17 June 2020
Equity Research
Asia Pacific | India

CREDIT SUISSE

India Consumer Sector

The big city problem: COVID's uncontained spread extends hit to consumption

Consumer Discretionary | Sector Review

Figure 1: Personal consumption and large cities to remain under pressure

High salience of top 10 cities	High salience of Personal Care / Out-of-Home products
Avenue Supermarts	HUL
Jubilant	Emami
Titan	United Spirits
Page Industries	ITC

Source: Company data, Credit Suisse estimates

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread with a rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds have aggravated the fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **FMCG: the pattern of strong foods and weak personal care consumption to extend, modern trade decline another headwind.** The current patterns will likely extend into 3Q. These are: (1) strong growth in home categories such as biscuits, noodles, branded tea/coffee, home insecticides; (2) a pick-up in healthcare and hygiene products; and (3) a decline in personal care/out-of-home products such as shampoo, hair oils, skin creams and ice cream. The other trend which would hurt some companies is the decline in modern trade. Tailwinds are high for food companies (Britannia/Nestle), steady for GCPL/Marico, with headwinds for HUL/Emami/United Spirits/ITC.
- **Consumer discretionary: large cities to stay under pressure well into 3Q.** Reducing non-essential retail visits by consumers should extend well into 3Q especially in the top 10 cities. We see the highest headwinds for discretionary companies which have a high salience of sales from top 10 cities such as Avenue, Jubilant, Page and Titan. Asian Paints and Pidilite have a relatively lower share of top 10 cities, and could regain some lost sales in FY22.
- **Downgrade Avenue and Jubilant, cut earnings for several companies.** We downgrade Avenue to UNDERPERFORM (from Neutral) and Jubilant to NEUTRAL (from Outperform). We cut earnings by 4-12% for Avenue, Jubilant, Asian Paints, Page, Pidilite, HUL, United Spirits and Emami.

Research Analysts

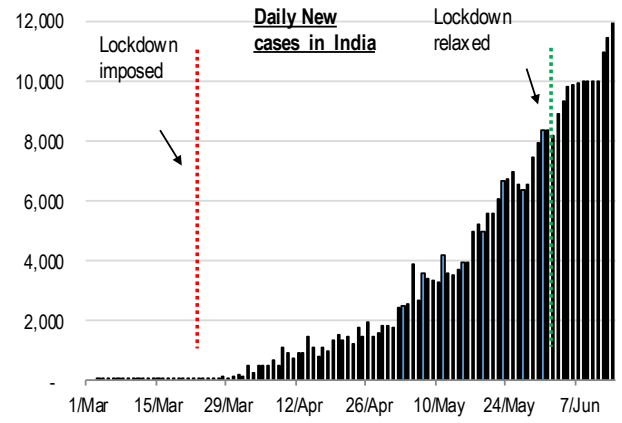
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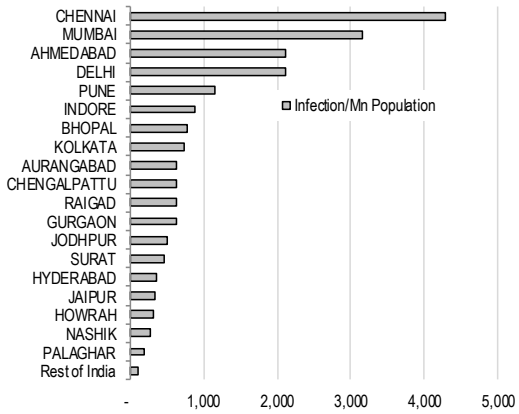
Focus charts and table

Figure 2: New COVID cases continue to rise



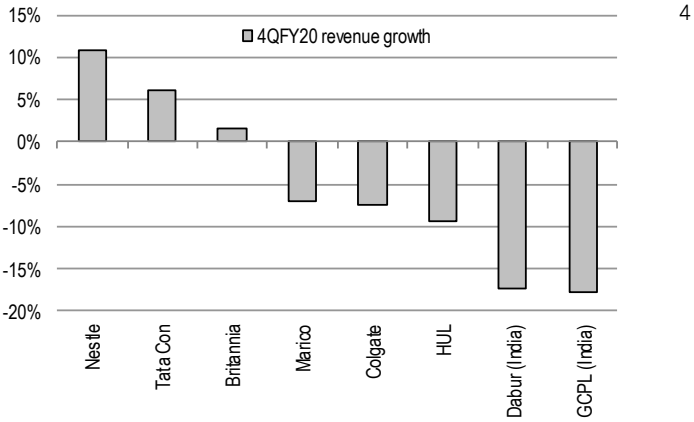
Source: Ministry of Health and Family Welfare

Figure 3: Larger metros are the worst hit



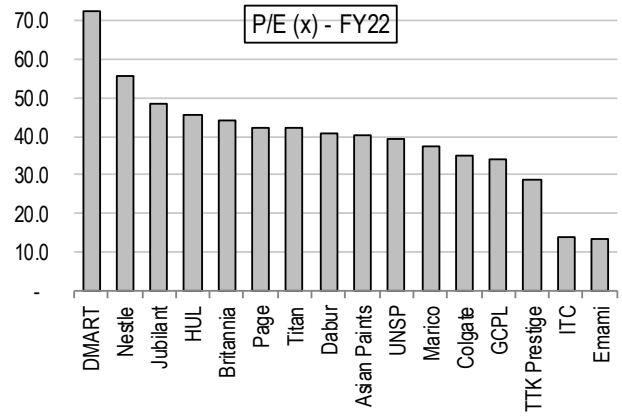
Source: covid19india.org

Figure 4: Divergence in 4Q20 results based on portfolio being part of 'essentials', which is likely to continue into 3Q21



Source: Company data, Credit Suisse estimates

Figure 5: DMART, Jubi valuations do not adequately reflect risks of COVID extending its impact on top 10 cities



Source: Company data, Credit Suisse estimates

Figure 6: Earnings change summary

			Revised				Old					Change			
Company	Code	Rating	TP	EPS			Rating	TP	EPS			TP	EPS		
				FY20	FY21	FY22			FY20	FY21	FY22		FY20	FY21	FY22
HUL	HLL.BO	O	2,400	31.8	36.3	43.5	O	2,400	31.8	39.4	45.8	0%	0%	-8%	-5%
Emami	EMAM.BO	O	240	12.4	12.0	13.5	O	250	13.1	13.2	14.6	-4%	-5%	-9%	-8%
UNSP	UNSP.BO	N	575	8.0	10.7	14.6	N	615	8.0	11.6	15.5	-7%	0%	-7%	-6%
DMART	AVEU.BO	U	2,000	20.9	19.5	30.7	N	2,150	20.9	22.1	32.7	-7%	0%	-12%	-6%
Jubilant	JUBI.BO	N	1,625	24.3	16.8	33.6	O	1,625	24.3	17.8	35.0	0%	0%	-5%	-4%
Page	PAGE.BO	U	14,100	358.6	293.8	394.8	U	14,100	358.6	312.0	419.0	0%	0%	-6%	-6%
Asian Paints	ASPN.BO	O	1,850	27.9	28.2	36.8	O	1,850	29.2	31.0	40.2	0%	-5%	-9%	-8%
Pidilite	PIDI.NS	U	1,100	22.6	22.0	26.2	U	1,170	23.2	23.3	27.9	-6%	-2%	-6%	-6%

Note: Priced as of 16 June 2020. O = Outperform, N = Neutral, U = Underperform.
Source: Company data, Credit Suisse estimates

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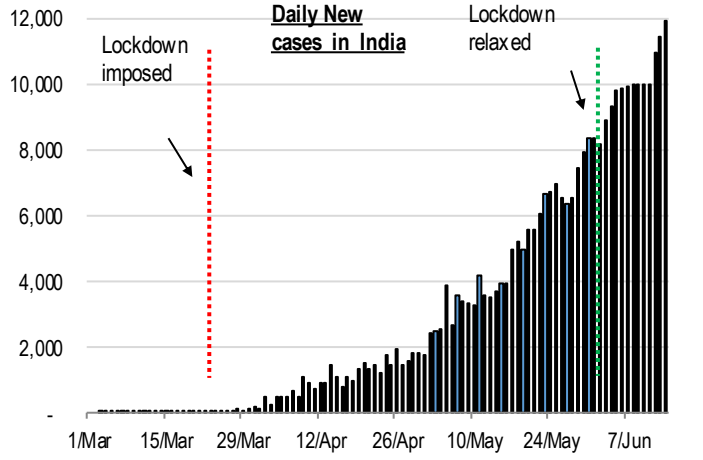
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COVID's continued spread will extend consumer caution much beyond earlier expectations

The increase in new COVID cases in India continues to be 3.5-4% on a daily basis. The new case additions have been rising and thus there is no flattening of the curve. Also, media reports (source: India Today) of a shortfall in hospital beds and a stretched healthcare system in bigger cities, such as Delhi and Mumbai, have raised fear of the disease among consumers. Our initial expectations were that a return to pre-COVID consumer behaviour would commence as the government opens up the lockdown. However, the rising curve of COVID and the fear of not getting healthcare is expected to drive continuing consumer caution well into 3Q FY21. This would mean that the normalisation of trends back to pre-COVID patterns would not happen before 4Q FY21.

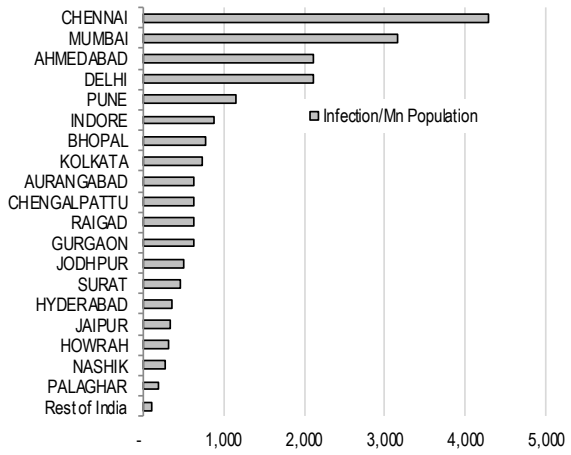
With COVID spreading rapidly it means that the normalisation of trends back to pre-COVID patterns will likely not happen before 4Q FY21

Figure 7: New COVID cases continue to rise



Source: Ministry of Health and Family Welfare

Figure 8: Larger metros are the worst hit



Source: covid19india.org

FMCG: The pattern of strong foods and weak personal care consumption to extend well into 3Q

Our initial expectations were a return to pre-COVID consumer behaviour, as the government opens up the lockdown. However, as cases continue to rise and fear of the disease remains, the return to pre-COVID consumption patterns could take much longer. Even as consumers go back to work, they are likely to remain cautious given the continued COVID spread, and avoid non-essential trips outside the home. The consumption patterns which have been established during the lockdown will likely extend well into 3Q. We thus expect the following trends to continue well into 3Q:

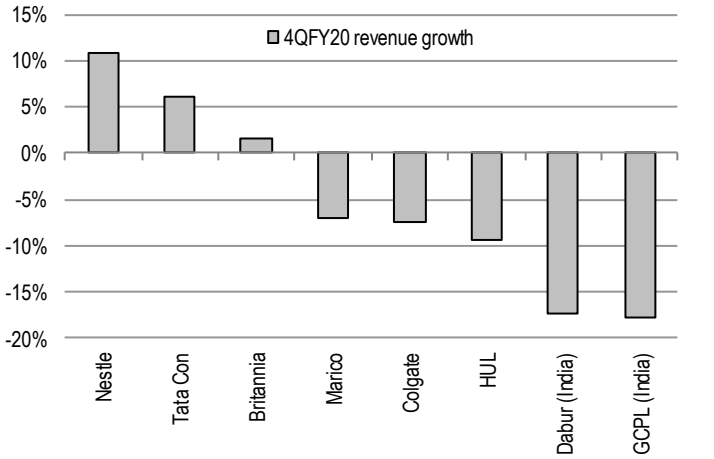
Even as consumers go back to work, cautious behaviour will extend consumption patterns established during the lockdown well into 3Q

- **Strong consumption growth in home categories such as biscuits, noodles, branded tea/coffee and home insecticides:** This is a function of consumers being at home for longer hours and consuming more home-cooked food. Even as people go back to work, we expect them to avoid other non-essential out-of-home trips such as shopping and socialising well into 3Q. Also, home-cooked food is likely to be preferred until the fear of disease is lowered. Fear of mosquito-borne disease in the midst of COVID is expected to keep home insecticide consumption high. These trends would hold much more in the top 10 cities.
- **Growth in healthcare products and hygiene:** Healthcare products which promise immunity boosting, such as Chyawanprash and Honey, are likely to continue to have high

growth until the fear of disease lingers. Hygiene segments such as handwash and sanitisers are also likely to see continued high growth in this period.

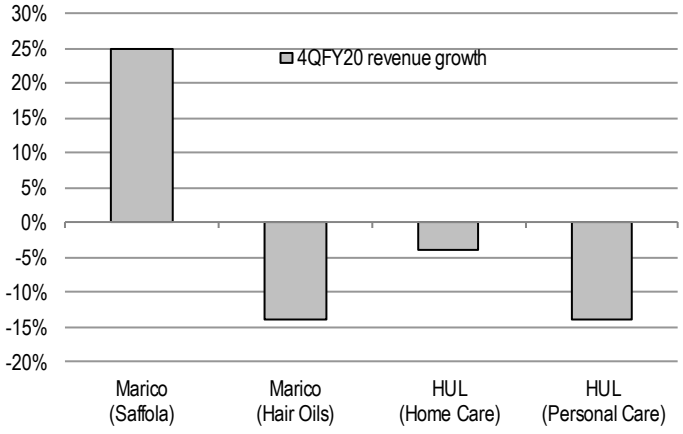
- **Decline in consumption of personal care/out-of-home products:** Personal care includes categories such as shampoo, value-added hair oils, skin creams and deodorants. Out-of-home consumption is important for ice cream, alcoholic beverages and aerated drinks. These are expected to now persist well into 3Q.

Figure 9: Divergence in 4Q20 results based on portfolio being part of 'essentials', which is likely continue into 3Q21



Source: Company data, Credit Suisse estimates

Figure 10: Essentials outperformed even within the same company in 4Q FY20



Source: Company data, Credit Suisse estimates

Modern trade to remain under pressure for longer

Modern trade has higher salience to top 10 cities where disease burden is high

Modern trade was on a strong growth curve before COVID, with steady share gains from mom-and-pop stores and rapid retail space expansion. This has completely reversed due to COVID. Consumers are avoiding crowded modern retail stores for fear of the disease. This is especially true for top 10 cities which is where the bulk of modern trade revenues are driven from. Mom-and-pop stores have also ramped up their operations through options such as ordering through 'WhatsApp' and extended home deliveries. The implications for FMCG companies are also meaningful. Modern trade is a sizeable part of revenues for companies such as HUL (~15% of revenues) and is a strong driver for premiumisation. These trends could take a hit until if modern trade does not make a strong comeback

Company level impact: Positive for Nestle/Britannia, neutral for GCPL/Marico, negative for HUL/Emami

Consumption of in-home food products should remain strong; personal care could suffer

Based on the impact at the category and channel level, there would be differential impacts on companies. The impact is higher for personal care segments resulting in a high earning cuts for HUL (8%/5%) and Emami (9%/8%) for FY21/22.

- **Nestle/Britannia—strong consumption levels:** As consumers continue to stay at home longer and avoid non-essential trips, consumption of in-home food products should remain strong. Biscuits is a natural beneficiary being the largest packaged food category and thus Britannia is likely to maintain its momentum. Nestle is expected to see a surge in noodles, instant coffee and packaged dairy, and as their supply chain issues are in the past, we see strong growth returning to the company.
- **GCPL/Marico/Colgate—strong parts of portfolio to offset weak parts:** GCPL's home insecticides business is seeing a strong surge in demand as consumers spend more time at home and there is heightened fear of disease as consumers want to avoid hospital visits. This would more than offset the decline that is likely in hair colours, which is a much smaller contribution to sales. Marico's Saffola is expected to see strong growth and offset

the decline likely in value-added oils. Colgate's toothpaste business is likely to be steady, as it does not depend on out-of-home visits.

- **HUL/Emami/Dabur—high salience of personal care to hurt:** HUL and Emami have the largest salience of personal care in their portfolio. These categories, like hair care and skin care, are likely to remain under pressure well into 3Q FY21 and be a drag on the business. These are also high-margin categories and thus the hit to profits would be even larger.
- **UNSP/ITC—large consumption hit to continue:** United Spirits has ~25% of its sales on premises, in bars/restaurants/events, which would remain impacted for longer. ITC's cigarette consumption trends are also expected to remain weak as the bulk of cigarette consumption is out of home and in single sticks, which would be adversely impacted for longer.

Consumer discretionary: Pressure for companies with high salience in top 10 cities to extend into 3Q

Trend of cutting back on non-essential retail visits extending into 3Q to create headwinds for discretionary companies

The reduction of non-essential retail visits by consumers is seen extending well into 3Q especially in the top 10 cities. We see the highest headwinds for discretionary companies, which have a high salience of sales from top 10 cities, such as Avenue, Jubilant, Page and Titan. Companies such as Asian Paints and Pidilite, while being impacted, have a relatively lower salience in top 10 cities.

- **Avenue Supermarts:** D-Mart has ~53% of its stores in Maharashtra and Gujarat, which contain some of the worst-impacted COVID cities. We expect consumers to remain cautious in these cities and minimise visits to crowded retail spaces such as D-Mart stores. Mom-and-pop stores are stepping up ordering via chat applications and delivering at home. E-commerce grocery businesses are also taking a part of this business. We thus expect Avenue same-store sales to continue to decline until 3Q. There is also an impact of mix on gross margins, as high gross margin general merchandise will likely see larger decline in sales. The retail space expansion is also likely to slow down in FY21 due to challenges in the execution of new store construction.
- **Jubilant Foodworks:** Jubilant has 60-70% of its revenues from the top 10 cities. We expect consumers to remain cautious in these cities and minimise non-essential activities such as dining out. Jubilant has ~30% of revenues from dine-in which could be severely under pressure even in 3Q. The delivery business may get back to pre-COVID levels of sales much earlier. Jubilant could also gain market share being a trusted brand and as small restaurants could face greater caution from consumers.

With 60-70% of its revenues from the top 10 cities and ~30% of revenues from dine-in Jubilant is at high risk.

- **Page Industries:** Page has a very high market share of over 70% in the premium innerwear market. We estimate the majority of revenues come from top 10 cities, given the premium nature of the product. We expect consumers to remain cautious in these cities and minimise non-essential retail trips such as shopping for apparel. Page may also face challenges in its supply chain as the manufacturing is very labour intensive and could face issues from migrant labour returning to rural areas.
- **Titan:** Titan has more than 60-70% of its revenues from large cities. Jewellery, being a non-essential purchase, would be pushed out by consumers. However, we expect strong market share gains for Titan within the industry due to: (1) safety of the stores and (2) strong balance sheets. Given that Titan has ~5-6% market share, some of the industry decline could be offset by market share. However, the full recovery now gets pushed out to 4Q FY21.
- **Asian Paints:** In our estimate, ~20-25% of revenues come from the top 10 cities. Thus, Asian Paints is relatively less levered to top 10 city demand. We expect consumers to remain cautious in these cities and avoid allowing painters to work in the house for re-painting, which is more than 80% of the demand. We expect a recovery in large cities to only commence in 4Q. However, we expect a strong recovery in smaller cities and rural areas starting from 3Q.

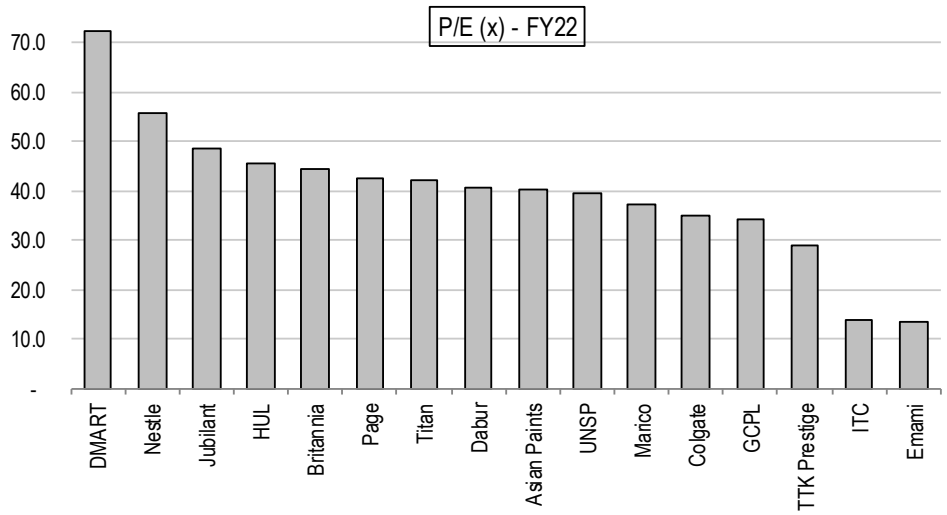
- **Pidilite:** Pidilite has a large salience of its business from woodworking adhesives and water proofing, which would get impacted, as many consumers would postpone renovation work, and new building or commercial construction would also get pushed out into 4Q.

We downgrade Avenue and Jubilant, and cut earnings for Asian Paints/HUL/Page/Pidilite/Emami

We factor in the extending shadow of COVID on large-city consumption patterns. We have cut earnings in companies which have a material impact due to this given their mix of business. We cut earnings for Avenue, Asian Paints, HUL, Pidilite, United Sprits, Page, Jubilant and Emami. We also downgrade Avenue to UNDERPERFORM (from Neutral) due to worsening headwinds for FY21 and Jubilant to NEUTRAL (from Underperform) as stretched valuations leave no room for upside.

Factoring in the extending shadow of COVID on large-city consumption patterns drives downgrades for Avenue and Jubilant

Figure 11: DMART, Jubi valuations do not adequately reflect risks of COVID extending the hit on top 10 cities



Source: Company data, Credit Suisse estimates

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Avenue Supermarts

High salience of Maharashtra and Gujarat aggravates the COVID impact

AVEU.BO

General Merchandise Stores

Target price (12M, Rs)
2,000
Underperform

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread, with the rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds has aggravated fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **D-Mart has a large proportion of stores in COVID-impacted cities.** D-Mart has ~53% of its stores in Maharashtra and Gujarat, which contain some of the worst-impacted COVID cities. These are the core markets of D-Mart where throughput per store is the highest and likely contribute much more in terms of profits for the company. D-Mart stores are relatively more crowded than other retailers, as the discount model gets very high consumer traction. This would lead to some consumers avoiding D-Mart during the COVID period.
- **Market share gain trends broken, as mom-and-pop stores and e-commerce gain.** D-Mart's trend of continuous market share gain from mom-and-pop stores is being broken in the short term. Mom-and-pop stores have stepped up during COVID and have increased their home delivery efficiency. They have also introduced ordering through chat applications and are accepting electronic payments. Grocery e-commerce companies are also gaining share during this period of caution, which is likely to extend into 3Q.
- **D-Mart's mix is also likely to deteriorate.** D-Mart gets ~25% of its revenues from general merchandise products such as apparel, cookware and plastic goods, etc. These are their highest-margin products and in our estimate, contribute 40-50% of gross profit for the company. We expect this segment to be more impacted and thus there would be a deterioration in mix which would hurt gross margins.
- **We cut earnings, downgrade to UNDERPERFORM.** We cut FY21/22 earnings by 12% /6%. Our DCF-based target price falls to Rs2,000 (from Rs2,150) and we downgrade the stock to UNDERPERFORM. D-Mart remains a long-term story on the structural rise of organised retail and of solid execution by its management team; however, near-term headwinds and stretched valuations make it vulnerable in the next 1-2 years

Previous rating	Neutral
Previous target price (12M, Rs)	2,150
Price (16 Jun 20, Rs)	2,401
Upside/downside (%)	-16.7
Mkt cap (Rs/US$ mn)	1,555,242 / 20,399
Enterprise value (Rs mn)	1,523,988
Number of shares (mn)	647.77
Free float (%)	21.8
52-wk price range (Rs)	2,542-1,321
ADTO-6M (US$ mn)	24.4

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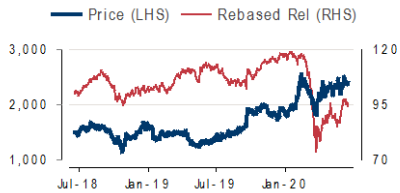
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Financial and valuation metrics

Year	3/20A	3/21E	3/22E
Revenue (Rs mn)	247,619	252,698	335,620
EBITDA (Rs mn)	21,019.4	18,134.9	28,951.9
EBIT (Rs mn)	17,715.5	14,475.3	24,075.5
Net profit (Rs mn)	13,469.9	12,584.7	19,765.7
EPS (CS adj.) (Rs)	20.91	19.54	30.69
Chg. from prev. EPS (%)	n.a.	(11.6)	(6.2)
Consensus EPS (Rs)	n.a.	22.99	33.33
EPS growth (%)	44.6	(6.6)	57.1
P/E (x)	114.8	122.9	78.2
Dividend yield (%)	0.0	0.0	0.0
EV/EBITDA (x)	72.5	83.9	52.7
P/B (x)	14.02	12.58	10.84
ROE (%)	16.2	10.8	14.9
Net debt/equity (%)	(27.8)	(27.3)	(20.6)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16/06/20. On 16/06/20 the spot exchange rate was Rs76.24/US$1

Performance	1M	3M	12M
Absolute (%)	3.1	24.5	85.0
Relative (%)	(5.0)	8.1	98.8

Avenue Supermarts (AVEU.BO /)

Price (16 Jun 2020): **Rs2,401** Target Price: **(from Rs2,150) Rs2,000**

Analyst: **Arnab Mitra**

Rating: **(from Neutral) Underperform**

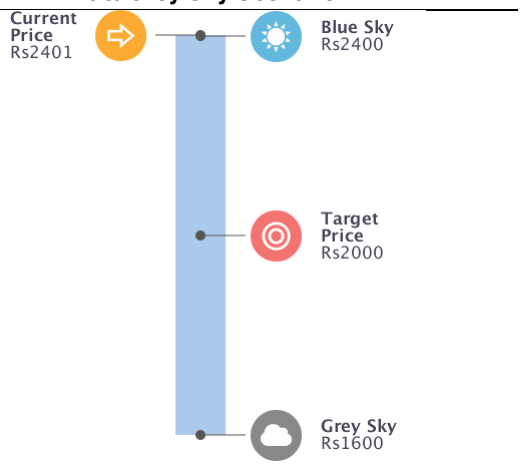
Income Statement (Rs mn)	03/20A	03/21E	03/22E
Sales revenue	**247,619**	**252,698**	**335,620**
Cost of goods sold	209,696	217,156	284,052
EBITDA	**21,019**	**18,135**	**28,952**
EBIT	**17,716**	**14,475**	**24,075**
Net interest expense/(inc.)	330	20	20
Recurring PBT	**17,724**	**16,824**	**26,425**
Profit after tax	**13,470**	**12,585**	**19,766**
Reported net profit	**13,470**	**12,585**	**19,766**
Net profit (Credit Suisse)	**13,470**	**12,585**	**19,766**
Balance Sheet (Rs mn)	**03/20A**	**03/21E**	**03/22E**
Cash & cash equivalents	30,717	33,691	29,532
Current receivables	678	692	920
Inventories	18,317	18,693	24,827
Other current assets	2,358	2,406	3,196
Current assets	**52,071**	**55,483**	**58,474**
Property, plant & equip.	66,037	75,651	94,073
Investments	181	181	181
Intangibles	1,082	1,082	1,082
Other non-current assets	1,806	1,843	2,448
Total assets	**121,177**	**134,241**	**156,258**
Current liabilities	**10,113**	**10,559**	**12,776**
Total liabilities	**10,853**	**11,332**	**13,584**
Total debt	98	98	98
Shareholders' equity	**110,324**	**122,909**	**142,675**
Minority interests	0	0	0
Total liabilities & equity	**121,177**	**134,241**	**156,258**
Cash Flow (Rs mn)	**03/20A**	**03/21E**	**03/22E**
EBIT	**17,716**	**14,475**	**24,075**
Net interest	0	0	0
Tax paid	(4,254)	(4,240)	(6,659)
Working capital	(1,471)	(278)	(4,544)
Other cash & non-cash items	2,593	6,291	6,266
Operating cash flow	**14,584**	**16,248**	**19,138**
Capex	(22,832)	(13,274)	(23,298)
Free cash flow to the firm	**(8,248)**	**2,974**	**(4,159)**
Investing cash flow	**(22,832)**	**(13,274)**	**(23,298)**
Equity raised	40,980	0	0
Dividends paid	0	0	0
Financing cash flow	**36,774**	**0**	**0**
Total cash flow	**28,527**	**2,974**	**(4,159)**
Adjustments	0	0	0
Net change in cash	**28,527**	**2,974**	**(4,159)**
Per share	**03/20A**	**03/21E**	**03/22E**
Shares (wtd avg.) (mn)	644	644	644
EPS (Credit Suisse) (Rs)	**20.91**	**19.54**	**30.69**
DPS (Rs)	0.00	0.00	0.00
Operating CFPS (Rs)	22.64	25.23	29.71
Earnings	**03/20A**	**03/21E**	**03/22E**
Growth (%)			
Sales revenue	23.8	2.1	32.8
EBIT	24.7	(18.3)	66.3
EPS	44.6	(6.6)	57.1
Margins (%)			
EBITDA	8.5	7.2	8.6
EBIT	7.2	5.7	7.2
Valuation (x)	**03/20A**	**03/21E**	**03/22E**
P/E	114.8	122.9	78.2
P/B	14.02	12.58	10.84
Dividend yield (%)	0.0	0.0	0.0
EV/sales	6.2	6.0	4.5
EV/EBITDA	72.5	83.9	52.7
EV/EBIT	86.1	105.1	63.4
ROE analysis (%)	**03/20A**	**03/21E**	**03/22E**
ROE	16.2	10.8	14.9
ROIC	19.6	12.8	17.8
Credit ratios	**03/20A**	**03/21E**	**03/22E**
Net debt/equity (%)	(27.8)	(27.3)	(20.6)
Net debt/EBITDA (x)	(1.46)	(1.85)	(1.02)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Avenue Supermarts is India's second largest food and grocery organised retailer which operates 155 stores as of FY18 under the DMART brand

Blue/Grey Sky Scenario



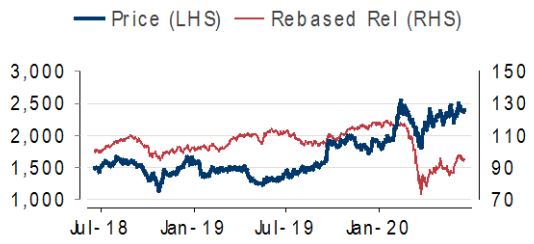
Our Blue Sky Scenario (Rs) **(from 2,580) 2,400**

Our blue sky scenario of Rs2400 factors in the company's plans to raise capital, and will be EPS accretive for the company. It will be used to pay down the debt and fund expansion plans which could help maintain strong revenue growth.

Our Grey Sky Scenario (Rs) **(from 1,720) 1,600**

Our grey sky scenario of Rs1600 assumes increasing competitive intensity and lower margins on expansion into non-core geographies, which could hurt the company.

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16-Jun-2020

On 16-Jun-2020 the spot exchange rate was Rs76.24/US$1

CREDIT SUISSE

Page Industries

High salience of large cities and centralised manufacturing a headwind as COVID extends

PAGE.BO

Target price (12M, Rs)
14,100

Underperform

Apparel

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread with the rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds has aggravated fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We also expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **Likely high salience of top 10 cities given the premium product segment.** Page has a very high market share of over 70% in the premium innerwear market. We estimate the majority of revenues come from top 10 cities, given the premium nature of the product. The leisurewear segment is also likely to have a high share of business from top 10 cities. We expect consumers to remain cautious in these cities and minimise non-essential retail trips such as shopping for apparel.
- **There would also be labour challenges in manufacturing.** Page may also face challenges in its supply chain as the manufacturing is very labour intensive and it could face issues from migrant labour returning to rural areas. Page's manufacturing is highly concentrated in Karnataka.
- **Cutting earnings, maintain Underperform.** We cut our FY21/22 earnings by ~6% for each year. However, our target price stays unchanged at Rs14,100 as we roll forward. We maintain our UNDERPERFORM rating.

Price (16 Jun 20, Rs)	17,955
Upside/downside (%)	-21.5
Mkt cap (Rs/US$ mn)	200,511 / 2,630
Enterprise value (Rs mn)	198,329
Number of shares (mn)	11.17
Free float (%)	42.6
52-wk price range (Rs)	26,295-16,504
ADTO-6M (US$ mn)	11.0

Research Analysts

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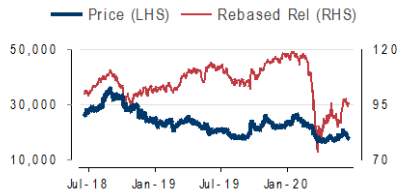
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Financial and valuation metrics

Year	3/19A	3/20E	3/21E	3/22E
Revenue (Rs mn)	28,886.3	30,744.7	28,985.7	34,373.7
EBITDA (Rs mn)	6,533.5	5,939.3	5,019.7	6,571.6
EBIT (Rs mn)	6,222.9	5,540.3	4,574.9	6,080.8
Net profit (Rs mn)	3,939.4	3,999.6	3,277.5	4,404.0
EPS (CS adj.) (Rs)	353.19	358.59	293.85	394.84
Chg. from prev. EPS (%)	n.a.	0.0	(5.8)	(5.8)
Consensus EPS (Rs)	n.a.	346.45	349.26	454.49
EPS growth (%)	13.5	1.5	(18.1)	34.4
P/E (x)	50.8	50.1	61.1	45.5
Dividend yield (%)	1.9	1.0	1.2	1.4
EV/EBITDA (x)	30.7	33.5	39.2	29.8
P/B (x)	25.84	21.29	20.28	18.37
ROE (%)	48.6	46.6	34.0	42.4
Net debt/equity (%)	3.2	(18.6)	(38.3)	(44.3)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16/06/20. On 16/06/20 the spot exchange rate was Rs76.24/US$1

Performance	1M	3M	12M
Absolute (%)	1.8	(4.4)	(10.4)
Relative (%)	(6.2)	(20.8)	3.3

Page Industries (PAGE.BO / PAG IN)

Price (16 Jun 2020): **Rs17,955** Target Price: **Rs14,100**

Analyst: **Arnab Mitra**
Rating: **Underperform**

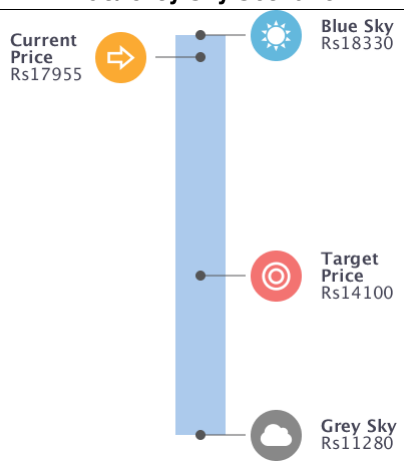
Income Statement (Rs mn)	03/19A	03/20E	03/21E	03/22E
Sales revenue	**28,886**	**30,745**	**28,986**	**34,374**
Cost of goods sold	11,967	13,352	12,588	14,928
EBITDA	**6,534**	**5,939**	**5,020**	**6,572**
EBIT	**6,223**	**5,540**	**4,575**	**6,081**
Net interest expense/(inc.)	163	193	193	193
Recurring PBT	**6,060**	**5,347**	**4,382**	**5,888**
Profit after tax	**3,939**	**4,000**	**3,278**	**4,404**
Reported net profit	**3,939**	**4,000**	**3,278**	**4,404**
Net profit (Credit Suisse)	**3,939**	**4,000**	**3,278**	**4,404**
Balance Sheet (Rs mn)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Cash & cash equivalents	475	2,472	4,509	5,560
Current receivables	1,238	1,317	1,239	1,471
Inventories	7,501	7,980	7,507	8,913
Other current assets	1,267	1,267	1,267	1,267
Current assets	**10,482**	**13,037**	**14,523**	**17,211**
Property, plant & equip.	2,951	3,052	3,107	3,117
Investments	0	0	0	0
Intangibles	0	0	0	0
Other non-current assets	72	72	72	72
Total assets	**13,506**	**16,162**	**17,702**	**20,400**
Current liabilities	**4,905**	**5,905**	**6,979**	**8,647**
Total liabilities	**5,756**	**6,755**	**7,830**	**9,498**
Total debt	725	725	725	725
Shareholders' equity	**7,750**	**9,407**	**9,873**	**10,903**
Minority interests	0	0	0	0
Total liabilities & equity	**13,506**	**16,162**	**17,702**	**20,400**
Cash Flow (Rs mn)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
EBIT	**6,223**	**5,540**	**4,575**	**6,081**
Net interest	(163)	(193)	(193)	(193)
Tax paid	(2,121)	(1,347)	(1,104)	(1,484)
Working capital	(1,792)	441	1,626	31
Other cash & non-cash items	311	399	445	491
Operating cash flow	**2,458**	**4,840**	**5,348**	**4,925**
Capex	(448)	(500)	(500)	(500)
Free cash flow to the firm	**2,010**	**4,340**	**4,848**	**4,425**
Investing cash flow	**(448)**	**(500)**	**(500)**	**(500)**
Equity raised	0	0	0	0
Dividends paid	(4,545)	(2,343)	(2,812)	(3,374)
Financing cash flow	**(4,315)**	**(2,343)**	**(2,812)**	**(3,374)**
Total cash flow	**(2,306)**	**1,997**	**2,037**	**1,051**
Adjustments	0	0	0	0
Net change in cash	**(2,306)**	**1,997**	**2,037**	**1,051**
Per share	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Shares (wtd avg.) (mn)	11	11	11	11
EPS (Credit Suisse) (Rs)	**353.19**	**358.59**	**293.85**	**394.84**
DPS (Rs)	338.00	174.24	209.09	250.91
Operating CFPS (Rs)	220.36	433.89	479.49	441.58
Earnings	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Growth (%)				
Sales revenue	12.3	6.4	(5.7)	18.6
EBIT	16.5	(11.0)	(17.4)	32.9
EPS	13.5	1.5	(18.1)	34.4
Margins (%)				
EBITDA	22.6	19.3	17.3	19.1
EBIT	21.5	18.0	15.8	17.7
Valuation (x)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
P/E	50.8	50.1	61.1	45.5
P/B	25.84	21.29	20.28	18.37
Dividend yield (%)	1.9	1.0	1.2	1.4
EV/sales	7.0	6.5	6.8	5.7
EV/EBITDA	30.7	33.5	39.2	29.8
EV/EBIT	32.3	35.9	43.0	32.2
ROE analysis (%)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
ROE	48.6	46.6	34.0	42.4
ROIC	57.4	52.9	49.8	74.8
Credit ratios	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Net debt/equity (%)	3.2	(18.6)	(38.3)	(44.3)
Net debt/EBITDA (x)	0.04	(0.29)	(0.75)	(0.74)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Page industries has the franchisee of Jockey in India and is the largest player in Indian premium innerwear industry

Blue/Grey Sky Scenario



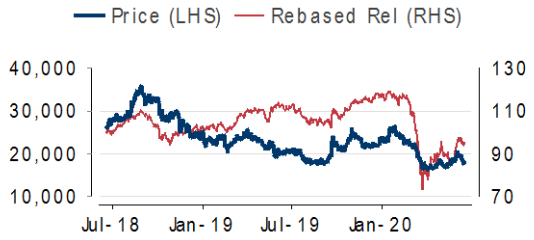
Our Blue Sky Scenario (Rs) **(from 17,625) 18,330**

Our blue sky scenario of Rs18330 assumes a return to the 25-30% growth trajectory exhibited in earlier years by the company.

Our Grey Sky Scenario (Rs) **11,280**

Our grey sky scenario of Rs11280 assumes sluggish demand scenario continuing, thus limiting growth acceleration.

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16-Jun-2020
On 16-Jun-2020 the spot exchange rate was Rs76.24/US$1

CREDIT SUISSE

United Spirits Ltd.

On-premises consumption recovery to be delayed as COVID extends

UNSP.BO

Target price (12M, Rs)
575.00

Neutral

Beer & Alcoholic Beverages

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread with the rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds has aggravated the fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **Hit to on-premises consumption which is ~20-25% likely to extend for longer.** United Spirits has ~20-25% of its business from restaurants, bars and banquets. The bulk of these sales is in the top 10 cities where the COVID impact is now extending. This segment is expected to remain weak for longer, extending well into 3Q, as consumers remain cautious due to COVID and avoid non-essential outings.
- **High tax increases could lead to downtrading.** Many states have taken tax hikes on spirits ranging from 10-75%. This is in response to the severe overall tax revenue crunch faced by state governments due to the COVID lockdown. The consumer price increases range from 7-75% across these states. Delhi and Andhra Pradesh have taken the largest tax hikes of 75%. Such price increases at a time when the economy is under stress and consumer wallets are under pressure, can lead to downtrading. United Spirits has ~70% of its business in Prestige brands and thus any downtrading into the Popular segment would drag on revenues and margins in FY21.
- **Cutting earnings.** We cut our FY21/22 earnings by ~7%/6%, respectively, and reduce our target price to Rs575 (from Rs615). Maintain NEUTRAL.

Previous target price (12M, Rs)	615.00
Price (16 Jun 20, Rs)	605.25
Upside/downside (%)	-5.0
Mkt cap (Rs/US$ mn)	439,798 / 5,769
Enterprise value (Rs mn)	454,106
Number of shares (mn)	726.64
Free float (%)	45.0
52-wk price range (Rs)	730-449
ADTO-6M (US$ mn)	28.7

Research Analysts

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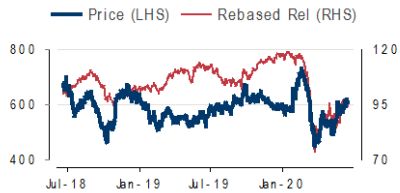
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Financial and valuation metrics

Year	3/20A	3/21E	3/22E
Revenue (Rs mn)	288,237	238,315	290,216
EBITDA (Rs mn)	15,722.6	14,047.7	17,122.3
EBIT (Rs mn)	12,869.6	11,315.5	14,243.1
Net profit (Rs mn)	5,762.5	7,733.9	10,489.4
EPS (CS adj.) (Rs)	8.0	10.73	14.56
Chg. from prev. EPS (%)	n.a.	(7.3)	(6.4)
Consensus EPS (Rs)	n.a.	11.42	15.31
EPS growth (%)	(15.6)	34.2	35.6
P/E (x)	75.7	56.4	41.6
Dividend yield (%)	0.0	0.0	0.0
EV/EBITDA (x)	29.1	31.5	25.5
P/B (x)	11.75	9.73	7.88
ROE (%)	16.9	18.9	20.9
Net debt/equity (%)	47.4	5.1	(6.4)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16/06/20. On 16/06/20 the spot exchange rate was Rs76.24/US$1

Performance	1M	3M	12M
Absolute (%)	11.8	19.9	12.2
Relative (%)	3.7	3.5	26.0

United Spirits Ltd. (UNSP.BO /)

Price (16 Jun 2020): **Rs605.25** Target Price: **(from Rs615.00) Rs575.00**

Analyst: **Arnab Mitra**

Rating: **Neutral**

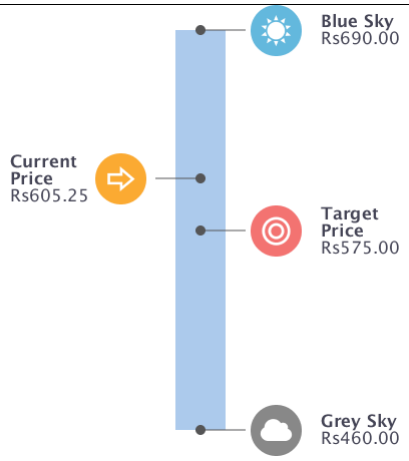
Income Statement (Rs mn)	03/20A	03/21E	03/22E
Sales revenue	**288,237**	**238,315**	**290,216**
Cost of goods sold	245,272	202,791	246,956
EBITDA	**15,723**	**14,048**	**17,122**
EBIT	**12,870**	**11,315**	**14,243**
Net interest expense/(inc.)	2,120	1,777	1,162
Recurring PBT	**10,970**	**10,312**	**13,986**
Profit after tax	**6,206**	**7,734**	**10,489**
Reported net profit	**6,206**	**7,734**	**10,489**
Net profit (Credit Suisse)	**5,762**	**7,734**	**10,489**
Balance Sheet (Rs mn)	**03/20A**	**03/21E**	**03/22E**
Cash & cash equivalents	6,620	14,424	12,734
Current receivables	22,994	19,012	23,152
Inventories	19,417	15,632	19,036
Other current assets	5,033	4,190	5,066
Current assets	**54,064**	**53,257**	**59,989**
Property, plant & equip.	15,329	14,097	12,718
Investments	0	0	0
Intangibles	4,395	4,395	4,395
Other non-current assets	18,824	15,647	18,950
Total assets	**92,612**	**87,396**	**96,051**
Current liabilities	**47,326**	**34,469**	**32,539**
Total liabilities	**55,664**	**42,714**	**40,880**
Total debt	24,198	16,698	9,198
Shareholders' equity	**37,109**	**44,842**	**55,332**
Minority interests	(31)	(31)	(31)
Total liabilities & equity	**92,742**	**87,526**	**96,181**
Cash Flow (Rs mn)	**03/20A**	**03/21E**	**03/22E**
EBIT	**12,870**	**11,315**	**14,243**
Net interest	0	0	0
Tax paid	(5,397)	(2,578)	(3,496)
Working capital	2,333	5,333	(5,013)
Other cash & non-cash items	1,589	2,010	2,329
Operating cash flow	**11,395**	**16,081**	**8,063**
Capex	(2,981)	(1,500)	(1,500)
Free cash flow to the firm	**8,414**	**14,581**	**6,563**
Investing cash flow	**(2,974)**	**(777)**	**(2,252)**
Equity raised	0	0	0
Dividends paid	0	0	0
Financing cash flow	**(4,500)**	**(7,500)**	**(7,500)**
Total cash flow	**3,921**	**7,804**	**(1,689)**
Adjustments	0	0	0
Net change in cash	**3,921**	**7,804**	**(1,689)**
Per share	**03/20A**	**03/21E**	**03/22E**
Shares (wtd avg.) (mn)	721	721	721
EPS (Credit Suisse) (Rs)	**8.00**	**10.73**	**14.56**
DPS (Rs)	0.00	0.00	0.00
Operating CFPS (Rs)	15.81	22.31	11.19
Earnings	**03/20A**	**03/21E**	**03/22E**
Growth (%)			
Sales revenue	(0.2)	(17.3)	21.8
EBIT	9.2	(12.1)	25.9
EPS	(15.6)	34.2	35.6
Margins (%)			
EBITDA	5.5	5.9	5.9
EBIT	4.5	4.7	4.9
Valuation (x)	**03/20A**	**03/21E**	**03/22E**
P/E	75.7	56.4	41.6
P/B	11.75	9.73	7.88
Dividend yield (%)	0.0	0.0	0.0
EV/sales	1.6	1.9	1.5
EV/EBITDA	29.1	31.5	25.5
EV/EBIT	35.5	39.1	30.6
ROE analysis (%)	**03/20A**	**03/21E**	**03/22E**
ROE	16.9	18.9	20.9
ROIC	12.4	16.7	21.6
Credit ratios	**03/20A**	**03/21E**	**03/22E**
Net debt/equity (%)	47.4	5.1	(6.4)
Net debt/EBITDA (x)	1.12	0.16	(0.21)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

United Spirits Limited (USL) is an India-based company engaged in the business of manufacture, purchase and sale of beverage alcohol (spirits and wines), including through tie-up units/ brand franchisees.

Blue/Grey Sky Scenario



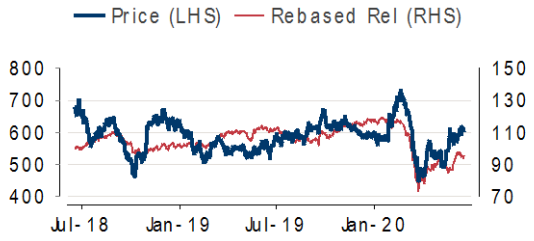
Our Blue Sky Scenario (Rs) **(from 738.00) 690.00**

Our blue sky scenario of Rs690 assumes that price hike allowed in key states is higher than cost inflation leading to better-than-expected margin expansion

Our Grey Sky Scenario (Rs) **(from 492.00) 460.00**

Our grey sky scenario of Rs460 assumes negative impact from input cost inflation which is not mitigated by price hikes from states

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16-Jun-2020

On 16-Jun-2020 the spot exchange rate was Rs76.24/US$1

CREDIT SUISSE

Jubilant Foodworks

Stretched valuations leave limited room for upside

JUBI.BO

Target price (12M, Rs)
1,625

Neutral

Restaurants

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread with the rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds has aggravated fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **Jubilant has a high salience in top 10 cities.** Jubilant gets ~60-70% of its revenues from the top 10 cities, with Delhi-NCR being the largest market. Consumers are expected to be cautious for non-essential activities such as dining out which are seen as high risk. There is also caution on getting food home delivered to a lesser extent.
- **Jubilant has ~30% dine-in sales which would remain under pressure.** Jubilant has ~30% of sales from dine-in which should remain under severe pressure into 3Q. Delivery may achieve the pre-COVID level of sales much faster, but is unlikely to make up for the loss of dine-in.
- **Jubilant to gain share due to high delivery contribution and being a trusted brand.** We expect Jubilant to gain share in the current environment as: (1) Dominos is a trusted brand in the food industry; (2) it is strong in delivery which would see much greater traction; and (3) food aggregators may be under pressure and not indulge in deep discounting
- **Downgrade to NEUTRAL as stretched valuations leave no room for upside.** We cut FY21/22E EPS by 5%/4% building in weaker growth due to the extended COVID impact. With the strong rally in the stock price, we think there is little margin for a negative surprise, the chances for which are fairly high especially in light of COVID's uncontrolled and rapid spread. Our target price (Rs1,625) is based on 42x Mar-22 EPS.

Previous rating	Outperform
Price (16 Jun 20, Rs)	1,694
Upside/downside (%)	-4.1
Mkt cap (Rs/US$ mn)	223,136 / 2,927
Enterprise value (Rs mn)	213,266
Number of shares (mn)	131.72
Free float (%)	44.8
52-wk price range (Rs)	1,956-1,105
ADTO-6M (US$ mn)	30.0

Research Analysts

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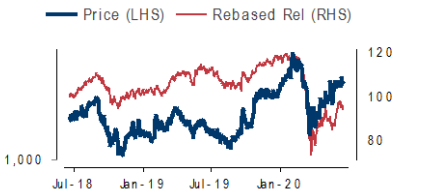
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Financial and valuation metrics

Year	3/20A	3/21E	3/22E
Revenue (Rs mn)	38,857.7	32,983.1	43,563.9
EBITDA (Rs mn)	8,770.7	7,314.1	10,334.3
EBIT (Rs mn)	6,017.6	4,604.2	7,566.4
Net profit (Rs mn)	2,306.3	2,221.3	4,437.0
EPS (CS adj.) (Rs)	17.48	16.83	33.62
Chg. from prev. EPS (%)	n.a.	(5.5)	(3.9)
Consensus EPS (Rs)	n.a.	18.31	35.73
EPS growth (%)	(27.5)	(3.7)	99.7
P/E (x)	96.9	100.6	50.4
Dividend yield (%)	0.0	0.0	0.0
EV/EBITDA (x)	24.4	28.8	19.8
P/B (x)	14.54	12.7	10.15
ROE (%)	16.5	13.5	22.4
Net debt/equity (%)	(59.6)	(70.7)	(84.9)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16/06/20. On 16/06/20 the spot exchange rate was Rs76.24/US$1

Performance	1M	3M	12M
Absolute (%)	1.5	35.4	32.6
Relative (%)	(6.5)	19.0	46.4

CREDIT SUISSE

Jubilant Foodworks (JUBI.BO / JUBI IN)

Price (16 Jun 2020): **Rs1,694** Target Price: **Rs1,625**

Analyst: **Arnab Mitra**

Rating: **(from Outperform) Neutral**

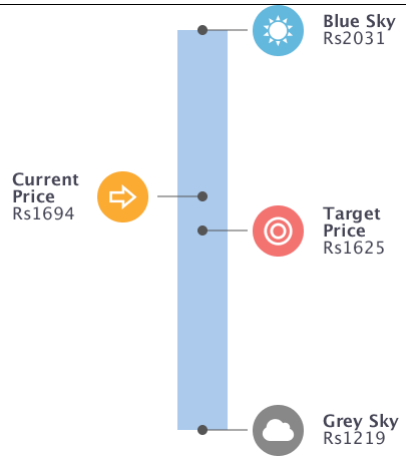
Income Statement (Rs mn)	03/20A	03/21E	03/22E
Sales revenue	**38,858**	**32,983**	**43,564**
Cost of goods sold	9,707	7,911	10,650
EBITDA	**8,771**	**7,314**	**10,334**
EBIT	**6,018**	**4,604**	**7,566**
Net interest expense/(inc.)	1,635	1,635	1,635
Recurring PBT	**4,383**	**2,970**	**5,932**
Profit after tax	**2,754**	**2,221**	**4,437**
Reported net profit	**2,754**	**2,221**	**4,437**
Net profit (Credit Suisse)	**2,306**	**2,221**	**4,437**
Balance Sheet (Rs mn)	**03/20A**	**03/21E**	**03/22E**
Cash & cash equivalents	9,170	12,450	18,717
Current receivables	299	254	335
Inventories	841	713	942
Other current assets	3,285	3,082	3,448
Current assets	**13,595**	**16,499**	**23,443**
Property, plant & equip.	7,414	5,790	4,979
Investments	1,095	1,095	1,095
Intangibles	0	0	0
Other non-current assets	0	0	0
Total assets	**22,104**	**23,383**	**29,516**
Current liabilities	**6,227**	**5,286**	**6,981**
Total liabilities	**6,727**	**5,786**	**7,481**
Total debt	0	0	0
Shareholders' equity	**15,377**	**17,598**	**22,035**
Minority interests	0	0	0
Total liabilities & equity	**22,104**	**23,383**	**29,516**
Cash Flow (Rs mn)	**03/20A**	**03/21E**	**03/22E**
EBIT	**6,018**	**4,604**	**7,566**
Net interest	0	0	0
Tax paid	0	0	0
Working capital	585	(566)	1,019
Other cash & non-cash items	178	1,359	1,177
Operating cash flow	**6,781**	**5,398**	**9,762**
Capex	(2,604)	(2,118)	(3,495)
Free cash flow to the firm	**4,177**	**3,280**	**6,267**
Investing cash flow	**(2,604)**	**(2,118)**	**(3,495)**
Equity raised	0	0	0
Dividends paid	0	0	0
Financing cash flow	**0**	**0**	**0**
Total cash flow	**4,177**	**3,280**	**6,267**
Adjustments	0	0	0
Net change in cash	**4,177**	**3,280**	**6,267**
Per share	**03/20A**	**03/21E**	**03/22E**
Shares (wtd avg.) (mn)	132	132	132
EPS (Credit Suisse) (Rs)	**17.48**	**16.83**	**33.62**
DPS (Rs)	0.00	0.00	0.00
Operating CFPS (Rs)	51.39	40.90	73.97
Earnings	**03/20A**	**03/21E**	**03/22E**
Growth (%)			
Sales revenue	9.1	(15.1)	32.1
EBIT	22.9	(23.5)	64.3
EPS	(27.5)	(3.7)	99.7
Margins (%)			
EBITDA	22.6	22.2	23.7
EBIT	15.5	14.0	17.4
Valuation (x)	**03/20A**	**03/21E**	**03/22E**
P/E	96.9	100.6	50.4
P/B	14.54	12.70	10.15
Dividend yield (%)	0.0	0.0	0.0
EV/sales	5.5	6.4	4.7
EV/EBITDA	24.4	28.8	19.8
EV/EBIT	35.6	45.8	27.0
ROE analysis (%)	**03/20A**	**03/21E**	**03/22E**
ROE	16.5	13.5	22.4
ROIC	63.6	60.7	133.7
Credit ratios	**03/20A**	**03/21E**	**03/22E**
Net debt/equity (%)	(59.6)	(70.7)	(84.9)
Net debt/EBITDA (x)	(1.05)	(1.70)	(1.81)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Jubilant Foodworks is the largest quick service restaurant service chain in India and is the franchisee for Dominos and Dunkin Donuts.

Blue/Grey Sky Scenario



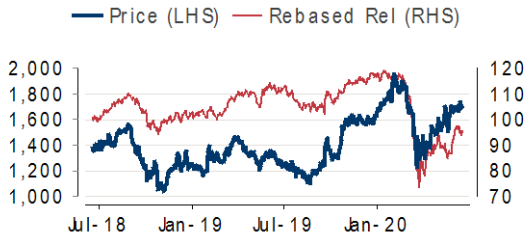
Our Blue Sky Scenario (Rs) **2,031**

Our blue sky scenario of Rs2,031 assumes a recovery in SSSG (same store sales growth) will drive a sharp improvement in earnings as the business has high operating leverage.

Our Grey Sky Scenario (Rs) **1,219**

Our grey sky scenario of Rs1,219 assumes that a sharp increase in competitive intensity will hurt margins.

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16-Jun-2020

On 16-Jun-2020 the spot exchange rate was Rs76.24/US$1

CREDIT SUISSE

Hindustan Unilever Ltd

Portfolio and channel mix make it more susceptible in FY21

HLL.BO

Target price (12M, Rs)
2,400

Outperform

Personal Products

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread with the rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds has aggravated fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **HUL's high salience of the personal care and modern trade to hurt sales and margins in FY21.** HUL has ~20% of business from personal care categories such as skin care, hair care, deodorants and cosmetics. The company also has ~15% salience of modern trade which is the highest among our coverage. Personal care consumption is likely to remain under pressure as consumers step out less than in the past and wear masks. Modern trade headwinds are expected to impact premiumisation.
- **1Q FY21 likely to see ~15% revenue decline and pressure on margins.** HUL has seen ~30%/10% decline in April/May in revenues. We expect June to be better with a low single-digit decline. Thus, 1Q is likely to see ~15% decline. HUL is seeing resilience in 75% of the portfolio which comprises soaps, detergents, health food drinks, tea, coffee and foods. ~5% of the business (ice creams and out-of-home) will be severely impacted in FY21. And there is a large decline in personal care (skin and hair care) which is ~20% of the business. Personal care is also the highest margin part of HUL's business and thus the mix is adverse. Ad spend cuts are not as large as expected and there is leverage from the 15% revenue decline.
- **Expecting a recovery in FY22 as these are basic products.** We, however, expect a recovery in FY22 as consumers have not stopped using these products but are reducing consumption. Thus, as they revert back to pre-COVID normal life in FY22, we expect consumption levels to come back in these basic personal care products.
- **Cutting earnings:** We cut FY21/22 earnings by 8%/5%. The cut is sharper in the immediate year as we expect some activity to normalise gradually. Maintain our TP of Rs2,400 and OUTPERFORM rating.

Price (16 Jun 20, Rs)	2,076
Upside/downside (%)	15.6
Mkt cap (Rs/US$ mn)	4,877,313 / 63,973
Enterprise value (Rs mn)	4,816,538
Number of shares (mn)	2,350
Free float (%)	33.0
52-wk price range (Rs)	2,490-1,679
ADTO-6M (US$ mn)	144.3

Research Analysts

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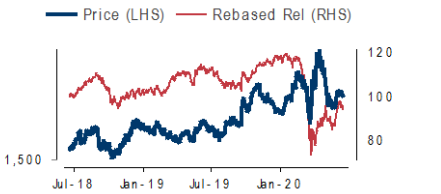
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Financial and valuation metrics

Year	3/20A	3/21E	3/22E
Revenue (Rs mn)	387,850	438,761	491,386
EBITDA (Rs mn)	96,000.5	116,146	137,408
EBIT (Rs mn)	86,620.5	103,529	123,469
Net profit (Rs mn)	68,858.0	85,259.5	102,152
EPS (CS adj.) (Rs)	31.82	36.3	43.5
Chg. from prev. EPS (%)	n.a.	(7.9)	(5.0)
Consensus EPS (Rs)	n.a.	36.89	43.33
EPS growth (%)	11.2	14.1	19.8
P/E (x)	65.2	57.2	47.7
Dividend yield (%)	1.2	1.6	1.9
EV/EBITDA (x)	50.3	41.1	34.7
P/B (x)	55.93	12.41	12.59
ROE (%)	87.8	36.0	26.2
Net debt/equity (%)	(62.5)	(25.4)	(28.8)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16/06/20. On 16/06/20 the spot exchange rate was Rs76.24/US$1

Performance	1M	3M	12M
Absolute (%)	2.1	7.7	14.3
Relative (%)	(5.9)	(8.7)	28.0

CREDIT SUISSE

Hindustan Unilever Ltd (HLL.BO /)

Price (16 Jun 2020): **Rs2,076** Target Price: **Rs2,400**

Analyst: **Arnab Mitra**
Rating: **Outperform**

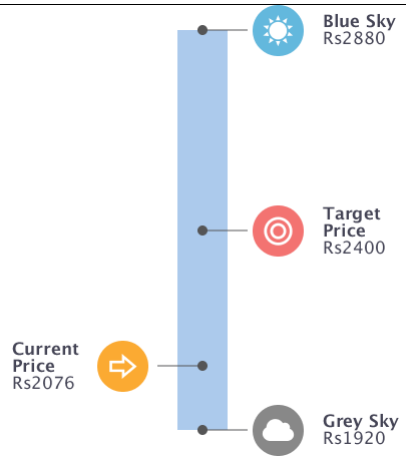
Income Statement (Rs mn)	03/20A	03/21E	03/22E
Sales revenue	**387,850**	**438,761**	**491,386**
Cost of goods sold	177,930	195,176	211,018
EBITDA	**96,000**	**116,146**	**137,408**
EBIT	**86,620**	**103,529**	**123,469**
Net interest expense/(inc.)	1,060	954	1,021
Recurring PBT	**90,920**	**115,216**	**136,202**
Profit after tax	**67,380**	**85,260**	**102,152**
Reported net profit	**67,380**	**85,260**	**102,152**
Net profit (Credit Suisse)	**68,858**	**85,260**	**102,152**
Balance Sheet (Rs mn)	**03/20A**	**03/21E**	**03/22E**
Cash & cash equivalents	50,170	99,800	111,449
Current receivables	10,460	11,833	13,252
Inventories	26,360	29,820	33,397
Other current assets	32,090	38,508	46,210
Current assets	**119,080**	**179,961**	**204,308**
Property, plant & equip.	46,250	52,524	44,903
Investments	7,080	6,164	5,431
Intangibles	4,310	268,319	268,319
Other non-current assets	19,300	19,300	19,300
Total assets	**196,020**	**526,268**	**542,261**
Current liabilities	**91,040**	**105,383**	**122,858**
Total liabilities	**115,710**	**133,473**	**154,881**
Total debt	0	0	0
Shareholders' equity	**80,310**	**392,795**	**387,381**
Minority interests	0	0	0
Total liabilities & equity	**196,020**	**526,268**	**542,261**
Cash Flow (Rs mn)	**03/20A**	**03/21E**	**03/22E**
EBIT	**86,620**	**103,529**	**123,469**
Net interest	0	0	0
Tax paid	(23,540)	(29,956)	(34,051)
Working capital	7,420	4,879	5,043
Other cash & non-cash items	10,360	28,432	33,335
Operating cash flow	**80,860**	**106,884**	**127,797**
Capex	(17,870)	(19,511)	(6,319)
Free cash flow to the firm	**62,990**	**87,373**	**121,478**
Investing cash flow	**(3,910)**	**(284,479)**	**(8,581)**
Equity raised	0	0	0
Dividends paid	(59,120)	(89,778)	(107,566)
Financing cash flow	**(63,660)**	**227,225**	**(107,566)**
Total cash flow	**13,290**	**49,630**	**11,649**
Adjustments	0	0	0
Net change in cash	**13,290**	**49,630**	**11,649**
Per share	**03/20A**	**03/21E**	**03/22E**
Shares (wtd avg.) (mn)	2,164	2,349	2,349
EPS (Credit Suisse) (Rs)	**31.82**	**36.30**	**43.50**
DPS (Rs)	24.01	32.67	39.15
Operating CFPS (Rs)	37.37	45.51	54.41
Earnings	**03/20A**	**03/21E**	**03/22E**
Growth (%)			
Sales revenue	1.5	13.1	12.0
EBIT	6.8	19.5	19.3
EPS	11.2	14.1	19.8
Margins (%)			
EBITDA	24.8	26.5	28.0
EBIT	22.3	23.6	25.1
Valuation (x)	**03/20A**	**03/21E**	**03/22E**
P/E	65.2	57.2	47.7
P/B	55.93	12.41	12.59
Dividend yield (%)	1.2	1.6	1.9
EV/sales	12.4	10.9	9.7
EV/EBITDA	50.3	41.1	34.7
EV/EBIT	55.7	46.1	38.6
ROE analysis (%)	**03/20A**	**03/21E**	**03/22E**
ROE	87.8	36.0	26.2
ROIC	183.8	47.4	32.6
Credit ratios	**03/20A**	**03/21E**	**03/22E**
Net debt/equity (%)	(62.5)	(25.4)	(28.8)
Net debt/EBITDA (x)	(0.52)	(0.86)	(0.81)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Hindustan Unilever Ltd. is the largest fast moving consumer goods company in India with leading market share in most large consumer categories like soaps, detergents, skin care and hair care.

Blue/Grey Sky Scenario



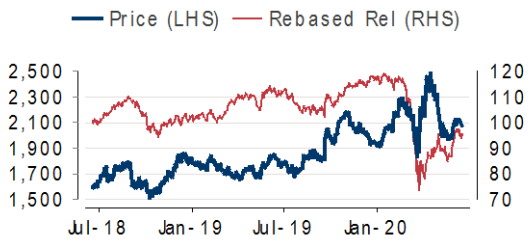
Our Blue Sky Scenario (Rs) **2,880**

Our blue sky scenario of Rs2,880 assumes that a stronger-than-expected recovery in rural consumption will lead to higher-than-expected volume growth and improved margins.

Our Grey Sky Scenario (Rs) **1,920**

Our grey sky scenario of Rs1,920 assumes that a delayed recovery in rural recovery and high competitive intensity can hurt HUL in the short term.

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16-Jun-2020
On 16-Jun-2020 the spot exchange rate was Rs76.24/US$1

CREDIT SUISSE

Emami Ltd

High salience of personal care make FY21 earnings more susceptible

EMAM.BO

Personal Products

Target price (12M, Rs)
240.00
Outperform

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread with the rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds has aggravated fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **FMCG—the pattern of strong foods and weak personal care consumption to extend until 3Q, modern trade decline another headwind.** The current patterns are likely to extend into 3Q. These are: (1) strong growth in home categories such as biscuits, noodles, branded tea/coffee and home insecticides; (2) a pick-up in healthcare and hygiene products; and (3) a decline in personal care/out-of-home products such as shampoo, hair oils, skin creams and ice cream. The other trend extending is the decline in modern trade.
- **Emami's high salience of personal care and niche segments to hurt FY21.** Emami has a portfolio with a large salience of personal care which is severely impacted. In personal care, Emami has Fair and Handsome, talcum powder, Kesh King and cooling oils, which in our estimate contribute ~40-45% of Emami's revenues. Boro Plus which contributes another 15% could also be impacted although the bulk of the sales is in 3Q.
- **Cutting earnings.** We cut our FY21/22 earnings by 9%/8%. Our target price reduction is relatively lower to Rs240 (from Rs250) as we roll forward to Mar-22 EPS. We maintain our OUTPERFORM rating.

Previous target price (12M, Rs)	250.00
Price (16 Jun 20, Rs)	193.30
Upside/downside (%)	24.2
Mkt cap (Rs/US$ mn)	87,746 / 1,151
Enterprise value (Rs mn)	85,920
Number of shares (mn)	453.94
Free float (%)	30.0
52-wk price range (Rs)	351-153
ADTO-6M (US$ mn)	2.4

Research Analysts

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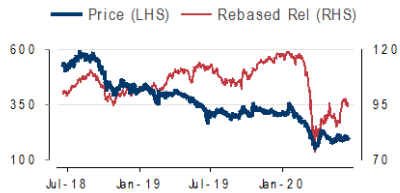
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Financial and valuation metrics

Year	3/19A	3/20E	3/21E	3/22E
Revenue (Rs mn)	26,929.4	26,921.6	24,599.7	28,788.0
EBITDA (Rs mn)	7,255.3	7,272.9	7,133.8	7,974.2
EBIT (Rs mn)	6,487.1	6,479.1	6,234.9	6,970.4
Net profit (Rs mn)	5,070.6	5,629.4	5,468.7	6,120.3
EPS (CS adj.) (Rs)	11.17	12.4	12.05	13.48
Chg. from prev. EPS (%)	n.a.	(5.0)	(8.8)	(7.5)
Consensus EPS (Rs)	n.a.	11.04	12.05	13.65
EPS growth (%)	(8.2)	11.0	(2.9)	11.9
P/E (x)	17.3	15.6	16.0	14.3
Dividend yield (%)	1.8	1.6	1.6	1.8
EV/EBITDA (x)	12.2	11.9	11.6	9.9
P/B (x)	4.23	3.88	3.6	3.31
ROE (%)	24.8	26.0	23.3	24.0
Net debt/equity (%)	2.2	(4.2)	(20.6)	(31.9)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16/06/20. On 16/06/20 the spot exchange rate was Rs76.24/US$1

Performance	1M	3M	12M
Absolute (%)	1.1	2.4	(40.8)
Relative (%)	(6.9)	(14.0)	(27.0)

Emami Ltd (EMAM.BO / HMN IN)

Price (16 Jun 2020): **Rs193.30** Target Price: **(from Rs250.00) Rs240.00**

Analyst: **Arnab Mitra**

Rating: **Outperform**

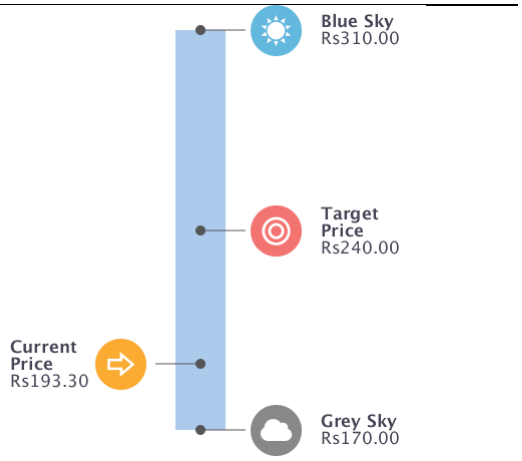
Income Statement (Rs mn)	03/19A	03/20E	03/21E	03/22E
Sales revenue	**26,929**	**26,922**	**24,600**	**28,788**
Cost of goods sold	9,230	9,227	8,186	9,579
EBITDA	**7,255**	**7,273**	**7,134**	**7,974**
EBIT	**6,487**	**6,479**	**6,235**	**6,970**
Net interest expense/(inc.)	(199)	(288)	(322)	(360)
Recurring PBT	**6,639**	**6,823**	**6,629**	**7,419**
Profit after tax	**5,147**	**5,629**	**5,469**	**6,120**
Reported net profit	**5,071**	**5,629**	**5,469**	**6,120**
Net profit (Credit Suisse)	**5,071**	**5,629**	**5,469**	**6,120**
Balance Sheet (Rs mn)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Cash & cash equivalents	2,034	3,453	7,508	10,938
Current receivables	2,164	0	0	0
Inventories	2,217	2,217	2,026	2,370
Other current assets	228	2,213	2,022	2,366
Current assets	**6,643**	**7,882**	**11,556**	**15,674**
Property, plant & equip.	8,310	8,516	9,117	9,613
Investments	13,191	10,691	8,191	5,691
Intangibles	80	80	80	80
Other non-current assets	0	0	0	0
Total assets	**28,224**	**27,169**	**28,944**	**31,058**
Current liabilities	**5,867**	**2,954**	**2,954**	**2,954**
Total liabilities	**7,465**	**4,328**	**4,328**	**4,328**
Total debt	2,493	2,493	2,493	2,493
Shareholders' equity	**20,761**	**22,619**	**24,394**	**26,509**
Minority interests	(2)	(2)	(2)	(2)
Total liabilities & equity	**28,224**	**26,946**	**28,721**	**30,835**
Cash Flow (Rs mn)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
EBIT	**6,487**	**6,479**	**6,235**	**6,970**
Net interest	0	0	0	0
Tax paid	0	0	0	0
Working capital	38	(2,734)	382	(689)
Other cash & non-cash items	61	435	608	613
Operating cash flow	**6,586**	**4,180**	**7,225**	**6,894**
Capex	(928)	(1,000)	(1,500)	(1,500)
Free cash flow to the firm	**5,658**	**3,180**	**5,725**	**5,394**
Investing cash flow	**(1,298)**	**(1,000)**	**(1,500)**	**(1,500)**
Equity raised	(499)	0	0	0
Dividends paid	(1,946)	(1,708)	(1,631)	(1,943)
Financing cash flow	**(3,892)**	**(1,708)**	**(1,631)**	**(1,943)**
Total cash flow	**1,396**	**1,472**	**4,094**	**3,451**
Adjustments	0	0	0	0
Net change in cash	**1,396**	**1,472**	**4,094**	**3,451**
Per share	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Shares (wtd avg.) (mn)	454	454	454	454
EPS (Credit Suisse) (Rs)	**11.17**	**12.40**	**12.05**	**13.48**
DPS (Rs)	3.50	3.14	3.00	3.58
Operating CFPS (Rs)	14.51	9.21	15.92	15.19
Earnings	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Growth (%)				
Sales revenue	6.4	(0.0)	(8.6)	17.0
EBIT	(0.5)	(0.1)	(3.8)	11.8
EPS	(8.2)	11.0	(2.9)	11.9
Margins (%)				
EBITDA	26.9	27.0	29.0	27.7
EBIT	24.1	24.1	25.3	24.2
Valuation (x)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
P/E	17.3	15.6	16.0	14.3
P/B	4.23	3.88	3.60	3.31
Dividend yield (%)	1.8	1.6	1.6	1.8
EV/sales	3.3	3.2	3.4	2.8
EV/EBITDA	12.2	11.9	11.6	9.9
EV/EBIT	13.6	13.4	13.3	11.4
ROE analysis (%)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
ROE	24.8	26.0	23.3	24.0
ROIC	24.8	24.9	25.1	30.7
Credit ratios	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Net debt/equity (%)	2.2	(4.2)	(20.6)	(31.9)
Net debt/EBITDA (x)	0.06	(0.13)	(0.70)	(1.06)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Emami is a player in the fast moving consumer goods company in India with market leadership in niche catgeories like cooling oils, balms and boro creams.

Blue/Grey Sky Scenario



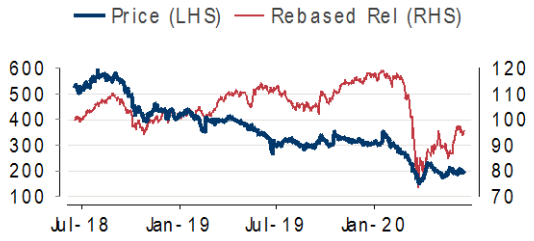
Our Blue Sky Scenario (Rs) **(from 330.00) 310.00**

Our blue sky scenario of Rs310 assumes improved traction in the new product segments leading to higher-than-expected growth

Our Grey Sky Scenario (Rs) **(from 180.00) 170.00**

Our grey sky scenario of Rs170 assumes adverse seasonality in the form of a shorter winter can hurt growth of winter products.

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16-Jun-2020

On 16-Jun-2020 the spot exchange rate was Rs76.24/US$1

CREDIT SUISSE

Asian Paints

Relatively lower salience of large cities, FY22 could recover some of FY21 lost sales

Major Chemicals

ASPN.BO

Target price (12M, Rs)
1,850

Outperform

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread with the rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds has aggravated fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **Asian Paints has a relatively low salience in top 10 cities, but these could be particularly weak through the year.** In our estimate ~20-25% of revenues for the paints industry comes from the top 10 cities. Rural contributes to 40-45% of demand. Thus, Asian Paints is relatively less levered to top 10 city demand. We expect consumers to remain cautious in these cities and avoid allowing painters to work in the house for re-painting, which is over 80% of the demand. We expect a large city recovery to only commence in 4Q. However, we expect a strong recovery in smaller cities and rural areas starting from 3Q.
- **We, however, expect pent-up demand to come back in FY22.** Paint demand is like a durable and painting postponed in FY21 could come back in FY22 as pent-up demand. Thus, there is a possibility of making up a part of the demand hit in FY21 in FY22 which could be a very strong year of recovery for the company.
- **Cutting earnings.** We cut our FY21/22 earnings by 9%/8% building in our expectation of slightly elongated time line to recovery. We maintain our TP of Rs1,850 and our OUTPERFORM rating.

Price (16 Jun 20, Rs)	1,621
Upside/downside (%)	14.1
Mkt cap (Rs/US$ mn)	1,554,908 / 20,395
Enterprise value (Rs mn)	1,552,140
Number of shares (mn)	959.20
Free float (%)	48.0
52-wk price range (Rs)	1,892-1,320
ADTO-6M (US$ mn)	51.8

Research Analysts

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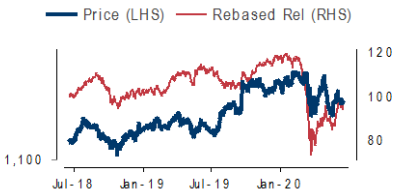
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Financial and valuation metrics

Year	3/19A	3/20E	3/21E	3/22E
Revenue (Rs mn)	193,415	197,148	177,648	230,946
EBITDA (Rs mn)	35,245.3	40,651.2	41,301.7	52,365.4
EBIT (Rs mn)	30,938.6	32,788.8	32,623.3	43,024.0
Net profit (Rs mn)	22,119.8	26,737.2	27,030.9	35,309.8
EPS (CS adj.) (Rs)	23.06	27.87	28.18	36.81
Chg. from prev. EPS (%)	n.a.	(4.4)	(9.1)	(8.5)
Consensus EPS (Rs)	n.a.	29.41	31.69	38.1
EPS growth (%)	9.1	20.9	1.1	30.6
P/E (x)	70.3	58.2	57.5	44.0
Dividend yield (%)	0.5	0.8	0.9	1.2
EV/EBITDA (x)	44.2	38.3	37.3	29.2
P/B (x)	16.33	14.55	13.25	11.85
ROE (%)	24.7	26.5	24.1	28.4
Net debt/equity (%)	1.8	0.3	(11.7)	(18.5)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16/06/20. On 16/06/20 the spot exchange rate was Rs76.24/US$1

Performance	1M	3M	12M
Absolute (%)	4.3	0.3	15.6
Relative (%)	(3.7)	(16.1)	29.4

Asian Paints (ASPN.BO / APNT IN)

Price (16 Jun 2020): **Rs1,621** Target Price: **Rs1,850**

Analyst: **Arnab Mitra**
Rating: **Outperform**

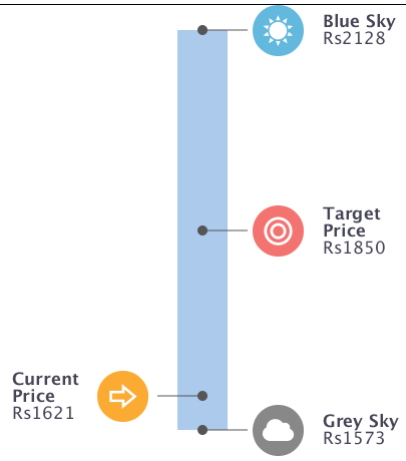
Income Statement (Rs mn)	03/19A	03/20E	03/21E	03/22E
Sales revenue	**193,415**	**197,148**	**177,648**	**230,946**
Cost of goods sold	113,423	112,162	101,513	132,546
EBITDA	**35,245**	**40,651**	**41,302**	**52,365**
EBIT	**30,939**	**32,789**	**32,623**	**43,024**
Net interest expense/(inc.)	174	252	834	775
Recurring PBT	**32,699**	**35,050**	**35,382**	**46,354**
Profit after tax	**21,711**	**26,287**	**26,536**	**34,766**
Reported net profit	**21,302**	**25,838**	**26,041**	**34,221**
Net profit (Credit Suisse)	**22,120**	**26,737**	**27,031**	**35,310**
Balance Sheet (Rs mn)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Cash & cash equivalents	4,449	5,863	20,386	31,126
Current receivables	19,073	19,418	17,453	22,730
Inventories	31,499	32,068	28,823	37,538
Other current assets	11,892	15,881	14,274	18,590
Current assets	**66,913**	**73,230**	**80,935**	**109,984**
Property, plant & equip.	55,299	55,436	54,758	50,417
Investments	28,812	28,812	28,812	28,812
Intangibles	3,213	3,213	3,213	3,213
Other non-current assets	2,097	2,097	2,097	2,097
Total assets	**156,333**	**162,788**	**169,815**	**194,522**
Current liabilities	**51,191**	**45,994**	**42,544**	**53,343**
Total liabilities	**57,505**	**52,308**	**48,857**	**59,657**
Total debt	6,199	6,199	6,199	6,199
Shareholders' equity	**95,197**	**106,849**	**117,326**	**131,233**
Minority interests	3,631	3,631	3,631	3,631
Total liabilities & equity	**156,332**	**162,787**	**169,814**	**194,521**
Cash Flow (Rs mn)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
EBIT	**30,939**	**32,789**	**32,623**	**43,024**
Net interest	(510)	(1,054)	(1,054)	(1,054)
Tax paid	(10,988)	(8,762)	(8,845)	(11,589)
Working capital	838	(10,100)	3,367	(7,509)
Other cash & non-cash items	6,637	11,177	12,491	13,725
Operating cash flow	**26,915**	**24,049**	**38,582**	**36,598**
Capex	(13,601)	(8,000)	(8,000)	(5,000)
Free cash flow to the firm	**13,314**	**16,049**	**30,582**	**31,598**
Investing cash flow	**(18,614)**	**(8,000)**	**(8,000)**	**(5,000)**
Equity raised	1,431	450	495	544
Dividends paid	(10,272)	(15,085)	(16,554)	(21,403)
Financing cash flow	**(7,899)**	**(14,635)**	**(16,059)**	**(20,858)**
Total cash flow	**402**	**1,414**	**14,523**	**10,740**
Adjustments	0	0	0	0
Net change in cash	**402**	**1,414**	**14,523**	**10,740**
Per share	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Shares (wtd avg.) (mn)	959	959	959	959
EPS (Credit Suisse) (Rs)	**23.06**	**27.87**	**28.18**	**36.81**
DPS (Rs)	8.90	13.68	15.01	19.40
Operating CFPS (Rs)	28.06	25.07	40.22	38.16
Earnings	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Growth (%)				
Sales revenue	15.0	1.9	(9.9)	30.0
EBIT	9.0	6.0	(0.5)	31.9
EPS	9.1	20.9	1.1	30.6
Margins (%)				
EBITDA	18.2	20.6	23.2	22.7
EBIT	16.0	16.6	18.4	18.6
Valuation (x)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
P/E	70.3	58.2	57.5	44.0
P/B	16.33	14.55	13.25	11.85
Dividend yield (%)	0.5	0.8	0.9	1.2
EV/sales	8.0	7.9	8.7	6.6
EV/EBITDA	44.2	38.3	37.3	29.2
EV/EBIT	50.3	47.4	47.2	35.6
ROE analysis (%)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
ROE	24.7	26.5	24.1	28.4
ROIC	21.7	23.3	22.5	29.8
Credit ratios	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Net debt/equity (%)	1.8	0.3	(11.7)	(18.5)
Net debt/EBITDA (x)	0.05	0.01	(0.34)	(0.48)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Asian Paints is the largest player in Indian paints industry.

Blue/Grey Sky Scenario



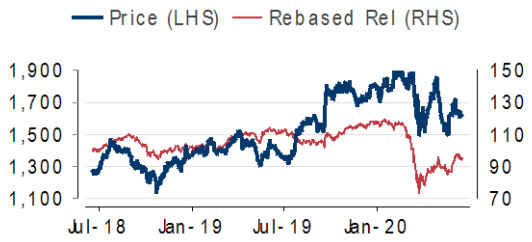
Our Blue Sky Scenario (Rs) **2,128**

Our blue sky scenario of Rs2,128 assumes volume growth is stronger-than-expected due to a broader consumption acceleration and input cost pressures recede.

Our Grey Sky Scenario (Rs) **1,573**

Our grey sky scenario of Rs1,573 assumes input cost inflation rises significantly from current levels.

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16-Jun-2020
On 16-Jun-2020 the spot exchange rate was Rs76.24/US$1

CREDIT SUISSE

Pidilite Industries

Woodworking adhesive demand to be postponed to FY22

PIDI.NS

Major Chemicals

Target price (12M, Rs)
1,100
Underperform

- **COVID's continued spread to extend consumer caution beyond earlier expectations in large cities.** COVID continues to spread with the rising number of new reported cases and no flattening of the curve. The worst impacted are the large cities and media reports (source: India Today) on the shortage of hospital beds has aggravated fear. We expect consumer caution to extend into 3Q even as the lockdown is eased and people go back to work. We expect consumers to avoid non-essential out-of-home visits which would extend the impact on consumption.
- **Pidilite's woodwork adhesive and water-proofing business headwinds to continue well into 3Q.** Pidilite has a large salience of its business from woodworking adhesives and water proofing, which would get impacted as many consumers postpone renovation work, and new building or commercial construction is also pushed out into 4Q. The demand in smaller cities and rural areas is likely to recover faster starting 3Q.
- **We, however, expect pent-up demand to come back in FY22.** The demand for woodworking adhesives is durable and demand postponed in FY21 could come back in FY22 as pent-up demand. Thus, there is a possibility of making up a part of the demand hit in FY21 in FY22, which could be a very strong year of recovery for the company.
- **Cutting earnings.** We cut our FY21/22 earnings by ~6% for each year. Our target price reduces to Rs1,100 (from Rs1,170). We maintain our OUTPERFORM rating

Previous target price (12M, Rs)	1,170
Price (16 Jun 20, Rs)	1,431
Upside/downside (%)	-23.1
Mkt cap (Rs/US$ mn)	727,257 / 9,539
Enterprise value (Rs mn)	706,785
Number of shares (mn)	508.13
Free float (%)	32.6
52-wk price range (Rs)	1,700-1,178
ADTO-6M (US$ mn)	17.2

Research Analysts

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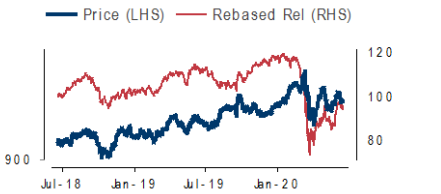
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Financial and valuation metrics

Year	3/19A	3/20E	3/21E	3/22E
Revenue (Rs mn)	70,787.4	72,492.4	64,734.2	78,934.1
EBITDA (Rs mn)	13,682.1	15,320.6	14,892.8	17,638.3
EBIT (Rs mn)	12,354.7	13,764.3	13,312.8	15,876.3
Net profit (Rs mn)	9,372.4	11,502.1	11,165.3	13,320.6
EPS (CS adj.) (Rs)	18.44	22.63	21.97	26.21
Chg. from prev. EPS (%)	n.a.	(2.4)	(5.9)	(6.1)
Consensus EPS (Rs)	n.a.	24.25	26.88	31.19
EPS growth (%)	(2.6)	22.7	(2.9)	19.3
P/E (x)	77.6	63.2	65.2	54.6
Dividend yield (%)	0.5	0.7	0.7	0.8
EV/EBITDA (x)	52.3	46.2	47.1	39.6
P/B (x)	17.54	15.49	13.92	12.4
ROE (%)	24.3	26.0	22.5	24.0
Net debt/equity (%)	(28.3)	(38.7)	(47.7)	(46.3)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16/06/20. On 16/06/20 the spot exchange rate was Rs76.24/US$1

Performance	1M	3M	12M
Absolute (%)	4.2	(4.3)	15.2
Relative (%)	(3.8)	(20.8)	29.0

Pidilite Industries (PIDI.NS / PIDI IN)

Price (16 Jun 2020): **Rs1,431** Target Price: **(from Rs1,170) Rs1,100**

Analyst: **Arnab Mitra**

Rating: **Underperform**

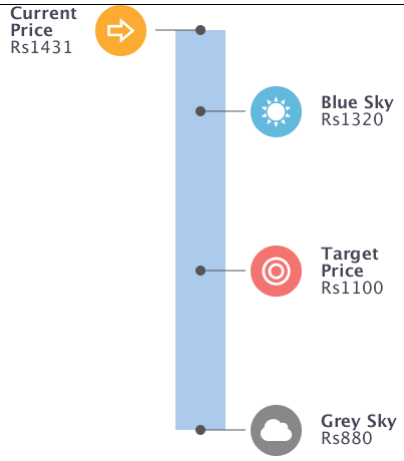
Income Statement (Rs mn)	03/19A	03/20E	03/21E	03/22E
Sales revenue	**70,787**	**72,492**	**64,734**	**78,934**
Cost of goods sold	35,866	34,368	29,557	36,761
EBITDA	**13,682**	**15,321**	**14,893**	**17,638**
EBIT	**12,355**	**13,764**	**13,313**	**15,876**
Net interest expense/(inc.)	4	(17)	(55)	(81)
Recurring PBT	**13,560**	**14,960**	**14,335**	**17,214**
Profit after tax	**9,248**	**11,193**	**11,358**	**13,319**
Reported net profit	**9,248**	**11,195**	**11,360**	**13,321**
Net profit (Credit Suisse)	**9,372**	**11,502**	**11,165**	**13,321**
Balance Sheet (Rs mn)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Cash & cash equivalents	13,418	20,101	27,031	29,308
Current receivables	10,560	10,840	9,522	11,631
Inventories	9,345	9,539	8,396	10,200
Other current assets	2,497	2,512	2,365	2,640
Current assets	**35,820**	**42,992**	**47,314**	**53,779**
Property, plant & equip.	11,555	12,161	11,822	12,793
Investments	0	0	0	0
Intangibles	5,343	5,529	4,992	5,951
Other non-current assets	6,428	4,455	4,845	5,873
Total assets	**59,145**	**65,137**	**68,973**	**78,396**
Current liabilities	**13,007**	**13,442**	**12,164**	**14,759**
Total liabilities	**15,592**	**16,051**	**14,577**	**17,536**
Total debt	1,111	1,111	1,111	1,111
Shareholders' equity	**41,481**	**46,976**	**52,244**	**58,661**
Minority interests	2,072	2,110	2,152	2,198
Total liabilities & equity	**59,145**	**65,137**	**68,973**	**78,396**
Cash Flow (Rs mn)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
EBIT	**12,355**	**13,764**	**13,313**	**15,876**
Net interest	0	0	0	0
Tax paid	(4,132)	(3,367)	(3,227)	(3,895)
Working capital	(1,045)	(54)	1,330	(1,593)
Other cash & non-cash items	1,914	5,232	2,662	3,460
Operating cash flow	**9,091**	**15,576**	**14,078**	**13,848**
Capex	(2,579)	(2,162)	(1,241)	(2,733)
Free cash flow to the firm	**6,641**	**12,366**	**13,373**	**10,156**
Investing cash flow	**(5,103)**	**(3,231)**	**(1,098)**	**(4,714)**
Equity raised	676	438	(208)	46
Dividends paid	(3,863)	(6,100)	(5,842)	(6,903)
Financing cash flow	**(3,302)**	**(5,661)**	**(6,050)**	**(6,857)**
Total cash flow	**686**	**6,683**	**6,930**	**2,277**
Adjustments	0	0	0	0
Net change in cash	**686**	**6,683**	**6,930**	**2,277**
Per share	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Shares (wtd avg.) (mn)	508	508	508	508
EPS (Credit Suisse) (Rs)	**18.44**	**22.63**	**21.97**	**26.21**
DPS (Rs)	6.50	10.26	9.82	11.61
Operating CFPS (Rs)	17.89	30.64	27.70	27.24
Earnings	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Growth (%)				
Sales revenue	16.5	2.4	(10.7)	21.9
EBIT	1.2	11.4	(3.3)	19.3
EPS	(2.6)	22.7	(2.9)	19.3
Margins (%)				
EBITDA	19.3	21.1	23.0	22.3
EBIT	17.5	19.0	20.6	20.1
Valuation (x)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
P/E	77.6	63.2	65.2	54.6
P/B	17.54	15.49	13.92	12.40
Dividend yield (%)	0.5	0.7	0.7	0.8
EV/sales	10.1	9.8	10.8	8.9
EV/EBITDA	52.3	46.2	47.1	39.6
EV/EBIT	57.9	51.5	52.7	44.0
ROE analysis (%)	**03/19A**	**03/20E**	**03/21E**	**03/22E**
ROE	24.3	26.0	22.5	24.0
ROIC	29.9	34.5	35.4	40.2
Credit ratios	**03/19A**	**03/20E**	**03/21E**	**03/22E**
Net debt/equity (%)	(28.3)	(38.7)	(47.7)	(46.3)
Net debt/EBITDA (x)	(0.90)	(1.24)	(1.74)	(1.60)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Pidilite Industries is the largest branded adhesives company in India. The company's product portfolio also includes water proofing products, sealants and art materials with market leadership across all segments.

Blue/Grey Sky Scenario



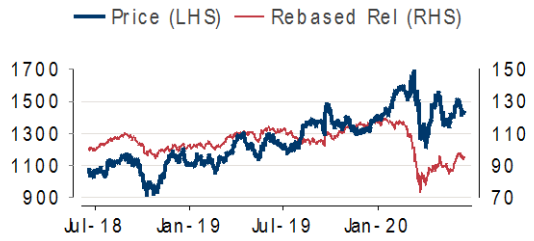
Our Blue Sky Scenario (Rs) **(from 1,404) 1,320**

In the case of a faster-than-expected macro recovery, revenue growth can accelerate faster than what we have modelled into our numbers, leading to our blue sky scenario of Rs1320

Our Grey Sky Scenario (Rs) **(from 936.00) 880.00**

A scenario where crude goes to near US$90 per barrel - this would impact margins for the company adversely. Also loss of market shares in its core adhesives portfolio can hurt growth. These lead to a grey sky price of Rs880

Share price performance



The price relative chart measures performance against the S&P BSE SENSEX IDX which closed at 33,605.22 on 16-Jun-2020

On 16-Jun-2020 the spot exchange rate was Rs76.24/US$1

Companies Mentioned *(Price as of 16-Jun-2020)*
Asian Paints (ASPN.BO, Rs1621.05, OUTPERFORM, TP Rs1850.0)
Avenue Supermarts (AVEU.BO, Rs2400.9, UNDERPERFORM, TP Rs2000.0)
Emami Ltd (EMAM.BO, Rs193.3, OUTPERFORM, TP Rs240.0)
Hindustan Unilever Ltd (HLL.BO, Rs2075.85, OUTPERFORM, TP Rs2400.0)
Jubilant Foodworks (JUBI.BO, Rs1694.05, NEUTRAL, TP Rs1625.0)
Page Industries (PAGE.BO, Rs17954.65, UNDERPERFORM, TP Rs14100.0)
Pidilite Industries (PIDI.NS, Rs1431.25, UNDERPERFORM, TP Rs1100.0)
United Spirits Ltd. (UNSP.BO, Rs605.25, NEUTRAL, TP Rs575.0)

Disclosure Appendix

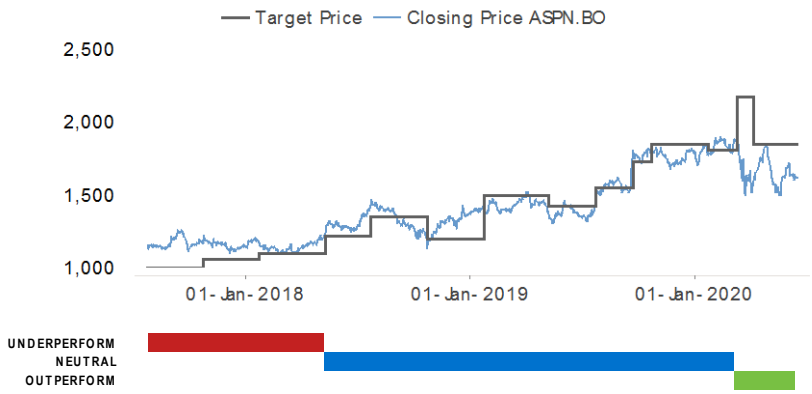
Analyst Certification

Arnab Mitra and Pratik Rangnekar each certify, with respect to the companies or securities that the individual analyzes, that (1) the views expressed in this report accurately reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Asian Paints (ASPN.BO)

ASPN.BO Date	Closing Price (Rs)	Target Price (Rs)	Rating
25-Jul-17	1151.95	1000.00	U
24-Oct-17	1220.50	1060.00	
22-Jan-18	1176.70	1100.00	
10-May-18	1214.70	1220.00	N
23-Jul-18	1433.70	1350.00	
23-Oct-18	1138.80	1200.00	
23-Jan-19	1396.05	1500.00	
09-May-19	1355.80	1425.00	
24-Jul-19	1483.60	1550.00	
23-Sep-19	1804.25	1730.00	
23-Oct-19	1766.40	1850.00	
23-Jan-20	1775.30	1810.00	
10-Mar-20	1869.45	2175.00	O
06-Apr-20	1521.30	1850.00	

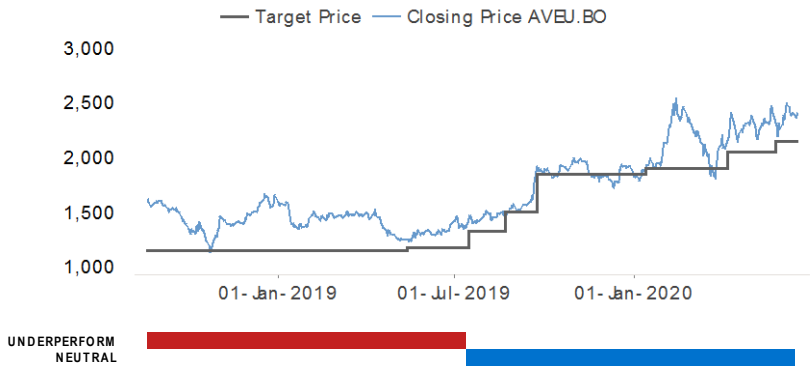
** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for Avenue Supermarts (AVEU.BO)

AVEU.BO Date	Closing Price (Rs)	Target Price (Rs)	Rating
20-Aug-18	1616.35	1150.00	U *
14-Jan-19	1395.75	1150.00	*
13-May-19	1253.40	1175.00	
15-Jul-19	1425.70	1330.00	N
22-Aug-19	1485.65	1500.00	
23-Sep-19	1916.65	1850.00	
13-Jan-20	1905.95	1900.00	
06-Apr-20	2087.10	2050.00	
25-May-20	2402.55	2150.00	

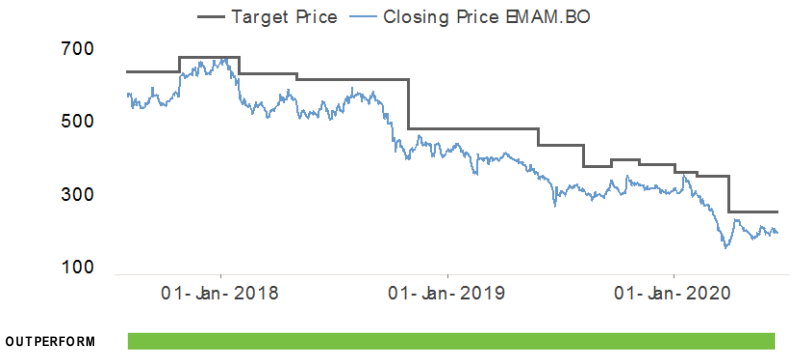
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3-Year Price and Rating History for Emami Ltd (EMAM.BO)

EMAM.BO	Closing Price	Target Price	
Date	(Rs)	(Rs)	Rating
03-Aug-17	567.52	635.00	O
26-Oct-17	604.40	675.00	
30-Jan-18	571.05	630.00	
03-May-18	542.75	615.00	
30-Oct-18	403.95	480.00	
27-May-19	356.85	435.00	
08-Aug-19	312.10	375.00	
23-Sep-19	336.80	395.00	
06-Nov-19	325.50	380.00	
03-Jan-20	315.75	360.00	
07-Feb-20	300.40	350.00	
30-Mar-20	163.50	250.00	

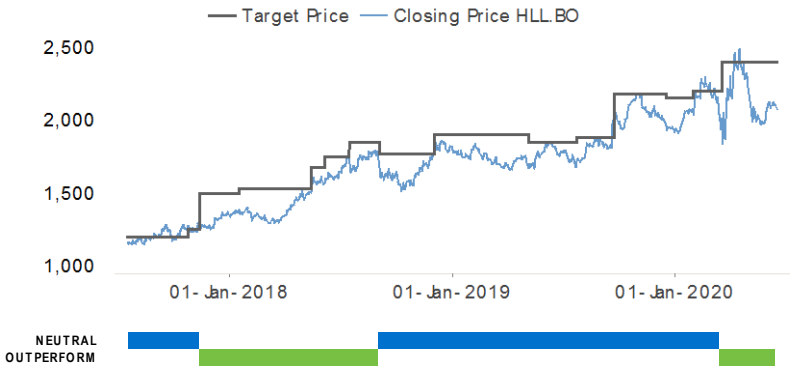
** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for Hindustan Unilever Ltd (HLL.BO)

HLL.BO	Closing Price	Target Price	
Date	(Rs)	(Rs)	Rating
18-Jul-17	1158.20	1200.02	N
25-Oct-17	1273.55	1249.99	
13-Nov-17	1278.65	1500.00	O
17-Jan-18	1371.85	1530.00	
14-May-18	1504.95	1675.00	
06-Jun-18	1572.80	1750.00	
16-Jul-18	1753.85	1850.00	
04-Sep-18	1651.40	1770.00	N
03-Dec-18	1825.90	1900.00	
06-May-19	1672.35	1850.00	
23-Jul-19	1693.20	1880.00	
23-Sep-19	2035.40	2180.00	
17-Dec-19	1964.45	2150.00	
31-Jan-20	2034.15	2200.00	
17-Mar-20	2009.00	2400.00	O

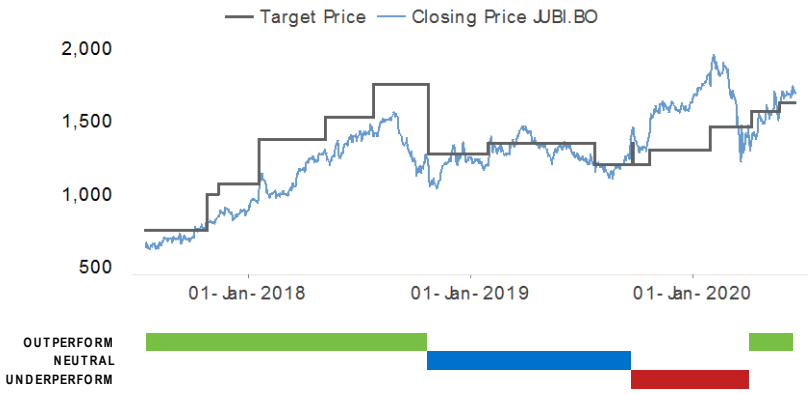
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3-Year Price and Rating History for Jubilant Foodworks (JUBI.BO)

JUBI.BO Date	Closing Price (Rs)	Target Price (Rs)	Rating
17-Jul-17	637.27	750.00	O
26-Oct-17	821.35	1000.00	
13-Nov-17	849.17	1070.00	
19-Jan-18	1045.78	1375.00	
08-May-18	1280.15	1525.00	
25-Jul-18	1400.50	1750.00	
24-Oct-18	1192.75	1275.00	N
30-Jan-19	1198.75	1350.00	
24-Jul-19	1155.95	1200.00	
23-Sep-19	1444.05	1350.00	
25-Sep-19	1448.55	1200.00	U
22-Oct-19	1429.90	1300.00	
29-Jan-20	1744.75	1460.00	
06-Apr-20	1299.65	1565.00	O
21-May-20	1570.35	1625.00	

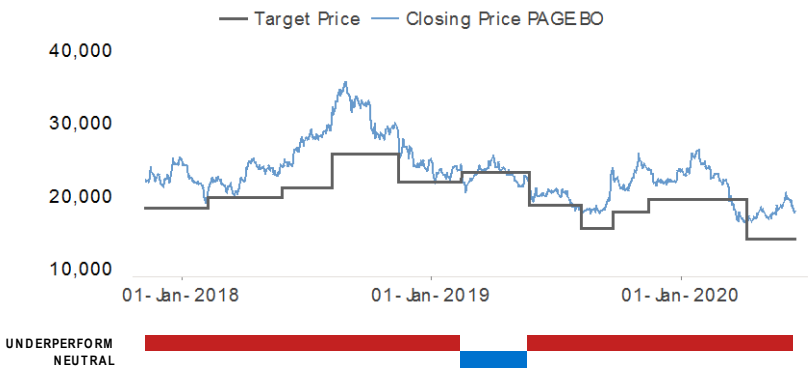
** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for Page Industries (PAGE.BO)

PAGE.BO Date	Closing Price (Rs)	Target Price (Rs)	Rating
09-Nov-17	22146.01	18360.48	U
08-Feb-18	20488.60	19849.16	
28-May-18	24038.73	21139.36	
09-Aug-18	32146.71	25803.91	
14-Nov-18	27637.08	21925.16	
14-Feb-19	23882.97	23220.73	N
24-May-19	21970.25	18700.00	U
08-Aug-19	18477.35	15500.00	
23-Sep-19	23831.20	17800.00	
15-Nov-19	23724.35	19500.00	
06-Apr-20	16504.35	14100.00	

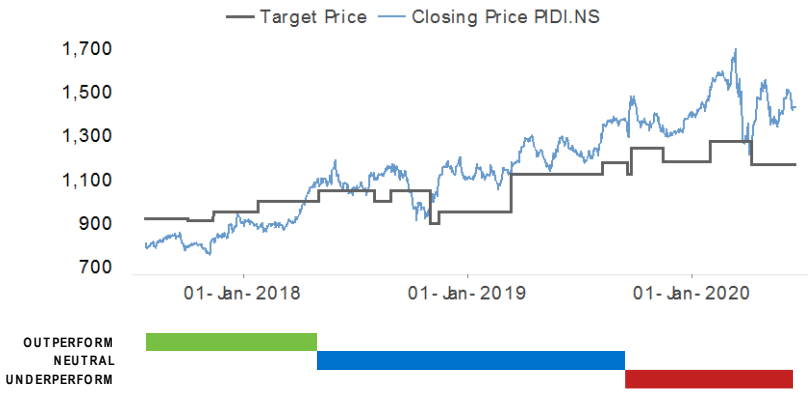
** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for Pidilite Industries (PIDI.NS)

PIDI.NS	Closing Price	Target Price	
Date	(Rs)	(Rs)	Rating
26-Jul-17	805.65	920.00	O
02-Oct-17	794.50	910.00	
13-Nov-17	829.15	950.00	
25-Jan-18	877.25	1000.00	
03-May-18	1085.05	1050.00	N
02-Aug-18	1100.80	1000.00	
29-Aug-18	1148.05	1050.00	
31-Oct-18	958.85	900.00	
14-Nov-18	1096.35	950.00	
12-Mar-19	1131.75	1125.00	*
07-Aug-19	1289.90	1175.00	
17-Sep-19	1322.30	1125.00	U
23-Sep-19	1481.35	1245.00	
14-Nov-19	1344.40	1180.00	
30-Jan-20	1520.85	1275.00	
06-Apr-20	1215.90	1170.00	

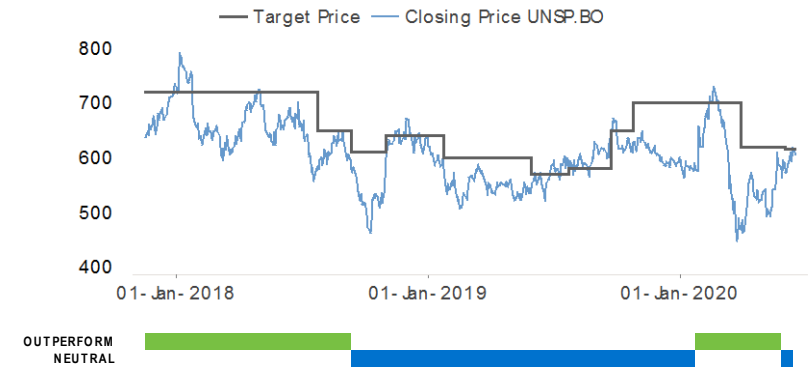
** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for United Spirits Ltd. (UNSP.BO)

UNSP.BO	Closing Price	Target Price	
Date	(Rs)	(Rs)	Rating
17-Nov-17	637.62	720.00	O
24-Jul-18	582.95	650.00	
12-Sep-18	573.40	610.00	N
01-Nov-18	619.10	640.00	
24-Jan-19	572.85	600.00	
30-May-19	540.15	570.00	
23-Jul-19	589.40	580.00	
23-Sep-19	646.05	650.00	
25-Oct-19	627.45	700.00	
27-Jan-20	575.80	700.00	O
30-Mar-20	468.35	620.00	
01-Jun-20	589.25	615.00	N

** Asterisk signifies initiation or assumption of coverage.*



As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European (excluding Turkey) ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin America, Turkey and Asia (excluding Japan and Australia), stock ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.*

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Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.
Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.
Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.
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Underperform/Sell*	12%	(22% banking clients)
Restricted	1%	

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Target Price and Rating
Valuation Methodology and Risks: (12 months) for Asian Paints (ASPN.BO)

Method: Our target price of Rs1,850 for Asian Paints is based on 48x Mar 2022E earnings (in line with top FMCG stocks like HUL). Our OUTPERFORM rating on the stock is based on steady volume growth and expansion in gross margins due to lower input costs and high pricing power.

Risk: Key downside risks to our Rs1,850 target price and OUTPERFORM rating for Asian Paints include a sharp rise in crude prices and inability of the company to take requisite price hikes.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Avenue Supermarts (AVEU.BO)

Method: We value Avenue Supermarkets (DMART) using the discounted cash flow method. We assume a net sales CAGR of 20% over the next five years, 16% CAGR between 2025 and 2040 and a terminal growth rate of 5%. We discount the free cash flows using a WACC of 9.6% to arrive at a target price of Rs2,000. D-Mart is is a well-run retailing business, but expectations are even greater as reflected in its high valuations. Thus, we rate the stock NEUTRAL.

Risk: Key upside risk would be if demand comes back faster than anticipated and in the ensuing weak environment weaker retailers shutdown leading to consolidation in the sector.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Emami Ltd (EMAM.BO)

Method: We value Emami at a target price of Rs240 based on 18x Mar 21E earnings (40% discount to HUL). We have an OUTPERFORM rating as think growth will revive in FY19 and valuations are reasonable compared to peers.

Risk: Risks that could impede achievement of our Rs240 target price and OUTPERFORM rating for Emami inlcude significant increase in competitive intensity in skin care segments where Emami operates, or a spike in raw material prices such as menthol.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Hindustan Unilever Ltd (HLL.BO)

Method: Our Rs2,400 target price for Hindustan Unilever Ltd is based on 50x Mar-22 earnings forecast (in line with the three-year average multiple). We have an OUTPERFORM rating on HUL since the GST cuts give it a windfall that can drive volumes. HUL's earnings visibility is anyway high due to the parent's cost focus, while the missing link to volume growth is coming back.

Risk: Downside risks to our Rs2,400 target price and OUTPERFORM rating for Hindustan Unilever Ltd are: (1) continued sluggish consumer sentiment and India macro and (2) sharp rise in competitive intensity.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Jubilant Foodworks (JUBI.BO)

Method: We value Jubilant at 42x (in line with the average of the consumer discretionary universe) adjusted Mar-22 EPS (adjusted for IND-As 116) to arrive at our target price of Rs1,625. We have a NEUTRAL rating on the stock as we believe that the company has a strong medium-term growth outlook. It is the no. 1 player in India's QSR space and the aftermath of COVID-19 is likely to hurt its competitors more, resulting in share gain prospects for Jubilant.

Risk: The key downside risks to our target price of Rs1,625 and our NEUTRAL rating for Jubilant Foodworks are: (1) a rise in competitive intensity from aggregators could hurt growth. (2) A longer-than-expected lockdown could imapct sales and new store openings. (3) Resulting consumer income loss and macro sluggishness could delay recovery further. The key upside risk would be competing restaurants closing down which leads to sustained market share growth.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Page Industries (PAGE.BO)

Method: We value Page Industries at a target price of Rs14,100/share (35x Mar-2022E earnings, at a 20% discount to average FMCG [fast-moving consumer goods]). While Page is a bottom-up story of market share gains from the unorganised segment, we think valuations are stretched. The volume and revenue growth has also come off in recent times. Moreover, we do not have visibility of growth revival in FY20. We thus have an UNDERPERFORM rating on the stock.

Risk: The upside risk to our Rs14,100 target price and UNDERPERFORM rating for Page Industries is faster-than-expected recovery in urban discretionary consumption which can lift its growth rate.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for Pidilite Industries (PIDI.NS)

Method: We rate Pidilite Industries UNDERPERFORM as we believe it will be impacted more by the ongoing slowdown due to high salience of real estate linked businesses. Our target price of Rs1,100 is based on P/E ratio of 42x Mar-2022, in line with the target multiple for its consumer-sector peer.

Risk: Key upside risks to our Rs1,100 target price and UNDERPERFORM rating for Pidilite Industries are: (1) faster macro situation recovery, (2) diversification to reduce dependence on real estate business, and (3) benign input cost trend continues.

Target Price and Rating
Valuation Methodology and Risks: (12 months) for United Spirits Ltd. (UNSP.BO)

Method: Our target price of Rs575 for United Spirits is arrived at by valuing the company's enterprise value at 35x Mar-2022E earnings in line with its current valuation. We have a NEUTRAL rating on the stock as in the near term the negatives outweigh the positives.

Risk: Key downside risks to our target price of Rs575 and NEUTRAL rating for United Spirits are a decline in margins if the input cost inflation becomes more than expected, and state governments do not give the price hikes needed to mitigate these. However, we think a lower impact of downtrading could be positive. Key upside risk for United Spirits would be a sharp correction in input costs leading to high margin expansion.

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Credit Suisse has managed or co-managed a public offering of securities for the subject company (JUBI.BO, UNSP.BO) within the past 12 months.
Within the past 12 months, Credit Suisse has received compensation for investment banking services from the following issuer(s): UNSP.BO, EMAM.BO
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