# Colgate Palmolive (India) | ADD

## Revenue underperformance vs. HPC peers continues

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**Colgate's Sep-Q performance was disappointing as revenues declined by 6.3% (likely to be weakest sales performance among our HPC coverage) - we est. 7% decline in volumes and low-single-digit price/mix growth for the quarter. Volume performance was impacted by: a) Weak demand trends in July/August month (similar to 1QFY26) which was further aggravated by GST-transition-led impact in September month, b) high base and c) heightened competitive activity. Revenue performance is weaker vs. peers like HUL (saw marginal decline in oral care). Gross margins were better than est. led by benign raw material environment and better mix (premium segment continued to see strong growth momentum). This along with tight control over overhead costs resulted in c.60 bps beat on EBITDA margins. Favourable base along with expected benefit of GST rate reduction and continued strength in premium portfolio, we believe should arrest volume decline and result in recovery in 2HFY26E. While input cost environment remains benign, full impact of inverted tax duty structure (entire portfolio moves to 5% while input costs/services haven't seen reduction in GST rate) will be seen from Q3FY26 onwards. We marginally cut our est. to factor in GST transition impact seen in Q2FY26. Valuations at 41x/38x FY27/28E are closer to long term averages and restrict downsides. However, rerating from current levels will be contingent on pace of acceleration in sales growth. To that extent, we believe a lot more work needs to be done on driving category growth and portfolio diversification. Roll forward and maintain ADD with TP of INR 2,405 (40x Dec' 27E EPS)**

- **Q2 revenue performance weaker vs. est.; continued strength in premium portfolio and GST relief offer optimism on 2H trajectory:** Colgate reported 6.3% decline in sales to INR 15.1bn (c.1.4% below estimate). We estimate c.7% decline in volumes for the quarter. While price/mix growth was positive (in low single digits), volume performance was impacted by: a) GST-transition-led disruption at distributor and retailer level across channels, b) high base (10% sales growth with high-single-digit volume growth in 2QFY25) and c) challenging operating environment. Only silver lining was performance of premium portfolio which continued its strong growth trajectory led by Colgate Visible White Purple. The recent GST reduction from 18% to 5% on its entire oral care is expected to boost consumer confidence. Management anticipates a gradual recovery in performance into 2HFY26E. On the product front, company launched three new body washes under Palmolive's Moments range.

- **Better than envisaged gross margins along with tightly controlled overheads drove marginal EBITDA beat:** Gross margin remained resilient, improving by 85bps YoY to 69.2% (better vs. our est. of 68.7%) was aided by benign input cost environment and better mix. Overhead costs were tightly controlled - A&P spend declined 7.3% YoY (down 15bps YoY as % to sales), other expenses were down c.2% YoY, while staff cost remained flat on YoY basis. Resultant EBITDA declined by 6.4% (similar to sales performance) to INR 4.7bn with EBITDA margins being flat YoY at 30.9% (60 bps higher vs. JMFe of 30.3%). Reported PAT declined by 17.1% YoY to INR 3.3bn (c.1% below our est.) due to sharp drop (c.80% YoY) in other income. The base year's higher other income was attributable to interest on tax refund of INR 565mn. Adjusting for this, PAT decline would be c.7%. Going ahead, while input cost environment remains favourable, impact of inverted duty structure on margins will be seen from Q3 onwards. Company's board declared a first interim dividend of INR 24 per equity share for FY26, aggregating to a total payout of INR 6.5bn.

| Recommendation and Price Target | |
|---|---|
| Current Reco. | ADD |
| Previous Reco. | ADD |
| Current Price Target (12M) | 2,405 |
| Upside/(Downside) | 5.2% |
| Previous Price Target | 2,355 |
| Change | 2.1% |

| Key Data – CLGT IN | |
|---|---|
| Current Market Price | INR2,287 |
| Market cap (bn) | INR622.0/US$7.1 |
| Free Float | 45% |
| Shares in issue (mn) | 272.0 |
| Diluted share (mn) | 272.0 |
| 3-mon avg daily val (mn) | INR1,476.7/US$16.8 |
| 52-week range | 3,360/2,151 |
| Sensex/Nifty | 84,556/25,891 |
| INR/US$ | 87.9 |

Price Performance

| % | 1M | 6M | 12M |
|---|---|---|---|
| Absolute | -1.6 | -14.9 | -31.3 |
| Relative* | -4.9 | -19.7 | -35.0 |

** To the BSE Sensex*

| Financial Summary | | | | | (INR mn) |
|---|---|---|---|---|---|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Sales | 56,442 | 59,992 | 59,868 | 64,450 | 69,312 |
| Sales Growth (%) | 8.8 | 6.3 | -0.2 | 7.7 | 7.5 |
| EBITDA | 19,008 | 19,581 | 19,409 | 21,122 | 22,845 |
| EBITDA Margin (%) | 33.5 | 32.4 | 32.1 | 32.5 | 32.7 |
| Adjusted Net Profit | 13,382 | 14,352 | 13,881 | 15,272 | 16,600 |
| Diluted EPS (INR) | 49.2 | 52.8 | 51.0 | 56.1 | 61.0 |
| Diluted EPS Growth (%) | 26.8 | 7.2 | -3.3 | 10.0 | 8.7 |
| ROIC (%) | 215.0 | 254.3 | 254.7 | 342.1 | 525.3 |
| ROE (%) | 74.5 | 81.1 | 74.1 | 72.7 | 77.5 |
| P/E (x) | 46.5 | 43.3 | 44.8 | 40.7 | 37.5 |
| P/B (x) | 33.2 | 37.4 | 29.9 | 29.3 | 28.8 |
| EV/EBITDA (x) | 32.0 | 31.2 | 31.2 | 28.6 | 26.4 |
| Dividend Yield (%) | 2.5 | 2.2 | 2.2 | 2.5 | 2.7 |

Source: Company data, JM Financial. Note: Valuations as of 23/Oct/2025

**Exhibit 1. 2QFY26 result snapshot: Weak revenue performance; benefit of benign RM environment along with tightly controlled overheads drives stable operating margins**

| INR mn | 2QFY26 | 2QFY25 | YoY growth | 2QFY26E | % variance | 1HFY26 | 1HY25 | YoY growth |
|---|---|---|---|---|---|---|---|---|
| **Net Sales** | **15,072** | **16,092** | **-6.3%** | **15,287** | **-1.4%** | **29,279** | **30,950** | **-5.4%** |
| Other Operating Income | 123 | 99 | 23.8% | 110 | 11.5% | 257 | 209 | 23.2% |
| Total Revenue | 15,195 | 16,191 | -6.2% | 15,397 | -1.3% | 29,536 | 31,158 | -5.2% |
| **Gross Profit** | **10,430** | **10,999** | **-5.2%** | **10,497** | **-0.6%** | **20,181** | **21,463** | **-6.0%** |
| Gross Profit Margin % | 69.2% | 68.4% | 85 bps | 68.7% | 54 bps | 68.9% | 69.3% | -42 bps |
| Staff Cost | 1,181 | 1,184 | -0.2% | 1,223 | -3.5% | 2,363 | 2,307 | 2.4% |
| A&P spends | 2,251 | 2,427 | -7.3% | 2,293 | -1.8% | 4,135 | 4,418 | -6.4% |
| Other Expenses | 2,467 | 2,514 | -1.9% | 2,463 | 0.2% | 4,760 | 4,890 | -2.7% |
| **EBITDA** | **4,654** | **4,974** | **-6.4%** | **4,629** | **0.6%** | **9,180** | **10,057** | **-8.7%** |
| EBITDA margin % | 30.9% | 30.9% | -3 bps | 30.3% | 60 bps | 31.4% | 32.5% | -114 bps |
| Depreciation | 372 | 417 | -10.9% | 382 | -2.7% | 747 | 832 | -10.2% |
| **EBIT** | **4,282** | **4,556** | **-6.0%** | **4,246** | **0.8%** | **8,433** | **9,225** | **-8.6%** |
| EBIT margin % | 28.4% | 28.3% | 10 bps | 27.8% | 64 bps | 28.8% | 29.8% | -100 bps |
| Net Financial Other Income | 140 | 748 | -81.2% | 189 | -25.6% | 310 | 973 | -68.2% |
| **PBT** | **4,423** | **5,305** | **-16.6%** | **4,435** | **-0.3%** | **8,742** | **10,197** | **-14.3%** |
| Tax | 1,148 | 1,354 | -15.2% | 1,131 | 1.5% | 2,261 | 2,607 | -13.3% |
| **Reported Net Profit** | **3,275** | **3,951** | **-17.1%** | **3,304** | **-0.9%** | **6,481** | **7,590** | **-14.6%** |

Source: Company, JM Financial

**Exhibit 2. Quarterly financial performance – on standalone basis**

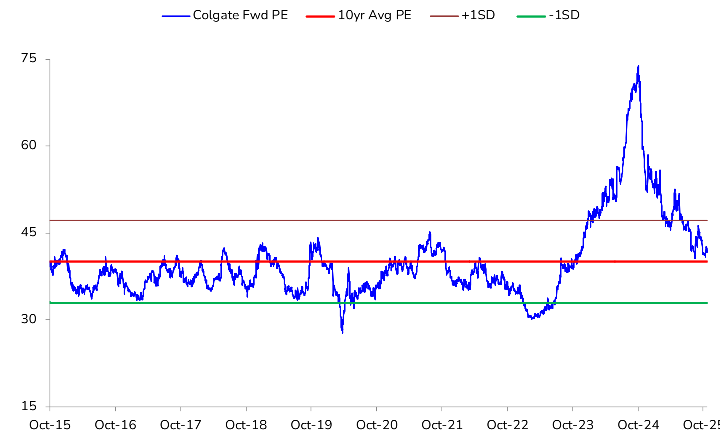
| INR mn | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
|---|---|---|---|---|---|---|---|---|---|
| **Volume growth** | **-2%** | **-1%** | **2%** | **8%** | **8%** | **7%** | **0%** | **-4%** | **-7%*** |
| **Sales** | **14,624** | **13,864** | **14,807** | **14,858** | **16,092** | **14,522** | **14,520** | **14,206** | **15,072** |
| *YoY* | *6%* | *8%* | *10%* | *13%* | *10%* | *5%* | *-2%* | *-4%* | *-6%* |
| Other operating income | 87 | 92 | 94 | 110 | 99 | 96 | 105 | 134 | 123 |
| **Revenue from operations** | **14,711** | **13,957** | **14,900** | **14,967** | **16,191** | **14,618** | **14,625** | **14,341** | **15,195** |
| *YoY* | *6%* | *8%* | *10%* | *13%* | *10%* | *5%* | *-2%* | *-4%* | *-6%* |
| Gross Profit | 10,117 | 10,073 | 10,327 | 10,574 | 11,098 | 10,220 | 10,327 | 9,884 | 10,553 |
| Staff cost | 1,062 | 1,098 | 999 | 1,123 | 1,184 | 1,088 | 1,073 | 1,182 | 1,181 |
| A&P spends | 2,060 | 2,043 | 1,689 | 1,991 | 2,427 | 2,001 | 1,806 | 1,884 | 2,251 |
| Other expenses | 2,173 | 2,248 | 2,317 | 2,376 | 2,514 | 2,587 | 2,469 | 2,293 | 2,467 |
| **EBITDA** | **4,821** | **4,684** | **5,322** | **5,083** | **4,974** | **4,544** | **4,980** | **4,526** | **4,654** |
| *YoY* | *18%* | *30%* | *18%* | *22%* | *3%* | *-3%* | *-6%* | *-11%* | *-6%* |
| Depreciation | 443 | 414 | 421 | 415 | 417 | 411 | 384 | 375 | 372 |
| Interest | 11 | 15 | 14 | 10 | 12 | 11 | 11 | 10 | 10 |
| Other income | 210 | 179 | 227 | 234 | 760 | 204 | 191 | 179 | 150 |
| **PBT** | **4,578** | **4,434** | **5,114** | **4,893** | **5,305** | **4,325** | **4,776** | **4,320** | **4,423** |
| *YoY* | *22%* | *36%* | *19%* | *26%* | *16%* | *-2%* | *-7%* | *-12%* | *-17%* |
| Tax | 1,178 | 1,133 | 1,315 | 1,253 | 1,354 | 1,097 | 1,226 | 1,113 | 1,148 |
| **Reported PAT** | **3,401** | **3,301** | **3,798** | **3,640** | **3,951** | **3,228** | **3,550** | **3,206** | **3,275** |
| *YoY* | *22%* | *36%* | *20%* | *33%* | *16%* | *-2%* | *-7%* | *-12%* | *-17%* |
| **% to sales** | **2QFY24** | **3QFY24** | **4QFY24** | **1QFY25** | **2QFY25** | **3QFY25** | **4QFY25** | **1QFY26** | **2QFY26** |
| Gross margin | 68.6% | 72.0% | 69.1% | 70.4% | 68.4% | 69.7% | 70.4% | 68.6% | 69.2% |
| Staff cost | 7.3% | 7.9% | 6.7% | 7.6% | 7.4% | 7.5% | 7.4% | 8.3% | 7.8% |
| A&P spends | 14.1% | 14.7% | 11.4% | 13.4% | 15.1% | 13.8% | 12.4% | 13.3% | 14.9% |
| Other expenses | 14.9% | 16.2% | 15.6% | 16.0% | 15.6% | 17.8% | 17.0% | 16.1% | 16.4% |
| EBITDA margin | 33.0% | 33.8% | 35.9% | 34.2% | 30.9% | 31.3% | 34.3% | 31.9% | 30.9% |

Source: Company, JM Financial.
*volume data as per internal estimates.

### Exhibit 3. Colgate's 5yr avg. PE Band


Source: Bloomberg, Company, JM Financial

### Exhibit 4. Colgate's 10yr avg. PE Band




Source: Bloomberg, Company, JM Financial

### Exhibit 5. Revision in estimates

| INR mn | Revised | | | Earlier | | | Change (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Sales | 59,868 | 64,450 | 69,312 | 60,898 | 65,057 | 69,532 | -1.7% | -0.9% | -0.3% |
| EBITDA | 19,409 | 21,122 | 22,845 | 19,739 | 21,295 | 22,908 | -1.7% | -0.8% | -0.3% |
| PAT | 13,881 | 15,272 | 16,600 | 14,087 | 15,377 | 16,630 | -1.5% | -0.7% | -0.2% |
| EPS | 51.0 | 56.1 | 61.0 | 51.8 | 56.5 | 61.1 | -1.5% | -0.7% | -0.2% |

Source: Company, JM Financial

# Financial Tables (Standalone)

## Income Statement (INR mn)

| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Net Sales | 56,442 | 59,992 | 59,868 | 64,450 | 69,312 |
| *Sales Growth* | *8.8%* | *6.3%* | *-0.2%* | *7.7%* | *7.5%* |
| Other Operating Income | 362 | 410 | 509 | 548 | 589 |
| **Total Revenue** | **56,804** | **60,402** | **60,377** | **64,998** | **69,901** |
| Cost of Goods Sold/Op. Exp | 17,230 | 18,183 | 18,100 | 19,420 | 20,810 |
| Personnel Cost | 4,117 | 4,468 | 4,670 | 4,898 | 5,233 |
| Other Expenses | 16,449 | 18,171 | 18,198 | 19,559 | 21,013 |
| **EBITDA** | **19,008** | **19,581** | **19,409** | **21,122** | **22,845** |
| *EBITDA Margin* | *33.5%* | *32.4%* | *32.1%* | *32.5%* | *32.7%* |
| *EBITDA Growth* | *22.9%* | *3.0%* | *-0.9%* | *8.8%* | *8.2%* |
| Depn. & Amort. | 1,715 | 1,627 | 1,543 | 1,582 | 1,621 |
| EBIT | 17,293 | 17,953 | 17,866 | 19,539 | 21,224 |
| Other Income | 765 | 1,388 | 810 | 1,006 | 1,105 |
| Finance Cost | 50 | 43 | 44 | 46 | 47 |
| PBT before Excep. & Forex | 18,008 | 19,298 | 18,632 | 20,499 | 22,281 |
| Excep. & Forex Inc./Loss(-) | -195 | 0 | 0 | 0 | 0 |
| PBT | 17,813 | 19,298 | 18,632 | 20,499 | 22,281 |
| Taxes | 4,577 | 4,930 | 4,751 | 5,227 | 5,682 |
| Extraordinary Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 |
| Assoc. Profit/Min. Int.(-) | 0 | 0 | 0 | 0 | 0 |
| Reported Net Profit | 13,237 | 14,368 | 13,881 | 15,272 | 16,600 |
| **Adjusted Net Profit** | **13,382** | **14,352** | **13,881** | **15,272** | **16,600** |
| *Net Margin* | *23.6%* | *23.8%* | *23.0%* | *23.5%* | *23.7%* |
| Diluted Share Cap. (mn) | 272.0 | 272.0 | 272.0 | 272.0 | 272.0 |
| **Diluted EPS (INR)** | **49.2** | **52.8** | **51.0** | **56.1** | **61.0** |
| *Diluted EPS Growth* | *26.8%* | *7.2%* | *-3.3%* | *10.0%* | *8.7%* |
| Total Dividend + Tax | 15,775 | 13,872 | 13,881 | 15,272 | 16,600 |
| Dividend Per Share (INR) | 58.0 | 51.0 | 51.0 | 56.1 | 61.0 |

Source: Company, JM Financial

## Cash Flow Statement (INR mn)

| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Profit before Tax | 18,008 | 19,298 | 18,632 | 20,499 | 22,281 |
| Depn. & Amort. | 1,715 | 1,627 | 1,543 | 1,582 | 1,621 |
| Net Interest Exp. / Inc. (-) | -715 | -1,345 | -766 | -960 | -1,058 |
| Inc (-) / Dec in WCap. | -2,272 | -815 | 330 | 256 | 311 |
| Others | -60 | 798 | 0 | 0 | 0 |
| Taxes Paid | -4,686 | -5,620 | -4,776 | -5,173 | -5,630 |
| **Operating Cash Flow** | **11,990** | **13,945** | **14,963** | **16,205** | **17,526** |
| Capex | -755 | -714 | -700 | -700 | -700 |
| *Free Cash Flow* | *11,234* | *13,231* | *14,263* | *15,505* | *16,826* |
| Inc (-) / Dec in Investments | 828 | 548 | -15 | -17 | -19 |
| Others | 719 | 725 | 810 | 1,006 | 1,105 |
| **Investing Cash Flow** | **792** | **560** | **95** | **289** | **386** |
| Inc / Dec (-) in Capital | 0 | 0 | 0 | 0 | 0 |
| Dividend + Tax thereon | -11,670 | -16,262 | -10,129 | -14,854 | -16,201 |
| Inc / Dec (-) in Loans | 0 | 0 | 0 | 0 | 0 |
| Others | -282 | -451 | -39 | -40 | -41 |
| **Financing Cash Flow** | **-11,953** | **-16,713** | **-10,168** | **-14,894** | **-16,242** |
| **Inc / Dec (-) in Cash** | **829** | **-2,209** | **4,890** | **1,600** | **1,670** |
| Opening Cash Balance | 12,908 | 13,160 | 10,951 | 15,842 | 17,442 |
| Closing Cash Balance | 13,738 | 10,951 | 15,842 | 17,442 | 19,111 |

Source: Company, JM Financial

## Balance Sheet (INR mn)

| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Shareholders' Fund | 18,744 | 16,645 | 20,809 | 21,226 | 21,625 |
| Share Capital | 272 | 272 | 272 | 272 | 272 |
| Reserves & Surplus | 18,472 | 16,373 | 20,537 | 20,954 | 21,353 |
| 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 (-) | -648 | -680 | -680 | -680 | -680 |
| **Total - Equity & Liab.** | **18,096** | **15,965** | **20,129** | **20,547** | **20,945** |
| Net Fixed Assets | 9,043 | 8,149 | 7,318 | 6,448 | 5,540 |
| Gross Fixed Assets | 19,676 | 21,081 | 21,781 | 22,481 | 23,181 |
| Intangible Assets | 0 | 0 | 0 | 0 | 0 |
| Less: Depn. & Amort. | 13,137 | 14,570 | 16,113 | 17,695 | 19,316 |
| Capital WIP | 2,504 | 1,637 | 1,650 | 1,662 | 1,675 |
| Investments | 88 | 98 | 112 | 129 | 149 |
| Current Assets | 22,186 | 21,260 | 26,565 | 28,893 | 31,337 |
| Inventories | 2,964 | 3,773 | 3,765 | 4,053 | 4,359 |
| Sundry Debtors | 1,674 | 2,263 | 2,258 | 2,431 | 2,614 |
| Cash & Bank Balances | 13,738 | 10,951 | 15,842 | 17,442 | 19,111 |
| Loans & Advances | 3,195 | 3,674 | 4,042 | 4,244 | 4,456 |
| Other Current Assets | 615 | 599 | 659 | 725 | 797 |
| Current Liab. & Prov. | 13,222 | 13,541 | 13,866 | 14,925 | 16,081 |
| Current Liabilities | 10,870 | 11,244 | 11,892 | 12,769 | 13,729 |
| Provisions & Others | 2,352 | 2,297 | 1,974 | 2,155 | 2,352 |
| Net Current Assets | 8,964 | 7,719 | 12,699 | 13,969 | 15,256 |
| **Total – Assets** | **18,096** | **15,965** | **20,129** | **20,547** | **20,945** |

Source: Company, JM Financial

## Dupont Analysis

| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Net Margin | 23.6% | 23.8% | 23.0% | 23.5% | 23.7% |
| Asset Turnover (x) | 3.0 | 3.3 | 3.1 | 3.0 | 3.2 |
| Leverage Factor (x) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| RoE | 74.5% | 81.1% | 74.1% | 72.7% | 77.5% |

## Key Ratios

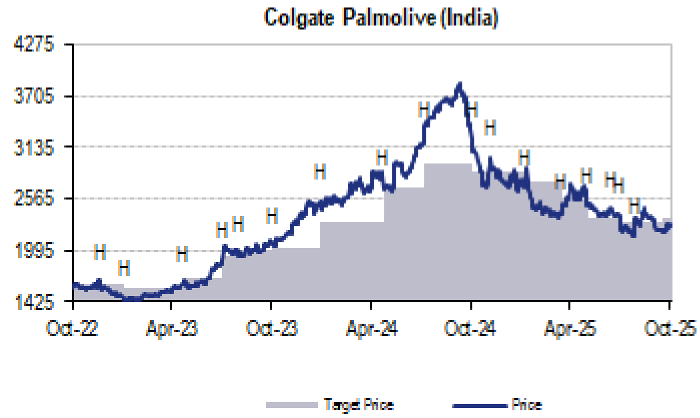
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| BV/Share (INR) | 68.9 | 61.2 | 76.5 | 78.0 | 79.5 |
| ROIC | 215.0% | 254.3% | 254.7% | 342.1% | 525.3% |
| ROE | 74.5% | 81.1% | 74.1% | 72.7% | 77.5% |
| Net Debt/Equity (x) | -0.7 | -0.7 | -0.8 | -0.8 | -0.9 |
| P/E (x) | 46.5 | 43.3 | 44.8 | 40.7 | 37.5 |
| P/B (x) | 33.2 | 37.4 | 29.9 | 29.3 | 28.8 |
| EV/EBITDA (x) | 32.0 | 31.2 | 31.2 | 28.6 | 26.4 |
| EV/Sales (x) | 10.7 | 10.1 | 10.0 | 9.3 | 8.6 |
| Debtor days | 11 | 14 | 14 | 14 | 14 |
| Inventory days | 19 | 23 | 23 | 23 | 23 |
| Creditor days | 98 | 95 | 100 | 101 | 101 |

Source: Company, JM Financial

## History of Recommendation and Target Price

| Date | Recommendation | Target Price | % Chg. |
|---|---|---|---|
| 7-Oct-22 | Hold | 1,590 | |
| 20-Oct-22 | Hold | 1,625 | 2.2 |
| 13-Dec-22 | Hold | 1,625 | 0.0 |
| 24-Jan-23 | Hold | 1,585 | -2.5 |
| 12-May-23 | Hold | 1,695 | 6.9 |
| 26-Jul-23 | Hold | 1,940 | 14.5 |
| 22-Aug-23 | Hold | 1,990 | 2.6 |
| 26-Oct-23 | Hold | 2,020 | 1.5 |
| 22-Jan-24 | Hold | 2,315 | 14.6 |
| 15-May-24 | Hold | 2,695 | 16.4 |
| 29-Jul-24 | Hold | 2,960 | 9.8 |
| 24-Oct-24 | Hold | 2,870 | -3.0 |
| 27-Nov-24 | Hold | 2,870 | 0.0 |
| 28-Jan-25 | Hold | 2,760 | -3.8 |
| 4-Apr-25 | Hold | 2,545 | -7.8 |
| 22-May-25 | Hold | 2,345 | -7.9 |
| 4-Jul-25 | Hold | 2,345 | 0.0 |
| 22-Jul-25 | Hold | 2,310 | -1.5 |
| 17-Aug-25 | Hold | 2,310 | 0.0 |
| 8-Oct-25 | Add | 2,355 | 1.9 |

## Recommendation History



# 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 >= 15% over the next twelve months. |
| **ADD** | Expected return >= 5% and < 15% over the next twelve months. |
| **REDUCE** | Expected return >= -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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