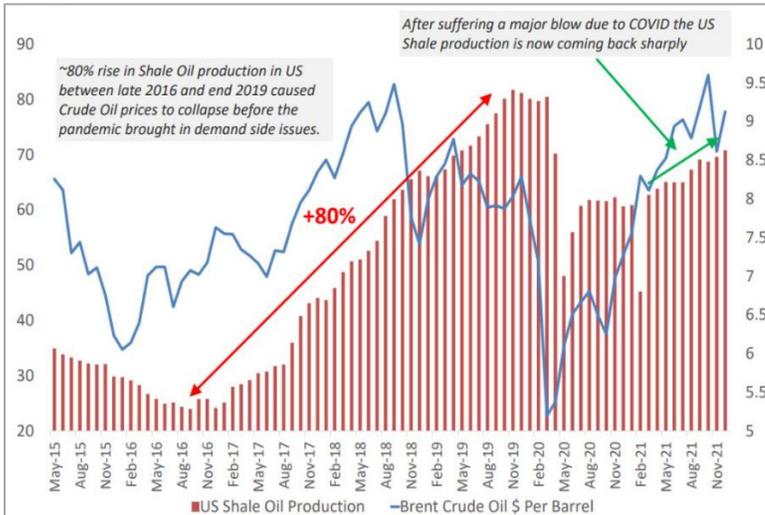


Portfolio Management Services

February 09, 2022

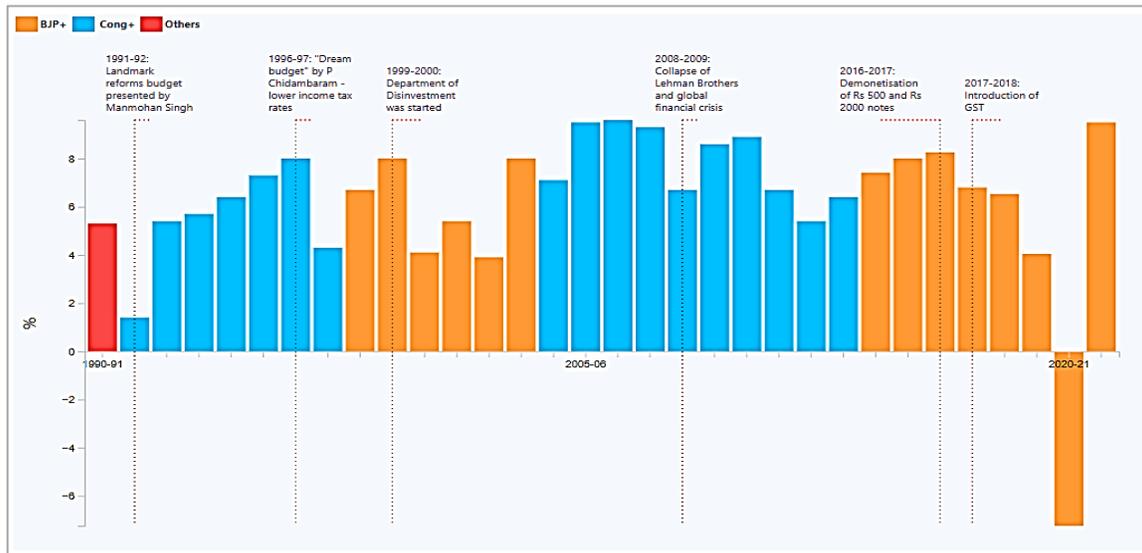


As we move through the uncertainties created by the overhang of taper, the markets continue to be range bound with minor bouts of movement in either direction finally retreating to the mean. Commodity inflation specially oil has come back to haunt global economies as the Ukraine - Russia spat has the potential to disturb one of the major supply sources for Europe. Both our schemes have out-performed the benchmarks with positive returns while the benchmarks delivered negative returns for the month of January.



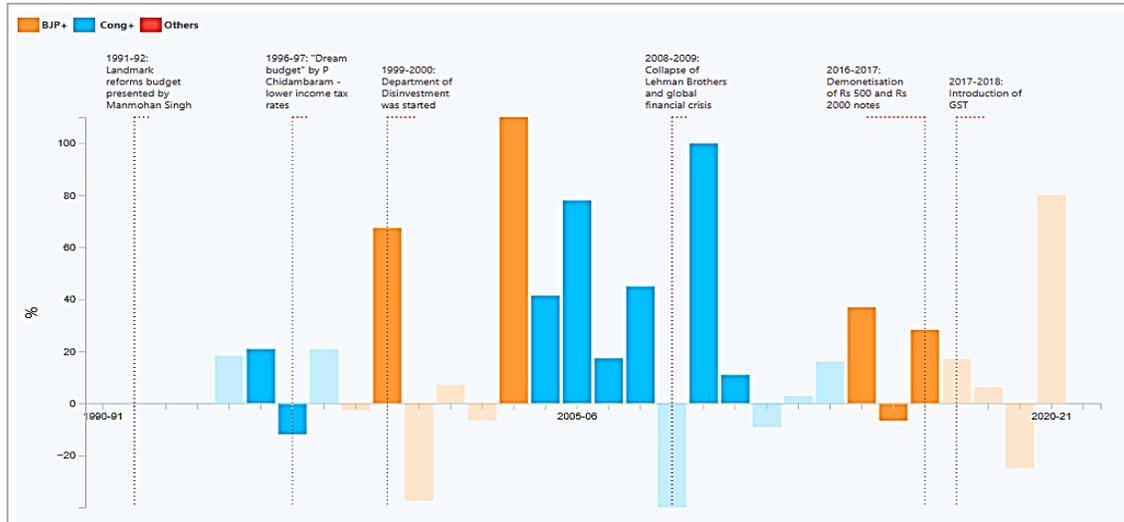
Higher oil prices remain a sore point though with US shale oil coming back on stream could lead to substantial normalisation in oil prices in CY22. World oil supply is forecast to grow sharply this year, with the United States, Canada and Brazil set to pump at their highest ever annual levels. US oil output is forecast to rise by 1 mb/d on average, to 17.7 mb/d, as operators respond to higher prices by putting more rigs to work. Additionally, Ecuador, Libya and Nigeria are already ramping back up. Finally, Saudi Arabia and Russia could set records if remaining OPEC+ cuts are fully unwound. In this case, global supply would soar by 6.2 mb/d on average in 2022 compared with a 1.5 mb/d rise in 2021.

GDP Growth



The Indian economy has largely been in a topsy-turvy economic environ since 2016-17 as demonetisation was done followed by implementation of GST in 2017-18 while later part of 2018-19 ill date has been plagued by the COVID crisis, as we stare at the end of COVID, we might well be entering a sustained era of growth for the Indian economy as we come out of this extended stagnant phase and reap the benefits of the steps taken pre and post COVID.

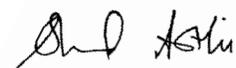
Bse Mcapitalisation change in years of >7% GP growth



The Economic survey and the budget expect India’s GDP growth to be 8-8.5% for FY23. The following chart depicts BSE Market capitalisation growth or de-growth in years where GDP has grown more than 7%. There are only 3 instances that markets have gone down 20% or more and all have been because of global catastrophe’s rather than domestic issues, hence we believe unless something breaks at the international level, the probability of the markets abruptly correcting is pretty low.

As the year passes on, the reopening or normalisation continues, we expect inflation to come down more so for India as most of it is imported fuel inflation that the country has to deal with. The interest rate trajectory seems to be going up globally and in response to the same most countries 10Y g-sec yields have gone up by 50-60 bps. The one major risk from taper is that it can cause panic as that the central banks’ go overboard in their quest to control inflation to a point where they break the fragile economic recovery that the world is seeing, though as long as the central banks do not bring in abrupt and unexpected changes, we do not expect markets to react negatively, with due respect to the fact that the taper quantum is something unprecedented as was the liquidity infusion that was done globally.

“Your success in investing will depend in part on your character and guts and in part on your ability to realize, at the height of ebullience and the depth of despair alike, that this too, shall pass.” --Jack Bogle



Sharad Avasthi
Vice President – PCG, SMIFS Ltd.

EVERGREEN

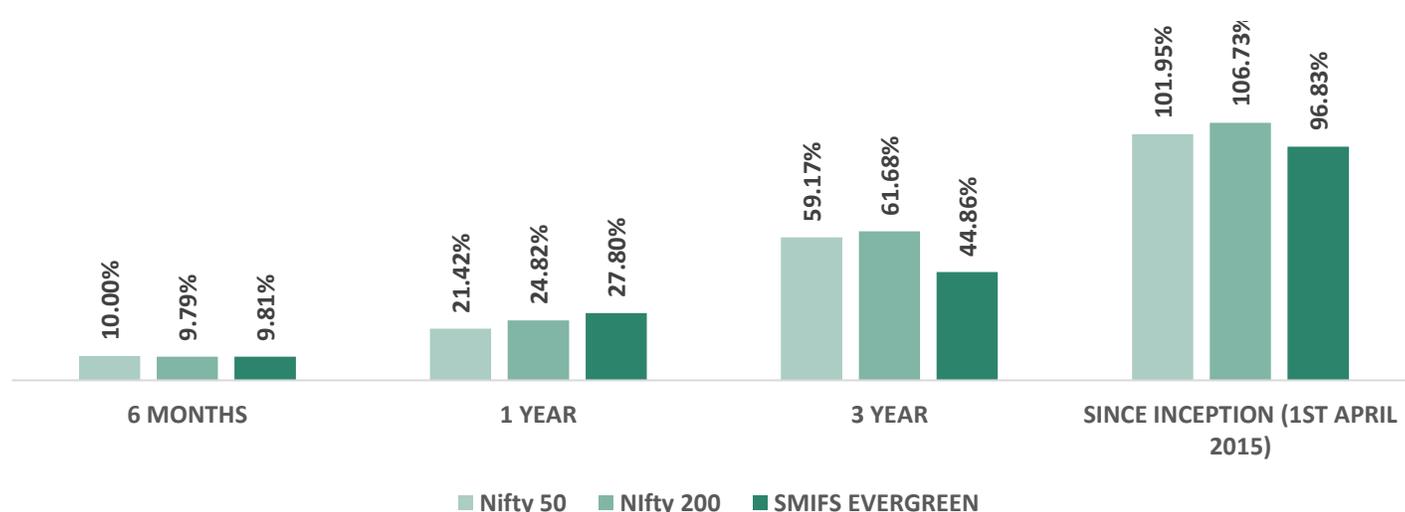
❖ Investment Objective

	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	25.27
Midcap	55.19
Smallcap	10.67

❖ Top 10 Holdings

Companies	% Allocation
State Bank of India	9.4
Larsen & Toubro Ltd.	7.3
Can Fin Homes Ltd.	7.3
Nazara Technologies Ltd.	7.0
Aarti Industries Ltd.	6.8
Godrej Industries Ltd.	6.8
AIA Engineering Ltd.	6.6
Oracle Financial Services Software Ltd.	6.5
Praj Industries Ltd.	5.7
Ador Welding Ltd.	5.7

❖ Top 3 Sectors

Sector	% Allocation
Capital Goods	18.0
BFSI	16.6
IT	13.6

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.

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.

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.

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.

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.

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 oleo-chemicals (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 Ambernath, Maharashtra.

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.

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.

Praj Industries Ltd

Praj Industries Ltd, has a presence across the globe with more than 750 references in more than 75 countries. Today it is a global company providing various solutions with a focus on the environment, energy, and agri-process industry. 2nd in a list of the world's 50 Hottest companies in the global bio-economy for 2021 in the Low Carbon Fuels and Renewable Chemicals category. Its segment-wise revenue distribution is HiPurity (16%), Engineering (18%), and Bioenergy, (66%) while its order book distribution is HiPurity (9%), Engineering (50%), and Bioenergy, (41%) Its region-wise revenue distribution is Domestic (71%), and Export (29%). It has entered into various partnerships such as Gevo Inc, USA (for Sustainable Aviation Fuel), Sekab E-Technology AB, Sweden (producing biofuels using forest residue feedstock), etc. to develop newer sustainable solutions. It is setting up India's first batch of four commercial-scale 2G biorefinery, first-of-its-kind integrated bioenergy complex and first demonstration facility for multi feedstock compressed biogas systems having the lowest water footprint.

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.

HARVEST

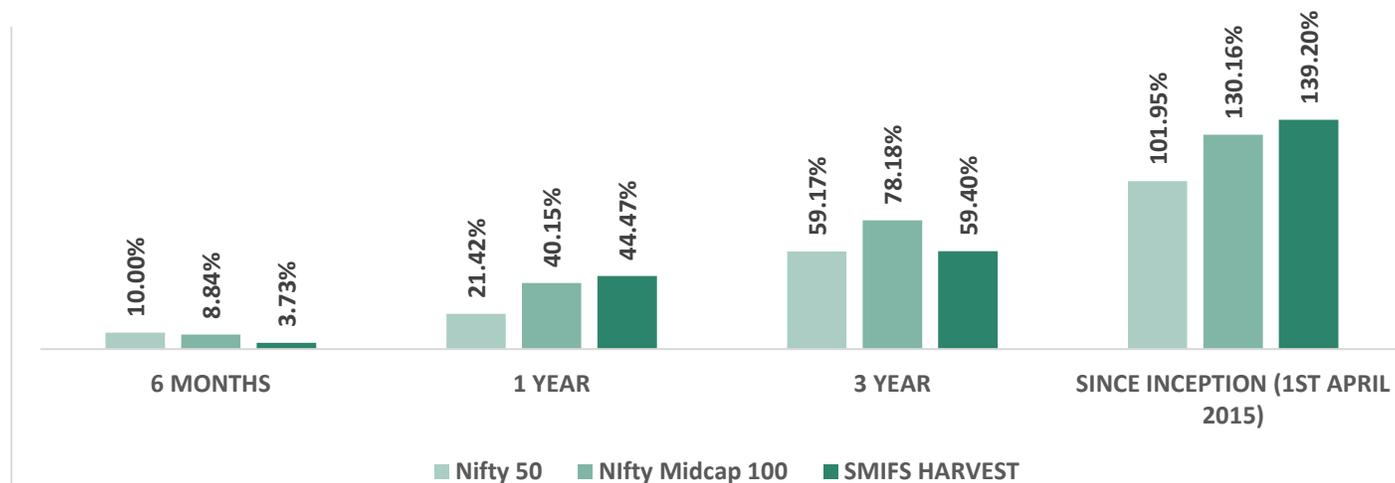
❖ Investment Objective

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	48.00
Smallcap	41.16

❖ Top 10 Holdings

Companies	% Allocation
Deepak Frt & Ptrchm Limited	7.9
India Pesticides Ltd.	7.3
Asian Energy Services Ltd	7.3
Hester Biosciences Ltd.	6.7
Voltas Ltd.	5.3
Pennar Industries Ltd.	5.0
Power Mech Projects Ltd.	4.9
MSTC Ltd.	4.6
Natco Pharma Ltd.	4.4
Healthcare Global Enterprises Ltd.	4.3

❖ Top 3 Sectors

Sector	% Allocation
Chem & Fert	15.2
Healthcare	11.0
E comm	10.6

Harvest

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.

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.

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.

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.

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.

Pennar Industries

Pennar Industries Limited is a multi-location, multi-product company manufacturing precision engineering products, Pre-Engineered Building Systems and Hydraulics and Warehousing solutions. The Co manufactures over 1000 products such as Cold Rolled Steel Strips, Precision Tubes, Railway Press Release wagons / Coaches, Solar module mounting structures & Photovoltaic panels, Road Safety Systems, Water & Sewage treatment solutions, Desalination projects etc. These products are used in a variety of industries like railways, automobiles, general engineering, building and construction etc. The Co supplies several critical structural and stability components for goods wagons and passenger coaches to Indian Railways. The different applications for railway components manufactured by the Co include: Profiles for railway wagons and coaches, Underframe components for coaches and wagons etc.

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

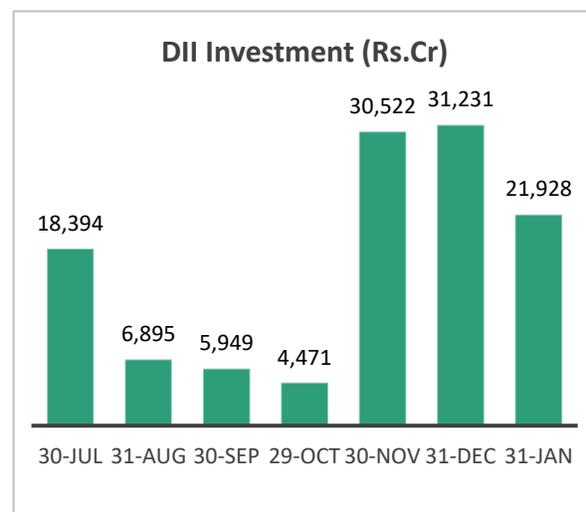
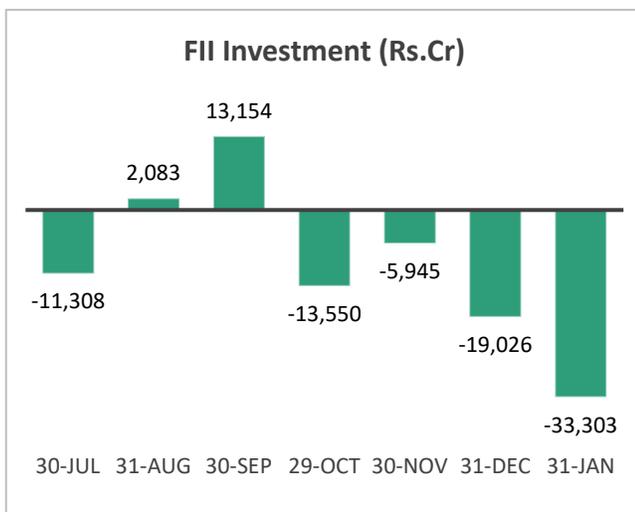
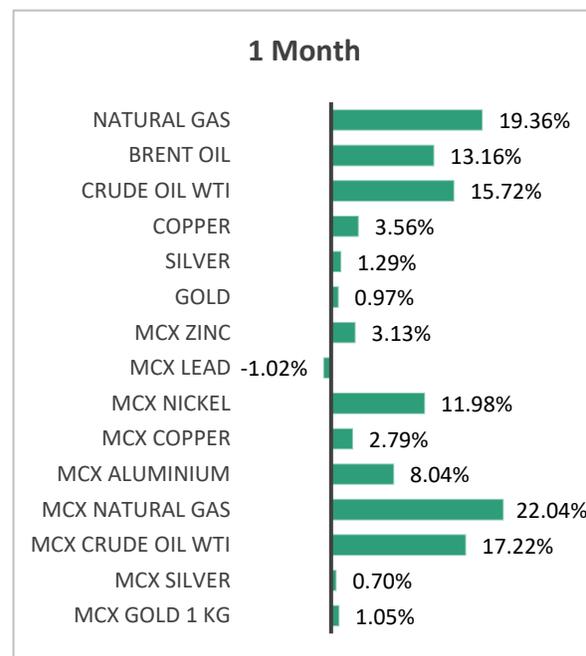
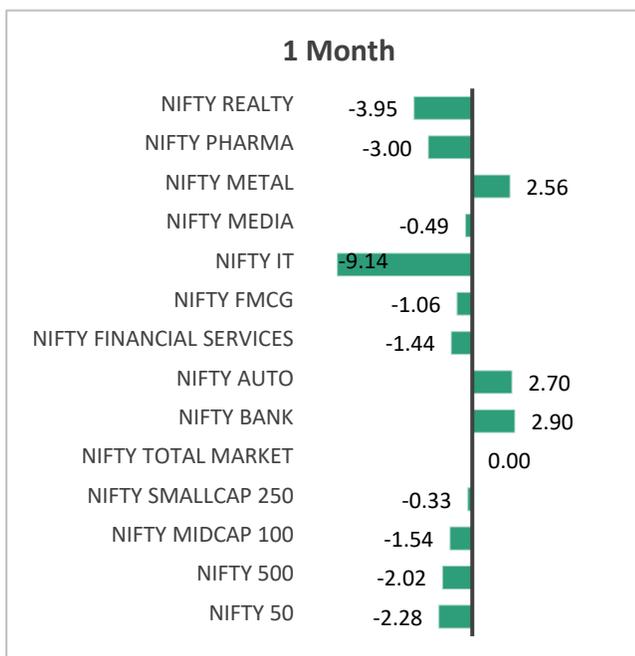
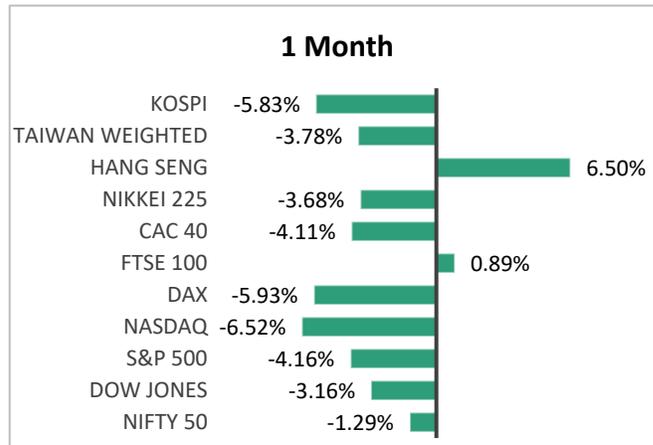
MSTC (Metal Scrap Trade Corporation) Ltd undertakes trading activities, e-commerce and also disposal of ferrous and non-ferrous scrap, surplus stores, minerals, agri and forest products, etc. Trading/ Marketing Business (~41% of revenues). The company acts as a facilitator for procurement of raw material 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.

Natco Pharma

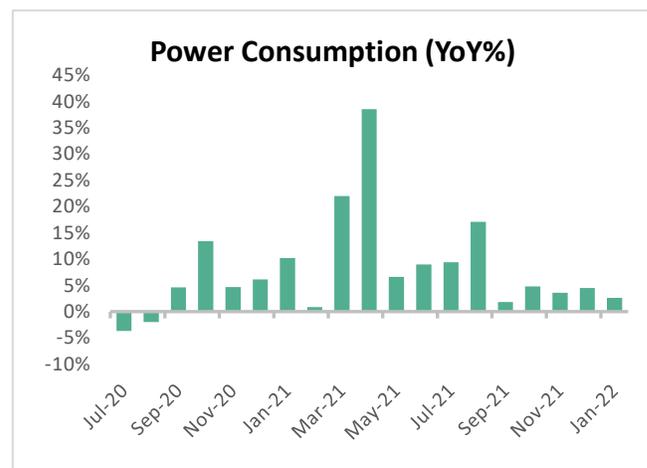
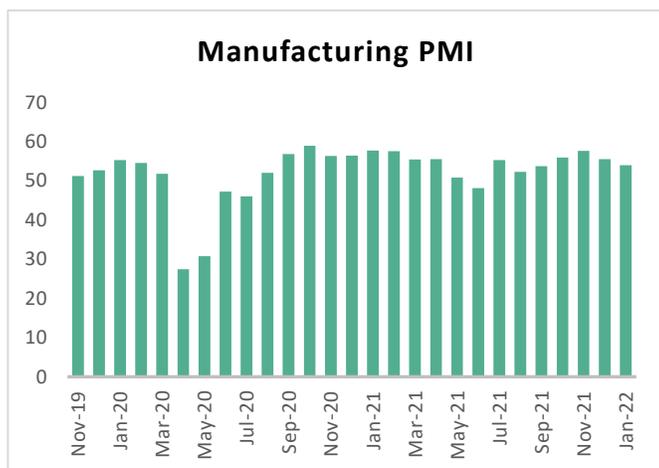
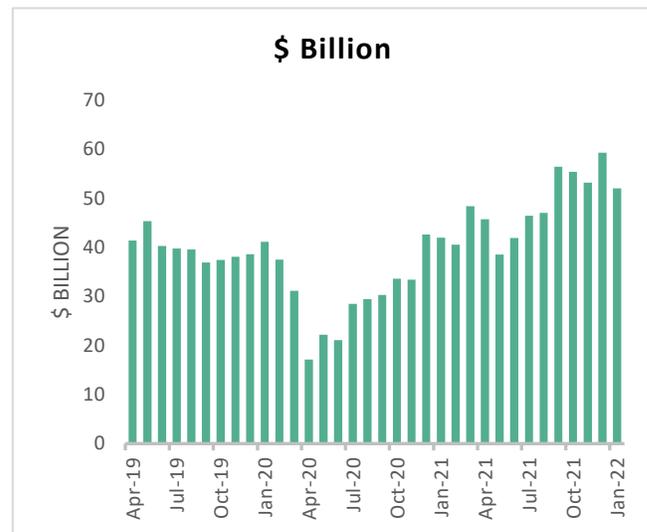
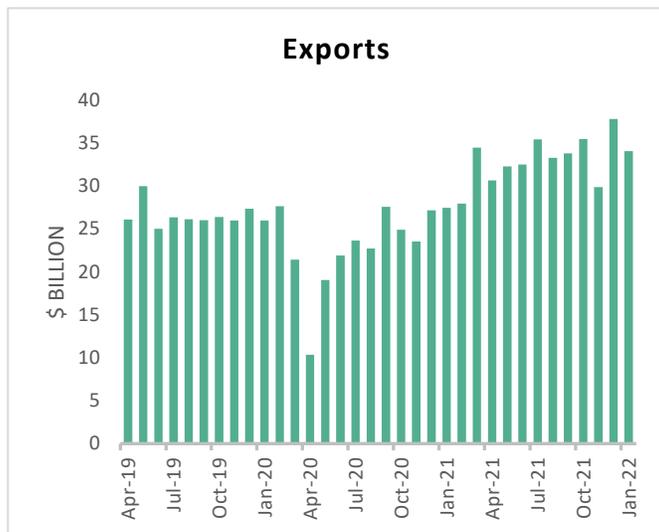
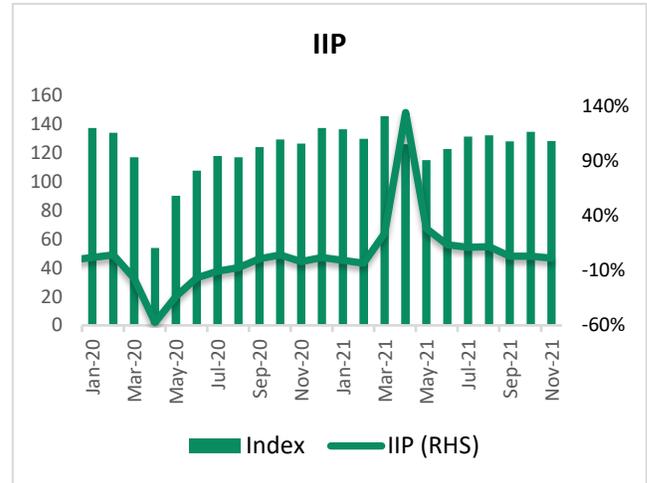
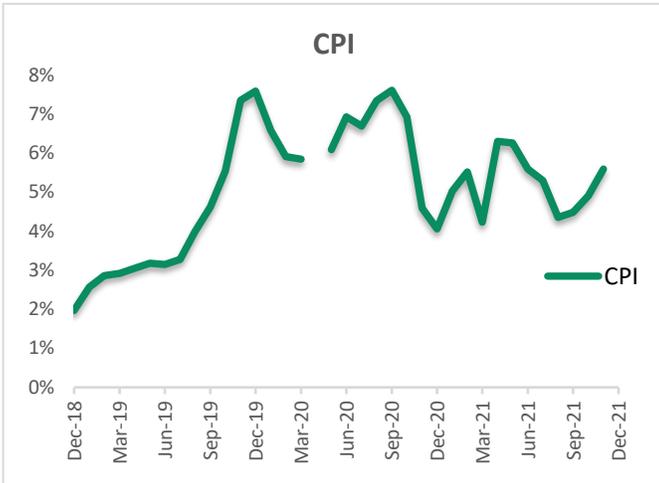
Vertically integrated pharmaceutical company with presence across geographies - India, US and ROW. Strong brand position in domestic pharma segments. Well established player in oncology with brands catering to diseases including breast, bone, lung and ovarian cancer. Growing presence in Cardio and Diabetes 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

Healthcare Global Enterprises

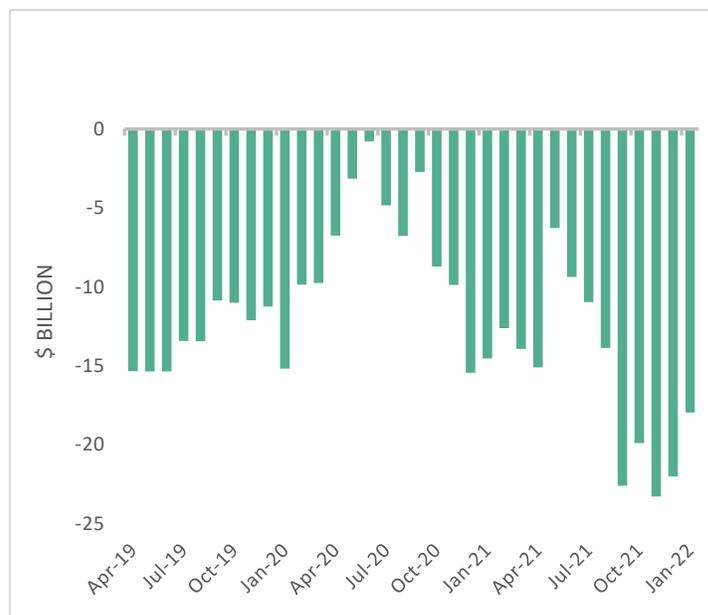
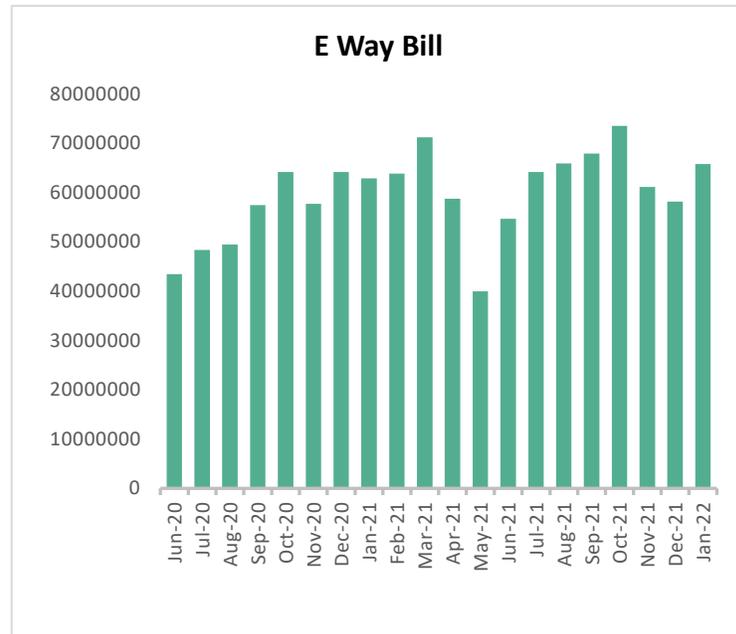
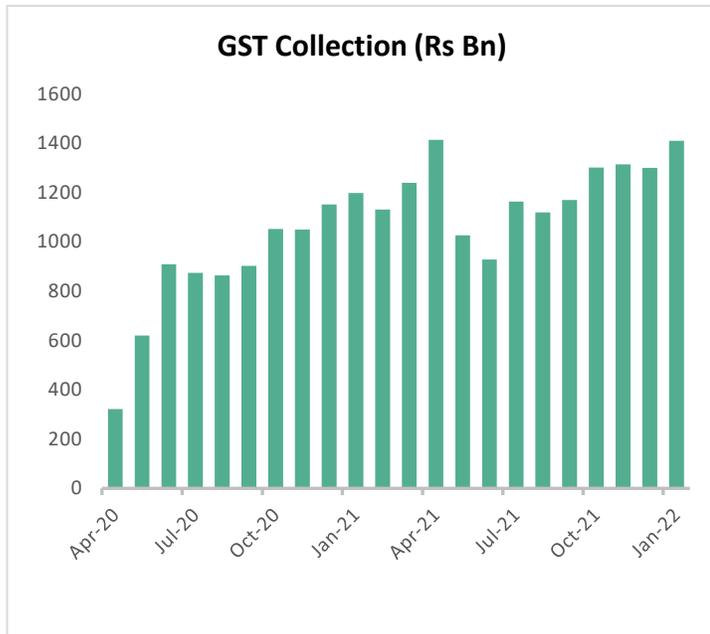
Healthcare Global Enterprises Ltd is engaged in setting up and managing hospitals and medical diagnostic services including scientific testing and consultancy services in the pharmaceutical and medical sector. The company has presence across the oncology value chain, offering services for prevention, screening, diagnosis and treatment to rehabilitation, supportive care and palliative care. the company operates 21 comprehensive cancer centers across 9 states in India. Its network also includes a cancer center in Kenya (Africa). It has a capacity of ~2,000 beds across its healthcare centers and multi-specialty hospitals.



Macro Data – India



PMS - Indinomics



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Analyst ownership of the stock- NIL

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

Analyst Certification: *The matter related to the report has been taken from sources believed reliable and the views expressed about the subject or issues in this report accurately reflect the personal views of the analyst/analysts. SMIFS does not compensate partly or in full, directly or indirectly, related to specific recommendations or views expressed by the research analysts'/market strategies/ Portfolio Managers.*

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