Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

3R MATRIX	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

Reco/View	Change
Reco: **Buy**	↔
CMP: **Rs. 846**	
Price Target: **Rs. 1,000**	↔

↑ Upgrade ↔ Maintain ↓ Downgrade

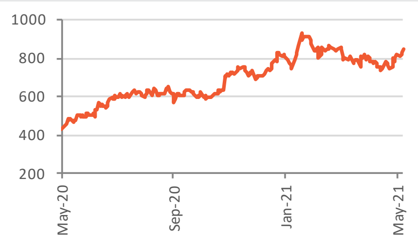
Company details

Market cap:	Rs. 1,05,174 cr
52-week high/low:	Rs. 952 / 415
NSE volume: (No of shares)	54.3 lakh
BSE code:	500520
NSE code:	M&M
Free float: (No of shares)	100.8 cr

Shareholding (%)

Promoters	18.9
FII	37.8
DII	26.8
Others	16.5

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	8.7	-3.5	34.0	95.7
Relative to Sensex	3.7	-4.5	16.2	33.0

Sharekhan Research, Bloomberg

Mahindra & Mahindra Limited

Positive road ahead

Automobiles	Sharekhan code: M&M	Result Update

Stock Update

Summary

- We retain our Buy rating on Mahindra and Mahindra (M&M) with an unchanged PT of Rs. 1,000, factoring positive outlook for its core businesses and improving fortunes of key subsidiary companies.
- M&M's Q4FY2021 results were slightly below expectations due to lower EBITDA margin than estimates. Adjusted standalone PAT grew strongly by 189.8% y-o-y to Rs. 935 crore.
- We firmly believe M&M is on a right track with its roadmap for its automotive and farm equipment division. Moreover, M&M is expected to benefit from the turnaround of its loss-making subsidiaries and generate strong cash flows going forward.
- The stock is attractively valued at a P/E multiple of 16.6x and EV/EBITDA multiple of 9.2x its FY2023E estimates.

M&M's Q4FY2021 results were slightly below expectations due to lower EBITDA margin than estimates. The company's standalone revenue for Q4FY2021 stood at Rs. 13,512 crore, up 50.1% y-o-y, driven by richer product mix, 58% growth in tractor volumes, and 17% growth in automobile volumes. Margin improvement was driven by price hikes and product mix. Standalone EBITDA margin was stood at 13.4% in Q4, showing a decline of 40 bps y-o-y and 370 bps q-o-q, largely due to rise in commodity prices. Segmental PBIT margin for the farm equipment segment stood at 22% (up 440 bps y-o-y and down 140 bps q-o-q), whereas PBIT margin of the automotive business stood at 5% (up 90 bps y-o-y and down 280 bps q-o-q). Adjusted PAT witnessed 189.8% y-o-y growth, while it declined by 46.4% q-o-q to Rs. 935 crore. Combined adjusted PAT of M&M and MVML stood at Rs. 1,002 crore in Q4FY2021 against loss of Rs. 3,225 crore, driven by 48% y-o-y growth in revenue and 60% growth in EBITDA. M&M Group's consolidated adjusted PAT stood at Rs. 1,513 crore in Q4FY2021 as against loss of Rs. 464 crore in Q4FY2021. Management has laid down a growth path for the company for business divisions. The automotive business roadmap is focussed on brand strengthening and aggressive plans for new launches. M&M continues to focus on expanding its utility vehicle (UV) business, leverage brand recall, and improve returns on capital investment. The company has moderated tractor industry growth to single digit growth rate in FY2022. The company is expected to benefit from the turnaround of its loss-making subsidiaries and generate strong cash flows going forward. M&M has guided to deliver 18% ROE and 15%-20% EPS growth in the medium-term. M&M also leads in the light commercial vehicle (LCV) space with an over 45% market share and a greater than 65% share in the 2-3.5T LCV category. We expect M&M to further consolidate its market share in the overall LCV segment. Demand for LCVs is likely to be driven by higher demand for short distance movement of goods. In the UV market, we expect M&M's growth to be driven by new launches in a highly competitive market. The company plans capex of Rs. 9,000 crore towards its automotive business, including electric vehicle (EV) business, and Rs. 3,000 capex for farm business over FY2022-FY2024E. The company will make investments of Rs. 5,000 crore, of which Rs. 1,500 crore would be toward auto and farm, while Rs. 3,500 crore would be in group subsidiaries. We expect earnings of M&M+MVML to post a 25.3% CAGR during FY2021-FY2023E, driven by 15.5% revenue CAGR and 140 bps EBITDA margin expansion. We remain positive on M&M's fundamental growth prospects. Hence, we maintain our Buy rating on the stock.

Key positives

- Aggressive road map for the automobile business, with nine new products in SUV and 14 new products in LCV by 2026.
- Project K2 is likely to penetrate in four geographies, with four platforms and 37 models.
- Positive outlook for markets to improve gradually from June 2021.

Key negatives

- Chip shortages continue to impact supplies despite strong new orders of its key brands – Thar, XUV 300, Scorpio, and Bolero.
- Rise in commodity prices led to EBITDA margin contraction of 370 bps q-o-q to 13.4% in Q4 for standalone business.

Our Call

Valuation - Maintain Buy with an unchanged PT of Rs. 1,000: We expect M&M to benefit from its leadership status in the tractor segment, strengthening market position in the LCV segment, and defending its market share in the highly competitive UV segment. Going ahead, M&M's strategy revolves around tighter capital allocation, turning around of loss-making subsidiaries, and focusing on core automobile and farm businesses through new launches and become future ready for the emerging EV business. The company is expected to benefit from turnaround of its loss-making subsidiaries and generate strong cash flows going forward and attain its target of 18% ROE and 15%-20% EPS growth. Our SOTP-based valuation provides a price target (PT) of Rs. 1,000. The stock is attractively valued a P/E multiple of 16.6x and EV/EBITDA multiple of 9.2x its FY2023E estimates. We retain our Buy rating on the stock with a PT of Rs. 1,000.

Key Risks

M&M is facing supply issues due to a supply shortage of micro-processors (semiconductors) used in Electronic Control Units (ECUs). If the situation persists longer, it can impact the automotive business. Moreover, the company can be impacted by the second wave of COVID-19.

Valuation (M&M+MVML) Rs cr

Particulars	FY19	FY20	FY21	FY22E	FY23E
Revenue	52,848	44,866	44,749	53,222	59,745
Growth (%)	11.1	(15.1)	(0.3)	18.9	12.3
EBITDA	7,530	6,351	6,805	8,759	9,943
EBITDA margin (%)	14.2	14.2	15.2	16.5	16.6
PAT (Rs cr)	5,424	3,551	4,030	5,410	6,328
Growth (%)	29.5	(34.5)	13.5	34.2	17.0
FD EPS	43.6	28.6	32.4	43.5	50.9
P/E (x)	19.4	29.6	26.1	19.4	16.6
P/B (x)	3.0	3.0	2.8	2.6	2.3
EV/EBITDA (x)	13.1	15.8	14.7	11.0	9.2
ROE (%)	15.5	10.2	10.8	13.2	14.1
ROCE (%)	18.1	14.0	13.6	16.0	17.1

Source: Company Data; Sharekhan Research

Key highlights of Conference Call

M&M's Q4FY2021 results slightly below expectations: M&M's Q4FY2021 results were slightly below expectations due to lower EBITDA margin than estimates. M&M's standalone revenue for Q4FY2021 stood at Rs. 13,512 crore, up 50.1% y-o-y, driven by richer product mix, 58% growth in tractor volumes, and 17% growth in automobile volumes. Average realisation for automobiles improved by 21.8% y-o-y, while the average realisation of tractors improved by 1% in Q4FY2021. Margin improvement was driven by price hikes and product mix. Standalone EBITDA margin stood at 13.4% in Q4, showing a decline of 40 bps y-o-y and 370 bps q-o-q, largely due to rise in commodity prices. Gross margin declined by 740 bps y-o-y and 320 bps q-o-q to 28.3% in Q4. Segmental PBIT margin for the farm equipment segment stood at 22% (up 440 bps y-o-y and down 140 bps q-o-q), whereas PBIT margin of the automotive business stood at 5% (up 90 bps y-o-y and down 280 bps q-o-q). Adjusted PAT witnessed 189.8% y-o-y growth, while it declined 46.4% q-o-q to Rs. 935 crore. The company had an exceptional item of Rs. 839.9 crore towards impairment provisions for certain long-term assets and other exposures, which led to reported PAT of Rs. 48 crore. Combined adjusted PAT of M&M and MVML stood at Rs. 1,002 crore in Q4FY2021 against loss of Rs. 3,225 crore, driven by 48% y-o-y growth in revenue and 60% growth in EBITDA. M&M Group's consolidated adjusted PAT stood at Rs. 1,513 crore in Q4FY2021 as against loss of Rs. 464 crore in Q4FY2021.

Segmental Performance of Consolidated accounts

CONSOLIDATED M&M — Rs Cr

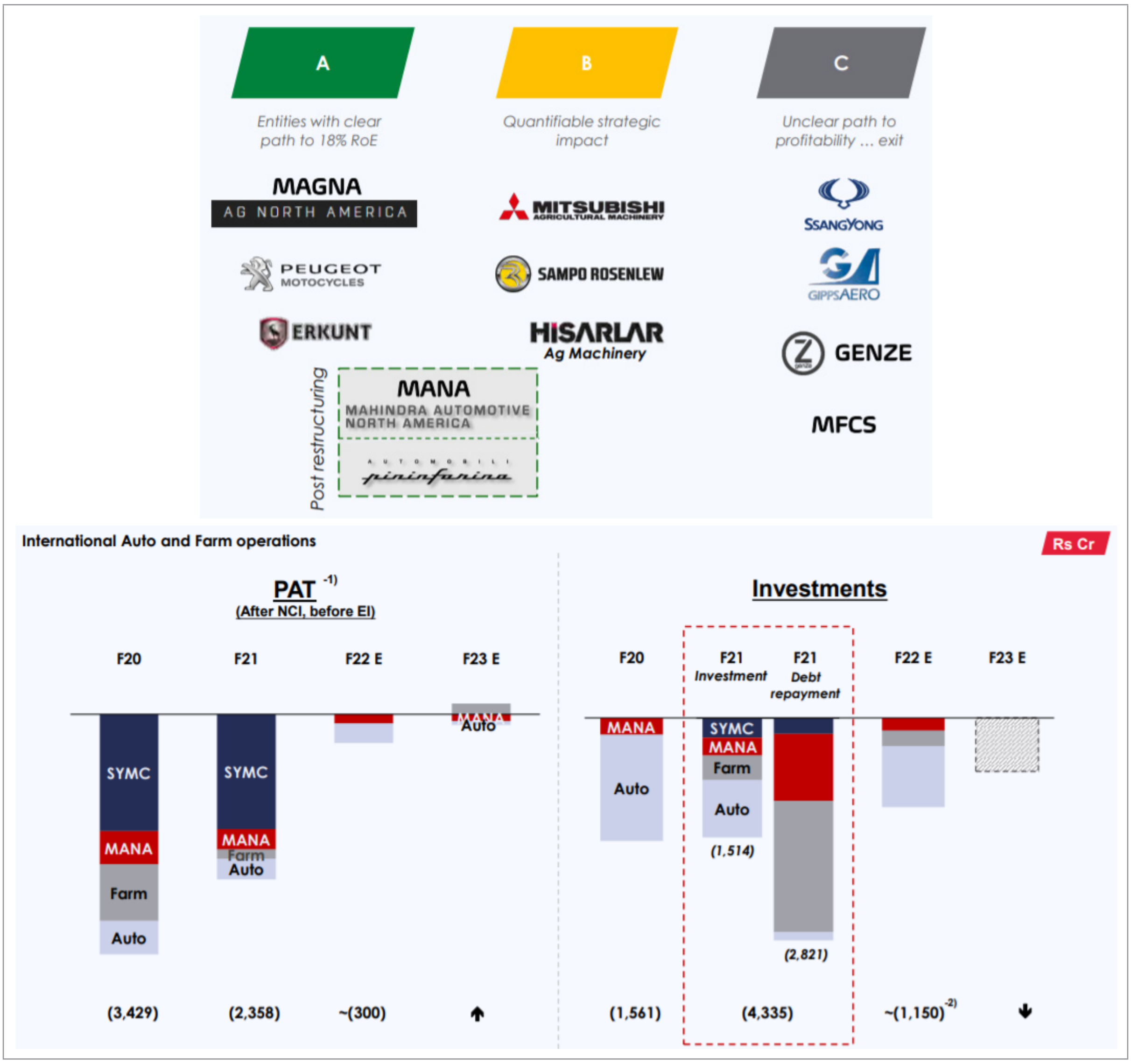
	Revenue F20	Revenue F21		PBIT F20	PBIT F21	
Automotive -1)	28,824	25,990	↓	1,310	736	↓
Farm equipment	21,113	24,792	↑	2,277	4,158	↑
Financial services	11,828	11,990	↑	1,450	538	↓
Hospitality	2,374	1,747	↓	128	(26)	↓
Real estate	639	184	↓	(50)	(99)	↓
Others	12,821	11,526	↑	44	278	↑
Less: Inter-segment	(2,217)	(1,951)		2	5	
Total	**75,382**	**74,278**	↓	**5,161**	**5,590**	↑

Source: Company Presentation; Sharekhan Research

Performance marred by supply constraints: M&M has been grappling with supply issues for the past few months due to shortage of semiconductors. Management expects chips shortage situation to improve gradually from Q2FY2022. The company is in touch with its vendors trying alternatives to avoid the crisis situation. The supply constraint has resulted in a market share loss in the automotive segment during the quarter.

Capital allocation update: M&M remains committed on firm capital allocation and its path towards achieving 18% ROE and has exited from the loss-making aircraft business in Australia (Gipps Aerospace). M&M has earlier announced no further investment in loss-making Ssangyong, exit from overseas tractor assembly business (Genze), and non-participation in large postal bid in USA (MANA). The company's efforts towards capital allocation and strong operating performance are delivering results. M&M delivered 36% growth in operating PAT for continuing operations of Rs. 4,609 crore in FY2021, while it generated free cash flow of Rs. 6,710 crore. The company will continue to invest in subsidiaries, having exposure to emerging sectors.

On right track to improve cash flow generation



Source: Company Presentation; Sharekhan Research

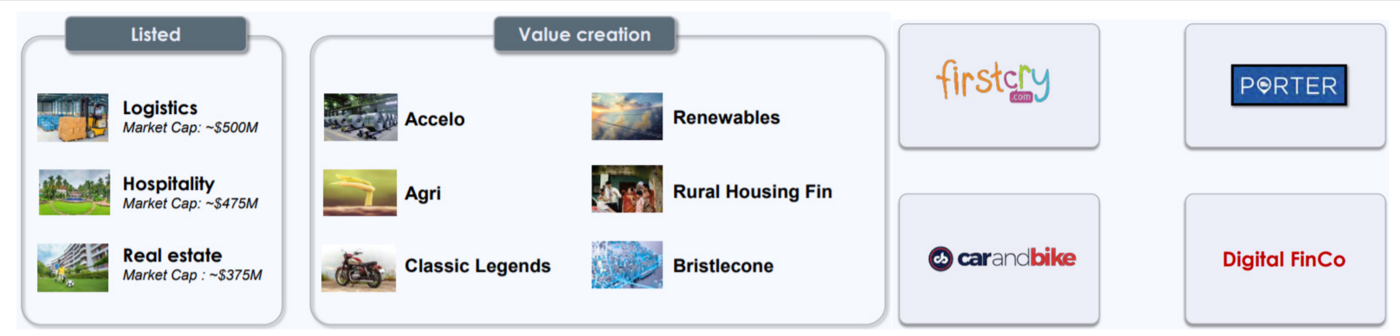
Operating performance improved in all subsidiaries in FY21

International Auto and Farm operations (Rs Cr)

PAT -1) (After NCI, before EI)	F20	F21		Q4 F20	Q4 F21	
Key farm subsidiaries	**(807)**	**(131)**	↑	**(353)**	**9**	↑
• MAgNa	(483)	(128)	↑	(265)	(30)	↑
• Erkunt (Traktor+Foundry)	(55)	11	↑	(18)	28	↑
• Hisarlar	(57)	12	↑	(2)	9	↑
• MAMJP	(78)	(7)	↑	(37)	11	↑
• Others	(134)	(20)	↑	(30)	(10)	↑
Key auto subsidiaries	**(966)**	**(586)**	↑	**(373)**	**(143)**	↑
• Automobili Pininfarina	(123)	(181)	↓	(21)	(54)	↓
• MANA	(474)	(291)	↑	(196)	(80)	↑
• PMTC	(219)	(44)	↑	(75)	(20)	↑
• GENZe	(109)	(31)	↑	(63)	(1)	↑
• Others	(41)	(39)	↑	(17)	12	↑

Source: Company Presentation; Sharekhan Research

M&M's growth gem companies hold strong future



Source: Company Presentation; Sharekhan Research

Future narrative of the core business: M&M continues to focus on expanding its UV business, leverage brand recall, and improve returns on capital investment. Management has shared the road-map for growth in the automotive segment through brand building and aggressive new launches in the SUV and LCV segments. The company plans capex of Rs. 9,000 crore towards its automotive business, including EV business and Rs. 3,000 capex for the farm business over FY2022-FY2024E. The company will make investments of Rs. 5,000 crore, of which Rs. 1,500 crore would be toward auto and farm, while Rs. 3,500 crore would be in group subsidiaries. M&M is planning to accelerate investments in EV as well and create a global brand in this space. M&M will continue to maintain its leadership position in the farm equipment business through new launches and technology developments.

New launches in the automotive segment to defend its market in highly competitive markets: The company has laid down a strong road map for its automotive segment, through investing in technology and launching new products regularly to re-gain its market share in the segment. M&M's focus continues to drive bookings of its key brands – Thar, XUV-300, Scorpio, and Bolero, despite long waiting periods from 2-10 months. Thar has over 55,000 bookings with monthly booking run-rate of 5,000-6,000, while XUV-300 and Scorpio-Bolero have booking monthly run-rate over 6,000 units and 10,000+, respectively.

Nine new products planned in SUV from three different platforms by 2026

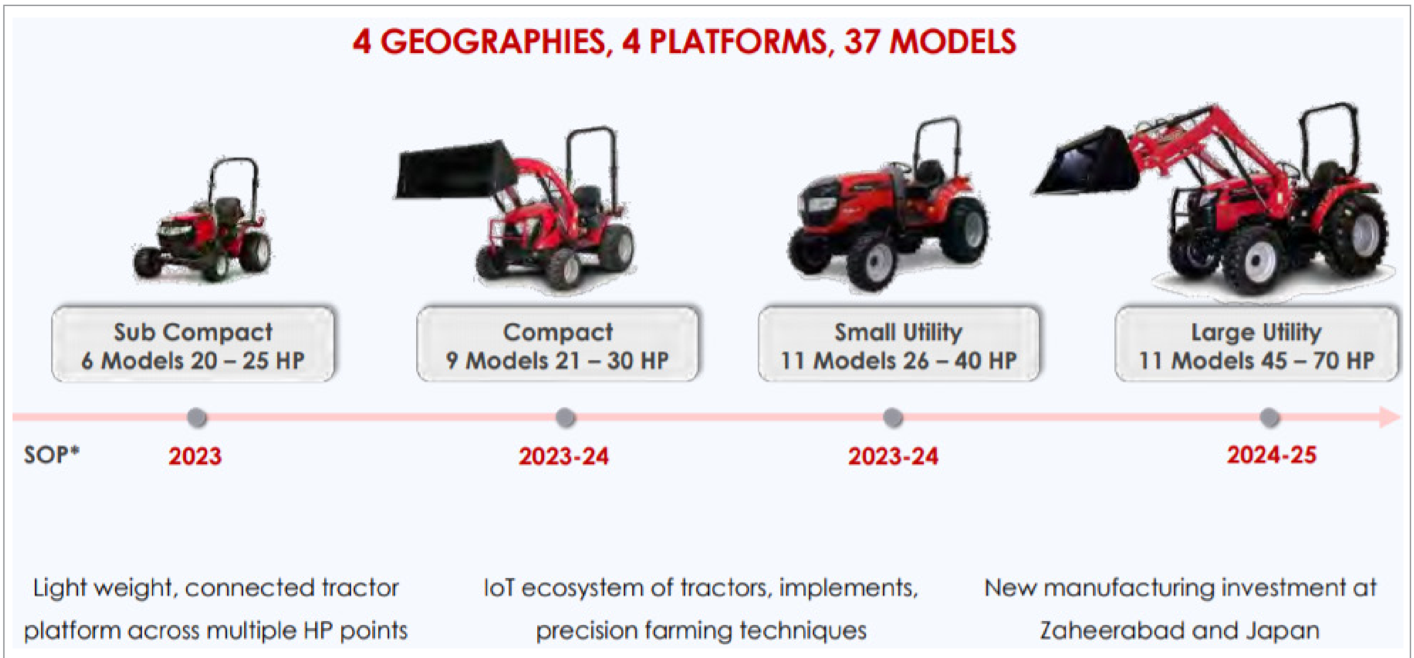
Source: Company Presentation; Sharekhan Research

Strengthen its position in LCV <3.5T through 14 new products planned by 2026

Source: Company Presentation; Sharekhan Research

Buoyancy to continue in the farm segment's business: Rural sentiments continue to remain buoyant on a record high reservoir level and early arrival of the monsoon season. M&M expects rural demand to show a gradual improvement from June 2021, as COVID wave-2 recedes. M&M is well positioned to strengthen its market share positions in the industry through its strong brand recall, new planned product launches in K2 project, and channel expansion.

K2 products lined up in all key segments



Source: Company Presentation; Sharekhan Research

Management has laid down commitments: With renewed commitment, we expect M&M to further strengthen its position in the SUV and farm equipment segment. The company is looking for partners in the EV space to improve the ecosystem. We remain positive on the company's growth plan. We firmly believe M&M is on track with its roadmap for its automotive and farm equipment division. Moreover, M&M is expected to benefit from the turnaround of its loss-making subsidiaries and generate strong cash flows going forward and attain its target of 18% ROE and 15%-20% EPS growth. We expect earnings of M&M+MVML to post a 25.3% CAGR during FY2021-FY2023E, driven by 15.5% revenue CAGR and 140 bps EBITDA margin expansion.

M&M commitment for AFS - 2025

1. Revenue Growth of 15-20%+ CAGR
2. Leadership in Core SUV segment with strong EV play
3. Strengthen #1 position in LCV<3.5T
4. Grow Market share in Tractors; Quantum growth in FM
5. Be at Top of Brand Affinity & Customer Satisfaction Scores
6. Deliver ROCE of 18%++

Source: Company Presentation; Sharekhan Research

Results (Standalone) Rs cr

Particulars	Q4FY21	Q4FY20	Y-o-Y %	Q3FY21	Q-o-Q %
Revenue	13,512	9,005	50.1	14,057	-3.9
Total Expenses	11,723	7,777	50.7	11,671	0.4
EBITDA	1,789	1,227	45.8	2,386	-25.0
EBITDA margin (%)	13.4	13.6	(40 bps)	17.0	(370 bps)
Other income	131	316	-58.5	562	-76.7
Depreciation	559	617	-9.5	604	-7.5
Interest	95	36	165.3	104	-8.4
PBT	1,266	890	42.3	2,239	-43.4
Tax	331	567	-41.6	494	-33.0
Adjusted PAT	935	323	189.8	1,745	-46.4
Reported PAT	48	(3,255)	-101.5	531	-90.9
EPS	7.5	2.6	189.8	14.0	-46.4

Source: Company; Sharekhan Research

Segmental Results (Standalone) Rs cr

Particulars	Q4FY21	Q4FY20	Y-o-Y %	Q3FY21	Q-o-Q %
Automotive division					
Volumes (units)	1,08,329	92,423	17.2	1,22,277	-11.4
Realisation (Rs/Vehicle)	7,25,396	5,95,720	21.8	6,79,691	6.7
Revenues	7,858.1	5,505.8	42.7	8,311.1	-5.4
PBIT	390.0	225.3	73.1	644.1	NA
PBIT Margins (%)	5.0	4.1	90 bps	7.7	(280 bps)
Farm Equipment division					
Volumes (units)	93,894	59,290	58.4	1,01,701	-7.7
Realisation (Rs/Vehicle)	5,29,906	5,24,709	1.0	5,19,320	2.0
Revenues	4,975.5	3,111.0	59.9	5,281.5	-5.8
PBIT	1095.0	548.8	99.5	1235.9	-11.4
PBIT Margins (%)	22.0	17.6	440 bps	23.4	(140 bps)
Others					
Revenues	590.4	451.8	30.7	535.9	10.2
PBIT	-19.2	8.9	-315.1	38.0	NA
PBIT Margins (%)	-3.3	2.0	NA	7.1	NA

Source: Company; Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Demand likely to pick up in automotive and farm equipment, as COVID wave-2 recedes

We remain positive on structural demand for automobiles in the medium term and expect recovery across segments post-normalisation of COVID wave-2, led by pent-up demand from rural, semi-urban, and urban demand along with a favourable macro outlook. The passenger vehicle (PV) segment is expected to remain strong amid COVID-19, as preference for personal transport increases. Rural demand is expected to be strong in southern and western India, given higher kharif sowing, higher reservoir level, and early arrival of the monsoon season. Tractor sales are likely to pick up, ahead of the summer crop. Commercial vehicle (CV) demand is expected to continue, driven by rise in e-commerce, agriculture, infrastructure, and mining activities.

■ Company outlook – Strong earnings growth

M&M is the market leader in the tractors segment, commanding a 40% market share. The company is working on lightweight compact global tractor project (named K2), which would see the launch of four new platforms. K2 would witness launch of 38 models and would further strengthen the company's position in the tractor space. M&M has one of the highest exposures to rural markets (~65% of volumes), which are expected to be less impacted by the ongoing impact of COVID-19. M&M also leads in the LCV space with an over 45% market share and a greater than 65% share in the 2-3.5T LCV category. We expect M&M to further consolidate market share in the overall LCV segment. Demand for LCVs is likely to be driven by higher demand for short distance movement of goods. The company has laid down a strong road map for its automotive segment through investing in technology and launching new products regularly to re-gain its market share in the segment. M&M's focus continues to drive bookings of its key brands – Thar, XUV-300, Scorpio, and Bolero, despite long waiting periods from 2-10 months. The automotive business's roadmap is focussed on brand strengthening and aggressive plans for new launches. The company is expected to benefit from turnaround of its loss-making subsidiaries and generate strong cash flows going forward and attain its target of 18% ROE and 15%-20% EPS growth.

■ Valuation – Maintain Buy with an unchanged PT of Rs. 1,000

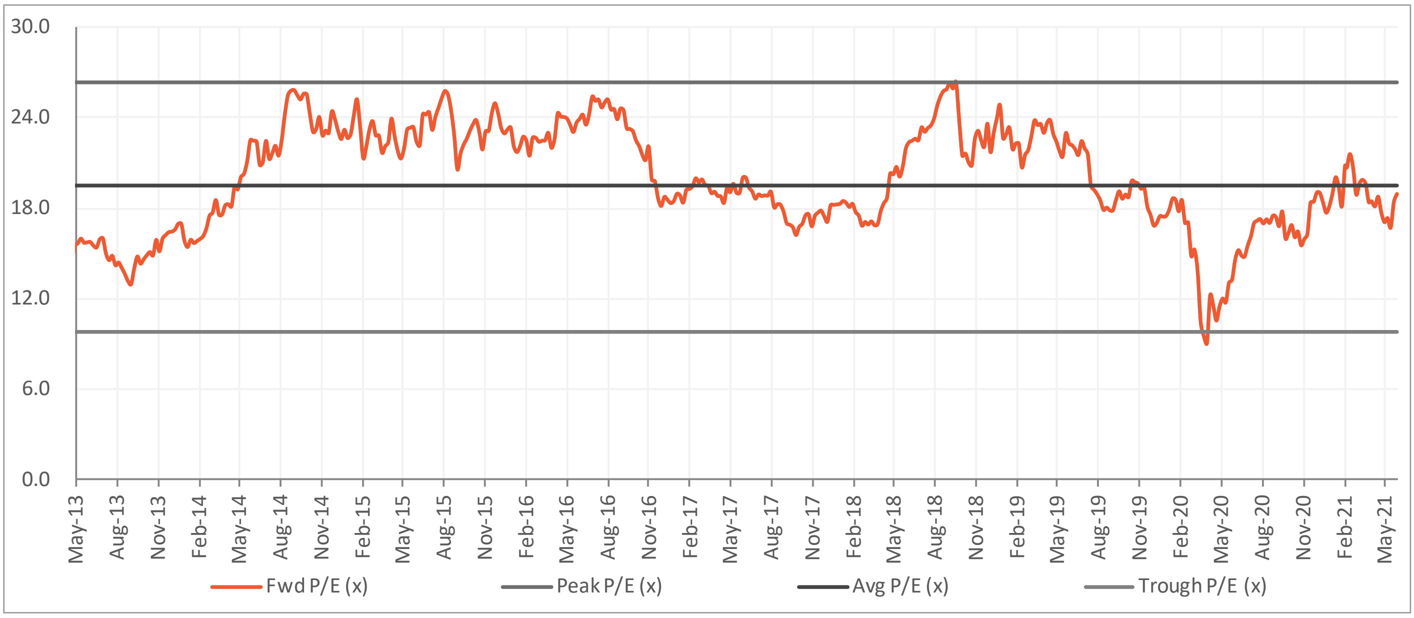
We expect M&M to benefit from its leadership status in the tractor segment, strengthening position in the LCV segment, and defending its market share in the highly competitive UV segment. Going ahead, M&M's strategy revolves around tighter capital allocation, turning around of loss-making subsidiaries, and focusing on core automobile and farm businesses through new launches and become future ready for the emerging EV business. The company is expected to benefit from the turnaround of its loss-making subsidiaries and generate strong cash flows going forward and attain its target of 18% ROE and 15%-20% EPS growth. Our SOTP-based valuation provides a PT of Rs. 1,000. The stock is attractively valued a P/E multiple of 16.6x and EV/EBITDA multiple of 9.2x its FY2023E estimates. We retain our Buy rating on the stock with a PT of Rs. 1,000.

Results (Standalone) Rs cr

Business	Valuation rationale	M&M's stake (%)	Value of M&M's stake (Rs crore)	Value per share (Rs)
Core (MM+MMVL) business excl. dividend earnings from sub-sidiaries & associates	16x FY23E EPS	100.0	95,379	767
Value of listed subsidiaries & associates				
Tech Mahindra	Market Capitalisation	26.0	25,723	207
M&M Financial Services	Market Capitalisation	51.2	9,772	79
Mahindra Lifespaces	Market Capitalisation	51.5	1,388	11
Mahindra Holiday and Resorts	Market Capitalisation	67.3	2,309	19
Mahindra Logistics	Market Capitalisation	58.5	2,215	18
Swaraj Engines	Market Capitalisation	34.8	647	5
Mahindra CIE	Market Capitalisation	11.4	875	7
Value of listed subsidiaries & associates			41,408	333
Fair value of subsidiary cos @30% discount	Holding co. discount		28,985	233
Fair Vaue of M&M entity			**1,24,364**	**1,000**
CMP				846.0
Potential Upside/(dowmside)				18

Source: Company; Sharekhan Research

One-year forward P/E (x) band



Source: Sharekhan Research

About company

M&M is the flagship company of Mahindra Group. M&M's core business houses the automotive and tractor segments. M&M is the only automotive company that is virtually present across all segments. The company is the market leader in LCVs and is a leading UV and three-wheeler 3W player. M&M also manufactures medium and heavy commercial vehicles (MHCV) and is present in the two-wheeler (2W) space through its investment in Jawa. Apart from being a strong player in the automotive space, M&M is the market leader in the tractor segment, having a market share of about 40%. Apart from the core business, M&M is also the promoter/ holds controlling interest in companies that are engaged in diverse businesses under the Mahindra brand (IT services, NBFC, logistics, hospitality, real estate, and auto ancillary business).

Investment theme

With strong farm sentiments on account of higher rainfall, expected increase in kharif output, and increased government spending, M&M expects the tractor industry's growth to remain buoyant. Higher ground water reservoir levels coupled with robust farmer cash flows would mean tractor demand would remain buoyant in FY2022 as well. Automotive volumes are also improving. With the success of new launches (Thar with strong bookings) and inventory filling (automotive inventory is lower than normal), automotive demand is expected to improve further. Going ahead, M&M's strategy revolves around tighter capital allocation, exit from loss-making subsidiaries, and focusing on core UV business and emerging EV businesses. The company has started to take concrete steps to achieve an 18% RoE from all its businesses, which makes a strong case for re-rating of the stock. This would further substantially reduce losses in overseas subsidiaries and act as key re-rating trigger for M&M. We maintain our Buy call on the stock with the revised PT of Rs. 1,000.

Key Risks

- M&M is facing supply issues due to supply shortage of micro-processors (semiconductors) used in ECUs. If the situation persists for a longer period, it can impact the automotive segment. Moreover, the company can be impacted by the second wave of COVID-19.
- The second wave of COVID-19 can lead to slowdown in economic activities and, thus, can impact earnings of the company.

Additional Data

Key management personnel

Anand G Mahindra	Chairman
Anish Shah	Managing Director and CEO
Rajesh Jejurikar	Executive Director (Auto and Farm Sectors)
Manoj Bhat	Group Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	PRUDENTIAL MANAGEMENT & SERVICES	11.4
2	M&M BENEFIT TRUST	6.8
3	LIFE INSURANCE CORPORATION OF INDIA	8.2
4	FIRST STATE INVESTMENTS	4.0
5	SBI-ETF NIFTY 50	2.7
6	ICICI PRUDENTIAL VALUE FUND	2.2
7	ICICI PRUDENTIAL LIFE INSURANCE COMPANY	1.5
8	KUWAIT INVESTMENT AUTHORITY FUND	1.4
9	GOVERNMENT PENSION FUND GLOBAL	1.3
10	NPS TRUST	1.3

Source: Bloomberg

Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

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