Covid-19: Current Scenario & Impact

“Present scenario and challenges ahead”

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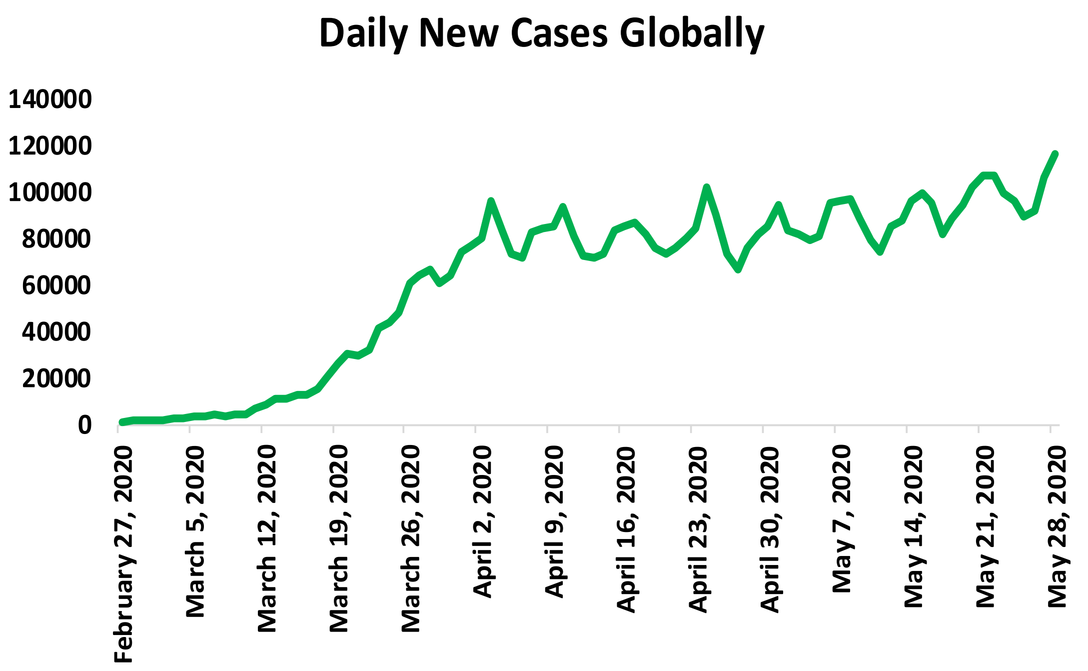
Current Scenario and the need to be pragmatic on the harsher realties on ground:

- The rising number of corona cases clearly suggest the increasing spread of virus infections is imminent. The new cases per day is expected to peak in Q2FY21, post June. Thereby infecting the 2nd quarter as well.
- The upliftment of restrictions, especially on movement of humans and goods across the nation from 1st June, will ease the concerns of corporates as well as bring assurances to individuals in mid-income segment of income security and boost spending sentiment.
- However, despite the lifting up of blanket restrictions, lingering impact on human behavior and spending will remain, and enforce masses to maximum self-restraint in personal expenses. Business loans and new expansionary borrowing to be massively hit.
- Consumer spending towards pharmaceuticals, and protein rich & immunity boosting food products, to propel inflation of such items.
- Huge spike in life and health insurance demand, while increasing mortalities to increase the premium of life insurance plans by a minimum of 20% by several insurers under proposal with IRDAI.
- Hotel and Hospitality, Travelling & Tourism, niche focused textiles, apparels and cosmetics sector, to peril till the wrath of the virus comes to an end.
- Large number of work-space real estate, malls, retail stores, event management, multiplexes, etc. to witness shut-down/cash flow crunch, even in the mega cities. Data from US where virus infections has peaked, suggest a minimum of 20% of closures, either temporarily for few months or permanently.
- Migrant crisis and labour shortage to trigger spike in labour wages across all industries and fall in rental rates across cities to follow.

New cases flattening globally as developed economies remain virtual lockdown while infections peak

Global New Cases Curve Flattening:

- The new cases curve has been flattening ever since the hotbeds across the developed world have adopted lockdowns and voluntary social-distancing practices, including avoiding public places gathering.
- However, new cases per day still has been rising constantly across India as the virus starts community spread across different geographies aggressively.
- While the United States saw peak of daily new cases at 35-40K, it has since then started coming down as the wrath of the virus has become known to the masses in the affected areas.
- The daily new case counts have started to rise in Brazil (highest currently), followed by Russia, India, Peru, Chile, etc. In the Indian subcontinent, the virus has been spreading equally quickly in neighboring Pakistan and Bangladesh (data next page).



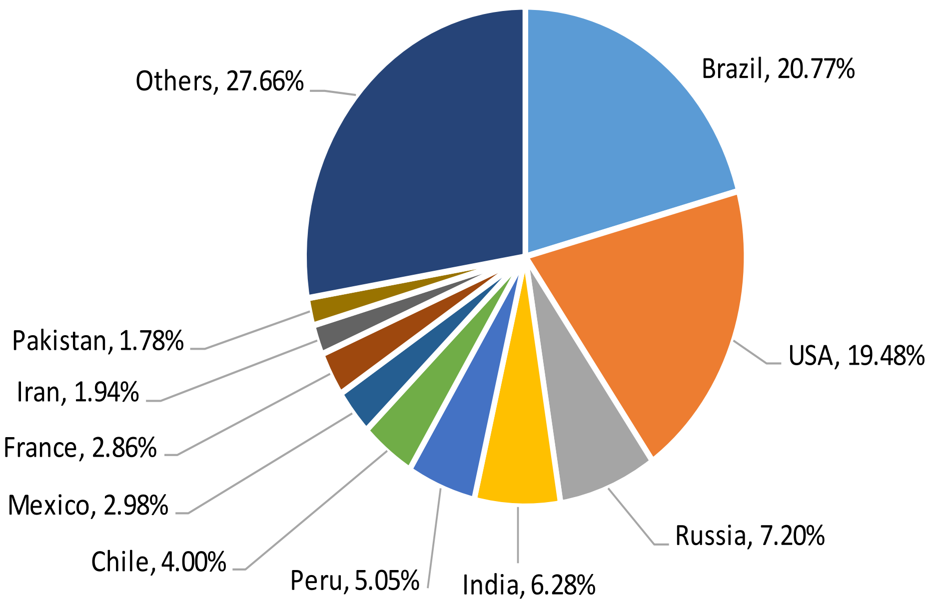
Source: worldometers.info

New cases per day increasing in emerging markets while developed economies peaked. Concerns rising for India and several other countries with higher population density while lockdown easing has become imminent with impending economic crisis. While new cases peaked in US at 35-40K cases per day with massive number of tests, community spreading and too fewer tests in Emerging Markets, might reflect only tip of the iceberg numbers, while mortality rate keeps on rising with increasing burden on a limited public healthcare system.

Country	Total case	New Cases	New cases per day contribution per country
World	5,900,907	116,304	
Brazil	438,812	24,151	20.77%
USA	1,768,461	22,658	19.48%
Russia	379,051	8,371	7.20%
India	165,386	7,300	6.28%
Peru	141,779	5,874	5.05%
Chile	86,943	4,654	4.00%
Mexico	78,023	3,463	2.98%
France	186,238	3,325	2.86%
Iran	143,849	2,258	1.94%
Pakistan	61,227	2,076	1.78%
Others	2,451,138	32,174	27.66%

Source: worldometers.info

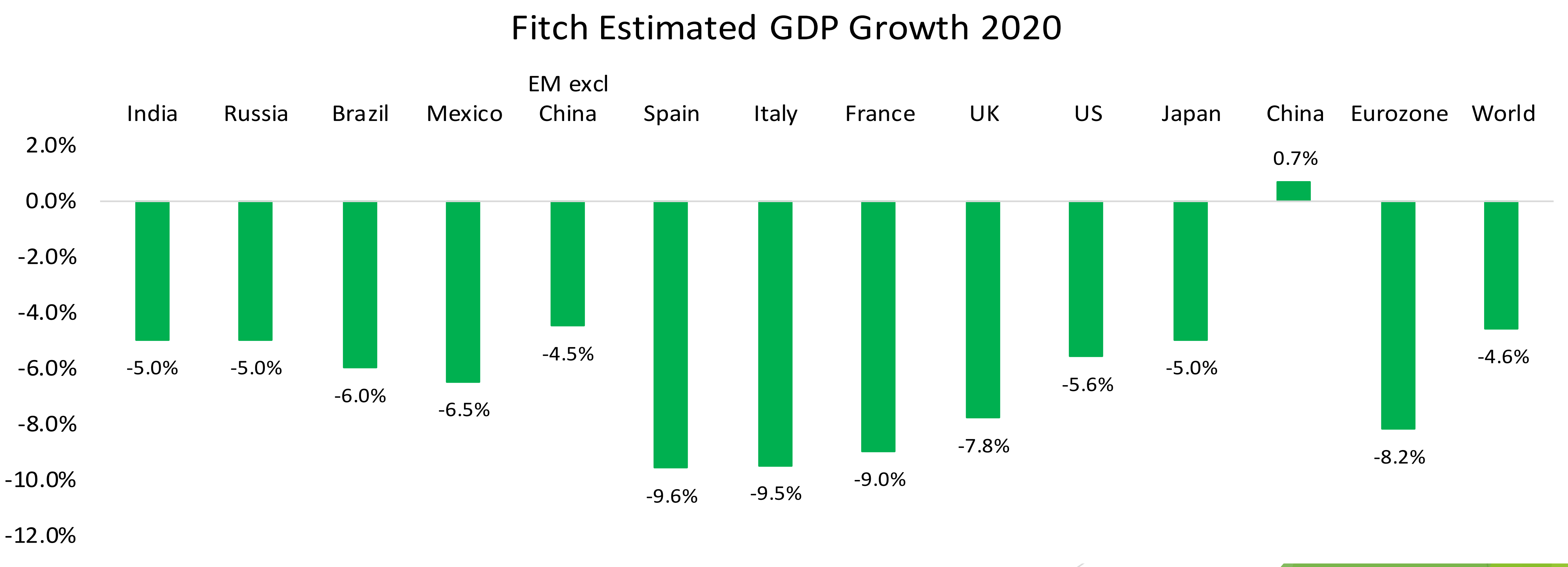
Global New Cases per day increase by country



Source: worldometers.info

GDP Forecast:

While most rating agencies and economists are predicting a negative GDP growth for the year 2020, we still doubt if there will be positive GDP growth in countries not that bad affected by the virus since most of the developed world's business has choked badly. Also, until the vaccine arrives, these projections are not accounting the emergence of a 2nd wave of the virus, which may not lead to frequent lockdowns, but certainly freeze the consumption demand for non-essentials badly.



Source: Fitch

Decoding the Stimulus Package

The INR 20.9 tn economic package announced by the government is a mix of short-term measures (fiscal and monetary) and reforms to boost long-term economic prospects. The size of relief measures announced was indeed higher but it still does not qualify as a stimulus package because of i) immediate fiscal cost to be borne by the government, would be a much smaller at 1% of GDP; ii) several measures are given in form of guarantee; iii) part of these measures are in the form of reforms and in infrastructure, this will take a while before it actually materializes on impacting growth.

The loss to the economy due to Covid-19 related lockdown is much higher than the actual support from the fiscal side of INR 2.6 tn. Most of the announced measures addressed the supply side issues and hence, the demand recovery would be gradual. The immediate need for income support and the real economic stimulus are still outstanding issues which needs to be resolved.

Sl. No.	Particulars	INR Cr.	Themes Focused on
1	Tranche 1	5,94,550	MSMEs, NBFCs, Discoms, Real Estates, EPF Contribution and some tax measures
2	Tranche 2	3,10,000	Migrant workers, street vendors, self employed people, small traders and farmers
3	Tranche 3	1,50,000	Agriculture sector and its allied activities
4	Tranche 4 & 5	48,100	Fourth Tranche: Strucutral reforms across sectors such as coal, minerals, civil aviation, defence etc. Fifth Tranche: MGNREGS, measures related to helath and education,PSU matters
5	Earlier measures including PMGKP	1,92,800	
6	RBI Measures (Actual)	8,01,603	
Total		**20,97,053**	

Source: Govt. of India

Sectoral Impact of Covid-19

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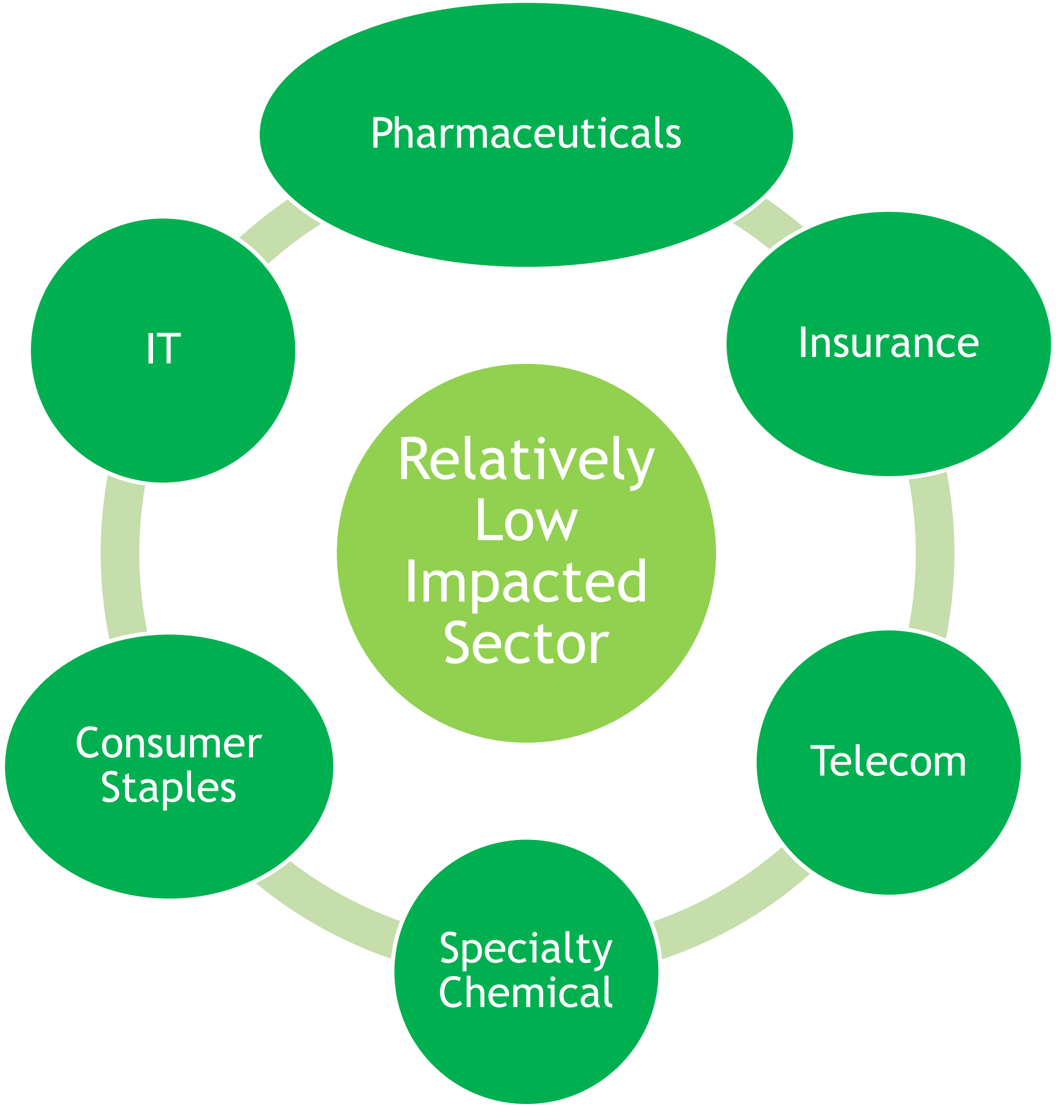

Sectoral Outlook/Analysis in current Scenario

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Healthcare	Healthcare- Investments to increase, Demand to remain Strong.
Specialty Chemical	Part of chain of essential products, Agrochemical/Fertilizer demand to remain strong.
Consumer Staples	Volume Impact to be low, Comes under essential services.
Telecom	Increased dependency during lockdown, ARPU to increase led by tariff hike and shifting into high broadband services.
Banking & NBFCs	NPA to increase, credit cost to rise, Credit growth to moderate and liquidity challenge for NBFCs.
IT	Favorable currency movement but deal closure may face challenges in near term.
Real Estate	Work from home may put downward pressure on demand and prices, Working capital constraints.
Construction	Unavailability of labour, Weak orders.
Automobiles	Low demand.
Oil & Gas	Oil demand likely to decline globally owing to low business activities.
Aviation	High leverage will pose solvency issue in the near term, No leisure travel could delay recovery.

Indian Pharma Sector: On a Recovery Path

- Pharma is one of the sector which is unlikely to get majorly impacted due to covid-19. As pharma comes under essential services and inelastic demands of drugs and medicines, the sector remains relatively more resilient.

- Covid-19 has disrupted manufacturing as well as pharma supply chains, creating drug shortages worldwide.

- As India is a leading manufacturer of generics, Indian Pharmaceutical companies are best positioned to cater and fulfill the need of global pharmaceutical industry, thus inching towards higher growth in exports.

- We believe Pharma sector to do well and there is a strong case for re-rating in pharma stocks.

Some of our Preferred Picks

- Dr. Reddy's Lab*
- Cipla*
- Cadila Healthcare*
- Divi's Lab*

**not under coverage*

Pharma Companies (Consol.)	Cadila Healthcare	Cipla	Divis Lab	Dr. Reddys Lab
Year End	201903	202003(U)	201903	202003(U)
Net Sales	13166	16695	4946	16357
PBIDT	3174	3550	2029	3091
PAT	1852	1547	1353	1970
Adj. EPS(Rs)	18	19	51	122
PBIDTM%	24	21	41	18
PATM%	14	9	27	11
ROCE%	16	13	29	12
ROE%	19	10	21	13
TTM Ratios	01/Jun/2020	01/Jun/2020	01/Jun/2020	01/Jun/2020
Latest EPS(Rs)	12.2	19.2	51.0	121.9
Latest CEPS(Rs)	18.7	33.8	57.3	188.5
Price/TTM CEPS(x)	18.7	19.0	43.3	21.0
TTM PE (x)	28.8	33.5	48.7	32.4
Price/BV(x)	3.4	3.3	8.9	4.2
EV/TTM EBIDTA(x)	15.1	15.6	32.5	22.4
EV/TTM Sales(x)	3.1	3.3	13.3	4.2
Dividend Yield%	1.0	0.5	0.6	0.5
MCap/TTM Sales(x)	2.6	3.1	13.3	4.0
Latest Book Value (Rs)	104.2	195.5	280.1	938.7

Source: Ace Equity

Agriculture, Fertilizers and Agri-chemicals sector

With the corona crisis to stay in India for some time for sure, the agriculture sector has garnered attention of all due to its essential nature and along with the rural India still not affected with the Covid-19 virus. The entire agricultural sector will perform better than before because of several factors:

- Very marginal impact of Corona in rural India till now.
- Majority of logistical issues have been resolved considering the sectors essential services nature.
- Normal Monsoon predictions from IMD assures another year of bumper harvest for Indian agricultural sector.
- Focus on essentiality and high demand will increase prices of agri-raw materials high benefitting them.
- Poor performance in manufacturing and services sectors will lure investors park money in agricultural sector which is expected have good earnings.

Some of our Preferred Picks

Coromandel International Ltd*	Astec Lifesciences Ltd*
United Phosphorus Ltd*	Dhanuka Agritech Ltd*

*not under coverage

Agri Companies (Consol.)	Dhanuka Agritech	Coromandel Interntl.	UPL	Astec Lifesciences
Year End	201903	202003(U)	202003(U)	202003(U)
Net Sales	1006	13137	35756	523
PBIDT	167	1771	6877	97
PAT	113	1064	2175	48
Adj. EPS(Rs)	24	36	23	24
PBIDTM%	17	13	19	19
PATM%	11	8	6	9
ROCE%	24	37	9	30
ROE%	18	25	11	19
TTM Ratios	01/Jun/2020	01/Jun/2020	01/Jun/2020	01/Jun/2020
Latest EPS(Rs)	27.1	36.4	23.3	24.3
Latest CEPS(Rs)	30.4	41.7	54.8	36.1
Price/TTM CEPS(x)	19.1	15.6	7.7	20.4
TTM PE (x)	21.4	17.9	18.0	30.4
Price/BV(x)	3.7	4.4	1.7	5.9
EV/TTM EBIDTA(x)	15.2	12.4	8.5	16.7
EV/TTM Sales(x)	2.6	1.7	1.6	3.1
Dividend Yield%	0.1	1.0	1.9	0.2
MCap/TTM Sales(x)	2.5	1.5	0.9	2.8
Latest Book Value (Rs)	155.7	147.4	252.4	126.0

Source: Ace Equity

Indian FMCG Sector:

- The FMCG Industry across the globe is experiencing strong turbulence after the outbreak of global pandemic, Covid-19. The industry across the world is experiencing a sudden steep demand for essential products.
- Demand for hand hygiene products such as hand washes and hand sanitizers, household cleaning products and many more are increasing at an exponential rate.
- Such products are anticipated to recover the loss incurred by the FMCG Industry up to some extent.
- However, stringent lockdowns, transportation issues, stock piling and lack of labors for efficient operations are some of the key challenges that most FMCG companies are facing during the outbreak of global pandemic, Covid-19.
- The COVID-19 pandemic has resulted in a slight shift in the paradigm of what we consider to be essentials; hygiene products have entered this category, whereas industries like apparel have shifted to discretionary.
- Discretionary products more generally have taken a backseat. Travel, consumer foodservice, luxury, apparel and footwear, consumer electronics, alcoholic drinks and tobacco have been severely impacted, as most companies have halted or scaled down their operations during the lockdown. However, some companies have transformed their facilities to produce products like masks, hand sanitisers, ventilators, etc.

Some of our Preferred Picks

Dabur

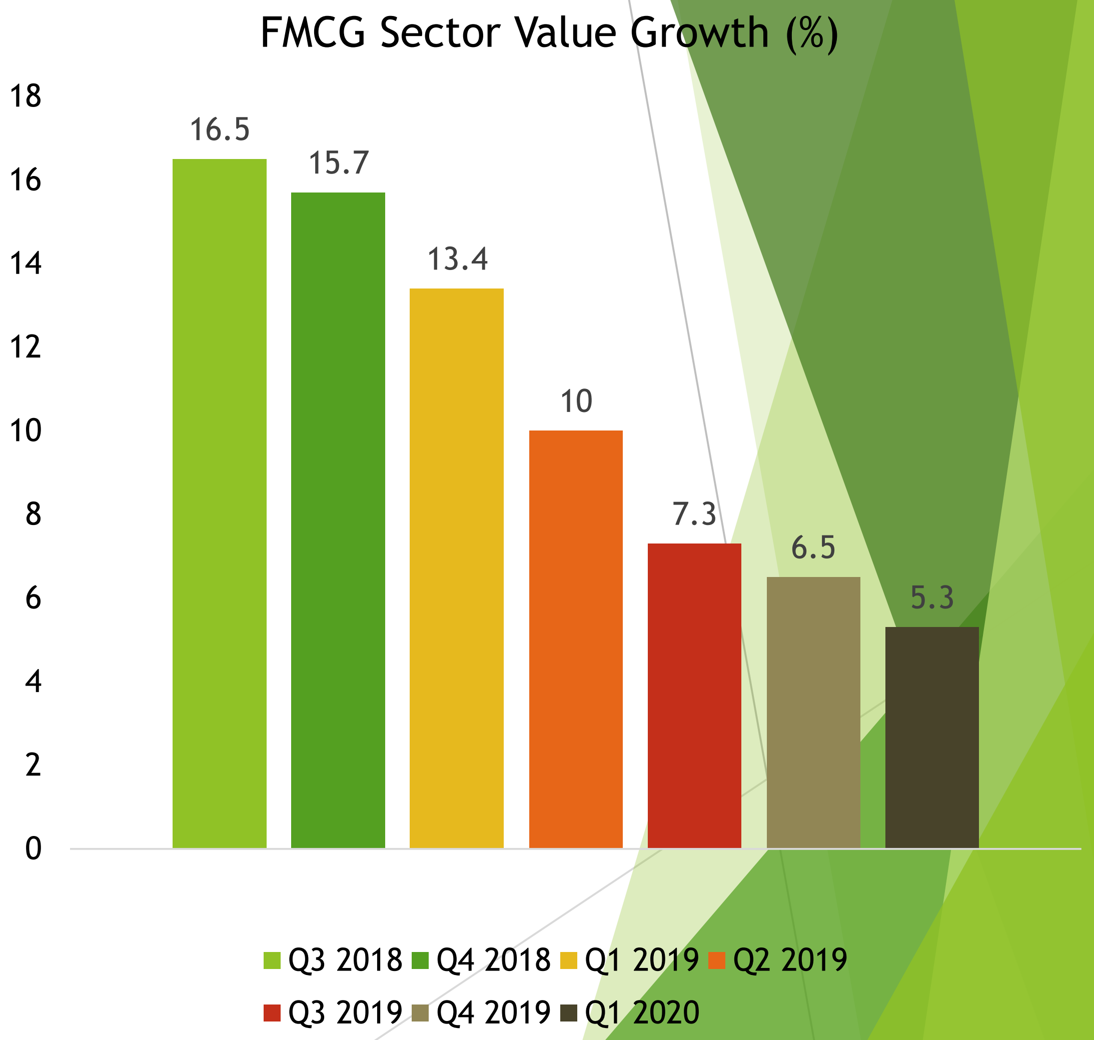
Marico

Tata Consumer*

not under coverage

Indian FMCG Sector:

- **Retailing: consumers develop online grocery shopping habit** during the lockdown, grocery retailers, which account for more than 60% of store-based retailing sales, have been permitted by the government to continue operations as they sell essential and consumer healthcare products. While grocery retailers saw an initial uptick in demand due to panic buying, they struggled to replenish stocks due to disruption in supply chains, resulting in stockouts.
- The industry's value growth - a combination of volume and price-led expansion- stood at 5.3% on an annual basis in the quarter ended March. That compares with 6.5% in the preceding three months and 13.4% a year ago. Volume growth of the sector, too, dropped to 2.6% from 3.5% in the previous quarter and 9.9% in the year-ago period.
- Asian countries such as China and India, being the major market for apparel & clothing's has triggered a huge loss in last two months. Decline in new clothing and apparel sales, transportation issues and lack of labors have been some of the major factors for the loss.



Source: Arihant Research

Indian FMCG Sector:

Near-term perspective:

- Seasonal categories (especially summer dependent – ice-creams, juices, carbonated soft drinks, cooling oil, glucose to name a few), discretionary/impulse categories (chocolates, color cosmetics, deodorants, hair colors to name a few) and Out-of-home consumption dependent categories (tea, coffee, juices, carbonated soft drinks, packaged water, butter/cheese to name a few) are likely to see a bigger impact.
- For Paints - growth impact is likely to be severe given complete shutdown during lockdown, slow resumption of offtake (lower priority for consumers once normalization begins) and slower construction activity.

Medium Term perspective

- Smaller businesses especially unorganized/regional players are likely to face severe stress and some may even go bankrupt. This will drive acquisition opportunities for organized players and also lead to accelerated share gains.
- E-commerce are likely to get a structural leg-up as consumers (particularly urban) get used to purchasing from these formats; moreover, we expect such formats to enjoy a superior bargaining power with consumer companies (this could have longer-term implications for margins/working capital for consumer companies).
- Select categories especially personal hygiene and home care may see a structural uptick in household penetration.

Consumer Goods (Consol.)	Dabur India	Marico	Tata Consumer Products
Year End	202003(U)	202003(U)	202003(U)
Net Sales	8704	7315	9637
PBIDT	2098	1593	1404
PAT	1448	1043	535
Adj. EPS(Rs)	8	8	5
PBIDTM%	24	22	15
PATM%	17	14	6
ROCE%	26	47	6
ROE%	22	35	4
TTM Ratios	01/Jun/2020	01/Jun/2020	01/Jun/2020
Latest EPS(Rs)	8.2	7.9	5.0
Latest CEPS(Rs)	9.4	9.2	8.5
Price/TTM CEPS(x)	49.7	36.9	42.8
TTM PE (x)	57.4	42.8	72.2
Price/BV(x)	12.6	14.5	2.4
EV/TTM EBIDTA(x)	39.7	27.3	23.7
EV/TTM Sales(x)	9.6	5.9	3.5
Dividend Yield%	0.6	1.4	0.7
MCap/TTM Sales(x)	9.5	6.0	3.5
Latest Book Value (Rs)	37.4	23.4	150.6

Source: Ace Equity

Banking, NBFC and Insurance

All Banks & NBFCs will feel the burn of the Covid-19, with differing impacts depending upon their business model and asset portfolio.

- **Banks:** Major banks from the private sector to steer through the crisis with relative ease versus smaller peers. On the other hand, having an existing cleaner credit culture in the country, assets of retail borrowers will again see healthy level of comfort against corporate asset books. Size of secured and unsecured assets of banks, percentage of salaried customers versus self-employed customers, diversified presence in urban, semi-urban and rural, etc. will be the key focus deciding on each bank's valuations in the market.

- **NBFCs:** Despite NBFCs allowed by the RBI to enjoy moratorium, their own assets funding the smaller and unorganized industries have fallen into doldrums, risking the business viability of several NBFCs. NBFCs with borrowers coming from highly impacted non-essential sectors will face the maximum heat, such as commercial vehicles, textiles, small metallic industries, auto ancillary industries, etc.

- **Insurance Sector:** Both life and health insurance players to see drastic jump in new business once the lockdown eases across the nation and physical movements resume. Also, the increase number of mortalities and claims, will lead to increase in policy premiums by a minimum of 20% during the current year. Major demand as per online insurance aggregator Policybazaar has been for the protection products, with HDFC Life with highest protection mix may lead the pack with growth of new business premium.

Banks with Positive Outlook:
- HDFC Bank
- Kotak Mahindra Bank*
- ICICI Bank
- Axis Bank

NBFCs:
- HDFC*

Insurance Companies:
- SBI Life*
- ICICI Prudential Life*
- HDFC Life*

**not under coverage*

Additional Moratorium Creates a risk of NPA

- On May 22, RBI has announced extension of moratorium period for another 3 months taking the total moratorium period upto 6 months ending in August 2019. We believe, extension of moratorium period is negative for the bank as well as NBFC as there is a high chance of NPA. This will increase the financial burden on the borrowers.

- As on Q4FY20, the bank has announced that borrowers in the range of ~25-75% (in value) have availed for the moratorium. Several banks have made additional provision as per their assessment, on the loans that are under moratorium.

- Additional clarity on the moratorium front will emerge in Q1FY21E. Since, now the lockdown has lifted for most of the states and it comes with certain relaxation norms, the anticipated asset quality outcome will emerge in Q1FY21.

Loan Moratorium Chart and Provision made by Banks and NBFCs

Bank	Loan Book (in Cr.)	Loan under Moratorium	Covid-19 Provision	Covid-19 Provision as a percentage of moratorium
Axis Bank	571424	26%	3475	2.3%
IndusInd Bank	2,06,783	NA	283	NA
ICICI Bank	645290	30%	2725	1.4%
Kotak Bank	2,19,748	26%	650	1.1%
HDFC Bank	9,93,703	Low Single Digit	1550	NA
Bandhan Bank	66,630	72%	690	1.4%
RBL Bank	58,019	33%	115	0.6%
AU Small Finance	26,992	25%	138	2.0%
Bajaj Finance	1,47,153	27%	900	2.3%
IDFC First Bank	1,47,153	31% Retail, 40% Wholesale and 100% of rural	900	NA

Source: Arihant Research

Private Banks (Consolidated)	Axis Bank	HDFC Bank	ICICI Bank	Kotak Mahindra Bank
Year End	202003(U)	202003(U)	202003(U)	202003(U)
Interest Earned	63716	122189	84836	33474
Operating Profit	23996	51895	33603	13980
PAT	1879	27296	11225	8607
Adj. EPS(Rs)	7	50	15	45
PBIDTM%	68	82	75	82
PATM%	3	22	13	26
ROCE%	50	57	53	41
ROE%	2	15	9	13
TTM Ratios	01/Jun/2020	01/Jun/2020	01/Jun/2020	01/Jun/2020
Latest EPS(Rs)	6.6	49.7	14.8	43.4
Latest CEPS(Rs)	6.7	49.8	17.3	43.5
Price/TTM CEPS(x)	59.6	19.8	19.6	28.7
TTM PE (x)	60.4	19.9	23.0	28.8
Price/BV(x)	1.3	3.1	1.8	3.3
EV/TTM EBIDTA(x)	9.9	12.6	11.7	21.7
EV/TTM Sales(x)	3.7	5.3	4.6	9.0
Dividend Yield%	0.3	1.5	0.3	0.1
MCap/TTM Sales(x)	1.8	4.4	2.6	7.4
Latest Book Value (Rs)	306.0	321.5	185.0	374.4

Source: Ace Equity

Private Life Insurers (Standalone)	HDFC Life Insurance	ICICI Prudential	SBI Life Insuran
Year End	202003(U)	202003(U)	202003(U)
Net Sales	32224	32879	40324
PBIDT	1461	1200	1790
PAT	1295	1069	1422
Adj. EPS(Rs)	6	7	14
PBIDTM%	5	4	4
PATM%	4	3	4
ROCE%	2	16	19
ROE%	19	14	16
TTM Ratios	01/Jun/2020	01/Jun/2020	01/Jun/2020
Latest EPS(Rs)	6.4	7.4	14.2
Latest CEPS(Rs)	6.4	7.4	14.2
Price/TTM CEPS(x)	80.4	51.6	54.5
TTM PE (x)	80.4	51.6	54.5
Price/BV(x)	14.9	7.3	8.7
EV/TTM EBIDTA(x)	70.5	45.4	41.9
EV/TTM Sales(x)	3.2	1.7	1.9
Dividend Yield%	0.3	0.2	0.3
MCap/TTM Sales(x)	3.2	1.7	1.9
Latest Book Value (Rs)	34.6	52.3	88.8

Source: Ace Equity

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Indian IT Sector:

- The effect of COVID-19 is felt around the world and are having a significant impact on the technology sector.
- The IT industry will suffer in the near term due to bankruptcies of clients, decline in spends, and economic contractions. But the scenario should change H2FY21 onwards and immensely benefit the Indian tech industry.
- The need to store data and for superior infrastructure will entail an enormous transition to cloud, implying higher growth for the IT sector at large.
- In the near future, IT companies could feel the heat of pricing pressure, revenue loss due to lockdown (in India and many countries globally), client bankruptcy and slower client decision making led by lower discretionary spends.
- In a surprising move, IT companies have withdrawn its 2020 revenue guidance (growth forecast), citing the unprecedented nature of the COVID-19 pandemic and the uncertainty around its duration and impact on the company's ability to forecast performance.

Some of our Preferred Picks

NIIT TECH

LTTS

IT Stocks (Consolidated) (Rs Cr)	L&T Technology Serv.	NIIT Tech
Year End	202003(U)	202003(U)
Net Sales	5181	2231
PBIDT	1244	585
PAT	790	423
Adj. EPS(Rs)	76	68
PBIDTM%	24	26
PATM%	15	19
ROCE%	42	25
ROE%	30	21
TTM Ratios	01/Jun/2020	01/Jun/2020
Latest EPS(Rs)	75.6	67.6
Latest CEPS(Rs)	90.3	82.0
Price/TTM CEPS(x)	13.2	17.7
TTM PE (x)	15.7	21.5
Price/BV(x)	4.7	4.6
EV/TTM EBIDTA(x)	9.9	15.3
EV/TTM Sales(x)	2.4	4.0
Dividend Yield%	1.1	2.1
MCap/TTM Sales(x)	2.4	4.1
Latest Book Value (Rs)	250.6	316.0

Source: Ace Equity

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Indian Auto Sector:

Auto & Consumer Durables

- 4W dealers (except metro cities) are witnessing a gradual improvement in walk-ins with enquiries progressing on a WoW basis.
- Current preference is for entry/compact car segment while enquiries for used car segment is rising particularly in South.
- Customer walk-ins continue to remain low in consumer durable retail Outlets.
- Better delivery/installation schedule with improving availability of electricians and Easing funding constraints with credit availability picking up.

India May Auto Sales Number

- Automobile sales witnessed a slightly increase in volume in May'20 after almost zero in April'20 due to the lockdown across India.
- Tractor segment positively YoY marginal decline/growth on the back of positive rural sentiments primarily due to robust Rabi crop production, higher procurement, good price realizations and the forecast of a normal monsoon makes conditions good for kharif crops.

Some of our Preferred Picks

- Escorts*
- Bajaj Auto
- Hero Moto Corp
- M&M

*not under coverage

Indian Auto Sector:

Sales Volume	20-May	20-Mar	19-May	YoY%	MoM%
Escorts					
Domestic	6454	5228	6488	-1	23
Exports	140	216	339	-59	-35
Total	6594	5444	6827	-3	21
Bajaj Auto					
Total Motorcycles:	112798	210976	365068	-69	-47
Total (Mot+3ws)	127128	242575	419235	-70	-48
Overall Domestic	40074	116541	235824	-83	-66
Overall Exports	87054	126034	183411	-53	-31
Hero Motocorp					
Total 2W	112682	581279	652028	-83	-81
Domestic +Export	112682	581279	652028	-83	-81
M&M					
Auto	9560	7401	45421	-79	29
Farm Equipment	24341	13613	24704	-1	79
Total (Auto+Farm Equipment)	33901	21014	70125	-52	61

Source: Arihant Research

Indian Auto Sector:

Company	Status
Passenger Vehicles	
Maruti	Production at Manesar restarted (single shift basis) from 12May'20. Production at Gurugram started from 17May'20. Gujarat restart is uncertain due to high Covid cases in the region.
M&M	Plants started production with c.30% manpower (mostly tractors). High supply concerns
2-Wheelers	
Hero	Three plants (Gurugram, Dharuhera and Haridwar with 7mn capacity) commenced production since04May'20.
Bajaj Auto	All the 3 plants (Waluj, Patnagar and Chakan) have resumed operation. Still at low capacity due to a) limited labour, b) local body's mandate to operate at low levels (eg. Waluj is allowed to operate at 33% capacity).
TVS	Commenced operations across all factories - Hosur, Mysuru and Nalagarh
Commercial Vehicles	
Ashok Leyland	Resumed operation at all facilities across India with 25-30% workforce. Facing challenge due to shortage of contractual labours. Expects 80-90% utilisation by festive and full utilisation by Jan'21
Tractors	
Escorts	All units in Faridabad (capacity of 1.2 lakh units) have received approval to commence production with 75% of normal workforce. Functioning still in single shift with c.20-25% workforce due to supply chain concerns. Expects production at 50% by mid-June and 100% by Jul. Most suppliers based out of Faridabad; low concern on component supply
M&M	Plants started production with c.30% manpower. High supply concerns .

Company Name	Bajaj Auto	Hero MotoCorp	Escorts	Mahindra & Mahindra
Year End	202003(U)	201903	202003(U)	201903
Net Sales	29112	33971	5761	104721
PBIDT	6830	5705	768	16292
PAT	5100	3406	486	4650
Adj. EPS(Rs)	176	172	40	49
PBIDTM%	23	17	13	16
PATM%	17	10	8	4
ROCE%	33	40	19	12
ROE%	26	27	14	12
TTM Ratios	01/Jun/2020	02/Jun/2020	01/Jun/2020	02/Jun/2020
Latest EPS(Rs)	176.3	190.5	39.6	17.3
Latest CEPS(Rs)	184.8	229.2	48.1	50.9
Price/TTM CEPS(x)	14.9	10.1	20.2	9.1
TTM PE (x)	15.6	12.2	24.5	26.7
Price/BV(x)	4.0	3.0	3.4	1.4
EV/TTM EBIDTA(x)	11.6	8.9	15.6	8.0
EV/TTM Sales(x)	2.7	1.5	2.1	1.2
Dividend Yield%	4.4	3.8	0.3	1.8
MCap/TTM Sales(x)	2.7	1.5	2.1	0.6
Latest Book Value (Rs)	688.6	768.5	283.9	330.3

Source: Ace Equity

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