



India

HOLD (previously REDUCE)

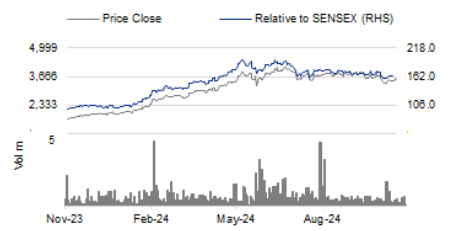
Consensus ratings*: Buy 11 Hold 5 Sell 10

Current price:	Rs3,555
Target price:	Rs3,745
Previous target:	Rs3,620
Up/downside:	5.3%
InCred Research / Consensus:	3.7%
Reuters:	
Bloomberg:	KKC IN
Market cap:	US\$13,569m
	Rs985,321m
Average daily turnover:	US\$39.8m
	Rs2890.1m
Current shares o/s:	277.2m
Free float:	8.9%

*Source: Bloomberg

Key changes in this note

- For FY25F-27F, we raise revenue estimates by 3%-5% and PAT estimates by 3%-4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.0)	(5.2)	109.2
Relative (%)	0.9	(5.3)	70.8

Major shareholders	% held
ICICI Pru	3.2
SBI Pension	1.8
Axis MF	1.7

Research Analyst(s)



Arafat SAIYED

T (91) 22 4161 1542
E arafat.saiyed@incredresearch.com

Anirvan DIVAKERA

T (91) 02241611548
E anirvan.divakera@incredresearch.com

Cummins India Ltd

Healthy domestic demand in 1H; exports to pick up

- 2Q EBITDA surged 42% YoY to Rs4.8bn, 11% above our estimate & 14% above the Bloomberg consensus, while the margin rose 148bp YoY to 19.3%.
- The company has a strong portfolio of CPCB IV+ emission norms-compliant products to meet demand. Maintains operating leverage despite fluctuations.
- We lower our revenue estimates by 6%/7% and increase PAT estimates by 4%/5%. Upgrade to HOLD rating with a higher TP of Rs3,745 (Rs3,620 earlier).

Healthy sales-led growth in 2QFY25

Cummins India posted a better-than-expected performance in 2QFY25, with revenue at Rs24.9bn, up 31%, 12% above our/Bloomberg or BB consensus estimates. Domestic sales jumped 47% YoY to Rs20bn while exports fell 13% YoY to Rs4.40bn. EBITDA soared 42% YoY to Rs4.8bn, 11% above our estimate and 14% above the BB consensus estimate, while the margin expanded by 148bp YoY to 19.3%. PAT came in at Rs4.5bn, up 37% YoY, 12% above our estimate and 16% above the BB consensus estimate.

Maintains guidance of double-digit revenue growth

Management reiterated its guidance of achieving 2x India's GDP growth, aiming at a revenue growth of ~15% in FY25F with margin expansion. The company is committed to profitable growth, aligning with the infrastructure development trend. Cummins India has a strong portfolio comprising CPCB IV+ emission norms-compliant products to meet customer demand across its entire product range. The operating leverage, cost control, and efficiency improvement could help maintain the margin, despite the current fluctuations due to project business volume.

Competitive edge in CPCB-IV products

Cummins India was one of the first to enter the CPCB IV+ products market, giving it a competitive advantage. Despite rising competition, the company has kept prices stable and is closely monitoring the pricing trend as more players introduce products in this category. Since the launch of CPCB IV+ norms-compliant products, prices have remained consistent. The company has cleared its CPCB-II inventory, and there are no sales of such products in its 2Q results. Cummins India typically operates at 60-65% of its capacity, with some lines running at over 90% of their capacity.

Upgrade to HOLD rating on valuation comfort

Effective Jul 2024, there was a complete switchover to CPCB IV+ emission norms-compliant products in the powergen segment. Management expects double-digit revenue growth in FY24F. For FY25F-27, we raise revenue estimates by 3%-5% and PAT estimates by 3%-4%, factoring in the higher sales of CPCB IV-compliant products. The stock price has remained largely flat in 3-month and 6-month periods. We upgrade our rating on it to HOLD (from REDUCE) with a higher target price of Rs3,745 (Rs3,620 earlier), valuing it 42x Sep 2026F EPS. Upside risks: Strong demand for its products and a higher margin. Downside risks: Weak demand for its products and a lower margin.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	76,123	88,164	102,551	118,418	137,458
Operating EBITDA (Rsm)	12,426	17,613	21,318	24,963	29,828
Net Profit (Rsm)	11,441	16,466	19,621	22,701	26,746
Core EPS (Rs)	41.3	59.4	70.8	81.9	96.5
Core EPS Growth	45.7%	43.9%	19.2%	15.7%	17.8%
FD Core P/E (x)	86.12	59.84	50.22	43.40	36.84
DPS (Rs)	18.0	19.0	19.0	19.0	19.0
Dividend Yield	0.51%	0.53%	0.53%	0.53%	0.53%
EV/EBITDA (x)	78.47	55.15	45.44	38.52	31.72
P/FCFE (x)	236.34	76.58	136.83	79.71	47.60
Net Gearing	(19.2%)	(22.7%)	(21.9%)	(25.4%)	(34.1%)
P/BV (x)	18.36	15.99	12.97	10.55	8.58
ROE	22.4%	28.6%	28.5%	26.8%	25.7%
% Change In Core EPS Estimates			(38.80%)	(18.66%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

2QFY25 conference-call highlights

- **Overview:** Cummins India reported a strong performance for the quarter, with revenue up 31% YoY. Domestic sales surged 47% to Rs20bn, driven by strong power generation and industrial business demand, while exports declined by 13% to Rs4.4bn.
- **Guidance:** Management gave guidance of achieving double-digit growth in FY25F, led by steady demand in domestic segments, particularly in power generation and industrial applications. Management believes that operating leverage, cost control, and efficiency improvement could help maintain the margin, despite the current fluctuations due to project business volume.
- **Market share in CPCB IV+-compliant products:** Cummins India was an early entrant in the CPCB IV+ market, thus giving it a competitive edge. The company has maintained stable prices, despite increased competition, and is observing pricing dynamics as more competitors launch products in this category. Brand reputation, coupled with a strengthened supply chain, positions it well to retain market share. The company expects price stabilization for CPCB IV+ engines to take another few quarters.
- **Pricing and inventory of CPCB IV+ products:** The prices have been maintained since the launch of CPCB IV+-compliant products. Cummins India has fully cleared CPCB-II inventory and there are no sales of CPCB-II products in 2Q results.
- **Exports:** A recovery is expected in coming quarters, with strong orders from Latin America and Europe. Demand from the Middle East, Asia, and Africa, however, remains muted, with geopolitical factors contributing to the uncertainty. The company monitors global demand shift and adapts its product offerings for export markets.
- **Demand from data centres:** Data centres are a key growth area, spurred by the artificial intelligence or AI-driven global demand for reliable power. While data centres currently represent a smaller portion of its revenue, Cummins India aims to expand its presence with products tailored for this segment and is well-positioned to do so. The company holds a strong position due to high product acceptance and strong customer relationships.
- **Gross margin:** It contracted ~200bp QoQ. Management attributed this primarily to a higher mix of project-based sales, which have a relatively lower margin due to installation and commissioning costs. The effect of this mix is expected to normalize.
- **Capacity utilization:** Cummins India, on an average, operates at 60-65% of its capacity, with specific lines exceeding 90% of their capacity. Lead times have improved due to a more resilient supply chain, and the company has sufficient capacity to handle any increase in demand.
- **Employee and operational costs:** Employee costs were flat YoY due to one-time adjustments and reclassifications (~Rs420m). Other expenses rose by 32% due to variable costs linked to higher sales volume and investment in customer service infrastructure. Management expects these expenses to remain in line with revenue growth.
- **Segments:**
 - **Power generation:** Domestic sales of the power generation segment touched Rs8.96bn, up 84% YoY. The growth was attributed to increased demand from data centres and back-up power requirements, especially under the new CPCB IV+ regulations.
 - **Distribution business:** This segment's sales grew by 20% to Rs6.58bn, with stable demand for parts and services. The segment is expected to continue benefiting from a larger installed base and long-term service relationships.
 - **Industrial business:** Industrial domestic sales climbed 35% YoY, touching Rs4.06bn, with construction and rail applications driving demand.

Management expects robust construction equipment sales in 3QFY25F, boosted by pre-purchases ahead of new emissions norms in Jan 2025.

Figure 1: Results snapshot

Y/E Mar (Rs m)	2QFY25	2QFY24	YoY	1QFY25	QoQ	1HFY25	1HFY24	YoY
Total Revenue	24,923	18,997	31.2%	23,042	8.2%	47,965	41,084	16.7%
Raw Material Costs	16,006	12,023	33.1%	14,341	11.6%	30,347	26,924	12.7%
Employee Costs	1,923	1,929	(0.3%)	1,816	5.9%	3,740	3,814	(1.9%)
Other Expenses	2,183	1,659	31.6%	2,212	(1.3%)	4,395	3,554	23.7%
Total Expenditure	20,113	15,611	28.8%	18,369	9.5%	38,481	34,292	12.2%
EBITDA	4,810	3,386	42.1%	4,673	2.9%	9,484	6,792	39.6%
Depreciation	452	379	19.3%	439	3.0%	891	737	20.9%
EBIT	4,358	3,007	44.9%	4,235	2.9%	8,593	6,055	41.9%
Interest	26	67	(61.5%)	48	(46.2%)	73	143	(48.9%)
Other Income	1,611	1,322	21.8%	1,322	21.8%	2,933	2,497	17.5%
PBT	5,944	4,263	39.4%	5,509	7.9%	11,453	8,408	36.2%
Total Tax	1,438	978	47.0%	1,311	10%	2,748	1,967	39.7%
PAT	4,506	3,285	37.2%	4,198	7.3%	8,705	6,442	35.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Margin and cost analysis

Margin Analysis	2QFY25	2QFY24	YoY (bp)	1QFY25	QoQ (bp)	1HFY25	1HFY24	YoY (bp)
Raw Material Costs	64.2%	63.3%	93	62.2%	198	63.3%	65.5%	-227
Personnel Costs	7.7%	10.2%	-244	7.9%	-17	7.8%	9.3%	-149
Other Expenses	8.8%	8.7%	3	9.6%	-84	9.2%	8.7%	51
EBITDA Margin	19.3%	17.8%	148	20.3%	-98	19.8%	16.5%	324
EBIT Margin	17.5%	15.8%	166	18.4%	-89	17.9%	14.7%	318
PBT Margin (%)	23.8%	22.4%	141	23.9%	-6	23.9%	20.5%	341
NPM	18.1%	17.3%	79	18.2%	-14	18.1%	15.7%	247
Tax Rate (%)	24.2%	22.9%	125	23.8%	39	24.0%	23.4%	61
Gross Margin	35.8%	36.7%	-93	37.8%	-198	36.7%	34.5%	227

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Segment revenue

Revenue (Rs m)	2QFY25	2QFY24	YoY	1QFY25	QoQ	1HFY25	1HFY24	YoY
Powergen	8,960	4,860	84.4%	8,030	11.6%	16,990	13,590	25.0%
Industrial	4,060	3,000	35.3%	3,720	9.1%	7,780	5,360	45.1%
Distribution	6,580	5,490	19.9%	6,510	1.1%	13,090	11,320	15.6%
Exports	4,400	5,070	(13.2%)	3,890	13.1%	8,290	10,050	(17.5%)
Other	484	295	64.3%	470	2.9%	954	141	578.3%
Total Sales	24,484	18,715	30.8%	22,620	8.2%	47,104	40,461	16.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Actuals vs estimates

InCred	2QFY25	2QFY25F	Diff.
Revenue	24,923	22,106	12.7%
EBITDA	4,810	4,355	10.5%
Margin (%)	19.3%	19.7%	-40bp
PAT	4,506	4,016	12.2%
Consensus	2QFY25	2QFY25C	Diff.
Revenue	24,923	22,218	12.2%
EBITDA	4,810	4,220	14.0%
Margin (%)	19.3%	19.0%	31bp
PAT	4,506	3,884	16.0%

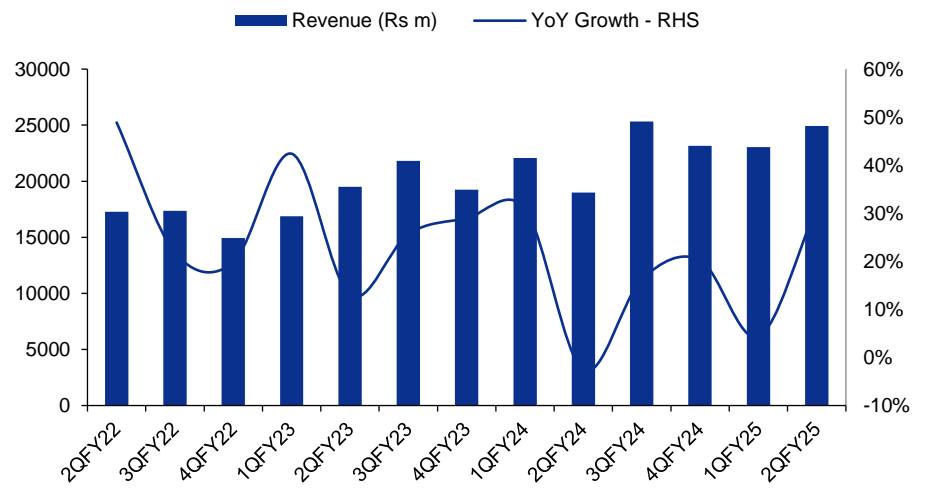
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Earnings revision summary

Rs m	New			Old			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue	1,02,551	1,18,418	1,39,585	99,769	1,15,027	1,33,332	2.8%	2.9%	4.7%
EBITDA	21,318	24,963	29,828	20,519	23,992	28,637	3.9%	4.0%	4.2%
PAT	19,621	22,701	26,746	19,010	21,958	25,835	3.2%	3.4%	3.5%

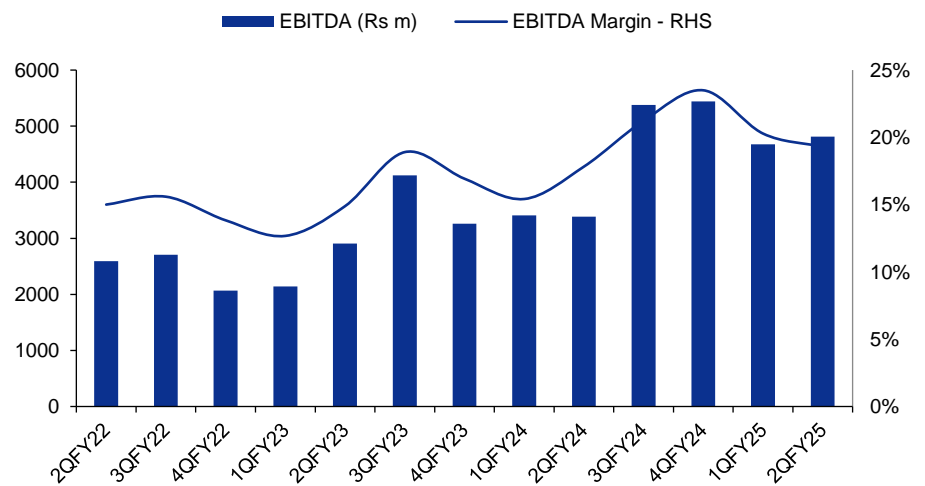
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 6: Quarterly revenue trend



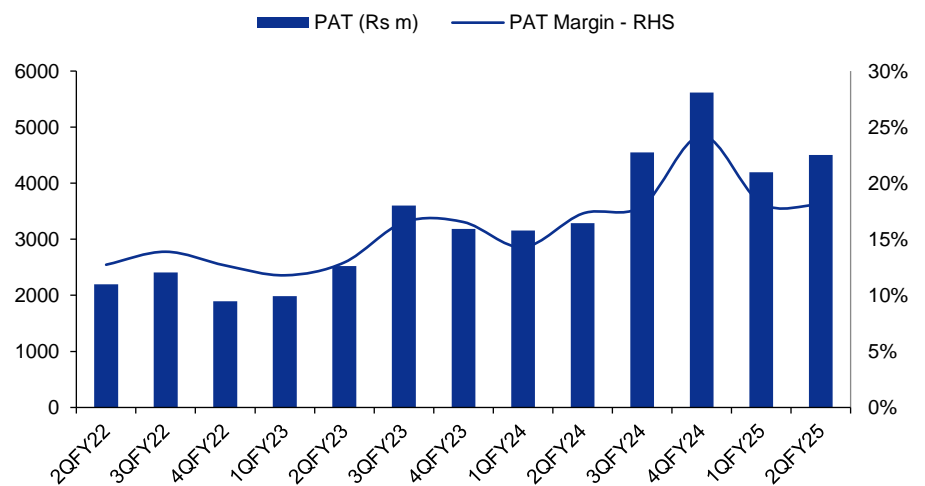
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Quarterly EBITDA trend



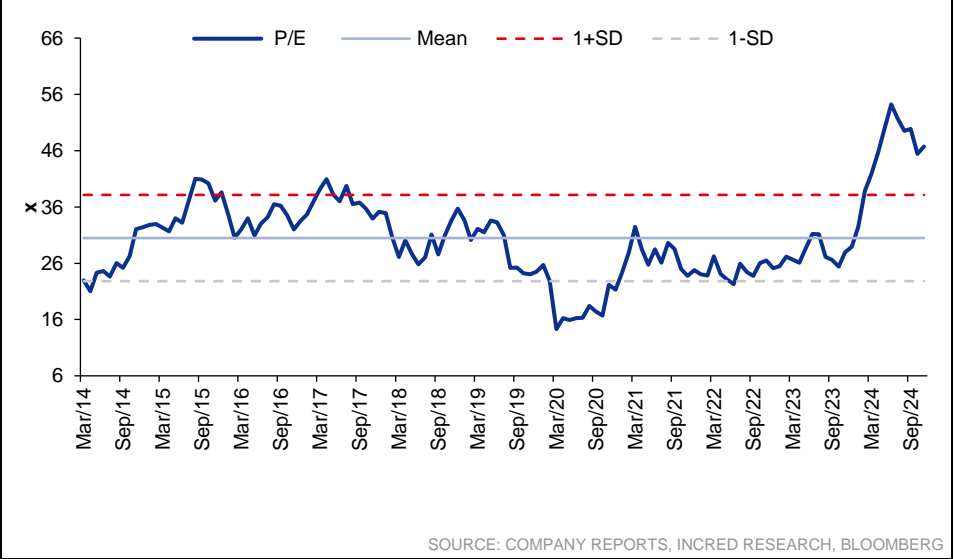
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Quarterly PAT trend

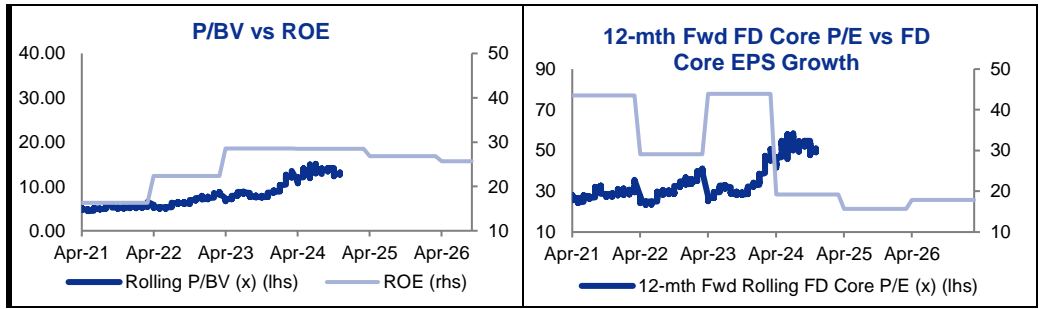


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Cummins India stock trades at 2+SD



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	77,444	89,586	104,148	120,254	139,585
Gross Profit	25,135	31,886	38,014	44,254	51,646
Operating EBITDA	12,426	17,613	21,318	24,963	29,828
Depreciation And Amortisation	(1,405)	(1,576)	(1,609)	(1,700)	(1,786)
Operating EBIT	11,021	16,037	19,708	23,263	28,042
Financial Income/(Expense)	(158)	(268)	(297)	(327)	(359)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	4,200	5,678	6,132	6,623	7,153
Profit Before Tax (pre-EI)	15,063	21,447	25,544	29,559	34,835
Exceptional Items					
Pre-tax Profit	15,063	21,447	25,544	29,559	34,835
Taxation	(3,623)	(4,982)	(5,923)	(6,858)	(8,089)
Exceptional Income - post-tax					
Profit After Tax	11,441	16,466	19,621	22,701	26,746
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	11,441	16,466	19,621	22,701	26,746
Recurring Net Profit	11,441	16,466	19,621	22,701	26,746
Fully Diluted Recurring Net Profit	11,441	16,466	19,621	22,701	26,746

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	12,426	17,613	21,318	24,963	29,828
Cash Flow from Invt. & Assoc.	2,638	3,834	4,226	4,597	5,008
Change In Working Capital	(2,661)	(1,569)	(11,455)	(9,637)	(5,402)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,405	1,576	1,609	1,700	1,786
Other Operating Cashflow	(4,042)	(5,410)	(5,835)	(6,296)	(6,793)
Net Interest (Paid)/Received	(158)	(268)	(297)	(327)	(359)
Tax Paid	(3,550)	(5,081)	(5,923)	(6,858)	(8,089)
Cashflow From Operations	6,057	10,697	3,643	8,141	15,977
Capex	(1,386)	(2,205)	(2,103)	(1,913)	(1,922)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(503)	4,375	5,661	6,133	6,643
Cash Flow From Investing	(1,888)	2,170	3,558	4,220	4,721
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(4,990)	(5,267)	(5,267)	(5,267)	(5,267)
Preferred Dividends					
Other Financing Cashflow	(158)	(268)	(297)	(327)	(359)
Cash Flow From Financing	(5,147)	(5,535)	(5,564)	(5,594)	(5,626)
Total Cash Generated	(978)	7,332	1,637	6,767	15,072
Free Cashflow To Equity	4,169	12,867	7,201	12,361	20,698
Free Cashflow To Firm	4,327	13,134	7,498	12,687	21,058

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	13,808	14,985	17,715	24,958	40,551
Total Debtors	15,927	20,776	24,254	29,652	34,418
Inventories	8,862	9,369	14,267	18,121	21,033
Total Other Current Assets	4,857	3,720	8,560	11,531	13,385
Total Current Assets	43,454	48,850	64,795	84,261	109,387
Fixed Assets	22,633	23,262	23,756	23,969	24,105
Total Investments	10,852	12,154	12,626	13,116	13,625
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	33,485	35,416	36,381	37,084	37,730
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	11,503	14,024	14,837	16,473	19,121
Other Current Liabilities	7,198	7,328	8,275	9,225	10,708
Total Current Liabilities	18,701	21,352	23,112	25,698	29,829
Total Long-term Debt	3,500	1,000	1,100	1,210	1,331
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	3,500	1,000	1,100	1,210	1,331
Total Provisions	1,057	941	979	1,018	1,058
Total Liabilities	23,259	23,293	25,191	27,926	32,219
Shareholders Equity	53,680	61,631	75,985	93,420	114,899
Minority Interests					
Total Equity	53,680	61,631	75,985	93,420	114,899

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	26.3%	15.8%	16.3%	15.5%	16.1%
Operating EBITDA Growth	40.4%	41.7%	21.0%	17.1%	19.5%
Operating EBITDA Margin	16.3%	20.0%	20.8%	21.1%	21.7%
Net Cash Per Share (Rs)	37.19	50.45	59.94	85.67	141.49
BVPS (Rs)	193.65	222.33	274.12	337.01	414.50
Gross Interest Cover	69.84	59.88	66.36	71.21	78.03
Effective Tax Rate	24.0%	23.2%	23.2%	23.2%	23.2%
Net Dividend Payout Ratio	43.6%	32.0%	26.8%	23.2%	19.7%
Accounts Receivables Days	66.93	74.77	78.91	81.81	83.77
Inventory Days	56.34	57.66	65.22	77.77	81.26
Accounts Payables Days	74.93	80.74	79.64	75.19	73.87
ROIC (%)	25.2%	34.4%	31.0%	30.3%	33.3%
ROCE (%)	19.7%	26.3%	27.8%	26.8%	26.3%
Return On Average Assets	15.9%	20.7%	21.4%	20.6%	20.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Research Services Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Research Services Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Research Services Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.

In the past 12 months, IRSPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.