

# Bharat Electronics | BUY

## Guidance remains intact, inflow trajectory to improve

Bharat Electronics (BHE) 1QFY23 results beat expectations. Net sales was above JMFe and consensus estimate (INR31.1bn; +90.4% YoY), as easing of semiconductor shortage led to booking of spill over revenue of INR8.2bn from FY22. EBITDA was 65% above JMFe (INR5.1bn; +717% YoY), as EBITDA margins expanded by 1,260bps YoY to 16.5% (JMFe: 13.3%). Management reiterated its guidance of maintaining 15% revenue growth with EBITDA margins in 21-23% range in FY23. Order inflows took a hit reporting decline of 68% to INR 8.2bn, while order book was up 1.5% YoY to INR553bn (3.3x TTM sales). On 3-year CAGR basis, sales/EBITDA/PAT reported growth of 14%/14%/28% respectively.

BHE remains our top pick on continued indigenisation in defence and increasing share of electronics in all large platforms as: a) positive surprise in growth due to expansion in civilian segment (railways, medical electronics, batteries and smart cities), exports (export inflows to more than double to \$400mn) and service income (AMC for Russian equipment), b) margin expansion in last 5 years (despite Pay Commission implementation, margin cap on nominated orders and high share of outsourcing), and c) improved financial strength as NWC turned negative (22days to -24 days) and robust RoICs (42% in FY22 vs avg of 31% in past). We revise our TP to INR315, as we roll forward by 6-months, valuing stock at 20x Sep'24E EPS.

- Better execution drives performance:** Net sales increased by 90.4% YoY to INR31.1bn, as ease in semiconductor and chip shortage improved sales in 1QFY23. Management highlighted that spill over revenue of INR26bn from FY22 will be fully executed in FY23, booking revenue of INR8.2bn in 1Q, INR5bn in 2Q and rest in 3Q&4Q. We expect sales to grow at 15% CAGR over FY22-25E, given increased inflows with the indigenisation drive, back ended execution in large projects like Akash Missile, LRSAM and ramp up of servicing income, exports and new businesses (metro rail, batteries, etc).
- Higher indigenisation to further improve margins:** EBITDA improved to INR5.1bn, while EBITDA margins expanded by 1,260bps YoY to 16.5%, largely due to better absorption of fixed expenses, while gross margins sustained at 41.9% on the back of better product mix. Management intends to maintain higher margins of 21-23% in FY23 with increased indigenous content. Other income increased to INR1.6bn due to one time special dividend of INR780mn from GE BEL (26% stake). Net profit improved to INR4.3bn.
- Inflows trajectory intact; balance sheet continues to remain strong:** Order inflows were down 68% in 1Q to INR8.2bn, due to lumpy nature of orders and are likely to reach INR180-200bn for FY23. We expect large orders like Akash missile, Himshakti EW system, Arudhra Radar and ship-borne systems to drive inflows. Order book stood at INR553bn (3.3x TTM sales), up 2% YoY. Capex guidance stood at INR10bn for FY23.
- Maintain BUY with a revise TP of INR315:** We continue to maintain positive view on BHE given its improving order book, margin resilience and a robust balance sheet position with 5-year high RoIC of 42%. We maintain BUY with revised TP of INR315 (20x FY25E EPS), as we forecast sales/EPS CAGR of 15%/21% over FY22-25E. **Key risk** to our call is sharp cut in defence capex by government.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	315
Upside/(Downside)	17.2%
Previous Price Target	275
Change	14.5%

### Key Data – BHE IN

Current Market Price	INR269
Market cap (bn)	INR654.7/US\$654.7
Free Float	49%
Shares in issue (mn)	2,436.6
Diluted share (mn)	2,436.6
3-mon avg daily val (mn)	INR1,524.6/US\$5.7
52-week range	270/162
Sensex/Nifty	269/269
INR/US\$	268.7

### Price Performance

%	1M	6M	12M
Absolute	16.7	29.8	48.3
Relative*	8.6	37.7	40.7

\* To the BSE Sensex

### Financial Summary

Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Sales	1,40,638	1,53,138	1,76,400	2,04,935	2,31,815
Sales Growth (%)	8.8	8.9	15.2	16.2	13.1
EBITDA	31,812	33,092	38,750	47,102	54,503
EBITDA Margin (%)	22.6	21.6	22.0	23.0	23.5
Adjusted Net Profit	20,655	23,489	28,534	35,209	41,433
Diluted EPS (INR)	8.5	9.6	11.7	14.5	17.0
Diluted EPS Growth (%)	15.1	13.7	21.5	23.4	17.7
ROIC (%)	33.7	57.9	77.7	85.9	98.5
ROE (%)	19.9	20.5	22.4	24.5	25.5
P/E (x)	30.1	26.5	21.8	17.6	15.0
P/B (x)	5.7	5.2	4.6	4.1	3.6
EV/EBITDA (x)	18.0	16.5	13.9	11.1	9.2
Dividend Yield (%)	1.6	1.6	2.3	2.8	3.3

Source: Company data, JM Financial. Note: Valuations as of 21/Jul/2022

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**Exhibit 1. Quarterly performance**

Y/E March (INR mn)	1QFY22	1QFY23	YoY (%)	3-Year CAGR (%)	4QFY22	YoY (%)	1QFY23E	Var (%)	FY21	FY22	YoY (%)
<b>Net Sales</b>	<b>16,346</b>	<b>31,128</b>	<b>90.4</b>	<b>14.0</b>	<b>63,249</b>	<b>-50.8</b>	<b>23,421</b>	<b>32.9</b>	<b>1,40,638</b>	<b>1,53,138</b>	<b>8.9</b>
Expenditure	15,717	25,993	65.4	14.0	47,571	-45.4	20,304	28.0	1,08,827	1,20,045	10.3
<b>EBITDA</b>	<b>629</b>	<b>5,135</b>	<b>716.8</b>	<b>13.8</b>	<b>15,678</b>	<b>-67.2</b>	<b>3,116</b>	<b>64.8</b>	<b>31,811</b>	<b>33,092</b>	<b>4.0</b>
<b>EBITDA (%)</b>	<b>3.8</b>	<b>16.5</b>	<b>1260bps</b>	<b>-10bps</b>	<b>24.8</b>	<b>-830bps</b>	<b>13.3</b>	<b>320bps</b>	<b>22.6</b>	<b>21.6</b>	<b>-100bps</b>
Other income	447	1,597	257.7	84.5	638	150.5	581	175.1	1,261	2,336	85.2
Depreciation	922	941	2.0	4.3	1,010	-6.8	1,033	-8.9	3,663	3,802	3.8
EBIT	153	5,791	NM	25.8	15,306	-62.2	2,664	117.4	29,409	31,626	7.5
Interest	1	10	NM	47.2	41	-74.8	10		61	49	-20.2
PBT	152	5,781	NM	25.8	15,266	-62.1	2,654	117.8	29,348	31,578	7.6
Tax	40	1,466	NM	19.6	3,848	-61.9	690	112.4	8,694	8,089	-7.0
Tax rate (%)	26.5	25.4		-410bps	25.2	20bps	26.0		29.6	25.6	
<b>Adj PAT</b>	<b>112</b>	<b>4,315</b>	<b>NM</b>	<b>28.2</b>	<b>11,418</b>	<b>-62</b>	<b>1,964</b>	<b>119.7</b>	<b>20,654</b>	<b>23,489</b>	<b>13.7</b>
<b>Adj EPS (INR)</b>	<b>0.1</b>	<b>1.8</b>	<b>NM</b>	<b>28.2</b>	<b>4.7</b>	<b>-62.2</b>	<b>0.8</b>	<b>119.7</b>	<b>8.5</b>	<b>9.6</b>	<b>13.7</b>

Source: Company, JM Financial

**Exhibit 2. Cost break-up**

Y/E March (INR mn)	1QFY22	1QFY23	YoY (%)	3-Year CAGR (%)	4QFY22	YoY (%)	1QFY23E	Var (%)	FY21	FY22	YoY (%)
<b>COGS</b>	<b>9,547</b>	<b>18,085</b>	<b>89.4</b>	<b>19.6</b>	<b>36,811</b>	<b>-50.9</b>	<b>13,584</b>	<b>33.1</b>	<b>78,278</b>	<b>89,025</b>	<b>13.7</b>
<i>as a % of sales</i>	<i>58.4</i>	<i>58.1</i>	<i>-30bps</i>	<i>780bps</i>	<i>58.2</i>	<i>-10bps</i>	<i>58.0</i>	<i>10bps</i>	<i>55.7</i>	<i>58.1</i>	<i>250bps</i>
<b>Staff Cost</b>	<b>4,950</b>	<b>5,764</b>	<b>16.4</b>	<b>3.2</b>	<b>5,778</b>	<b>-0.2</b>	<b>5,198</b>	<b>10.9</b>	<b>19,407</b>	<b>21,094</b>	<b>8.7</b>
<i>as a % of sales</i>	<i>30.3</i>	<i>18.5</i>	<i>-1180bps</i>	<i>-640bps</i>	<i>9.1</i>	<i>940bps</i>	<i>22.2</i>	<i>-370bps</i>	<i>13.8</i>	<i>13.8</i>	<i>0bps</i>
<b>Other Expenditure</b>	<b>1,220</b>	<b>2,145</b>	<b>75.7</b>	<b>7.5</b>	<b>4,983</b>	<b>-57.0</b>	<b>1,522</b>	<b>40.9</b>	<b>11,142</b>	<b>9,926</b>	<b>-10.9</b>
<i>as a % of sales</i>	<i>7.5</i>	<i>6.9</i>	<i>-60bps</i>	<i>-130bps</i>	<i>7.9</i>	<i>-100bps</i>	<i>6.5</i>	<i>40bps</i>	<i>7.9</i>	<i>6.5</i>	<i>-140bps</i>

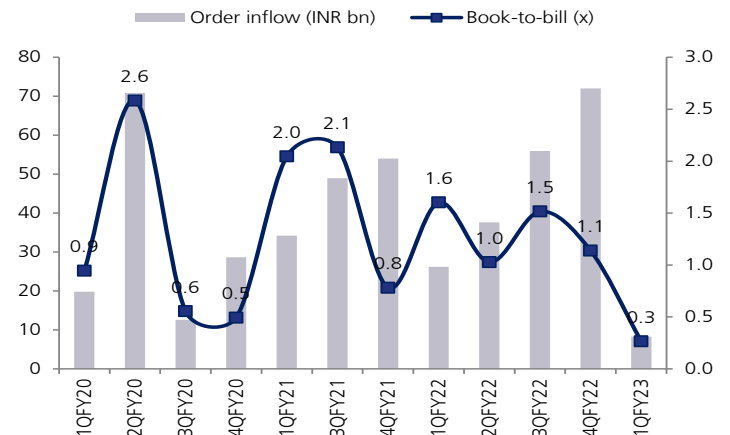
Source: Company, JM Financial

**Exhibit 3. Order book stood at INR553 bn, 3.3x TTM sales**



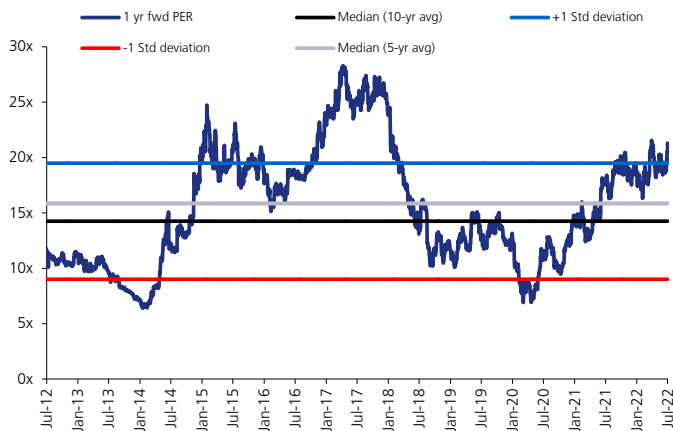
Source: Company, JM Financial

**Exhibit 4. Order inflow declined by 68% YoY to INR8.2bn**



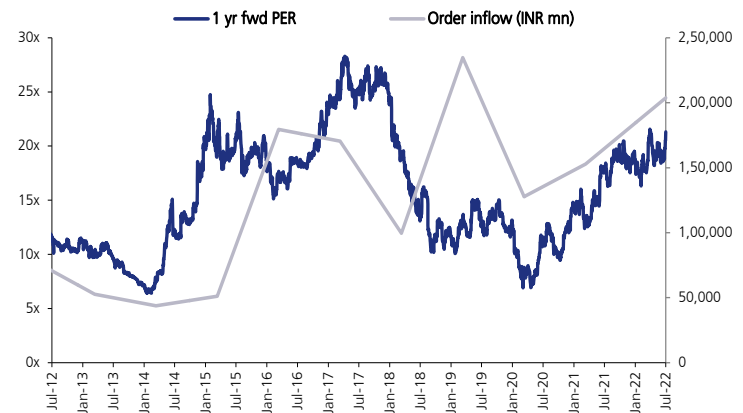
Source: Company, JM Financial

Exhibit 5. PER has a strong correlation with order inflow growth



Source: Company, JM Financial

Exhibit 6. 1-year forward PER Chart



Source: Company, JM Financial

### Key concall takeaways

- Maintains FY23 growth guidance:** Management maintained its FY23 revenue growth guidance at 15%, targeting revenue of INR180bn. It also expects an improvement in gross margins by 200bps and guided for EBTIDA margins in 21-23% range and will aim to be at upper end of this guidance. There is a constant focus on reducing the material cost through indigenisation and it should help drive bulk of the improvement in margins.
- Booked INR8.2bn of spill over revenue in 1Q:** Shortage of chip supplies led to spill over of revenue of INR26bn in FY22. However, the supply constraints have been easing and the company has booked INR8.21bn of this spill over revenue in 1QFY23, while another INR5bn will be booked in 2Q and balance INR13bn in 2H. The revenue growth guidance of 15% factors in these spills over revenues.
- Order inflow guidance and major orders:** Management expects order inflows to touch INR200bn in FY23 implying growth of 5% YoY. Major orders expected in the year are: Akash Prime INR40bn, Himshakti EW system INR32bn, Arudhra Radar INR30bn, Mi-17 upgrade INR15bn, WLR (12 Nos.) INR10bn, ship based programmes (NGMC, OPV, CPS, MPV) INR100-120bn, Link U2 system INR25bn, BMP-2 upgrade INR20bn and civilian side orders of atleast INR5bn.
- Imports from Russia and Ukraine:** The imports from Russia and Ukraine are will be less than 5% of RM cost as the company imports some tank (T-90, T-72) components from Russia. Also, its vendor base in Ukraine is very small and limited to just 5-6 vendors. The company has submitted a roadmap to indigenise these items and has also been asked to take up AMC of Russian platforms, which are heavy on electronics.
- Indigenisation levels to increase consistently:** Currently, 80-82% of sales come from indigenous technology, of which 40-42% is done by BEL in-house and balance is in collaboration with DRDO. However, the import content also exists at component and sub-component level, which has higher scope of reduction. Several projects taken in railways and airports are 100% indigenous solutions and finalisations of these orders can reduce import content.
- Rising share of avionics business:** Within avionics, it is currently the company is supplying digital flight control computers (DFCC), air data computers, head up display, RWR and few other weapon and communication systems, where its share stands at 9-10% of total aircraft value. However, it is developing additional equipment like Uttam AESA radar and EW suite, which were imported earlier. Besides these other radars, mission control computer and counter measure systems (DIRCM) are also targeted and if all these projects come through, its total content in an aircraft can increase to 25%+.

- **Timelines of large projects MRSAM and QRSAM:** While LRSAM Phase-2 is delayed as there is no clarity on its configuration, management expects ordering for MRSAM and QRSAM to materialise by FY24. For QRSAM, the army will place orders for 2 regiments initially and other 2 will be ordered after couple of years, while for MRSAM, firing trials have completed in Apr'22 where order was directly placed on IAI. Total order value of QRSAM and MRSAM are at INR150-200bn each.
- **Capex plan:** BEL had charted out a capex plan of INR30bn in FY20, for expansion at Nimmaluru (IR seekers, night vision devices and thermal imaging system), Palasamudram (systems integration), Nagpur (new businesses) and Ibrahimpatnam (land based EW systems). Of this, the company has already completed INR20bn and expects to incur another INR10bn in FY23. Nimmaluru facility is nearing completion, land at Nagpur has already been acquired, while Palasamudram is expecting clearances from Andhra Pradesh government.
- **Targeting exports to reach 10% of sales:** While exports remained subdued at average of 2% of sales in last 5 years, management has an aggressive target to shore it up to 10% of sales. It has opened several international offices to source business, but requirement to change customise solutions is resulting in slower ramp up. Order inflows in exports improved materially in FY22 to \$180mn and it targets orders of \$400mn in FY23. With doubling of exports in FY23, the order is likely to growth by 2.2x to \$600mn (8.5x FY23E sales), which depicts a strong ramp up in exports in future.
- **Civilian (non-defence):** Expected to be 15% of sales in FY23 vs 12% in FY22. Key areas to drive growth are:
  - **Rail and metro:** It has additional opportunity of INR100-120bn for TCAS system in railways and metro as it expands its product basket, where it currently supplies train supervision system currently. These TCAS systems are entirely imported currently.
  - **EVMs:** The company has an order of INR15bn in hand, which is facing delays due to chip shortage and expects to complete 40% of this order by 4QFY23 and balance 60% by 1QFY24
  - **Smart cities:** The Company is in discussion with UP state government and Ministry of Urban Affairs for BOOT based smart city projects and expects it be finalised by Oct'22 and the orders to come through in FY23.
  - **Other income** consisted of special dividend from its associate company - GE BEL Pvt Ltd of INR780mn in 1QFY23.

## Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Net Sales	1,40,638	1,53,138	1,76,400	2,04,935	2,31,815	
Sales Growth	8.8%	8.9%	15.2%	16.2%	13.1%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>1,40,638</b>	<b>1,53,138</b>	<b>1,76,400</b>	<b>2,04,935</b>	<b>2,31,815</b>	
Cost of Goods Sold/Op. Exp	78,278	89,025	1,02,312	1,18,862	1,34,453	
Personnel Cost	19,407	21,094	22,813	24,625	26,632	
Other Expenses	11,142	9,926	12,524	14,345	16,227	
<b>EBITDA</b>	<b>31,812</b>	<b>33,092</b>	<b>38,750</b>	<b>47,102</b>	<b>54,503</b>	
EBITDA Margin	22.6%	21.6%	22.0%	23.0%	23.5%	
EBITDA Growth	16.5%	4.0%	17.1%	21.6%	15.7%	
Depn. & Amort.	3,663	3,802	3,995	4,285	4,455	
EBIT	28,149	29,291	34,755	42,817	50,048	
Other Income	1,261	2,336	3,594	4,492	5,615	
Finance Cost	61	49	49	49	49	
PBT before Excep. & Forex	29,349	31,578	38,301	47,260	55,615	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	29,349	31,578	38,301	47,260	55,615	
Taxes	8,694	8,089	9,767	12,051	14,182	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	20,655	23,489	28,534	35,209	41,433	
<b>Adjusted Net Profit</b>	<b>20,655</b>	<b>23,489</b>	<b>28,534</b>	<b>35,209</b>	<b>41,433</b>	
Net Margin	14.7%	15.3%	16.2%	17.2%	17.9%	
Diluted Share Cap. (mn)	2,436.6	2,436.6	2,436.6	2,436.6	2,436.6	
<b>Diluted EPS (INR)</b>	<b>8.5</b>	<b>9.6</b>	<b>11.7</b>	<b>14.5</b>	<b>17.0</b>	
Diluted EPS Growth	15.1%	13.7%	21.5%	23.4%	17.7%	
Total Dividend + Tax	10,234	10,233	14,267	17,604	20,716	
Dividend Per Share (INR)	4.2	4.2	5.9	7.2	8.5	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Shareholders' Fund	1,08,767	1,20,511	1,34,778	1,52,382	1,73,098	
Share Capital	2,437	2,437	2,437	2,437	2,437	
Reserves & Surplus	1,06,330	1,18,074	1,32,341	1,49,945	1,70,662	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	0	0	0	0	0	
Def. Tax Liab. / Assets (-)	-4,634	-6,207	-6,207	-6,207	-6,207	
<b>Total - Equity &amp; Liab.</b>	<b>1,04,133</b>	<b>1,14,304</b>	<b>1,28,571</b>	<b>1,46,175</b>	<b>1,66,891</b>	
Net Fixed Assets	32,162	33,826	36,331	38,045	39,590	
Gross Fixed Assets	41,175	50,018	56,518	62,518	68,518	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	16,376	20,178	24,173	28,458	32,913	
Capital WIP	7,363	3,986	3,986	3,986	3,986	
Investments	13,312	15,560	15,560	15,560	15,560	
Current Assets	2,40,423	2,78,926	3,11,074	3,64,880	4,19,769	
Inventories	49,547	55,669	62,827	72,990	82,564	
Sundry Debtors	65,515	61,034	72,493	84,220	95,266	
Cash & Bank Balances	50,082	75,009	82,480	99,308	1,19,363	
Loans & Advances	527	1,323	1,450	1,684	1,905	
Other Current Assets	74,752	85,891	91,824	1,06,678	1,20,671	
Current Liab. & Prov.	1,81,764	2,14,008	2,34,394	2,72,310	3,08,028	
Current Liabilities	32,968	43,966	48,329	56,146	63,511	
Provisions & Others	1,48,795	1,70,042	1,86,065	2,16,164	2,44,517	
Net Current Assets	58,659	64,918	76,680	92,570	1,11,742	
<b>Total - Assets</b>	<b>1,04,133</b>	<b>1,14,304</b>	<b>1,28,571</b>	<b>1,46,175</b>	<b>1,66,891</b>	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Profit before Tax	29,348	31,578	38,301	47,260	55,615	
Depn. & Amort.	3,663	3,802	3,995	4,285	4,455	
Net Interest Exp. / Inc. (-)	-507	-1,720	0	0	0	
Inc (-) / Dec in WCap.	22,597	15,498	-4,291	938	884	
Others	1,256	479	0	0	0	
Taxes Paid	-5,323	-8,024	-9,767	-12,051	-14,182	
<b>Operating Cash Flow</b>	<b>51,035</b>	<b>41,612</b>	<b>28,238</b>	<b>40,432</b>	<b>46,772</b>	
Capex	-4,677	-5,461	-6,500	-6,000	-6,000	
Free Cash Flow	46,357	36,151	21,738	34,432	40,772	
Inc (-) / Dec in Investments	-19,315	-43,145	0	0	0	
Others	0	0	0	0	0	
<b>Investing Cash Flow</b>	<b>-23,992</b>	<b>-48,606</b>	<b>-6,500</b>	<b>-6,000</b>	<b>-6,000</b>	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-10,227	-10,233	-14,267	-17,604	-20,716	
Inc / Dec (-) in Loans	-83	0	0	0	0	
Others	-2,152	-539	0	0	0	
<b>Financing Cash Flow</b>	<b>-12,463</b>	<b>-10,772</b>	<b>-14,267</b>	<b>-17,604</b>	<b>-20,716</b>	
<b>Inc / Dec (-) in Cash</b>	<b>14,580</b>	<b>-17,766</b>	<b>7,471</b>	<b>16,828</b>	<b>20,055</b>	
Opening Cash Balance	35,502	30,157	75,009	82,480	99,308	
Closing Cash Balance	50,082	75,009	82,480	99,308	1,19,363	

Source: Company, JM Financial

Dupont Analysis		FY21A	FY22A	FY23E	FY24E	FY25E
Y/E March						
Net Margin		14.7%	15.3%	16.2%	17.2%	17.9%
Asset Turnover (x)		1.4	1.3	1.4	1.4	1.4
Leverage Factor (x)		1.0	1.0	1.0	1.0	1.0
RoE		19.9%	20.5%	22.4%	24.5%	25.5%

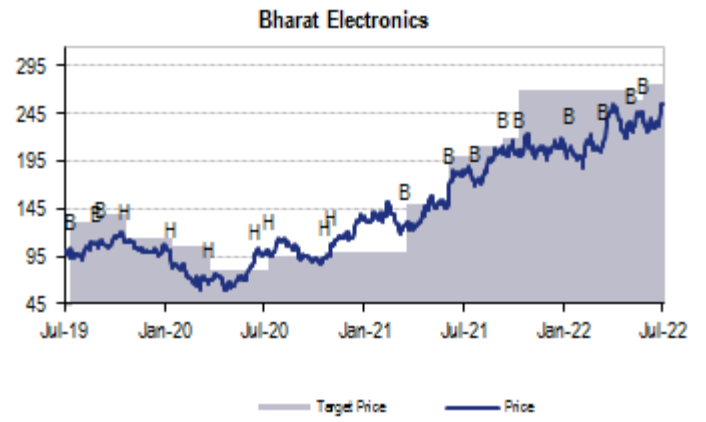
Key Ratios		FY21A	FY22A	FY23E	FY24E	FY25E
Y/E March						
BV/Share (INR)		44.6	49.5	55.3	62.5	71.0
ROIC		33.7%	57.9%	77.7%	85.9%	98.5%
ROE		19.9%	20.5%	22.4%	24.5%	25.5%
Net Debt/Equity (x)		-0.5	-0.6	-0.6	-0.7	-0.7
P/E (x)		30.1	26.5	21.8	17.6	15.0
P/B (x)		5.7	5.2	4.6	4.1	3.6
EV/EBITDA (x)		18.0	16.5	13.9	11.1	9.2
EV/Sales (x)		4.1	3.6	3.1	2.5	2.2
Debtor days		170	145	150	150	150
Inventory days		129	133	130	130	130
Creditor days		111	134	128	130	131

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
30-Jul-19	Buy	130	
17-Sep-19	Buy	130	0.0
23-Sep-19	Buy	140	7.7
6-Nov-19	Hold	115	-17.9
31-Jan-20	Hold	105	-8.7
9-Apr-20	Hold	80	-23.8
2-Jul-20	Hold	80	0.0
27-Jul-20	Hold	95	18.8
9-Nov-20	Hold	100	5.3
19-Nov-20	Hold	100	0.0
5-Apr-21	Buy	150	50.0
23-Jun-21	Buy	200	33.3
9-Aug-21	Buy	210	5.0
29-Sep-21	Buy	220	4.8
29-Oct-21	Buy	270	22.7
31-Jan-22	Buy	270	0.0
3-Apr-22	Buy	270	0.0
24-May-22	Buy	260	-3.7
14-Jun-22	Buy	275	5.8

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd., National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst – INH000000610

Registered Office: 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for large-cap stocks* and REITs and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks and REITs and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* Large-cap stocks refer to securities with market capitalisation in excess of INR200bn. REIT refers to Real Estate Investment Trusts.

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