

As NASA's Artemis II peers farther into the Moon than humanity ever has, investors are discovering that decoding the next move in the Iran–United States conflict may be even harder than mapping the Moon's far side.

India Macro Strategy: Escalation-Led Volatility Is Creating the Next Buying Opportunity

The macro narrative has changed sharply over the last week after US President Donald Trump reportedly gave Iran a fresh 48-hour ultimatum to reopen the Strait of Hormuz. In return Iran rejected the US-backed 45-day ceasefire and instead proposed a 10-point framework demanding a permanent regional settlement, lifting of sanctions, recognition of its nuclear and Hormuz rights, guarantees against future attacks, reconstruction support and war reparations. The current situation creates three possible scenarios.

The first scenario is a negotiated settlement.

The second scenario is a partial compromise. Iran may indicate willingness to negotiate while continuing limited attacks and keeping Hormuz partially disrupted. In that case, the US could delay wider strikes, but military action and oil market volatility would likely persist.

The third and most damaging scenario is full military escalation. If Iran rejects the ultimatum, the US and Israel are expected to target major Iranian infrastructure, including power plants, bridges and oil facilities. With Iran already refusing to reopen Hormuz and Gulf energy assets increasingly under attack, the risk of a sustained energy shock has risen materially.

How It Hits Growth and Trade

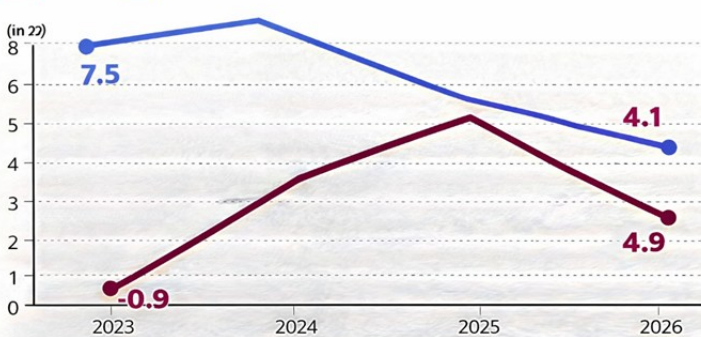
Even before the ultimatum, the economic damage had begun accumulating. Amid daily price swings in crude oil driven by whatever the US or Iran says on a given day, global growth prospects for 2026 have deteriorated sharply. Even if the war ends within days, rebuilding energy infrastructure across West Asia will take months, if not years. The world will find alternatives, but those alternatives will not be cheap.

The demand-side impact runs deeper than energy costs alone. Elevated fuel prices compress household incomes globally, cutting discretionary spending first. This directly reduces demand for foreign goods, which means global trade volumes slow well before any formal sanctions or trade barriers are erected.

The WTO has quantified this: if crude oil and LNG prices remain elevated through 2026, the global economy faces a -0.3 percentage point drag on GDP growth and a -0.5 percentage point drag on trade growth.

Global trade is expected to fall in 2026, more so in goods than in services

Year-on-year growth (in %) in world trade



The impact would not be restricted to growth alone. Higher crude raises freight and input costs, hurts corporate profitability and pushes up imported inflation. This weakens consumer demand and delays investment decisions across the economy.

All at Sea: Trade and Global Activity Slow Sharply

The consequences are equally severe for global trade. The WTO estimates that persistently high oil and LNG prices through 2026 could reduce global GDP growth by 30bps and cut global trade growth by 50bps.

As a result, global goods trade growth is expected to slow to just 1.4% in 2026 from 4.6% in 2025. Oil-importing regions such as Asia and Europe are likely to see weaker import demand, while petroleum-exporting economies in the Middle East, CIS and Africa may benefit from stronger revenues.

Banks Seek Relief as RBI Turns Cautious

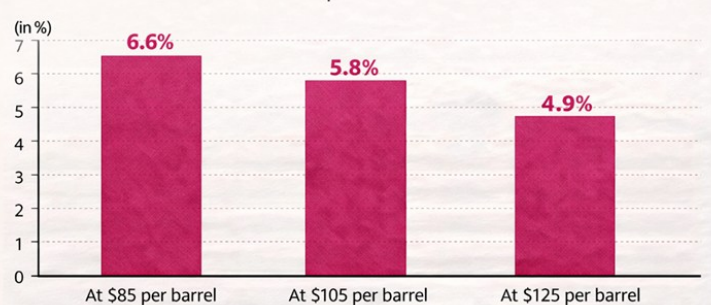
The macro shock is already visible in Indian financial markets. Rising crude and global uncertainty have pushed India's 10-year bond yield up from 6.66% in December to around 7.04% by end-March. This has resulted in significant mark-to-market losses on banks' treasury books.

Gloomy Forecast: India Faces Slower Growth as Crude Rises

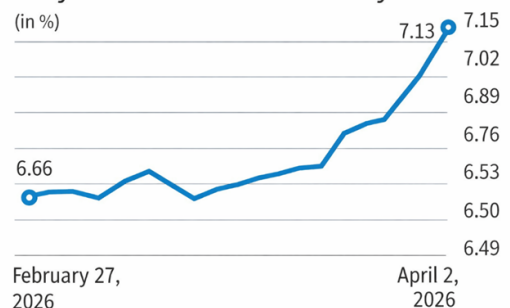
India is particularly vulnerable because it remains a large net importer of crude oil. If crude averages US\$85/bbl (for the specific variants of crude that India is reliant on), India's GDP growth could slow from 7.5% in FY26 to 6.6% in FY27. The downside becomes significantly larger if the conflict intensifies. At US\$ 105/bbl, growth could weaken to 5.8%, while at US\$125/bbl India's GDP growth may fall to nearly 4.9%.

Oil above \$100 per barrel will severely impact India's GDP growth for 2026-27

Projected GDP growth for 2026-27 (in %) under different India basket crude oil price scenarios



10-year benchmark G-Sec yield



Banks have therefore approached the RBI seeking regulatory relief, including permission to amortise treasury losses over four quarters beginning Q4FY26. While treasury losses have increased, the broader banking system remains supported by strong credit growth, improving net interest margins and lower NPAs.

Against this backdrop, the RBI's policy meeting on 8 April is expected to deliver a pause rather than further easing. The RBI has already cut rates by 125bps in 2025, taking the repo rate to 5.25%. However, with Brent near US\$100/bbl and inflation risks rising, the MPC is likely to adopt a more cautious tone.

Consensus expectations suggest inflation could move toward 4-4.5% with an upward bias. The central bank is unlikely to use rates to defend the rupee, preferring instead to manage volatility through liquidity and regulatory measures.

On the Bright Side: Services Exports Can Cushion the Shock

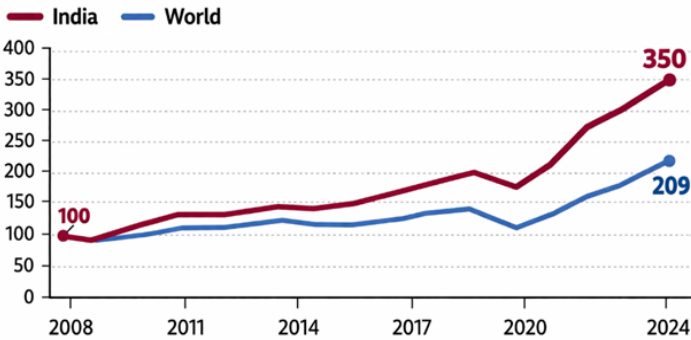
Even as goods trade weakens, there is one important area where India could continue to outperform: services exports.

The WTO expects global commercial services exports to remain resilient in 2026, growing 4.1%, significantly stronger than goods trade. India is particularly well placed here. Since 2008, India's services exports have increased 3.5x, far faster than the growth in global services trade.

This matters because India's share in global goods exports has remained largely stagnant, while its share in services exports has steadily increased. Financial services, professional services and software exports therefore become a key offset to weakness elsewhere in the economy.

India's growth in services exports since 2008 has outpaced global growth

Relative movement in services exports, (rebased, 2008 = 100)



Going Digital: India Emerges as the Next Data Centre Hub

The most powerful sub-theme within services is digitally delivered services. Global digitally delivered services are expected to grow 6.3% in 2026 despite the energy shock.

India already ranks as the world's fourth-largest exporter of such services, with exports of US \$328bn and a 6.2% global share. At the same time, geopolitical uncertainty is accelerating the shift of global cloud and data centre capacity toward India.

Hyperscalers such as Google Cloud, Amazon Web Services and Microsoft Azure are increasingly looking at India as a secondary hub for West Asia and Asia-Pacific workloads. Demand for data centre capacity has reportedly jumped to 200-500MW in recent weeks.

India's cost advantage is substantial: a 100MW facility costs US\$5-6mn in India compared with US\$12-14mn in Singapore. This creates a structural opportunity not only for data centre operators but also for power, cable, cooling, real estate and AI-linked infrastructure companies.

Oil Gains: Why India Could Still Benefit

Paradoxically, India may still benefit from the eventual reconstruction cycle that follows the conflict.

Higher oil prices are increasing revenues for the Middle East and other petroleum-exporting economies. Once the conflict ends, these countries are likely to undertake large-scale rebuilding of damaged energy and physical infrastructure.

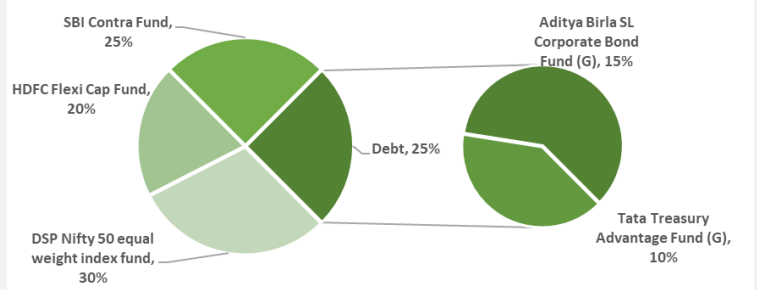
That creates opportunities for Indian exporters of engineering goods, construction materials, capital goods and skilled manpower. Remittances to India could also improve as labour demand from the Gulf strengthens.

Valuation Margin of Safety: Where the Market Is Mispricing Opportunity

The recent correction has created attractive valuations in sectors where long-term growth remains intact. Defence remains the most insulated, supported by India's indigenisation push and strong multi-year order visibility. IT is trading nearly 17% below its long-term average, with markets overstating near-term AI-related uncertainty. Infrastructure and capital goods continue to benefit from the government capex cycle, with strong earnings momentum, while real estate has corrected despite favourable urbanisation and income trends. Across these sectors, markets are pricing in macro fears and geopolitical uncertainty even though the underlying earnings outlook remains resilient and structurally strong.

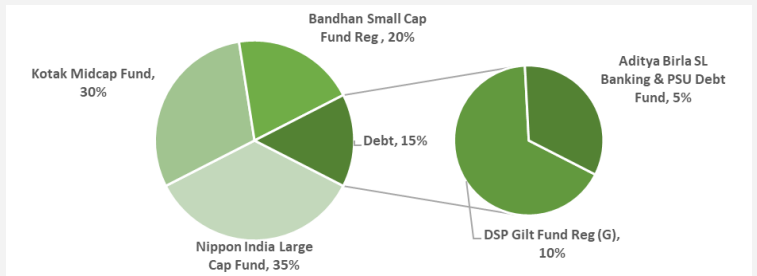
Profile: Conservative

Scheme	1 Yr (Return %)	3 Yr (Return %)	5 Yr (Return %)
DSP Nifty 50 equal weight index fund	6.60	15.31	13.72
HDFC Flexi Cap Fund	3.00	18.31	18.67
SBI Contra Fund	1.15	15.74	18.34
Tata Treasury Advantage Fund (G)	6.00	6.87	5.88
Aditya Birla SL Corporate Bond Fund (G)	3.99	6.99	6.06



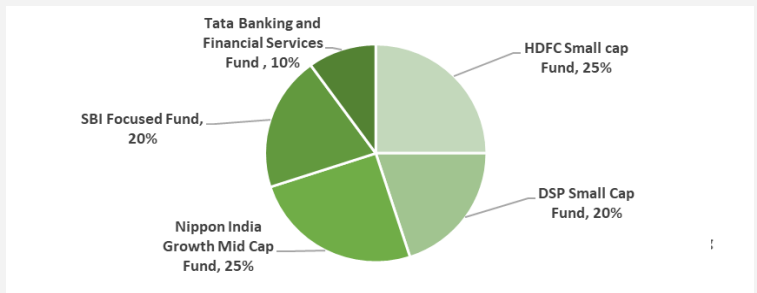
Profile: Moderate

Scheme	1 Yr (Return %)	3 Yr (Return %)	5 Yr (Return %)
Nippon India Large Cap Fund	3.46	15.40	15.72
Kotak Midcap Fund	10.25	18.75	16.90
Bandhan Small Cap Fund Reg	6.33	27.40	21.28
DSP Gilt Fund Reg (G)	-1.91	5.46	4.99
Aditya Birla SL Banking & PSU Debt Fund	4.47	6.70	5.83



Profile: Aggressive

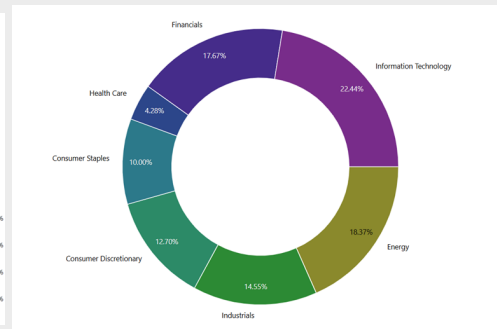
Scheme	1 Yr (Return %)	3 Yr (Return %)	5 Yr (Return %)
HDFC Small Cap Fund	4.14	15.02	18.10
DSP Small Cap Fund	9.90	18.04	18.13
Nippon India Growth Mid Cap Fund	8.74	23.20	20.25
SBI Focused Fund	8.80	16.24	13.08
Tata Banking and Financial Services Fund	2.63	13.81	12.13



LARGE CAP

“Portfolio Characteristics & Positioning”

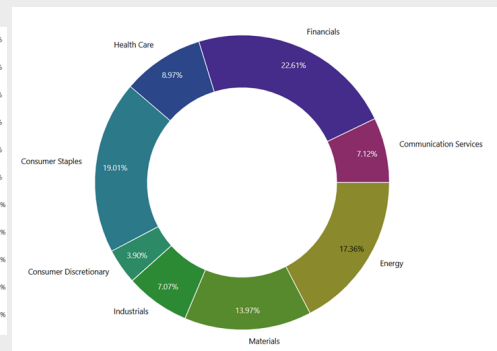
This portfolio emphasises stability, leadership, and consistent cash flows. The selection favours market leaders with dominant franchises, strong capital allocation, and resilient earnings visibility across cycles. The portfolio is positioned to offer lower drawdowns, predictable compounding, and benchmark-like behaviour with selective active overweights where risk-reward is favourable. It is designed for investors seeking steady participation in India’s structural growth while keeping volatility in check.



MID CAP

“Growth & Scalability Focus”

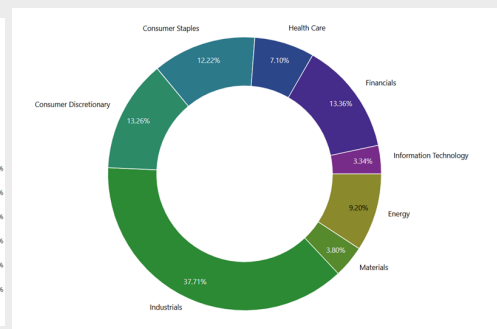
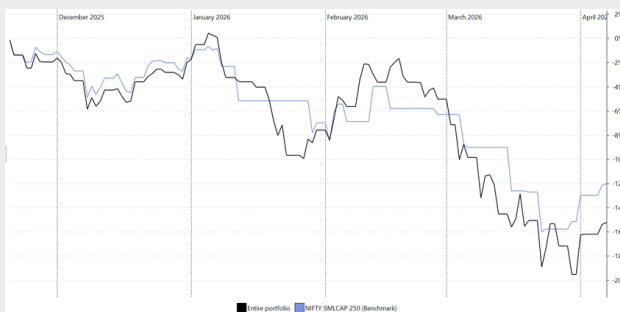
The mid-cap model portfolio targets companies entering their prime growth phase, benefiting from operating leverage, margin expansion, and industry consolidation. These businesses typically have improving balance sheets, rising market share, and favourable competitive positioning. The portfolio leans toward sectors where mid-caps are emerging as category leaders, offering higher growth than large caps but with disciplined risk filters. It is structured to capture the sweet spot of growth with controlled volatility.



SMALL CAP

“High-Conviction Emerging Leaders”

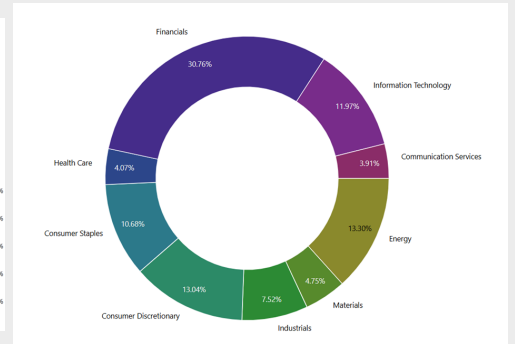
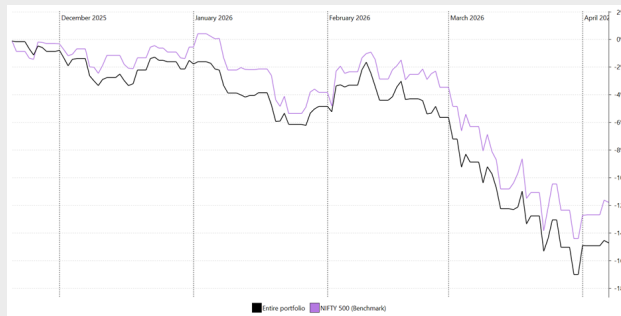
This portfolio focuses on early-cycle winners, niche category leaders, and companies benefitting from megatrends such as manufacturing formalisation, exports, and digital transformation. The emphasis is on businesses with long runways, scalable business models, and improving governance. While volatility is higher, the portfolio is curated with liquidity screens and fundamental quality filters to ensure durability. It aims to capture asymmetric upside in emerging high growth segments.



DIVERSIFIED

“Balanced Exposure Across Cycles ”

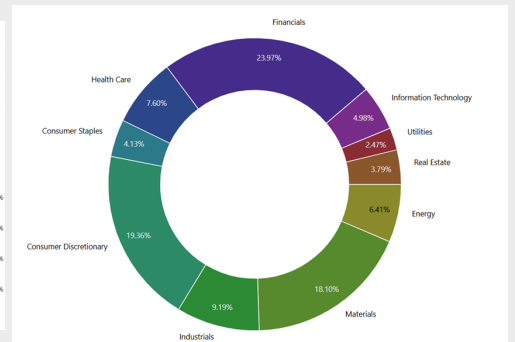
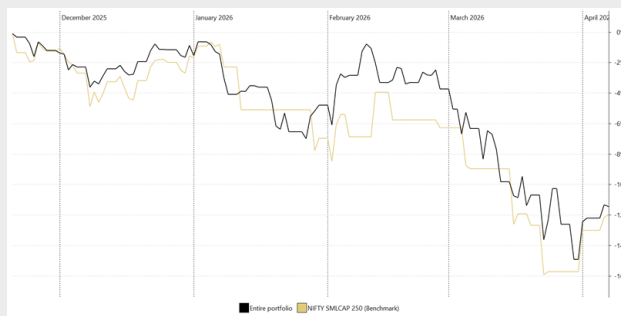
The diversified portfolio blends growth, value, defensives, and cyclicals to provide all-weather performance across market phases. The allocation is optimised to reduce concentration risk while maintaining exposure to India’s structural themes such as banking, manufacturing, consumption, and technology. Stock selection is driven by relative strength, earnings visibility, and sectoral rotation analysis. The portfolio is designed as a core holding suited for most market environments.



CONTRA

“Valuation Reversion & Mean-Reversion Opportunities ”

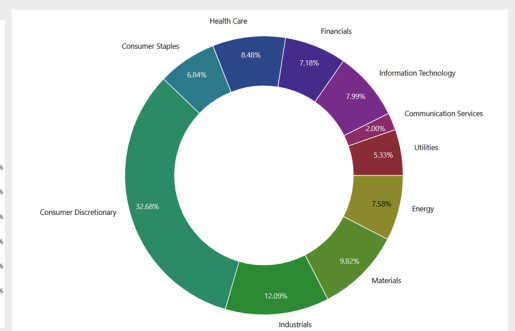
The contra portfolio identifies fundamentally sound companies currently trading at discounted valuations due to temporary headwinds, low sentiment, or cyclical downturns. It aims to capture mean reversion opportunities where earnings recovery is ahead of market expectations. The approach blends valuation comfort with catalysts such as balance-sheet repair, sector rotation, and improving fundamentals. This portfolio is positioned to outperform during phases of sentiment reversal and valuation normalization.

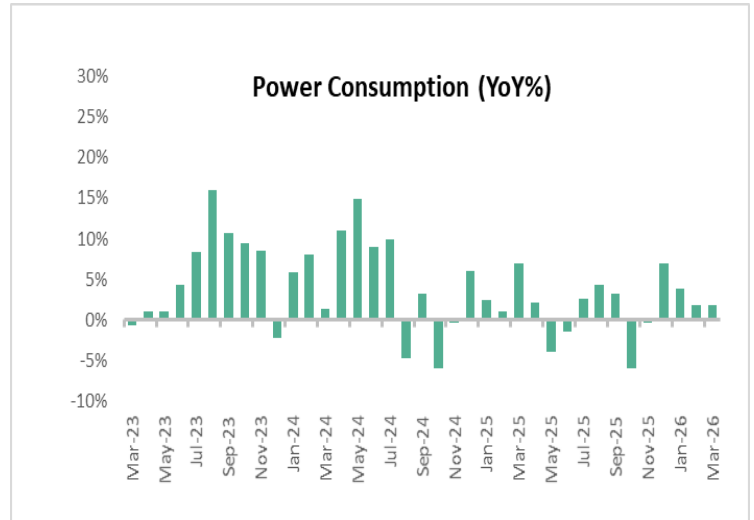
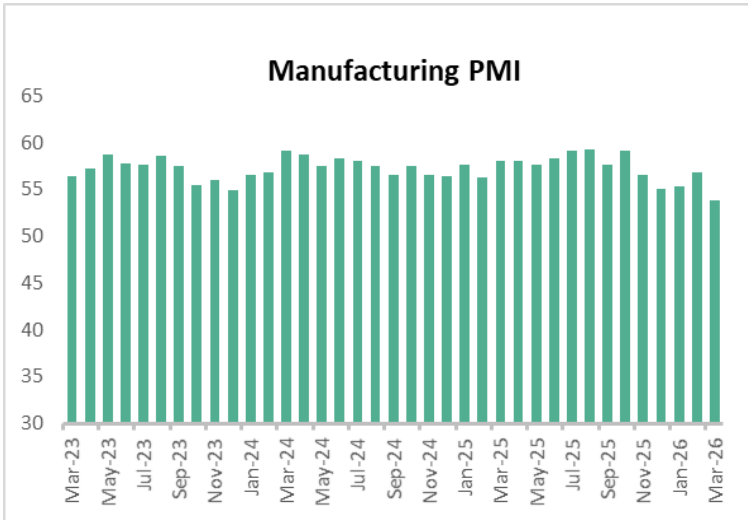
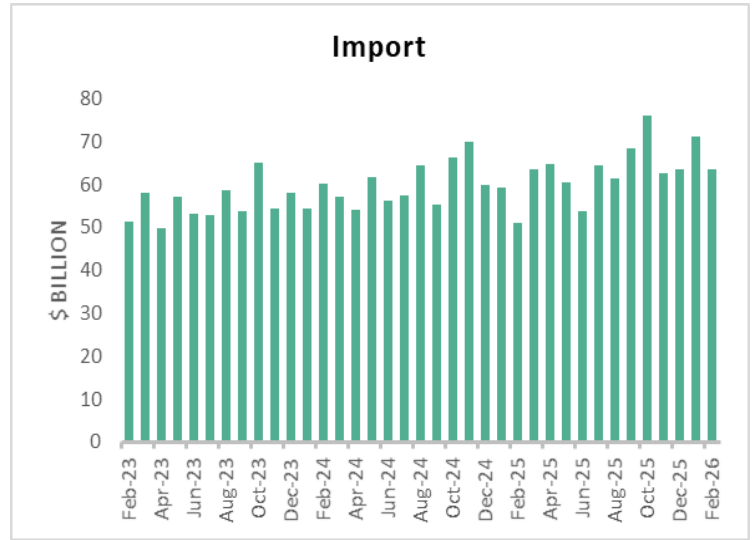
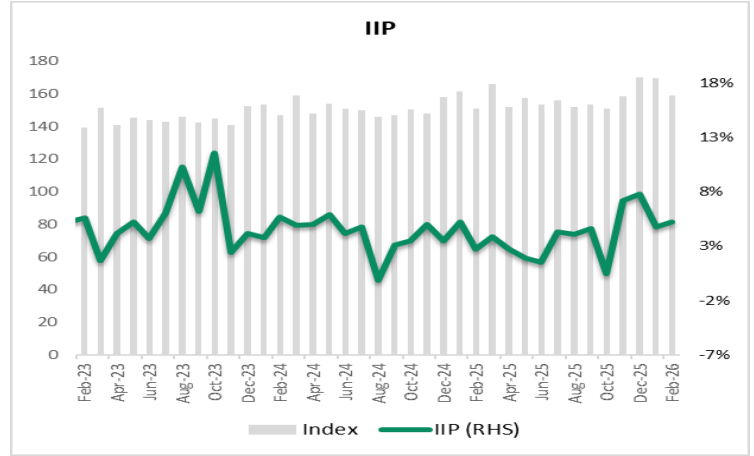
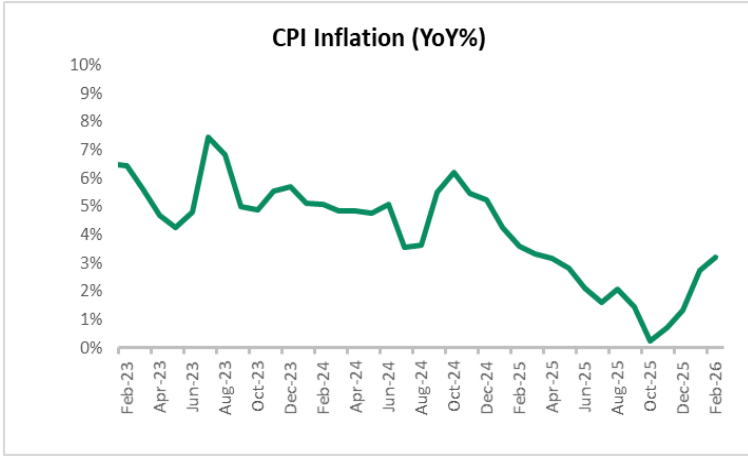


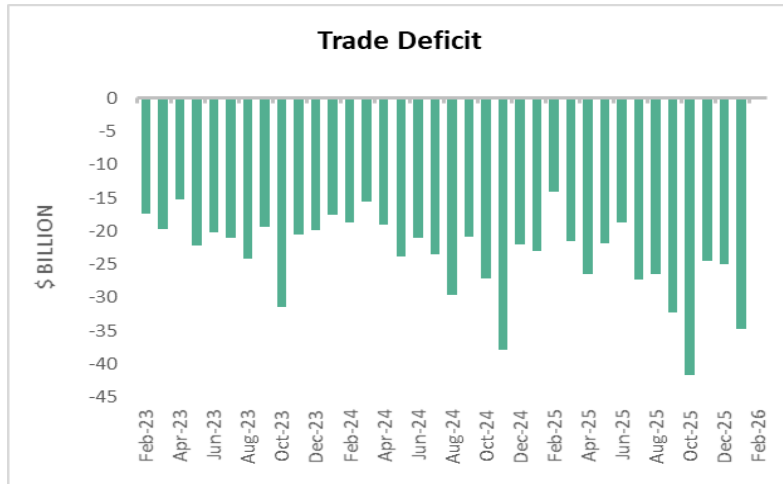
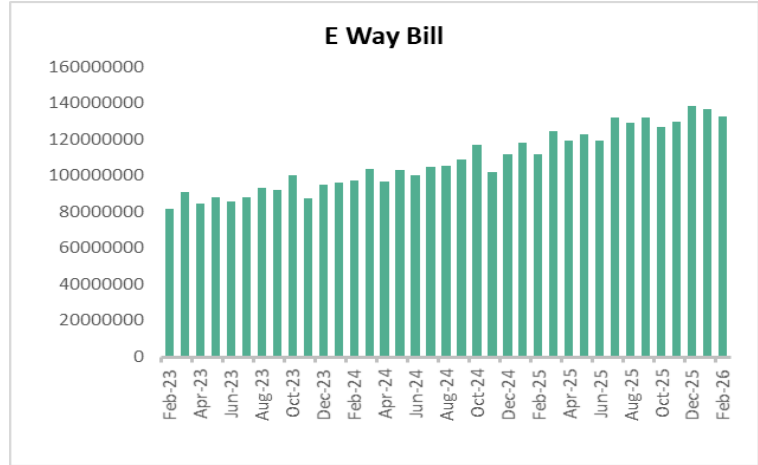
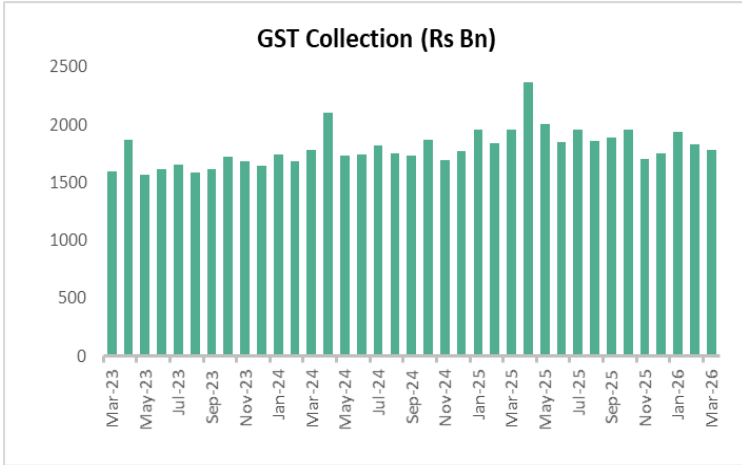
MULTIBAGGER

“High-Conviction Long-Run Compounding Engines”

This portfolio targets companies with very large addressable markets, scalable business models, and multiyear growth trajectories. The focus is on early-trend beneficiaries where revenue and profit pools can multiply due to sector expansion, product innovation, or operating leverage. These businesses often operate in sunrise industries or underpenetrated categories. The portfolio holds fewer names with higher conviction, aiming for outsized wealth creation over long horizons, accepting near-term volatility for long-term compounding.







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 & Mackerlich 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 and/or www.bseindia.com, 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

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

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