

Asian Paints | REDUCE

Strong execution in a challenging environment; sustaining momentum will be key

Asian Paints reported a strong earnings print in a challenging environment (intense monsoons/competition). Revenue growth of 6% was led by better-than-expected decorative volume growth (+10.9% vs. our est. of 5%), resulting in 10-11% beat on EBITDA/PAT. Management attributed outperformance to a string of internal initiatives (higher brand spends, innovations, enhanced services, widening B2B net, thrust on micro markets) coupled with benefit of early festive season. On the outlook it remains cautiously optimistic – Industry growth in 1H has been soft. Some green shoots seen in September/first fortnight of October; upcoming marriage season should provide support but need to be watchful of sustainability. Overall it expects mid-single-digit sales growth with unchanged margin guidance of c.18-20% for FY26E. We have raised our est. by c.2-4%, factoring double digit volume growth in 2H and low-double-digit sales growth for FY27/28E. With improving outlook and stabilizing competitive intensity, we raise our target multiple to 50x (vs. 43x earlier) to arrive at revised TP of INR 2,800 (earlier INR 2,245). We like Asian Paints' execution; however, with recent run-up (20% in last 1 month), upsides are capped. Maintain REDUCE. Sustained demand recovery will be key for rerating from current levels.

- **Decorative business surprises positively...** Consol. sales grew by 6.3% to INR 85.3bn, while EBITDA/adjusted PAT grew at a much faster pace by 21.3% and 18.6% to INR 15bn and INR 10bn respectively. Revenue performance was 5-6% above our and street estimates, primarily driven by robust volume growth in domestic decorative business (broad-based growth across urban/rural markets and across segments). Difference between volume and value growth of c.5% was largely due to adverse mix/higher rebates; mgmt. expects gap of c.4-5% to sustain in coming quarters. Home improvement segment declined 6% YoY (bath fitting: -5% and kitchen: -7%), impacted by subdued consumer discretionary demand. Weatherseal sales grew 56.9% while White Teak sales (-15.2% YoY) remained impacted by BIS challenges. Industrial business saw healthy performance (AP-PPG sales grew 10.2% YoY driven by protective coatings while PPG-AP sales were up 13.3% YoY led by automotive segment). On the international side, sales grew 9.9% YoY (+10.6% in CC terms) – led by Asia (+17% YoY) and Africa (+8% YoY).
- **...which along with benign RM led margin expansion driving earnings beat:** Consol. gross margin expanded by 242bps YoY and 51bps QoQ to 43.2% (JMFe: 43%), led by RM deflation (down 1.6%) and benefit of sourcing efficiencies. Standalone GMs were up 249bps YoY and 55bps QoQ. Staff cost grew by mere 1.4% YoY, while other expenses up by 10.2% YoY due to increased brand investments. Resultant EBITDA grew by 21.3% to INR 15bn (c.10% above JMFe) with margin expansion of 218bps YoY to 17.6% (JMFe: 16.9%). Reported PAT increased by 43% YoY to INR 9.9bn on account of exceptional loss of INR 1.8bn in base quarter. Going forward, management expects input cost environment to remain stable to benign while investment behind brands/innovation and capabilities will continue.
- **Key takeaways from the call:** a) strong internal initiatives & early festive aided revenue outperformance; expects mid-single digit value growth for FY26E, endeavour would be to achieve higher value growth by end of the year, b) backward integration – commissioned white cement plant; VAM/VAE project on track; will unfold in 1QFY27E and provide strong product differentiation, c) increased focus on dealer relationships/improving dealer ROIs over last 6-9 months. d) Margin guidance remains unchanged at 18-20%.



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Recommendation and Price Target

Current Reco.	REDUCE
Previous Reco.	REDUCE
Current Price Target (12M)	2,800
Upside/(Downside)	1.1%
Previous Price Target	2,245
Change	24.7%

Key Data – APNT IN

Current Market Price	INR2,770
Market cap (bn)	INR2,656.8/US\$30.0
Free Float	49%
Shares in issue (mn)	959.2
Diluted share (mn)	959.2
3-mon avg daily val (mn)	INR2,742.6/US\$30.9
52-week range	2,839/2,125
Sensex/Nifty	84,467/25,876
INR/US\$	88.6

Price Performance

%	1M	6M	12M
Absolute	18.4	17.5	11.9
Relative*	15.6	14.7	4.2

* To the BSE Sensex

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.

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	3,52,489	3,36,268	3,52,441	3,87,376	4,25,834
Sales Growth (%)	2.9	-4.6	4.8	9.9	9.9
EBITDA	75,850	60,062	64,827	71,660	79,693
EBITDA Margin (%)	21.4	17.7	18.3	18.4	18.6
Adjusted Net Profit	54,089	40,169	43,936	48,920	55,169
Diluted EPS (INR)	56.4	41.9	45.8	51.0	57.5
Diluted EPS Growth (%)	31.5	-25.7	9.4	11.3	12.8
ROIC (%)	41.2	25.9	27.4	30.4	33.8
ROE (%)	31.2	21.1	22.1	23.2	24.1
P/E (x)	49.1	66.1	60.5	54.3	48.2
P/B (x)	14.2	13.7	13.1	12.1	11.2
EV/EBITDA (x)	34.5	43.6	40.3	36.3	32.4
Dividend Yield (%)	1.2	0.9	1.2	1.3	1.5

Source: Company data, JM Financial. Note: Valuations as of 12/Nov/2025

Exhibit 1. 2QFY26 snapshot: Better-than-envisaged revenue performance drives earnings beat

INR mn	CONSOLIDATED					PARENT		
	2QFY26	2QFY25	YoY growth	2QFY26E	% Variance	2QFY26	2QFY25	YoY growth
Net Revenue (excl. all taxes)	85,313	80,275	6.3%	80,869	5.5%	73,563	68,684	7.1%
Cost of Goods Sold	48,463	47,543	1.9%	46,095	5.1%	41,295	40,268	2.6%
Gross Profit	36,849	32,732	12.6%	34,774	6.0%	32,268	28,416	13.6%
Gross Profit Margin - % of Net Sales	43.2%	40.8%	242 bps	43.0%	19 bps	43.9%	41.4%	249 bps
Staff Cost	6,862	6,765	1.4%	7,116	-3.6%	5,334	5,114	4.3%
Other Expenses	14,953	13,572	10.2%	13,979	7.0%	13,343	12,080	10.5%
EBITDA	15,034	12,395	21.3%	13,678	9.9%	13,591	11,222	21.1%
EBITDA margin - % of Net Sales	17.6%	15.4%	218 bps	16.9%	71 bps	18.5%	16.3%	214 bps
Depreciation	3,049	2,420	26.0%	3,150	-3.2%	2,735	2,073	31.9%
EBIT	11,985	9,975	20.1%	10,528	13.8%	10,856	9,149	18.7%
Interest Expense	439	630	-30.4%	530	-17.2%	297	390	-24.0%
Other Income	1,986	1,736	14.5%	2,000	-0.7%	2,320	1,816	27.8%
PBT before exceptional items	13,532	11,081	22.1%	11,998	12.8%	12,879	10,574	21.8%
PBT after exceptional items	13,532	9,279	45.8%	11,998	12.8%	12,879	8,576	50.2%
Reported Net Profit	9,936	6,946	43.0%	8,979	10.7%	9,556	6,023	58.6%
Adjusted Net Profit	9,936	8,380	18.6%	8,979	10.7%	9,556	7,427	28.7%

Source: Company, JM Financial

Exhibit 2. Quarterly financial performance – consolidated basis

INR mn	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Sales	84,786	91,031	87,308	89,697	80,275	85,494	83,589	89,386	85,313
YoY	0%	5%	-1%	-2%	-5%	-6%	-4%	0%	6%
Gross profit	36,771	39,695	38,160	38,152	32,732	36,291	36,724	38,155	36,849
Staff cost	5,961	5,702	6,142	6,742	6,765	6,151	6,315	7,030	6,862
Other expenses	13,648	13,432	15,105	14,472	13,572	13,773	16,047	14,876	14,953
EBITDA	17,162	20,561	16,914	16,938	12,395	16,367	14,362	16,250	15,034
YoY	40%	28%	-9%	-20%	-28%	-20%	-15%	-4%	21%
Depreciation	2,087	2,204	2,256	2,277	2,420	2,556	3,011	3,009	3,049
Interest	509	544	541	554	630	558	528	445	439
Other income	1,652	1,386	1,871	1,562	1,736	1,430	999	1,928	1,986
Exceptional loss/(gain)	-	-	-	-	1,801	-	1,830	-	-
PBT	16,218	19,199	15,988	15,669	9,279	14,683	9,992	14,724	13,532
YoY	51%	33%	-5%	-24%	-43%	-24%	-38%	-6%	46%
Tax	4,186	4,926	3,488	4,168	2,654	3,897	3,214	3,917	3,733
PAT	12,033	14,273	12,500	11,501	6,625	10,786	6,778	10,807	9,799
Share of profit from associates	291	479	253	367	311	498	231	363	383
MI	270	274	186	168	(10)	180	87	173	246
Reported PAT	12,054	14,477	12,567	11,700	6,946	11,105	6,921	10,998	9,936
YoY	54%	35%	2%	-25%	-42%	-23%	-45%	-6%	43%
Adjusted PAT	12,054	14,477	12,567	11,700	8,380	11,105	8,751	10,998	9,936
YoY	54%	35%	0%	-25%	-30%	-23%	-30%	-6%	19%
% to sales	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Gross margin	43.2%	43.4%	43.5%	42.4%	40.6%	42.3%	43.7%	42.6%	43.1%
Staff cost	7.0%	6.3%	7.0%	7.5%	8.4%	7.2%	7.6%	7.9%	8.0%
Other expenses	16.1%	14.8%	17.3%	16.1%	16.9%	16.1%	19.2%	16.6%	17.5%
EBITDA margin	20.2%	22.6%	19.4%	18.9%	15.4%	19.1%	17.2%	18.2%	17.6%

Source: Company, JM Financial

Exhibit 3. Quarterly financial performance – standalone basis

Standalone (INR mn)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Decorative volume growth	6%	12%	10%	7%	-1%	2%	2%	4%	11%
Sales	73,422	79,130	74,809	78,816	68,684	73,205	71,924	78,685	73,563
YoY	0%	5%	-2%	-3%	-6%	-8%	-5%	0%	7%
Gross Profit	32,387	35,136	33,428	33,973	28,416	31,785	32,516	34,082	32,268
Staff cost	4,495	4,279	4,659	5,145	5,114	4,476	4,811	5,545	5,334
Other expenses	12,044	11,886	13,281	12,898	12,080	12,225	14,463	13,337	13,343
EBITDA	15,847	18,971	15,488	15,930	11,222	15,084	13,242	15,200	13,591
YoY	42%	27%	-11%	-20%	-29%	-20%	-15%	-5%	21%
Depreciation	1,789	1,900	1,935	1,957	2,073	2,214	2,694	2,693	2,735
Interest	275	310	306	304	390	328	340	303	297
Other income	1,723	2,381	1,974	2,256	1,816	2,265	1,380	2,477	2,320
Exceptional loss/(gain)	-	-	-	-	1,998	-	1,798	-	-
PBT	15,506	19,142	15,221	15,924	8,576	14,807	9,790	14,682	12,879
YoY	52%	33%	-8%	-21%	-45%	-23%	-36%	-8%	50%
Tax	3,904	4,707	3,127	4,000	2,553	3,721	2,847	3,685	3,324
Reported PAT	11,603	14,435	12,094	11,924	6,023	11,086	6,943	10,996	9,556
YoY	52%	33%	-2%	-21%	-48%	-23%	-43%	-8%	59%
Adjusted PAT	11,603	14,435	12,094	11,924	7,427	11,086	8,218	10,996	9,556
YoY	52%	33%	-2%	-21%	-36%	-23%	-32%	-8%	29%
% to sales	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Gross margin	43.9%	44.2%	44.4%	42.9%	41.1%	43.2%	44.9%	43.2%	43.7%
Staff cost	6.1%	5.4%	6.2%	6.5%	7.4%	6.1%	6.7%	7.0%	7.3%
Other expenses	16.4%	15.0%	17.8%	16.4%	17.6%	16.7%	20.1%	16.9%	18.1%
EBITDA margin	21.6%	24.0%	20.7%	20.2%	16.3%	20.6%	18.4%	19.3%	18.5%

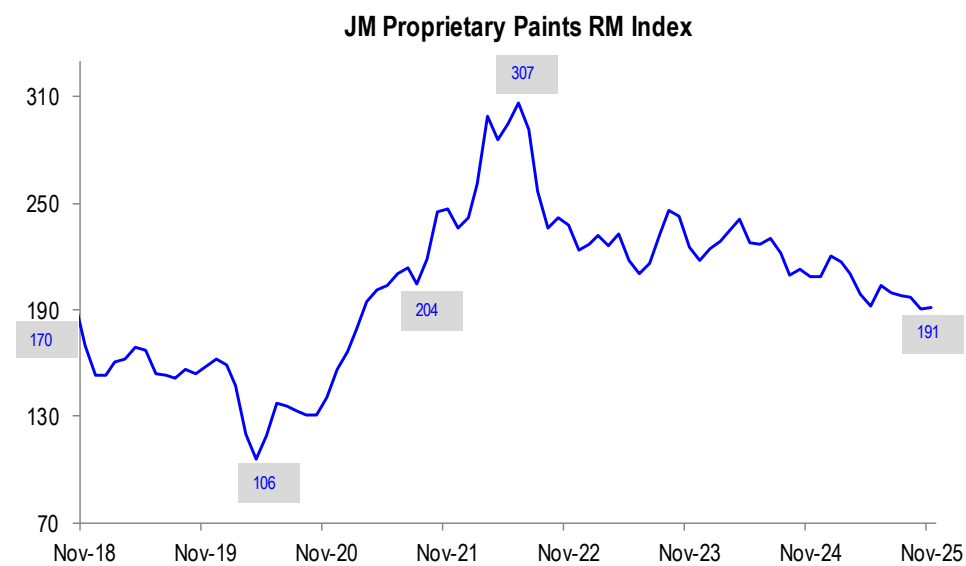
Source: Company, JM Financial

Exhibit 4. Quarterly segmental overview

Segmental (INR mn)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
<u>Components of Revenue</u>									
Paints - Domestic Decorative	72,608	78,276	74,888	77,882	67,853	73,302	71,005	77,798	72,770
Paints - Industrial (AP-PPG)	2,506	2,880	3,132	2,932	2,655	2,873	3,471	3,074	2,926
Paints - International	7,750	7,791	8,123	6,791	7,695	8,180	7,997	7,361	8,460
Ess Ess - Bathroom Fittings	814	854	887	934	831	876	919	887	793
Sleek - Kitchens	968	1,001	1,007	1,004	1,053	1,027	851	981	977
Consolidated revenue	84,786	91,031	87,308	89,697	80,275	85,494	83,589	89,386	85,313
<u>Components of PBT</u>									
Paints - Domestic Decorative	15,536	19,212	15,331	15,944	10,641	14,832	11,628	14,702	12,919
Paints - Industrial (AP-PPG)	280	332	340	298	190	241	289	248	25
Paints - International	400	583	440	65	(210)	608	(1,090)	380	764
Ess Ess - Bathroom Fittings	(30)	(70)	(110)	(20)	(67)	(70)	(40)	(20)	(40)
Sleek - Kitchens	(30)	-	(10)	(30)	(49)	(50)	(160)	(90)	36
Consolidated PBT	16,218	19,199	15,988	15,669	11,081	14,683	11,822	14,724	13,532
<u>PBT margin %</u>									
Paints - Domestic Decorative	21%	25%	20%	20%	16%	20%	16%	19%	18%
Paints - Industrial (AP-PPG)	11%	12%	11%	10%	7%	8%	8%	8%	1%
Paints - International	5%	7%	5%	1%	-3%	7%	-14%	5%	9%
Ess Ess - Bathroom Fittings	-4%	-8%	-12%	-2%	-8%	-8%	-4%	-2%	-5%
Sleek - Kitchens	-3%	0%	-1%	-3%	-5%	-5%	-19%	-9%	4%
Consolidated PBT margin	19%	21%	18%	17%	14%	17%	14%	16%	16%

Source: Company, JM Financial

Exhibit 5. JM Proprietary Paints RM Index



Source: Company, Bloomberg, Industry data, JM Financial

Exhibit 6. Asian Paints' 5yr avg. PE band



Source: Company, Bloomberg, JM Financial

Exhibit 7. Asian Paints' 10yr avg. PE band



Source: Company, Bloomberg, JM Financial

Exhibit 8. Revision in estimates

INR mn	Revised			Earlier			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	352,441	387,376	425,834	350,113	383,424	421,490	0.7%	1.0%	1.0%
EBITDA	64,827	71,660	79,693	64,126	70,074	77,868	1.1%	2.3%	2.3%
PAT	43,936	48,920	55,169	42,972	47,113	52,849	2.2%	3.8%	4.4%
EPS	45.8	51.0	57.5	44.8	49.1	55.1	2.2%	3.8%	4.4%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	3,52,489	3,36,268	3,52,441	3,87,376	4,25,834
Sales Growth	2.9%	-4.6%	4.8%	9.9%	9.9%
Other Operating Income	2,459	2,788	2,663	2,731	3,002
Total Revenue	3,54,947	3,39,056	3,55,104	3,90,106	4,28,836
Cost of Goods Sold/Op. Exp	2,00,902	1,95,158	2,00,811	2,20,481	2,42,301
Personnel Cost	23,262	25,972	26,988	29,531	32,334
Other Expenses	54,934	57,864	62,478	68,434	74,508
EBITDA	75,850	60,062	64,827	71,660	79,693
EBITDA Margin	21.4%	17.7%	18.3%	18.4%	18.6%
EBITDA Growth	21.2%	-20.8%	7.9%	10.5%	11.2%
Depn. & Amort.	8,530	10,263	12,474	13,400	14,274
EBIT	67,320	49,799	52,354	58,260	65,419
Other Income	6,880	5,726	7,181	7,836	8,943
Finance Cost	2,052	2,270	1,952	1,954	1,961
PBT before Excep. & Forex	72,148	53,255	57,583	64,142	72,400
Excep. & Forex Inc./Loss(-)	0	-3,631	0	0	0
PBT	72,148	49,624	57,583	64,142	72,400
Taxes	17,901	13,934	14,684	16,356	18,462
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	2,305	1,832	2,058	2,271	2,515
Reported Net Profit	54,602	36,672	43,936	48,920	55,169
Adjusted Net Profit	54,089	40,169	43,936	48,920	55,169
Net Margin	15.2%	11.8%	12.4%	12.5%	12.9%
Diluted Share Cap. (mn)	959.2	959.2	959.2	959.2	959.2
Diluted EPS (INR)	56.4	41.9	45.8	51.0	57.5
Diluted EPS Growth	31.5%	-25.7%	9.4%	11.3%	12.8%
Total Dividend + Tax	31,942	23,789	30,755	34,244	38,618
Dividend Per Share (INR)	33.3	24.8	32.1	35.7	40.3

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	73,478	54,662	59,131	65,845	74,273
Depn. & Amort.	8,530	10,263	12,474	13,400	14,274
Net Interest Exp. / Inc. (-)	-4,828	-3,456	-5,229	-5,882	-6,982
Inc (-) / Dec in WCap.	101	-5,702	-2,548	-6,013	-6,692
Others	2,106	2,427	-511	-569	-642
Taxes Paid	-18,351	-13,955	-14,612	-16,204	-18,271
Operating Cash Flow	61,036	44,240	48,705	50,577	55,960
Capex	-21,939	-17,952	-9,516	-8,910	-8,517
Free Cash Flow	39,097	26,287	39,189	41,667	47,443
Inc (-) / Dec in Investments	-468	4,197	-7,087	-8,150	-9,373
Others	-2,770	5,014	5,020	5,663	6,752
Investing Cash Flow	-25,176	-8,741	-11,583	-11,397	-11,138
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-25,509	-31,402	-35,089	-32,500	-36,431
Inc / Dec (-) in Loans	31	-130	-432	-410	-390
Others	-4,655	-6,662	511	569	642
Financing Cash Flow	-30,134	-38,194	-35,010	-32,341	-36,179
Inc / Dec (-) in Cash	5,726	-2,695	2,112	6,839	8,644
Opening Cash Balance	19,612	22,265	19,570	21,682	28,521
Closing Cash Balance	25,338	19,570	21,682	28,521	37,164

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	1,87,283	1,93,998	2,02,845	2,19,265	2,38,003
Share Capital	959	959	959	959	959
Reserves & Surplus	1,86,324	1,93,039	2,01,886	2,18,306	2,37,044
Preference Share Capital	0	0	0	0	0
Minority Interest	6,954	6,592	7,103	7,672	8,314
Total Loans	11,071	8,638	8,206	7,795	7,406
Def. Tax Liab. / Assets (-)	3,289	3,888	3,888	3,888	3,888
Total - Equity & Liab.	2,08,597	2,13,116	2,22,042	2,38,620	2,57,611
Net Fixed Assets	98,450	1,04,746	1,02,710	99,188	94,447
Gross Fixed Assets	89,061	1,17,532	1,27,048	1,35,957	1,44,474
Intangible Assets	4,192	2,196	2,196	2,196	2,196
Less: Depn. & Amort.	40,349	45,964	58,437	71,837	86,111
Capital WIP	45,546	30,982	31,904	32,872	33,888
Investments	45,879	47,248	54,335	62,485	71,858
Current Assets	1,54,679	1,51,559	1,59,246	1,79,643	2,03,205
Inventories	59,234	67,193	70,424	77,405	85,090
Sundry Debtors	48,908	43,224	45,302	49,793	54,736
Cash & Bank Balances	25,338	19,570	21,682	28,521	37,164
Loans & Advances	10,062	10,826	10,573	11,544	12,605
Other Current Assets	11,136	10,747	11,264	12,381	13,610
Current Liab. & Prov.	90,411	90,437	94,249	1,02,695	1,11,898
Current Liabilities	51,986	52,745	54,573	59,201	64,289
Provisions & Others	38,425	37,691	39,676	43,494	47,609
Net Current Assets	64,268	61,123	64,997	76,948	91,306
Total - Assets	2,08,597	2,13,116	2,22,042	2,38,620	2,57,611

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	15.2%	11.8%	12.4%	12.5%	12.9%
Asset Turnover (x)	1.7	1.5	1.5	1.6	1.6
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
RoE	31.2%	21.1%	22.1%	23.2%	24.1%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	195.2	202.2	211.5	228.6	248.1
ROIC	41.2%	25.9%	27.4%	30.4%	33.8%
ROE	31.2%	21.1%	22.1%	23.2%	24.1%
Net Debt/Equity (x)	-0.2	-0.2	-0.3	-0.3	-0.3
P/E (x)	49.1	66.1	60.5	54.3	48.2
P/B (x)	14.2	13.7	13.1	12.1	11.2
EV/EBITDA (x)	34.5	43.6	40.3	36.3	32.4
EV/Sales (x)	7.4	7.7	7.4	6.7	6.0
Debtor days	50	47	47	47	47
Inventory days	61	72	72	72	72
Creditor days	50	50	50	50	50

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
26-Jul-22	Hold	3,315	
7-Oct-22	Hold	3,540	6.8
21-Oct-22	Hold	3,505	-1.0
20-Jan-23	Hold	3,185	-9.1
11-May-23	Hold	3,290	3.3
7-Jul-23	Hold	3,480	5.8
25-Jul-23	Hold	3,575	2.7
26-Oct-23	Hold	3,290	-8.0
17-Jan-24	Hold	3,470	5.5
9-May-24	Hold	2,865	-17.4
18-Jul-24	Sell	2,680	-6.5
11-Nov-24	Sell	2,510	-6.3
4-Feb-25	Sell	2,125	-15.3
4-Apr-25	Sell	2,200	3.5
8-May-25	Sell	2,110	-4.1
4-Jun-25	Sell	2,110	0.0
4-Jul-25	Sell	2,110	0.0
29-Jul-25	Sell	2,165	2.6
13-Aug-25	Sell	2,165	0.0
8-Oct-25	Reduce	2,245	3.7

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

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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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