Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Stock Update

Result Update

Triveni Engineering & Industries Ltd

Soft Q1; long-term growth prospects intact

Miscellaneous	Sharekhan code: TRIVENI

Reco/View: Buy	↔	CMP: Rs. 307	Price Target: Rs. 360	↑

↑ Upgrade ↔ Maintain ↓ Downgrade

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		↔	

ESG Disclosure Score NEW

ESG RISK RATING 32.67

Updated Jul 08, 2023

High Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

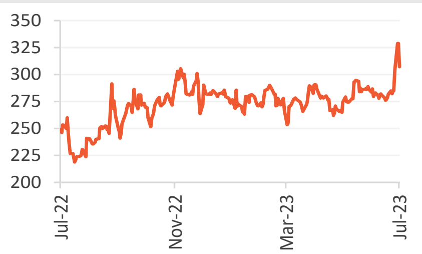
Company details

Market cap:	Rs. 6,720 cr
52-week high/low:	Rs. 333/216
NSE volume: (No of shares)	5.2 lakh
BSE code:	532356
NSE code:	TRIVENI
Free float: (No of shares)	8.5 cr

Shareholding (%)

Promoters	61.0
FII	6.1
DII	8.2
Others	24.7

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	8.3	5.7	12.3	23.4
Relative to Sensex	2.3	-4.3	1.5	2.7

Sharekhan Research, Bloomberg

Summary

- Triveni Engineering & Industries' (TEIL's) Q1FY2024 performance was hit by lower domestic sugar sales volumes due to lower quota allocation. Gross revenues and PAT grew by 5% and 16% y-o-y, respectively.
- Company maintained guidance of double-digit growth in ethanol production with expanded capacity to 1,110 KLPD over the next two years. TEIL sees no major impact of FCI suspension of surplus rice for ethanol production. Mix will determine business' profitability.
- Engineering business is scaling up well and has a strong order booking of Rs. 1,613 crore. TEIL foresees strong opportunities in the defence business (investing Rs. 40 crore in capex).
- Stock trades at 15.2x and 11.87x its FY2024E and FY2025E earnings, respectively. We maintain a Buy with a revised PT of Rs. 360.

Triveni Engineering & Industries (TEIL) Q1FY2024 performance was soft impacted by lower domestic sugar sales volumes, affected by lower quota allocation and lesser ethanol sales volumes on lower offtake by OMCs. Gross revenues grew by 5.2% y-o-y to Rs. 1,432.3 crore led by 40% y-o-y growth revenues of distillery business and 24% y-o-y growth in the combined engineering business. EBIDTA margins improved marginally by 36 bps y-o-y to 8.7%. EBIDTA grew by 10% y-o-y to Rs. 125 crore and adjusted PAT (before profit of share of associates) grew by 17% y-o-y to Rs. 67.6 crore. Consolidated debt stood at Rs. 1,011.2 crore on March 31, 2023 (lower by ~Rs. 600 crore y-o-y).

Key positives

- Sugar business' realisations grew by 5.6% y-o-y to Rs. 37.5 per kg.
- Distillery production increased by 19% y-o-y to 5.04 crore litres due to additional capacities and expansion commissioned.
- Power transmission business clocked strong numbers with revenues and profitability growing by 78% and 110% y-o-y, respectively.

Key negatives

- Sugar volumes decreased by 21.4% y-o-y due to lower domestic quota allocation.
- Distillery business margins fell by 321 bps y-o-y to 17.3% due to higher contribution from grain-based ethanol production.

Management Commentary

- Sugar supplies would normalise in coming quarters as quota allocation would stabilise in the quarters ahead.
- Monsoons are good in the crop area and thus TEIL expects stable cane production in the next season. Excess or extended rainfall till October might however affect production and recovery next season.
- Food Corporation of India (FCI) suspension supply of surplus rice for ethanol production will not materially affect ethanol production. Fungible facility and sufficient stock of grain and molasses will take care of ethanol production till end of the current season.
- Profitability of distillery business will be determined by the mix between sugar-based and grain-based ethanol production in coming quarters. Management expects increase in the ethanol prices in the upcoming ethanol policy.
- Company has maintained its guidance of strong double-digit growth in ethanol production and sales led by increase in the capacity and higher offtake from OMCs. Current ethanol capacity is running at 100% capacity utilisation.
- In the engineering business, the company is optimistic of higher order booking in the defence segment. It is setting up a dedicated multi-modal facility for defence products with an investment of Rs. 40 crore.

Revision in earnings estimates - We have lowered our earnings estimates for FY2024 and FY2025 by 4-5% to factor in little lower revenues in the sugar business and lower profitability in the distillery business.

Our Call

View - Maintain Buy with a revised PT of Rs. 360: TEIL posted soft numbers in Q1FY2024. However, the company is well-poised to achieve strong double-digit earnings growth over FY2023-FY2025 with higher capacity utilisation in the expanded distillery facility, improved production for the sugar business, and better order book in the engineering business. It has maintained its thrust on its key businesses through sustained investment in operating efficiency and capacity expansion. With expected higher contribution from distillery business and fast scale-up of the engineering business, the return ratios will consistently improve in the coming years. Stock trades at 15.2x/11.7x its FY2024E/25E. We maintain a Buy on the stock with a revised price target of Rs. 360.

Key Risks

Sharp fall in sugar production, substantial increase SAP rate or slow recovery in the engineering business would act as a key risk to our earnings estimates.

Valuation (Consolidated) Rs cr

Particulars	FY22	FY23	FY24E	FY25E
Revenue	4,694	6,310	6,724	7,891
OPM (%)	13.5	9.8	10.4	11.0
Adjusted PAT	372	374	431	563
Adjusted EPS (Rs.)	17.8	17.8	20.1	26.2
P/E (x)	17.2	17.2	15.2	11.7
EV/EBIDTA (x)	14.3	12.5	10.7	8.4
RoNW (%)	24.8	17.1	15.5	17.4
RoCE (%)	17.9	16.1	16.0	19.2

Source: Company; Sharekhan estimates

Soft Q1

Revenues grew by just 5.2% y-o-y to Rs.1,432.3 crore affected by 15.2% y-o-y decline in the revenues of sugar business to Rs. 892.3 crore, while the distillery business' revenues (net of excise duty) grew by 21.4% y-o-y to Rs. 295.5 crore and engineering business delivered 24.2% y-o-y growth to Rs. 118.8 crore. EBITDA margin marginally improved by 30 bps y-o-y to 8.7%, lower than our expectation of 10.7%. EBIT margins of the sugar division was up by 49 bps y-o-y to 5.6%. Distillery business EBIT margin decreased by 321 bps y-o-y to 17.3%. EBITDA grew by 10% y-o-y to Rs. 124.9 crore and adjusted PAT grew by 16.5% y-o-y to Rs. 67.6 crore, versus our expectation of Rs. 105 crore.

Sugar business: Lower sugar dispatches affected performance

Revenues declined by 15.2% y-o-y to Rs. 892.3 crore, due to a 21.7% y-o-y decline in domestic sales volumes due to lower domestic quota allocations. Average blended realisations grew by 5.6% y-o-y to Rs. 37.3/kg due to high export realisations and relatively firmer domestic realisations. The segment's EBIT declined by 7% y-o-y to Rs. 49.6 crore, while EBIT margin improved by 49 bps y-o-y to 5.6%. The contribution of sugar sold in Q1FY2024 was higher by Rs. 880/tonne y-o-y in view of higher sugar realisation prices (including exports). During the quarter, TEIL achieved sugar exports of 14,531 tonnes out of total export quota of 2,04,868 tonnes (1,90,337 tonnes achieved in FY23) and export realisations were at a considerable premium to the domestic prices further contributing to the profitability. During SS 2022-23, TEIL's cane crushing was higher by 10.8% to 9.33 million tonnes, while net recovery marginally declined to 10.23% from 10.55% in SS 21-22. Sugar inventory as on June 30, 2023 was 43.44 lakh quintals, which is valued at Rs. 33.6/kg. Co-generation operations (including incidental co-generation) achieved external sales of Rs. 12.7 crore against Rs. 16.9 crore in Q1FY2023, registering a 25% y-o-y decline.

Sugar business' performance

Particulars	Q1FY24	Q1FY23	y-o-y %
Sugar dispatches (tonnes)			
Domestic	1,87,522	2,39,540	-21.7
Exports	14,531	0	-
Total	**2,02,053**	**2,39,540**	**-15.6**
Average Blended Realization (Rs./kg)	37.3	35.3	5.6
Revenue (Rs. Crore)	**892.3**	**1,051.7**	**-15.2**
PBIT (Rs. crore)	49.6	53.3	-7.0
PBIT margins (%)	**5.6**	**5.1**	**49**

Source: Company, Sharekhan Research

Distillery business: Volume-led growth; Margins declined y-o-y

Net revenue of distillery business grew by 21.4% y-o-y to Rs. 295.5 crore, aided by ethanol sales volume growth of 9.1% y-o-y to 42,457 kilolitre, driven by higher distillation capacities and IMIL volume growth of 71.6% y-o-y to 11.3 lakh cases, while average realisations marginally fell by 1.5% y-o-y to Rs. 57/litre. The business's PBIT margin decreased by 321 bps y-o-y to 17.3% due to higher contribution of sales from grains (36% contribution in Q1FY2024 versus nil in Q1FY2023) as the margin associated with grain operations is lower than B-heavy molasses. Additional capacities commissioned in FY2023 resulted in highest-ever production in a quarter to 50,446 KL. However, despite having record alcohol production and orders in hand, alcohol sales during the quarter were lower than expected due to offtake issues at the end of OMCs at certain depots (specifically Gujarat, Mathura and few depots in Punjab). During the quarter, alcohol produced from sugarcane-based feedstocks formed 64% of the total sales volumes, with sales of ethanol made from B-heavy molasses at 56%. Ethanol constituted 91% of alcohol sales during Q1FY2024 compared to 95% in Q1FY2023.

Distillery business' performance

Particulars	Q1FY24	Q1FY23	y-o-y %
Operational details			
Production (KL)	50,446	42,273	19.3
Sales (KL)	42,457	38,902	9.1
Avg. Realisation (Rs./ltr)	57.0	57.8	-1.5
IMIL Sales (Lakh Cases)	11.3	6.6	71.6
Financial details			
Net Revenues (Rs. crore)	529.8	379.2	39.7
Revenue Net of Excise Duty (Rs. crore)	295.5	243.4	21.4
PBIT (Rs. crore)	51.0	49.8	2.4
PBIT margins (%)	17.3	20.5	-321

Source: Company, Sharekhan Research

Engineering business growth momentum continued

The combined engineering businesses grew by 24.2% y-o-y with revenues of Rs. 118.8 crore driven by 77.8% y-o-y growth in the Power Transmission business, while revenue of water business marginally declined y-o-y. Combined PBIT of the businesses at Rs. 21.4 crore grew by 89% y-o-y. Outstanding order book stands at Rs. 1,613 crore for combined Engineering Businesses.

Power transmission business – Strong growth in revenue & profitability

Revenues increased by 77.8% y-o-y to Rs. 54.1 crore driven by product sales across OEMs. The business reported strong export performance in supply of API gearboxes to the Americas and Europe and supply of compressor gears to China and Europe. EBIT margins improved by 520 bps y-o-y to 34% aided by lower raw material costs and cost optimisation of selling, general and administrative (SG&A) expenses. In Q1FY2024, new order booking grew by 21.3% y-o-y to Rs. 65.4 crore, while closing order book was up 11.6% y-o-y to Rs. 271.6 crore (including long duration orders of Rs. 123.8 crore) driven by growth witnessed across key sectors such as steel, oil & gas and customer segments such as steam turbines, compressors, pumps.

Water business – Revenues slip slightly; margins rose by 73 bps y-o-y

Water business performance includes performance of wholly owned SPV executing Mathura Project awarded by National Mission of Clean Ganga (NMCG) under Namami Gange Programme and Pali ZLD Pvt Ltd. Revenues marginally declined by 0.8% y-o-y to Rs. 64.7 crore due to delay in execution of certain projects. PBIT margin improved by 73 bps y-o-y to 4.6%. The outstanding order book as on June 30, 2023, stood at Rs. 1,341.1 crore, which includes Rs. 905.8 crore towards O&M contracts for a longer time period. The business is actively targeting foreign projects wherever it possesses the pre-qualifications and funding is ensured through multilateral and reputed agencies.

Engineering business's performance

Segmental Revenue (Rs. crore)	Q1FY24	Q1FY23	Y-o-Y (%)
Engineering Business			
Power Transmission	54.1	30.4	77.8
Water	64.7	65.3	-0.8
Total	**118.8**	**95.7**	**24.2**
Segmental Results (Rs. crore)			
Engineering Business			
Power Transmission	18.4	8.8	109.8
Water	3.0	2.6	17.6
Total	21.4	11.3	89.0
EBIT margin (%)			**Y-o-Y (BPS)**
Power Transmission	34.0	28.8	520
Water	4.6	3.9	73
Closing Order book (Rs. crore)			
Power Transmission	271.6	243.4	11.6
Water	1,341.1	1,645.5	-18.5

Source: Company, Sharekhan Research

Debt declines y-o-y

Total standalone debt as on June 30, 2023 stood at Rs. 918.5 crore compared to Rs. 1,541.5 crore as on June 30, 2022, including term loans of Rs. 281.2 crore with almost all such loans availed on interest subvention or at subsidised interest rate. On a consolidated basis, total debt stood at Rs. 1,011.1 crore compared to Rs. 1,617.7 crore as on June 30, 2022. Overall average cost of funds is at 6.71% during Q1FY2024 versus 5.04% in Q1FY2023.

Key conference call highlights

- **Sugar industry's outlook:** Sugar production in SS 2022-2023 is estimated at 32.8 million tonne with a diversion of ~4 million tonne for ethanol production. With an opening balance as on October 1, 2022 of ~7 million tonnes, sugar production for SS 2022-23 of ~32.8 million tonnes, domestic sales of ~27.5 million tonnes and 6.15 million tonnes of sugar exports, the closing stock is expected at 6 million tonnes.
- **TEIL's sugar business outlook:** TEIL continues to focus on boosting yields and increasing crush capacities progressively in sync with increased sugarcane availability. The company is also in the process of increasing its refined sugar production to ~70% (up from ~60% currently) by changing the manufacturing process at its sugar unit in Milak Narayanpur. As per the management, the condition of the sugarcane crop and the rainfall so far has been satisfactory in the catchment areas of TEIL's sugar mills but the continuance of good climatic conditions in the subsequent period are critical for the performance in the forthcoming season. The company is embarking on digitization of sugarcane activities to increase productivity and response time to the issues requiring immediate action.
- **Distillery business outlook: As** per the management, the company's current capacity of 660 KLPD is being operated at near 100% utilisation. TEIL is on track to expand its distillery capacity to 1110 KLPD and expects the Rani Nangal facility to be operational by Q4FY2024 and Sabitgarh facility to commence operation shortly thereafter. Management has maintained its ethanol guidance for FY2024 and expects the new facilities to contribute in FY2025. In terms of supplies to OMCs, out of the total contracted quantity of Rs. 17-17.5 crore, the company has supplied ethanol of Rs. 11 crore so far and is confident to that it will met the entire contracted capacity.
- **Power transmission business outlook:** TEIL aims to focus on market share gains in product segment, especially from the international market with focus on new and existing customer relationships and increasing footprint to capture high-growth opportunities for Aftermarket segment through a combination of own efforts and expanding agents' network. Management indicated that out of the Rs. 272 crore power transmission business order book, Rs. 80 crore is in the defence segment and out of total Rs. 100 crore investment in power transmission business, Rs. 44 core in defence. As per the management, opportunity in defence is very large and the company's enquiry book is much larger than the order book. To capture the huge opportunity, TEIL is setting up a dedicated multi-modal facility for defence products, which will help the business gain confidence of key customers and expand its service offerings.
- **Water business' outlook:** After achieving success in Maldives and Bangladesh, Water business is trying to expand activities in Serbia, Croatia, Egypt, Nepal and several African countries. Domestic market opportunities are increasing in recycle & reuse of wastewater. The business is also exploring Public Private Partnership (PPP) opportunities for Sewage Treatment Plant (STP) recycling on PPP format. Management has guided that municipal business opportunities are looking attractive in many key states such as Karnataka, UP, Punjab, Delhi, Telangana, and Maharashtra. Outlook is positive for EPC and HAM projects driven by large investments by Governments, both at state level and at central. Market is witnessing increasingly more & more projects under Public Private Partnership (PPP) - HAM model and TEIL would widely participate in this business segment.

Results (Consolidated) **Rs cr**

Particulars	Q1FY24	Q1FY23	Y-o-Y (%)	Q4FY23	Q-o-Q (%)
Revenues	**1,432.3**	**1,361.5**	**5.2**	**1,818.3**	**-21.2**
Raw materials	1,084.8	1,062.0	2.1	1,283.5	-15.5
Employee costs	86.7	78.0	11.2	98.9	-12.3
Other expenditure	135.9	107.6	26.2	172.6	-21.3
Total expenditure	1,307.4	1,247.6	4.8	1,555.0	-15.9
Operating profit	**124.9**	**113.9**	**9.7**	**263.3**	**-52.6**
Other income	12.2	9.9	23.8	21.6	-43.4
Interest expenses	20.8	21.7	-3.8	9.8	-
Depreciation	25.3	21.8	15.9	24.5	3.2
Profit Before Tax	91.0	80.3	13.3	250.6	-63.7
Tax	23.4	22.2	5.2	60.3	-61.2
Adjusted PAT (before associates)	**67.6**	**58.1**	**16.5**	**190.3**	**-64.5**
Share of profit from associates	0.0	8.4	-	0.0	-
Reported PAT	**67.6**	**66.4**	**1.7**	**190.3**	**-64.5**
EPS (Rs.)	2.8	2.7	1.7	7.9	-64.5
			Bps		**Bps**
GPM (%)	24.3	22.0	226	29.4	-515
OPM (%)	8.7	8.4	36	14.5	-576
NPM (%)	4.7	4.3	46	10.5	-574
Tax rate (%)	25.7	27.7	-199	24.0	165

Source: Company, Sharekhan Research

Outlook and Valuation

■ Sector view - Higher ethanol output to drive growth

As per the ISMA's latest estimates for SY2022-SY2023, total sugarcane production is estimated at 32.8 million tonnes (net of diversion to ethanol). Diversion to ethanol will amount to ~4 million tonnes. With consumption expected at 27.5 million tonnes, surplus sugar in the next season is expected at 6 million tonnes. India achieved 10% average blending percentage in June 2022, which is expected to improve in the ongoing sugar season. Sugar realisation is expected to be stable with the government expected to take care of surplus inventory by allowing exports of sugar or higher diversion for ethanol production. The government is targeting to achieve a 20% ethanol blending by 2024-2025, which would largely solve the problem of excess sugar over the medium term.

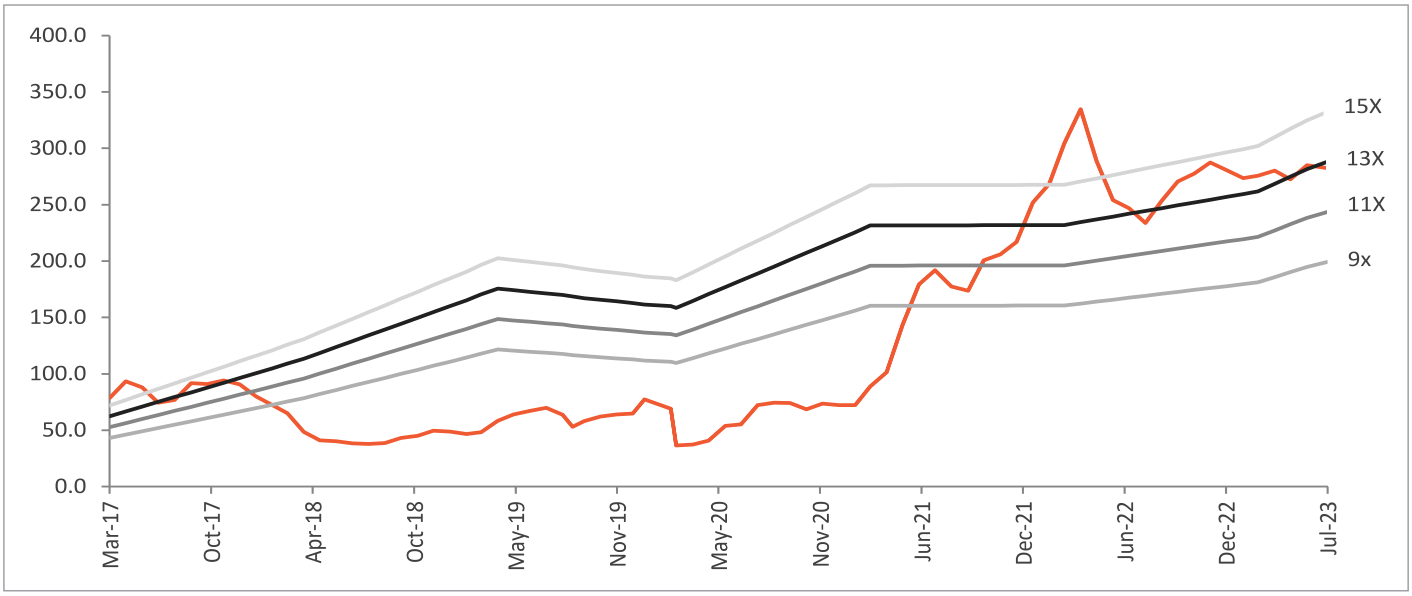
■ Company outlook - Capacity expansion in the distillery business improves the growth outlook

TEIL's Q1FY2024 performance was affected by lower sugar dispatches due to lower quota allocation, while ethanol sales declined due to offtake issues by OMCs at certain deports. Engineering business posted relatively better performance. The management expects sugarcane availability and crushing to be higher in the coming season. Realisations are expected to stay high on a y-o-y basis due to decreased demand-supply gap in the international market. With capacity expansions, distillery production is expected to 21 crore litre in FY2024 (30-32 crore litre by FY2025). The engineering business has a strong order book of close to Rs. 1,613 crore. Profitability is expected to improve because of cost-control measures and better operating efficiencies. Thus, the company is well poised to report steady revenue growth with sustained improvement in EBITDA margin in the coming years.

■ Valuation - Maintain Buy with a revised PT of Rs. 360

TEIL posted soft numbers in Q1FY2024. However, the company is well-poised to achieve strong double-digit earnings growth over FY2023-FY2025 with higher capacity utilisation in the expanded distillery facility, improved production for the sugar business, and better order book in the engineering business. It has maintained its thrust on its key businesses through sustained investment in operating efficiency and capacity expansion. With expected higher contribution from distillery business and fast scale-up of the engineering business, the return ratios will consistently improve in the coming years. Stock trades at 15.2x/11.7x its FY2024E/25E. We maintain a Buy on the stock with a revised price target of Rs. 360.

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Companies	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Balrampur Chini	28.7	15.4	13.0	18.4	12.5	10.7	9.7	13.9	15.4
Dhampur Sugar	11.9	9.5	8.1	8.6	8.1	6.8	14.2	14.7	15.1
Dhampur Bio	11.4	8.7	7.9	9.5	10.4	9.3	9.1	10.1	10.1
Triveni Engineering	17.2	15.2	11.7	12.5	10.7	8.4	16.1	16.0	19.2

Source: Company; Sharekhan Research

About company

TEIL is the largest integrated sugar manufacturer in India and the market leader in its engineering businesses comprising high-speed gears, gearboxes, and water and wastewater treatment solutions. TEIL currently has seven sugar mills in operation at Khatauli, Deoband, Sabitgarh (in western UP), Chandanpur, Rani Nangal, and Milak Narayanpur (Central UP) and Ramkola (Eastern UP). While the company's gears manufacturing facility is located at Mysuru, the water and wastewater treatment business is located at Noida. The company currently operates six co-generation power plants located across five sugar units and two molasses-based distilleries in UP, located at Muzaffarnagar and Sabitgarh. The company has a multi-feed distillery at Milak Narayanpur. TEIL manufactures IMIL at its Muzaffarnagar distillery.

Investment theme

TEIL will be one of the key beneficiaries of improving fundamentals of the sugar industry in India with the government focusing on reducing the cyclicality in the industry to achieve stable realisation and better profitability in the coming years. Expansion in distillery capacity will drive strong growth for the distillery business, which will add to overall profitability. Further, increased MSPs and higher international sugar prices will keep sugar realisation stable despite higher sugar production. This will help EBITDA margin to improve from ~10% in FY2023 to ~11% in FY2025. Higher profitability along with stable working capital management will help cash flows to improve in the coming years. Thus, the balance sheet is expected to strengthen further in the coming years.

Key Risks

- Any significant increase in global sugar production would impact export realisation.
- Any change in sugar export or ethanol blending policies would affect business fundamentals.

Additional Data

Key management personnel

Dhruv M Sawhney	Chairman-Managing Director
Tarun Sawhney	Executive Director - Managing Director
Suresh Taneja	Group CFO
Geeta Bhalla	Group General Manager & Company Secretary & Compliance Officer

Source: Company

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	DSP investment managers Pvt Ltd	5.03
2	Goel Anil Kumar	3.49
3	Plutus Wealth Management LLP	1.37
4	Nippon Life India Asset Management Company	1.29
5	Devabhaktuni Manohar	1.06
6	Mahindra Manulife Investment Mgmt	0.87
7	Dimensional Fund Advisors LP	0.81
8	Bank of India Invesment Managers	0.29
9	Blackrock Inc	0.12
10	VicSuper Pty Ltd	0.10

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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by BNP PARIBAS

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