



Powered by the Sharekhan 3R Research Philosophy

3R MATRIX

	+	=	-
Right Sector (RS)	Green	Grey with check	Red
Right Quality (RQ)	Green	Grey	Red
Right Valuation (RV)	Green	Grey	Red

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	Grey	↔	Grey
RQ	Red	↑	Green
RV	Red	↑	Green

ESG Disclosure Score NEW

ESG RISK RATING	35.2			
Updated Apr 13, 2023				
High Risk				
NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

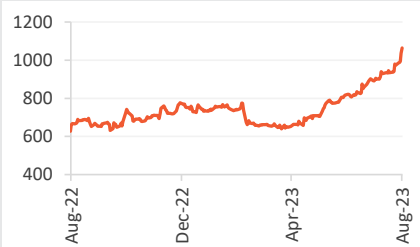
Company details

Market cap:	Rs. 48,422 cr
52-week high/low:	Rs. 1078/603
NSE volume: (No of shares)	49.8 lakh
BSE code:	500257
NSE code:	LUPIN
Free float: (No of shares)	24.1 cr

Shareholding (%)

Promoters	47.1
FII	13.9
DII	29.4
Others	9.63

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	19.4	49.9	42.8	61.2
Relative to Sensex	19.0	43.5	34.7	48.5

Sharekhan Research, Bloomberg

Lupin Ltd

Favorable products mix and lower taxes to drive higher earnings growth

Pharmaceuticals	Sharekhan code: LUPIN		
Reco/View: Hold	↑	CMP: Rs. 1,064	Price Target: Rs. 1,181
	↑ Upgrade	↔ Maintain	↓ Downgrade

Summary

- Q1FY24 was a strong beat on all fronts. The company continues to enhance its profitability led by improved products mix across segments including for the US, India, and API markets.
- Company has a key product launch due in Q2FY24 i.e., of gSpiriva besides other line up of products like Tiotropium, Cyanocobalamin, and Diazepam gel to launch in the short to medium term besides base products sustaining or seeing market share gains in the US. Over the long term, the company intends to build up injectables and biosimilars' product pipeline to sustain profitable growth over medium to long term.
- Given its focus on growing profitably across major segments including the US, India, and APIs, we raise its sales growth estimate by 6% and 10% in FY24E and FY25E, respectively. Also, as it proposes to see improved gross margins of Q1FY24 to sustain and the ETR is expected to fall, we increase earnings estimate by 28% and 34% for FY24E and FY25E, respectively.
- Stock trades at ~ 37.3x/~22.5x its FY2024E/FY2025E revised earnings estimate compared to its historical average 1 year forward PE of 40x it has traded at in the past. Hence, we upgrade rating to Hold with a revised PT of Rs. 1181.

Q1FY24 was a strong beat on all fronts for Lupin Ltd. The company posted a strong operating revenue growth of 28.6% y-o-y to Rs. 4,814 crore (versus our estimate of Rs. 4,467 crore and consensus estimate of Rs. 4,469 crore) It was driven by a strong 57.4% y-o-y rise in the US sales to Rs. 1,591 crore (versus our estimate of Rs. 1,552 crore) led by a low base effect and recently launched first to market product like gDarunavir and sustained/rising market share in its products like Albuterol, Lisinopril, and gSuprep in the US. The company witnessed an 892-bps y-o-y rise in gross profits margins (GPMs) to 65.9% indicating improved products mix and favourable operating leverage. As a result, the company's gross profits grew at 48.7% y-o-y to Rs. 3,173 crore. This coupled with reduced operating expenses (as a % of revenue) y-o-y, the company posted a strong 422.6% y-o-y rise in operating profits to Rs. 857 crore and OPM improved by a strong 1341 bps y-o-y to 17.8%. This beat our estimates of 60% of GPM and 13% of OPMs for the quarter by a wide margin. The company had guided for an exit EBITDA margin of 18% by the end of FY24; however, with the strong beat on operating profitability it has been able to achieve it in Q1FY24 itself. Adjusting for NCE related unusual income though, the EBITDA margin was at a more normalized 14.1%, up 975 bps y-o-y (versus our estimate of 13.0%). Consequently, with 310.6% y-o-y rise in other income to Rs. 23 crore; partially offset by 100.3% y-o-y increase in finance costs, the company was able to clock in adjusted net income of Rs. 452.4 crore versus an adjusted net loss of Rs. 157.5 crore and net income of Rs. 262.2 crore in Q4FY23. Reported net income stood at Rs. 452.3 crore in Q1FY24 versus net loss of Rs. 89.1 crore. in Q1FY23 and net income of Rs. 236 crore in Q4FY23.

Key positives

- Strong recovery in quarterly run rate for net profits, nearing to its historical peak of Rs. 500 crore.
- Robust growth of 57.4% y-o-y in the US market due to low base effect and new product launches.
- Gross and EBITDA margins improved by 892 and 1,341 bps, y-o-y to 65.9% and 17.8%, respectively.

Key negatives

- Despite a cost saving program of around Rs. 250 – Rs. 300 crore and strong traction in the US and India, the company has maintained margin guidance.

Management Commentary

- Company expects profitability to expand further driven by expected rise in the US margins and improvement in India's API margins.
- ETR for the full year is expected to remain between 21% and 22%.
- gSpiriva launch is likely in Q2FY24.
- Gross margins are expected to sustain at the Q1FY24 levels given softening trend in APIs and solvents also. However, as the company has added nearly 1,300 field force in Q3 and Q4 of FY23 in India the operating expenses are expected to rise to that extent.
- Company expects the R&D absolute amount to sustain at the current levels.
- Lupin continues to maintain the guidance of 18% or higher exit EBITDA margin by the end of FY24 and around 15% margins for the full FY24.
- Pricing erosion in the US has been at low single digits now as a result of the predatory pricing that existed before leading to players exiting.

Earnings in earnings estimates: We have enhanced our earnings estimates for FY2024-FY2025 to factor in better sales and earnings growth led by a strong beat it has had in Q1FY24.

Our Call

Valuations – Profitability to improve on net basis; upgrade to Hold with a revised PT of Rs. 1181: Q1FY24 was a strong beat on all fronts on the back of improved products mix. The company intends to sustain this sales momentum driven by key product launches such as gSpiriva, Tiotropium, Cyanocobalamin, and Diazepam gel in short to medium term. Over the long term, the company intends to drive its profitable growth by building up injectables and biosimilars' product pipeline from FY24 onwards. In India, the company plans to grow its branded generics business by enhancing sales force, opening up of divisions and leveraging on growth traction in respiratory, cardiology and diabetes therapy areas. Given its focus on growing profitably across its major segments including for the US, India, and APIs, we revise up its sales growth estimate by 6% and 10% in FY24E and FY25E, respectively. Also, as it proposes to see improved gross margins of Q1FY24 to sustain henceforth and the ETR to be lower, we increase the earnings estimate by 28% and 34% for FY24E and FY25E, respectively. Stock trades at ~ 37.3x/~22.5x its FY2024E/FY2025E revised earnings estimate compared to its historical average 1 year forward PE of 40x. Hence, we upgrade rating to Hold with a revised PT of Rs. 1181.

Key Risks

- Adverse development on the regulatory front can impact earnings prospects;
- Currency risks; and
- Delay in the inspection of Pithampur and Tarapur plants by USFDA.

Valuation (Consolidated)

Particulars	FY21	FY22	FY23	FY24E	FY25E
Net sales	15,163.0	16,405.5	16,641.7	19,147	21,832
Operating Profits	2,566.9	2,097.2	1,720.6	2,870.4	3,963.3
EBITDA Margin (%)	16.9	12.8	10.3	15.0	18.2
Adj. Net profit	1,216.5	1,122.2	352.5	1,298.2	2,146.8
Adj. EPS (Rs)	26.8	24.7	7.8	28.6	47.2
PER (x)	39.7	43.1	137.2	37.3	22.5
EV/Ebitda (x)	20.4	24.5	30.0	14.7	10.0
P/BV (x)	3.5	4.0	3.9	3.6	3.2
RoCE (%)	9.0	8.4	5.1	10.6	14.9
RoNW (%)	8.8	9.2	2.8	9.7	14.1

Source: Company; Sharekhan estimates

Strong Q1: Growth largely led by strong growth across geographies and improved products mix

Q1FY24 was a strong beat on all fronts for Lupin Ltd. The company posted a strong sales growth of Rs. 28.6% y-o-y to Rs. 4,814 crore (versus our estimate of Rs. 4,467 crore and consensus estimate of Rs. 4,469 crore) It was driven by a strong 57.4% y-o-y rise in the US sales to Rs. 1,591 crore. (versus our estimate of Rs. 1,552 crore.) on the back of low base effect and recently launched first to market product like Darunavir and sustained/rising market share in its products like Albuterol, Lisinopril, and Suprep in the US. It was also aided by a decent 9.8% y-o-y rise in domestic formulations revenue to Rs. 1,638 crore. (versus our estimate of Rs. 1,626 crore), other markets or EMEA markets growing at 33.4% y-o-y to Rs. 564 crore. (versus our estimate of Rs. 461 crore.), and unusual New Chemical Entity (NCE) related revenue of Rs. 205 crore. It was partially offset by 4.0% y-o-y decline in growth markets sales to Rs. 407 crore. (versus our estimate of Rs. 487 crore.) The company witnessed 892 bps y-o-y rise in gross profits margins (GPMs) to 65.9% indicating an improved products mix and favorable operating leverage. As a result, the company's gross profits grew at 48.7% y-o-y to Rs. 3,173 crore. This coupled with reduced operating expenses (as a % of revenue) y-o-y, the company posted a strong 422.6% y-o-y rise in operating profits to Rs. 857 crore. and Operating Profits Margins (OPMs) improved by a strong 1341 bps y-o-y to 17.8%. This beat our estimates of 60% of GPM and 13% of OPMs for the quarter by a wide margin. Lupin had guided for an exit EBITDA margin of 18% by the end of FY24; however, with the strong beat on operating profitability it has been able to achieve it in Q1FY24 itself. Adjusting for NCE related unusual income though, the EBITDA margin was at a more normalized 14.1%, up 975 bps y-o-y (versus our estimate of 13.0%). Consequently, with 310.6% y-o-y rise in other income to Rs. 23 crore.; partially offset by 100.3% y-o-y increase in finance costs, the company was able to clock in adjusted net income of Rs. 452.4 crore. versus an adjusted net loss of Rs. 157.5 crore and net income of Rs. 262.2 crore in Q4FY23. Reported net income stood at Rs. 452.3 crore in Q1FY24 versus net loss of Rs. 89.1 crore. in Q1FY23 and net income of Rs. 236 crore. in Q4FY23.

Q1FY2024 Conference Call Highlights

- ♦ **Outlook:** The company's pipeline is now positioned to evolve Lupin into a complex generics' player in inhalation MDI and DPI, injectables (from Nagpur) and partnered products as well as complex ophthalmic products (from Pithampur Unit-2) areas. The company expects the profitability to expand further driven by expected rise in the US margins and improvement in India's API margins. The ETR for the full year is expected to remain between 21% and 22%. The gSpiriva launch is likely in Q2FY24. Gross margins are expected to sustain at the Q1FY24 levels given softening trend in APIs and solvents. However, as the company has added nearly 1,300 field force in Q3 and Q4FY23 in India the operating expenses are expected to rise to that extent. There had been increase in nitrosamine quality assurance related expense as well. The company expects the R&D absolute amount to sustain at the current levels. The company continues to maintain a guidance of 18% or higher exit EBITDA margin by the end of FY24 and around 15% margins for the full FY24. Pricing erosion in the US has been at low single digits now because of the predatory pricing that existed before leading to players exiting.
- ♦ **Quarter's updates:** Continued growth was evident across major reasons. The company also improved its position in terms of regulatory compliance and sought multiple product approvals and enhanced its operating profitability. The India business has clocked in double-digit growth while its US profitability continues to grow. The company expects improvements in profitability to continue the back of launch of Tiotropium and other new products in the US and sales force expansion in India, which is expected to being productive from Q2FY24. Besides India and US, which are major markets, even its institutional TB and API businesses performed well.
- ♦ **India business grew despite loss of Cidmus brand and NLEM price reductions:** The India business grew at 10% y-o-y and 11% q-o-q including the loss of the Cidmus brand and NLEM price reductions as the cardiology and respiratory therapy areas grew at a better pace than diabetes. The diabetes segment has been facing increased competition due to entry of generics in the space with loss of exclusivity on key in licensed branded in the therapy area. The company expects to clock in above market growth in the quarters ahead on the back of healthier growth in respiratory and cardiology segments as even diabetes

therapy segment is growing as well as by launching new divisions. The growth excluding the Cidmus brand and NLEM impact was at 13.6% y-o-y.

- ◆ **US business continues to see margin expansion for the fourth quarter in succession:** The margins in the US business continues to grow for the fourth consecutive quarter due to the performance of its key products such as Albuterol, Lisinopril and Suprep, and newly launched gDarunavir where it had exclusivity on the 800 mg strength. Besides strong revenue growth and improved products mix, the company continues to reduce its SG&A and distribution costs. The company has a rich line up of products like Tiotropium, cyanocobalamin, diazepam gel and as new approvals are likely to speed up due to clearance of warning letter at Pithampur unit 2, the company remains hopeful of driving profitable growth in the US for FY24 and beyond.
- ◆ **NCE:** The company received the milestone payment of Rs. 205.3 crore from AbbVie for a program advancing into the clinical research. Excluding a one-time NCE income, Forex and other income, the company's EBITDA margin was at 14.4% or Rs. 651 crore, reflecting an improvement of 50 bps q-o-q. The improvement in EBITDA is primarily driven by higher gross margins, partially offset by higher expenditure in R&D, higher employee cost due to salary hikes, and higher PLI income in the previous base quarter.
- ◆ **ETR:** The effective tax rate was 18.9% in Q1FY24 against an ETR of 36.9% for the whole of last year.
- ◆ **Regulatory compliance:** On the USFDA compliance front, Lupin made progress with receiving EIR for Pithampur Unit 2 that will enable it to launch important products like Prolanza, where it has first to file status, as well as other ophthalmic products next year. Out of the five sites the company had under warning letters, the company has now cleared three and continues to make progress on the remediation efforts at Tarapur and Mandideep. The company remains committed to ensure that it will get all its sites to a consistent and sustainable level of compliance.
- ◆ **Financials:** Sales for Q1FY24 stood at Rs. 4,742 (revenue from operations, excluding other operating revenue) in Q1FY24 versus Rs. 4,330 crore in Q4FY23, up 9.5% q-o-q and 31.6% y-o-y. The sales for the quarter includes \$25 million of milestone payment received on initiation of phase I clinical trial. Excluding the same, the sales stood at Rs. 4,537 crore, up 25.9% y-o-y. The sales growth has been robust across geographies. The US market grew at 3.6% q-o-q and 49.0% y-o-y to USD 181.0 million in Q1FY24. Whilst the India branded business registered a growth of 11.5% q-o-q and 10.2% y-o-y, the API business registered a growth of 4.5% y-o-y and 32.1% q-o-q. API business growth was driven by higher sales of cephalosporin API. Gross margins stood at 65.4% and at 63.8% excluding NCE related milestone income. The improved gross margins was on account of strong growth in the US and India. In the US the company witnessed new product launches, improved mix, higher price realisations in a few products and reduced freight costs. The margin expansion was also driven by improved mix in India and APIs.
- ◆ **Other expenses:** The sequential increase is on account of higher spends in R&D, increased consultancy charges for nitrosamine-related impurities, increase in selling and promotion expenses in India due to salesforce expansion. The same reasons were also responsible for the year-on-year increase.
- ◆ **Pipeline of products in Biosimilar and injectables:** The company has commercialised Etanercept and continues to launch it in new markets by partnering with Biocon. The company is following up with the USFDA for its Pune site for Pegfilgrastim injection. The company has been seeing q-o-q rise in R&D spends on Ranibizumab towards clinical trials which the company has been pursuing in the US and other markets. In the injectables side the company has 505J and 505 B2 opportunities. After the Nagpur facility's clearance from the USFDA the company expects to have multiple injectable product approvals from the site for the US. In later part of FY, the company also intends to launch Glucagon (a peptide) in the market. In Q1FY24, the company has launched Thiamin in partnership with Caplin Point. The company has a combination of in house and partnered products that is expected for it to build the injectables business from FY24 and beyond. The large portion of pipeline is towards injectable products.

Results (Consolidated)

Particulars	Rs cr				
	Q1FY24	Q1FY23	YoY %	Q4FY23	QoQ %
Total sales	4,814	3,744	28.6%	4,430	8.7%
Expenditure	3,958	3,580	10.6%	3,826	3.4%
EBITDA	856.5	164	422.6%	604	41.8%
Depreciation	235	193	21.7%	264	-11.1%
EBIT	622	-29	NM	340	82.9%
Other income	23	6	310.6%	37	-38.7%
Interest	86	43	100.3%	93	-7.4%
PBT	559	-66	NM	285	96.3%
Tax	105	89	18.4%	16	554.6%
PBT	454	-155	NM	269	68.8%
MI and share of associates	1	2	-51.8%	6	-83.4%
Adjusted PAT	452.4	-157.5	NM	262.2	72.5%
Extraordinary Items	0	68	NM	-26	NM
Reported PAT	452.3	-89.08	NM	236.0	91.7%
			BPS		BPS
GPMs (%)	65.9	57.0	892	60.5	542
EBITDA (%)	17.8	4.4	1341	13.6	416
NPM (%)	9.4	-4.2	NM	5.9	348
Tax rate (%)	18.9	NM	NM	5.7	1321

Source: Company, Sharekhan Research

Segmental Revenue Mix

Particulars	Rs cr				
	Q1FY24	Q1FY23	YoY %	Q4FY23	QoQ %
North America	1,591	1,010	57.4%	1,550	2.6%
India	1,638	1,492	9.8%	1,479	10.8%
Growth Markets	407	424	-4.0%	439	-7.3%
EMEA	564	423	33.4%	540	4.4%
Total Formulations	4,200	3,349	25.4%	4,008	4.8%
API	337	255	32.1%	323	4.5%
NCE	205.3	0	NM	0	NM
Consolidated sales	4,742	3,604	31.6%	4,330	9.5%

Source: Company, Sharekhan Research

Outlook and Valuation

■ Sector view - Regulatory concerns and pricing erosion prove a hurdle over the short-medium term

Over the years, Indian pharmaceutical companies have established themselves as a dependable source for global pharmaceutical companies. Many other factors, including a focus on specialty/complex products in addition to emerging opportunities in the API space, would be key growth drivers over the long term. However, ongoing USFDA plant inspections and a few companies being issued Form 483 with observations point at apparent regulatory concerns. We believe that in the near term, based on the headwinds that may drag the performance, especially in the API and CDMO space and for large pharma players seeing USFDA OAI or WL status on their facilities, we have a Neutral view of the sector.

■ Company outlook - Net profitability to improve

Lupin has been gaining strong margin expansions on the back of restructuring in the US and intends to enhance it further with the help of launching of complex generics and specialty products in respiratory, injectables and biosimilar segments. The company is expected to see the launch of its key product gSpiriva in Q2FY24. Additionally, it has added sales representatives in India by another 1,300; also, the company has been seeing improved traction for diabetes, cardiology, and respiratory products sales in India. Three out of 5 of its plants which were going through regulatory actions are compliant with the USFDA now. The company has guided for continued improvement in the earnings on the back of improved products mix, strong line up of product launches and lower taxes over short – medium term.

■ Valuation - Valuations – Profitability to improve on net basis; upgrade to Hold with a revised PT of Rs. 1181

Q1FY24 was a strong beat on all fronts on the back of improved products mix. The company intends to sustain this sales momentum driven by key product launches such as gSpiriva, Tiotropium, Cyanocobalamin, and Diazepam gel in short to medium term. Over the long term, the company intends to drive its profitable growth by building up injectables and biosimilars' product pipeline from FY24 onwards. In India, the company plans to grow its branded generics business by enhancing sales force, opening up of divisions and leveraging on growth traction in respiratory, cardiology and diabetes therapy areas. Given its focus on growing profitably across its major segments including for the US, India, and APIs, we revise up its sales growth estimate by 6% and 10% in FY24E and FY25E, respectively. Also, as it proposes to see improved gross margins of Q1FY24 to sustain henceforth and the ETR to be lower, we increase the earnings estimate by 28% and 34% for FY24E and FY25E, respectively. Stock trades at ~ 37.3x/~22.5x its FY2024E/FY2025E revised earnings estimate compared to its historical average 1 year forward PE of 40x. Hence, we upgrade rating to Hold with a revised PT of Rs. 1181.

Peer Comparison

Companies	CMP (Rs / Share)	O/S Shares (Cr)	Mcap (Rs Cr)	P/E (x)			EV / EBITDA (x)			RoE (%)		
				FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Lupin	1064	45.5	48,377	137.2	37.3	22.5	30.0	14.7	10.0	2.8	9.7	14.1
Cipla	1,207.0	80.7	97,401	32.6	25.4	21.7	19.2	16.5	14.4	12.6	14.2	14.5

Source: Company; Sharekhan Research

About company

Over the past decade, Lupin has established itself as a leading generic player from India. US and India are the company's largest markets and contribute around 37% and 35%, respectively, to the FY2021 sales of the company. The company develops and commercialises a wide range of branded and generic formulations, biotechnology products, and APIs in over 100 markets in the US, India, South Africa, across Asia Pacific (APAC), Latin America (LATAM), Europe, and Middle East regions. While in India, Lupin is among the top 10 and fastest-growing companies as well. The company is also among the top five companies in terms of prescriptions in the US. Therapy wise, the company has a leadership position in the cardiovascular, anti-diabetic, and respiratory segments and has a significant presence in the anti-infective, gastrointestinal (GI), central nervous system (CNS), and women's health segments. In terms of manufacturing capabilities, Lupin has 15 manufacturing sites and seven research centres globally.

Investment theme

Lupin is one of the leading pharmaceutical companies and is present in most markets globally. After establishing itself as a major player in the generics space, the company is making efforts to improve its presence in the specialty business. The US is a key market for Lupin where it is grappling with the issues surrounding high intensity of competition in Oral Solid Dosage (OSD) segment in the US. It has been trying to restructure or optimize the US business and enhance it with the help of launching of complex generics and specialty products in respiratory, injectables and biosimilar segments. With the improvement in the US' profitability post restructuring and key product launches lined up including gSpiriva and as it has added sales representatives in India we expects a sustained improvement in profitability on an operating and net basis.

Key Risks

- 1) Delay in the resolution of USFDA issues at its plants
- 2) Slower-than-expected ramp-up in gAlbuterol
- 3) Currency risk

Additional Data

Key management personnel

Mrs. Manju D Gupta	Chairman
Dr. Kamal K. Sharma	Vice Chairman
Ms. Vinita Gupta	Chief Executive Officer
Mr. Nilesh Deshbandhu Gupta	Managing Director
Mr. Sunil Makharia	Interim CFO

Source: Company

Top 9 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp India	8.23
2	ICICI Prudential Blue-chip Fund	5.58
3	HDFC Trustee Company Ltd.	4.05
4	Nippon Life India Trustee Ltd.	1.85
5	Government Pension Fund Global	1.57
6	NPS Trust - LIC Pension Fund Sch-State Govt	1.30
7	SBI Long Term Equity Fund	1.12
8	HDFC Life Insurance	1.07
9	DSP Tax Saver Fund	1.02

Source: Bloomberg

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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 deteriorating 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

Sharekhan

by BNP PARIBAS

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