

## Q1 FY 22 – Niveshaay Performance Review

**Dear Investors,**

Q1 FY 22 was absolutely fantastic for the Small-cap index, **the small-cap index has delivered a 12% higher return to Nifty 50**. Shares of Small-cap companies have been on a roll with the Small-Cap index hitting a new high in the last quarter.

Ample liquidity in the market combined with government efforts to revive the economy boosted the investor sentiments and took markets to higher levels.

The rally has been fuelled by sectors like metals, textile, sugar, chemicals, and capital goods. And, further, it has been supported by **active retail and HNI participation**. In the last year, 98.4% of the total new accounts opened comes from retail investors.

This resulted in the inflow of liquidity into smaller stocks. In a rising market, small-cap tends to grow faster than large-cap which is generally preferred by institutional investors.

**Corporate profit to GDP ratio hits a 10-year high of 2.63% in FY21** - The combined net profit of the listed companies was up 57% to 5.31 trillion in FY 21. Improvement in operating margins and lower cost of capital boosted companies' profits to a decade high. The corporate profit share in India's GDP hit a 10 year high of 2.63% in FY 21, it was at a record low of 1.6% in FY 20.

**Major growth in FY 21 ratio came from cyclical, mid and small-size companies.**

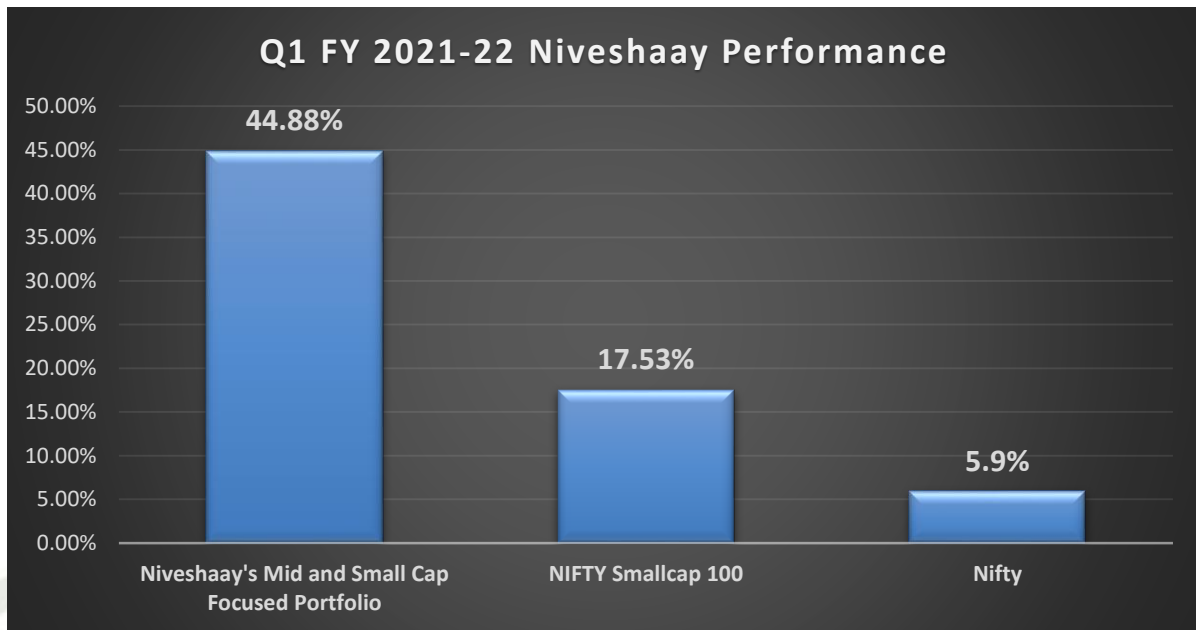
**The shift from unorganized to organized sector** – In 2017, after demonetization and GST, many small and mid-cap companies increased in the hope of the shift from unorganized to organized sector, but the shift was not meaningful at that time.

Sectors such as apparel, tiles and sanitary ware, plywood, textile, footwear, logistics, electrical equipment and plastics forms a higher composition in the unorganised sector.

After unlocking of lockdown, this shift seems clearer and also visible in the earnings of the last few quarters. Some of them may see erosion in profits while others might fail to survive. This will help listed mid and small companies to gain market share in the sector.

**It was one of the best quarters for Niveshaay.** Our Mid and Small-cap focused portfolio was up by **44.88%** and the Green energy portfolio was up by **35.38%** in comparison to the 17.53% return of Nifty Smallcap 100.

## Our Smallcase Portfolio, Nifty Small-cap 100 & Nifty 50 performance in the Q1 FY 22



### Hit & Misses during the quarter in Mid and Small Cap Focused Portfolio

Scrip Name	Return in Q1 FY22
Acrysil Limited	101.7%
Sanghvi Movers	100%
Rajratan Global Wire	98.7%
Fairchem Organics	96.0%
Praj Industries	89.9%

**I wish I could write the same every quarter.** We had only one stock in our Mid and Small cap focused portfolio, which has delivered negative return in the last quarter.

### Green Energy Portfolio

**Companies must Go Green to survive:** Mukesh Ambani. India's smartest entrepreneur, having an empire of oil & gas is talking about a net carbon-zero goal by 2035. This is absolutely a big theme.

**Reliance announcement of Rs. 75,000 crore investment in the clean energy business** - In 2016, Reliance launched Jio, now Jio is the largest mobile network operator. Jio has not just changed the fortune of Reliance it has changed the whole digital ecosystem in India. Smartphone penetration rate was 24% in 2016, which is now 44%.

It has changed multiple industries like media and entertainment, eCommerce, financial services, education, healthcare, and agriculture.

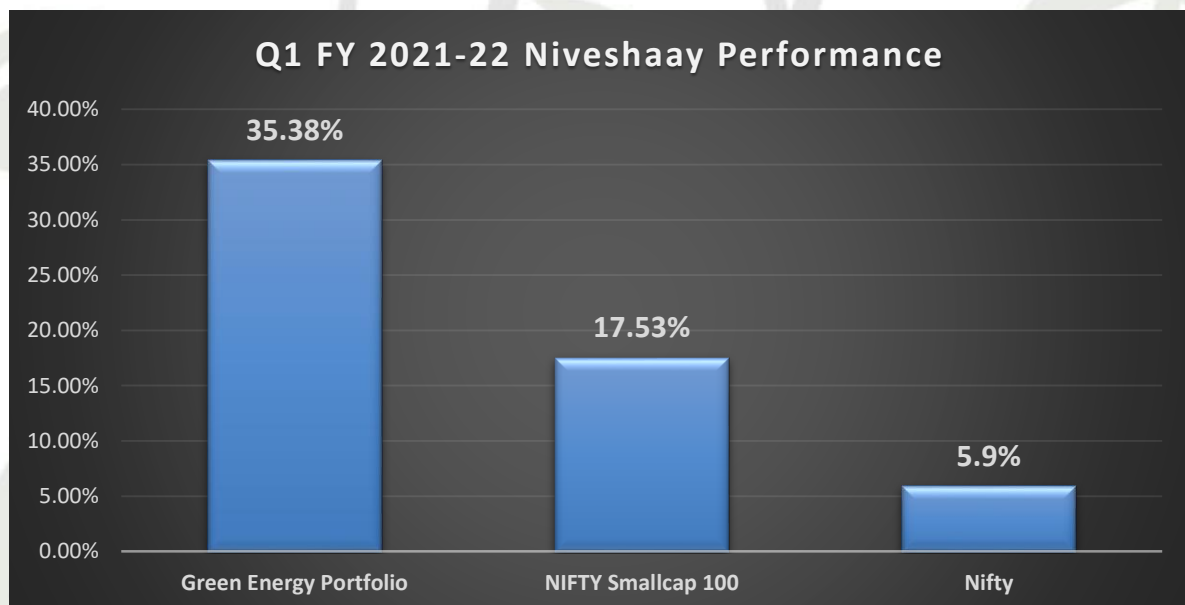
Now, Mukesh Ambani announced a Rs. 75,000 crore investment in the clean energy business. Reliance will build solar manufacturing units, a battery factory for energy storage, a fuel cell-making factory, and an electrolyzer unit to produce green hydrogen as a part of the business.

**And, we believe it will change the picture of India's clean energy business.** And, many industries will get benefit from this.

After the detailed research on Green Energy space, we have launched Green Energy Portfolio, which is live on the Smallcase platform from March 2021.

This is a portfolio of stocks, which will get benefit from the energy transition refers to the global energy sector's shift from fossil-based systems to renewable energy sources like wind and solar, as well as other sources like biofuels.

### Green Energy Portfolio, Nifty Small-cap 100 & Nifty 50 performance in the Q1 FY 22



Thank You for choosing Niveshaay! We are glad for the trust you placed in us and are committed to provide you the best of our services. Thank you for your continued interest and support towards Niveshaay.