

Bikaji Foods International | BUY



Margin progression better than envisaged, revenue momentum to improve

Bikaji's 1QFY26 earnings print was ahead of expectation primarily led by better than envisaged margin delivery. Organic revenue performance (+11%, driven by Ethnic Snacks) was tad better due to better pricing, as volume growth (7.5%) was lower vs. 4Q levels & our est. In terms of geography mix, moderation in growth for Core/Focus states were partially offset by much higher growth in Exports/other regions. Acquisitions added to balance c.5% of sales growth. Key positive – GM expansion was better than expected aided by price hikes and soft RM prices which led to EBITDA beat of c.5%. Going ahead with festive season coming up, we expect Ethnic Snacks trajectory to further improve, recovery in sales for Packaged Sweets/Western Snacks/Papad (saw muted growth in 1Q), which along with scale up in acquired businesses should help achieve mid-teen sales growth over medium term. With key input costs remaining benign, margins visibility remains healthy and lower capex intensity is expected to drive strong FCF generation over FY26/27E. In our view, acceleration in volume growth (especially in core Ethnic Snacks) & execution on retail business will be key monitorables. Factoring better gross margins, we raise our FY26/27/28E by 9%/3%/1%, roll forward & maintain BUY rating with revised TP of 850 (60x Sep'27E). Sharp dips should be used as opportunity to add.

- **Revenue performance better than expectation led by ethnic snacks, acceleration in volume growth will be key:** Consol. sales (ex-PLI) grew 14.9% yoy to 6.4bn (2% better vs. our estimate) while, organic sales grew 11% yoy (excl. sales from THF/Ariba foods of INR 150mn/INR 95mn). Organic sales growth was largely driven by Ethnic Snacks segment (accounting for c.75% of its business) and volume growth of 7.5% (9% volume growth in 4Q). Sales for Core states grew 8.5% yoy while Focus states grew by 11.6% yoy. Exports were up 60.9% yoy as presence increased across various geographies. In terms of SKU mix, family packs sales grew by 15.8% yoy, faster vs. impulse packs (+8.2% yoy). Focus on direct distribution expansion continued – company increased direct coverage by c.15k outlets during the quarter, taking direct reach to 3.2L outlets (+20% yoy).
- **Ethnic snacks up 11% while remaining segments saw muted performance:** Ethnic Snacks sales grew by 11.1% yoy while Western Snacks grew 4.3% yoy. Packaged Sweets and Papad grew by 3% and 5.8% yoy respectively. During the quarter, Retail business reported revenue of INR 212mn, out of which INR 150mn from recent acquisition of THF. Retail store count stood at 15 (vs. 13 stores in 4QFY25 and 3 stores in 1QFY25).
- **GM delivery surprises positively driving overall earnings beat:** Consol. GM (ex-PLI) was up 20.4% yoy with expansion of 152bps yoy to 33.4% (JMFe: 32.5%) - function of benign RM, benefit of selective price hikes in Ethnic and Western Snacks and superior mix. The benefit was largely offset by sharp increase in staff costs and other overheads, which grew by 31.6% and 28.1% yoy respectively. Resultant EBITDA margin (ex-PLI) saw compression of 57bps yoy to 13.1% (JMFe:12.8%). EBITDA (ex-PLI) grew by c.10% to INR 838mn. Higher depreciation/interest expenses (due to THF acquisition) led to PAT growth of 3% yoy to INR 599mn.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	22,344	25,534	29,708	34,304	39,430
Sales Growth (%)	13.8	14.3	16.3	15.5	14.9
EBITDA	3,913	3,282	4,344	5,058	5,338
EBITDA Margin (%)	16.8	12.5	14.3	14.5	13.5
Adjusted Net Profit	2,634	2,005	2,721	3,356	3,679
Diluted EPS (INR)	10.5	8.0	10.9	13.4	14.7
Diluted EPS Growth (%)	89.8	-23.9	35.7	23.3	9.6
ROIC (%)	26.4	15.1	18.3	21.4	21.9
ROE (%)	24.2	15.4	18.1	18.9	17.6
P/E (x)	73.9	97.2	71.7	58.1	53.0
P/B (x)	16.0	14.1	12.0	10.1	8.6
EV/EBITDA (x)	49.5	59.5	44.4	37.6	35.1
Dividend Yield (%)	0.1	0.1	0.1	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 24/Jul/2025

JM Financial Institutional Securities Limited

Mehul Desai
mehul.desai@jmfl.com | Tel: (91 22) 66303065

Gaurav Jogani
gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

Sumanyu Saraf
sumanyu.saraf@jmfl.com | Tel: (91 22) 66303077

Pooja Kubadia
pooja.kubadia@jmfl.com | Tel: (91 22) 66303074

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	850
Upside/(Downside)	9.3%
Previous Price Target	790
Change	7.6%

Key Data – BIKAJI IN

Current Market Price	INR778
Market cap (bn)	INR194.8/US\$2.3
Free Float	25%
Shares in issue (mn)	250.6
Diluted share (mn)	250.6
3-mon avg daily val (mn)	INR202.1/US\$2.3
52-week range	1,008/520
Sensex/Nifty	82,184/25,062
INR/US\$	86.4

Price Performance

%	1M	6M	12M
Absolute	9.4	13.1	7.4
Relative*	10.1	4.9	4.6

* To the BSE Sensex

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.

Strategic Joint Venture with C.G Foods Nepal Ltd (Chaudhary Group)

- The Board of directors approved the execution of a Joint Venture cum Shareholders Agreement with C.G. Foods Nepal Ltd. to jointly establish and operate a company in Nepal for manufacturing, trading and marketing of Snacks, Namkeen, Bhujia, Papad, and Packaged sweets, leveraging combined expertise to achieve shared business objectives.
- **Ownership ratio:** As per the terms, this joint venture will be equally owned by Bikaji and CG Foods having 50:50 share.
- **Initial capital investment:** The initial capital outlay of INR 30crs will be infused by both the parties in equal ratio of INR 15crs each. These funds will be utilised to build a state-of-the-art facility in Nepal
- **Rationale for this venture:** Bikaji's brand recognition is very strong in the Nepal market, however, the products become less competitive due to levy of high import duty (c.55%). Apart from this, logistics costs are high in order to improve the distribution network and build a route to market. Given C.G Foods' market leadership and deep local network, this strategic partnership will aid to overcome these challenges.
- **Revenue potential:** Presently, Bikaji's revenue from Nepal markets is close to INR 200mn. Management is confident of achieving INR 500mn revenue in the next 2 years.
- **Right to win:** As per management's estimate, Nepal is an INR 6-7bn market with other Indian manufacturers like Haldiram and Bikano also having presence, implying strong consumption base. Bikaji has huge headroom for growth given its existing presence and brand recognition; CG Foods' distribution network and favourable macros (Nepal's FMCG sector is witnessing robust double-digit growth of around 20% annually).

Concall Highlights

- **Demand trends seeing signs of improvement:** Management highlighted that improvement in demand is visible and sequential recovery across rural and urban is seen for the past 6-7 months. They expect trends to only improve on the back of upcoming festive season and are hopeful to see continued recovery from 2Q onward.
- **Raw material prices remain benign:** Input prices for key pulses and edible oils have softened supported by good crop and rain which aided margin improvement during the quarter. Further, the company has procured majority of its raw materials at current levels and does not expect any material deviation from the same.
- **Pricing actions:** The company has taken **gradual price hikes** across key products within **Ethnic Snacks and Western Snacks**. Over the past 2-2.5 quarters, it has **undertaken price hikes to the tune of 2.5%** and the benefit of the same is seen in the gross margin delivery for the quarter.
- **Volume trajectory:** During the quarter, company reported volume growth of 7.5% on overall basis and c.6% (ex-acquisition). **Going ahead, management expects to achieve 9-10% volume growth on full year basis with 1H closing in at mid-single digit and 2H at double-digit levels.**
- **Segmental performance**
 - **Ethnic Snacks**, the largest revenue segment grew at 11% yoy for 1Q. Management highlighted that the early signs of festive demand has been favourable for this segment.
 - Within **Western Snacks**, the company is largely present in impulse packs i.e INR 5/10 price points. As input prices for edible oils moderated, many small and local players emerged offering these snacks at competitive prices driving the overall category growth. However, Bikaji did not indulge into any price wars and grew at a lower rate of 4.2% yoy during the quarter.
 - **Packaged Sweets** is a very seasonal category and the festive season will play a big role to drive growth in this category. Recovery will be visible from 2Q itself.
 - **Papad** is yet another seasonal category and derives substantial demand during wedding season. Therefore, the momentum will improve closer to the season.
 - **Retail Business:** During the quarter, it added 2 new THF stores and targets to add 8-9 stores in the next 9 months. By end of FY26, it aims to have c.19-20 stores largely in UP and NCR area. For Bikaji stores, company opened 1 store in Rajasthan and targets to open 3-4 stores.
- **Cost initiatives:**
 - There are 5-6 large cost heads such as employee, logistics, manufacturing etc that drives company's operating expenses. It incurred high staff costs in the last 2 years as it was in expansion phase. Moving forward, management expects a lot of improvement in staff costs.
 - The company's current capacity utilisation rate is 50% and as the utilisation rate improves to 70-75%, it expects 30-50 basis points margin improvement annually.
 - On overall basis, management expects other overheads (currently 14-15% of sales) to improve by 50bps annually from FY27 onwards.
- **Guidance**
 - Management expects to **maintain consol. gross margins at current levels** subject to stable RM environment. On **standalone basis**, it is on track to **achieve gross margins (ex-PLI) of >32%**.
 - PLI income for FY26 is expected to be INR 50crs equally distributed across 4 quarters.

- Management expects The Hazelnut Factory to report INR 100crs ARR with EBITDA margin in the range of 4-6% by end of FY26 and margins to improve to 8-10% in FY27.

■ Miscellaneous

- Management has budgeted 2% of its sales towards A&P spends. Marketing spends have been relatively low in 1Q but same will increase in 2Q.
- The Board also approved the execution of a loan agreement of INR 5crs with Bikaji Bakes Private Limited, a wholly-owned subsidiary of the company, focusing on bakery items. Management sees good potential in bakery items in India and has made a small investment for the same.

Exhibit 1. 1QFY26 result snapshot (consol): Overall performance above our expectations

INR mn	1QFY26	1QFY25	YoY chg	1QFY26E	% var
Net Sales	6,371	5,546	14.9%	6,244	2.0%
Other Operating Income	156	170	-8.4%	130	20.1%
Total Revenue	6,527	5,716	14.2%	6,374	2.4%
Gross Profit	2,126	1,767	20.4%	2,029	4.8%
Gross Profit Margin %	33.4%	31.9%	152 bps	32.5%	88 bps
Staff Cost	448	340	31.6%	421	6.2%
Other Expenses	872	681	28.1%	812	7.4%
EBITDA	963	916	5.1%	926	4.0%
EBITDA margin %	15.1%	16.5%	-141 bps	14.8%	28 bps
EBITDA - ex. PLI	838	761	10.1%	796	5.2%
EBITDA margin % - ex. PLI	13.1%	13.7%	-57 bps	12.8%	40 bps
Depreciation	230	179	28.3%	247	-6.8%
EBIT	733	737	-0.6%	679	7.9%
Interest Expense	47	26	79.7%	50	-5.7%
Financial Other Income	100	70	42.6%	80	25.0%
PBT	786	781	0.6%	709	10.8%
Taxes	200	203	-1.3%	181	10.8%
Minority Interest	-14	-5	178.0%	-30	-54.4%
Reported Net Profit	599	583	2.8%	559	7.2%

Source: Company, JM Financial

Exhibit 2. Quarterly performance – consolidated basis

INR mn	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Volume growth	15.2%	5.1%	29.5%	14.3%	16.2%	15.0%	3.0%*	9.0%	7.5%
Sales	4,817	6,080	6,239	5,208	5,546	7,040	6,974	5,943	6,371
YoY	15%	6%	23%	13%	15%	16%	12%	14%	15%
Other op income	4	7	2	936	170	172	175	167	156
Revenue from operations	4,821	6,087	6,241	6,144	5,716	7,212	7,149	6,110	6,527
Gross Profit	1,582	2,002	1,967	2,657	1,937	2,406	2,070	2,028	2,282
Staff cost	264	311	333	260	340	397	439	410	448
Other expenses	660	814	885	786	681	942	1,076	877	872
EBITDA	658	877	750	1,612	916	1,067	555	741	963
YoY	114%	37%	36%	161%	39%	22%	-26%	-54%	5%
EBITDA (ex-PLI)	658	877	750	682	761	917	405	592	838
Depreciation	134	156	157	154	179	186	205	245	230
Interest	22	29	29	26	26	30	43	48	47
Other income	57	60	58	115	70	79	79	100	100
PBT	558	752	622	1,547	781	931	385	548	786
YoY	156%	35%	20%	201%	40%	24%	-38%	-65%	1%
Tax	144	154	162	385	203	245	107	147	200
PAT after exceptional item	414	598	460	1,163	578	686	278	401	585
Share of Profit from associates	-	-	-	-	-	-	-	-	-
Minority Interest	(2)	(14)	(6)	0	(5)	(6)	(8)	(46)	(14)
Reported PAT	416	612	466	1,162	583	692	286	447	599
YoY	157%	47%	14%	205%	40%	13%	-39%	-62%	3%
% to sales	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Gross margin (ex-PLI)	32.8%	32.8%	31.5%	33.0%	31.9%	31.7%	27.2%	31.3%	33.4%
Staff cost	5.5%	5.1%	5.3%	5.0%	6.1%	5.6%	6.3%	6.9%	7.0%
Other expenses	13.7%	13.4%	14.2%	15.1%	12.3%	13.4%	15.4%	14.8%	13.7%
EBITDA margin	13.7%	14.4%	12.0%	31.0%	16.5%	15.2%	8.0%	12.5%	15.1%
EBITDA margin (ex-PLI)	13.7%	14.4%	12.0%	13.1%	13.7%	13.0%	5.8%	10.0%	13.1%

Source: Company, JM Financial

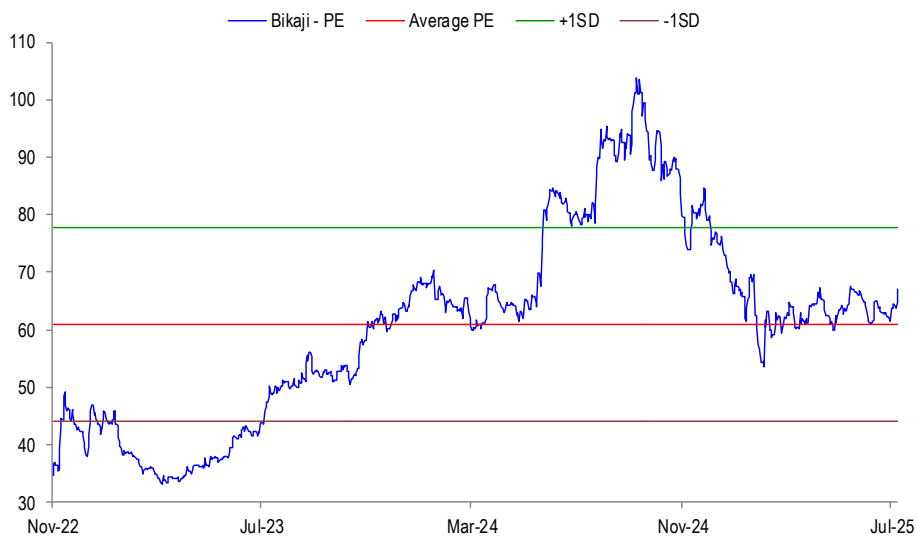
*7.9% after adjusting for consumer offer in base quarter

Exhibit 3. Revenue mix – product-wise

Sales (INR mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Segment sales									
Ethnic Snacks	3,588	4,162	3,914	3,808	4,159	4,600	4,326	4,238	4,625
YoY	16%	10%	15%	11%	16%	11%	11%	11%	11%
Packaged Sweets	387	1,036	1,135	432	396	1,265	1,262	379	408
YoY	23%	-13%	83%	14%	2%	22%	11%	-12%	3%
Western Snacks	430	484	469	446	541	596	473	542	564
YoY	19%	9%	10%	14%	26%	23%	1%	22%	4%
Papad	294	233	379	443	335	294	415	464	354
YoY	1%	-6%	9%	23%	14%	26%	9%	5%	6%
Others	118	165	342	79	115*	285	498	320*	419*
Total	4,817	6,080	6,239	5,208	5,546	7,040	6,974	5,943	6,371

Source: Company, JM Financial

*Note: Includes revenue from Retail business of INR 212 in 1QFY25, INR 203 in 4QFY25 and INR 54 in 1QFY25.

Exhibit 4. Bikaji's avg. PE band since date of listing

Source: Company, Bloomberg, JM Financial

Exhibit 5. Revision in estimates

INR mn	Revised			Earlier			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	29,708	34,304	39,430	30,187	35,155	40,703	-1.6%	-2.4%	-3.1%
EBITDA	4,344	5,058	5,338	4,005	4,915	5,214	8.5%	2.9%	2.4%
PAT	2,721	3,356	3,679	2,488	3,276	3,638	9.4%	2.5%	1.1%
EPS	10.9	13.4	14.7	9.9	13.1	14.5	9.4%	2.5%	1.1%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	22,344	25,534	29,708	34,304	39,430
Sales Growth	13.8%	14.3%	16.3%	15.5%	14.9%
Other Operating Income	949	684	572	576	80
Total Revenue	23,293	26,219	30,280	34,880	39,510
Cost of Goods Sold/Op. Exp	15,085	17,746	19,904	22,984	26,418
Personnel Cost	1,167	1,585	1,847	2,133	2,432
Other Expenses	3,128	3,605	4,185	4,705	5,322
EBITDA	3,913	3,282	4,344	5,058	5,338
EBITDA Margin	16.8%	12.5%	14.3%	14.5%	13.5%
EBITDA Growth	83.5%	-16.1%	32.4%	16.4%	5.5%
Depn. & Amort.	601	815	983	1,031	1,089
EBIT	3,313	2,467	3,362	4,027	4,249
Other Income	273	329	394	557	749
Finance Cost	106	151	198	180	167
PBT before Excep. & Forex	3,479	2,645	3,558	4,404	4,831
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,479	2,645	3,558	4,404	4,831
Taxes	845	701	907	1,123	1,232
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-22	-65	-70	-75	-80
Reported Net Profit	2,657	2,008	2,721	3,356	3,679
Adjusted Net Profit	2,634	2,005	2,721	3,356	3,679
Net Margin	11.3%	7.6%	9.0%	9.6%	9.3%
Diluted Share Cap. (mn)	250.4	250.6	250.6	250.6	250.6
Diluted EPS (INR)	10.5	8.0	10.9	13.4	14.7
Diluted EPS Growth	89.8%	-23.9%	35.7%	23.3%	9.6%
Total Dividend + Tax	250	251	272	336	368
Dividend Per Share (INR)	1.0	1.0	1.1	1.3	1.5

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,479	2,645	3,558	4,404	4,831
Depn. & Amort.	601	815	983	1,031	1,089
Net Interest Exp. / Inc. (-)	-167	-178	-196	-377	-582
Inc (-) / Dec in WCap.	-761	-848	-640	-701	-776
Others	51	146	0	0	0
Taxes Paid	-757	-646	-932	-1,117	-1,229
Operating Cash Flow	2,447	1,935	2,773	3,240	3,334
Capex	-1,270	-1,210	-535	-669	-789
Free Cash Flow	1,177	725	2,238	2,571	2,545
Inc (-) / Dec in Investments	-574	-582	0	0	0
Others	-145	486	394	557	749
Investing Cash Flow	-1,988	-1,306	-141	-112	-39
Inc / Dec (-) in Capital	128	94	0	0	0
Dividend + Tax thereon	-187	-250	-272	-336	-368
Inc / Dec (-) in Loans	-271	-99	-305	-244	-196
Others	-209	-302	-152	-132	-117
Financing Cash Flow	-539	-557	-729	-712	-681
Inc / Dec (-) in Cash	-81	71	1,903	2,416	2,614
Opening Cash Balance	2,686	2,119	2,191	4,093	6,510
Closing Cash Balance	2,606	2,191	4,093	6,510	9,124

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	12,184	13,832	16,281	19,301	22,613
Share Capital	250	251	251	251	251
Reserves & Surplus	11,933	13,581	16,030	19,051	22,362
Preference Share Capital	0	0	0	0	0
Minority Interest	-22	974	974	974	974
Total Loans	1,187	1,535	1,230	986	790
Def. Tax Liab. / Assets (-)	378	487	487	487	487
Total - Equity & Liab.	13,726	16,828	18,972	21,748	24,864
Net Fixed Assets	7,764	10,068	9,645	9,311	9,040
Gross Fixed Assets	9,925	11,339	11,873	12,542	13,331
Intangible Assets	50	911	911	911	911
Less: Depn. & Amort.	2,591	3,406	4,388	5,419	6,508
Capital WIP	378	1,225	1,249	1,277	1,306
Investments	313	560	560	560	560
Current Assets	6,745	7,872	10,594	13,982	17,673
Inventories	821	1,079	1,221	1,410	1,620
Sundry Debtors	1,035	1,009	1,180	1,363	1,566
Cash & Bank Balances	2,606	2,191	4,093	6,510	9,124
Loans & Advances	863	1,450	1,634	1,887	2,169
Other Current Assets	1,420	2,143	2,466	2,813	3,194
Current Liab. & Prov.	1,096	1,673	1,828	2,105	2,409
Current Liabilities	1,011	1,527	1,727	1,986	2,275
Provisions & Others	85	146	101	119	134
Net Current Assets	5,649	6,199	8,766	11,877	15,263
Total - Assets	13,726	16,828	18,972	21,748	24,864

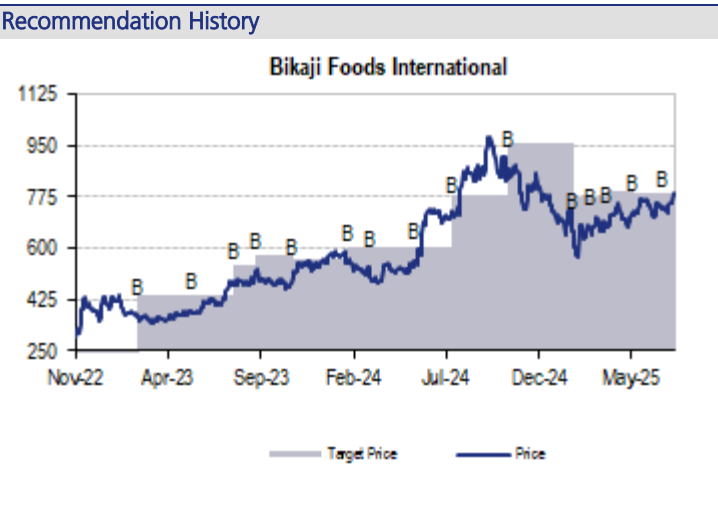
Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	11.3%	7.6%	9.0%	9.6%	9.3%
Asset Turnover (x)	1.9	1.7	1.7	1.7	1.7
Leverage Factor (x)	1.2	1.2	1.2	1.1	1.1
RoE	24.2%	15.4%	18.1%	18.9%	17.6%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	48.7	55.2	65.0	77.0	90.2
ROIC	26.4%	15.1%	18.3%	21.4%	21.9%
ROE	24.2%	15.4%	18.1%	18.9%	17.6%
Net Debt/Equity (x)	-0.1	-0.1	-0.2	-0.3	-0.4
P/E (x)	73.9	97.2	71.7	58.1	53.0
P/B (x)	16.0	14.1	12.0	10.1	8.6
EV/EBITDA (x)	49.5	59.5	44.4	37.6	35.1
EV/Sales (x)	8.3	7.4	6.4	5.5	4.7
Debtor days	16	14	14	14	14
Inventory days	13	15	15	15	15
Creditor days	19	24	24	24	24

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
24-Feb-23	Buy	440	
24-May-23	Buy	440	0.0
1-Aug-23	Buy	540	22.7
6-Sep-23	Buy	575	6.5
6-Nov-23	Buy	565	-1.7
3-Feb-24	Buy	600	6.2
11-Mar-24	Buy	600	0.0
24-May-24	Buy	600	0.0
25-Jul-24	Buy	780	30.0
25-Oct-24	Buy	960	23.1
7-Feb-25	Buy	770	-19.8
7-Mar-25	Buy	770	0.0
4-Apr-25	Buy	795	3.2
16-May-25	Buy	790	-0.6
4-Jul-25	Buy	790	0.0



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

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

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.comCompliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.comGrievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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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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