Gateway to your Financial Goals

Monthly Outlook

December 2020

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From Directors Desk to Readers

COVID-19 - A Vaccine (In The News) Impacting Stock Market

Fears of a global Covid-19 pandemic battered the stock market earlier this year. Big Pharma and biotech companies like AbbVie, Giliead, Moderna, Sanofi (SFI) and many more are working aggressively on developing coronavirus tests, vaccines and cures. In addition to the global health benefits, any medical breakthroughs that emerge could be a windfall for these stocks.

An error in the trials of the AstraZeneca-University of Oxford Covid-19 vaccine, AZD1222, has called into question the way vaccine clinical trials during the pandemic have been handled. This is why it matters, and what needs to be done now.

The revelation has added to doubts about the way AstraZeneca and Oxford have been conducting these trials, with some scientists flagging the lack of transparency in the entire process.

India's health minister said on Sunday a locally-developed Covid-19 vaccine candidate could complete its final trials in a month or two. Meanwhile, Sputnik V makers claimed that its cost will be lesser than Pfizer and Moderna vaccines.

The University of Oxford confirmed that the Covid-19 vaccine it's developing with AstraZeneca Plc produced strong immune responses in older adults in an early study, with pivotal findings from the final phase of trials expected in the coming weeks.

As the world moves into the next stage of Covid-19 management and several vaccine candidates approach end-stage trials, scientists say a critical consideration for India is storage temperature and a protein-based preventive might therefore work best for the country.

Salil Kumar Shah

Gateway to your Financial Goals

Pharma Sector In India - Largest provider of generic medicines Globally

India is at a leading point that is rapidly growing its presence in Pharmaceuticals. Ranking 3rd worldwide for production by volume and 14th by value, India occupies 20% share in global supply by volume, and also supplies 62% of global demand for vaccines. Apart from the USA, India is the only country that has the largest number of US-FDA compliant Pharma plants (more than 262 including APIs). Acquiring more than 2000 WHO-GMP approved Pharma Plants, India also has 253 European Directorate of Quality Medicines (EDQM) approved plants with modern state of the art Technology.

Manufacturing more than 500 different Active Pharmaceutical Ingredients (APIs), India is a source of 60,000 generic brands across 60 therapeutic categories. Contributing 57% of APIs, the industry is ranked third largest in the world to the prequalified list of WHO.

With a strong network of over 10,500 manufacturing facilities, the country shelters more than 3,000 pharma companies. Touching the turnover peak at $20.03 bn in 2019, the Domestic Pharmaceutical Markets were up by 9.3% from 2018. From 2018-19, India's pharmaceutical exports were worth $19.3 bn with a growth of 10.72% year on year.

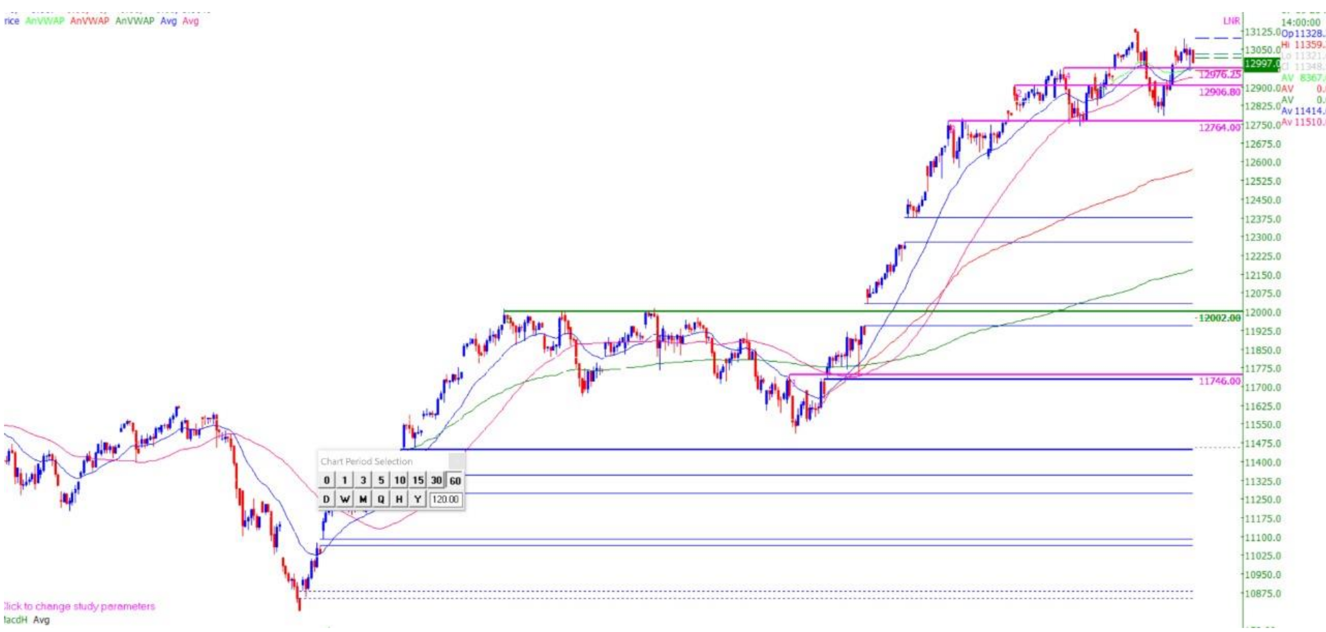
Now talking about the in news Pharma Stock that is Gland Pharma. The Gland Pharma's IPO of Rs 6,480 crore was the biggest by a Pharma Company in the Domestic Market. While the IPO had a strong back of Institutional Investors, the issue gained satisfactory response from retail and HNI Investors. Adding up, the company had impressed with its 18-25% revenue growth in key markets like US,India over FY18-20. Gland Pharma was the 13th company to list this year. Plus it had the largest ever public issue in the Indian Pharma Industry.

Anshul Jain

Research Analyst

Look What Our Research Analyst Has To Say You...

The index has build a base at around 12750 odd levels & bulls will give it all to defend any and every pullbacks into the said zone. Any sustain move below 12750 and the bulls will throw away the towel. On the downside a runaway gap is open at 123750-12290 which will get filled on a sustain move below 12750, till then dips into 12970 -12906 zone will be an opportunity to enter longs. On the north immediate resistance is placed 13150 and above that 13250 being extension resistance will be the next target. The other extension targets are placed at 13450 and above that 13850 is the next level bulls will eye on.



STOCKS TO WATCH

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AU Small Finance Bank Ltd

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Bank	Rs. 855	Buy on dips to Rs.795-805 band and more on dips to Rs.730-738 band	Rs.897	Rs.965	2 quarters

VARAHI Scrip Code	21238
BSE Code	500470
NSE Code	AUBANK
Bloomberg	AUBANK
CMP Nov 25, 2020	855
Equity Capital (Rsbn)	3.07
Face Value (Rs)	10
Equity Share O/S (cr)	0.31
Market Cap (Rsbn)	262.14
Book Value (Rs)	142
Avg. 52 Wk Volumes	832316
52 Week High	1217.7
52 Week Low	366.2

Share holding Pattern % (Sept., 2020)	
Promoters	29.0
Institutions	46.14
Non Institutions	24.86
Total	100.0

Our Take:

AU Bank is one of the best placed SFBs mainly due to its relatively better deposit franchise, large proportion of secured loan book and strong execution track record. In less than three years, the bank has built a deposit base of ~ Rs.270 bn, which stands out among SFBs in terms of granularity and branch productivity. Also book under moratorium has come down from 11% in June to 5.5% at the end of August which indicates significant improvement. Strong fundamentals and adequate opportunity augur well for the bank's long-term growth prospects.

We like AU Bank's ability to sustain quality growth at a high pace which is mainly driven by its deep domain expertise in servicing low and middle income individuals and businesses. It is a unique retail NBFC with a clear focus on asset-franchise driven growth model which enables strong loan underwriting across a granular retail portfolio (dominated by vehicle finance and MSME). Also over the years, it has been rapidly expanding beyond Rajasthan, its home state. Its loan book from Rajasthan as on Q2FY21 stood at 42% v/s 47% in Q2FY18. Experienced management team along with faster expansion towards used vehicles segment (36% of total wheels AUM as on Sept '20), to bring faster recovery for AU Bank compared to peers in post corona world.

Valuations & Recommendation:

There seems to be a shift in management focus towards asset quality and away from rigid growth. This augurs well for the next growth phase for AU Bank. This moderated approach will help reaching the earlier high return metrics faster by restricting fresh slippages.

We expect AU Bank to deliver 17% CAGR growth in NII and 9% in Net Profit on the back of higher provisioning requirement between FY20-22E. Despite challenging environment we have estimated Loan growth of 18% looking at its past trend. ROAA is expected at 1.5% in FY22E compared to current 1.6%. It is trading at 5.0x and 4.4x FY21E and FY22E ABV. We think that the bank will keep on getting premium valuation compared to other peers because of it superior track record and strong pedigree.

We feel that investors can Buy AU Bank on dips to Rs.795-805 band (4.15xFY22E ABV) and add more on dips to Rs.730-738 band (3.8xFY22E ABV) for the base case target of Rs.897 (4.65xFY22E ABV) and bull case target of Rs.965 (5.0xFY22E ABV) over next 2 quarters.

Financial Summary

Particulars (Rsmn)	Q2FY21	Q2FY20	YoY-%	Q1FY21	QoQ-%	FY19	FY20	FY21E	FY22E
NII	5,606	4,516	24.1	5,159	8.7	13,428	19,089	22,053	26,070
PPOP	3,220	2,777	15.9	4,183	-23	7,221	11,112	14,428	15,921
PAT	3,219	1,719	87.2	2,008	60.3	3,819	6,747	7,819	8,028
EPS (Rs)	10.5	5.9	79.2	6.6	60	13.1	22.2	25.7	26.4
ROAE (%)						14.7	18.6	16.6	14.6
ROAA (%)						1.5	1.6	1.4	1.5
Adj. BVPS (Rs)						90.7	135.1	154.7	182.4
P/ABV (x)						8.5	6.0	5.1	4.4
P/E (x)						65.3	38.5	33.3	32.4

Financials Statement

Particulars	FY19	FY20	FY21E	FY22E
Interest Earned	29,491	42,859	49,974	57,687
Interest Expended	16,064	23,769	27,920	31,617
Net Interest Income	**13,428**	**19,081**	**22,053**	**26,070**
Other Income	4,619	6,201	7,917	8,692
Total Income	18,047	25,290	29,970	34,762
Total Operating Expense	10,826	14,179	15,542	18,841
PPOP	**7,221**	**11,112**	**14,428**	**15,921**
Provisions & Contingencies	1,481	2,823	5,691	5,189
PBT	**5,802**	**8,279**	**8,737**	**10,733**
Ex. Item	-	860	1,716	-
Provision For Tax	1,983	2,392	2,634	2,705
PAT	3,819	6,747	7,819	8,028
APAT	3,819	6,016	6,103	8,028

Balance Sheet

As At March	FY19	FY20	FY21E	FY22E
SOURCES OF FUNDS				
Share Capital	2,924	3,041	3,041	3,041
Reserves & Surplus	28,705	40,727	48,546	56,173
Shareholders' Funds	**31,629**	**43,768**	**51,587**	**59,214**
Total Deposits	1,94,224	2,61,639	2,97,692	3,69,025
CASA	35,901	37,873	51,144	71,947
Total Borrowings	86,134	1,03,353	1,10,588	1,16,117
Other Liabilities, provisions	14,241	12,670	15,838	19,797
Total	3,26,228	4,21,431	**4,75,705**	**5,64,153**
APPLICATIONS OF FUNDS				
Cash & Bank Balance	17,402	33,697	43,576	42,501
Investments	71,617	1,06,682	1,13,818	1,30,550
Advances	2,28,187	2,69,924	3,06,519	3,78,489
Fixed Assets	4,470	4,480	4,480	4,570
Other Assets	4,552	6,648	7,312	8,044
Total	3,26,228	4,21,431	4,75,705	5,64,153

Key Ratios

	FY19	FY20	FY21E	FY22E
VALUATION RATIOS				
EPS	13.1	22.2	25.7	26.4
Earnings Growth (%)	30.8	76.7	15.9	2.7
BV	100.7	142.2	167.9	193.0
ABV	90.7	135.1	154.7	182.4
RoAA (%)	1.48	1.61	1.36	1.54
ROAE (%)	14.67	18.56	16.58	14.63
P/E (x)	65.3	38.5	33.3	32.4
P/ABV (x)	8.5	6.0	5.1	4.4
PROFITABILITY				
Yield on Advances (%)	11.8	12.4	12.0	12.0
Yield on Investment (%)	6.5	6.9	6.9	6.9
Cost of Deposits (%)	6.6	7.0	7.0	6.9
Cost of Funds (%)	7.4	7.4	7.2	7.1
Core Spread (%)	5.2	5.3	5.0	5.1
NIM (%)	5.3	5.2	5.1	5.2
OPERATING EFFICIENCY				
Cost/Avg. Asset Ratio (%)	4.2	3.8	3.5	3.6
Cost-Income Ratio (%)	60.0	56.1	51.9	54.2

PSP Projects Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Construction & Engineering	Rs.386.3	Buy at LTP and add on dips to Rs.347-351 band	431.5	478.0	2 quarters

VARAHI Scrip Code	20877
BSE Code	540544
NSE Code	PSPPROJECT
Bloomberg	PSPPL:IN
CMP November 26, 2020	386.3
Equity Capital (Rscr)	36.0
Face Value (Rs)	10
Equity Share O/S (cr)	3.6
Market Cap (Rscrs)	1390.7
Book Value (Rs)	127
Avg. 52 Wk Volumes	30596.9
52 Week High	560.0
52 Week Low	232.0

Share holding Pattern % (30th Sept, 2020)	
Promoters	74.2
Institutions	7.1
Non Institutions	18.8
Total	100.0

Our Take:

PSP Projects is a multidisciplinary construction company offering a diversified ambit of construction and allied services across industrial, institutional, government, and residential projects in India. PSP Projects provides services across the construction value chain, ranging from planning and design to construction and post-construction activities to private and public sector enterprises. The promoter's hands- on approach, superior domain knowledge and personal involvement in all-sized projects have helped the company carve a niche for itself as an efficient and quality executioner of projects with a strong forte in construction industry, particularly for pharma, healthcare, FMCG and education industries. PSP projects Ltd' 12 years existence makes it a relatively new company compared to its peers. Historically, Gujarat remains the core market area where it is well positioned and has completed many projects and continues to undertake construction projects in this region. The company's portfolio includes affordable housing, aside from Smart City and institutional construction along with industrial and marquee government projects. However, off late it is focusing on geographically diversifying its portfolio of services and is undertaking or has bid for projects pan India.

The company has performed well in all these years clocking its highest revenue during FY20 at Rs 1500cr with 90% of its revenue coming from the industrial and institutional segments. PSP completed a total 143 projects till March 2020 (23 projects in FY20) since its inception, 47 are under execution, with Rs 3073cr of order book with an average ticket size of Rs 82.8cr till March 2020. Currently, the total order book including SDB – Surat Diamond Bourse project worth Rs 510cr and the 2 slow moving orders stands at Rs 2780 cr. Order bid book stands at Rs 2000cr which largely comprises of warehouses/logistics projects, Commercial IT Park in Bengaluru, Govt. University, Govt plaza development, etc. The company has received an order worth Rs 200cr up until Q2FY21. PSP expects order inflows for FY21 to be ~1300-1500cr, in-line with its revenue guidance.

Valuations & Recommendation:

Cash-rich balance sheet, largest order book in history, diversified range of construction and allied services across industrial, institutional, government/government residential, and residential projects in India, continued expansion outside Gujarat especially in the states of Maharashtra, Rajasthan, and Karnataka to help in diversifying the revenues are all triggers for PSP. It has commenced work on first project in UP (Shri Kashi Vishwanath Dham at Varanasi).

We expect PSP's Rev/EBITDA/PAT to grow at a CAGR of 30%/ 48%/57% from FY21 to FY23. We assign a P/E multiple of 11.75 x FY22E EPS for base case fair value resulting in price of Rs.431.5 , and 13.0xFY22E EPS for bull case fair value resulting in price of Rs.478 over the next two quarters. We feel that investors can enter the stock at LTP and add on dips to Rs 347-351 band (9.5xFY22E EPS).

Financial Summary (Standalone)

Particulars (Rs cr)	2QFY 21	2QFY 20	YoY (%)	1QFY 21	QoQ-%	FY19	FY20	FY21 E	FY22 E	FY23 E
Total Operating Income	243.1	312.5	-22.2	106.9	127.4	1044.0	1499.3	1048.9	1480.1	1788.7
EBITDA	24.5	43.2	-43.3	1.3	1788.2	148.9	191.0	109.6	194.8	242.7
Depreciation	-6.3	-6.2	1.0	-6.2	1.7	24.2	26.7	29.0	32.6	39.0
Other Income	4.5	6.9	-34.1	4.8	-5.7	23.0	24.8	20.2	28.3	24.8
Interest Cost	-4.2	-3.7	15.4	-2.9	46.4	9.2	14.6	12.2	13.8	12.2
Tax	-4.1	-7.5	-45.0	0.8	-650.7	48.3	45.2	22.9	44.5	54.4
APAT	14.4	32.7	-56.0	-2.2	-749.4	90.2	129.3	65.7	132.2	161.9
Diluted EPS (Rs)	4.0	9.1	-56.0	-0.6	-749.4	25.1	35.9	18.2	36.7	45.0

Financials(Standalone)

Income Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Revenues	**728.3**	**1044.0**	**1499.3**	**1048.9**	**1480.1**	**1788.7**
Growth (%)		*43.3*	*43.6*	*-30.0*	*41.1*	*20.9*
Operating Expenses	628.4	895.1	1308.3	939.3	1285.2	1546.0
EBIDTA	**99.9**	**148.9**	**191.0**	**109.6**	**194.8**	**242.7**
EBIDTA (%)	*13.7*	*14.3*	*12.7*	*10.4*	*13.2*	*13.6*
EBIDTA Growth (%)		*49.1*	*28.2*	*-42.6*	*77.8*	*24.6*
Depreciation	11.2	24.2	26.7	29.0	32.6	39.0
EBIT	**88.8**	**124.7**	**164.3**	**80.6**	**162.2**	**203.7**
Other Income (Incl EO Items+bonus)	18.4	23.0	24.8	20.2	28.3	24.8
Interest	8.7	9.2	14.6	12.2	13.8	12.2
EBT	**98.4**	**138.5**	**174.4**	**88.6**	**176.7**	**216.3**
Tax	35.5	48.3	45.2	22.9	44.5	54.4
RPAT	**62.9**	**90.2**	**129.3**	**65.7**	**132.2**	**161.9**
APAT	*63.5*	*90.2*	*129.3*	*65.7*	*132.2*	*161.9*
APAT Growth (%)		*42.2*	*43.2*	*-49.2*	*101.4*	*22.4*
Adj. EPS	**17.6**	**25.1**	**35.9**	**18.2**	**36.7**	**45.0**

Balance Sheet

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
SOURCE OF FUNDS						
Share Capital	36.0	36.0	36.0	36.0	36.0	36.0
Reserves	266.7	335.4	421.1	474.9	583.4	716.1
Total Share-holders Funds	**302.7**	**371.4**	**457.1**	**510.9**	**619.4**	**752.1**
Long Term Debt	1.7	0.4	4.0	4.0	4.0	4.0
Short Term Debt	19.9	43.6	88.6	87.8	97.8	17.8
Total Debt	**21.6**	**44.0**	**92.6**	**91.8**	**101.8**	**21.8**
Deferred Taxes	-1.8	-4.9	-5.8	-5.8	-5.8	-5.8
TOTAL SOURCES OF FUNDS	**322.5**	**410.6**	**544.0**	**597.0**	**715.4**	**768.2**
APPLICATION OF FUNDS						
Net Block	77.0	103.2	107.9	108.9	126.3	137.3
CWIP	1.8	0.0	0.0	0.0	0.0	0.0
Investments, LT Loans & Advances	64.4	60.5	93.0	71.7	121.5	146.8
Total Non-current Assets	**143.3**	**163.7**	**200.8**	**180.6**	**247.8**	**284.1**
Inventories	33.5	75.0	96.8	86.2	105.4	127.4
Unbilled Revenue	0.0	23.0	125.0	125.0	125.0	125.0
Retention	39.4	47.5	67.0	47.7	67.3	81.4
Debtors	116.2	142.6	224.0	201.2	243.3	294.0
Cash & Equivalents	76.6	35.2	46.8	102.5	98.9	35.1
Cash Margin/FDR	161.8	186.7	149.9	164.9	174.9	184.9
Other Current Assets	12.9	52.1	43.0	59.9	63.6	70.3
Total Current Assets	**440.3**	**562.0**	**752.6**	**787.4**	**878.5**	**918.1**
Creditors	121.3	158.5	204.9	132.3	191.3	233.6
Less: Acceptances	0.0	-17.8	-17.8	-17.8	-17.8	-17.8
Advances from customers	118.7	140.1	179.1	194.1	174.1	154.1
Other Current Liabilities & Provns	21.1	34.4	31.9	32.5	33.2	34.2
Total Current Liabilities	**261.1**	**315.2**	**398.1**	**341.1**	**380.9**	**404.2**
Net Current Assets	*179.2*	*246.9*	*354.5*	*446.3*	*497.5*	*513.9*
Misc Expenses & Others	0.0	0.0	-11.6	-29.9	-29.9	-29.9
TOTAL APPLICATION OF FUNDS	**322.5**	**410.6**	**544.0**	**597.0**	**715.4**	**768.1**

Cash Flow Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	**98.4**	**138.5**	**174.4**	**88.6**	**176.7**	**216.3**
Non-operating & EO items	-17.8	-19.8	-21.7	-20.2	-28.3	-24.8
Interest expenses	4.6	4.5	6.8	12.2	13.8	12.2
Depreciation	11.2	24.2	26.7	29.0	32.6	39.0
Working Capital Change	14.5	-72.0	-111.6	-52.9	-33.0	-61.8
Tax Paid	-40.9	-47.7	-55.6	-22.9	-44.5	-54.4
OPERATING CASH FLOW (a)	**71.6**	**27.7**	**19.0**	**33.8**	**117.3**	**126.5**
Capex	-47.5	-39.4	-33.1	-30.0	-50.0	-50.0
Investments + Interest Income	17.8	5.5	21.8	73.3	-33.3	-9.0
INVESTING CASH FLOW (b)	**-29.6**	**-33.9**	**-11.2**	**43.3**	**-83.3**	**-59.0**
Share capital Issuance	142.1	0.0	0.0	0.0	0.0	0.0
Debt Issuance	-46.1	4.6	48.6	-0.8	10.0	-80.0
Interest expenses	**-4.6**	**-4.5**	**-6.8**	**-12.2**	**-13.8**	**-12.2**
Dividend	-10.8	-21.7	-43.4	-11.8	-23.8	-29.1
FINANCING CASH FLOW (c)	**80.5**	**-21.5**	**-1.6**	**-24.9**	**-27.6**	**-121.3**
NET CASH FLOW (a+b+c)	*122.5*	*-27.7*	*6.2*	*52.2*	*6.4*	*-53.9*
Closing Cash & Equivalents	**238.4**	**221.9**	**196.8**	**267.4**	**273.8**	**219.9**

Key Ratios

Particulars	FY18	FY19	FY20	FY21E	FY22E	FY23E
PROFITABILITY (%)						
GPM (%)	18.8	19.4	17.6	16.4	18.7	19.1
EBITDAM (%)	13.7	14.3	12.7	10.4	13.2	13.6
EBITM (%)	12.2	11.9	11.0	7.7	11.0	11.4
APATM (%)	8.7	8.6	8.6	6.3	8.9	9.0
RoE (%)	31.0	26.8	31.2	13.6	23.4	23.6
RocE (%)	21.4	23.4	25.8	12.5	19.9	22.3
Solvency Ratio						
Net Debt/EBITDA (x)	0.2	0.3	0.5	0.8	0.5	0.1
Net D/E (x)	-0.2	0.0	0.1	0.0	0.0	0.0
Interest Coverage	10.2	13.6	11.2	6.6	11.8	16.7
PER SHARE DATA						
EPS (Rs)	17.6	25.1	35.9	18.2	36.7	45.0
CEPS (Rs)	20.7	31.8	43.3	26.3	45.8	55.8
DPS (Rs)	3.0	6.0	12.1	3.3	6.6	8.1
BVPS (Rs)	84.1	103.2	127.0	141.9	172.1	208.9
Turnover Ratios (days)						
Debtors (days)	58.2	49.9	54.5	70.0	60.0	60.0
Inventory (days)	16.8	26.2	23.6	30.0	26.0	26.0
Payables (days)	60.8	49.2	45.5	39.8	42.8	44.0
VALUATION						
P/E (x)	22.1	15.6	10.9	22.9	11.4	9.3
P/BV (x)	4.6	3.8	3.1	2.9	2.4	2.0
EV/EBITDA (x)	13.5	9.5	7.6	13.6	7.7	6.1
EV/Revenues (x)	1.8	1.3	1.0	1.9	1.9	1.9
Dividend Yield (%)	0.8	1.5	3.1	0.8	1.6	1.9

STOCK MARKET POINTS TO KNOW!!

Real Estate

Do you think that the short termed stamp duty cut can change the prospects and fortunes of the Sentimentally, it is positive. In the last four months, the market has been looking for sentimentally positive ideas in a world of negativity. If you bought the correct stocks and you waited for the positivity, they have played out brilliantly. Real estate will be the next trend setter 2021 will belong to real estate and that is hard assets. DLF and Godrej Properties have been two of the large picks. Godrej from Rs 800, DLF from Rs 140 have been excellent performers.

In 2020, the government's stressed asset fund was expected to play a key role in fulfilling last-mile funding for liquidity-hit stalled projects, according to an assessment by CARE Ratings. According to experts, residential growth in 2020 mainly depends on the swift on-ground implementation of some of the previously-announced sops. If not, then buyer sentiments will be impacted negatively. Second half of 2020 sees the most traction for the real estate sector and only the financially stronger players stayed ahead in the game.Here, we share the outlook of reality investments in India for 2020 and help answer the crucial question of, “Should I invest in real estate in 2021?”

What is real estate investing?

Real estate investing needs a different strategic approach than purchasing a property for personal use. When you choose real estate as an investment strategy, you purchase a property to make a profit on it. In most cases, the investor rents out the property or resells it at a higher cost.

Just like all other investments – equities, bonds and more – you need to be aware of the ins and outs of the industry, market trends, to make smart choices that yield higher returns. If you are looking to invest in real estate this year or the next, here are some beneficial property trends to be aware of.

What 2020 was in trends for real estate investors in 2020:

- **Greater Concentration of Demand**

Jobs have a direct correlation in the growth of the Indian economy and changing demographics. Today's home seekers, be it for buying or renting, don't mind relocating to new cities if the prospects regarding employment opportunities are engaging. Most jobs tend to be service or office jobs and businesses that provide these jobs need more support services that are most efficiently delivered in big markets. IT & personnel support, office space and healthcare are more effective when they're concentrated. And nowadays entire cities are also being built using eco-efficient technologies to reduce negative impact on the environment like Jaypee Sports City and many others. So, businesses cluster in markets where these services already exist, which in turn concentrates the services even more, making the markets even more attractive. What this means for investors is that demand for housing in big markets almost certainly will continue to grow faster than builders can create more supply which will eventually escalate prices and rents.

- **Slowing Home Prices**

Between now and 2025, India will be part of nations which will account for 72% of the expected construction activity across the world. This means better infrastructure and improved connectivity and thus high standard of living. This also leads to bridging the gap between metro cities and their small town counterparts. Global Construction research also shows that by 2025 India will have 1.1 crore annual average house completions on an average. So real estate is set to develop at a global scale and prices in real estate also go through a high and low period. Investors can make investments during slow home prices which will make prudent choices based on their budget and personal preferences.

- **Bigger Gap Between Owning and Renting**

The surge in home prices in recent years, especially in many of the big markets, puts a house beyond the reach of more people. This is good news for investors in rental property but also means that it's difficult to just buy a home and rent it out: the number of people who can afford the high rent is small. A better strategy in these markets is to split a home into several rental units, even though that takes time and money. Apartments are also a good idea, especially because rents will continue to rise, even if home prices don't.

- **Smaller Risks in Smaller Markets**

Investors will want to avoid the credit risks you run at the lower end of the investment price range, physical location is even more important, and you can't count on rising prices to flesh out your expected return – you must drive a hard bargain. But the ratio of prices to rents will often be in your favor, your investment won't cost an arm and a leg – and you probably won't have much competition. Research shows that fast growing cities will drive high risk high rewards in emerging economies.

Current Property Trends that Favour Real-Estate Investors

The rise in Demand for Emerging Micro-Markets

Micro markets like Bhiwadi in NCR, Halol in Gujarat, Jamshedpur, Jaipur, Jodhpur, Sohna in Gurgaon, Airoli in Navi Mumbai, Pirangut in Pune and Madhapur in Hyderabad witnessed huge demand for residential homes. Real-estate experts predict that 2020 will be the years of emerging micro-markets, with huge demand for quality residential homes as industry and economic opportunities grow in these micro-markets.

NBFCs

RBI panel in favour of letting well-run large NBFCs convert into banks
A panel set up by the Reserve Bank of India (RBI) in June recommended that well-run large non-banking finance companies (NBFCs), with an asset size of Rs 50,000 crore and above, may be considered for conversion into banks. This is subject to the completion of 10 years of operations and meeting due diligence criteria.In another update, the panel also suggested raising the cap on the stake of private bank promoters to 26 per cent from the current 15 per cent in the long run (15 years).
"As regards non-promoter shareholding, a uniform cap of 15 percent of the paid-up voting equity share capital of the bank may be prescribed for all types of shareholders," the RBI's Internal Working Group recommended.

It further added that large corporate or industrial houses may be allowed as promoters of banks only after necessary amendments to the Banking Regulation Act, 1949.

The panel also said that the minimum initial capital requirement for licensing new banks should be enhanced from Rs 500 crore to Rs 1,000 crore for universal banks and from Rs 200 crore to Rs 300 crore for small finance banks. The panel also said that the minimum initial capital requirement for licensing new banks should be enhanced from Rs 500 crore to Rs 1,000 crore for universal banks and from Rs 200 crore to Rs 300 crore for small finance banks.

"For payments banks intending to convert to a small finance bank, a track record of 3 years of experience as payments bank may be considered as sufficient. Small finance banks and payments banks may be listed within 6 years from the date of reaching net worth equipping net worth equivalent to prevalent entry capital requirement prescribed for universal banks' or 10 years from the date of commencement of operations, whichever is earlier.
"One can also argue that the design of prudential regulatory framework for such NBFCs can be comparable with banks so that beyond a point of critical

to systemic risks, such NBFCs should have incentives either to convert into a commercial bank or scale down their network externalities within the financial system.

Observing that NBFCs currently enjoyed a great degree of regulatory arbitrage vis-a-vis banks, these entities could contribute to a buildup of systemic risks because of arbitrage and hence there was a need to recalibrate the regulations. The share of NBFC-MFIs (microfinance institutions) in the overall microfinance sector had come down to a little more than 30% as several large MFIs had converted into Small Finance Banks.

With the observation for over the past 3 decades it is seen that the majority of the time market turned up with the cheerful outcome regardless of whichever party or president won the power. However this time, Trump has promised to offer a bigger stimulus package than Biden. The latest package by Trump is worth $ 1.8 trillion targeting the relief aid for struggling airlines and small businesses. Plus $ 1200 stimulus cheques are issued for individual offerings. Whereas, looking the other way round, Biden's campaign calls for $1,200 stimulus checks wherein an additional $500 per child is promised which is received by the millions of Americans under the CARES Act. Extending unemployment benefits for $600 a week, he is also offering a weaver of a minimum $10,000 in federal student loans for each borrower. Furthermore, increasing Social Security checks by $200 a month including 64 million retired workers, Biden has published a subsequent stimulus package that could cost another $3 trillion. With the flow of funds in the market, this will further end up increasing market liquidity which might impact the market scenario.

COVID-19 VACCINE

India already has at least five vaccine candidates against Covid-19 under human trial, of which three vaccine candidates are undergoing advanced phase 2/3 clinical trials. According to media reports, the health minister said that it did not make sense to consider the Pfizer-BioNTech's vaccine as even the US regulatory authority had not yet granted approval to the vaccine. And even if the approvals are granted, the manufacturer would first attempt to cater to its local population before supplying the vaccine to other countries, he said.

India has at least five vaccine candidates against Covid-19 under human trial, of which three vaccine candidates are undergoing advanced phase 2/3 clinical trials to establish safety and efficacy.

AstraZeneca starts new prevention test of antibody over COVID-19 which

India could get access by January.

The head of an Indian company contracted with AstraZeneca Pharma to make the Covid-19 vaccine in delivering it to health workers of the care department and young Indians.

Up to January, the arrival should come because the country's cases seen yesterday were Nine million in amount.

The third phase of the international trial drafts a total of 5,000 people across countries in Europe and the US to assess the safety and effectiveness of the antibody cocktail, which is known as AZD7442.

AstraZeneca came up in initiating little late stage trials of an experimental monoclonal antibody combination drug for long-lasting effects.

It hoped and could be used as a prophylactic to have prevention over COVID-19 infection in at a time risk of people for up to 12 months.

Prevention & Market prospects

The prophylactic treatment is slightly distinguished from a vaccine which is natural in that it introduces antibodies, rather than sort of the body's immune system to make them. It may prove useful in people whose immune systems are weaker or complex, and who don't respond to vaccination.

Individually, AstraZeneca is preparing for an experiment where the trials of the monoclonal antibody combination launched soon, participants will be recruited at nine sites according to the UK.

Monoclonal antibodies mimic exactly the same natural antibodies that the body regulates to fight over any infection. They can be synthesized artificially in the laboratory and are already used to treat some types of cancer patience.

Preventative measures prior to people such as healthcare workers being exposed to the virus.

These have been designed artificially to have what we can call a long half-life, having a thought that they will confer protection for at least six, but more likely closer to twelve months, according to in effect almost like a passive vaccination.

WHO instructions and predictions

- The vaccines must be proven safe and effective in large (phase III) clinical trials, many potential vaccines for COVID-19 are being studied and some of the large clinical trials may report results in late 2020 or early 2021.

- A series of independent reviews of the efficacy and safety evidence is required, including regulatory review and approval in the country where

  the vaccine is manufactured, before WHO considers a vaccine product for pre qualifications. Part of this process also involves the Global Advisory Committee on Vaccine Safety.
- An external panel of experts convened by WHO, called SAGE, will analyze the results from clinical trials and along with evidence on the disease, age groups affected, risk factors for disease, and other information, they will recommend whether and how the vaccines should be used. Officials in individual countries will decide whether to approve the vaccines for national use and develop policies for how to use the vaccines in their country based on the WHO recommendations.
- The vaccines must be manufactured in large quantities, which will be a major and unprecedented challenge – all the while continuing to produce all the other important life-saving vaccines already in use.
- As a final step, vaccines will be distributed through a complex logistical process, with rigorous stock management and temperature control.

PHARMA

Shares of Vodafone Idea, YES Bank, BHEL, GMR Infra and Tata Motors were among the most traded shares on the NSE.

Shares of Adani Ports SEZ, Tanla Solutions, Granules India, Dalmia Bharat Ltd. and Capri Global hit their fresh 52 week high in today's trade, while Jump Networks Ltd., Lakshmi Vilas Bank Ltd. and AVSL Industries Ltd. hit fresh 52 week low in trade.

On the back of a superlative Q1FY21, listed Indian companies reported a strong 19% YoY API topline growth in Q2FY21. With the bulk of 2Q growth driven higher volumes on the back of structural tailwinds. Our analysis of the API performance across listed Indian companies suggests that nearly all companies are witnessing strong demand traction. Most companies remain optimistic about the medium-term outlook for their API segments.

YOY API growth moderates in Q2 VS Q1, but strong nevertheless overall API sales growth for listed companies at 19% YoY IN Q2FY2. The lower sequential growth was on expected lines as Q1 performance was aided by the stocking up of APIs given the supply chain. Q2 API growth rates remained

strong for most companies barring Aurobindo Pharma, For Solara, IOL Chemicals, Granules and Hikal, Q2FY21 YoY sales growth was even better than the last quarter.

API sales for listed Indian companies gew by 19% YoY IN Q2FY21 Robust growth in API sales continued in Q2FY21 led by industry tailwinds. For most of the companies, growth was volume led even as the pricing environment remained favorable. Overall, API sales grew 19% YoY and 2% sequentially in Q2FY21 , API sales had grown by ~30% YoY driven by stocking up of APIs , sharper INR depreciation ,along with supply chain diversification into India.

While the YoY growth of companies like Divi's , Dr Reddy's , Aarti Drugs, Laurus Labs, IPCA Labs moderated vis-a- vis Q1FY21 for companies like Solara, IOL Chemicals, Granules and Hikal , Q2FY21 Yoy Sales growth was even better than the quarter.

Lupin stated that it expects double digit volume growth in APIs to continue. Cadila health Healthcare and Biocon too have been seeing good traction and have a healthy API order book. With a strong order book, Jubilant Life Science expects API performance in the subsequent two quarters to be better than 2QFY21. IPCA expects 2HFY21 API growth to be 18-20% (21% in Q2FY21).

CRUDE

In the futures market, crude oil for November delivery touched an intraday high of Rs 3,048 and an intraday low of Rs 3,004 per barrel on MCX.

Crude oil futures edged lower to Rs 3,034 per barrel on November 13 as participants increased their short position as seen by the open interest. The crude oil price fell on increase in US crude stockpiles and equity market concerns on rising COVID cases across the US and Europe.The US Energy Information Administration (EIA) reported that US crude inventories surged by 5.15 million barrels for the week ended November 6.

Sunand Subramaniam, Senior Research Associate at Choice Broking said, "For the week ahead, we are expecting Global and MCX crude prices to be bearish with a rise in US crude inventories and American stockpiles.

Moreover, the possible second wave of COVID-19 in US and Europe with a possible further rise in Dollar index due to the same could limit major upside movement in global crude prices."

Furthermore, the market has already discounted COVID-19 vaccine news which may not further support global crude prices. The market is expected to give focus on the upcoming OPEC meeting on November 30, where the member nations may possibly ease supply cuts

Crude oil delivery for November declined Rs 89, or 2.85 percent, to Rs 3,034 per barrel at 16:52 hours IST with a business turnover of 4,030 lots.

Crude oil delivery for December slides Rs 93, or 2.95 percent, to Rs 3,058 per barrel with a business volume of 115 lots.

The value of November and December's contracts traded so far is Rs 1,171.15 crore and Rs 4.39 crore, respectively.

Crude oil prices traded lower with benchmark WTI crude oil prices fell below $41 per barrel on Friday. MCX Crude oil November futures were trading down by nearly 3 percent to Rs 3,035 by noon session reflecting correction in global oil prices.

Crude oil prices traded under pressure as growing virus infections have threatened fuel demand recovery from Europe and the US. The surprise surge in weekly crude oil inventories triggered selling in crude oil prices.

We expect crude oil prices to trade down with support at $39 and resistance at $42. MCX Crude oil November has support at Rs 2,980, resistance at Rs 3,090.

GOLD

In the Stock market, gold prices rose marginally by Rs 17 to Rs 48,257 per 10 gram in the national capital on Thursday, according to HDFC Securities. Silver prices also gained Rs 28 to Rs 59,513 per kilogram.

Gold gained on a softer dollar on Thursday and as a mounting number of COVID-19 cases and their economic toll raised investor expectations of further fiscal and monetary support. Spot gold was up 0.5% at $1,813.50 per ounce by 1305 GMT. U.S. gold futures were up 0.4% to $1,812.10.

The dollar index held close to near three-month lows, raising gold's appeal for other currency holders. Meanwhile, an extension of coronavirus restrictions in Germany and a weak growth forecast for Britain kept European shares flat. Trading was expected to be thinned by the U.S. Thanksgiving holiday in the ending of November.

US Federal Reserve policymakers discussed how the central bank's asset purchases could be adjusted to provide more support for markets, according to the minutes of its Nov. 4-5 meeting. Gold is considered a hedge against inflation likely to result from large stimulus.

Gold prices witnessed some short recovery as investors turned cautious over vaccine progress.

US president-elect Joe Biden moved swiftly to make Cabinet choices after defeating President Donald Trump, who gave the go-ahead for Biden to start receiving daily intelligence briefings, a sign he has all but accepted the result.

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