

Cyient DLM | ADD

Order book growth provides some comfort; maintain ADD

While Cyient DLM's 2QFY26 performance was weak, momentum around the order book was a key positive. Cyient DLM's 2Q adj. PAT declined 19% YoY, while revenue declined 20% YoY. However, an improved gross margin profile, given a superior customer mix drove a 190bps EBITDA margin expansion, driving a flat EBITDA on a YoY basis. On the order book, consolidated order inflows rose to INR 4.7bn in 2QFY26, vs. INR 2.4bn in 2QFY25, indicating a book-to-bill ratio of 1.5x. This, in turn drove a 16% YoY growth in the consolidated order book to INR 22.9bn, alleviating order book concerns to some extent. Incrementally, management guided for 1.4-1.5x book-to-bill ratio for FY26E. We also note that 20% of the new orders have come from Cyient DLM's B2S business, which involves designing, and is an inherently higher margin business with sticky relationships. To adjust for the weakness in 1H, we cut our FY26E EPS estimates by 14%. At the same time, our FY27E EPS estimates remain largely unchanged, while FY28E EPS increases by 6%. We value the stock at 30x Sep'27E EPS, Maintain ADD.

- **Cyient DLM 2Q YoY performance weak on expected lines, but beats estimate:** 2Q revenue at INR 3.1bn was in-line with estimate, and declined 20% YoY. Here, revenue from the defence vertical declined 90% YoY to INR 249mn, constituting 8% of revenue vs. 66% of revenue in 2QFY25, owing to completion of a single large low-margin order in FY25. Besides this, revenue from the Aerospace vertical rose 48% YoY, constituting 37% of total revenue vs. 20% YoY. The Industrial and MedTech verticals also saw robust growth, and now constitute 30% and 16% of total revenue vs. 7% and 6% respectively in 2QFY25. This was driven by the acquisition of Altek, included in the current quarter but was absent in the base quarter. However, strong gross margins at 41.2% vs. 40.2% sequentially and 20.6% YoY drove a flat YoY EBITDA, which was 12% ahead of estimate. EBITDA margin at 10% was 100bps ahead of estimate and expanded 190bps YoY. Adj. 2Q PAT at INR 125mn, declined 19% YoY, but was better than our estimate.
- **Order book improvement a key positive; management indicates trends should continue:** Consolidated order inflows rose to INR 4.7bn in 2QFY26, vs. INR 2.4bn in 2QFY25, indicating a book-to-bill ratio of 1.5x. This drove a 16% growth in the consolidated order book to INR 22.9bn, after a flat YoY performance in the previous quarter and seven quarters of YoY decline prior to that, alleviating order book concerns to some extent. Incrementally, management guided for 1.4-1.5x book-to-bill ratio for FY26. We also note that 20% of the new orders have come from Cyient DLM's B2S (designing, inherently higher margin and sticky relationship) vertical, and the overall order book has an execution period of 18-24 months.
- **Focus on non-A&D businesses and foray into auto to be key drivers of growth:** We believe that Cyient DLM's ramp up in the non-A&D (aerospace and defence) segments will be key drivers of growth hereon. With the acquisition of Altek in FY25, Cyient DLM strengthened its hold over the Industrial and MedTech verticals. While the Company was present in these verticals before the acquisition as well, the ramp up was not too exciting. Further, the Company has gotten active in the automotive segment, especially the electric vehicle (EV) space as well. Herein, initially, it intends to focus on products required in setting up EV infrastructure. The Company also onboarded a new client in this segment in 2Q, wherein it will supply sub-assemblies that go into the EV charging systems. At the same time, Cyient DLM continues working on several other potential customers within the automotive segment, which are expected to become key accounts over the next several quarters.



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Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	530
Upside/(Downside)	13.2%
Previous Price Target	510
Change	3.9%

Key Data – CYIENTDL IN

Current Market Price	INR468
Market cap (bn)	INR37.2/US\$0.4
Free Float	48%
Shares in issue (mn)	79.3
Diluted share (mn)	79.3
3-mon avg daily val (mn)	INR104.2/US\$1.2
52-week range	744/350
Sensex/Nifty	82,030/25,146
INR/US\$	88.8

Price Performance

%	1M	6M	12M
Absolute	2.6	5.1	-33.8
Relative*	2.3	-1.7	-34.0

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	11,919	15,196	14,980	18,782	23,054
Sales Growth (%)	43.2	27.5	-1.4	25.4	22.7
EBITDA	1,110	1,452	1,509	2,079	2,702
EBITDA Margin (%)	9.3	9.6	10.1	11.1	11.7
Adjusted Net Profit	612	740	703	1,130	1,658
Diluted EPS (INR)	7.7	9.3	8.9	14.3	20.9
Diluted EPS Growth (%)	28.6	20.9	-5.0	60.9	46.6
ROIC (%)	19.0	12.5	9.6	14.6	17.8
ROE (%)	11.1	8.0	7.1	10.5	13.6
P/E (x)	60.6	50.2	52.8	32.8	22.4
P/B (x)	4.1	3.9	3.6	3.3	2.9
EV/EBITDA (x)	29.7	25.2	23.4	16.5	12.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 14/Oct/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

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

Key takeaways from concall

Guidance and comments on order book

- **Order book momentum:** 2Q book-to-bill ratio at 1.5x indicates sustained momentum. Expect similar improvement in orderbook to continue through the year as well; expect book-to-bill ratio of 1.4-1.5x for full year FY26. To put this into perspective, order inflow at INR 4.7bn rose 93% YoY, while order book at INR 22.bn, rose 16% YoY. However, it is pertinent to note that the base quarter did not include the acquisition of Altek.
- **Order book execution and mix:** Most orders have an execution period of 18-24 months. The current order book and order inflows are fairly similar to the existing revenue mix.
- **FY26 revenue outlook:** Generally, H1 constitutes 45% of total revenue, while H2 constitutes 55%. Expect this trend to continue in FY26 as well. However, management also indicated that growth in FY27 is certain, while possibility of initial signs from 4QFY26 itself.
- **Outlook on margin:** Margin expansion in the quarter was led by better quality of product mix. With the current order book mix, expect FY26 margins to see similar momentum. Further, as revenue growth picks up in FY27, operating leverage benefits, along with some initial benefits of B2S revenue coming in should aid incremental margin expansion.
- **Improvement in B2S orders:** Also seeing traction with B2S (designing) customers; 20% of order inflow has been in the B2S segment. Have also onboarded a Japanese customer in the air mobility space, a project which is in the conceptualisation phase currently. Revenues from B2S should go up meaningfully in FY28.
- **One-off other income:** Acquisition of Altek was made a year back, and had some performance conditions required to be met. However, those targets have not been met, and hence the amount paid for that has been reversed, and accounted for as other income.

Foray into automotive segment

- **On-boarded new clients, and several others in the pipeline:** Successfully onboarded a new client and several other accounts are in advance stages. This is a customer in the EV charging space. Expect some of these clients to convert into key accounts in the coming 2-3 quarters.
- **Will focus on EV infrastructure:** Supplying to sub-assemblies that go into the EV charging systems. Will look for opportunities on the auto/EV infrastructure things. Margins in auto too should be in line with the incumbent businesses.

Strategy going forward

- **More focus on current business, domestic market and B2S:** Strengthen the existing business with focus on account mining and building deeper strategic client relationships, increasing focus on the domestic market and strengthening B2S offerings across verticals
- **Expansion into new categories and inorganic expansion led growth:** Going forward focus will be on medical and industrial segment growth and emerging industries like EV. Along with that targeting inorganic expansion to increase client proximity and geographic footprint to access target client and expanding capabilities.
- **Transformation into IP led product business:** Increasing focus on product focused strategy to expand into IP related products.

Exhibit 1. Cyient DLM -2QFY26 results review

(INR mn)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q2FY26E
Revenue	2,918	3,210	3,618	11,919	2,579	3,895	4,442	4,281	15,196	2,784	3,106	3,093
YoY	72%	50%	30%	43%	19%	33%	38%	18%	27%	8%	-20%	-21%
Raw Material Costs	(2,312)	(2,506)	(2,754)	(9,200)	(1,927)	(3,092)	(3,257)	(2,806)	(11,079)	(1,665)	(1,826)	(1,905)
Gross Profit	607	705	864	2,719	652	802	1,186	1,475	4,117	1,119	1,280	1,188
Gross Profit margin %	20.8%	22.0%	23.9%	22.8%	25.3%	20.6%	26.7%	34.4%	27.1%	40.2%	41.2%	38.4%
Employee Cost	(267)	(306)	(357)	(1,174)	(328)	(336)	(588)	(611)	(1,862)	(578)	(529)	(610)
% of sales	9.1%	9.5%	9.9%	9.8%	12.7%	8.6%	13.2%	14.3%	12.3%	20.8%	17.0%	19.7%
Other expenses	(104)	(105)	(127)	(435)	(124)	(150)	(237)	(290)	(800)	(291)	(439)	(300)
% of sales	3.6%	3.3%	3.5%	3.7%	4.8%	3.9%	5.3%	6.8%	5.3%	10.5%	14.1%	9.7%
EBITDA	235	294	380	1,110	200	316	361	476	1,455	251	312	278
YoY	0%	43%	19%	26%	0%	34%	23%	25%	31%	25%	-1%	-12%
EBITDA margin%	8.1%	9.2%	10.5%	9.3%	7.8%	8.1%	8.1%	11.1%	9.6%	9.0%	10.0%	9.0%
Total D&A Expense	(55)	(58)	(62)	(223)	(67)	(69)	(100)	(105)	(341)	(105)	(106)	(110)
EBIT	181	237	318	887	133	248	261	371	1,114	145	206	168
YoY	-3%	49%	17%	30%	-12%	37%	10%	17%	26%	9%	-17%	-32%
EBIT margin%	6.2%	7.4%	8.8%	7.4%	5.2%	6.4%	5.9%	8.7%	7.3%	5.2%	6.6%	5.4%
Other Income	93	93	83	278	89	71	69	33	262	42	31	45
Finance Costs	(76)	(83)	(94)	(344)	(80)	(110)	(100)	(86)	(375)	(86)	(68)	(85)
PBT	198	247	307	821	142	209	230	318	1,000	101	169	128
YoY	94%	240%	78%	90%	103%	6%	-7%	4%	22%	-29%	-19%	-39%
Income Tax Expense	(51)	(63)	(80)	(209)	(36)	(54)	(61)	(81)	(257)	(26)	(44)	(32)
Rate %	25.9%	25.5%	25.9%	25.5%	25.2%	26.0%	26.6%	25.5%	25.7%	26.1%	25.8%	25.1%
Exceptional	-	-	-	-	-	-	-59	-	-	-	-	-
Net Profit	147	184	227	612	106	155	110	237	743	75	125	96
Margins	5.0%	5.7%	6.3%	5.1%	4.1%	4.0%	2.5%	5.5%	4.9%	2.7%	4.0%	3.1%
YoY	106%	222%	81%	93%	98%	5%	-40%	4%	21%	-30%	-19%	-38%
Adjusted PAT	147	184	227	612	106	155	169	237	666	75	125	96
YoY	106%	222%	81%	93%	98%	5%	-8%	4%	9.0%	-30%	-19%	-38%

Source: Company, JM Financial

Exhibit 2. Cyient DLM -2QFY26 segment highlights

(INR mn)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26
Revenue Mix by Industry											
Aerospace	642	867	905	3,239	671	779	977	1,156	3,582	1,114	1,149
YoY	nm	nm	nm	94%	-19%	21%	13%	28%	11%	66%	48%
Defence	1,430	1,541	2,026	5,649	1,470	2,570	2,043	1,413	7,496	251	249
YoY	nm	nm	nm	80%	126%	80%	33%	-30%	33%	-83%	-90%
Industrial	584	385	326	1,512	129	273	578	599	1,578	640	932
YoY	nm	nm	nm	-28%	-41%	-53%	50%	84%	4%	397%	242%
Med Tech	204	321	289	902	258	234	800	1,070	2,361	613	497
YoY	nm	nm	nm	-33%	197%	14%	149%	270%	162%	138%	113%
Others	58	96	72	618	52	39	44	43	178	167	280
Revenues	2,918	3,210	3,618	11,919	2,579	3,895	4,442	4,281	15,196	2,784	3,106
Revenue Split											
Aerospace	22.0%	27.0%	25.0%	27.2%	26.0%	20.0%	22.0%	27.0%	23.6%	40.0%	37.0%
Defence	49.0%	48.0%	56.0%	47.4%	57.0%	66.0%	46.0%	33.0%	49.3%	9.0%	8.0%
Industrial	20.0%	12.0%	9.0%	12.7%	5.0%	7.0%	13.0%	14.0%	10.4%	23.0%	30.0%
Med Tech	7.0%	10.0%	8.0%	7.6%	10.0%	6.0%	18.0%	25.0%	15.5%	22.0%	16.0%
Others	2.0%	3.0%	2.0%	5.2%	2.0%	1.0%	1.0%	1.0%	1.2%	6.0%	9.0%
Geography											
Exports	1,693	1,734	2,388	7,313	1,496	1,791	2,710	3,039	9,036	2,506	2,671
YoY	40.4%	-4.7%	594.2%	47%	-0.2%	5.8%	56.3%	27.3%	24%	67.5%	49.1%
Domestic	1,226	1,477	1,230	4,606	1,083	2,103	1,733	1,241	6,160	278	435
YoY	147.1%	355.8%	-49.4%	37%	60.9%	71.6%	17.3%	0.9%	34%	-74.3%	-79.3%
Geography Mix											
Exports	58.0%	54.0%	66.0%	61.4%	58.0%	46.0%	61.0%	71.0%	59.5%	90.0%	86.0%
Domestic	42.0%	46.0%	34.0%	38.6%	42.0%	54.0%	39.0%	29.0%	40.5%	10.0%	14.0%
Revenue mix by Product											
PCBA	2,160	2,151	2,424	8,320	1,908	2,999	3,154	2,740	10,801	1,476	1,584
Box Build	584	867	1,049	2,999	490	584	1,022	1,113	3,209	807	777
Cables	58	96	72	270	52	39	44	86	221	28	62
Others	117	96	72	329	129	273	222	342	966	473	683
Product Mix											
PCBA	74.0%	67.0%	67.0%	69.8%	74.0%	77.0%	71.0%	64.0%	71.1%	53.0%	51.0%
Box Build	20.0%	27.0%	29.0%	25.2%	19.0%	15.0%	23.0%	26.0%	21.1%	29.0%	25.0%
Cables	2.0%	3.0%	2.0%	2.3%	2.0%	1.0%	1.0%	2.0%	1.5%	1.0%	2.0%
Others	4.0%	3.0%	2.0%	2.8%	5.0%	7.0%	5.0%	8.0%	6.4%	17.0%	22.0%

Source: Company, JM Financial

Exhibit 3. Cyient DLM -2QFY26 order book and working capital

(INR mn)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26
Order backlog consolidated	22,866	22,949	21,705	21,705	21,267	19,790	21,249	19,061	19,061	21,318	22,911
Total OB YoY	-10%	-2.4%	-10.8%	-10.8%	-14.9%	-13.5%	-7.4%	-12.2%	-12.2%	0.2%	15.8%
Calculated order inflows	787	3,293	2,374	9,299	2,141	2,418	5,901	2,093	2,093	5,041	4,699
Book-to-bill ratio	0.3	1.0	0.7	1.8	0.8	0.6	1.3	0.5		1.8	1.5
Working Capital											
Receivable Days	87	87	57	57	92	82	76	76	76	74	72
Inventory Days	144	137	117	117	184	122	129	123	123	185	172
Payable Days	63	64	70	70	77	57	69	50	50	71	73
Customer Advances	57	42	25	25	28	20	16	22	22	21	33
NWC	111	118	79	79	171	127	120	127	127	167	138

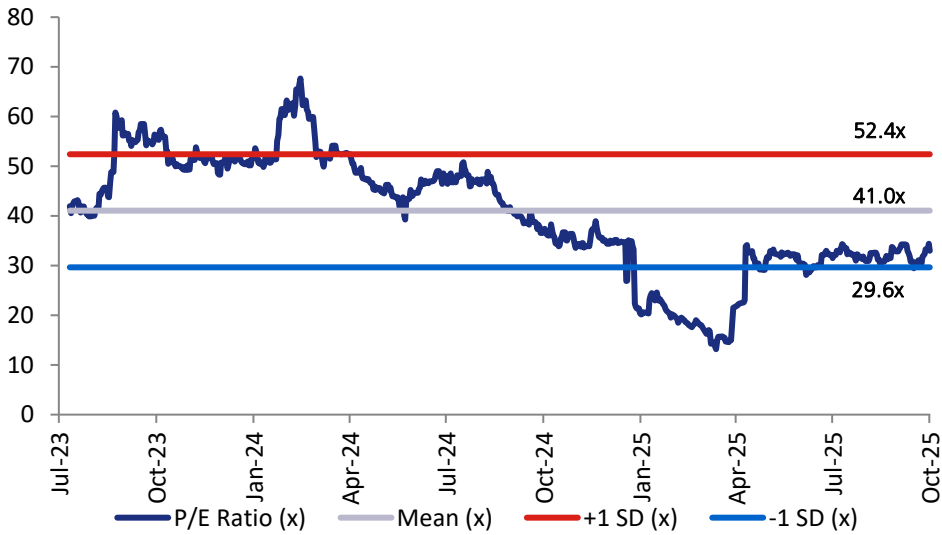
Source: Company, JM Financial

Exhibit 4. Cyient DLM – EPS revision table

Year End Mar (INR mn)	FY26E	FY27E	FY28E
Revenues			
Old	16,674	20,908	25,493
New	14,980	18,782	23,054
Change	-10.2%	-10.2%	-9.6%
EBITDA			
Old	1,673	2,136	2,633
New	1,509	2,079	2,702
Change	-9.8%	-2.7%	2.6%
EBITDA margins			
Old	10.0%	10.2%	10.3%
New	10.1%	11.1%	11.7%
Change	4	85	139
Recurring PAT			
Old	816	1,146	1,570
New	703	1,130	1,658
Change	-13.9%	-1.4%	5.6%
EPS			
Old	10.3	14.5	19.8
New	8.9	14.3	20.9
Change	-13.9%	-1.4%	5.6%

Source: Company, JM Financial

Exhibit 5. Cyient DLM – 1yr fwd PE Chart



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	11,919	15,196	14,980	18,782	23,054
Sales Growth	43.2%	27.5%	-1.4%	25.4%	22.7%
Other Operating Income	0	0	0	0	0
Total Revenue	11,919	15,196	14,980	18,782	23,054
Cost of Goods Sold/Op. Exp	9,200	11,082	9,846	12,231	14,947
Personnel Cost	1,174	1,862	2,520	3,087	3,704
Other Expenses	435	800	1,105	1,385	1,700
EBITDA	1,110	1,452	1,509	2,079	2,702
EBITDA Margin	9.3%	9.6%	10.1%	11.1%	11.7%
EBITDA Growth	26.5%	30.8%	4.0%	37.8%	30.0%
Depn. & Amort.	223	341	409	453	497
EBIT	887	1,111	1,100	1,626	2,206
Other Income	278	262	240	273	281
Finance Cost	344	375	393	390	253
PBT before Excep. & Forex	821	997	947	1,510	2,234
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	821	997	947	1,510	2,234
Taxes	209	257	245	379	576
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	612	740	703	1,130	1,658
Adjusted Net Profit	612	740	703	1,130	1,658
Net Margin	5.1%	4.9%	4.7%	6.0%	7.2%
Diluted Share Cap. (mn)	79.3	79.3	79.3	79.3	79.3
Diluted EPS (INR)	7.7	9.3	8.9	14.3	20.9
Diluted EPS Growth	28.6%	20.9%	-5.0%	60.9%	46.6%
Total Dividend + Tax	0	0	0	0	2
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	612	740	703	1,130	1,658
Depn. & Amort.	223	341	409	453	497
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-1,463	-2,259	621	295	-779
Others	-5	-74	0	0	0
Taxes Paid	-209	-257	-245	-379	-576
Operating Cash Flow	-843	-1,509	1,488	1,499	799
Capex	-531	-1,274	-600	-600	-600
Free Cash Flow	-1,374	-2,784	888	899	199
Inc (-) / Dec in Investments	233	-298	0	0	0
Others	-29	-163	338	0	0
Investing Cash Flow	-327	-1,735	-262	-600	-600
Inc / Dec (-) in Capital	264	0	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-1,639	1,091	20	-500	-1,458
Others	6,235	-335	0	0	0
Financing Cash Flow	4,860	756	20	-500	-1,458
Inc / Dec (-) in Cash	3,690	-2,488	1,246	399	-1,259
Opening Cash Balance	1,676	5,366	2,878	4,125	4,524
Closing Cash Balance	5,366	2,878	4,125	4,524	3,264

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	9,090	9,494	10,197	11,327	12,985
Share Capital	793	793	793	793	793
Reserves & Surplus	8,297	8,701	9,404	10,534	12,192
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	1,336	2,438	2,458	1,958	500
Def. Tax Liab. / Assets (-)	-59	-132	-132	-132	-132
Total - Equity & Liab.	10,367	11,800	12,522	13,153	13,353
Net Fixed Assets	1,437	3,066	3,358	3,607	3,811
Gross Fixed Assets	2,640	3,914	4,514	5,114	5,714
Intangible Assets	30	681	681	681	681
Less: Depn. & Amort.	1,243	1,584	1,892	2,243	2,639
Capital WIP	10	56	56	56	56
Investments	662	309	309	309	309
Current Assets	13,875	13,431	13,803	15,207	16,012
Inventories	4,642	5,713	5,130	5,660	6,948
Sundry Debtors	2,259	3,474	3,283	3,859	4,737
Cash & Bank Balances	5,366	2,878	4,124	4,523	3,264
Loans & Advances	0	0	0	0	0
Other Current Assets	1,609	1,367	1,266	1,164	1,063
Current Liab. & Prov.	5,607	5,007	4,949	5,970	6,780
Current Liabilities	3,896	3,026	3,533	4,725	5,603
Provisions & Others	1,711	1,981	1,415	1,246	1,177
Net Current Assets	8,268	8,424	8,855	9,237	9,232
Total - Assets	10,367	11,800	12,522	13,153	13,353

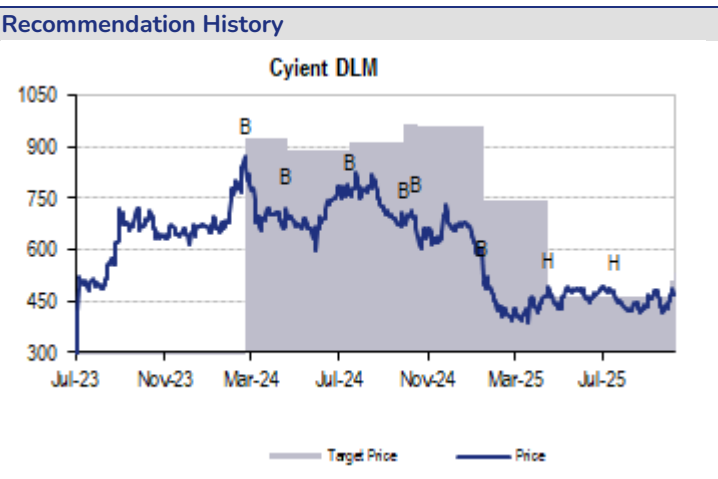
Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.1%	4.9%	4.7%	6.0%	7.2%
Asset Turnover (x)	1.4	1.3	1.1	1.3	1.6
Leverage Factor (x)	1.5	1.3	1.3	1.3	1.2
RoE	11.1%	8.0%	7.1%	10.5%	13.6%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	114.6	119.7	128.6	142.8	163.7
ROIC	19.0%	12.5%	9.6%	14.6%	17.8%
ROE	11.1%	8.0%	7.1%	10.5%	13.6%
Net Debt/Equity (x)	-0.4	0.0	-0.2	-0.2	-0.2
P/E (x)	60.6	50.2	52.8	32.8	22.4
P/B (x)	4.1	3.9	3.6	3.3	2.9
EV/EBITDA (x)	29.7	25.2	23.4	16.5	12.7
EV/Sales (x)	2.8	2.4	2.4	1.8	1.5
Debtor days	69	83	80	75	75
Inventory days	142	137	125	110	110
Creditor days	108	66	72	84	85

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
27-Feb-24	Buy	925	
24-Apr-24	Buy	887	-4.1
22-Jul-24	Buy	910	2.6
5-Oct-24	Buy	962	5.7
21-Oct-24	Buy	960	-0.2
22-Jan-25	Buy	740	-22.9
22-Apr-25	Hold	460	-37.9
23-Jul-25	Hold	465	1.1
8-Oct-25	Add	510	9.7



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

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

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion 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 stocks with market capitalisation in excess of INR 200 billion 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.

* REITs refers to Real Estate Investment Trusts.

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