Stock Update

Annual Report Review

Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Radico Khaitan Ltd

Growth momentum to sustain

Consumer Goods	Sharekhan code: RADICO

Reco/View: Buy	↔	CMP: Rs. 2,106	Price Target: Rs. 2,489	↑

↑ 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		↔	

Company details

Market cap:	Rs. 28,154 cr
52-week high/low:	Rs. 2,331 / 1,141
NSE volume: (No of shares)	3.0 lakh
BSE code:	532497
NSE code:	RADICO
Free float: (No of shares)	8.0 cr

Shareholding (%)

Promoters*	40.3
FII	19.4
DII	24.5
Others	15.9

Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	14.9	15.8	25.8	81.8
Relative to Sensex	10.6	6.6	8.3	52.8

Sharekhan Research, Bloomberg

Summary

- We retain a Buy on Radico Khaitan (RKL) with a revised PT of Rs. 2,489. Stock trades at 53x and 42x its FY2026E and FY2027E earnings, respectively.
- RKL's FY2024 financials were strong with revenues and operating profit growing by 31% and 41% y-o-y, respectively with an over 20% volume growth in the Prestige & Above (P&A) portfolio.
- With no major capex plan, the company aims to turn debt-free by FY2026. Return profile at low double digits will substantially improve over the next three years.
- With strong strategies in place, we expect RKL's revenues and PAT to grow at CAGR of 18% and 38% respectively over FY2024-27. Strong earnings growth and reduction in debt will boost return profile in the coming years.

Radico Khaitan's FY2024 annual report provides glimpse of the company's strong performance in the backdrop of uncertain environment and its strategic framework to drive consistent growth in the long run. Net revenues grew by 31% y-o-y to Rs. 4,119 crore (grew at a CAGR of 20% over FY2021-24) led by a robust 29% y-o-y growth in the "Prestige & Above (P&A)" segment with volume growth of 20.3%. Contribution of P&A portfolio to overall IMFL sales volume increased to 46% in FY2024 from 28% in FY2019. This aided OPM to remain high on y-o-y basis at 12.3% despite sharp increase in grain prices and volatile glass prices (likely to improve to 15% by FY2027). Commissioning of Sitapur facility secures long-term ENA supplies and provides strong opportunity to capitalize on future growth opportunities in the branded business in the coming years. This will further drive profitability in the coming years. With no major capex going ahead, RKL aims to become debt-free by FY2026 (total debt at FY2024-end stood at Rs. 737 crore). This will help return profile to substantially improve from current level of low double digits over the next 2-3 years.

- **Benefits expected from commissioning of Sitapur facility:** RKL successfully commissioned the new 350 KLPD (kilolitres per day) Extra Neutral Alcohol (ENA) distillery at Sitapur, Uttar Pradesh. The plant is now running at optimum capacity and has achieved key operating parameters. The commissioning of the Sitapur plant not only secures long-term ENA supplies for its branded business but also strongly positions RKL to capitalise on growth opportunities with enhanced bottling capacities at Sitapur.
- **Targets to become debt free by FY2026:** The company has incurred a total capex of Rs. 891 crore on Rampur Dual feed and Sitapur greenfield plant. Capex was largely done through debt and total debt on books stood at Rs. 737 crore at FY2024-end (debt:equity ratio stood comfortable at 0.3x). With no major capex planned over the next six to seven years, RKL expects to repay large chunk of debt over the next two years. We expect the company to generate strong free cash flow in the next two years, which will help to reduce significant debt in the coming years.
- **Strong growth momentum to sustain in the coming years:** P&A category brands now account for 46% of IMFL sales volume and 69% of IMFL sales value. Over the next three years, the company aims for 55% of volumes to come from the P&A category. This shift will contribute to a stable business model and assist in expanding its OPM. We expect the company's revenues to grow at CAGR of 18% over FY2024-27. OPM is likely to improve to 15% by FY2027 from the current level of ~12% led by an improved mix, benefits of backward integration and stable input prices. This along with reduction in debt will help RKL's earnings clock a CAGR of 38% over FY2024-27, which is much better compared to flat earnings performance over last four years.

Our Call

View – Retain Buy with a revised PT of Rs. 2,489: RKL's FY2024 numbers were good with revenue and PAT growing by over 30% and 25% y-o-y, respectively. Going ahead, premiumisation and support of backward integration will drive consistent strong double-digit earnings growth. We like the company's focus on launching new products in the brown and white spirits, targeting the premium/luxury segment to consistently gain market share in key markets and outpace the industry. Margins have bottomed-out and we should expect consistent improvement in profitability & cash flows in the coming years. We have introduced FY2027E earnings through this note. Stock trades at 53x/42x its FY2026E/27E EPS. We maintain a Buy rating with a revised price target of Rs. 2,489 (rolling it over to September 2026 earnings).

Key Risks

Slow expansion in OPM due to a change in liquor policies in key states/sustained increase in excise rate on liquor or volatile increase in the raw material prices would act as a key risk to our earnings growth in the near to medium term.

Valuation (Consolidated) Rs cr

Particulars	FY23	FY24	FY25E	FY26E	FY27E
Revenue	3,143	4,119	4,954	5,797	6,731
OPM (%)	11.4	12.3	13.5	14.5	15.1
Adjusted PAT	204	256	401	536	674
Adjusted EPS (Rs.)	16.5	19.6	30.0	40.1	50.4
P/E (x)	-	-	70.2	52.5	41.8
P/B (x)	12.8	11.5	10.1	8.6	7.2
EV/EBIDTA (x)	80.0	56.9	43.5	34.5	28.1
RoNW (%)	9.3	10.5	14.3	16.3	17.2
RoCE (%)	9.8	12.0	17.1	19.8	22.3

Source: Company; Sharekhan estimates

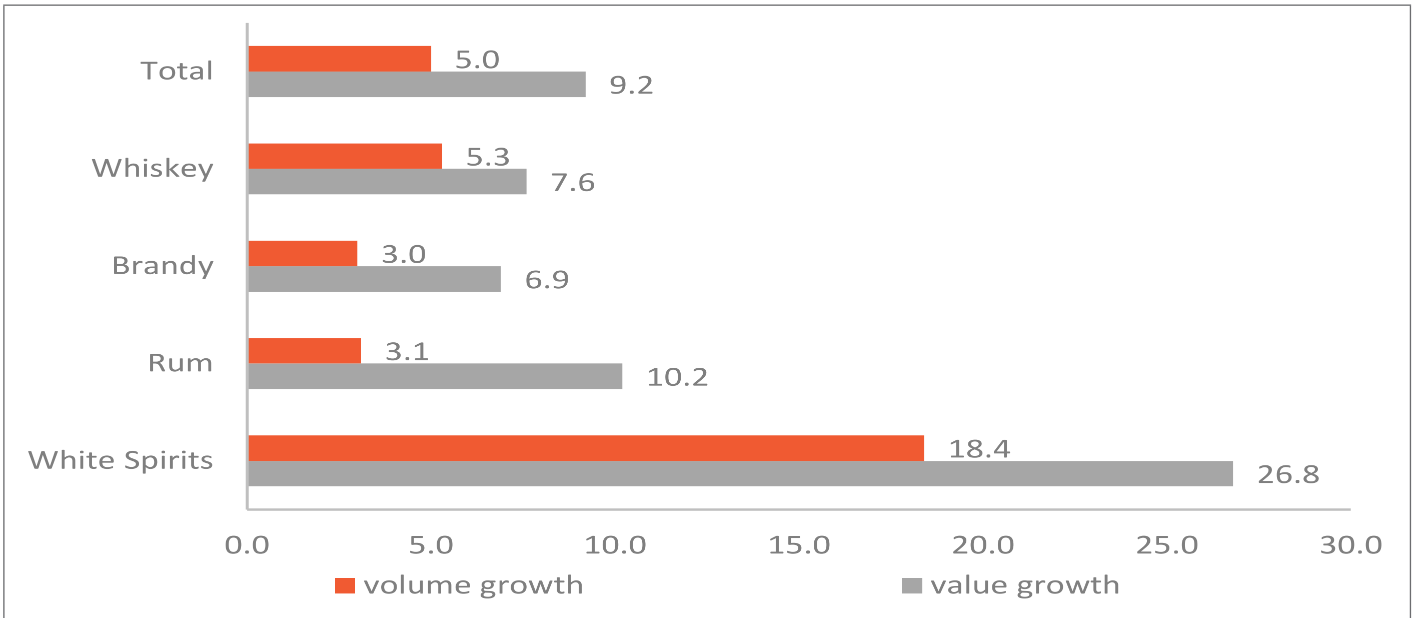
Chairman's corner

- An interesting trend in Indian consumer market is the shift towards premiumisation. Indian consumers are increasingly embracing premium products and services across various categories.
- This evolving consumer preference is driving demand for premium brands and experiences within the alcoholic beverages sector.
- Outpacing industry growth rate, Prestige & Above (P&A) category brands grew by 20.3% year-on-year in volume terms, with all core brands showing strong momentum.
- Premium product mix, along with price increases, helped partially offset the pressure of rising raw material prices.
- RKL continued to expand its luxury and super-premium portfolio to meet the discerning tastes of consumers.
- A landmark achievement for the year was the completion and commissioning of a 350-KLPD grain ENA distillery at Sitapur.
- On sustainability front, the company is enhancing community development, improving livelihoods, promoting education and healthcare, including preventive measures, and safeguarding environmental sustainability.
- With the expectation of a normal monsoon and better crop yield, early signs of softening grain prices are visible. The management believes the worst of the input cost pressures is over and expects to benefit from any favourable shifts in raw material prices in FY2025.

Industry overview – white spirits gaining more acceptance

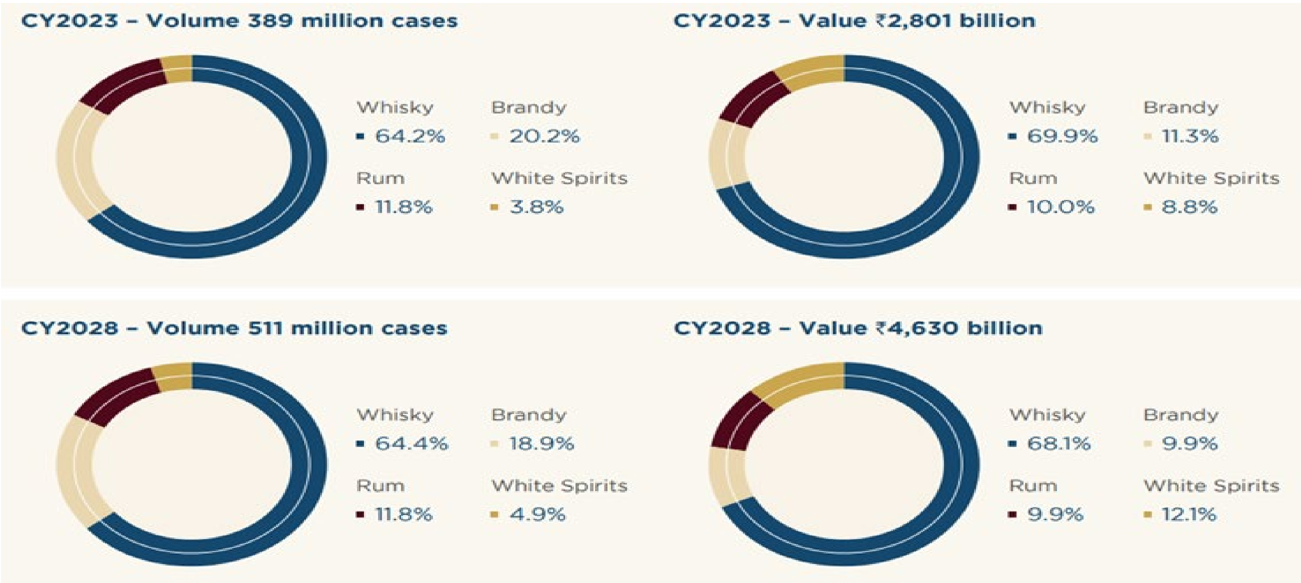
India's spirits market has been experiencing robust growth, driven by both international and local brands. Consumers are preferring premium liquor and prompting the industry to cater to this growing demand. The recent expansions in the Indian single malt segment and the introduction of new spirit categories, such as gin, reflect this trend. As per Euromonitor International, IMFL (Indian Made Foreign Liquor) industry in India grew by 5.0% to reach 389 million cases in CY2023. In value terms, the growth was 9.2%, indicating a strong premiumisation trend. White spirits, including vodka and gin, registered a strong 18.4% y-o-y growth in CY2023. Globally, white spirits account for a double-digit share of the spirits industry pie, while in India, the segment accounted for only a 3.8% share which provides more opportunities for Indian liquor to play for long. According to Euromonitor International, IMFL volumes are expected to reach 511 million cases in CY2028. During the CY2024-2028 period, IMFL sales volume is projected to grow at a CAGR of 5.6%. During the same period, the IMFL industry value is expected to grow by 11.0%. The white spirits industry is expected to perform even better, with volume growth of 10.5% and value growth of 16.8%.

Indian IMFL industry growth – CY2023



Source: Company; Sharekhan Research

Industry volumes and value – CY2023 and CY2028

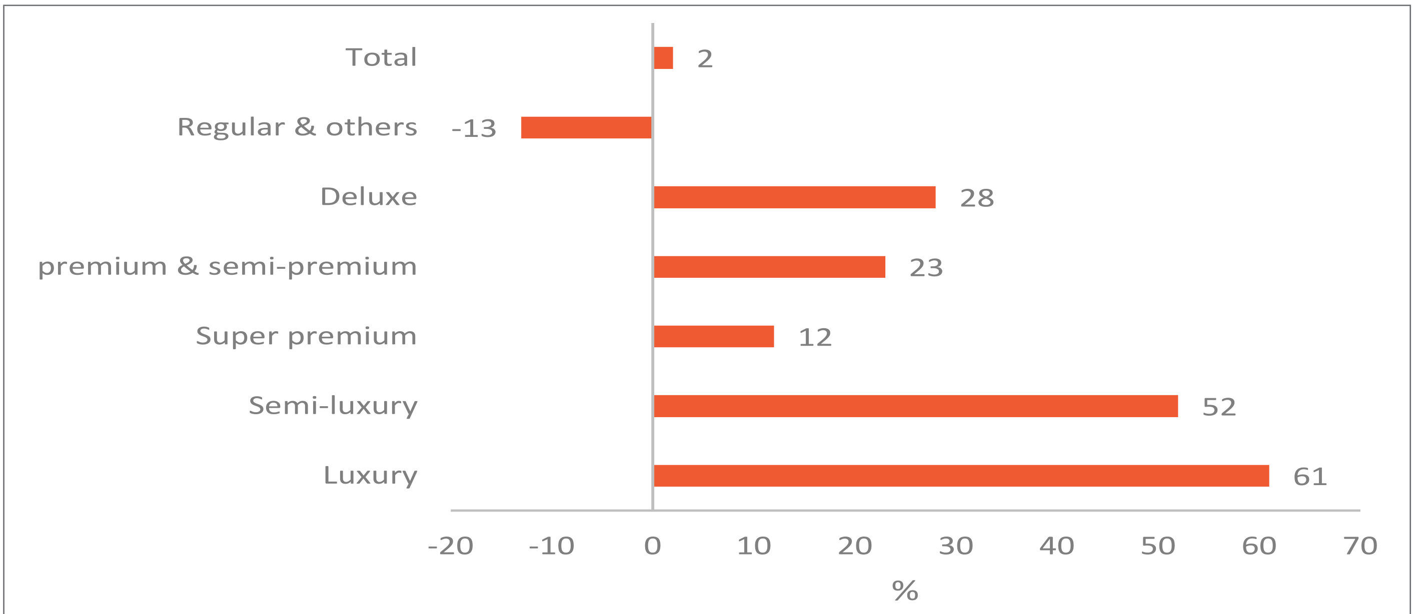


Source: Company; Sharekhan Research

RKL's growth strategy to drive consistent growth

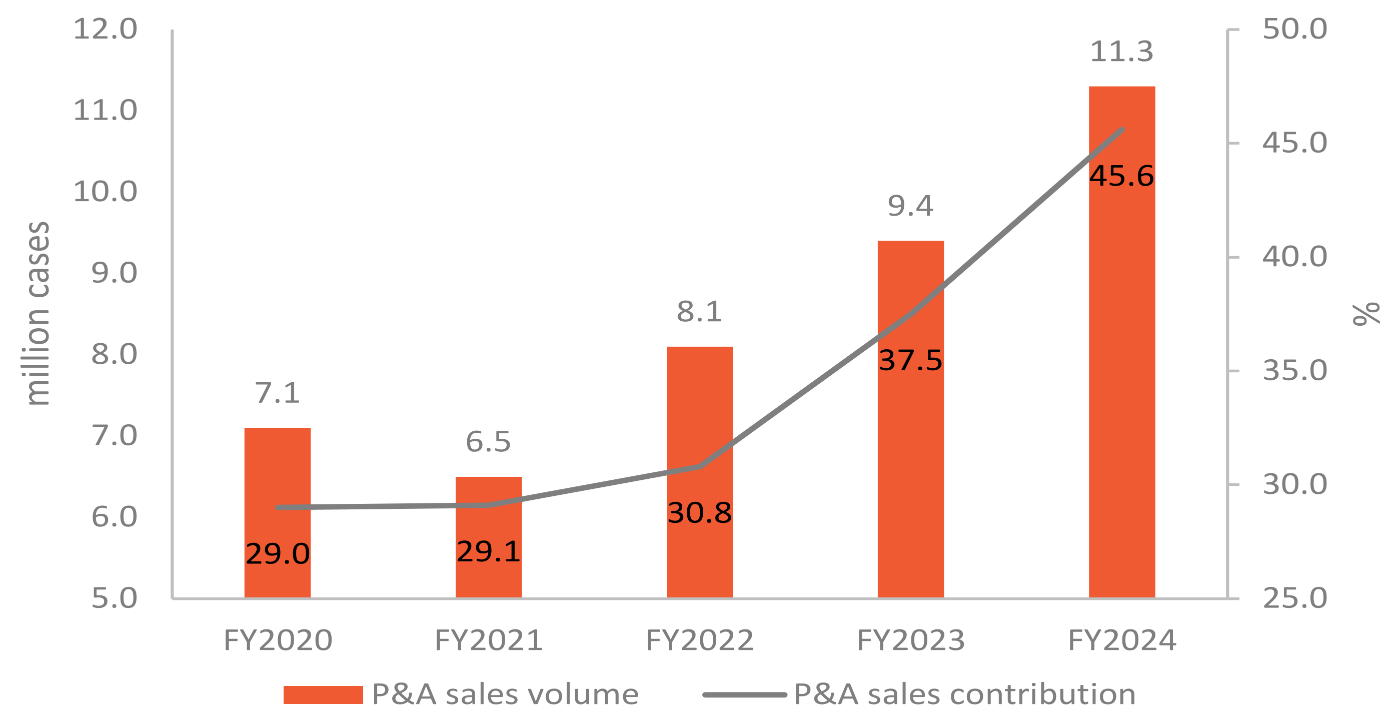
- **P&A segment to maintain robust growth:** With focus on premiumisation, Prestige and Above (P&A) portfolio is growing at twice the industry rate in volume terms, with the top end of the premium portfolio growing even faster. The biggest growth drivers of P&A performance are the gin and vodka categories. Jaisalmer Indian Craft Gin holds ~50% of the market share in the Indian luxury gin segment. Under the Rampur Indian Single Malt umbrella, RKL's super luxury malt offerings registered a 138% growth in FY2024. Royal Ranthambore, RKL's whisky in the mid-luxury segment, has seen over 100% growth in FY2024. Magic Moments brand family have achieved sales of 6.3 million cases, crossing Rs. 1,000 crore sales value milestone with a 25% growth over the previous year. The launch of Magic Moments Remix Pink Vodka in FY2024 caters to the growing demand for coloured and flavoured beverages. In FY2024, the company achieved sales of 1.3 million cases of brandy. It is a high contribution category with rising pan-India presence and acceptance. With a continued thrust on building a luxury and premium portfolio, RKL is confident of further improvement in the realisation per case and maintaining robust growth in the P&A category.

Total volume growth FY2024 (y-o-y chart)



Source: Company; Sharekhan Research

Growth in P&A segment sales volume



Source: Company; Sharekhan Research

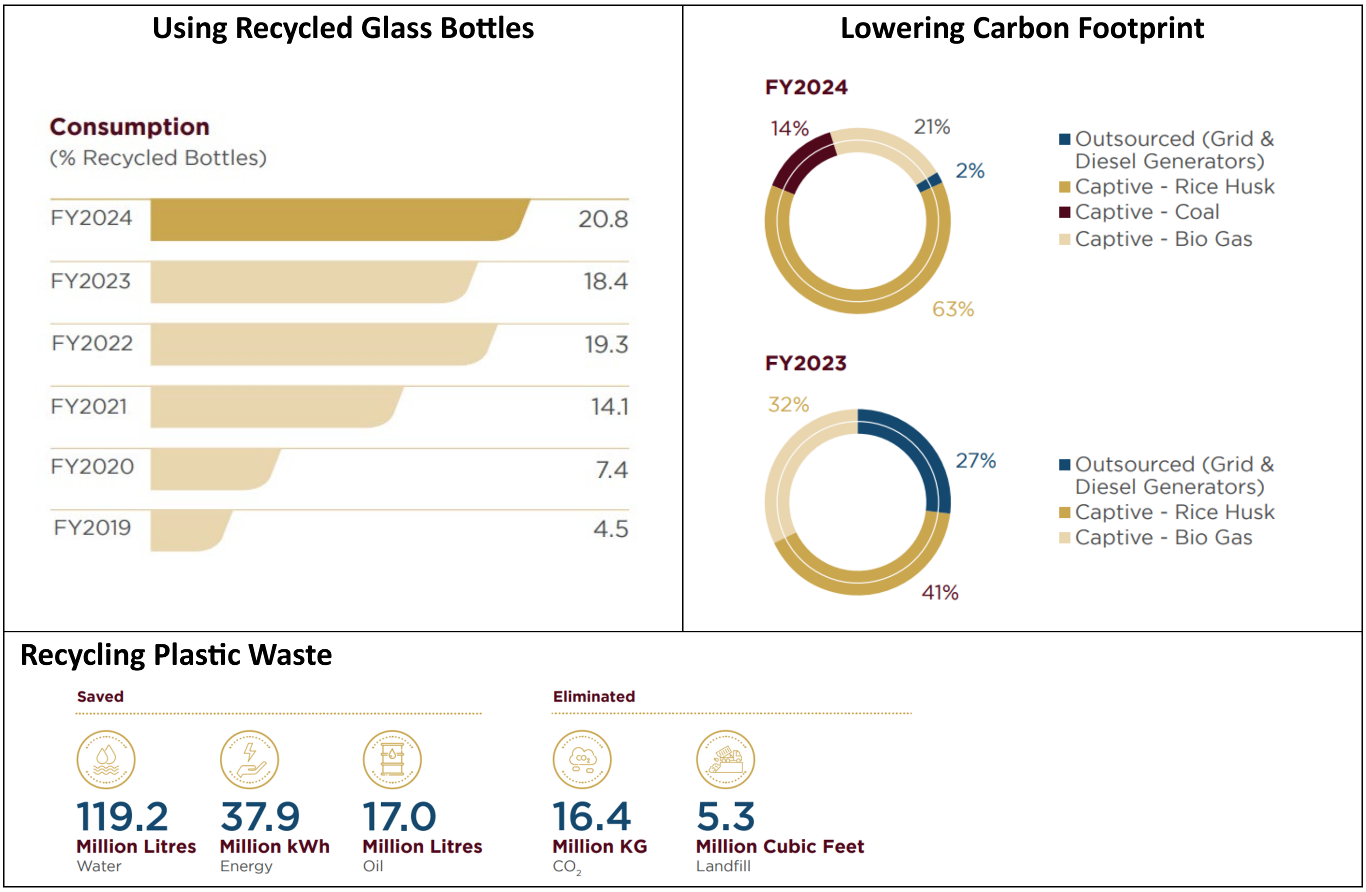
- **Benefits expected from commissioning of Sitapur facility:** The company successfully commissioned the new 350 kilolitres per day (KLPD) Extra Neutral Alcohol (ENA) distillery at Sitapur, Uttar Pradesh. The plant is now running at optimum capacity and has achieved key operating parameters. The commissioning of the Sitapur plant not only secures long-term ENA supplies for its branded business but also strongly positions RKL to capitalise on future growth opportunities with enhanced bottling capacities at Sitapur. Together with ENA production from the distilleries at the Rampur campus, the Sitapur plant's output will support the branded business growth for the next six to seven years.
- **Greater global acceptance of Indian liquor brands:** The alcoholic beverages sector is witnessing a growing acceptance of luxury portfolios worldwide, driven by the demand for new and innovative products. The improved global perception of India's economy has bolstered the confidence in Indian products. The company has taken significant efforts in building brand equity in the overseas market. Rampur Indian Single Malt, Jaisalmer Indian Craft Gin and Sangam World Malt Whisky have gained strong appreciation globally. Expanding its luxury portfolio under the Rampur Indian Single Malt umbrella, the company has recently launched the next two whiskies in the Jugalbandi series – Jugalbandi #3 and #4 – at The Whisky Show in London. Further it also launched 'The Kohinoor Reserve Indian Dark Rum' (priced at $50 per bottle) crafted through small-batch distillation using fresh cane juice spirit during the North Indian winter season. It is being rolled out across global markets, including the USA, UK, EU, Asia, and Global Travel Retail. The company has registered a 10% increase in export sales volume compared to the previous year, with a notable rise in the saliency value of entire export portfolio which grew by 38%. The response from customers and operators has been very positive, and the company is optimistic about continuing this export growth. Its key export markets include the UK, US, Europe, Middle East, Africa, Southeast Asia, Australia, New Zealand, Singapore, and Hong Kong.
- **Robust distribution network:** RKL has built a robust sales & distribution network across India, supported by efficient supply chain management. Company reaches over 1,00,000 retail outlets and 10,000 on-premises locations. Additionally, it has organised its 300+ personnel into four zones, each led by a regional profit centre head to streamline its operations. The company's extensive distribution network, complemented by sophisticated and efficient systems and processes, allows it to ensure consistent product availability across various channels and regions.
- **Management's growth direction going forward:** P&A category brands now account for 46% of IMFL sales volume and 69% of IMFL sales value. Over the next three years, the company aims for 55% of volume to come from the P&A category. This shift will contribute to a stable business model and assist in expanding its OPM. It will continue to focus on developing the luxury brands portfolio, which will be its major contributor to the profitability in long run. Further the company is focussed on ensuring that investments are giving optimum returns. This will enable to generate cash, repay debt and return cash to the shareholders. The company is committed to become debt free by FY2026.

Crafting a sustainable future

RKL is focusing on enhancing community development, improving livelihoods, promoting education and healthcare, including preventive measures and safeguarding environmental sustainability. further strong emphasis on water conservation is evident in the rainwater harvesting and groundwater recharging initiatives in and around the company's plants. Sustainability is not just a part of operations, it is embedded in RKL's future roadmap.

- The liquor industry has significant use of glass bottles. RKL has made it a priority to champion the use of recycled glass in its business. Its focussed efforts have yielded impressive results, increasing the proportion of recycled glass bottles from 4.5% in FY2019 to 20.8% in FY2024 for RKL's key brands.
- With a focus on minimising carbon footprint, the company has made significant stride with 84% of total power consumption is generated through captive power plants, utilising renewable energy sources and bio-fuels. An additional 14% was produced using low-sulphur coal, adhering strictly to the Ministry of Environment and Forests (MoEF) guidelines. Only 2% of power needs were met through external sources such as the grid or diesel generators.
- Sitapur distillery operations commenced in September 2024. Impressively, 99% of the total power consumed at Sitapur since October 2024 has been generated using bio-fuels.
- RKL has implemented various value-engineering strategies to optimise raw material costs without compromising product quality. Consequently, this has led to a saving of ~1,450 MT of glass consumption during the year. Additionally, the removal of mono-cartons from certain brands has reduced paper usage by 3,100 MT, conserving natural resources.
- In FY2024, RKL has recycled 6,724 metric tonnes of post-consumer plastic waste. The company enhanced its environmental stewardship by planting over 6,000 trees across various locations in Rampur district. Furthermore, it is taking care of nurturing of over 13,000 trees planted in previous years.
- RKL's water consumption rate is lowest in the alcoholic beverage industry. Since FY2018, it has achieved significant reductions in water usage at Rampur facility, cutting consumption by 56% in molasses-based distillery and by 50% in its grain-based distillery.
- In partnership with Art of Living, RKL has launched a skill development centre aimed at equipping unemployed youth who have not completed their 10th or 12th grade education with essential skills.

Embedding sustainability



Source: Company; Sharekhan Research

Strong financial performance

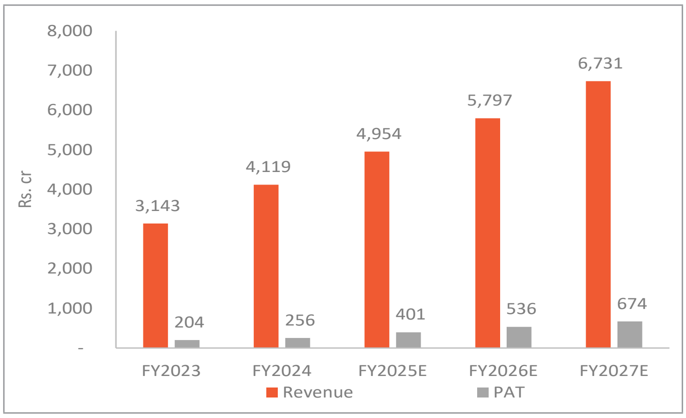
- Net revenues grew by 31% y-o-y to Rs. 4,119 crore (grew at a CAGR of 20% over FY2021-24). Strong growth is attributable to 29% y-o-y growth in the revenues of the P&A segment (driven by 20.6% y-o-y volume growth). Non-IMFL segment registered strong growth of 32% y-o-y.
- Luxury portfolio consisting of Rampur Indian Single Malt and Jaisalmer Indian Craft Gin has grown by 61% in FY2024, semi-luxury consisting of Royal Ranthambore whisky, Morpheus Blue super premium brandy and Magic Moments Dazzle vodka has grown by 52%, and super premium segment consisting of Morpheus super premium brandy and Magic Moments Verve vodka has grown by 12%.
- Magic Moments Vodka recorded 6.3 million cases sales in FY2024 and crossed sales value of Rs. 1,000 crore. Morpheus Super Premium Brandy and 1965 Spirit of Victory premium rum crossed a million-case sale for the second consecutive year. Volumes of Royal Ranthambore more than doubled. After Dark and 8PM Premium Black also continued their strong growth traction.
- Prestige & Above category volume has grown more than 130% since FY2019. This resulted in significant improvement in the realisation, which increased from Rs. 773 per case in FY2019 to Rs. 1,128 per case in FY2024.
- Despite higher grain prices and volatile glass prices, gross margin improved by 70 bps y-o-y to 42.5% in FY2024 from 41.8% in FY2023. This was led by improved product mix and price increases which aided in offsetting the input cost pressure.
- OPM rose by 89 bps y-o-y to 12.3%. Operating profit grew by 41.2% y-o-y to Rs. 506 crore in FY2024.
- Interest expenses were higher at Rs. 59 crore in FY2024 versus Rs. 22 crore in FY2023 resulted in 25.1% y-o-y growth in PAT to Rs. 256 crore, slightly slower than revenue growth.

Balance sheet highlights

- Working capital cycle widened by 13 days due to lower creditor days which reduced to 46 days in FY2024 from 59 days in FY2023. Debtor days and Inventory days remained stable at 25 days and 20 days, respectively.
- FY2024 capex stood at Rs. 571 crore (stood at Rs. 1,015 crore over FY2023-24). The company has incurred a total capex of Rs. 891 crore on Rampur Dual feed and Sitapur Green field. With no major capex planned over the next 6-7 years, RKL expects regular maintenance capex and brand related investments of Rs. 70-80 crore per annum.
- Debt on books stood at Rs. 737 crore; debt;quity ratio stood comfortable at 0.3x. The company plans to become debt-free by FY2026 with expected strong cash flow generation in the coming years.
- The company paid dividend of Rs 3 per share in FY2024 (dividend payout of 15.3%).
- RoE and RoCE stood at 10.5% and 12.0% respectively in FY2024.

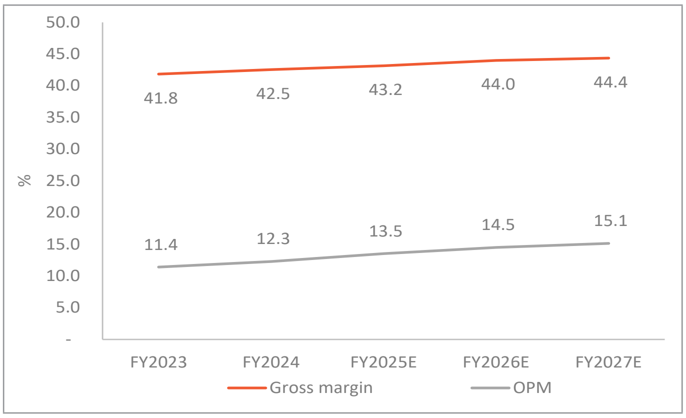
Financials in charts

Steady rise in revenue and PAT



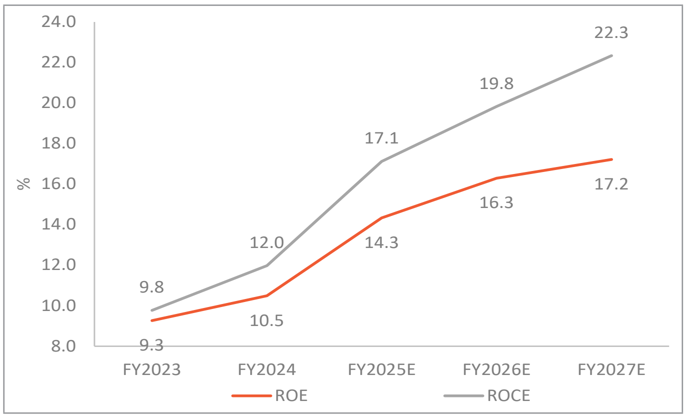
Source: Company, Sharekhan Research

Margins on raising trajectory



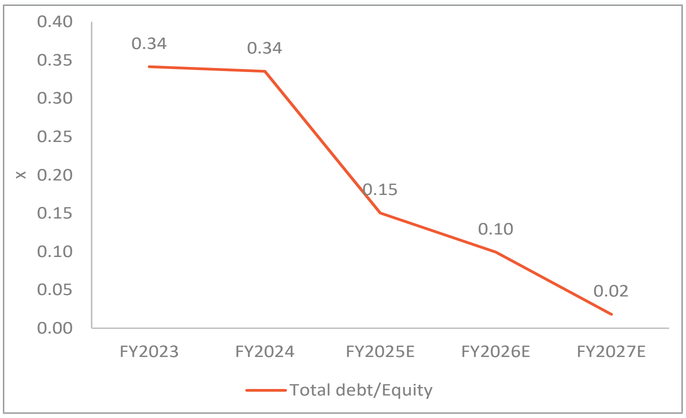
Source: Company, Sharekhan Research

Sharp improvement in return ratios



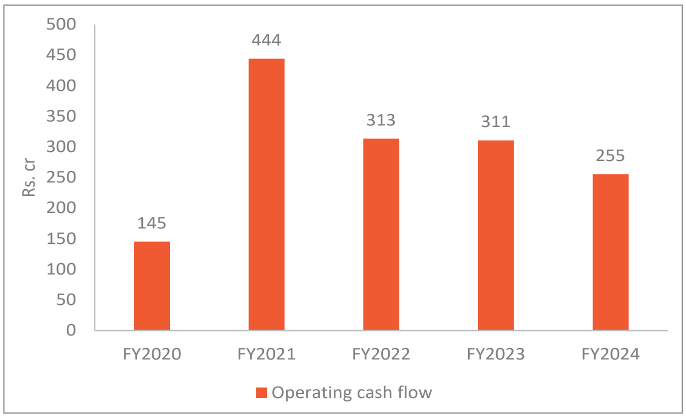
Source: Company, Sharekhan Research

Debt expected to reduce in coming years



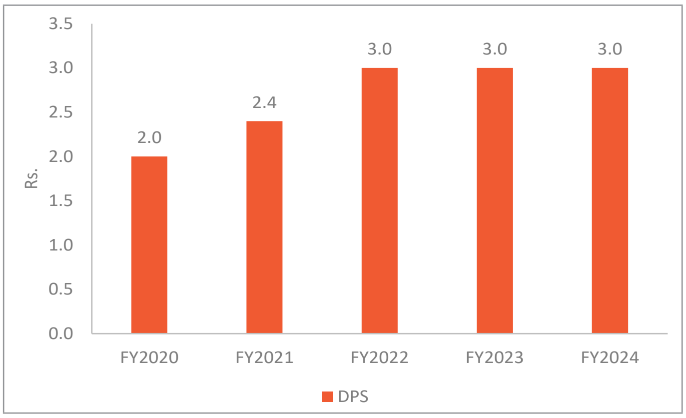
Source: Company, Sharekhan Research

Trend in operating cash flow generation



Source: Company, Sharekhan Research

Consistent dividend payout



Source: Company, Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Structural change in the alcohol industry

Indian Made Indian Liquor (IMIL) is evolving from a restricted quota-based, commoditised market to a consumer-driven brand-based industry. Its main attractiveness lies in its sizeable base, comprising SEC-D, below which could translate into ~40% of total population (excluding the Below Poverty Line). Growth in this segment is expected to be driven by a growing consumer base, rising rural income, consumption, conversion from illicit/toddy to IMIL with increasing awareness about health and quality, conducive regulatory policies and growth in population. In the short run, the IMIL industry could benefit from lower discretionary incomes, which would push up demand for lower-priced liquor. The government is targeting to achieve 20% ethanol blending by 2025, which would result in higher demand for grain-based molasses in the coming years.

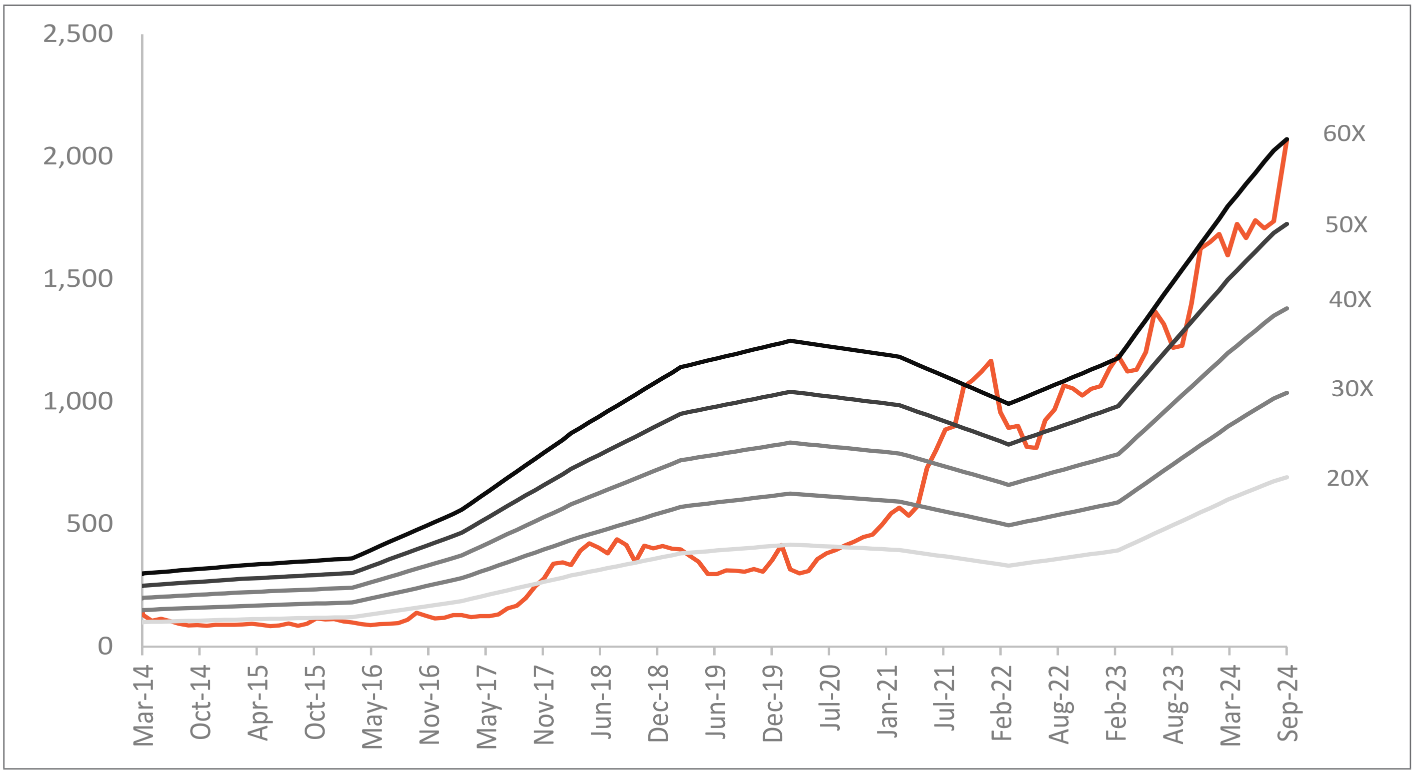
■ Company Outlook – Premiumisation remains the key growth driver

RKL delivered another year of strong volume-led growth in P&A segment leading to double-digit revenue & PAT growth. With consumers shifting to premium IMFL brands, RKL's focus on improving presence of each brand in key markets and emergence of favourable liquor policies in key states would aid faster growth of branded liquor products in the near to medium term. The company expects double-digit volume growth in the P&A segment to sustain in the medium term due to strong traction to its premium brands. Inflationary pressures will continue to pressurise margins in the near term. However, the management has maintained its medium-term guidance of achieving high-teen OPM over the next 2-3 years due to improved mix of the P&A segment and backward integration to secure raw-material supply in the long run.

■ Valuation – Maintain Buy with a revised PT of Rs. 2,489

RKL's FY2024 numbers were good with revenue and PAT growing by over 30% and 25% y-o-y, respectively. Going ahead, premiumisation and support of backward integration will drive consistent strong double-digit earnings growth. We like the company's focus on launching new products in the brown and white spirits, targeting the premium/luxury segment to consistently gain market share in key markets and outpace the industry. Margins have bottomed-out and we should expect consistent improvement in profitability & cash flows in the coming years. We have introduced FY2027E earnings through this note. Stock trades at 54x/43x its FY2026E/27E EPS. We maintain a Buy rating with a revised price target of Rs. 2,489 (rolling it over to September 2026 earnings).

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Particulars	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
United Spirits	89.8	84.2	73.9	53.3	45.9	40.4	26.2	23.9	22.8
Radico Khaitan	-	70.2	52.5	56.9	42.6	33.8	12.0	17.1	19.8

Source: Company, Sharekhan estimates

About the company

RKL, formerly known as Rampur Distillery, commenced its operations in 1943. Over the years, the company has evolved from being just a distiller of spirits for others to a leading IMFL company. Currently, the company has seven millionaire brands, which are 8PM Whisky, 8PM Premium Black Whisky, Contessa Rum, Old Admiral Brandy, Morpheus Super Premium Brandy, 1965 Spirit of Victory Rum and Magic Moments Vodka. RKL has four distilleries in Rampur (Uttar Pradesh) and three in joint venture with RNV in Aurangabad (Maharashtra) in which RKL owns 36% equity. The company operates 43 (six own, nine royalty and 28 contract) bottling units spread across the country with a combined capacity of 321 million litres. RKL is one of the largest providers of branded IMFL to Canteen Stores Department (CSD) and exports its products to more than 100 countries.

Investment theme

RKL has transformed itself into a leading IMFL brand player from just a distillery player with premiumisation at the core of its growth strategy. The company's P&A segment reported a 13% CAGR over FY2019-FY2024, contributing ~46% to own IMFL sales volume (69% to IMFL's sales value). Going ahead as well, the company expects the strong growth trajectory in premium brands to continue. Efficient working capital management and improved profitability would help the company generate high free cash flows (FCF) in the coming years. The company invested around Rs. 1,000 crore (mix of debt and internal accruals) in backward integration to secure extra neutral alcohol (ENA) supply (largely grain-based) for long run. It will help to retain its guidance of high-teen margins over the next two years.

Key Risks

- **Decline in demand for the company's products:** Slowdown in global economic growth and other declines or disruptions in the Indian economy, in general, may result in reduction in disposable income of consumers and slowdown in the IMFL industry. This could adversely affect the company's business and financial performance.
- **Risk due to stringent regulation norms:** The Indian spirit industry is highly regulated and complex as each state has its own regulations governing the manufacture and sale of spirits. Any change in rules and regulations by the respective state governments and non-compliance with laws and regulations could adversely impact the business.
- **Increased raw-material prices:** ENA and packaging materials are two key raw-material components. Any price volatility in the prices of these components may have a bearing on the company's profitability.

Additional Data

Key management personnel

Lalit Kumar Khaitan	Chairman-Managing Director
Abhishek Khaitan	Executive Director-Managing Director
Dilip K. Banthiya	Chief Financial Officer
Dinesh Kumar Gupta	Vice President - Legal, Company Secretary & Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Tata Asset Management Pvt Ltd	3.57
2	Aditya Birla Sun Life AMC Ltd	3.47
3	Nippon Life India Asset Management Ltd	3.35
4	TIMF Holdings	2.42
5	Kotak Mahindra AMC Ltd	2.35
6	Vanguard Group Inc	2.33
7	TATA AIA Life Insurance Co	2.12
8	DSP Investment Managers Pvt Ltd	1.40
9	INVESTOR EDUCATION & PROTECTN FD	1.29
10	Massachusetts Institute of Technology	1.25

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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