

India

**REDUCE** (no change)

Consensus ratings*:	Buy 7	Hold 2	Sell 1
Current price:	Rs596		
Target price:	Rs521 ▲		
Previous target:	Rs261		
Up/downside:	-12.6%		
InCred Research / Consensus:	-22.8%		
Reuters:			
Bloomberg:	BRCM IN		
Market cap:	US\$1,400m		
	Rs120,263m		
Average daily turnover:	US\$3.7m		
	Rs321.9m		
Current shares o/s:	204.0m		
Free float:	57.1%		
*Source: Bloomberg			

**Key changes in this note**

- Valuation benchmark shifted to FY28F PAT.
- NBFC associate valued at mark-to-market (20% discount).
- Introduce FY28F estimates.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	8.8	35.1	63.6
Relative (%)	8.5	23.0	50.2

<b>Major shareholders</b>	% held
Promoter & Promoter Group	42.9
SBI AMC	6.9
Nippon AMC	5.6

**Research Analyst(s)**

**Nitin AWASTHI**  
T (91) 22 4161 1550  
E nitin.awasthi@incredresearch.com

# Balrampur Chini Mills Ltd

## Anti-consensus: Volatility warrants caution

- The 4QFY25 performance of Balrampur Chini Mills was stable, but NBFC-related valuation swings require a revised approach.
- The P/E multiple ignores uniform input risks across sugar, ethanol, and PLA—gross profit remains the key driver.
- Weak sugar prices and rising political risk in cane pricing undermine the case for a valuation upgrade. Maintain REDUCE rating on the stock.

### In-line 4Q performance; NBFC (associate co) adds volatility to results

Balrampur Chini Mills (BCML) reported an in-line 4QFY25 performance, with revenue at Rs. 15,036.8m (+4.8% YoY). EBITDA stood at Rs3,652.4m (+5.9% YoY), with an EBITDA margin of 13.0%, slightly down from 14.1% in 4QFY24. PAT came in at Rs2,163.5m, up 6.7% YoY. However, the market valuation gains from an associate non-banking finance company or NBFC (Auxilo Finserve) was not factored in our earlier estimates. As a corrective measure, we have now assigned a separate per-share value to this associate company, applying a holding company discount to reflect its contribution more accurately.

### Unified cost structure warrants a cohesive valuation methodology

We disagree with the complex P/E logic currently applied to the company by consensus, which, we believe, has led to significant discrepancies in target valuation. In our view, the input dynamics across segments—sugar, ethanol, and PLA—are fundamentally similar, with comparable risks relating to input pricing and availability. We believe that **gross profit** remains the primary profitability matrix across segments, serving as the core driver of overall performance.

### No justification for P/E multiple expansion

We see no justification for an expansion in the P/E multiple. Our long-standing hypothesis on the sugar industry has been three-pronged: 1) Persistently low domestic sugar prices. 2) Absence of consistent sugar exports from India. 3) Rising sugarcane prices, leading to compressed spreads in both sugar and ethanol segments. Given the current weather pattern and forecasts, we now add a **fourth prong**: sugarcane is an extremely climate-sensitive crop. The unprecedented heatwave in CY25, likely to be followed by record rainfall, reinforces our cautious stance, we also see a high likelihood of an increase in cane prices—where political compulsions are expected to override policy logic.

### Maintain REDUCE rating, but with a higher target price of Rs521

We maintain our REDUCE rating on BMCL, but with a higher target price of Rs521 (Rs261 earlier), based on 10x FY28F EPS. Our valuation includes projected earnings from the company's PLA (polylactic acid) venture in FY28F and hence, we benchmark our valuation to FY28F PAT. We have assigned a per-share value of Rs38 to BMCL's stake in Auxilo Finserve, applying a 20% discount to the last mark-to-market investment value. The earlier target price of Rs261 was based on a 10x P/E applied to FY26F EPS of Rs26.1, assigning no value to the associate company. Upside risks: Rise in sugar prices above Rs40/kg in the domestic market and clear government directives on FRP and SAP.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	55,937	54,154	55,045	55,045	70,245
Operating EBITDA (Rsm)	7,862	7,042	8,261	8,255	17,064
Net Profit (Rsm)	4,332	3,408	4,108	3,936	9,755
Core EPS (Rs)	21.4	16.9	20.4	19.5	48.3
Core EPS Growth	59.9%	(20.9%)	20.6%	(4.2%)	147.8%
FD Core P/E (x)	27.90	35.26	29.25	30.53	12.32
DPS (Rs)	0.0	0.8	1.0	0.0	0.0
Dividend Yield	0.00%	0.14%	0.17%	0.16%	0.41%
EV/EBITDA (x)	17.92	20.79	19.09	19.21	9.26
P/FCFE (x)	(1,106.93)	21.08	38.03	1,306.62	73.56
Net Gearing	59.0%	69.1%	89.6%	84.2%	69.0%
P/BV (x)	3.53	3.17	2.87	2.64	2.19
ROE	13.8%	9.5%	10.3%	9.0%	19.4%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 1: 4QFY25 results**

Rs m	4QFY25	4QFY24	% YoY	3QFY25	% QoQ
Revenue From Operations	15,037	14,343	4.8%	11,921	26.1%
Cost of Goods Sold	8,687	8,164	6.4%	8,480	2.4%
Employee Expenses	1,133	1,077	5.2%	1,062	6.7%
Other Expenses	1,565	1,654	-5.4%	1,142	37.1%
<b>EBITDA</b>	<b>3,652</b>	<b>3,447</b>	<b>5.9%</b>	<b>1,238</b>	<b>195.0%</b>
Depreciation	431	426	1.3%	436	-1.1%
<b>EBIT</b>	<b>3,220</b>	<b>3,021</b>	<b>6.6%</b>	<b>802</b>	<b>301.8%</b>
Other Income - Total	94	43	119.1%	68	39.1%
Interest Expenses	305	250	21.9%	69	338.5%
<b>Profit Before Tax</b>	<b>3,010</b>	<b>2,814</b>	<b>7.0%</b>	<b>800</b>	<b>276.3%</b>
Tax Expenses	810	872	-7.1%	173	369.2%
<b>Profit After Tax</b>	<b>2,200</b>	<b>1,943</b>	<b>13.2%</b>	<b>627</b>	<b>250.7%</b>
<b>Key Ratios</b>	<b>4QFY25</b>	<b>4QFY24</b>	<b>% YoY</b>	<b>3QFY25</b>	<b>% QoQ</b>
EBITDA Margin	24.3%	24.0%	25bp	10.4%	1390bp
EBIT Margin	21.4%	21.1%	35bp	6.7%	1469bp
PBT Margin	20.0%	19.6%	40bp	6.7%	1331bp
PAT Margin	14.6%	13.5%	108bp	5.3%	937bp
Tax Rate	26.9%	31.0%	-406bp	21.6%	533bp
<b>Segment-wise Results</b>	<b>4QFY25</b>	<b>4QFY24</b>	<b>% YoY</b>	<b>3QFY25</b>	<b>% QoQ</b>
Sugar	14,473	13,108	10.4%	12,698	14.0%
Distillery	5,301	4,129	28.4%	2,114	150.7%
<b>Segment-wise EBIT</b>	<b>4QFY25</b>	<b>4QFY24</b>	<b>% YoY</b>	<b>3QFY25</b>	<b>% QoQ</b>
Sugar	2,710	2,331	16.3%	1,204	125.1%
Distillery	868	972	-10.7%	-85	NA
<b>Segment-wise EBIT %</b>	<b>4QFY25</b>	<b>4QFY24</b>	<b>% YoY</b>	<b>3QFY25</b>	<b>% QoQ</b>
Sugar	18.72%	17.78%	94bp	9.48%	924bp
Distillery	16.38%	23.55%	-717bp	-4.03%	2041bp

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Our revised earnings estimates**

Rsm	Old estimates			New estimates			Change (%)		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Revenue	63,844	63,844	-	55,045	55,045	70,245	-13.8%	-13.8%	NA
EBITDA	8,336	8,320	-	8,261	8,255	17,064	-0.9%	-0.8%	NA
EBITDA Margin (%)	13.1%	13.0%	-	15.0%	15.0%	24.3%	195bp	197bp	NA
PAT	5,270	5,308	-	4,108	3,936	9,755	-22.0%	-25.9%	NA
EPS (Rs)	26	26	-	20	20	48	-22.0%	-25.9%	NA

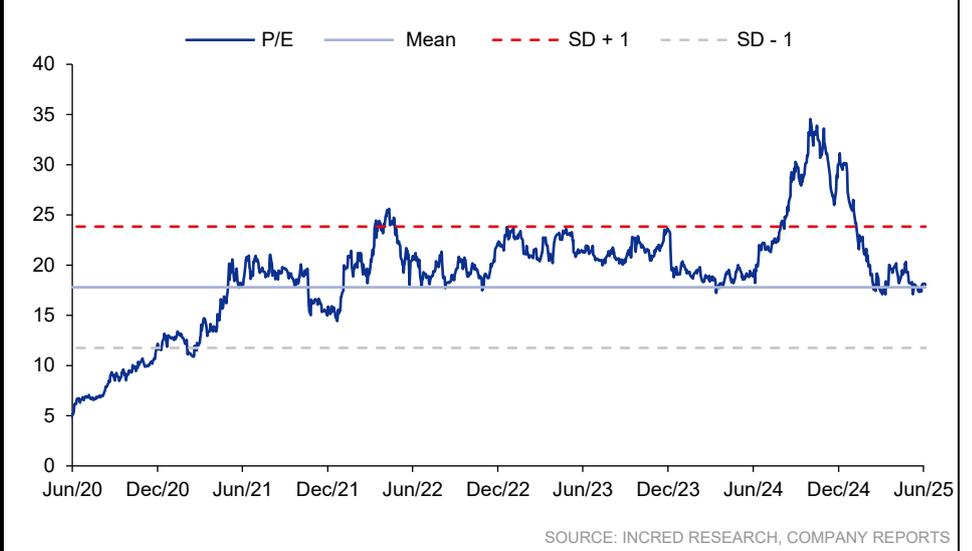
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Our key assumptions**

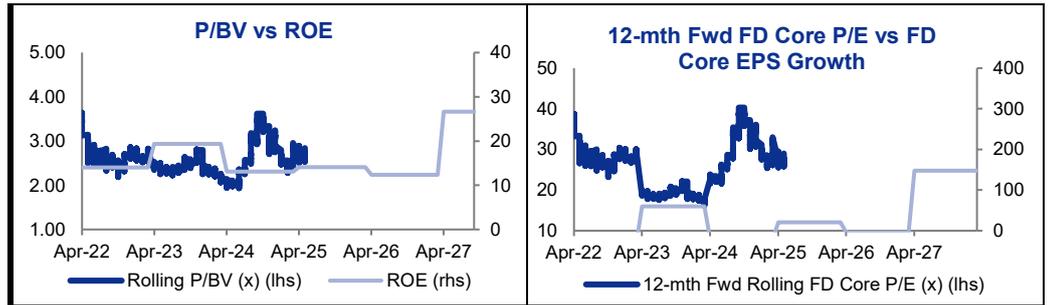
Key assumptions	FY26F	FY27F	FY28F
State-advised price or SAP (Rs/t)	3,700	3,700	3,700
Sugar sales (lakh quintal)	92	92	80
Sugar price (Rs/kg)	40	40	40
Ethanol & ENA sales (mL)	252	252	252
Ethanol price - direct (Rs/L)	66	66	66
Ethanol price - B heavy (Rs/L)	61	61	61
Ethanol price - C heavy (Rs/L)	56	56	56
Ethanol price - grain (Rs/L)	72	72	72
Sales PLA (mt)	-	-	70,000
Per-share value (Rs) of Auxilo Finserve	47.50	47.50	47.50

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: One-year forward P/E



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>Total Net Revenues</b>	55,937	54,154	55,045	55,045	70,245
<b>Gross Profit</b>	16,768	15,573	18,719	18,714	30,411
<b>Operating EBITDA</b>	7,862	7,042	8,261	8,255	17,064
Depreciation And Amortisation	(1,664)	(1,725)	(1,729)	(1,754)	(2,405)
<b>Operating EBIT</b>	6,198	5,316	6,532	6,501	14,659
Financial Income/(Expense)	(96)	(616)	(904)	(1,109)	(1,297)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	6,102	4,700	5,628	5,392	13,362
Exceptional Items					
<b>Pre-tax Profit</b>	6,102	4,700	5,628	5,392	13,362
Taxation	(1,770)	(1,293)	(1,519)	(1,456)	(3,608)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	4,332	3,408	4,108	3,936	9,755
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	4,332	3,408	4,108	3,936	9,755
Recurring Net Profit	4,332	3,408	4,108	3,936	9,755
<b>Fully Diluted Recurring Net Profit</b>	4,332	3,408	4,108	3,936	9,755

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	7,862	7,042	8,261	8,255	17,064
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(5,520)	(2,483)	1,032		(8,329)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(96)	(616)	(904)	(1,109)	(1,297)
Tax Paid	(1,664)	(1,725)	(1,729)	(1,754)	(2,405)
<b>Cashflow From Operations</b>	582	2,217	6,660	5,392	5,034
Capex	(1,980)	(2,695)	(15,000)	(6,000)	(3,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
<b>Cash Flow From Investing</b>	(1,980)	(2,695)	(15,000)	(6,000)	(3,000)
Debt Raised/(repaid)	1,289	6,177	11,500	700	(400)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid		(170)	(205)	(197)	(488)
Preferred Dividends					
Other Financing Cashflow	733	701			
<b>Cash Flow From Financing</b>	2,022	6,707	11,295	503	(888)
Total Cash Generated	624	6,230	2,954	(105)	1,146
<b>Free Cashflow To Equity</b>	(109)	5,699	3,160	92	1,634
<b>Free Cashflow To Firm</b>	(562)	457	(7,220)	726	3,564

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

**Balance Sheet**

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	31	28	250	62	187
Total Debtors	1,254	1,432	1,478	1,478	1,886
Inventories	28,711	31,194	30,162	30,162	38,491
Total Other Current Assets	1,682	3,426	3,895	4,022	4,157
<b>Total Current Assets</b>	<b>31,677</b>	<b>36,080</b>	<b>35,785</b>	<b>35,724</b>	<b>44,721</b>
Fixed Assets	26,028	26,458	26,729	25,975	45,569
Total Investments	3,394	4,321	4,494	4,674	4,861
Intangible Assets					
Total Other Non-Current Assets	6,896	5,556	18,954	24,064	5,620
<b>Total Non-current Assets</b>	<b>36,318</b>	<b>36,334</b>	<b>50,177</b>	<b>54,713</b>	<b>56,050</b>
Short-term Debt	16,822	21,370	17,870	17,570	15,670
Current Portion of Long-Term Debt					
Total Creditors	5,409	4,594	4,556	4,556	5,814
Other Current Liabilities	5,026	2,402	550	550	702
<b>Total Current Liabilities</b>	<b>27,257</b>	<b>28,366</b>	<b>22,976</b>	<b>22,676</b>	<b>22,187</b>
Total Long-term Debt	3,261	4,890	19,890	20,890	22,390
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>3,261</b>	<b>4,890</b>	<b>19,890</b>	<b>20,890</b>	<b>22,390</b>
Total Provisions	3,462	1,204	1,239	1,274	1,331
<b>Total Liabilities</b>	<b>33,980</b>	<b>34,460</b>	<b>44,106</b>	<b>44,840</b>	<b>45,908</b>
Shareholders Equity	34,016	37,954	41,857	45,596	54,863
Minority Interests					
<b>Total Equity</b>	<b>34,016</b>	<b>37,954</b>	<b>41,857</b>	<b>45,596</b>	<b>54,863</b>

**Key Ratios**

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	19.9%	(3.2%)	1.6%		27.6%
Operating EBITDA Growth	53.5%	(10.4%)	17.3%	(0.1%)	106.7%
Operating EBITDA Margin	14.1%	13.0%	15.0%	15.0%	24.3%
Net Cash Per Share (Rs)	(99.39)	(130.02)	(185.92)	(190.33)	(187.72)
BVPS (Rs)	168.60	188.12	207.47	226.00	271.94
Gross Interest Cover	7.41	5.69	5.83	4.87	9.58
Effective Tax Rate	29.0%	27.5%	27.0%	27.0%	27.0%
Net Dividend Payout Ratio		3.6%	3.6%	3.6%	3.6%
Accounts Receivables Days	8.18	9.05	9.65	9.80	8.74
Inventory Days	241.82	283.37	308.25	303.02	314.53
Accounts Payables Days	27.69	26.27	32.66	37.48	38.90
ROIC (%)	13.4%	9.8%	10.7%	8.5%	18.2%
ROCE (%)	11.8%	8.7%	8.9%	7.8%	16.3%
Return On Average Assets	9.6%	7.6%	8.2%	7.4%	15.3%

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. INH00011024. 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, IRSPIL 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.

IRSPIL 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.

IRSPIL 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.

Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

---

#### **InCred Research Services Private Limited**

##### **Research Analyst SEBI Registration Number: INH000011024**

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05<sup>th</sup> floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Yogesh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

## 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.