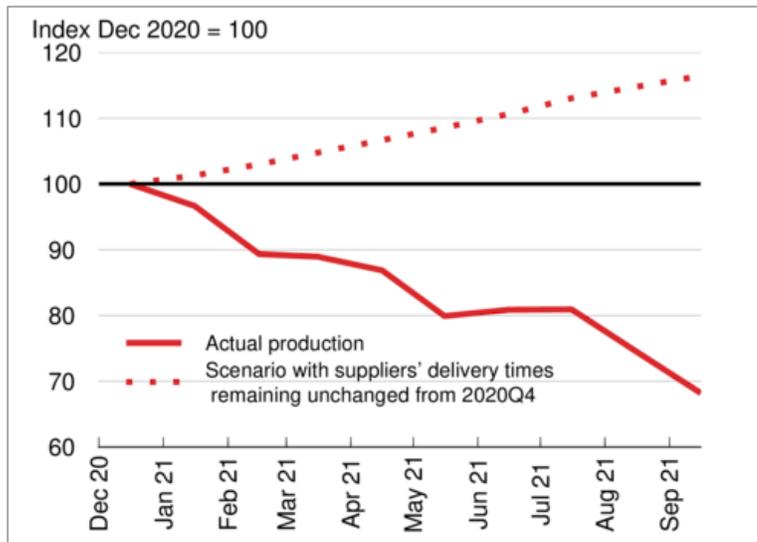


The month saw a continuation of the correction that set in the latter half of October as the omnipresent omicron registered its presence across the globe coupled with a hawkish FED snowballing into a risk off rally. Most global markets lost between 2-6% during the month with Taiwan being the exception gaining ~3%. The banking, realty and metal sectors saw the largest correction.

## The impact of supply constraints on global motor vehicle production in 2021

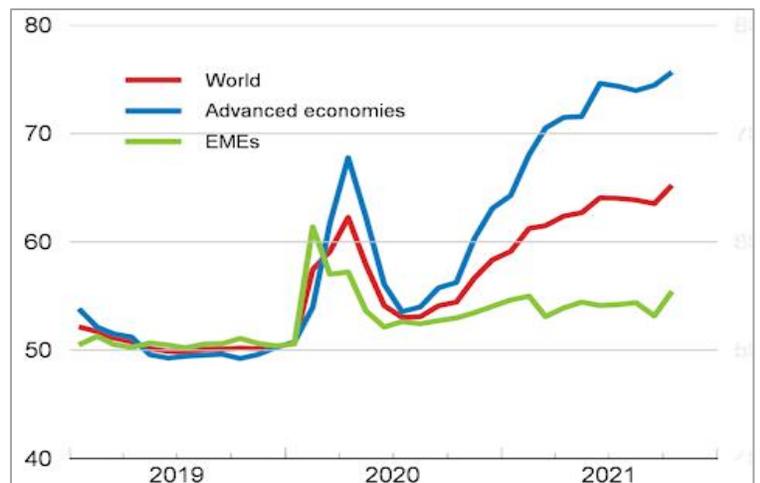


At the onset of the pandemic, when automotive producers cut orders for chips in anticipation of lower demand, semiconductor producers shifted part of their production to supply producers of computers, webcams, tablets and other electronic and communication equipment, where sales were soaring. This redirection of semiconductor supply has contributed to the shortages carmakers are facing currently when they wish to expand production. The automotive industry represented around one-tenth of global semiconductor demand in 2020 and only 3% of total revenues of the Taiwan Semiconductor Manufacturing Company in 2019 — the world's largest foundry and top supplier of chips to the automotive industry. By comparison, communication and computers,

the two largest semiconductor markets by end-use, jointly account for two-thirds of total demand. In this context, given that it is likely to take semiconductor makers at least six to nine months to realign production, the current supply shortage for motor vehicle manufacturers may continue well into 2022.

As the global supply chain was starting to somewhat ease, the re-emergence of this new variant and the uncertainties surrounding it, have again produced doubts regarding how these global imbalances will play out. The inter-connected nature of the global economies and supply chains and how one simple event can percolate into a countrywide crisis, can be understood from the fact that higher ammonia prices, due to strained China-Australia relationships can effect Australian diesel truck movement and how this is going to affect global agriculture and food prices which in turn will have a direct bearing on (not anymore transitory) inflation.

## Supplier delivery times in manufacturing

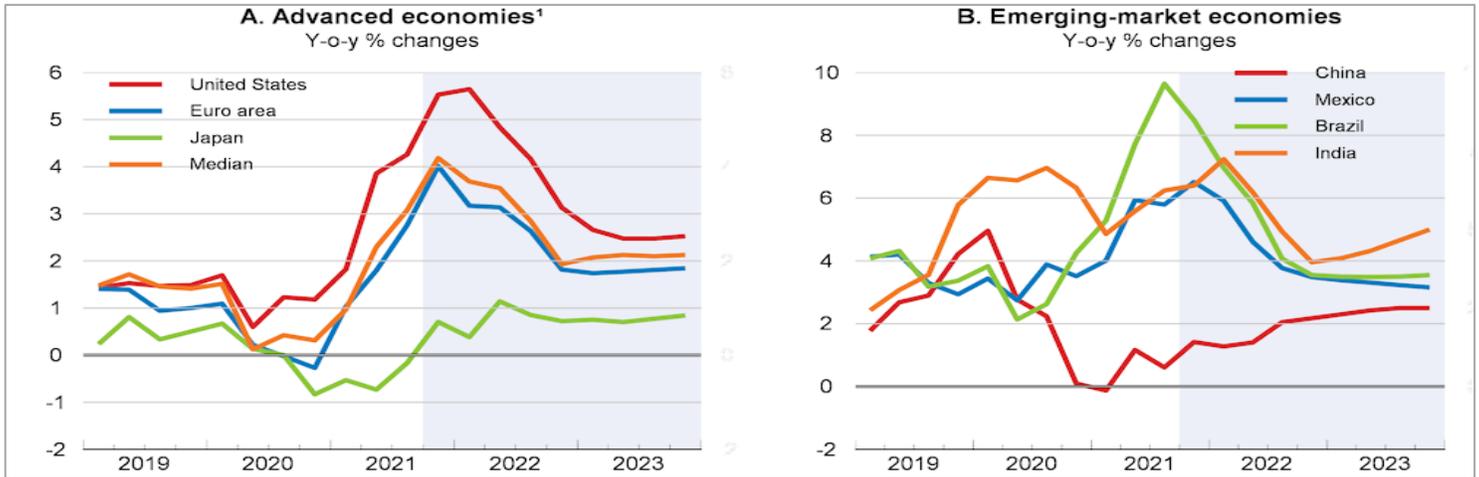


# Portfolio Management Services

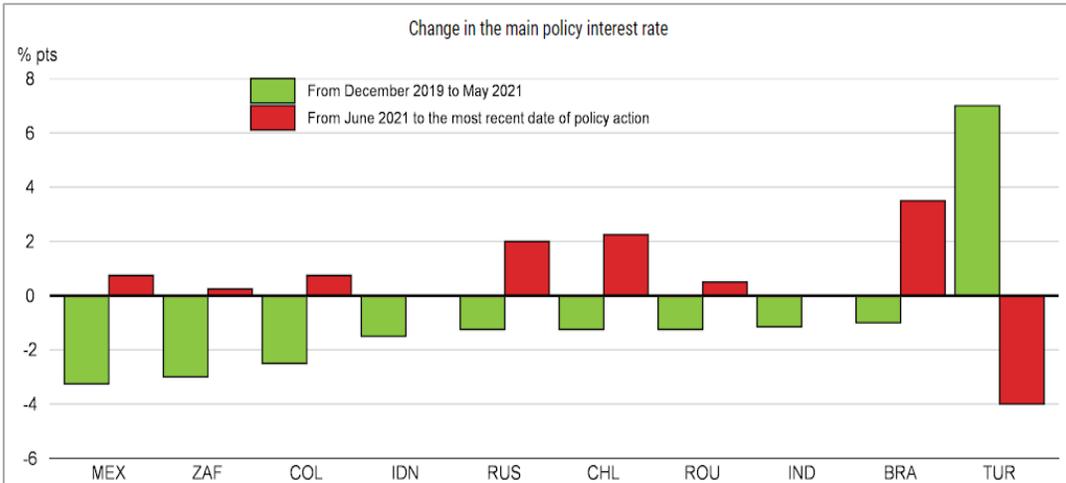
December 13, 2021



Now inflation peak has been postponed by a quarter to Q4FY2022 from the earlier Q3FY21



Many emerging market economies had started tightening policy and rates and many are expected to trail including India



latest by Q4FY22. The bond yields substantially eased across most markets during the month as intimations of a gradual taper trickled in. On a comparative basis India continues to be in a sweet spot as the fastest growing economy in the world, this coupled with the macro policies of the GOI and efficient execution should lay the foundation for a

sustainable long term economic expansion for India.

*"Investing should be more like watching paint dry or watching grass grow. If you want excitement, go to Las Vegas."*

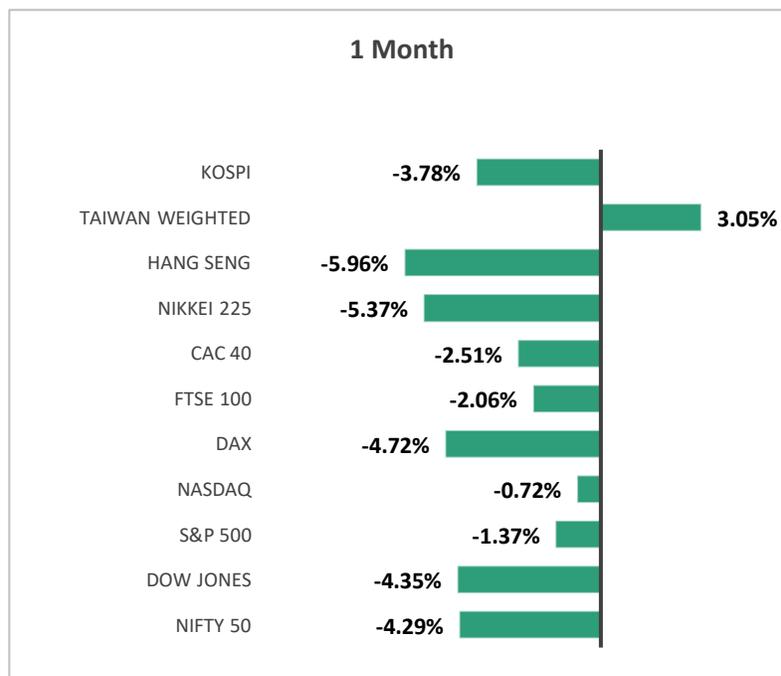
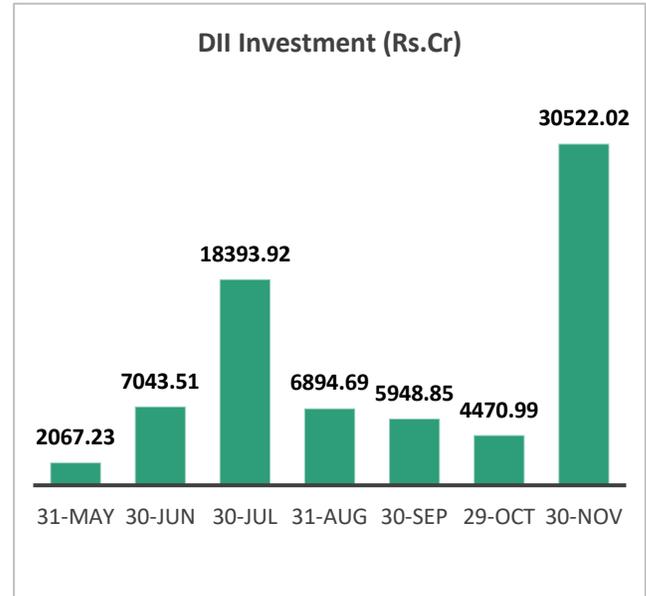
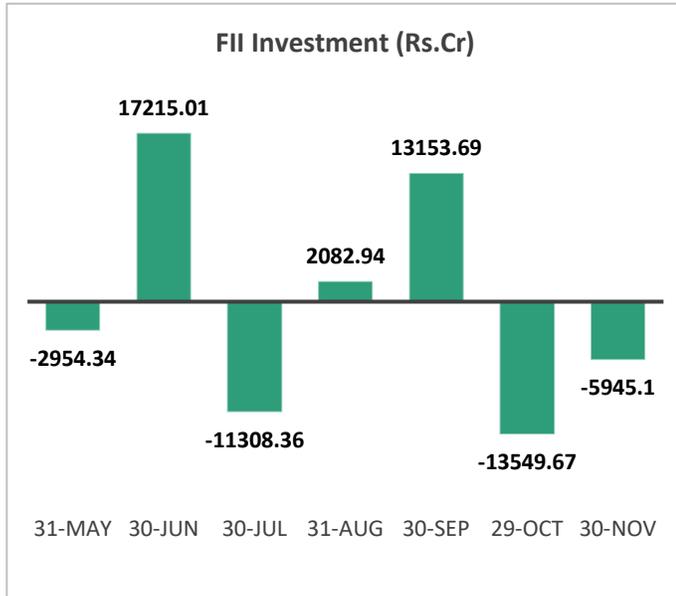
— Paul Samuelson

**Sharad Avasthi**  
Vice President – PCG, SMIFS Ltd.

# Portfolio Management Services



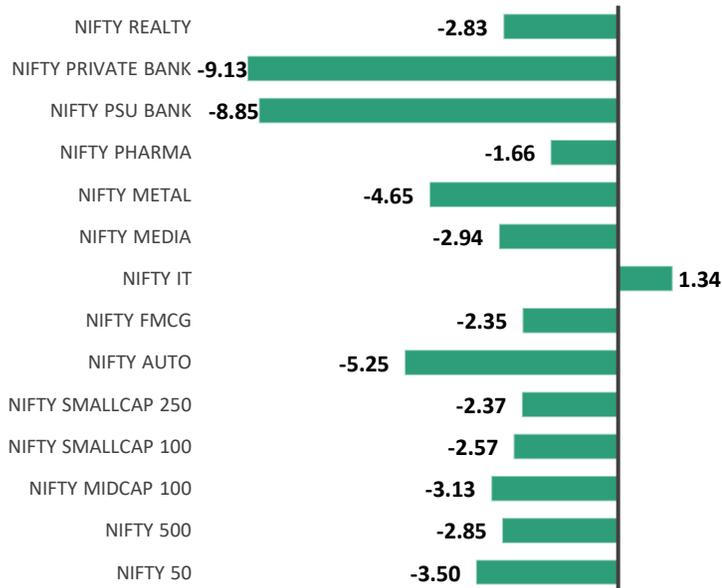
## Fund flows- Equities



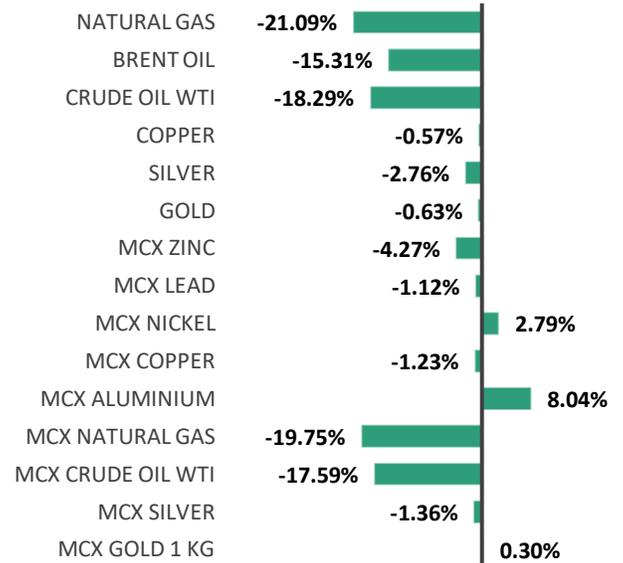
# Portfolio Management Services



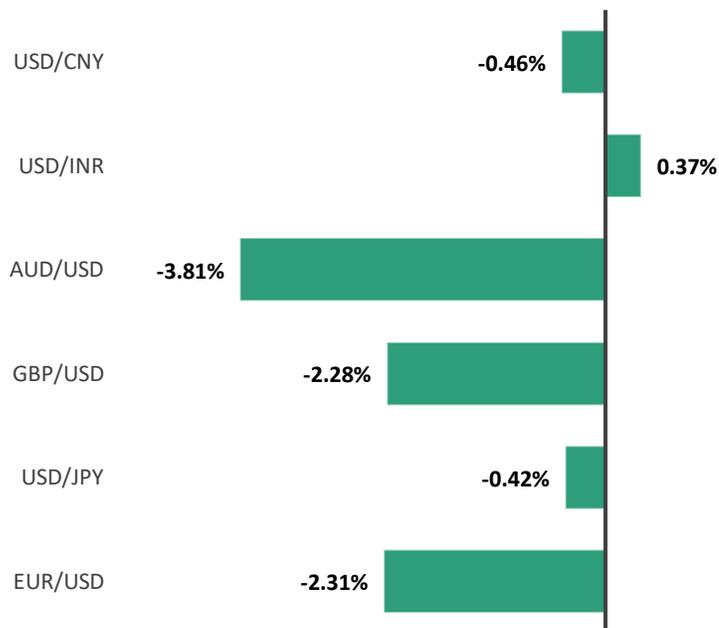
1 Month



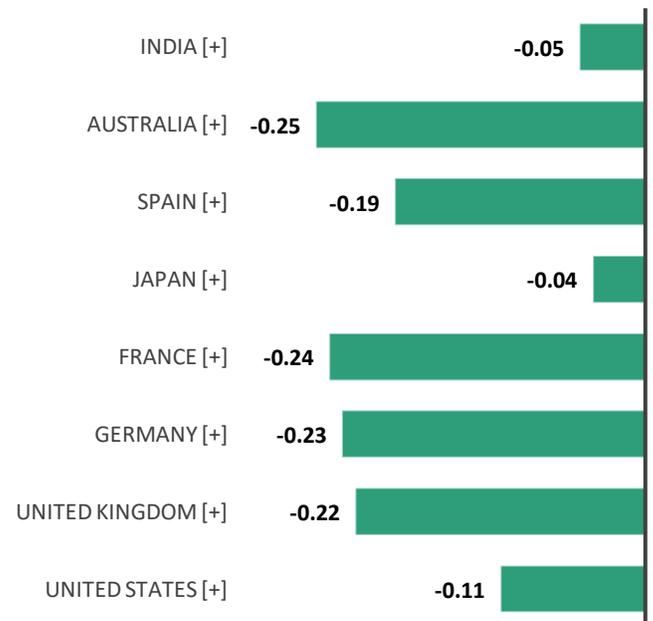
1 Month



1 Month



10y 1 Month BPS change



## EVERGREEN

### ❖ Investment Objective

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

### ❖ Details

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

### ❖ Market Capitalization

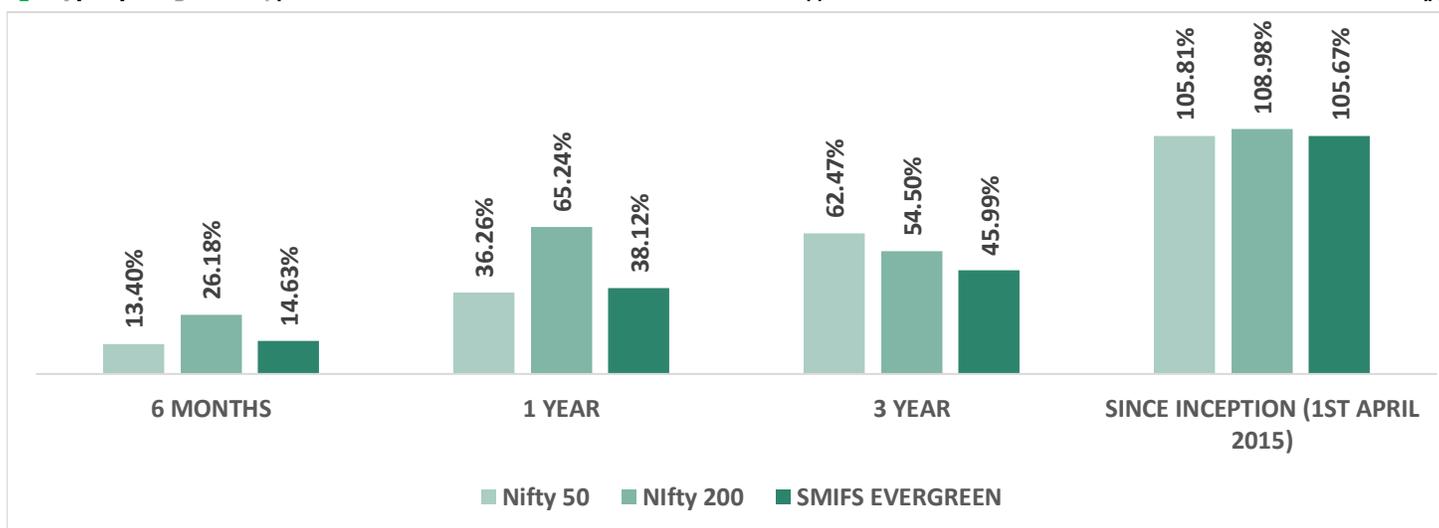
	% Allocation
Largecap	15.94
Midcap	63.10
Smallcap	10.45

### ❖ Top 10 Holdings

Companies	% Allocation
State Bank of India	8.2
Nazara Technologies Ltd.	7.6
Can Fin Homes Ltd.	7.1
Larsen & Toubro Ltd.	6.9
AIA Engineering Ltd.	6.8
Aarti Industries Ltd.	6.6
Godrej Industries Ltd.	6.4
Oracle Financial Services Software Ltd.	5.9
Ador Welding Ltd.	5.6
Bharti Airtel Ltd.	5.0

### ❖ Top 3 Sectors

Sector	% Allocation
Capital Goods	16.9
BFSI	15.3
IT	12.7



## Evergreen

### 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.

### 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.

### 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.

### 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.

### 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.

### Godrej Industries

Godrej Industries is one of the holding companies of Godrej Group. It is one of the leading manufacturers of oleochemicals on a standalone basis. Godrej Industries is promoter of Godrej Agrovet Ltd (60%) and Godrej Properties Ltd.(49.3%) It also has stake in Godrej Consumer Products Ltd. (23.7%). Godrej Industries Ltd is one of India's leading manufacturers of oleochemicals (derivatives of vegetable and animal oils & fats). Fatty acids accounts for 41% of divisions revenue, followed by

fatty alcohols (30%), surfactants (22%) and glycerin accounts for the rest 7% of revenues. It derives ~30% of its turnover from export operations. Its manufacturing facilities are located in Valia, Gujarat and Ambarnath, Maharashtra.

## **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.

## **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.

## **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.

## **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.

## HARVEST

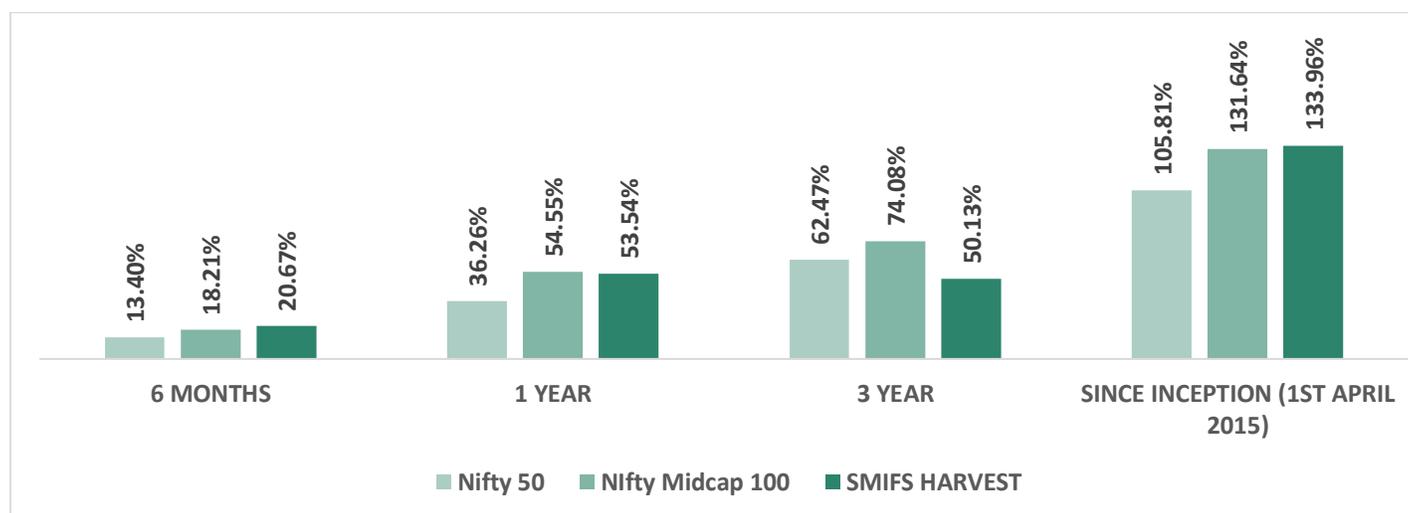
### ❖ Investment Objective

SMIFS HARVEST	
<b>Investment Philosophy</b>	To invest in companies considering calculated risk to achieve significant growth
<b>Risk Appetite</b>	Moderate
<b>Strategy</b>	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
<b>Investment timeframe</b>	Medium to long term, from 6-18 months. Expect some churn arising out of investment review
<b>Sectoral Bias</b>	Focus on high growth sectors in India
<b>Maximum Weightage</b>	Stock 20% and Sector 30%

### ❖ Details

Investment Committee & Members	: Mr. Rahul Kayan Mr. Ashwini Kumar Tripath 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	43.94
Smallcap	46.69

### ❖ Top 10 Holdings

Companies	% Allocation
India Pesticides Ltd.	7.7
Hester Biosciences Ltd.	6.5
Asian Energy Services Ltd	6.4
Voltas Ltd.	5.9
Deepak Frt & Ptrchm Limited	5.6
Power Mech Projects Ltd.	5.1
MSTC Ltd.	4.7
Healthcare Global Enterprises Ltd.	4.7
Natco Pharma Ltd.	4.4
Parag Milk Foods Ltd.	4.2

### ❖ Top 3 Sectors

Sector	% Allocation
Chem & Fert	13.3
Healthcare	11.2
E comm	11.0

## 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.

### Deepak Fert & Pesticides 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.

### HCG

HCG is present primarily in the oncology field with the largest cancer care network (with 21 cancer care centres in India) and three multi-speciality hospitals with 1702 operational beds. The company has rapidly expanded its presence to Ahmedabad, Chennai, Nasik, Ranchi, Rajkot, Cuttack, Hubli, Mumbai, Nagpur, Vizag and Vijayawada, among others. The company is now present across the oncology value chain, offering services from prevention, screening, diagnosis and treatment to rehabilitation, supportive care and palliative care. Pursuant to Investment agreement entered by the company and promoter with Aceso Company Pte Ltd (CVC group) in June 2020 and subsequent equity infusion, a majority stake of 56.8% (on fully diluted basis) is now held by the CVC Group. With the acquisition of all the old HCGEL labs from Strand along with the human resources, the Company is very well positioned for growth in the future in terms of molecular diagnostics and genomic testing. Collaboration with Strand will continue in the area of Bioinformatics. The company has 100% equity interest in BACC Health Care Private Limited (BACC), which operates fertility centres under the Milann brand. HCG operates seven Milann fertility centres in Bengaluru, Delhi and Chandigarh.

### 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.

### India Pesticides Ltd

India Pesticides Limited is one of the globally operating agro-chemical manufacturers, 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.

## **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.

## **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.

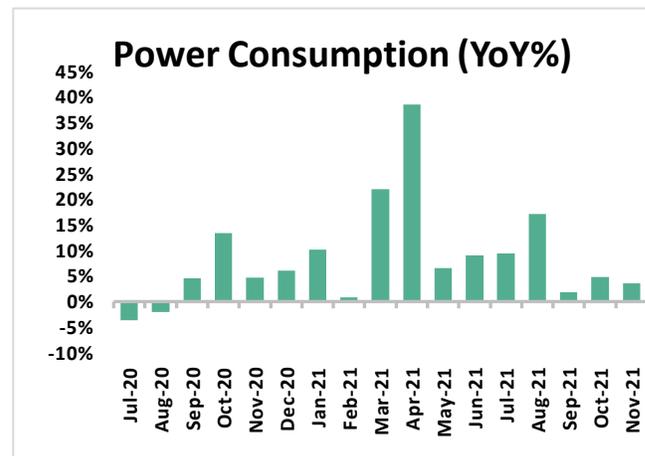
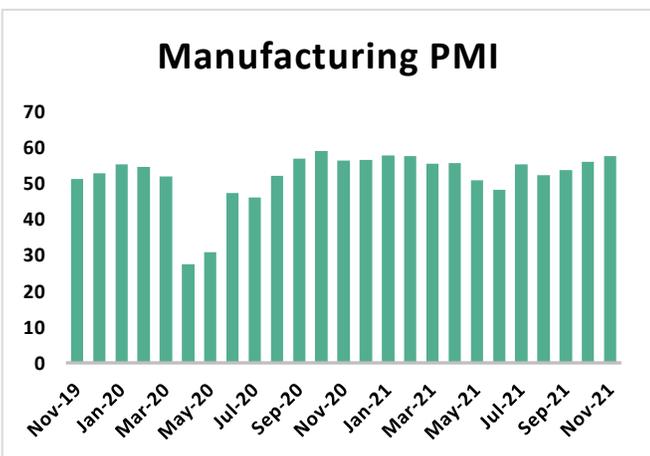
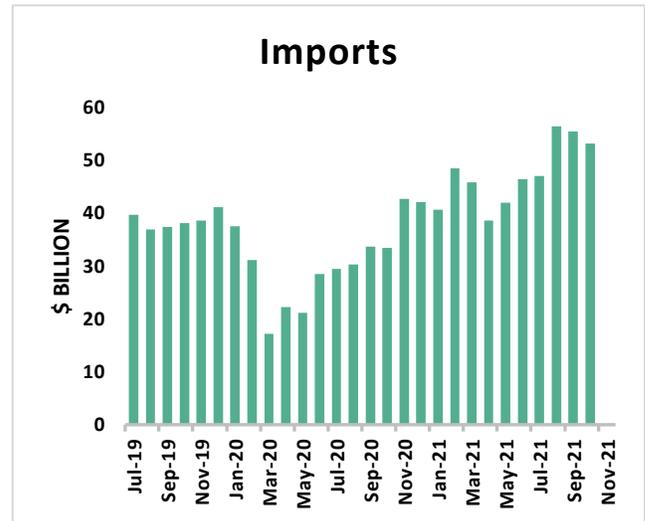
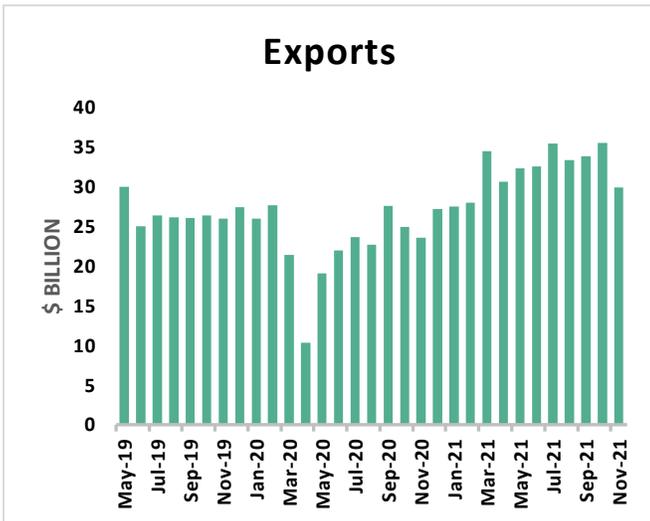
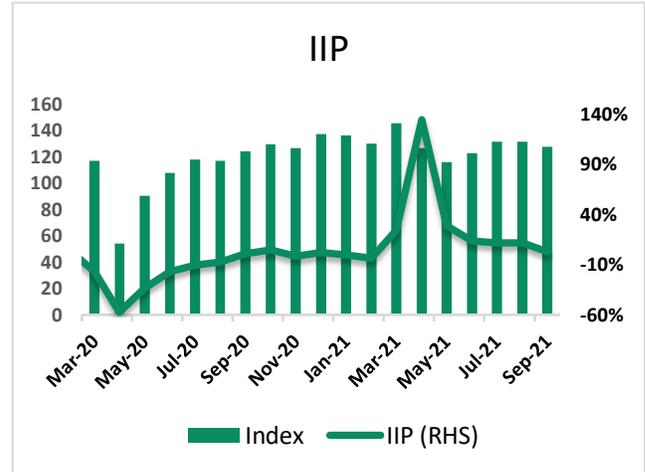
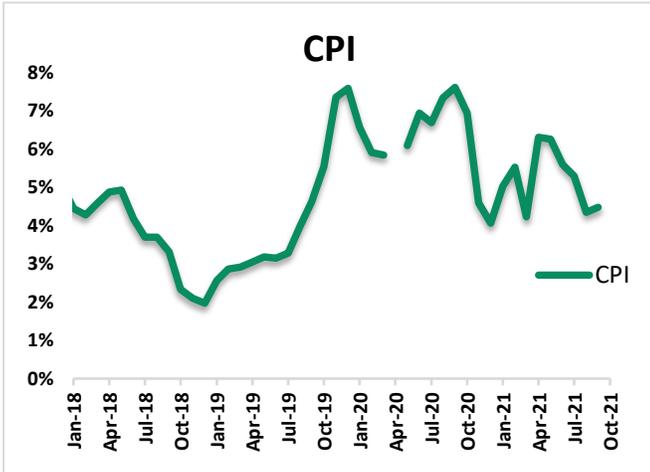
## **Power Mech Projects Ltd**

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.

## **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.

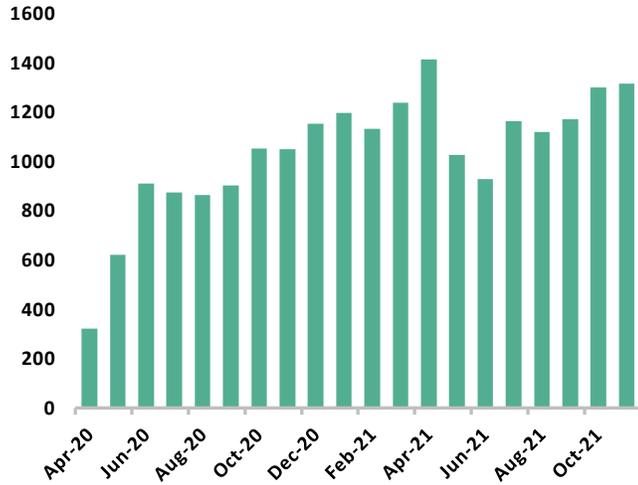
## Macro Data – India



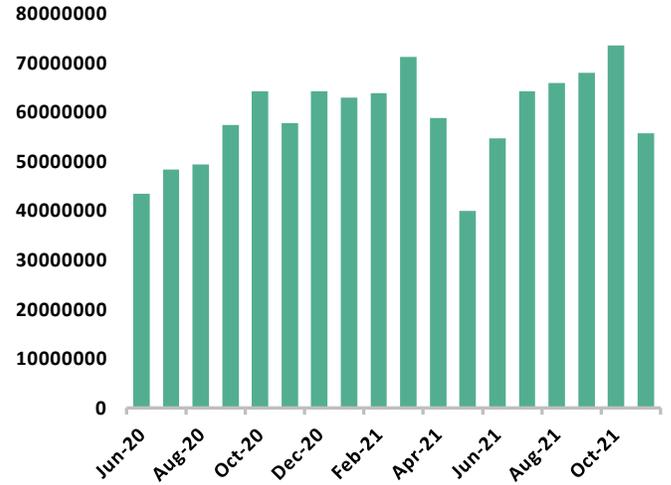
# PMS - Indinomics



### GST Collection (Rs Bn)



### E Way Bill



### Trade Deficit



## HEAD OFFICE:

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Analyst ownership of the stock- NIL

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

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