Pick of the Week

LG Electronics India Ltd

December 28, 2025

LG Electronics India Ltd

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Consumer Durables	Rs 1522	Buy in Rs 1509-1555 band and add on dips in Rs 1400-1441 band	Rs 1669	Rs 1780	2-3 quarters

HDFC Scrip Code	LGEINDIA
BSE Code	544576
NSE Code	LGEINDIA
Bloomberg	LGEL:IN
CMP Dec 22, 2025	1,522
Equity Capital (Rs Cr)	678.8
Face Value (Rs)	10.0
Equity Share O/S (Cr)	67.9
Market Cap (Rs Cr)	1,03,424
Book Value (Rs)	101.25
Avg. Volumes ('000)	1,482
52 Week High	1,749
52 Week Low	1,515

Share holding Pattern % (Oct, 2025)	
Promoters	85.0
Institutions	7.3
Non Institutions	7.7
Total	100.0

* Refer at the end for explanation on Risk Ratings

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Our Take:

LG Electronics India Limited (LGEL) is a market leader in India's large home appliances and consumer electronics space, with a strong brand franchise built over more than two decades. The company holds leadership positions across key categories such as refrigerators, washing machines, and air conditioners, supported by a wide distribution network, local manufacturing scale, and strong after-sales service. LGEL's market share in the offline channel, which accounts for 78% of major home appliances and 77% of the consumer electronics market (excluding mobile phones), in key categories such as TV/refrigerators/Room AC/Washing Machines stood at 27.5%/29.9%/17.3%/33.4%.

LGEL has curated a wide range of portfolios across its 2 business segments – Home Appliances and Air Solutions, and Home Entertainment. Refrigerators had the highest revenue contribution across products categories, at 27.5% in FY25, followed by Air conditioners at 21.6% and Washing machines at 20.7%. Apart from core hardware business, the company is also investing in high margin B2B, AMC and data center cooling businesses.

As appliance penetration in India remains structurally low relative to global averages, LGEL is well positioned to benefit from rising disposable incomes, premiumisation trends, and increasing urbanisation. Over the past few years, LGEL has demonstrated steady revenue growth, aided by new product launches, localisation of manufacturing and deeper penetration into tier-2/3 markets. The company's focus on energy-efficient, smart and premium products has helped improve average selling prices, while operating leverage and cost rationalisation initiatives have supported margin stability despite periods of input cost volatility. We believe LGEL's strong parent backing and access to technology provide it with a sustainable competitive moat in an increasingly crowded market.

Overall, LGEL is a high-quality consumer franchise with strong cash generation, leadership positioning and long-term growth visibility. While near-term performance may be influenced by demand cycles and competitive intensity, the company's scale, brand equity and execution capabilities position it well to compound earnings over the medium to long term.

Valuation & Recommendation:

LG has delivered resilient performance despite external headwinds in recent quarters. With rising disposable income, increasing penetration of the organised market and premiumisation expected to drive sustained growth in the industry, LGEL is at the forefront to capture the growth with its leadership position. We expect revenue/EBITDA/PAT to grow at 9%/11%/11% CAGR between FY25-28E.

Going forward, the company has outlined a clear strategy to maintain its leadership position through new product development and industry leading technology. It aims to further drive penetration through the new LG essential series. Additional revenue drivers include increasing ancillary businesses such as AMCs, B2B and data center cooling products, which are high margin and have a huge runway for growth.

LGEL aspires to create a global export hub in India through its new production facility in Sri City, Andhra Pradesh that will cater to exports in the South Asian countries. The company plans to invest about Rs 5,000 cr in a phased manner over the next 4-5 years in this new facility which it believes would be a strategic asset in consolidating its South India business and creating a global export hub. With initial plans to produce Room ACs at the new facility, the company aims to install new production lines for refrigerators and washing machines in the following year.

While margins have come under pressure in H1FY26 on account of elevated commodity prices and ramp up of marketing and go-to-market initiatives, LGEL has several margin levers such as increasing premium mix, higher localisation, improving efficiency and reduction in logistics cost from its upcoming facility, which are expected to drive margin normalisation in the upcoming quarters.

We believe investors can buy the stock in Rs 1509-1555 band (33.3x FY28E EPS) and add on dips in Rs 1400-1441 (31.0x FY28E EPS) band for a base case fair value of Rs 1669 (36.5x FY28E EPS) and bull case fair value of Rs 1780 (39.0x FY28E EPS) over the next 2-3 quarters.

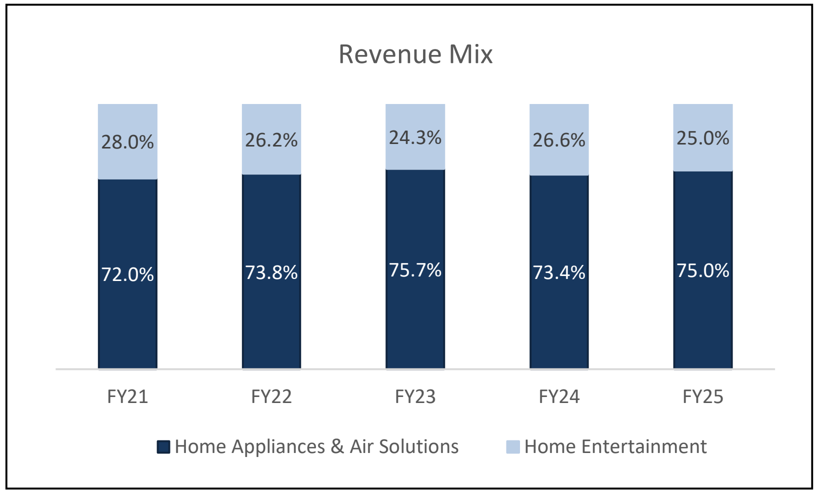
Financial Summary:

Particulars (in Rs Cr)	Q2FY26	Q2FY25	YoY-%	Q1FY26	QoQ-%	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	6174	6114	1%	6263	-1%	19,865	21,352	24,367	26,803	29,551	32,655
EBITDA	548	757	-28%	716	-24%	1,899	2,225	3,110	3,350	3,886	4,392
APAT	389	536	-27%	513	-24%	1,348	1,511	2,203	2,408	2,761	3,106
Diluted EPS (Rs)	5.7	7.9	-27%	7.6	-24%	19.9	22.3	32.5	35.5	40.7	45.8
RoE-%						27.4	37.2	45.2	35.2	31.8	29.1
P/E (x)						76.6	68.4	46.9	42.9	37.4	33.3
EV/EBITDA (x)						53.1	45.6	32.2	29.5	25.1	21.9

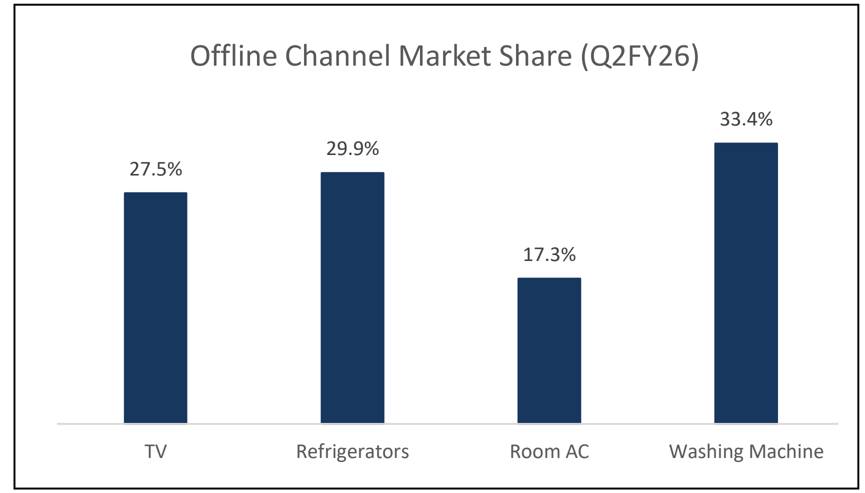
(Source: Company, HDFC sec)

Charts in Focus

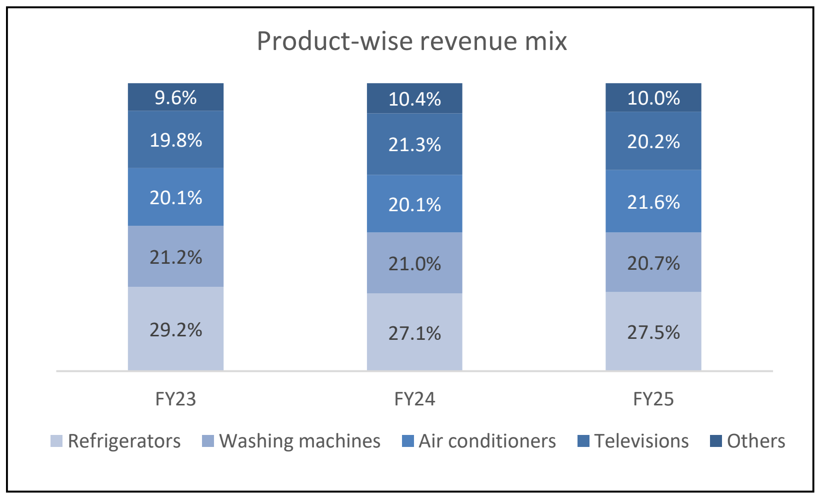
Leading player in home appliances and home entertainment



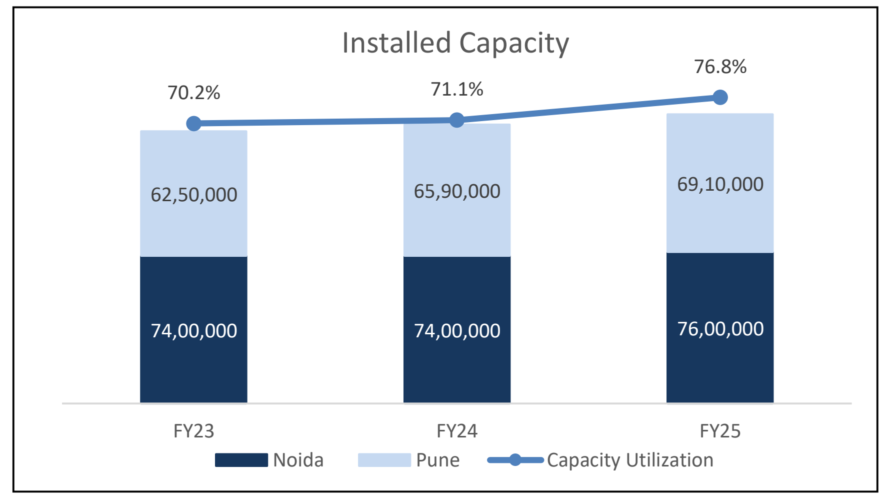
Commanding strong market share across key product categories



Refrigerators and Air conditioners lead product mix



Robust manufacturing capacity to be augmented through capex



(Source: Company, HDFC sec)

Q2FY26 Result Update

LGEL reported a resilient quarter as compared to peers as the consumer durables industry witnessed muted demand on account of external headwinds. Revenue growth was stable at 1.0% YoY despite demand being impacted by unexpected cooler summer, early monsoon, currency volatility, U.S. tariffs, and geopolitical tensions and cautious consumer sentiment. Consumers also deferred purchases during the quarter awaiting price reductions on account GST rate cuts that came into effect from September 22, 2025. LGEL improved its market share in the offline channel across various categories.

Elevated commodity prices and incremental investments in go-to-market market initiatives to support distributors and retailers amidst challenging market conditions. EBITDA margin came in at 8.9% as compared to 12.4% in Q2FY25. However, the company believes that it has absorbed most of the margin pressure during the quarter and has enough levers in place for margin normalization in H2FY26. LGEL has also implemented price increases of 1.5% to 2.0% for its refrigerators and washing machines to offset higher input costs.

Home Appliances: LGEL continued to reinforce its leadership in the home appliances segment, gaining market share across key product categories in Q2FY26. Despite the temporary impact of GST timing, LGEL's strong brand equity and resilient channel performance helped deliver value growth in offline market share in YTD September 2025. The segment reported flattish growth with EBIT margin of 8.2% as margins came under pressure on account of elevated commodity prices and higher recycling costs linked to compliance. Going forward, the industry anticipates sustained demand in the segment, driven by the recent GST rate cut, festive, and wedding season tailwinds, unlocking momentum across categories with premium appliances leading the recovery.

Home Entertainment: The segment reported 3.0% YoY growth during the quarter with TVs continuing to grow steadily, especially with the premium segment expanding faster than the entry-level models, where LGEL continues to outperform. However, the information display business has been impacted due to U.S. tariffs and current geopolitical issues, leading to low infrastructure spending.

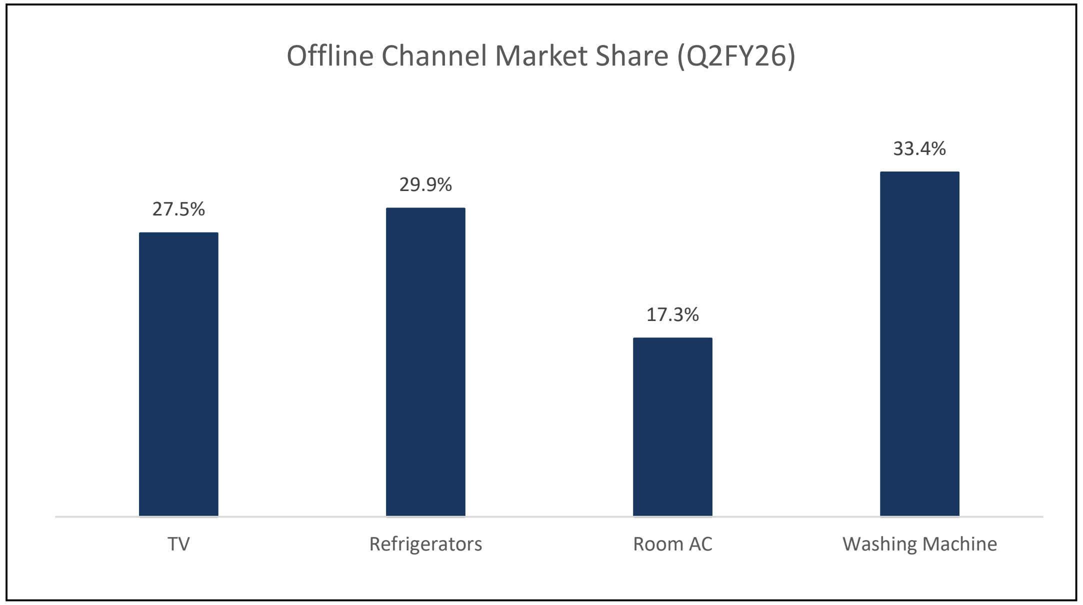
Key Drivers

Market leader in Home Appliances and Consumer Electronics with strong market share across key product categories

LGEL remains the market leader across major categories in the Indian Home Appliances and Consumer Electronics market, in the offline channel by value. The company commands the leading position across multiple product categories, including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves, based on the market share (in terms of value) in the offline channel. LGEL is also a market leader in the premium segments across several categories such as washing machines, panel televisions, and microwaves in India. The company has consolidated its market leadership over the years by deepening its understanding of the Indian customer psyche and delivering products that meet their evolving needs.

LGEL's goal is for every Indian household to own a LG product. The company aims to deliver products that meet the core needs of Indian consumers across various price points and build strong brand loyalty through an enhanced service experience. Over a span of 28 years of its existence, the company has developed insights into consumers' preferences in India and understand the demands of Indian consumers. It has tapped into this though its strong parentage and global brand recall as well as its image a pioneer for technological innovation. LGEL aims to continue leveraging its scale in home appliances and consumer electronics industry, combined with deep consumer insights, to further strengthen its leadership position through increased penetration and introduction of new product categories.

Robust market share across key product categories



Expansive distribution footprint across physical and digital channels leading to pan-India presence

	LG BrandShops	Modern Trade Outlets	Multi-Brand Outlets	Regional Specialty Stores	Distributors & Sub-dealers	B2B	Online
Overview	Offline stores which sell LG products exclusively	Organized stores including supermarkets, hypermarkets & large-format stores	Traditional outlet stores that offer products from various brands	Traditional offline stores that focus on a narrow product line	Wholesale distributors who purchase products in bulk and resell in smaller quantities	Dedicated distributors and dealers	LG Website and 2 e-commerce marketplaces
Number of B2C Touch Points / B2B Trade Partners[1]	777	1,385	1,134	1,616	377 Distributors 30,349 Sub-dealers[2]	463 B2B Trade Partners	3

(Source: Company, HDFC sec)

Expansive product portfolio and diversification through non-hardware and B2B revenue streams

LGEL has curated a wide range of portfolios across its 2 business segments – Home Appliances and Air Solutions, and Home Entertainment. Refrigerators had the highest revenue contribution across product categories, at 27.5% in FY25, followed by Air conditioners at 21.6% and Washing machines at 20.7%.

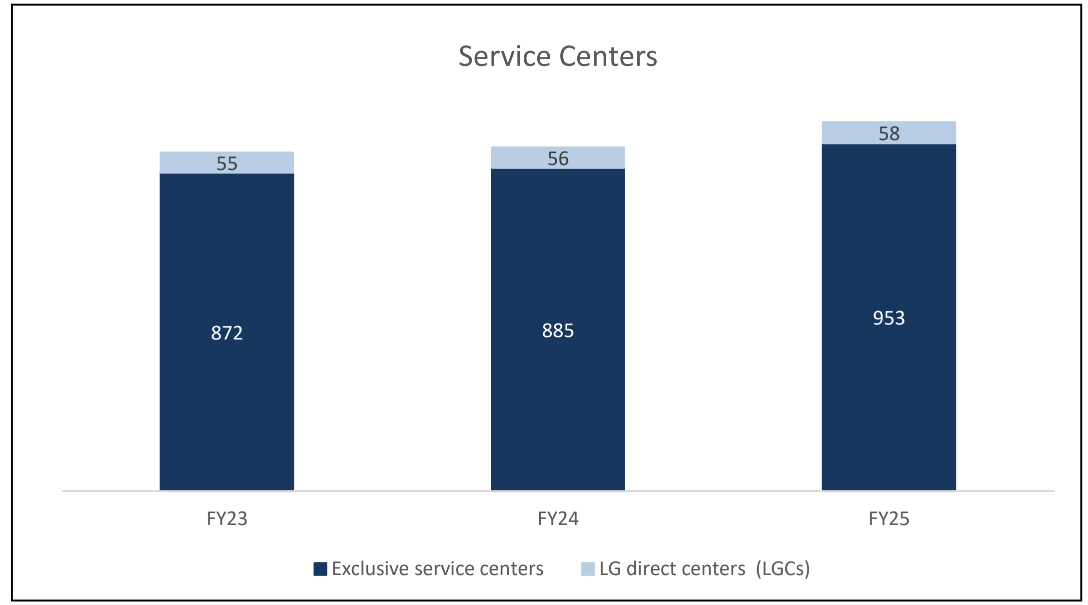
Home Appliances and Air Solution: The company's range under this category includes home appliances such as refrigerators, washing machines, water purifiers, dishwashers and microwave ovens; and air solutions such as air conditioners, air purifiers and compressors. The company also provides installation and after-sales services for these products. Under refrigerators, LGEL commanded 43.2% market share in Sept 2025, in the premium side-by-side refrigerators, whereas it had a 25.1% market share in the mass direct cool category. In washing machines, it commanded a 36.9% market share in fully automatic front-load machines and a 32.7% share in semi-automatic washing machines.

Home Entertainment: LGEL manufactures a range of media display and audiovisual products, including televisions, monitors, interactive displays, and information systems, and imports products such as soundbars, audio systems, projectors, wireless speakers and earbuds, for sale in the domestic markets in the home entertainment segment. The segment contributed 25% to LGEL's revenue in FY25. LGEL's market share in OLED stood at 62.6% in Q2FY26.

In addition, the company is actively diversifying its revenue through B2B and Annual Maintenance Services (AMC) contracts. LGEL operates a pan-India service network to offer engineering services on demand, including installation services, and repairs and maintenance. It operated 948 exclusive service centres (third party) and 58 of its own LG service centres as of June 2025. Going forward, the company is looking to increase focus on these high-potential non-hardware AMC business and B2B business, which contribute around ~6% to its revenues currently, as these command better margins.

Leadership through broad B2C product range across price points

Diversification through services business



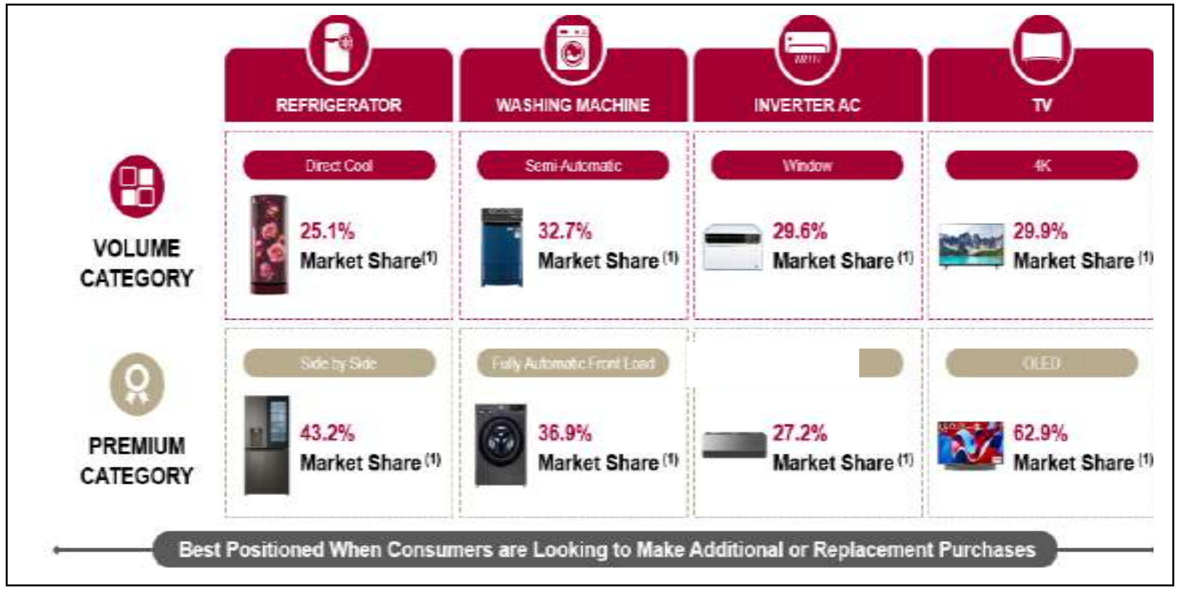
(Source: Company, HDFC sec)

LG Essential and premiumisation to drive future growth

LGEL has recently launched the ***"LG Essential Series"***, a strategic new lineup of home appliances designed specifically for the Indian market as part of its broader push to deepen market penetration and connect with middle-income households. Built on extensive consumer insights gathered from over 1,200 Indian families, this series emphasises "Made for India" practicality and value, offering essentials such as a double-door refrigerator, fully automatic washing machine, room air conditioner, and a convertible oven with features tailored to local needs (like larger vegetable storage, low-pressure fill technology, and Indian auto-cook menus). The products are priced affordably, starting at around Rs 18,000–Rs 20,000, and will be widely available across LG's retail network, partner stores, and major e-commerce platforms from November 2025.

This launch represents a significant evolution in LG's India strategy to expand its manufacturing footprint in the country. By focusing on localised design, affordable pricing, and real-life utility, the Essential Series aims to make LG's trusted technology more attainable for a broader segment of Indian consumers, particularly in tier-2 and tier-3 cities where appliance penetration is still growing. This initiative also aligns with LG's "Har Ghar Appliances, Har Ghar Happiness" philosophy, underscoring its commitment to delivering daily value and enhancing quality of life across diverse Indian households.

Two-pronged approach to further penetrate volume category and drive premiumisation



(Source: Company, HDFC sec)

Volume or Mass Category: For the volume or mass market, LGEL has a dedicated strategy to offer a mix of products that are accessible and affordable for Indian consumers, including expansion into price points where it currently has no offerings.

Premium Category: With an expanding urban, young, and affluent consumer base, there is growing awareness and preference for value-added features, digital connectivity, and aesthetics, alongside price and quality considerations. In the premium market, LGEL is focused on introducing products in India equipped with new AI-backed technologies and featuring luxurious, sleek, modern designs popular in developed markets. LGEL also plans to identify new export destinations from its upcoming manufacturing facility to expand exports of premium products to broader markets.

Capex to spur exports and support domestic growth

Under its Make in India vision, the company is expanding its manufacturing footprint with a third facility in Sri City, Andhra Pradesh. The new facility, built in about 1 million square meters, is expected to start operations in a phased manner and is to be built with a total investment outlay of Rs 5,000 cr over the next 4-5 years. LGEL expects to fund the capex through internal accruals. LGEL expects the new facility to enhance production capacity, improve logistics efficiency, and support the company's localisation roadmap. Beginning with the construction of a production building for RAC and compressors, LGEL plans to expand the construction to a production building for refrigerators and a warehouse next year. Currently, South India business contributes about 38% - 40% to LGEL's revenue, and the new facility will give the company leverage to optimise logistics cost, reduce supply chain lead time with respect to the same.

The new factory is intended to be a strategic asset for both domestic operations and export markets. On the domestic front, the new facility is expected to play an important role in LGEL's aim to increase localisation and drive margin expansion. Localisation for the company rose to 55.8% in Q2FY26 on the back of in-house side-by-side and compressor production. LGEL further aims to drive the same by 2%-3% annually with an aim to reach about 70% and it aims to achieve it through its upcoming facility. On the export front, LGEL plans to explore new destinations to export premium range of products for broader markets from the third factory at Sri City. Exports currently contribute about 5% - 6% to its revenue. The company has made initial preparations, under its Global South initiative, including revisions to the production line at Sri City, tailored to the expanding export markets.

Multiple levers to aid margin expansion, going forward

LGEL's margins came under the pressure in H1FY26 owing to certain external factors such as rising commodity prices, global headwinds leading to FX devaluation, higher recycling costs and higher cost of go-to-market initiatives and customer promotions. Going forward, LGEL expects margins to improve through:

- Greater localisation and local buying
- Improved operational efficiencies
- Stronger growth in the premium segment
- Expansion of higher margin AMC as well as B2B business
- Economies of scale through launch of new products in the volume segment
- Price increases of about 1.5% to 2.0% in refrigerators and washing machines

Risks & Concerns:

Competitive Pressure: The home appliances and consumer electronics market in India is highly competitive, with aggressive pricing and rapid product cycles from both global and Chinese brands. This could erode market share and squeeze margins over time.

Raw Material, Supplier & Supply Chain Risks: A large share of inputs is still imported and procurement is concentrated among a few suppliers. Volatile commodity prices, geopolitical tensions, supply interruptions, or logistical bottlenecks can raise costs or delay production.

Foreign Exchange & Macro Risks: With significant import exposure, fluctuations in foreign exchange rates can affect cost of goods sold and profitability. Economic slowdowns or weak consumer spending can also dampen demand for discretionary appliances.

Regulatory, Compliance & Market Risks: Evolving regulatory landscapes (e.g., changes in energy-efficiency standards, environmental policies such as e-waste regulations) could increase compliance costs or require operational adjustments. Additionally, failure to innovate in smart and connected products may weaken competitive positioning.

Company Background

Incorporated in 1997 as a wholly owned subsidiary of LG Electronics, LG Electronics India Limited (LGEL) is one of the leading players in major home appliances and consumer electronics (excluding mobile phones) in India. LGEL offers a wide range of home appliances and consumer electronics (excluding mobile phones) to B2C and B2B consumers in India and overseas. It also offers installation services, and repairs and maintenance services for all of its products. LGEL operates its business under 2 segments: Home Appliances & Air Solutions and Home Entertainment. The company operated through a pan-India distribution network, across different formats, spanning across urban and rural India through 35,640 B2C touch points and a dedicated team 463 B2B trade partners as of June 30, 2025.

LGEL operates 2 manufacturing units in Noida and Pune, with a cumulative installed capacity of 1,45,10,000 products as of FY25. Aggregate capacity utilization across the 2 plants stood at 76.8% in FY25. The company is further planning to augment its manufacturing capacity through the development of a new facility at Sri City, Andhra Pradesh, with an investment of about Rs 5,000 cr over the next 4-5 years.

Financials

Income Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**19,865**	**21,352**	**24,367**	**26,803**	**29,551**	**32,655**
Growth (%)	***17.1***	***7.5***	***14.1***	***10.0***	***10.3***	***10.5***
Operating Expenses	17,965	19,127	21,257	23,453	25,665	28,263
EBITDA	**1,899**	**2,225**	**3,110**	**3,350**	**3,886**	**4,392**
Growth (%)	***3.2***	***17.1***	***39.8***	***7.7***	***16.0***	***13.0***
EBITDA Margin (%)	***9.6***	***10.4***	***12.8***	***12.5***	***13.2***	***13.5***
Depreciation	300	364	380	444	541	634
Other Income	244	205	264	335	369	408
EBIT	**1,843**	**2,066**	**2,994**	**3,241**	**3,714**	**4,166**
Interest expenses	23	29	31	22	22	15
PBT	**1,820**	**2,037**	**2,963**	**3,219**	**3,692**	**4,152**
Tax	472	526	760	811	930	1,046
PAT	**1,348**	**1,511**	**2,203**	**2,408**	**2,761**	**3,106**
Share of Asso./Minority Int.	0	0	0	0	0	0
Adj. PAT	**1,348**	**1,511**	**2,203**	**2,408**	**2,761**	**3,106**
Growth (%)	***0.8***	***12.1***	***45.8***	***9.3***	***14.7***	***12.5***
EPS	19.9	22.3	32.5	35.5	40.7	45.8

Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCE OF FUNDS						
Share Capital	113	113	679	679	679	679
Reserves	4,243	3,659	5,291	7,021	8,968	11,055
Shareholders' Funds	**4,356**	**3,772**	**5,970**	**7,699**	**9,646**	**11,734**
Minority Interest	0	0	0	0	0	0
Total Debt	319	370	428	343	248	143
Other Non-Curr. Liab	187	255	318	346	384	424
Net Deferred Taxes	0	0	0	0	0	0
Total Sources of Funds	**4,861**	**4,397**	**6,716**	**8,388**	**10,278**	**12,300**
APPLICATION OF FUNDS						
Net Block & Goodwill	1,343	1,319	1,329	1,885	2,344	2,710
CWIP	25	24	75	75	75	75
Investments	0	0	0	0	0	0
Other Non-Curr. Assets	461	497	572	629	694	766
Total Non-Current Assets	**1,828**	**1,840**	**1,976**	**2,590**	**3,113**	**3,552**
Inventories	2,641	2,397	3,031	3,305	3,643	4,026
Debtors	1,500	1,797	2,361	2,570	2,834	3,131
Cash & Equivalents	2,763	2,223	3,741	4,718	5,978	7,437
Other Current Assets	261	241	407	447	493	545
Total Current Assets	**7,164**	**6,658**	**9,541**	**11,040**	**12,948**	**15,139**
Creditors	3,119	2,976	3,367	3,672	4,048	4,473
Other Current Liab & Provisions	1,012	1,126	1,434	1,570	1,735	1,917
Total Current Liabilities	**4,131**	**4,101**	**4,801**	**5,242**	**5,783**	**6,391**
Net Current Assets	3,033	2,557	4,740	5,799	7,165	8,749
Total Application of Funds	**4,861**	**4,397**	**6,716**	**8,388**	**10,278**	**12,300**

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Cash Flow Statement

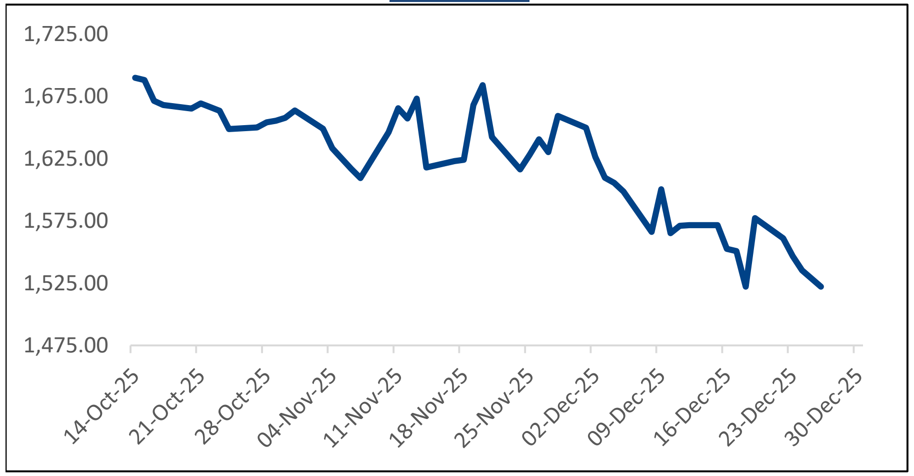
Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	1,816	2,037	2,963	3,219	3,692	4,152
Non-operating & EO items	-207	-180	-264	-35	-39	-44
Interest Expenses	23	27	30	22	22	15
Depreciation	300	364	380	444	541	634
Working Capital Change	399	-13	-703	-77	-94	-113
Tax Paid	-443	-570	-754	-811	-930	-1,046
OPERATING CASH FLOW (a)	**1,888**	**1,665**	**1,654**	**2,763**	**3,192**	**3,597**
Capex	-514	-240	-335	-1,000	-1,000	-1,000
Free Cash Flow	1,374	1,425	1,319	1,763	2,192	2,597
Investments	0	0	0	0	0	0
Non-operating income	240	220	307	0	0	0
INVESTING CASH FLOW (b)	**-274**	**-20**	**-28**	**-1,000**	**-1,000**	**-1,000**
Debt Issuance / (Repaid)	-49	-65	-76	-85	-95	-105
Interest Expenses	-23	-27	-30	-22	-22	-15
FCFE	1,542	1,553	1,520	1,656	2,075	2,477
Share Capital Issuance	0	0	0	0	0	0
Dividend	-2,489	-2,093	0	-679	-815	-1,018
Others	0	0	0	0	0	0
FINANCING CASH FLOW (c)	**-2,561**	**-2,185**	**-106**	**-786**	**-932**	**-1,138**
NET CASH FLOW (a+b+c)	**-946**	**-540**	**1,520**	**977**	**1,260**	**1,459**

Key Ratios

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profitability Ratios (%)						
EBITDA Margin	9.6	10.4	12.8	12.5	13.2	13.5
EBIT Margin	9.3	9.7	12.3	12.1	12.6	12.8
APAT Margin	6.8	7.1	9.0	9.0	9.3	9.5
RoE	27.4	37.2	45.2	35.2	31.8	29.1
RoCE	35.2	46.9	56.8	44.9	41.4	38.3
Solvency Ratio (x)						
Net Debt/EBITDA	-1.3	-0.8	-1.1	-1.3	-1.5	-1.7
Net D/E	-0.6	-0.5	-0.6	-0.6	-0.6	-0.6
PER SHARE DATA (Rs)						
EPS	19.9	22.3	32.5	35.5	40.7	45.8
CEPS	24.3	27.6	38.1	42.0	48.7	55.1
BV	64.2	55.6	88.0	113.4	142.1	172.9
Dividend	0.0	0.0	0.0	10.0	12.0	15.0
Turnover Ratios (days)						
Debtor days	26	28	31	34	33	33
Inventory days	46	43	41	43	43	43
Creditors days	53	52	48	48	48	48
Valuation (X)						
P/E	76.6	68.4	46.9	42.9	37.4	33.3
P/BV	23.7	27.4	17.3	13.4	10.7	8.8
EV/EBITDA	53.1	45.6	32.2	29.5	25.1	21.9
EV / Revenues	5.1	4.8	4.1	3.7	3.3	2.9
Dividend Yield (%)	0.0	0.0	0.0	0.7	0.8	1.0
Dividend Payout (%)	0.0	0.0	0.0	28.2	29.5	32.8

(Source: Company, HDFC sec)

Price chart



(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

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Any holding in stock – **No**

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