

Retail Equity Research (South India Focus)

CYIENT Ltd

IT

BSE CODE : 532175

NSE CODE: CYIENT

BLOOMBERG CODE: CYL:IND

SENSEX : 41,860

Buy

12M Investment Period

Rating as per Smallcap

CMP Rs.447 TARGET Rs.540 RETURN +21% ↑

(Closing: 13-01-20)

Established player with niche focus

Cyient Ltd, formerly known as InfoTech Enterprises is one amongst the leading players in the IT enabled services space providing services to the Engineering Research and Development segment.

- Stable revenue growth with 16% CAGR in the last 5 years from FY14. Fresh order intake in the services division to propel revenue growth to 14.2% in FY21E from 3% in FY20E.
- Expansion of its R&D facility in Warangal with net addition of 600 employees to support telecom clients indicate strong momentum in communication vertical.
- Well positioned in providing services to aerospace vertical and huge prospect to expand the defence segment which currently accounts to 5% of total revenue.
- Expect operating margin to improve in the range of 14-15% when the cost optimisation program ends by FY21E.
- Currently trading at historically low valuations as weak margins and revenue growth in FY20 is already factored in.
- We expect improvement in growth due to communication and transportation vertical and value Cyient at 9x FY22E EPS with a target price of Rs.540 and recommend Buy rating.

Strong momentum in selected verticals to drive growth

Cyient enjoys strong foothold among the listed Engineering and research development (ER&D) space and generates close to 65% of revenue. Company has been instrumental in providing services to Aerospace and defence segment which has been reporting soft set of numbers since the last 2 quarters due to client specific concerns. Both Aerospace & defence and the second major vertical communication is expected to show growth powered by improvement in client spending, after sales services and 5G deployment. Transportation segment has shown a QoQ growth of 3% Q2FY20 in US Dollar terms which is expected to improve as new orders start coming in.

Cost optimisation program to power margins

Company has initiated a cost optimisation program to achieve sustainable margins for the services business. The move is largely to curtail the sales and administrative expenses and boost margins. We believe the cost optimisation program to end in Q4FY21E, till the time improvement in margins due to a fall in Sales expenses will be impacted by higher wage cost and one time restructuring cost. Margins expected to be in the range of 14-15% once cost optimisation ends.

Investment and past acquisition to aid EPS growth

Cyient continues to invest in projects which is expected to add to the EPS in the near term. Investment in New Business Accelerator program (NBA) which is an in-house investment vehicle created to provide end to end solution to clients is one among the major project of Cyient. In addition to that the acquisitions in the recent past like Ansem which is a 20% margin business is expected to aid EPS growth in the tune of 1.5%-3% in FY 21E.

Valuation

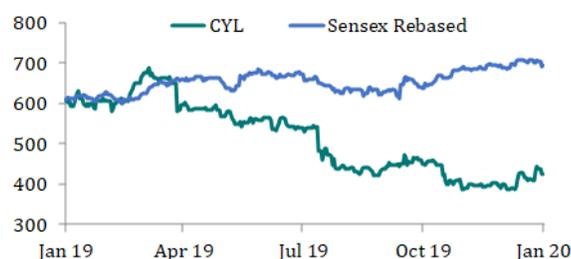
Growth in ER&D spends across the globe and in key services like aerospace and defence, communication and healthcare to propel order intake and improve the revenue from FY21E onwards. We believe negative factors like client specific concerns and low margins are already factored in the current valuation of 7.2x on FY22E EPS, which is at discount of around 45% compared to the long-term average. We expect improvement in growth due to telecom and transportation vertical and value Cyient at 9x on FY22E EPS with a target price of Rs.540 and recommend Buy rating.

Company Data

Market Cap (cr)	Rs.4,912
Enterprise Value (cr)	Rs.4,676
Outstanding Shares (cr)	11
Free Float	77.2%
Dividend Yield	3.4%
52 week high	Rs.694
52 week low	Rs.380
6m average volume (cr)	0.02
Beta	0.55
Face value	Rs.5.0

Shareholding (%)	Q4FY19	Q1FY20	Q2FY20
Promoters	22.48	22.74	22.74
FII's	44.50	45.62	45.45
MFs/Insti	20.52	18.68	18.87
Public	11.14	11.51	11.43
Others	1.36	1.45	1.51
Total	100.0	100.0	100
Promoters Pledge	0.0	0.0	0.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-5.2%	-21.1%	-30.3%
Absolute Sensex	7.3%	5.5%	14.2%
Relative Return	-12.4%	-26.6%	-44.6%



Y.E Mar (cr)	FY20E	FY21E	FY22E
Sales	4,748	5,425	6,074
Growth (%)	2.8	14.2	12.0
EBITDA	660	754	881
EBITDA Margins%	13.9	13.9	14.5
PAT Adj.	480	560	660
Growth (%)	-2.9	16.6	17.8
Adj.EPS	43.5	50.9	60.0
Growth (%)	-2.9	17.1	17.8
P/E	10.0	8.5	7.2
P/B	1.6	1.4	1.2
EV/EBITDA	7.9	6.9	6.0
ROE (%)	17.65	18.04	18.32
D/E	0.1	0.1	0.1

Rajin Rajan P
Research Analyst

Last 5 years valuation has significantly fallen due to client specific concerns, the company had a stable earnings momentum of 16 % CAGR over FY 14-FY19.

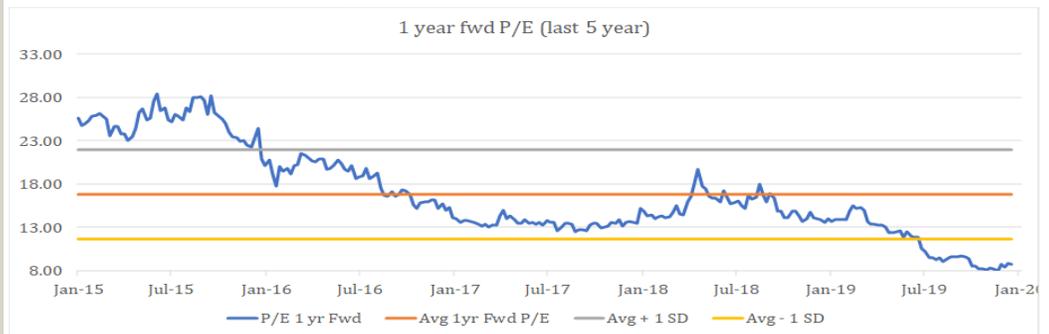
Good order intake to improve Dollar revenue growth in FY21E

Increase in utilization rate to aid margin growth.

Valuations

During the last 5 years, valuation has significantly come down and its P/E band has corrected from 28x to 8.5x. Revenue growth was 16% CAGR over FY14-FY19. But currently it is trading at 1 year forward P/E of 7.2x, 45% discount to its last 5 year average of 13x (Largely driven by currency volatility and client specific concerns) which seems attractive given the earnings outlook going forward as the concerns related to margins and earnings seems already factored in.

1 Year Forward P/E

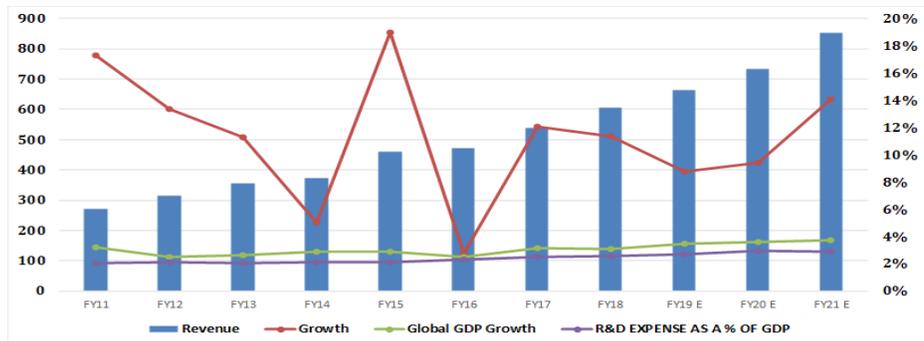


Source: Company, Geojit Research.

Good Dollar revenue growth in cards

Dollar revenue growth was pretty volatile from FY11 to FY16. Looking at the FY14 trend, that was the time when company did a rebranding exercise. Cyient took a comprehensive strategy development exercise with an objective to prepare ground for accelerated growth for upcoming years. Steps taken included- alignment of sales by geography and investment in sales and marketing that yielded higher sales in Dollar terms in FY15. Cyclical nature in the Design Led Manufacturing (DLM) business impacted growth in FY16. However, we expect the revenue growth trend from FY19 to continue further in FY21E lead by growth in key verticals. (Current order intake stands at USD 274 mn across segments).

Comparison of revenue trend with Global GDP growth & R&D expense



Source: Company, OECD, Geojit Research.

Margins showing improvement

Cyient has been reporting close to 18.6% EBITDA margins till FY14 and from FY15 to FY18 the scenario got changed and margins dropped to 13.31%. Currency fluctuations, increased onsite demand, reduced utilization levels and strong acquisition strategy for expansion impacted margins till FY18. However, margins have been improving slightly from FY19 onwards based on several cost optimization initiatives. Utilization including trainees has improved from 74.3% in Q1FY15 to 78.1% in recent quarter. Margins in the DLM division is also improving since Q2FY18. But client specific issues remains a concern for the segment and has been dragging the consolidated margin for quiet a bit of time. Acquisition of companies like Ansem (which is a 20% margin business) way back in April 2018 to aid margin growth in the days to come.

EBITDA and EBITDA Margin trend



Source: Company, Geojit Research.

Services revenue witnesses a positive growth on a QoQ basis but fell on a YoY basis due to weakness in aerospace vertical. Design led manufacturing (DLM)

Aerospace vertical reported a soft set of growth in Q2 but other key verticals like communication, transportation and Energy & Utilities witnessed patches of growth and key client mining to help Cyient to end the year on a higher note.

Cyient has been constantly increasing the offshore revenue mix which helped the company from visa impacts and further recovery in operating margins.

Total revenue mix shows growth recovery

Total Revenue Mix (Services and DLM) - (In \$mn)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	FY19	Q1FY20	Q2FY20
Services revenue	143	146	145	147	580	138	140
QoQ %	0.0%	2.10%	-0.7%	1.4%		-6.1%	1.4%
YoY %	10.50%	8.75%	3.30%	3.10%	6.30%	-3.40%	-3.80%
% of Revenue	89%	86%	87%	89%	88%	88%	85%
DLM Revenue	18	23	21	18	80	19	24
QoQ %	-17.80%	27.00%	-10.30%	-11.40%		2.70%	27.30%
YoY %	52.10%	44.90%	69.40%	-17.10%	29.10%	3.60%	3.90%
% of Revenue	11%	14%	13%	11%	12%	12%	15%
Total Revenue	161	169	166	165	660	157	164
QoQ %	-2.30%	5.00%	-2.20%	0.10%		-5.20%	4.90%
YoY %	14%	12.50%	8.60%	0.40%	8.60%	-2.60%	-2.80%

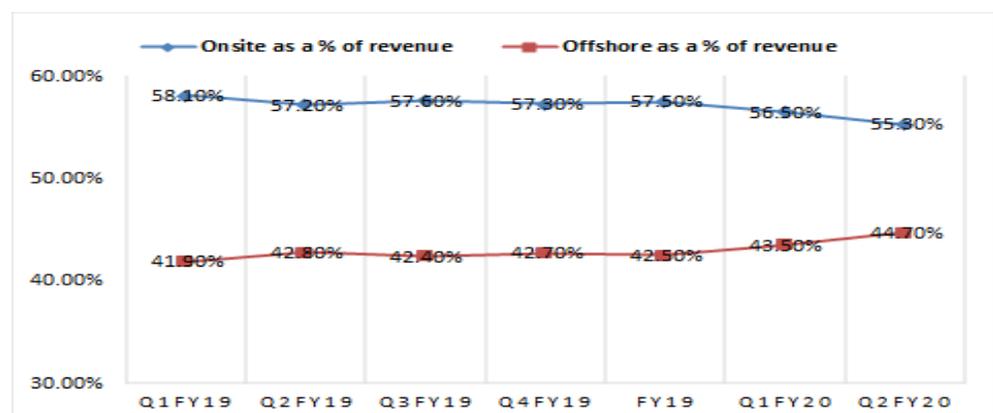
Source: Company, Geojit Research.

Vertical mix shows momentum in key verticals

Vertical Breakup - (In \$ mn)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	FY19	Q1FY20	Q2FY20
Aerospace and defence	49.00	49.00	50.00	50.00	198.00	48.00	48.00
QoQ %	3%	1%	1%	1%		-3%	-2%
YoY %	7%	6%	2%	5%	5%	-1%	-4%
% of Revenue	34%	34%	34%	34%	33%	35%	34%
Communications	34.00	35.00	34.00	33.00	136.00	30.00	30.00
QoQ %	-3%	2%	-3%	-3%		-9%	2%
YoY %	16%	12%	7%	-7%	6%	-13%	-13%
% of Revenue	24%	24%	23%	22%	23%	22%	21%
Transportation	17.00	17.00	17.00	18.00	70.00	18.00	18.00
QoQ %	4%	0%	1%	4%		-2%	3%
YoY %	27%	15%	6%	9%	14%	2%	6%
% of Revenue	12%	12%	12%	12%	12%	13%	13%
Energy and utilities	16.00	17.00	22.00	19.00	74.00	17.00	19.00
QoQ %						-12%	9%
YoY %						4%	10%
% of Revenue	11%	12%	15%	13%	13%	12%	14%
Semiconductor	8.00	8.00	7.00	8.00	42.00	8.00	7.00
QoQ %	41%	8%	-20%	21%		-8%	-9%
YoY %	35%	54%	31%	48%	92%	-3%	-19%
% of Revenue	6%	6%	5%	5%	7%	6%	5%
Medical and consumer	3.00	3.00	3.00	3.00	11.00	3.00	3.00
QoQ %	-5%	8%	4%	2%		8%	6%
YoY %	-1%	-6%	3%	9%	1%	23%	22%
% of Revenue	2%	2%	2%	2%	2%	2%	2%

Source: Company, Geojit Research.

Increase in offshore mix



Source: Company, Geojit Research.

Cyient to capitalize in the ER&D opportunity and to increase its market share in key verticals like Aerospace, Communication and Transportation.

S3 strategy to transform from a service to solution business.

Top 5 clients contributes 40% of the total revenue and include big names like UTC (Client since last 15 years), Telstra, Bombardier, Boeing etc. Looking at the annual spending of these companies there is a big space available for the company to increase revenue by proper client mining.

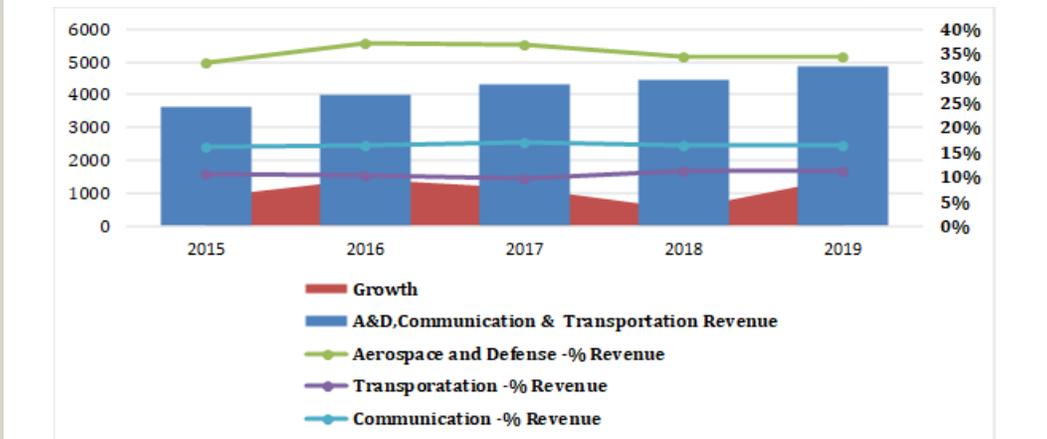
Delivered first Unmanned Aerial systems to Indian Army.

Investment Rationale

Aerospace and Defence, communication and Transportation to pave way for growth

Three major verticals Aerospace & Defence, Communication and Transportation to steady the growth path for Cyient in the years to come. Cyient has sizeable market share in the Aerospace and Defence space and going ahead the rising demand for services in the given space like digitisation and advanced avionics to benefit. As per NASSCOM estimates, by 2020 offshored ER&D market for aerospace sector to be between \$4.5- 5Billion and India to garner 40-50% share. Second largest vertical communication segment to grow 2-3% driven by broadband rollout and 5G deployment along with other network changes and upgrades related to regulations. Key order wins in the Transportation segment related to metro projects, signal upgrades to benefit. Short term client specific issues impacted performance in H1FY20 and expected to show a broad based recovery from H2FY20 powered by new client additions.

3 Major verticals and its growth



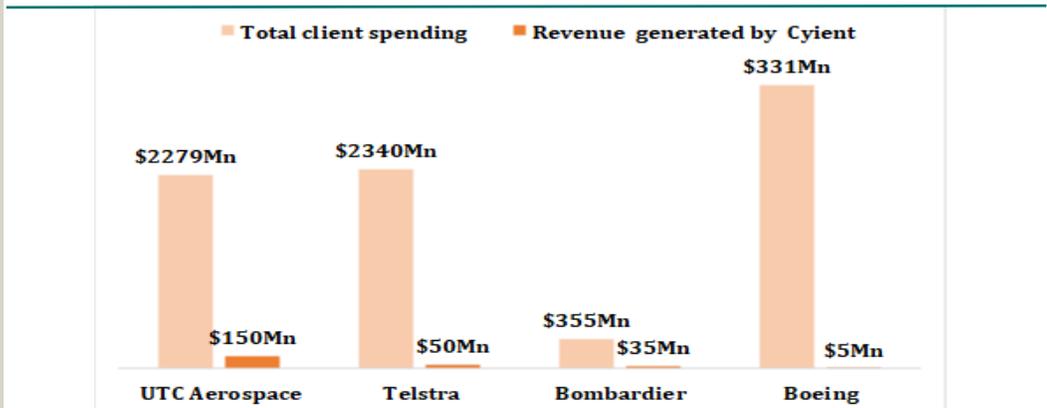
Source: Company, Geojit Research.

Cyient's Vision 2030 and the AGILE framework an opportunity for the future.

Cyient has set a long term vision and aspires to be an IP solution provider by 2030. As per the recent investor day updates the company is planning to change IP solution/services ratio from the current 10/90 levels to 80/20 by the year 2030. Largely aligned to the S3 strategy, As per the strategy, the company is aiming to enhance growth by bringing new domain expertise and strengthening the presence in emerging technology. The company has done two key acquisitions in 2018 namely B&F Design Inc and AnSem N.V. B&F Design Inc; is a Connecticut based tooling and precision engineering company that focuses on the aerospace and defence Industry. They expertise in design and manufacturing of engine assembly equipment repair and tooling and precision engineering. AnSem N.V specializes in advance analog, radio frequency, and mixed- signal integrated circuit design.

Opportunity for client mining

Major clients spending and cyient's share of revenue As on 2019



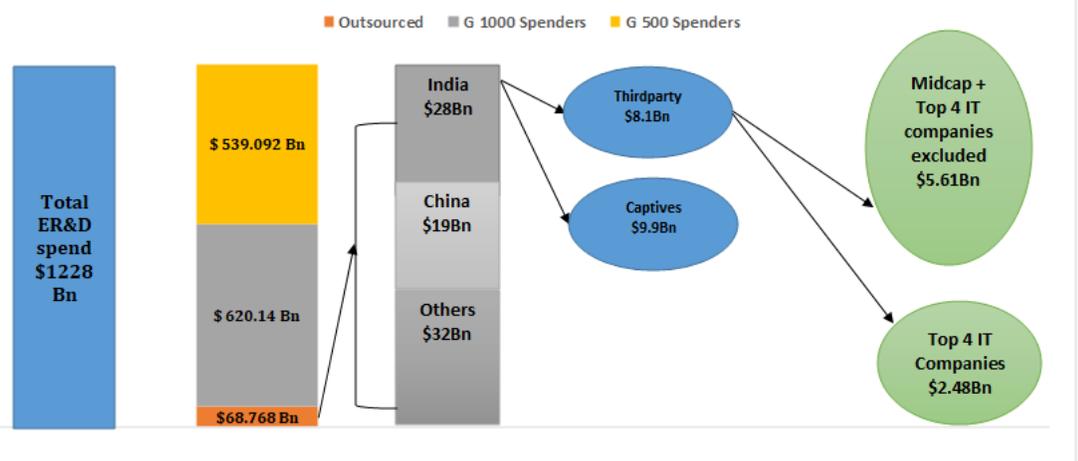
Source: Company, Geojit Research.

Joint Venture with Blue bird Aero Systems

To address the needs of the Indian defence forces, Cyient entered into a Joint Venture (JV) with Israel- based BlueBird Aero Systems. Blue Bird Aero systems is a leader in design, development, and production of micro mini and small tactical Unmanned Aerial Systems (UAS) to effectively undertake intelligence, surveillance, target acquisition, and reconnaissance missions. An UAV commonly known as a drone, is an aircraft without a human pilot aboard. The JV will provide comprehensive UAV solutions from indigenous manufacturing through full life cycle support. Company received first supply order from a unit of the Indian Army for SpyLite mini UAV systems (Drones) for high altitude aerial surveillance and the same was delivered to Indian army.

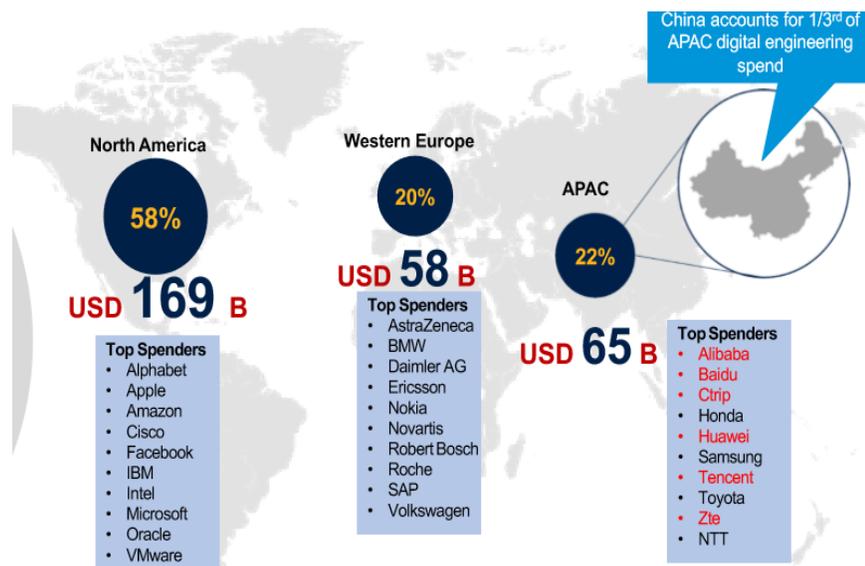
Global Engineering Research & Development (ER&D) Market

Total ER&D spending and breakup of the same



Source: Company, NASSCOM, Zinnov zone research

Global ER&D spends by Geography



Source: Zinnov Zones Publication December 2018

ER&D Market : An Indian Outlook



Source: Company, NASSCOM research

Engineering Research & Development spending for CY 2018 stood at \$1228bn and the outsourced spend stood at 68.768bn that is 5.6% of the total spend.

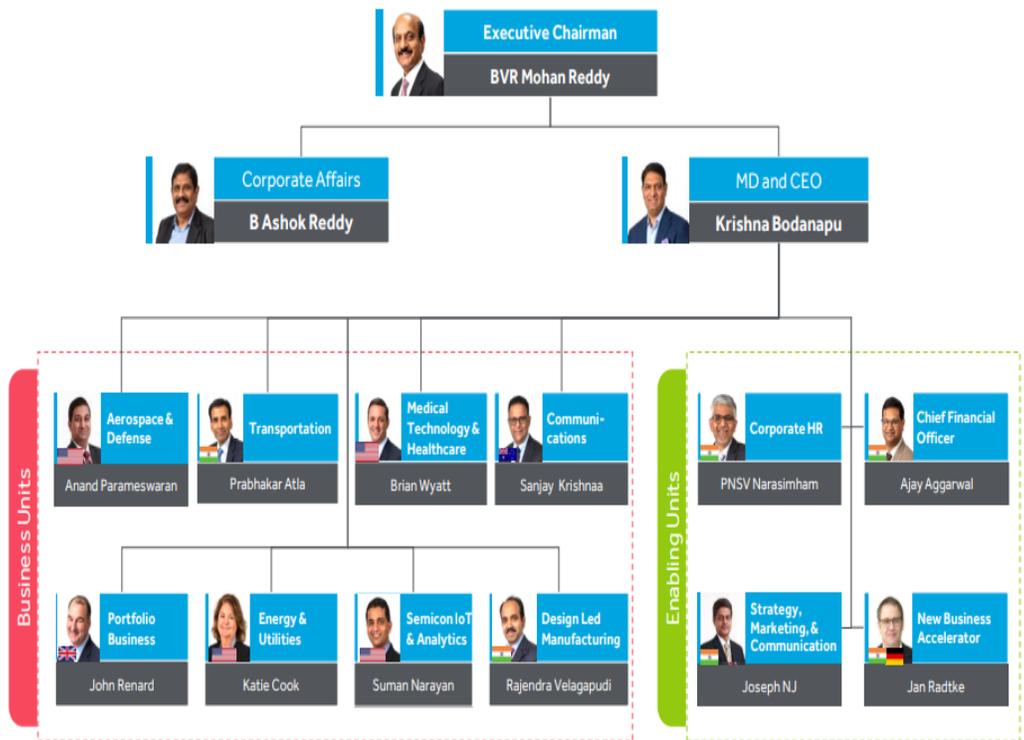
North America accounts to be the highest spender in ER&D.

India accounts 24% of the total global outsourced ER&D market. Current outsourced spends stands at \$28bn and expected to reach \$42bn by 2022 as per NASSCOM.

About the company

Cyient Inc. (formerly InfoTech Enterprises) is established in 1991 in Hyderabad, India. The company is focused on engineering, Manufacturing, data analytics and networks & operations. The company was rebranded as Cyient in 2014. It had 15000+ employees across 21 global locations as of March 2018. The company is featured among the top 30 outsourcing companies in the world as of 2018. The company's global workforce span across three major regions: Asia Pacific (84%), North America (12%), and Europe, the Middle East and Africa (4%). The company offered Geographic information, i.e. Mapping services which is largely design services and company has evolved from a pure engineering design firm to manufacturing and MRO (Maintenance, Repair and Overhaul) company. Cyient derives 89% of its revenues from IT Engineering services and 11% from Design Led Manufacturing services. The company has historically focused on inorganic approach to drive growth which is evident through the acquisition of SRG infotech(1997), Cartographic sciences Pvt ltd(1999), Map Centric (2000), VARGIS(2003), Tele Altas India Pvt ltd(2005), Softential(2014), Rangsons(2015), Certon and BlomAerofilms (2017), and the company acquired semi conductor firm AnSem N.V (2018) The company derives 63% of its income from inorganic sources. Cyient's largest customer is the United Technologies (UTC Group), which constitutes 15.4% to its revenues.

Cyient Leadership Team



Source: Company updates

Cyient derives 89% of its revenue from IT engineering services and 11% from DLM.

Aerospace and Defence industry is expected to grow by 10% this fiscal driven by strong commercial aircraft order

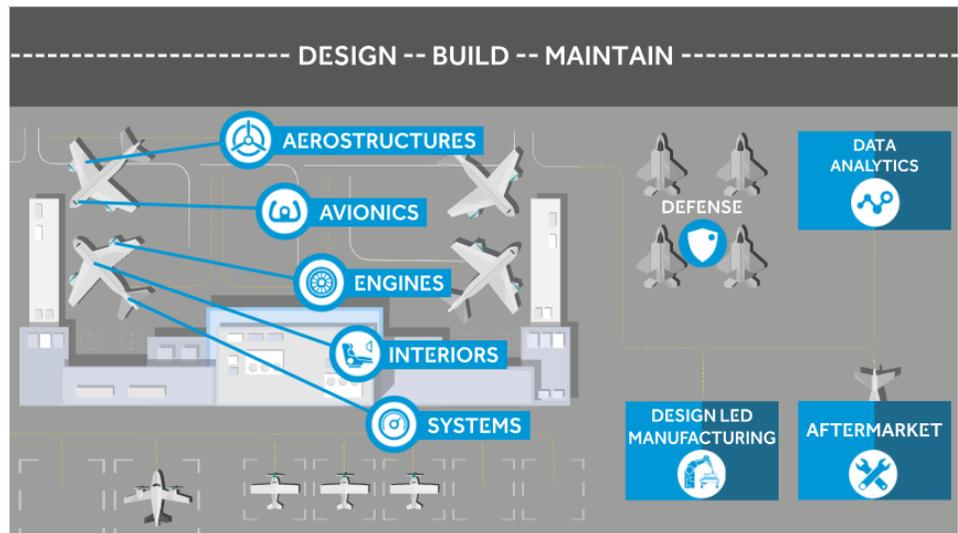
**Revenue mix of the company by Verticals
Aerospace & Defence**

Aerospace & Defence contributes the highest of the total segment -wise revenue. The key focus for the segment is aero structures, Avionics, Engines, Interiors, and Systems. Marquee clients for Cyient include Pratt and Whitney, Boeing, Airbus, Vaugh Aircraft, Bell Helicopters etc.

Aero structures team provides innovative wing and fuselage subassembly design solutions from preliminary design, weight optimization, through to certification in collaboration with leading aircraft OEMs and Tier 1 suppliers.

Avionics system involves end to end electronic products for the aviation system including the communication, navigation, the display and management of multiple systems.

In the Engine segment the company has over 18 co-patents filed in aero engine design technology, and recognized as one of the most innovative solution providers with the ability to create intellectual property (IP) for OEMs. Key expertise lies in the design and ownership of complex components, sub-systems, and modules.



Source: Company, Geojit Research.

Communication

Key focus for the segment is providing services like network planning and design, GIS, physical and logical inventory solutions, business operations management, telecom infrastructure life-cycle management, system design, application management and sustenance, amongst others. Key clients in the segment includes AT&T, Verizon, BT, Airtel, Telstra. Major services offered is depicted below :

Communication vertical contributes 19% of the total segment wise revenue.



Source: Company, Geojit Research.

Designing of next generation trains to be the key focus.

Transportation

Cyient delivers transformative global engineering solutions to rolling stock and signalling OEMs and rail operators to ensure greater capabilities, flexibility, and increased competitiveness. They are into designing next-generation trains, enabling complex signalling upgrades, or improving efficiency through predictive maintenance. Cyient supports clients in design solutions and provide support to upgrade systems and products in rolling stock, signalling infrastructure and operations.

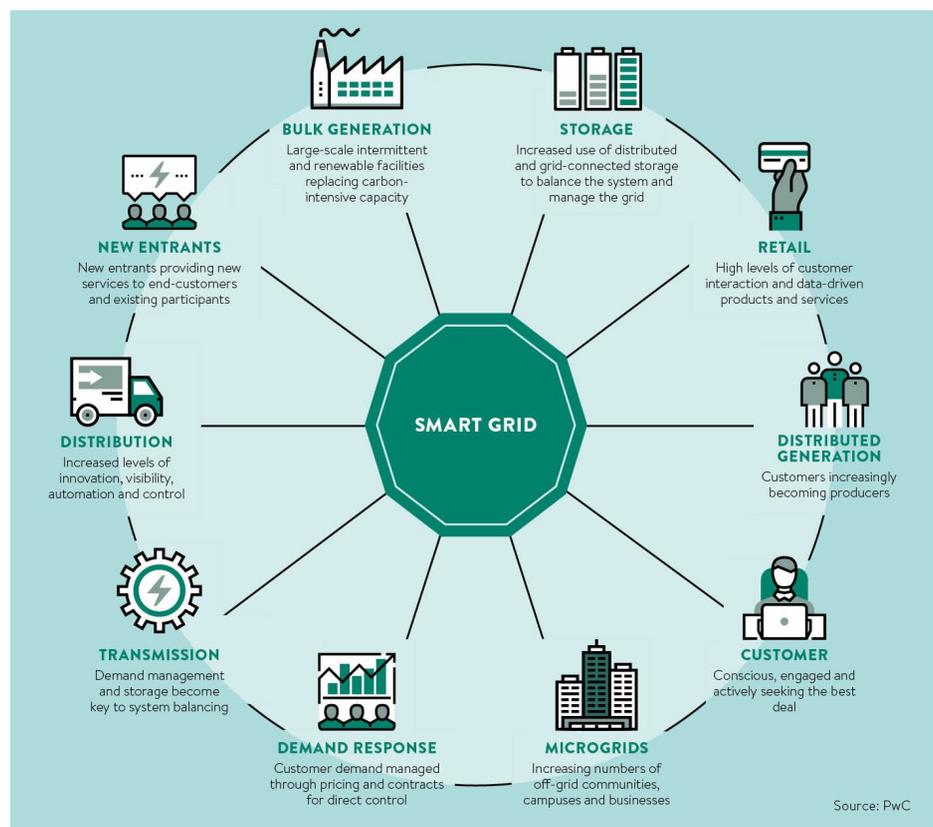
Cyient has good client base and key clients like Bombardier. Recently Cyient has partnered with Bombardier transportation to successfully deliver the Elizabeth Line Project. The project which cost 14.8 billion pound is the biggest construction project ever undertaken in Europe. The project is a substantial upgrade to the existing system.

Utilities & Geospatial

In this vertical Cyient helps utilities operate more efficiently and effectively buy providing services like smart meters, smart grids, smart cities. Their client base is geographically spread and is based in the USA, Australia, Southeast Asia, India and Europe. The enterprise geospatial solutions provide an integrated systems view of utilities' business processes that translates into significant cost savings and increased revenues for our customers. Key clients in this segment includes AEP, SP Ausnet, Southern California, Ausgrid, Powercor, Singapore power, Stedin.

Recently Cyient got a contract to execute a project for UK Power Networks, the UK's largest electricity distribution network operator. As part of the innovation project, called "Network Vision", Cyient will develop an online outage planning and tracking integration portal that will help optimize distributed energy generation performance and deliver cost savings of as much as £1 million per year. This is part of norms in UK that UK electricity suppliers have to rollout smart meters by 2020 that enable the customer to know, at any point in time, how much power is being used.

How a smart grid work



Source: PwC.

Semiconductor

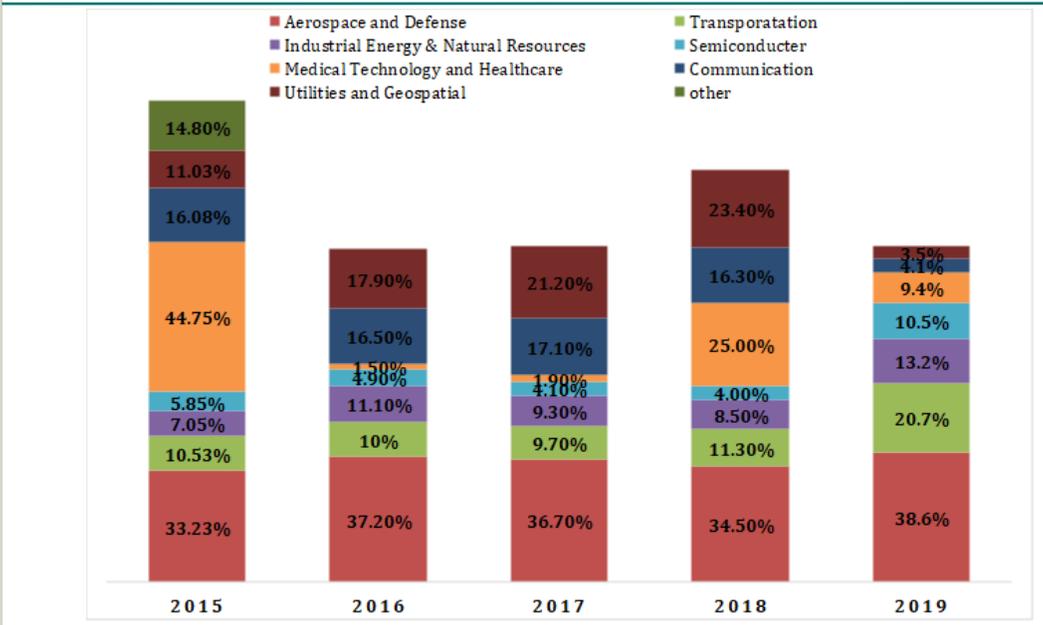
Cyient specializes in designing and delivering automotive, industrial, medical, consumer, and data centre silicon and system software design and services worldwide. Cyient has built a variety of custom ASICs (application-specific integrated circuits) for various semiconductor applications, including advanced driver assistance system (ADAS), network application, smartphone, satellite-based tracking, embedded medical devices. Cyient offers end-to-end semiconductor design services and has achieved more than 300 first-pass silicon designs with state-of-the-art pre-silicon mixed-signal and digital simulations and post-silicon validation coverage.

Cyient also provides one-stop automotive embedded driver assistance systems development. Their expertise ranges from automotive custom ASICs, printed circuit board (PCB) design and manufacturing to board support packages (BSPs), validation, AUTOSAR-based applications, vision algorithms, and deep learning for driver assistance system and complete application development.

Medical Technology and healthcare

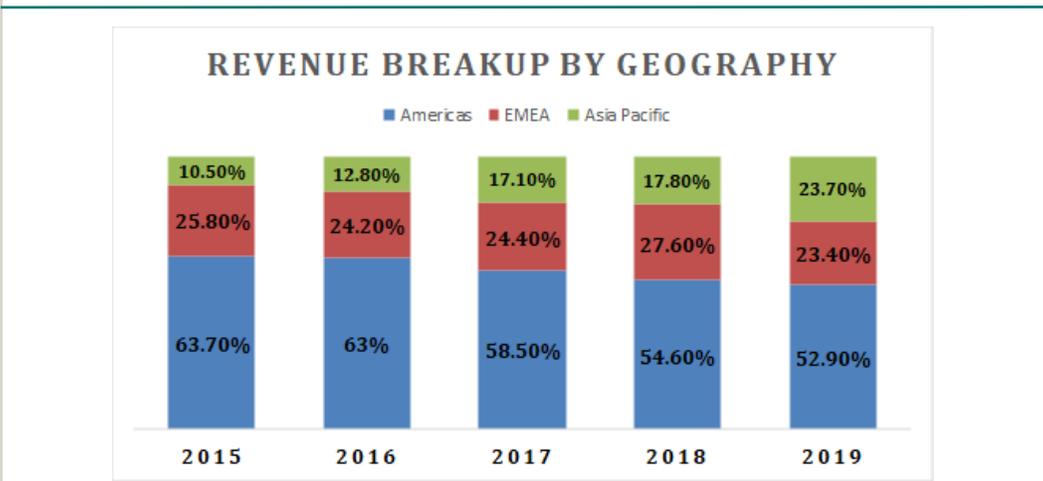
With over 20 years of OEM and electronic box-build experience in products such as diagnostic imaging, in-vitro diagnostics (IVD), and point of care devices for global market leaders, Cyient provides comprehensive lifecycle engineering and electronic manufacturing services for medical device and life sciences companies.

Vertical-wise Revenue Breakup



Source: Company, Geojit Research.

Geography-wise Revenue Breakup



Source: Company, Geojit Research.

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs Cr)	FY18A	FY19A	FY20E	FY21E	FY22E
Sales	3,914	4,617	4,748	5,425	6,074
% change	9.1%	18%	2.8%	14.2%	12%
EBITDA	535	647	660	754	881
% change	12.2%	20.9%	2.0%	14.2%	16.8%
Depreciation	105	111	124	135	145
EBIT	430	536	536	619	736
Interest	20	33	37	41	44
Other Income	152	134	142	168	188
PBT	557	637	641	747	880
% change	28.9%	14.5%	0.5%	16.6%	17.8%
Tax	138	143	160	187	220
Tax Rate (%)	24.8%	22.4%	25.0%	25.0%	25.0%
Reported PAT	403	495	480	560	660
Adj.*	5.0	0.0	0.0	0.0	0.0
Adj. PAT	398	495	480	560	660
% change	27.0%	24.2%	-2.9%	16.6%	17.8%
No. of shares (cr)	11.3	11	11	11	11
Adj EPS (Rs)	35.9	44.8	43.5	50.9	60.0
% change	17.7%	24.7%	-2.9%	17.1%	17.8%
DPS (Rs)	16.8	10.1	10.2	10.2	10.2

CASH FLOW

Y.E March (Rs Cr)	FY18A	FY19A	FY20E	FY21E	FY22E
Net inc. + Depn.	508	589	765	882	1,025
Non-cash adj.	119	94	0	0	0
Changes in W.C	-166	-171	-87	-124	-57
C.F.O	296	370	518	571	748
Capital exp.	-136	-153	-48	-43	-37
Change in inv.	48	-7	-146	-245	-190
Other invest.CF	1	-60	0	0	0
C.F - investing	-87	-220.7	-194.4	-288	-226.3
Issue of equity	1	2	0	0	0
Issue/repay debt	10	50	30	30	30
Dividends paid	0	0	0	0	0
Other finance.CF	43	5	0	0	0
C.F - Financing	-136	-232	-82	-82	-182
Chg. in cash	103	-83	241	200	340
Closing cash	960	907	1,150	1,349	1,675

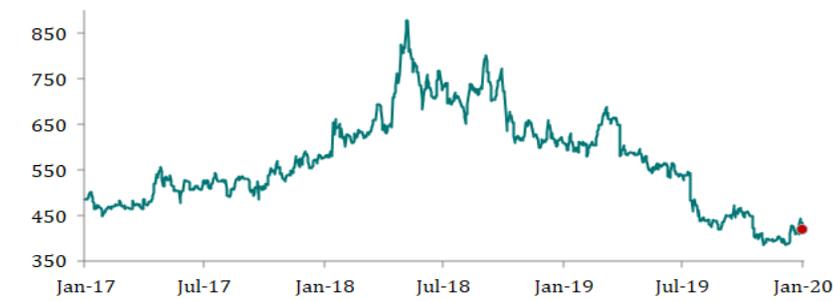
BALANCE SHEET

Y.E March (Rs Cr)	FY18A	FY19A	FY20E	FY21E	FY22E
Cash	960	907	1,150	1,349	1,675
Accounts Receivable	691	814	830	951	1,065
Inventories	131	183	260	297	333
Other Cur. Assets	165	230	208	238	266
Investments	529	572	630	720	806
Gross Fixed Assets	762	833	893	953	1,013
Net Fixed Assets	322	353	289	214	129
CWIP	52	104	36	39	32
Intangible Assets	121	99	88	70	47
Def. Tax (Net)	-4	-11	-24	-39	-56
Other Assets	355	526	675	910	1,101
Total Assets	3,363	3,847	4,185	4,791	5,439
Current Liabilities	161	157	156	178	200
Provisions	111	143	130	149	166
Debt Funds	241	325	355	385	415
Minority Interest	0	0	0	0	0
Equity Capital	56	55	55	55	55
Reserves & Surplus	2,288	2,509	2,825	3,273	3,821
Shareholder's Fund	2,344	2,562	2,881	3,329	3,876
Total Liabilities	3,363	3,847	4,185	4,791	5,439
BVPS	197	223	253	295	347

RATIOS

Y.E March	FY18A	FY19A	FY20E	FY21E	FY22E
Profitab. & Return					
EBITDA margin (%)	13.7%	14.0%	13.9%	13.9%	14.5%
EBIT margin (%)	11.0%	11.6%	11.3%	11.5%	12.1%
Net profit mgn.(%)	10.2%	10.7%	10.1%	10.3%	10.9%
ROE (%)	17.8%	20.2%	17.65%	18.04%	18.32%
ROCE (%)	12.6%	14.7%	12.3%	12.6%	12.8%
W.C & Liquidity					
Receivables (days)	62.5	59.5	63.3	60.0	60.6
Inventory (days)	10.5	12.5	17.1	18.8	18.9
Payables (days)	14.3	12.6	12.1	11.3	11.4
Current ratio (x)	8.6	8.8	10.2	10.4	10.8
Quick ratio (x)	4.3	5.2	5.3	5.3	5.3
Turnover &Levg.					
Gross asset T.O (x)	5.4	5.8	5.5	5.8	6.2
Total asset T.O (x)	1.2	1.3	1.2	1.2	1.2
Int. covge. ratio (x)	21.1	16.4	14.3	14.9	16.7
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
Valuation ratios					
EV/Sales (x)	1.3	1.1	1.1	1.0	0.9
EV/EBITDA (x)	9.6	8.0	7.9	7.0	6.0
P/E (x)	12	9.6	9.9	8.4	7.20
P/BV (x)	2.1	1.9	1.7	1.4	1.2

PRICE HISTORY



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
13th January 2020	Buy	540

Investment Rating Criteria

Large Cap Stocks;		Mid Cap and Small Cap;			
Buy	-	Upside is above 10%.	Buy	-	Upside is above 15%.
Hold	-	Upside is between 0% - 10%.	Accumulate	-	Upside is between 10% - 15%.
Reduce	-	Downside is more than 0%.	Hold	-	Upside is between 0% - 10%.
Neutral	-	Not Applicable	Reduce/Sell	-	Downside is more than 0%.
			Neutral	-	Not Applicable

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Neutral- The analyst has no investment opinion on the stock under review

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