

Faith & Patience

An unprecedented CY2020 finally came to a close and 2021 has begun with a new hope of a much better and brighter tomorrow. For the calendar year 2020, Nifty 50 index was up 14.9% over previous calendar year. Foreign investors' total buying for the calendar year stands at net USD23bn. India has seen ~USD8bn of net buying by foreign investors in equities in both months of November and December. This net purchase of USD23bn for the calendar year 2020 does not give the complete picture as foreign investors had pulled out close to ~USD 8.5 bn from Indian markets during March-April 2020 due to COVID-19 outbreak. This net inflow of USD23bn is part of the reason why there was the sharp rise of 15.8% (BSE Sensex) in the markets despite COVID-19 pandemic.

Beginning 2021, we are witnessing vaccinations across the globe and also a drop in COVID-19 infections/mortality. This coupled with liquidity surge/economic packages has resulted in fear and despair turn into greed and exuberance as far as the markets are concerned. What we get to hear, from experts, gives a déjà vu feeling. We are hearing these lines a lot these days - "this time it is different" or "valuations (PE) don't matter anymore as yields have collapsed" or "PE appears high in the absence of earnings" or "earnings will soon catch up and valuations will look attractive" etc etc.

Well let me add my two bits here. Whenever the narrative moves to "this time it is different", when anybody and everybody becomes a master stock-picker and starts giving stock ideas, when novices start generating higher returns than professionals, when millions of retail investors redeem from equity funds and open trading accounts/apps, when one auto maker's market cap exceeds that of top nine auto makers' combined market cap and when Robinhood and O-dha replace Candy Crush, Minesweeper on mobile phones...is it a sign of irrationality into the exuberance? Well, it does remind me of the old saying "when the cigarette vendor outside stock market starts giving you stock ideas it signifies peak of the market is round the corner."

And since "We are all Keynesians now", I am reminded of a famous quote by Lord John Maynard Keynes - "the markets can remain irrational longer than you can remain solvent." Guess the truth lies somewhere in between the irrational exuberance (definitely in multiple pockets and led by unprecedented liquidity surge) and the fact that this exuberance may well end up testing the patience of some of the most astute investors. Valuations matter. Quality matters. Always did.

Here I would like to quote Mr. Warren Buffett, “In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497.”

Mr. Buffett further adds, “...investors behave in very human ways, which is they get very excited during bull markets. And they look in the rear-view mirror and they see a lot of money having been made in the last few years. They plough in and they just push and push up the prices. And when they look in the rear-view mirror and see no money having been made, they just say this is a lousy place to be so they don’t care what’s going on in the underlying business. It’s astounding, but that makes for huge opportunity. If you can stay objective throughout the waves, that you can detach yourself temperamentally from the crowd, you get very rich. Things can go on for a long time that don’t make sense but they do come to an end.”

Wish you and your loved ones “Happy, Healthy and Prosperous 2021.”

Best,

Aashish Wakankar

NEWS-O-LOGY

GDP Upswing

Economists see strong GDP rebound in 2021

India's economy could rebound to 7.6-9.2% growth in the new calendar year with COVID-19 vaccinations helping to boost business activity, increase capital expenditure on infrastructure and improve consumption, independent economists surveyed by Economic Times said. The improvement in business sentiment could remain uneven over the next several quarters, they said. Barclays has pegged a 9.2% year-on-year growth in India's GDP for calendar year 2021.



India, Investment Treasure Trove

India emerges as an attractive durable investment destination

India has emerged as an attractive durable investment destination amidst the COVID-19 pandemic with record \$25 billion net FDI inflows during the September quarter as investors bet on hopes that the economy would fire on two fronts - government spending and revival in private capital expenditure as the Production Linked Incentive scheme gathers steam. The government's production linked investment scheme is expected to revive capital expenditure and also attract more investment in the

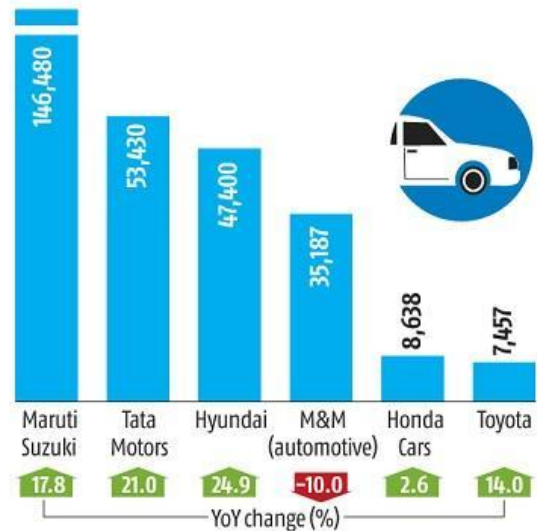
manufacturing sector including foreign investors.

Car Clout

Passenger vehicle sales grew in double-digit numbers in December

Passenger vehicle sales in India grew in strong double digits for the fifth straight month in December, as the market continued to witness pent-up demand and preference for personal mobility solutions amid the coronavirus pandemic. Industry estimates put sales last month at around 2,78,000 passenger vehicles, nearly 18% higher compared with 2,36,000 units a year earlier.

AUTO SALES TAKE FAST LANE IN DECEMBER



Source: Companies

SUV Supremacy

Fiat Chrysler to invest USD250 million in India unit to launch new SUVs

Fiat Chrysler Automobiles said it will invest USD250 million in India for production of four new Jeep SUVs in order to expand its local product line-up. The company, which has already committed USD450 million in its Indian operations over the past five

years, said the four new products would be launched in India by the end of 2022.

COVID-19 Slayer?

SII can supply 10m doses to govt in January: Adar Poonawalla

Serum Institute of India (SII) can supply 10 million doses of its COVID-19 vaccine this month to the Indian government, said CEO Adar Poonawalla, with the subject expert committee of the country's drug regulator having recommended its emergency licensure on Friday. The company is ready to start rolling out supplies of its Covishield vaccine in a week's time, Poonawalla said. SII is waiting for a formal procurement contract for the vaccine from the Indian government with regard to pricing and distribution.



GST Surge

GST collections at all-time high of over INR1.15 trillion in December

The gross GST revenue collected in the month of December 2020 rose to INR1,15,174 crore, an all-time monthly high since the implementation of the new tax regime, according to Finance Ministry. The December figures, which are 12% higher than the GST revenues in the same month last year, are in line with the recent trend of recovery in the GST revenues, the Finance Ministry added. This is the third month in a row in the current financial year that the GST revenues have been more than INR1 trillion.



Source: The Hindu

Dining Peak

Swiggy, Zomato record highest ever orders for New Year's Eve dinner

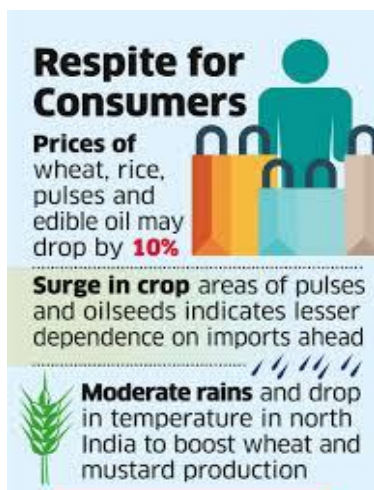
India's leading food delivery platforms Zomato and Swiggy saw orders peak to their highest ever during dinnertime on December 31, bolstering restaurants that otherwise saw a slump in dine-ins due to COVID-19 related curfews in many large states. Zomato Co-Founder and CEO Deepinder Goyal said in a series of tweets on Friday that the company recorded 60% higher sales on December 31 over the previous New Year's Eve. He added that peak orders per minute hit 4,254, resulting in gross merchandise value (GMV) of INR750 million for the day. "The demand last night was much higher than what we could process. We ran out of delivery partner capacity much before peak time," Goyal tweeted. "If we had unconstrained supply, we could have hit INR1 billion of GMV yesterday. Need to do better next time." Goyal added that Zomato had 100,000 delivery partners on the night of December 31, while saying that failure and customer complaint rates are at an all-time low for food delivery in India.



Foodgrain Fortune

Record harvest set to soften food grain prices by 10-15%

Consumers may get some respite from rising food prices with record harvest of pulses, grains and edible oil this winter season likely to drag prices down by 10-15%, industry insiders said. Retail food inflation had come down to single digit, at 9.43% in November, against 11% in October. Foodgrain prices have already started softening, while industry experts expect other commodities to follow suit with the arrival of the new harvest.



Source: Economic Times

Consumer Is King

Faster-moving consumer goods: Sales up 17% in Oct-Dec Quarter

India's fastmoving consumer goods market expanded in double digits in the quarter ended December from the year earlier, helped by higher sales of branded staples and commodities as growth of personal care, home care and packaged snacks tapered off. The third

quarter saw growth of 17% in total sales by value, according to the latest report by Bizom, a sales automation firm that transacts with 7.5 million retail stores.



India Inc On Hiring Spree

V-shaped recovery likely in white-collar jobs as vaccine news boosts India Inc's hiring intent

As the vaccine rollout becomes imminent, India Inc steps up its hiring plan. The Economic Times citing two surveys on hiring intent mentioned that companies across sectors and regions intend to create jobs briskly and Tier 2 & 3 cities will be white-collar job market hotspots. Citing a Team lease survey, for January-March, the business daily mentioned 27% of companies show hiring intent as compared to 21% in October-December, and an average 18% in the two quarters of April-September. The survey covered 815 small, medium and large companies across 21 sectors. The intent to hire metric measures the proportion of companies planning to recruit in a quarter.



Indian Pharma Reigns

Pharma exports get a boost as nations depend less on China

India's domestic pharma companies saw their exports, especially of antiviral drugs such as hydroxychloroquine (despite its weak evidence in curing Covid19) Favipiravir and Remdesivir, to non-regulated markets grow as several countries chose to cut down their exposure to China, data from rating agency CRISIL and the Ministry of Commerce showed.



Hospitality Sector On A Roll!

Hotel occupancy levels improved to 35% in November 2020 on back of domestic travel: JLL

With the emergence of recovery indicators, the hospitality sector has also witnessed a revival in room night demand in the last quarter of 2020, as compared to the previous quarters of the year. Occupancy levels have grown month-on-month since September 20 to cross 35 per cent sector-wide in November 20 (as per industry tracker Smith Travel

Research data), which is the highest since beginning of the nation-wide lockdown in March 20.



India To The Rescue!

South Africa to get 1.5 million Covid-19 vaccines from India; Brazil courts Bharat Biotech

South Africa will receive one million Covid-19 vaccines from the Pune-based Serum Institute of India this month, followed by an additional 500,000 doses in February, the Health Minister told Parliament on Thursday, amid a spike in coronavirus deaths and infections in the country. Similarly, Brazil's private clinics have signed a deal for an alternative coronavirus vaccine made by India's Bharat Biotech.



ACTION IN PRIVATE EQUITY

Mirae launches India-focused fund to back early-stage start-ups

South Korean financial services company Mirae Asset group is betting on early-stage Indian start-ups with the launch of an India-dedicated fund. Mirae Asset Venture Opportunities Fund 1, with a corpus of USD35 million and an option to take it up to USD75 million, will cut cheques for seed and Series A financing rounds, as it eyes an early entry into fledgling tech companies locally. Mirae has been bullish on Indian technology with its global fund being active here over the past two years, having already deployed USD200 million across Ola, BigBasket, Zomato and Shadowfax, among others.



Four PE firms express interest in Mphasis buyout

Four global private equity (PE) firms have expressed interest in acquiring Blackstone's majority stake in Mphasis, in what is the potentially largest technology deal in India. Brookfield, Carlyle, Bain Capital and Permira were shortlisted after submitting non-binding bids in mid-December, The Economic Times reported. Blackstone's 56.16 percent holding in Mphasis is valued at INR160.6 billion, based on the company's market capitalisation on January 1, the report said.



Indian electronics firm BoAt banks USD100 million from Warburg Pincus affiliate

India-based consumer electronics start-up BoAt said it has raised about USD100 million from an affiliate of private equity fund Warburg Pincus. Launched in 2016, BoAt has a catalogue that includes headphones, earphones, smartwatches, speakers, travel chargers, and premium cables that's sold through its own ecommerce platform as well as Amazon and Flipkart. The company currently has about 150 employees across its offices in India. With the new funds, the company can "focus on building capabilities in domestic R&D and undertake vertical integration across both the hearable and wearable space to establish India as a global supplier," said Co-Founder Sameer Mehta. BoAt is also preparing to delink its operations from China amid strained relations with India, even though the earphones industry largely depends on the Middle Kingdom. The company said that its chargers and cables are already being manufactured in India.

boAt

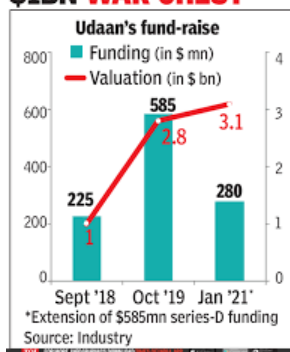


Udaan raises USD280 million from Lightspeed Venture Partners, others

Udaan has raised USD280 million from a clutch of new and existing investors, as the business-to-business e-commerce platform moves to build a war chest to take on retail behemoths including Reliance Industries, Amazon and Walmart, all of whom are vying to serve millions of corner stores in the country. The latest Udaan funding, a follow-on round from the USD585 million raised in October 2019, values the company at USD3.1 billion post-money, people aware of the development told Economic Times. It saw participation from existing investors Lightspeed Venture Partners, DST Global, GGV Capital, Altimeter Capital and Tencent, along with new investors Octahedron Capital and Moonstone Capital.



\$1BN WAR CHEST



CropIn raises USD20 million in Series C funding round led by ABC World Asia

CropIn, a leading global artificial intelligence and data-led agri-tech organization empowering stakeholders to reimagine agriculture with data, has raised USD20 million in a Series C funding round led by ABC World Asia, an Asia-focused private equity fund dedicated to evidence-based impact

investing. Existing investors Chiratae Ventures, Invested Development and Ankur Capital also participated in this funding round. Other new investors in this round include CDC Group and Kris Gopalakrishnan's family office Pratithi Investment Trust. CropIn's data-driven farming solutions enable agri-enterprises and growers to 'maximize per-acre value'. Its farm data and agronomy management platform, SmartFarm, empowers stakeholders to improve efficiency, productivity, predictability and sustainability of their crop value-chains. SmartFarm enables agri-enterprises to adhere to food safety standards, thereby ensuring farm-to-fork traceability. CropIn's SmartRisk platform improves underwriting and risk assessment, enabling banks, insurance providers and other financial institutions to make informed underwriting decisions, identify new markets and expand product portfolios to service high-volume low-ticket opportunities.

Beenext leads Series A funding in digital payments firm Phi Commerce

Phi Commerce Pvt Ltd, an omnichannel digital payments company, has raised USD4 million in a Series A funding round. The round in Pune-based Phi Commerce has been led by Beenext, a Singapore-based venture capital firm that is an active investor in India's start-up space. Other participants in this round include Yatra Angel Network, a financial technology-focussed investment platform managed by fintech veteran Abhishant Pant. Phi Commerce was set up in 2015 by Jose Antony Thattil, Tushar Ashok Shankar, Anil Sohanlal Sharma and Rajesh Hanumantrao Londhe. Phi Commerce will use the capital it has raised for enhancing its product offering, expanding its presence in markets, and entering new geographies.



Kyt raises USD5 million in funding from Alpha Wave Incubation, others

EdTech platform Kyt, founded by Bhavik Rathod, on Wednesday said it has raised USD5 million in funding led by Alpha Wave Incubation (AWI), a venture fund managed by Falcon Edge Capital. The series A round also saw participation from Sequoia Capital India's Surge, January Capital, Titan Capital and other angel investors, a statement said. Founded in June 2020, Kyt runs online-only extracurricular courses by combining live classes with video-based revision material for children from ages 5-15 years, in a full-stack model. It offers one-on-one and small group sessions for courses such as yoga, dance, music, chess and others.



Expect 50 unicorns by 2021 in India: NASSCOM

With accelerated digital adoption post-COVID-19 opening several new avenues of growth and opportunities for Indian start-ups, calendar year 2020 saw over 1,600 tech start-ups and a record 12 unicorns emerging (the highest ever added in a single calendar year), even as the tech start-up base grew 8-10 per cent year-on-year. The deep-tech start-ups in particular are also witnessing increased interest from Venture Capital firms (VCs) and funding agencies with 14 per cent of total investments in 2020 going to deep-tech start-ups, up from 11 per cent in 2019. Further, 87 per cent of all deep-tech investments were in Artificial Intelligence/Machine Learning start-ups. Pari Natarajan, CEO of Zinnov, said the year 2020 saw start-ups increasingly leveraging and piggybacking on the foundational infrastructure that the government has in place – the India Stack, UPI infrastructure, GST norms, FASTag etc.



MARKET & MACRO INDICATORS

NARROW MARKET INDICES

Sr. No.	Indices	Jan 8,2021	WoW Change
1	NIFTY 50	14,347.50	2.35%
2	S&P BSE SENSEX	48,782.51	1.91%
3	NIFTY 100	14,514.35	2.67%
4	BSE 100	14,553.65	2.85%

BROADER MARKET INDICES

Sr. No.	Indices	Jan 8,2021	WoW Change
1	NIFTY 500	11,925.60	3.03%
2	NIFTY Midcap 100	22,194.10	5.23%
3	NIFTY SMALLCAP 100	7443	3.81%
4	BSE 500	18,953.86	3.07%
5	BSE MIDCAP	19,138.72	5.36%
6	BSE SMALLCAP	18,908.59	3.55%

SECTORAL INDICES

Sr. No.	Indices	Jan 8, 2021	WoW Change
1	NIFTY IT	26,162.40	6.98%
2	NIFTY BANK	32,084.20	2.75%
3	NIFTY ENERGY	17,255.15	1.64%
4	NIFTY INFRA	3,833.45	4.33%
5	NIFTY REALTY	327.50	3.51%
6	NIFTY FMCG	34,276.75	-0.33%
7	NIFTY PHARMA	13,271.55	2.07%
8	NIFTY MNC	16,254.20	3.15%
9	NIFTY PSE	2,961.65	5.19%
10	NIFTY AUTO	9,741.25	5.06%

FII DII Activity (Amt. in USD mn)

Particulars	Amount
FII (Equity)	1194.32
DII (Equity)	-674.7

Government Securities

Particulars	Rate
10 year G-Sec	5.91%

NIFTY 100 PERFORMERS

TOP 3 NIFTY 100			
Sr. No.	Indices	Jan 8, 2021	WoW Change
1	Hindustan Zinc	304	27.14%
2	Indus Towers Ltd.	270.5	14.52%
3	Info Edge (India) Ltd.	5412.2	13.75%
BOTTOM 3 NIFTY 100			
Sr. No.	Indices	Jan 8, 2021	WoW Change
1	Hindustan Unilever	2391.2	-0.2%
2	Britannia Industries	3575.3	0.1%
3	Divis Laboratories	3859.2	0.3%

Policy Rate	
Policy Repo Rate	4.00%
Reverse Repo Rate	3.35%
Marginal Standing Facility Rate	4.25%
Bank Rate	4.25%

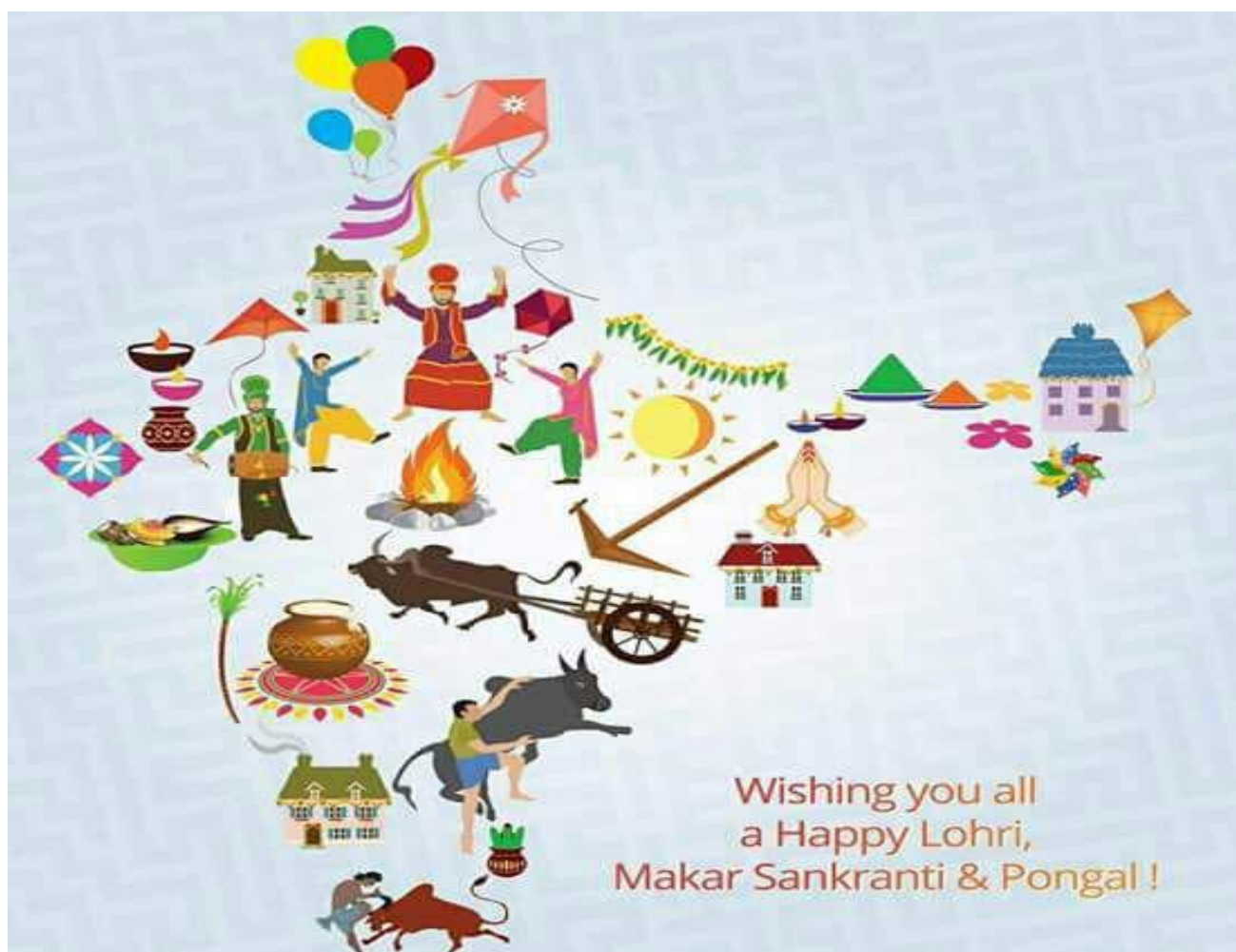
Reserve Ratios	
CRR	3%
SLR	18%

Lending Rate	
Base Rate	7.30% - 8.80%
MCLR (Overnight)	6.55% - 7.05%
Savings Deposit Rate	2.70% - 3.00%
Term Deposit Rate > 1 Year	4.90% - 5.50%

MONEY MARKET	
Call Rate	1.90% - 3.50%

Currency Rates	
INR / 1 USD	73.3344
INR / 1 GBP	99.5246
INR / 1 EUR	89.9446
INR / 100 JPY	70.6

India – The Land Of Festivals!



Across India, the festival of Makar Sankranti is celebrated by different names – Lohri, Pongal, Bihu and more... It is considered extremely auspicious as it marks the first day of the sun's transition into the sun sign Capricorn or Makara in Hindi. This annual festival celebrated on or around January 14th is dedicated to the Sun God. The main intention of celebrating this festival is to welcome the season of spring and the new harvest. It marks the end of winter and gives one a chance to step out into the sun and have fun!

Flying colourful kites in the glow of the gentle morning sun, wearing black clothes to keep oneself warm in the open air, and relishing traditional Makar Sankranti food like til ladoos, puran polis, makara chaula, khichdi, payesh and pinni are some of the exciting traditions associated with the festival.

HAPPY MAKAR SANKRANTI!!

**Aashish Wakankar,
Founder**

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