

## The Big Shortage: How War Drained India's Margins

Amidst the war between US, Israel and Iran, Indian oil companies suffered ₹748bn loss on fuel sales amid West Asia crisis up to June 30 when global crude oil prices spiked in the wake of the West Asia conflict. The shock did not stay confined to refiners' margins. It fed straight into portfolio flows as FPIs pulled ₹493 bn from Indian equities in June, triggered by a combination of early-month global risk aversion, a preference for developed markets and soaring US bond yields. The episode is a reminder of how quickly an energy-driven risk-off spiral can transmit to a net oil-importing market like India.

## The good news: oil has since steadied itself and that changes the growth expectations

Oil steadied as flows through the Strait of Hormuz persisted and OPEC+ signalled higher supplies, fanning concerns about a glut. Brent held near \$72 a barrel at the week's open, while West Texas Intermediate was above \$68. Oil and gas shipping along a US-protected corridor in the waterway showed signs of recovering Sunday, a day after several vessels had performed unexplained U-turns and detours in the energy chokepoint. Following the de-escalation of tensions in West Asia and the normalisation of traffic through the Strait of Hormuz, we expect the global oil market to move into surplus conditions of over 3 million barrels per day next year, which could help keep crude prices contained despite strategic reserve replenishment by various countries. For a large oil-importing nation like India, this reduces imported inflation risk and directly strengthens the macroeconomic outlook, a linkage that is already beginning to show up in the incoming data.

# STEADY OIL, STRONGER OUTLOOK: A POSITIVE CATALYST FOR INDIA'S GROWTH

De-escalation in West Asia and normalizing trade routes are supporting a more benign oil market outlook



### OIL PRICES: STEADY AFTER VOLATILITY

**BRENT CRUDE**  
(USD/BBL)



~\$72  
at week's open

**WTI CRUDE**  
(USD/BBL)



>\$68  
at week's open



Oil and gas shipping along a US-protected corridor in the Strait of Hormuz showed signs of recovering Sunday, after several vessels had performed unexplained U-turns and detours.

### FROM DE-ESCALATION TO GROWTH VISIBILITY



### OPEC+ SIGNALS HIGHER SUPPLIES



OPEC+ signalled higher supplies, fanning concerns about a glut.

We expect the global oil market to move into **SURPLUS CONDITIONS OF OVER 3 MILLION BARRELS PER DAY NEXT YEAR**, which could help keep crude prices contained despite strategic reserve replenishment by various countries.

### IMPLICATION FOR INDIA: LOWER INFLATION RISK, STRONGER MACRO OUTLOOK



Contained Crude Prices

Lower Imported Inflation Risk



Lower Oil Import Bill

Stronger Current Account & External Stability



Lower Input Costs Across Sectors

Supports Corporate Margins & Earnings Growth

### MACRO INDICATORS SUPPORT THE THESIS (Q4FY26)



Real GDP Growth

**7.83%**



CPI Inflation

**3.93%**



Current Account Deficit (% of GDP)

**0.7%**

vs 1.4% in Q4FY25



### BOTTOM LINE

Steady oil, easing supply concerns, and normalizing trade routes are a positive inflection for the global and Indian economy. **For India, this enhances growth visibility, supports disinflation, and strengthens the macroeconomic outlook.**

## Stabilisation is visible in the macro data itself

- India HSBC Manufacturing PMI moderated to 54.5 in June from 55.0, while the U.S. ISM Manufacturing PMI eased to 53.7 from 54.0 despite the war scenario and geopolitical volatility.
- Euro Area inflation declined to 3.0% from 3.2%, while Japan's consumer confidence improved to 34.0 from 33.6, suggesting gradual stabilisation in global demand conditions.

## Domestically, the financial system is echoing the same constructive signal:

- The RBI highlighted that gross NPAs have declined to a multi-decadal low of 1.8%, reflecting strong balance sheets across the banking system.
- Bank credit to industry grew a robust 17.5% YoY in May, driven by accelerating lending to large industries and sustained growth in the MSME segment.
- Strong industrial credit growth suggests that the domestic investment and private capex cycle remains intact.

**Against this improving backdrop, the shift towards India is expected to be seen soon: why?**

A cooler energy backdrop and resilient domestic credit cycle are coinciding with and arguably reinforcing a wave of bilateral commitments that widen the top line opportunity for Indian companies. Three agreements stand out.

**FTAs: the policy shift set to grow the top line of Indian companies**

# FTAs: THE POLICY SHIFT SET TO GROW THE TOP LINE OF INDIAN COMPANIES



**A shift towards India is expected to be seen soon: why?**

A cooler energy backdrop and resilient domestic credit cycle are coinciding with and arguably reinforcing a wave of bilateral commitments that widen the top line opportunity for Indian companies.



**INDIA'S NEW TRADE STRATEGY: A FUNDAMENTAL SHIFT**

India's recent wave of Free Trade Agreements (FTAs) marks a fundamental shift in economic strategy from cautious protectionism toward deeper global trade integration.

Combined with **Production-Linked Incentive (PLI) schemes, infrastructure investments, supply-chain localization** and the global "China+1" diversification trend, these agreements have the potential to accelerate India's manufacturing and export-led growth.



**EXPORT-LED GROWTH**

Wider market access driving higher merchandise exports



**MANUFACTURING ACCELERATION**

PLI schemes boosting domestic value addition and global competitiveness



**SUPPLY-CHAIN LOCALIZATION**

Building resilient, cost-efficient, and future-ready supply chains



**INFRASTRUCTURE ENABLER**

Investments enhancing connectivity, logistics, and trade efficiency



**GLOBAL DIVERSIFICATION**

"China+1" trend positioning India as a preferred manufacturing hub



**THE STRATEGIC OBJECTIVE IS AMBITIOUS BUT CLEAR:**

**ACHIEVING US\$1 TRILLION IN MERCHANDISE EXPORTS BY 2030.**



FTAs, backed by strong policy enablers and global tailwinds, are set to unlock new markets, attract investments, and drive a sustained re-rating of India's growth and corporate earnings.

**MORE ACCESS. MORE COMPETITIVENESS. MORE GROWTH.**

**India-Japan FTA**

The 16th India-Japan Annual Summit marked a major step forward in strengthening economic, technological and strategic ties between the two countries. A key outcome was Japan's commitment to support India's long-term growth through a targeted investment of ¥10 trillion over the next decade, equivalent to approximately ₹5857 billion. Additionally, 100+ new business agreements signed during the past year are expected to generate over ₹944 billion of fresh investment into India.

For Indian companies, the summit creates significant opportunities across defence, infrastructure, manufacturing, clean energy, technology and healthcare. The first-ever India-Japan defence co-development project for a Naval Radio Antenna opens avenues for domestic defence manufacturers, while the Joint Roadmap on Economic Security is expected to benefit companies operating in semiconductors, quantum technologies and advanced materials. The launch of the India-Japan Biogas Initiative, supporting 1,000 biogas and organic fertiliser plants, will boost rural infrastructure, agri-tech and renewable energy sectors.

Bilateral trade reached US\$27.5 billion in FY26, while Japanese investment into India stood at US\$3.2 billion during April-December 2025. The new AI partnership, mobility framework, and agreements in healthcare and biotechnology are expected to accelerate innovation, skill development and technology transfer. Overall, the summit strengthens India's position as a preferred investment destination, supports job creation, enhances manufacturing competitiveness, and reinforces long-term economic growth.

**India-Australia FTA: nuclear and renewable energy which is the next leg of strategic capital**

Where the Japan summit widens the top line across manufacturing and technology, Prime Minister Narendra Modi's visit to Australia strengthens the energy-security leg of that same shift, through the signing of a long-awaited commercial uranium supply agreement. While India and Australia signed a Civil Nuclear Cooperation Agreement in 2014, commercial uranium exports have yet to commence. The new agreement is expected to provide India with a reliable long-term source of uranium fuel for its civilian nuclear power programme.

Australia, which holds nearly one-third of the world's uranium reserves and is among the largest global uranium producers, will play an important role in supporting India's energy security objectives. The agreement is likely to benefit companies involved in nuclear power generation, reactor construction, EPC services, heavy engineering and nuclear equipment manufacturing.

India currently operates 24 nuclear reactors with an installed capacity of 8.78 GW, contributing around 3% of total electricity generation. With the government targeting 100 GW of nuclear capacity by 2047, the sector is poised for significant expansion through large reactor projects and the development of Small Modular Reactors (SMRs), creating substantial opportunities across the nuclear value chain.

### India-Russia FTA: strategic capital extends further still

Alongside Japan and Australia, India and Russia have set an ambitious target of achieving ₹4,418 bn in mutual investments by 2030, further strengthening their long-standing economic partnership through greater collaboration in advanced manufacturing, critical minerals, green technology and emerging industries.

The target was discussed during the meeting of the India-Russia Joint Working Group on Priority Investment Projects in Moscow, co-chaired by the Department for Promotion of Industry and Internal Trade (DPIIT) and the Russian Ministry of Economic Development. Both sides agreed to encourage private sector participation and promote joint investment projects across strategic sectors, including advanced manufacturing, green hydrogen, energy storage, metallurgy, mining, critical minerals and new technologies.

India's investment opportunities, ongoing economic reforms and skilled workforce were also showcased as key strengths to attract greater Russian investment and foster long-term industrial cooperation.

## INDIA'S FTA MOMENTUM

STRATEGIC PARTNERSHIPS. BIGGER MARKETS. STRONGER INDIA.

INDIA – JAPAN FTA Driving Innovation, Manufacturing & Technology	INDIA – AUSTRALIA FTA Strengthening Energy Security	INDIA – RUSSIA FTA Expanding Strategic & Industrial Cooperation
<p><b>¥10 TRILLION</b> Investment Commitment over next decade (≈ ₹5,857 billion)</p> <p><b>100+</b> Business Agreements expected to bring in ₹944 billion investment</p>	<p><b>COMMERCIAL URANIUM SUPPLY</b> Agreement Signed</p> <p><b>SUPPORTING INDIA'S TARGET</b> 100 GW Nuclear Capacity by 2047</p>	<p><b>₹4,418 BILLION</b> Target for Mutual Investments</p> <p><b>BY 2030</b> Ambitious Target Timeline</p>
<p><b>KEY SECTORS IMPACTED</b></p> <ul style="list-style-type: none"> <li>Defence &amp; Aerospace</li> <li>Infrastructure</li> <li>Manufacturing</li> <li>Clean Energy</li> <li>Technology &amp; Semiconductors</li> <li>Healthcare &amp; Biotechnology</li> </ul>	<p><b>KEY SECTORS IMPACTED</b></p> <ul style="list-style-type: none"> <li>Nuclear Power Generation</li> <li>Reactor Construction &amp; EPC Services</li> <li>Heavy Engineering</li> <li>Nuclear Equipment Manufacturing</li> <li>Renewable Energy</li> </ul>	<p><b>KEY SECTORS IMPACTED</b></p> <ul style="list-style-type: none"> <li>Advanced Manufacturing</li> <li>Critical Minerals &amp; Metallurgy</li> <li>Green Hydrogen &amp; Clean Tech</li> <li>Energy Storage</li> <li>New Technologies</li> </ul>
<p><b>TRADE &amp; INVESTMENT SNAPSHOT</b></p> <p><b>US\$27.5 BILLION</b> Bilateral Trade in FY26</p> <p><b>US\$3.2 BILLION</b> Japanese Investment into India (Apr-Dec 2025)</p>	<p><b>INDIA'S NUCLEAR ROADMAP</b></p> <ul style="list-style-type: none"> <li>24 Nuclear Reactors</li> <li>8.78 GW Installed Capacity</li> <li>~3% of Total Electricity Generation</li> <li>Target: 100 GW by 2047</li> <li>Focus on Large Reactors &amp; Small Modular Reactors (SMRs)</li> </ul>	<p><b>FOCUS AREAS</b></p> <ul style="list-style-type: none"> <li>Encouraging Private Sector Participation</li> <li>Joint Investment Projects in Strategic Sectors</li> <li>Leveraging India's Reforms, Skilled Workforce &amp; Investment Opportunities</li> </ul>
<p><b>BY WHEN?</b> INVESTMENT WINDOW NEXT 10 YEARS</p>	<p><b>BY WHEN?</b> TARGET BY 2047</p>	<p><b>BY WHEN?</b> TARGET BY 2030</p>

STRONGER PARTNERSHIPS
 NEW OPPORTUNITIES
 SUSTAINABLE GROWTH

**ATMANIRBHAR BHARAT**

## Government policy support: the domestic engine reinforcing the same story

Alongside these external commitments, domestic policy is reinforcing the growth engine from within across trade, disinvestment, private credit and infrastructure.

**India is targeting 16-17% growth in goods exports, 11% in services in FY27:** Commerce and Industry Minister Piyush Goyal has said that India is targeting 16-17% growth in merchandise exports to \$530 billion in the current fiscal year. He also said the target for the services sector is 11 per cent growth to \$470 billion in 2026-27.

**Govt fast-tracks disinvestment process to shore up revenues, garners 31% of budget aim in Q1 FY27:** The government has pushed the pedal on its disinvestment and asset monetisation plan in the current fiscal, raising about 31 per cent of its full-year budgeted target in the first quarter itself.

**India's private credit market doubles to \$25 billion:** Moody's Ratings has said that India's private credit market has doubled in size in the past five years to about \$25 billion in Assets Under Management (AUM) as of 2025 end, and will further expand amid strong financing demand — a further sign that domestic capital formation is broadening beyond the banking channel alone.

**Indian Railways reports strong Q1 FY27 freight & passenger growth:** The railway ministry said the Indian Railways transported 419.08 million tonnes of freight in the first quarter (April-June) of the 2026-27 fiscal, registering a growth of 1.46 per cent compared to the corresponding period during the previous financial year, consistent with the broader pickup in industrial activity described above.

## The earnings are around the corner again: what are our expectations

Taken together: cooling energy costs, resilient global demand, deepening strategic partnerships and a supportive domestic policy is expected to positively impact the FY27 earnings. Business updates already suggest earnings breadth is improving meaningfully, with strong credit growth across banks signalling healthy domestic demand.

Some sectors are looking to benefit from key government policies, the current geopolitical scenario, the capex cycle, and a valuation margin of safety.

### EV REGISTRATIONS JUMP 57% IN Q1

India registered nearly 300,000 more electric vehicles in the first quarter of FY27 than a year earlier.

**CHARGING AHEAD**  
EV Registrations (Units)

Month	Q1 FY27	Q1 FY26
April	248,567	167,465
May	271,319	180,035
June	305,566	179,522
<b>Total</b>	<b>825,452</b>	<b>527,022</b>

Growth (Y-o-Y) **56.63%**

**TOP 4 STATES BY EV SALES IN Q1 FY27**

State	EV Sales (Units)	% Share of Q1 FY27 Sales
Uttar Pradesh	117,388	14.2
Maharashtra	93,418	11.3
Karnataka	76,767	9.3
Tamil Nadu	71,463	8.7

**GROWTH DRIVEN ACROSS SEGMENTS (Y-O-Y)**

Segment	Q1 FY27 Sales	Q1 FY26 Sales	Growth (Y-o-Y)
TWO-WHEELERS	527,022	248,567	56.6%
THREE-WHEELERS	248,567	167,465	69.9%
PASSENGER CARS	167,465	117,388	43.5%
COMMERCIAL THREE WHEELERS	71,463	35,936	23.9%

**KEY TAKEAWAYS**

- Registrations rose 56.63% in Q1 FY27 to 825,452 units from 527,022 units in Q1 FY26.
- June saw the highest-ever registrations at 305,566 units, up 69.7% YoY.
- Electric three-wheelers led the market with 58% share of total EV sales.
- Uttar Pradesh emerged as the top state with 117,388 EV registrations.
- Strong policy push, wider model availability and falling battery costs are accelerating India's shift towards electric mobility.

## ARMY FLOATS ₹75 BILLION DEFENCE MODERNISATION PIPELINE TO BOOST DOMESTIC MANUFACTURING

The Army has announced a five-year restoration and modernisation programme worth over ₹75 billion to upgrade its ageing fleet of Soviet-origin tanks and armoured vehicles.

- Provides long-term business viability to PSUs, private players and MSMEs
- Encourages investments in capacity, technology upgrades and supply chains
- Helps develop skilled manpower and boost manufacturing capabilities
- Reduces India's dependence on imports through greater indigenisation



### KEY COMPONENTS OF THE FIVE-YEAR PROGRAMME

RESTORATION OF 790 T-72 TANKS	UPGRADATION OF 200 T-90 TANKS	MODERNISATION OF 500 BMP INFANTRY COMBAT VEHICLES	RESTORATION OF 230 ARMOURD RECOVERY VEHICLES
<p><b>₹13 BILLION+</b></p> <ul style="list-style-type: none"> <li>Restoration of 790 T-72 tanks</li> <li>Upgraded with advanced electronics, engineering systems, drones for ISR, precision-strike capabilities and other next-generation equipment</li> <li>Core structure of platforms will be retained</li> </ul>	<p><b>₹56 BILLION</b></p> <ul style="list-style-type: none"> <li>Upgradation of 200 T-90 tanks over the next five years</li> <li>Enhances firepower, mobility, protection and network-centric warfare capabilities</li> </ul>	<p><b>₹5 BILLION</b></p> <ul style="list-style-type: none"> <li>Modernisation of 500 BMP infantry combat vehicles</li> <li>To be undertaken by AVNL's Ordnance Factory Medak</li> </ul>	<p><b>₹1.2 BILLION</b></p> <ul style="list-style-type: none"> <li>Restoration of 230 armoured recovery vehicles over five years</li> <li>Built by Bharat Earth Movers Ltd (BEML)</li> <li>Crucial for recovering and repairing tanks on the battlefield</li> </ul>
<p><b>₹75 BILLION+</b> Total five-year order pipeline</p> <p>Armoured Vehicles Nigam Ltd (AVNL) will execute major parts of the programme.</p>		<p>To be executed with the support of around 1,200 MSMEs and start-ups.</p>	
<p>Involves PSUs, private players, MSMEs and start-ups</p>		<p>Boosts capacity expansion, technology upgrades, supply chains and skilled manpower</p>	
<p>Promotes indigenisation and reduces dependence on imports</p>			

## Nifty IT: valuations offer an attractive entry point

Within the broader recovery in Indian equities, the IT sector is emerging as one of the most attractive value opportunities. The AI-driven rally that supported markets such as Taiwan and Korea over the past 18 months appears to be moderating, potentially paving the way for investor flows to rotate toward India, supported by stronger domestic growth fundamentals.

The Nifty IT Index is currently trading at 16.6x PE, representing a 29% discount to its 10-year average valuation of 23.3x. Valuations among large-cap IT companies are even more compelling, with TCS, Infosys, HCL Technologies and Wipro trading at an average 36% discount to their historical valuation multiples. Despite near-term demand challenges, these companies continue to generate strong cash flows, offering an attractive 6.7% free cash flow yield and 5.7% shareholder yield through dividends and buybacks.

## Overall Indian equity market expected to benefit


This valuation reset is not confined to IT alone, it extends across the broader market. The recent correction in Indian equities is starting to uncover pockets of value: data shows that more than 68% of the Nifty 500 is now trading below its peak valuation multiples. Nifty 50 is trading at ~18 times one-year forward earnings, ~7% below its 10-year average, a level that has historically acted as a floor outside of extreme shocks.



### ENTIRE UNIVERSE TRADES AT OR BELOW HISTORICAL AVERAGE VALUATIONS

100% of the universe is available at or below average valuations

Nifty Top 10 Equal Weight Index	Valuation Matrix	TTM PE Ratio	10 Year Avg PE	Post GFC Avg PE	Valuations
Infosys	P/E Ratio	13.5	23.3	22.0	Buyback, Below Average
ITC	P/E Ratio	17.2	25.7	28.0	Cheaper vs Own History
Reliance Industries	P/E Ratio	22.7	24.1	25.0	Lower than avg
TCS	P/E Ratio	14.0	26.9	25.0	Buyback, Below Average
Axis Bank	P/B Ratio	2.0	2.1	2.3	Cheaper vs Own History
HDFC Bank	P/B Ratio	2.1	3.7	4.0	Cheaper vs Own History
ICICI Bank	P/B Ratio	2.8	2.6	2.3	At Average
Kotak Mah. Bank	P/B Ratio	2.2	3.8	3.8	Cheaper vs Own History
Bharti Airtel	EV/EBITDA	10.8	13.7	11.3	Cheaper vs Own History
Larsen & Toubro	EV/EBITDA	16.7	14.2	14.2	At Average

 Green highlight is where the current valuation is at or below the 10 year average



### MAJORITY OF UNIVERSE TRADES AT OR ABOVE AVERAGE RETURN ON EQUITY (ROE)

70% of the universe is available at or above average ROE

Nifty Top 10 Equal Weight Index	Current ROE*	10 Year Avg ROE	Post GFC Avg ROE	Return On Equity (ROE)
Infosys	32%	30%	29%	At Average
ITC	29%	25%	28%	At Average
Reliance Industries	9%	10%	11%	Below Average
TCS	52%	42%	41%	Higher than Average
Axis Bank	13%	10%	14%	Higher than Average
HDFC Bank*	14%	16%	18%	Below Average
ICICI Bank	16%	13%	13%	Higher than Average
Kotak Mah. Bank	11%	14%	14%	Below Average
Bharti Airtel	22%	11%	12%	Higher than Average
Larsen & Toubro	16%	15%	15%	Higher than Average

 \*Green highlight is where the current ROE value is above the 10 year average

 # \*The numbers are not comparable due to the Merger impact of HDFC and HDFC Bank

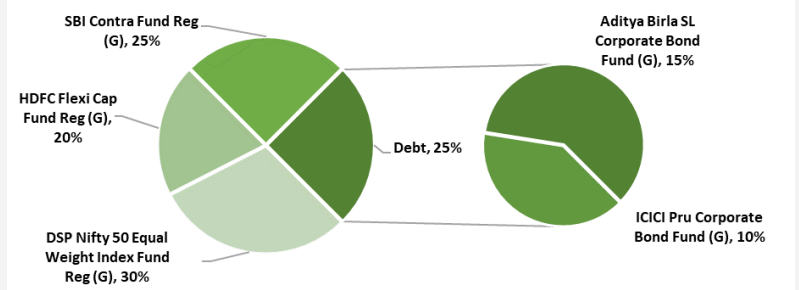
## Mid Cap and Small Cap segment expected to drive growth

Nowhere is the recovery setup more visible than in the mid- and small-cap space. The YTD bounce back in Nifty Mid Cap 100 & Nifty Small Cap indices has been very strong, led by strong double-digit earnings growth reported by respective indices in 4QFY26. While earnings in 1QFY27 may see some impact from the full effect of elevated crude prices this quarter, the sharp drop in crude oil prices is a key positive.

For FY27, we expect double-digit earnings growth across all the aforementioned indices. After two years of underperformance versus emerging-market peers in FY25 and FY26, we believe the recovery is now underway, making this a good time to look at India.

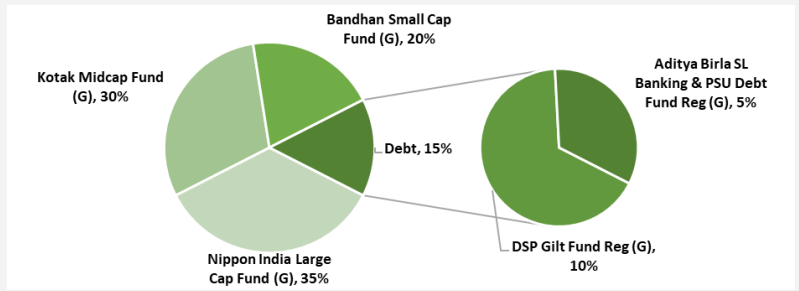
**Profile: Conservative**

Scheme	1 Yr (Return %)	3 Yr (Return %)	5 Yr (Return %)
DSP Nifty 50 Equal Weight Index Fund Reg (G)	1.1	13.5	13.1
HDFC Flexi Cap Fund Reg (G)	-0.3	17.2	17.7
SBI Contra Fund Reg (G)	-4.1	13.8	16.7
ICICI Pru Corporate Bond Fund (G)	6.2	7.6	6.7
Aditya Birla SL Corporate Bond Fund (G)	5.2	7.3	6.4



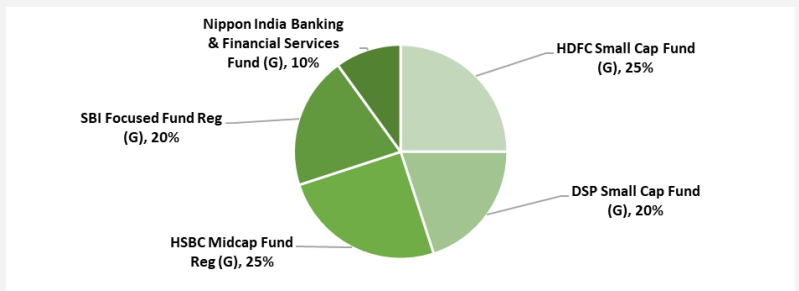
**Profile: Moderate**

Scheme	1 Yr (Return %)	3 Yr (Return %)	5 Yr (Return %)
Nippon India Large Cap Fund (G)	-2.6	13.7	15.1
Kotak Midcap Fund (G)	5.1	19.6	17.2
Bandhan Small Cap Fund (G)	5.1	26.9	19.9
DSP Gilt Fund Reg (G)	4.0	6.7	5.9
Aditya Birla SL Banking & PSU Debt Fund Reg (G)	5.0	7.0	6.1



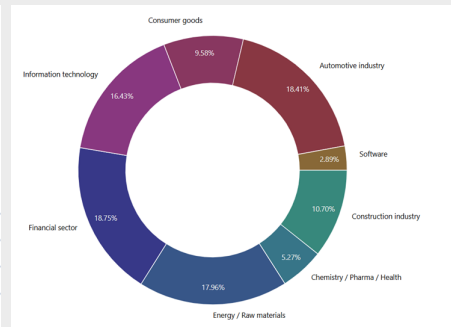
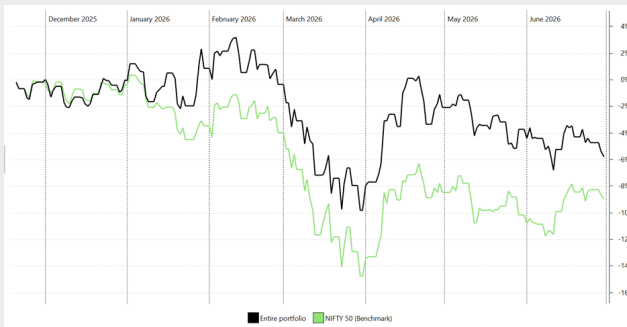
**Profile: Aggressive**

Scheme	1 Yr (Return %)	3 Yr (Return %)	5 Yr (Return %)
HDFC Small Cap Fund (G)	-2.1	13.5	15.9
DSP Small Cap Fund (G)	7.3	18.6	18.1
HSBC Midcap Fund Reg (G)	16.5	26.3	19.2
SBI Focused Fund Reg (G)	7.4	15.9	12.9
Nippon India Banking & Financial Services	-0.5	13.5	14.2



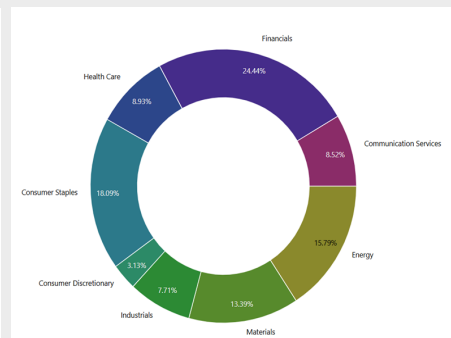
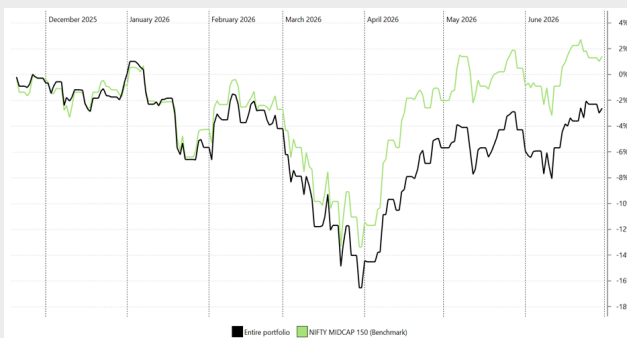
## LARGE CAP

A model portfolio built out of the top 100 companies in the country by market capitalisation, which mostly translates into higher liquidity in terms of daily trading volumes as well, and is ideal for people who are looking at safety more than returns, with a very moderate long term risk profile, or for newbies. The returns from this portfolio should largely mimic the frontline indices like the Nifty 50. Ideal for a possible time horizon greater than 24 months. Tactical allocation will be managed with the help of alternate assets occasionally.



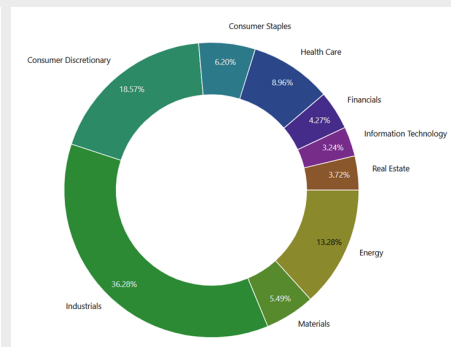
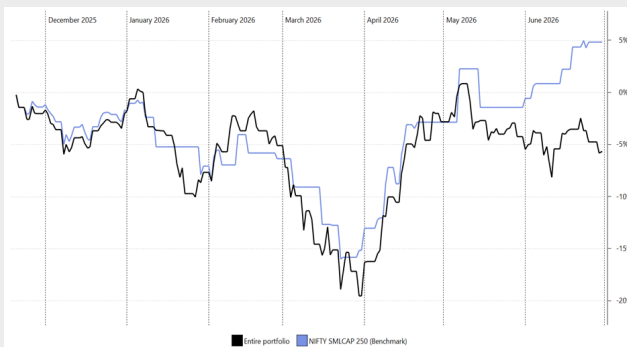
## MID CAP

A model portfolio built with mid-caps, which have mildly more risk than large-caps but are relatively safer, as this is the basket that more often than not moves higher into the large-cap basket over time. These are more or less well-known listed companies, with a risk grade mildly higher than that of largecaps. This basket is ideal for people with a moderate risk profile and who have some understanding of how the capital markets operate. Ideal for a time horizon greater than 36 months. Tactical allocation will be managed with the help of alternate assets occasionally.



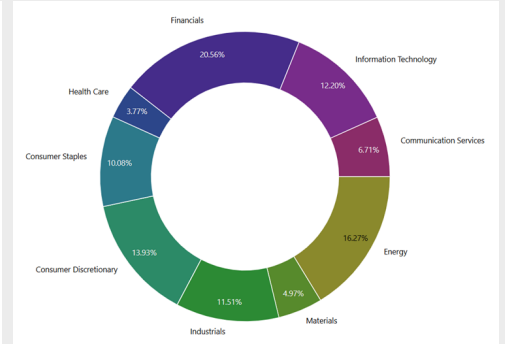
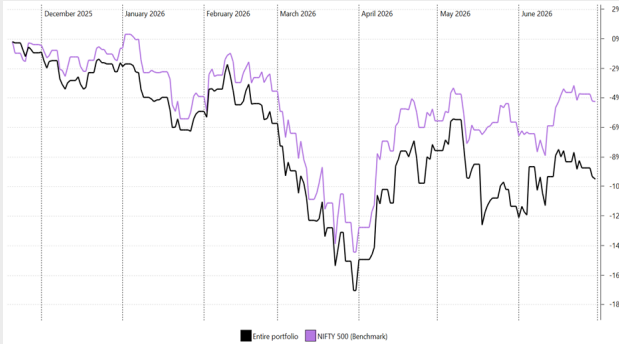
## SMALL CAP

A model portfolio built with small-caps, which have possibly the highest risk vis-à-vis mid-caps and large-caps while, at the same time, generating the best alpha or above-average returns. This basket has the highest risk and also the best possible long-term returns, as the small-caps traverse through their journey of becoming mid-caps and large-caps over time, while at the same time being under-researched leaves maximum scope for alpha generation. This is ideal for those who have time on their side and are not perturbed by large drawdowns occasionally. The ideal time horizon should be greater than 60 months. Tactical allocation will be managed with the help of alternate assets occasionally.



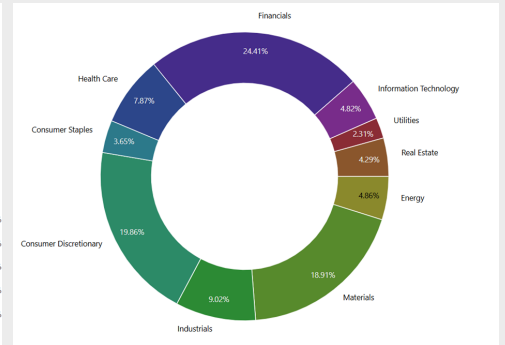
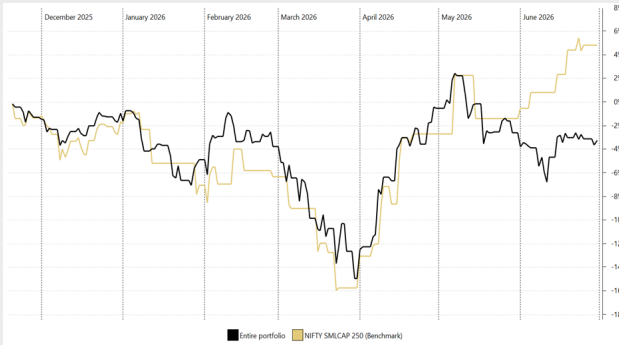
**DIVERSIFIED**

The diversified model portfolio is a mix of all we have to offer, spread across large-caps, mid-caps, small-caps, contra bets, multibaggers, cash, and alternate assets, depending on our risk metrics and perceived risk. The allocations are revised/reallocated according to the risk in markets, which could be domestic or global, macro or micro in nature. This is ideal for someone who is willing to believe in the fund management ability of the manager and wishes to realign the portfolio according to the changing realities in and around the equity markets. The ideal time horizon should be greater than 24 months.



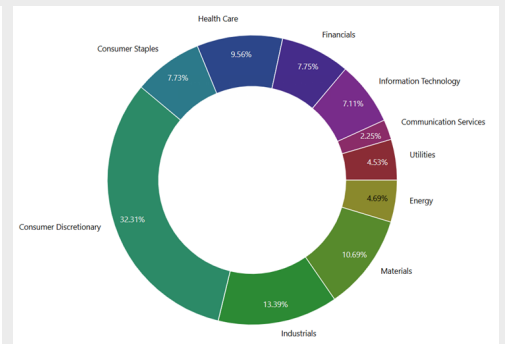
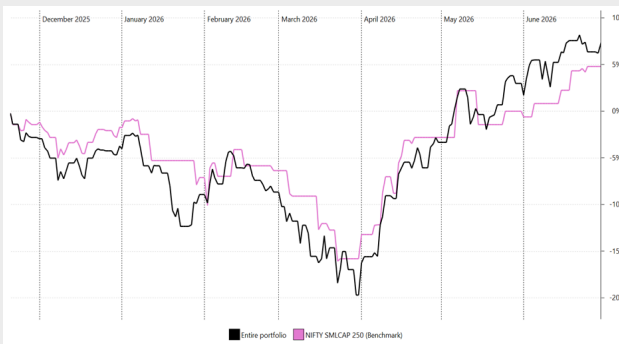
**CONTRA**

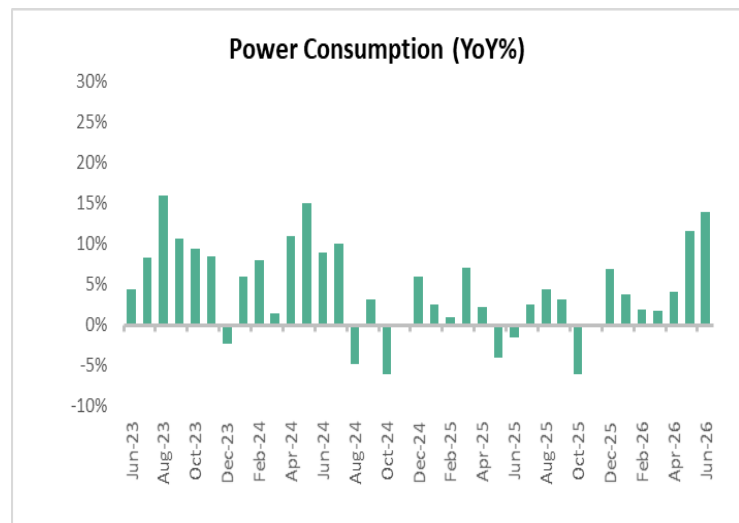
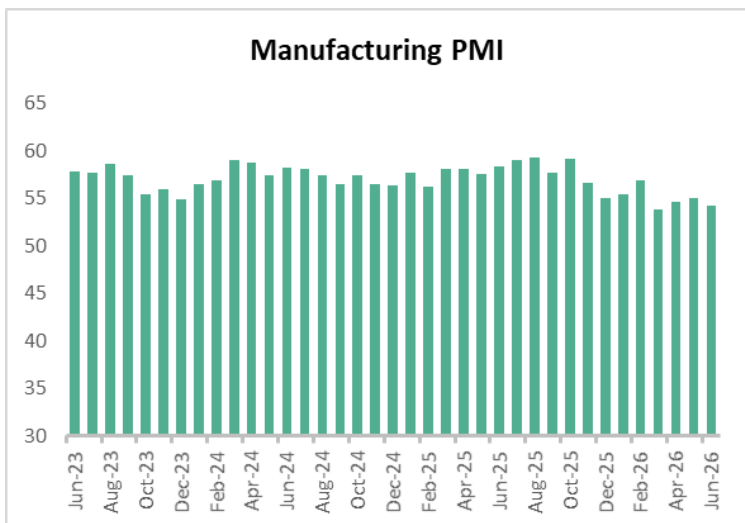
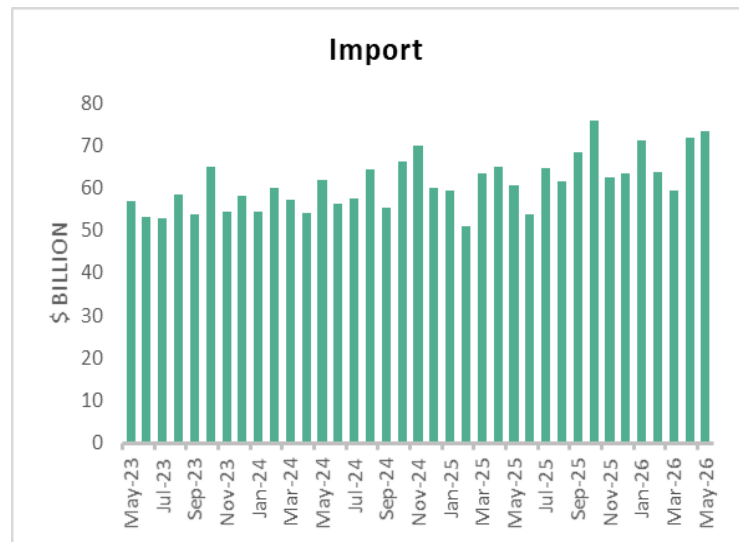
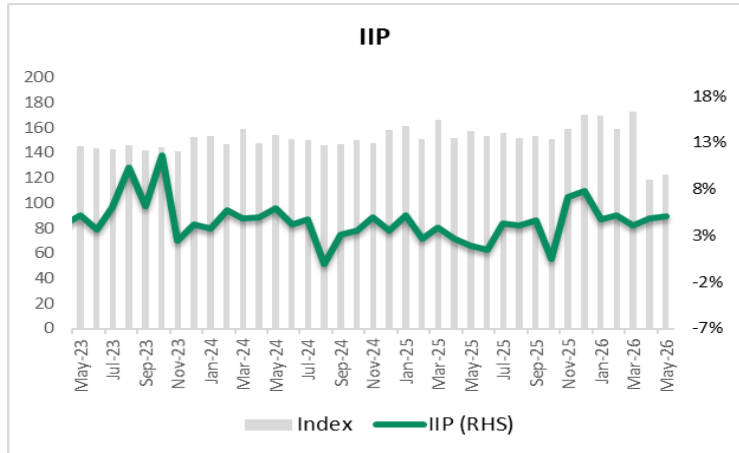
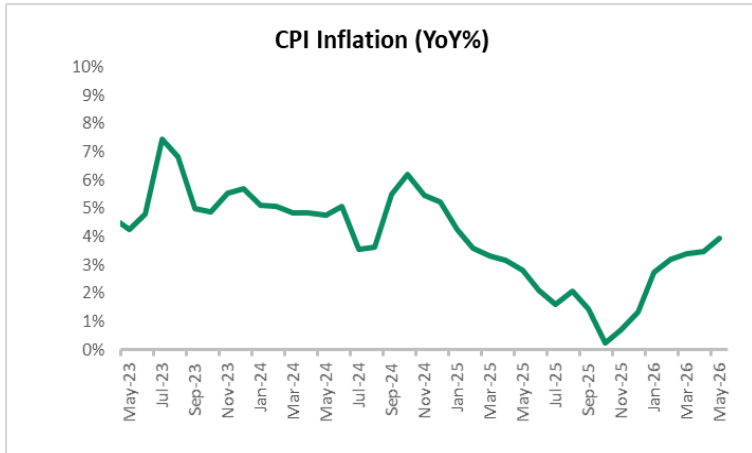
These are contrarian investments that invest in well-known or fairly well-known companies, ideally with a large-cap to mid-cap composition, that have been left out of favour, resulting in a high margin of safety or attractive valuations. As and when market fancy returns, the investor can reap the benefits of improving valuation multiples and improved financials as well, resulting in a double bounty. Ideal for a minimum time frame of above 24 months. Tactical allocation will be managed with the help of alternate assets occasionally.



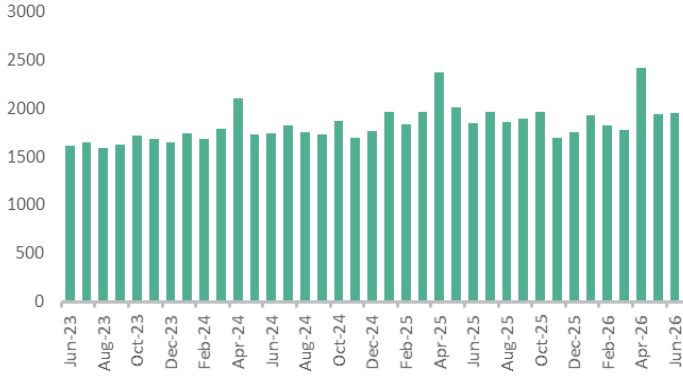
**MULTIBAGGER**

Now, the most sought-after or dreamy segment: the Multibagger Portfolio. Everyone wants to tell the story of a stock that has been a 5–10 bagger. This is the portfolio that seeks to find those stocks that have the potential to become such behemoths over the next 5–10 years. Comparatively, this is a larger basket, as the uncertainties and hence the risks associated with such bets are also high. This kind of portfolio is recommended for risk seekers only. While we do enough due diligence to avoid mishaps, the probability of them happening in this basket is the highest, and hence the excessive diversification. The ideal time frame would be above 5 years.

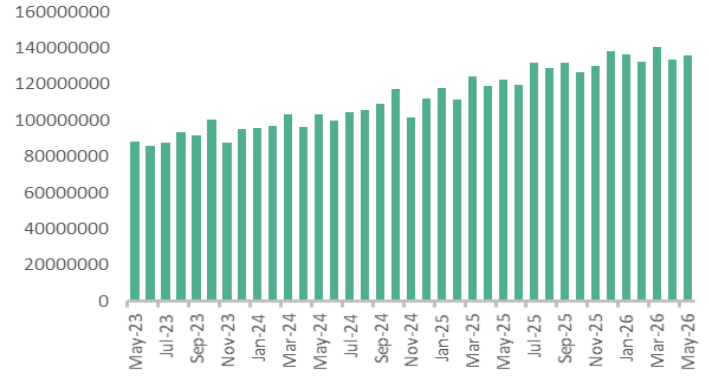




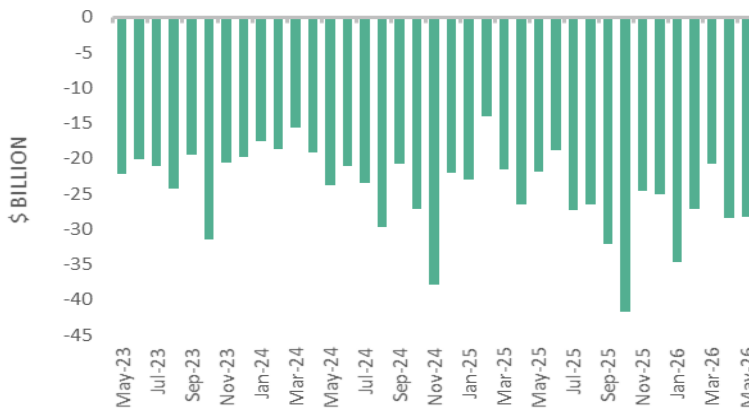
### GST Collection (Rs Bn)



### E Way Bill



### Trade Deficit



**Analyst Certification:**

We, **Saurav Pal & Kabir Sharma**, Research Analysts of SMIFS Limited (in short "SMIFS / the Company"), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Research Report. It is also confirmed that I, the above-mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

**Terms & Conditions and Other Disclosures:**

SMIFS Limited is regulated by the Securities and Exchange Board of India ("SEBI") and is engaged in the business of Stock Broking, Depository Services, Portfolio Management, Research Services and Distribution of Financial Products and related allied activities for which SMIFS is registered with various regulators. SMIFS Limited includes Subsidiaries, Group and Associate Companies, Promoter, Directors, Employees and affiliates.

**Research Services**

SMIFS is registered as a Research Analyst Entity. The Research Reports are prepared and distributed by SMIFS in the capacity of a Research Analyst as per Regulation 19 & 22(1) of SEBI (Research Analysts) Regulations 2014, having SEBI Registration Number – INH300001474.

**Stock Broking**

SMIFS is a Trading Member of National Stock Exchange of India Limited (NSE); BSE Limited (BSE), Metropolitan Stock Exchange of India Limited (MSEI) and Multi Commodity of Exchange of India Limited (MCX); National Commodity and Derivatives Exchange Limited (NCDEX) with SEBI Registration Number: INZ000220635.

**Depository Services**

SMIFS is a Depository Participant of National Securities Depository Limited (NSDL) bearing DP ID – IN301629 and Central Depository Services (India) Limited (CDSL) bearing DP ID – 12016000 with SEBI Registration Number IN-DP-414-2019.

**Portfolio Management**

SMIFS is also registered as a Portfolio Manager with SEBI Registration Number INP000004623 and Research Analyst with SEBI Registration Number INH300001474.

**Distribution**

SMIFS is also registered with Association of Mutual Funds of India (AMFI) with ARN Code 3080 for the distribution of Mutual Fund Units of various reputed Asset Management Companies.

**Subsidiaries**

Stewart & Mackertich Commodities Limited is a subsidiary of SMIFS Limited and a Trading Member of National Commodity and Derivatives Exchange Limited (NCDEX) with SEBI Registration Number INZ000064332.

SMIFS Wealth Management Limited is also a subsidiary of SMIFS Limited, registered with Association of Portfolio Managers in India (APMI), having APRN - APRN00855.

SMIFS and its associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. SMIFS generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by SMIFS and are subject to change without any notice. The Research Report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of SMIFS Limited. While we would endeavour to update the information herein on a reasonable basis, SMIFS is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent SMIFS from doing so. Non-rated securities indicate that the rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or policies of SMIFS, in circumstances where SMIFS might be acting in an advisory capacity to this company, or in certain other circumstances.

This Research Report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This Research Report and information herein is solely for informational purposes and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. SMIFS will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research Report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this Research Report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. SMIFS accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this Research Report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. The information given in this report is as of date of this report and there can be no assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of SMIFS. All layout, design, original artwork, concepts and intellectual Properties remain the property and copyright of SMIFS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the SMIFS.

SMIFS shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason, including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of SMIFS to present the data. In no event shall SMIFS be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the SMIFS through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Since associates are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/ companies mentioned in this Research Report.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report or at the time of Public Appearance.

## Disclaimer

SMIFS does not have proprietary trades but may at a future date, opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested.

The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing, however the same shall have no bearing whatsoever on the specific recommendations made by the analysts, as the recommendations made by the analysts are completely independent views of the Associates of SMIFS even though there might exist an inherent conflict of interest in some of the stocks mentioned in the Research Report.

The information provided herein should not be construed as invitation or solicitation to do business with SMIFS.

SMIFS or its subsidiaries collectively or Research Analysts or their relatives, do not own 1% or more of the equity securities of the Company mentioned in the Research Report as of the last day of the month preceding the publication of the Research Report.

SMIFS encourages independence in Research Report preparation and strives to minimize conflict in the preparation of Research Report. Accordingly, neither SMIFS and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

SMIFS or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

SMIFS or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory services in a merger or specific transaction from the subject company.

SMIFS or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

SMIFS or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

SMIFS and its Associates, Directors, Officers, Employees, Research Analysts, including their relatives worldwide, may have been engaged in market making activity for the companies mentioned in the Research Report.

SMIFS may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at [www.nseindia.com](http://www.nseindia.com) and/or [www.bseindia.com](http://www.bseindia.com), [www.mcxindia.com](http://www.mcxindia.com) and/or <https://www.msei.in>.

SMIFS submits that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SMIFS and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain categories of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

### Specific Disclosures

- SMIFS, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- SMIFS, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company.
- SMIFS, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months.
- SMIFS, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as director/officer/employee in the subject company
- SMIFS has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- SMIFS has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- SMIFS has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months.
- SMIFS has not received any compensation or other benefits from third party in connection with the research report.
- SMIFS has not engaged in market making activity for the subject company
- Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
- Registration granted by SEBI, enlisted with BSE and certification from NISM is no way guarantee performance of SMIFS or provides any assurance of returns to investors.
- Performance related information is not verified by SEBI.
- The Security/Securities quoted are for illustration only and are not recommendatory.

Analyst holding in stock: **NO**

### Key to SMIFS Investment Rankings / Ratings

Buy: Return >15%, Accumulate: Return between 5% to 15%, Reduce: Return between -5% to +5%, Sell: Return < -5%

### Contact us:

**SMIFS Limited.** (<https://www.smifs.com/>)

#### Compliance Officer:

**Tamari Chatterjee,**

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5414 / +91 33 6634 5414

Email Id.: [compliance@smifs.com](mailto:compliance@smifs.com)

#### Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: [institutional.equities@smifs.com](mailto:institutional.equities@smifs.com)

#### Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5466, (B) +91 33 4011 5466

Email Id: [smifs.institutional@smifs.com](mailto:smifs.institutional@smifs.com)