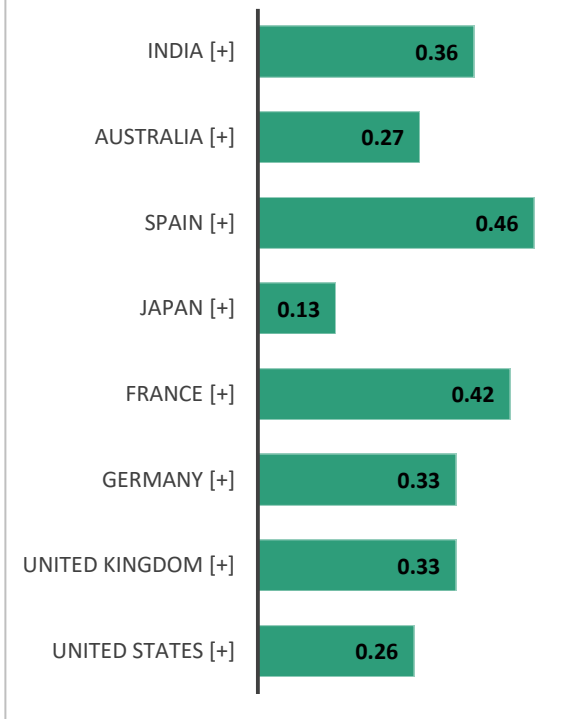


The markets closed flat for the month of January, since September 2021 Indian markets seem to be stuck in a range, while COVID seems like ebbing for the time being in India. Bond yields in most markets went higher as taper and reversal in interest rates trajectory is finally expected to materialise over the next few months.

10y 1 Month BPS change



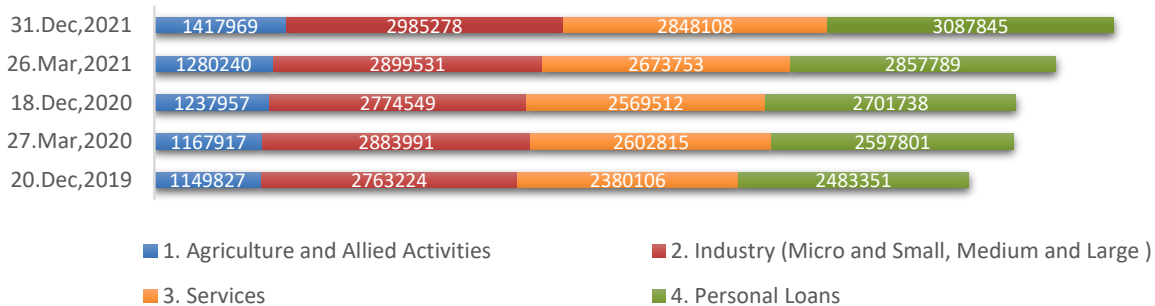
The Ukraine Russia tension has boiled over to crude oil markets and may have some short term effect even on tanker rates as well due to clamour for securing supplies, though the final call that the US takes on whether to impose strict sanctions on Russia or not need to be seen in the light of Europe's high dependence on Russia for its fuel needs.

The budget has provided the much need capex trigger for the Economy. In line with the GOI's impetus the PSU's have a capex plan of INR 2998 bn for FY23E which is 22.15% more than the plan for FY22. Gross market borrowing for FY23 is pegged at Rs15.0trn, nearly 43% higher than the FY22 revised estimate of Rs 10.5 trn. This, alongwith state borrowings, may cross Rs23trn in FY23, which in turn is negative for bond markets and may crowd out the private sector. The MPC is expected to further concretise the liquidity withdrawal plans and detailed outlook on future interest rate trajectory.

On a year-on-year (y-o-y) basis, non-food bank credit registered a growth of 9.3% in December 2021 as compared to 6.6% a year ago. Credit to agriculture and allied activities continued to perform well, registering a robust growth of 14.5% in December 2021 as compared to 7.7% in December 2020. Credit to the personal loans segment continued

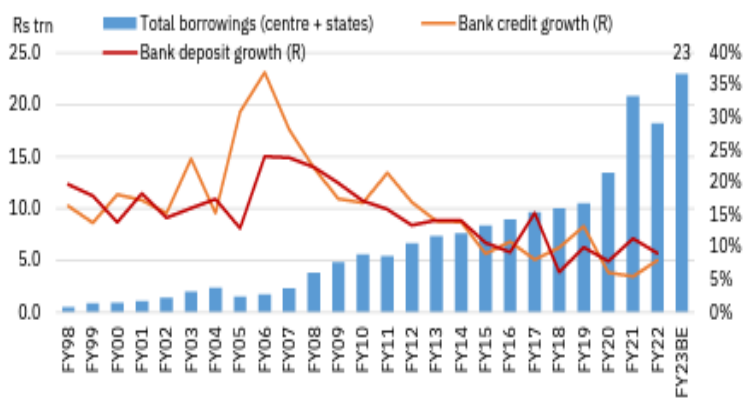
to expand at a robust rate and grew by 14.3% in December 2021 vis-à-vis 8.8% a year ago. Housing remained the prime driver of overall growth in the segment.

Gross Bank Credit Major Sectors



Median PAT and sales growth for ~270 companies reveals YOY sales growth of 17.7% and YOY PAT growth of 15% while QOQ sales and PAT growth stood at 6.2% and 4.95% respectively. Of the around 270 quarterly results declared - the non-index stocks or smallcap and midcap stocks have registered the best YOY performance in Sales and PAT growth reflecting broader improvement.

Figure 15: Crowding out of the private sector on rising govt. borrowings

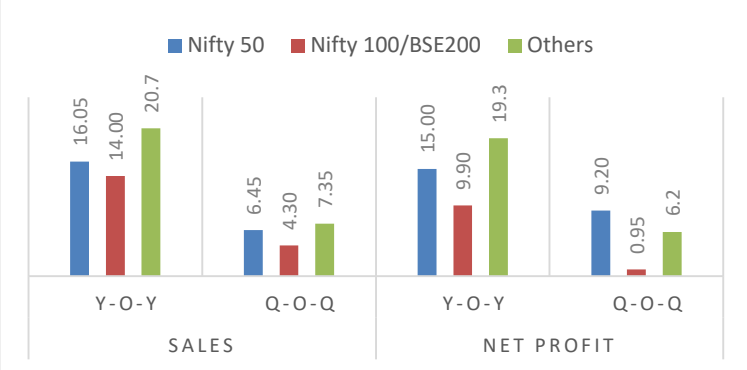


Q3FY22 results of around 119 companies reflect that sales have beaten estimates by 5% while the PAT has been lower than 8% of estimates for the quarter.

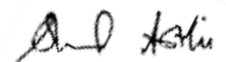
With the budget announcing higher borrowing for the next fiscal year bond yields had become jittery add to that the uncertainty of the global interest rate trajectory and we might be looking at perfect setup for volatile equity markets. On interest rates we feel that current yields, which have gone up around 60-70 basis points, already seem to factor in most of the rate increases expected to happen in India in the short to medium term. With earnings picking up the valuations in the equity markets do not look sky high and pockets of correction in various sectors like Insurance, AMC's etc. are offering good long term investment opportunities. Unless some global event derails the Indian economic train the market could remain stock and/or sector specific and a lot of the action could be seen out of the major indices in the small and midcap space where improvements are visible in Q3 numbers as well. With leverage at most Indian corporations having gone down over the last 2 years and banks flush with money, as post COVID opening up happens, the situation is perfect for a CAPEX led growth for the Indian economy.

markets do not look sky high and pockets of correction in various sectors like Insurance, AMC's etc. are offering good long term investment opportunities.

PAT & SALES GROWTH Q3FY22



Investing is a popularity contest, and the most dangerous thing is to buy something at the peak of its popularity. At that point, all favourable facts and opinions are already factored into its price, and no new buyers are left to emerge
- Howard Marks

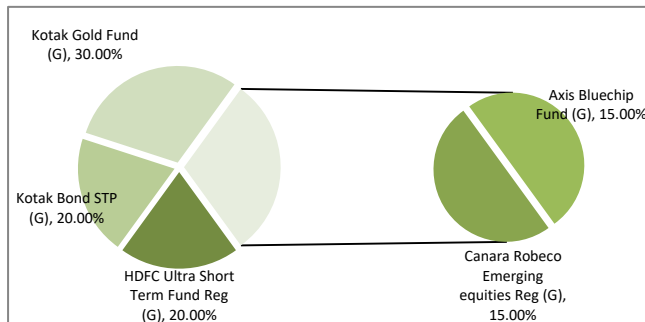


Sharad Avasthi

Vice President – PCG, SMIFS Ltd.

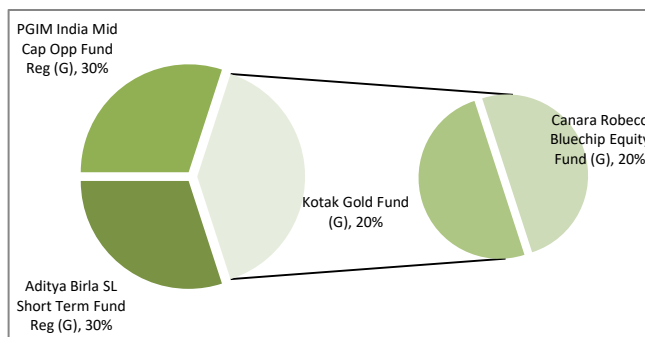
Profile: Conservative

Scheme	1 Yr Return(%)	3 Year Return(%)	5 Year Return(%)
HDFC Ultra Short Term Fund Reg (G)	3.67	5.76	0.00
Canara Robeco Emerging equities Reg (G)	33.43	22.88	17.82
Axis Bluechip Fund (G)	19.32	18.77	17.78
Kotak Bond STP (G)	3.53	7.35	6.69
Kotak Gold Fund (G)	-2.72	12.99	10.19



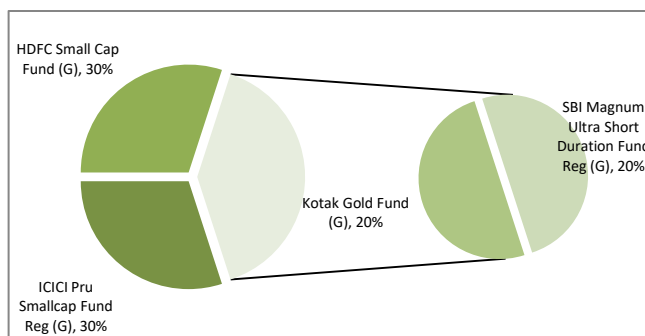
Profile: Moderate

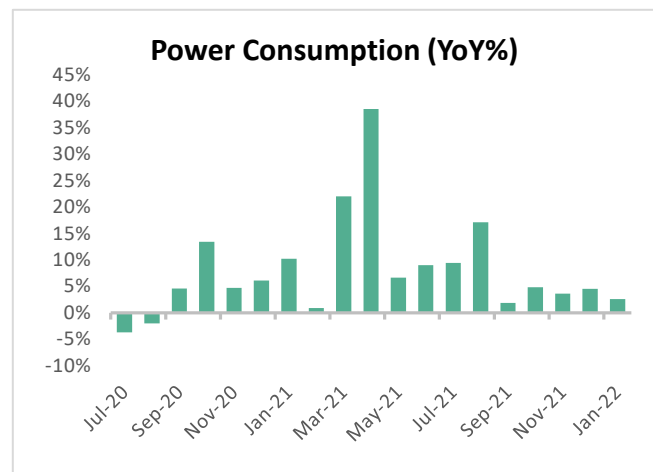
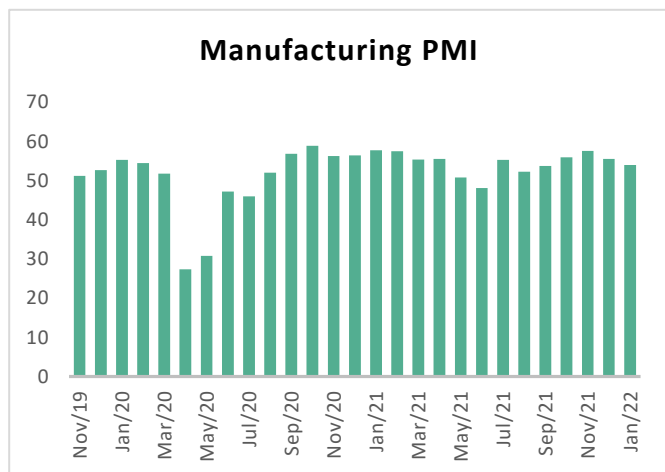
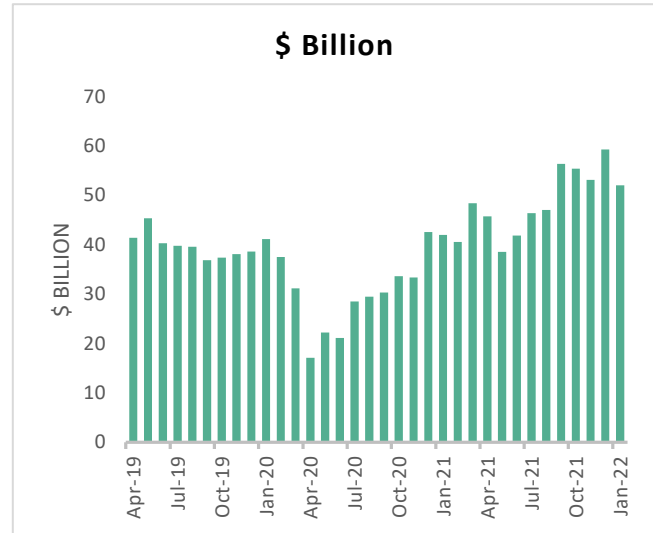
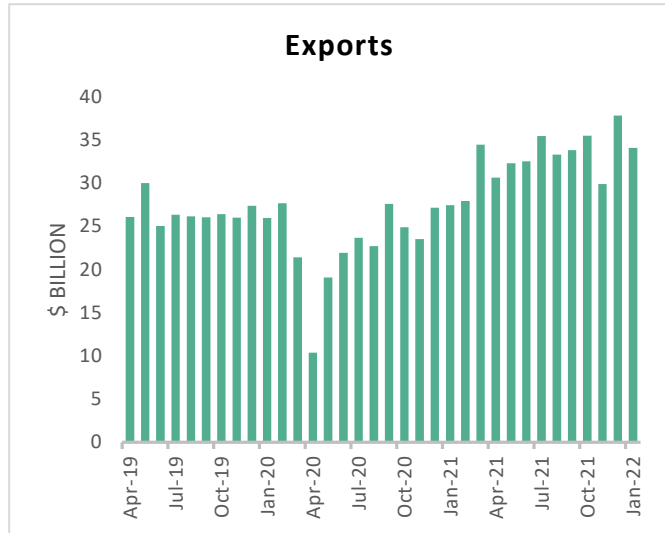
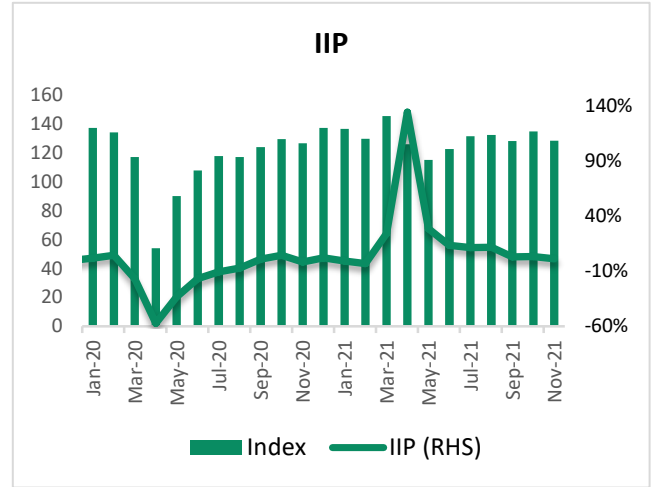
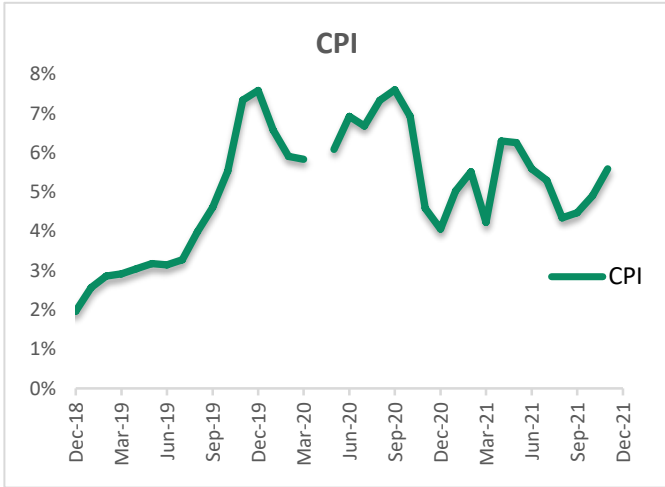
Scheme	1 Yr Return(%)	3 Year Return(%)	5 Year Return(%)
Aditya Birla SL Short Term Fund Reg (G)	4.12	7.68	6.89
PGIM India Mid Cap Opp Fund Reg (G)	56.01	36.86	21.25
Kotak Gold Fund (G)	-2.72	12.99	10.19
Canara Robeco Bluechip Equity Fund (G)	23.15	21.16	17.04



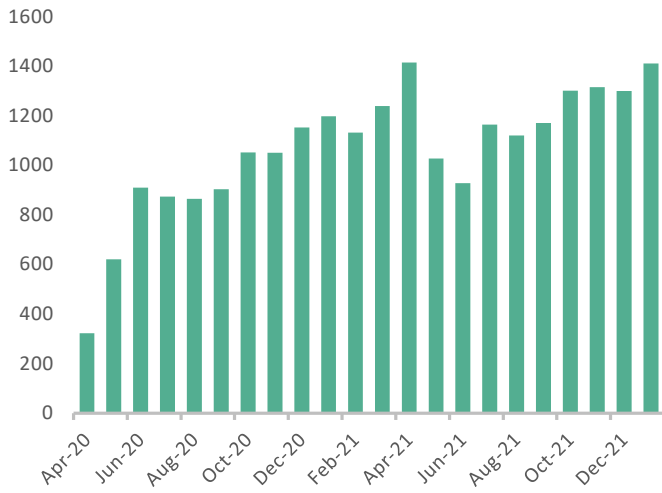
Profile: Aggressive

Scheme	1 Yr Return(%)	3 Year Return(%)	5 Year Return(%)
ICICI Pru Smallcap Fund Reg (G)	56.29	31.26	17.40
HDFC Small Cap Fund (G)	60.19	22.49	19.47
Kotak Gold Fund (G)	-2.72	12.99	10.19
SBI Magnum Ultra Short Duration Fund Reg (G)	3.52	5.58	6002E29

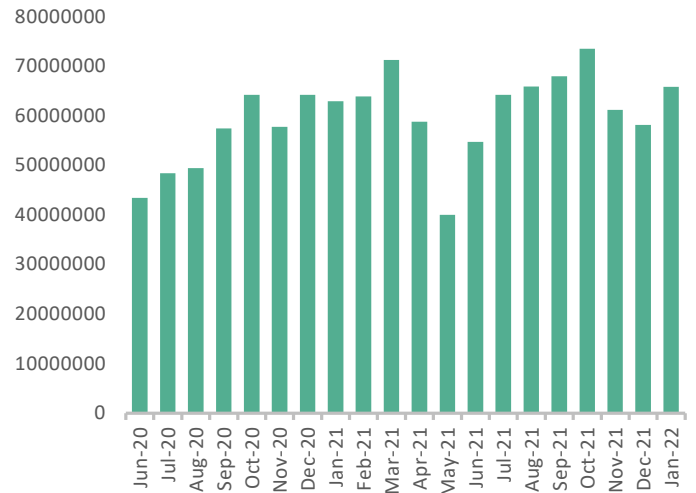




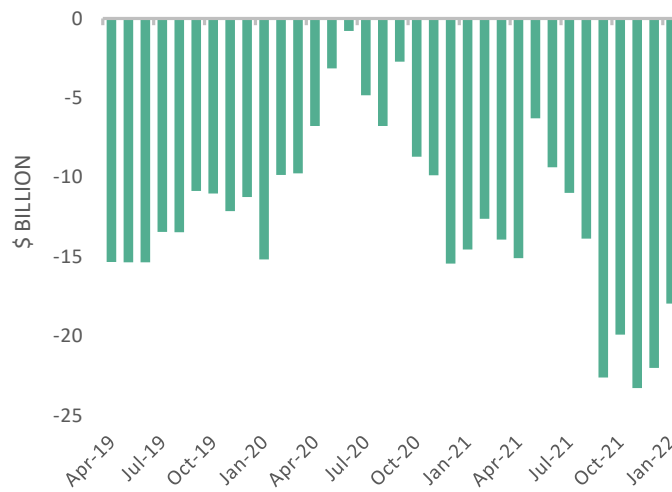
GST Collection (Rs Bn)



E Way Bill



Trade Deficit



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