

# Suzlon Energy

BSE SENSEX 81,148  
S&P CNX 24,578

## SUZLON

### Stock Info

Bloomberg	SUEL IN
Equity Shares (m)	13649
M.Cap.(INRb)/(USDb)	786.2 / 9.2
52-Week Range (INR)	86 / 38
1, 6, 12 Rel. Per (%)	1/2/36
12M Avg Val (INR M)	4709
Free float (%)	86.8

### Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	106.8	175.8	229.5
EBITDA	16.7	26.4	37.2
Adj. PAT	13.0	22.2	32.7
EPS (INR)	1.0	1.6	2.4
EPS Gr. (%)	81.3	70.7	47.5
BV/Sh.(INR)	3.8	5.5	7.6

### Ratios

ND/Equity	-0.2	-0.2	-0.3
ND/EBITDA	-0.6	-0.6	-0.9
RoE (%)	28.4	35.0	36.6
RoIC (%)	9.2	11.9	13.2

### Valuations

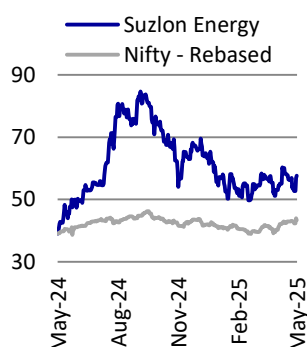
P/E (x)	61.0	35.7	24.2
EV/EBITDA (x)	47.0	29.4	20.4

### Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	13.3	13.3	13.3
DII	8.7	9.3	6.3
FII	23.0	22.9	19.6
Others	55.0	54.6	60.9

FII Includes depository receipts

### Stock performance (one-year)



**CMP: INR58**

**TP: INR75 (+30%)**

**Buy**

### Improving execution and higher local content key positives

- **Draft RLMM notification mandating local content a key driver:** The recent draft Revised List of Models and Manufacturers of Wind Turbines (RLMM) notification mandating local content in wind turbine manufacturing is a key medium-/long-term positive for Suzlon Energy (SUEL). According to our channel checks, power project developers will likely request the government for delayed implementation of the draft notification, though there is widespread consensus that the notification being formally adopted is highly likely.
- **Lower competitive intensity, potentially higher market share post-RLMM notification:** We see two key implications from the recent draft RLMM notification: 1) should the draft receive regulatory approval, we see competitive intensity moderating in the medium term, and 2) there is scope for further market share expansion for SUEL given Indian OEMs account for barely 50-60% of new orders and SUEL's integrated domestic manufacturing capabilities across all key components.
- **Rising EPC share in order-book and letup in transmission issues are key positives:** SUEL is focused on raising its share of EPC contracts in the overall order book (20% now to 50% in the medium term), which will be key in providing greater visibility and control in terms of deliveries. Further, Indian OEMs are now exploring export opportunities that may emerge as a medium-term catalyst. While transmission issues have been a bottleneck, recent channel checks suggest some of the delayed sub-stations are now coming up, thus aiding deliveries.
- **Strong earnings momentum ahead:** We model an FY26 delivery of 2.4GW, implying a quarterly run rate of 600MW, which we believe is reasonable (3QFY25 delivery: 447MW). Our estimates imply SUEL's revenue/adj. PAT to clock a 46%/58% CAGR over FY25-27. As per our understanding, key orders slated for FY26 already have substantial land acquisitions completed and have high power evacuation visibility.
- **Valuations attractive:** We reiterate our BUY rating on SUEL with a TP of INR75 (based on 32x FY27E EPS). SUEL is currently trading at 24x FY27E PE, which we believe is attractive after the recent correction.

### RLMM can be a multi-year tailwind for Indian OEMs

- **RLMM notification can be a long-term positive:** The Ministry of New and Renewable Energy (MNRE), recently released a draft notification proposing amendments to the procedure for inclusion/updating of wind turbine models in the RLMM, which mandates local sourcing of key components, thus providing a strong fillip to prospects of Indian OEMs.
- **Key components to be manufactured domestically:** The draft amendment mandates domestic manufacturing of key components—blades, towers, gearboxes, and generators—with a one-year exemption allowing limited imports (lower of up to 50 turbines or 200 MW). Local manufacturing of gearboxes and generators will become compulsory six months after the rules take effect. The framework requires submission of valid type certificates, IS/ISO certifications, and details of technical collaborations.

Abhishek Nigam – Research Analyst (Abhishek.Nigam@MotilalOswal.com)

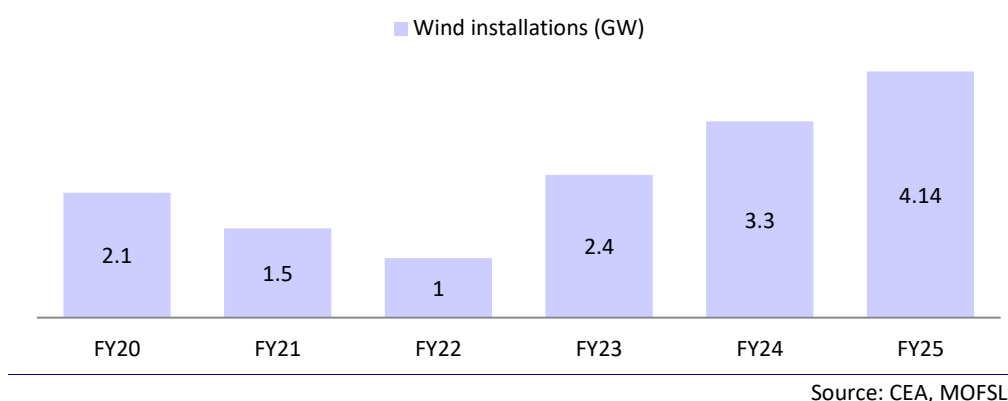
Preksha Daga – Research Analyst (Preksha.Daga@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

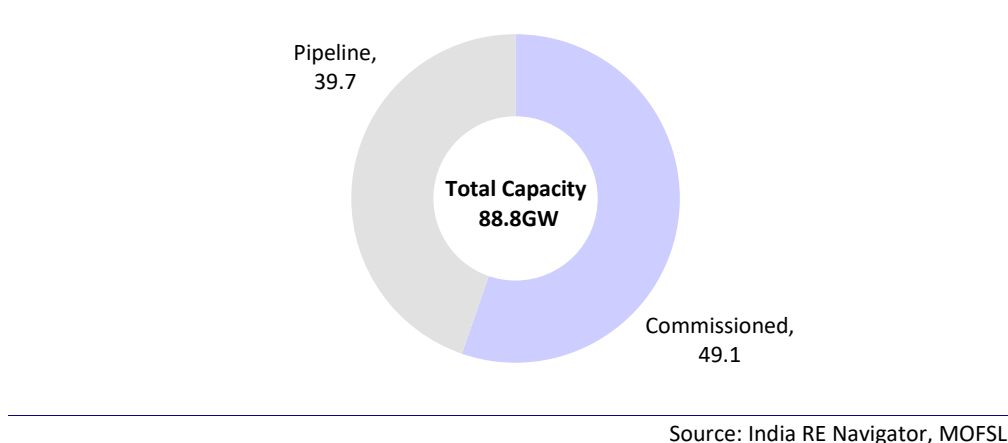
Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Additionally, all operational data must be stored within India, with real-time cross-border transfers prohibited, and operational control centers must be India-based. To promote innovation, OEMs are also required to set up R&D centers in India within six months of the notification.
- **Market share, margin concerns mitigated:** The draft, if finalized, also goes a long way in alleviating concerns regarding competition from Chinese OEMs and potential loss of market share and pressure on margins.

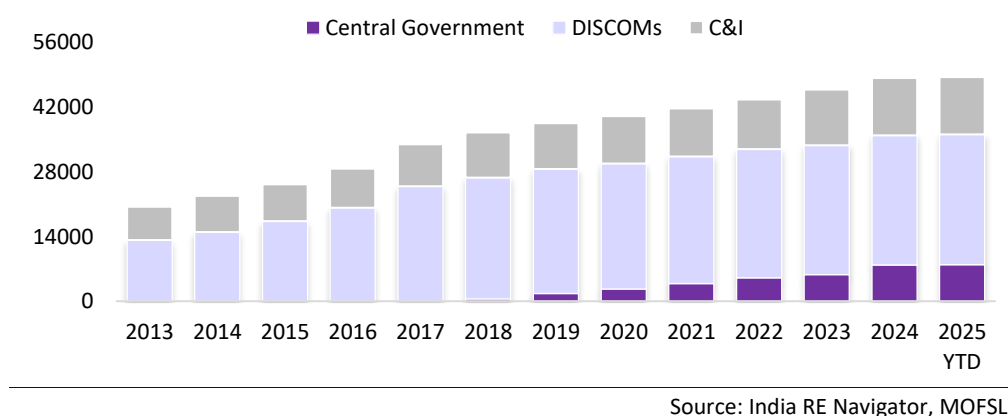
**Exhibit 1: Yearly wind installations in India**



**Exhibit 2: India's installed wind capacity + pipeline**



**Exhibit 3: India's installed wind capacity (MW)**



### RLMM can be a key long-term deterrent to Chinese competition

- **RLMM listing constraints:** Key models from Chinese OEMs, including their 5 MW turbines, are currently not listed on the Renewable Energy Manufacturers List (RLMM). This regulatory non-compliance significantly constrains their ability to participate in projects in the short to medium term, directly impacting competitiveness in the Indian wind market.
- **Strategic implications for Indian OEMs – SUEL's advantage:** The anticipated finalization of the draft notification may address two longstanding concerns for domestic OEMs such as SUEL:
  - **Market share protection:** Fears around erosion of market share due to new entrants may now be mitigated. The restriction on importing key components and limiting assembly-only operations creates a high entry barrier. This regulatory shift favors established, capital-committed players and is likely to limit participation to OEMs with a long-term strategic intent in India.
  - **Pricing and margin stability:** The enforced requirement for domestic sourcing reduces the historical pricing advantage enjoyed by Chinese players, who had been importing components from China. Industry channel checks indicate that Chinese turbines were priced at a 10–15% discount compared to Indian counterparts. The removal of this advantage may help stabilize pricing and protect margins for domestic manufacturers.
- **SUEL's competitive positioning:** As the market leader with fully integrated domestic manufacturing capabilities across all major turbine components, SUEL is strategically positioned to benefit from the emerging regulatory landscape. The company stands to gain incremental market share in the near to medium term as compliance requirements favor OEMs with existing localized infrastructure and a proven execution track record.
- **Limited competitive threat from captive-focused players:** Players such as Adani Enterprises are presently concentrating on captive consumption strategies. Consequently, their influence and competitiveness in the broader open access or utility-scale wind market remain limited for the time being.

### RLMM focuses on Make for India, not just Make in India

- **From Make in India to Make for India:** The draft RLMM regulations reflect a clear shift towards “Make for India, Not Just Make in India” by mandating that all operational data be stored within India, prohibiting real-time cross-border transfers, and requiring control centers to be located domestically—ensuring data sovereignty and security.
- **R&D facilities to be established in India:** Additionally, manufacturers must establish R&D facilities in India within six months, promoting indigenous innovation. These provisions collectively aim to build a self-reliant and secure renewable energy ecosystem tailored to India's needs.

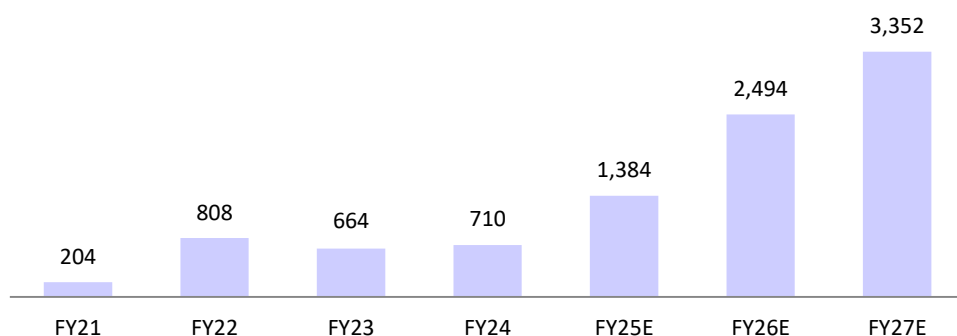
### Execution challenges abound, but limited risk to SUEL's deliveries

- **Building in equipment delivery of 2.4/3.3 GW for FY26/27:** In FY25, wind installations exceeded 4 GW; however, land acquisition and grid connectivity continue to pose significant execution challenges. Timely acquisition of land and pre-secured connectivity by developers is emerging as a critical enabler for

ensuring smooth project execution. We estimate wind equipment deliveries of 2.4GW/3.3GW by SUEL for FY26/FY27, respectively.

- **Healthy land acquisition progress for large orders:** In terms of project-level progress, land acquisition is underway at a healthy pace. For instance, as per our channel checks, recent orders from NTPC and Jindal Renewables already have 40-50% land secured.

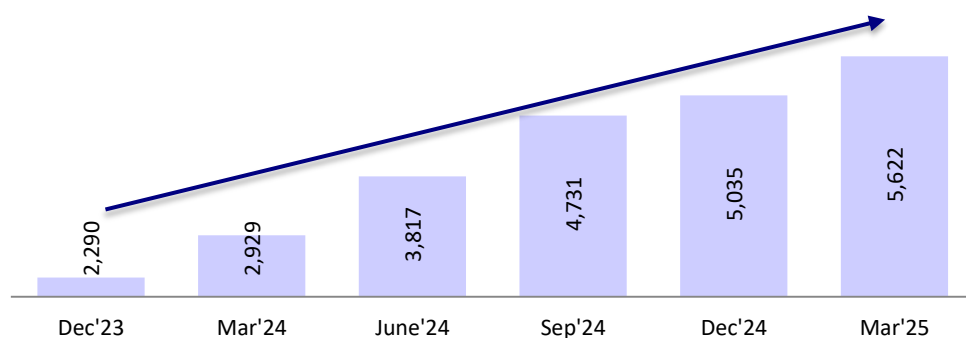
**Exhibit 4: Deliveries by SUEL (in MW)**



Source: Company, MOFSL

- **Higher EPC share to boost control over delivery schedule:** On the execution front, the company is actively expanding its EPC (Engineering, Procurement, and Construction) business, with plans to increase its contribution to 50% of the overall order book over the medium term. This strategic shift allows for improved realization, enhanced project control, and better alignment with performance targets. Notably, the company undertakes EPC contracts only after achieving land acquisition clarity, thereby improving visibility on site-specific wind PLFs. In-house EPC capability also enables more efficient land selection, driven by superior data availability and site assessment tools.
- **India-level wind installation targets guided are achievable:** SUEL estimates India's wind installations to reach ~6 GW/7 GW in FY26/FY27 and, over the medium term, will be positioned to surpass 8 GW in annual wind installations, driven by favorable policy support, improved execution frameworks, and maturing supply chains.

**Exhibit 5: SUEL's order book growth (in MW)**



Source: Company, MOFSL

### Exhibit 6: Recent order wins

Month	Company	MW	Location	Quantity & Model
Apr'25	NTPC Green Energy Limited	378	Karnataka	120 S144 WTGs
Apr'25	Sunsure Energy	101	Maharashtra	48 S120 WTGs
Mar'25	Jindal Renewable Power Private Limited	205	Tamil Nadu	65 S144 WTGs
Feb'25	Oyster Renewables	202	Madhya Pradesh	64 S144 WTGs
Jan'25	Torrent Power Limited	486	Gujarat	162 S144 WTGs
Dec'24	Jindal Renewable Power Private Limited	302	Chhattisgarh & Odisha	96 S144 WTGs
Oct'24	Jindal Renewable Power Private Limited	400	Karnataka	127 S144 WTGs
Sep'24	NTPC Green Energy Limited	1,166	Gujarat	370 S144 WTGs
Jun'24	AMPIN Energy Transition	104	Rajasthan	33 S144-140m WTGs
May'24	Oyster Green Hybrid One Private Limited	82	Madhya Pradesh	26 S144-140m WTGs
May'24	Aditya Birla Renewables Limited	551	Rajasthan & Gujarat	175 S144-140m WTGs
May'24	Juniper Green Energy	402	Rajasthan	134 S144-140m WTGs

Source: Company, MOFSL

### Most of the industry capacities need modernization and indigenization

- **Only a fraction of industry capacity being used for domestic installations:** India's wind manufacturing sector faces a utilization gap. Despite ~22 GW of annual manufacturing capacity as of end-FY25, only ~4 GW of wind equipment was installed in FY25, indicating significant underuse.
- **Indian OEMs exploring export opportunities from India:** Simultaneously, India is gaining prominence as a manufacturing and export hub for wind equipment. In FY25, as per our channel checks, select European players exported an estimated 3–4 GW of wind turbine generators from their Indian facilities. While domestic demand remains the priority for SUEL, it is eyeing export expansion from FY27 onward.

### Exhibit 7: Status of domestic manufacturing capacity for the wind energy sector

Manufacturer	Country of Origin	Turbine Size (MW)	Annual Manufacturing Capacity (MW)
Suzlon Energy Ltd.	India	2.1 - 3.0	4,500
Vestas Wind Technology	Denmark	2.0 - 3.6	3,000
Siemens Gamesa Renewable Power	Spain	2.0 - 3.6	4,000
Envision Wind Power Technologies	China	2.5 - 3.3	3,000
Senvion Wind Technology	Germany	2.3 - 2.7	1,000
Nordex India Pvt. Ltd.	Spain	3.0	1,000
GE India	USA	2.3 - 2.7	1,000
Inox	India	2.0 - 3.0	2,500
Adani Enterprises	India		1,500
Emergya Wind Turbine	The Netherlands	1.0	250
<b>Others</b>			<b>500</b>
<b>Total</b>			<b>22,250</b>

Source: NITI Aayog, MOFSL

**Exhibit 8: Domestic manufacturing capacity: Local & import share**

Name of the Wind Turbine Component	Total Manufacturing Capacity (Per annum)	% Cost Share of Wind Turbine Generator (WTG) setup	100% local content by OEMs	Imported by major OEMs (% varying)
Towers	5200MW	26%	Vestas, Inox, Envision, SUEL, GE	Siemens, Gamesa
Blades	Not Available	22%	Vestas, Inox, Senvion, GE, Siemens, Gamesa, SUEL, Envision	-
Gearbox	8000MW	12%	SUEL, Siemens, Gamesa, GE	Vestas, Envision, Inox, Senvion
Power Converters	Not Available	5%	GE, Siemens, Gamesa, Vestas, Inox	Envision, SUEL, Senvion
Generators	Not Available	4%	SUEL, GE, Siemens, Gamesa	Vestas, Envision, Inox, Senvion
Transformers	Not Available	4%	GE, Siemens, Gamesa, Vestas, Inox, Senvion, SUEL	Envision (only Aux. Transformer)
Castings	11590MW	27%		
Yaw Drives	10000MW			
Pitch Drives	5000MW			
Other (Main Shaft, Rotor bearing etc.)	Not Available			

Source: NITI Aayog, MOFSL

**Exhibit 9: State and Union Territory wise wind power potential in India (meters) in MW**

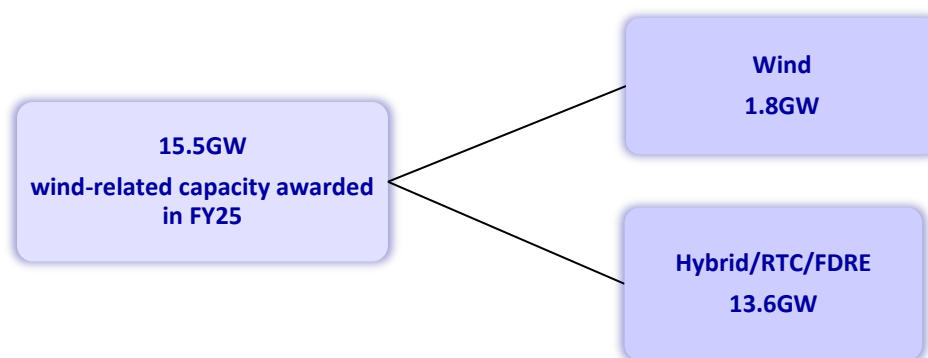
S. No.	States/UT's	80 m	100 m	120 m
1	Andaman & Nicobar	365	8	1,277
2	Andhra Pradesh	14,497	44,229	74,906
3	Arunachal Pradesh	236	-	274
4	Assam	112	-	246
5	Bihar	144	-	3,650
6	Chandigarh	-	-	-
7	Chhattisgarh	314	77	348
8	Daman, Diu, Dadra	4	84,431	-
9	Delhi	-	-	-
10	Goa	-	1	8
11	Gujarat	35,071	-	1,42,560
12	Haryana	93	-	419
13	Himachal Pradesh	64	-	151
14	Jammu & Kashmir	5,685	-	3
15	Jharkhand	91	-	-
16	Karnataka	13,593	55,857	1,24,155
17	Kerala	837	1,700	2,311
18	Lakshadweep	16	8	31
19	Madhya Pradesh	2,931	10,484	15,404
20	Maharashtra	5,961	45,394	98,213
21	Manipur	56	-	-
22	Meghalaya	82	-	-
23	Mizoram	-	-	-
24	Nagaland	16	-	-
25	Odisha	1,384	3,093	8,346
26	Puducherry	120	153	382
27	Punjab	-	-	278
28	Rajasthan	5,050	18,770	1,27,756
29	Sikkim	98	-	-
30	Tamil Nadu	14,152	33,800	68,750
31	Telangana	-	4,244	24,835
32	Tripura	-	-	-
33	Uttar Pradesh	1,260	-	101
34	Uttarakhand	534	-	54
35	West Bengal	22	2	1,050
<b>Total (MW)</b>		<b>1,02,788</b>	<b>3,02,251</b>	<b>6,95,508</b>

Source: WIPPA, MOFSL

### Solar/storage substituting wind beset with challenges

- **Lower battery costs may drive tweaks in project configurations...:** The decline in battery storage costs is prompting developers to reassess project configurations, evaluating whether wind capacity can be optimized—and solar-plus-storage upsized—to reduce overall capital expenditure without compromising energy output. While such rebalancing can improve project economics through more efficient resource allocation, it is important to note that wind capacity cannot be entirely substituted, only reduced to an optimal level.
- **...however, operational challenges abound:** This flexibility, though, remains constrained under the current FDRE frameworks. Minimum CUF-based contracts and daily load curve-following obligations impose strict requirements on generation and dispatch, limiting the extent to which developers can modify the capacity mix. Further, this trade-off is complicated by wind merchant tariffs being higher than solar merchant tariffs.

**Exhibit 10: 15.5GW wind-related capacity awarded in FY25**



Source: Industry, MOFSL

### Valuation and performance

- We arrive at our TP of INR75 by applying a target P/E of 32x to FY27E EPS. This is at a slight premium to its historical average two-year fwd P/E of 27x, given execution and earnings are just picking up for SUEL.

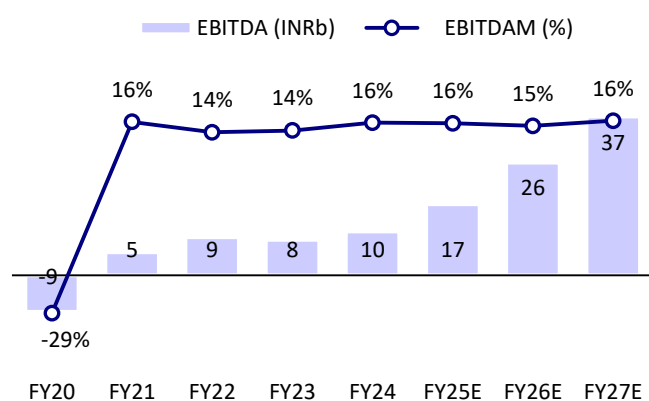
**Exhibit 11: Valuation table**

Valuation		
EPS- FY27	INR	2.4
Valuation multiple	(x)	32
<b>Target Price</b>	<b>INR</b>	<b>75</b>
CMP	INR	58
<b>Upside / (Downside)</b>	<b>%</b>	<b>30%</b>

Source: MOFSL

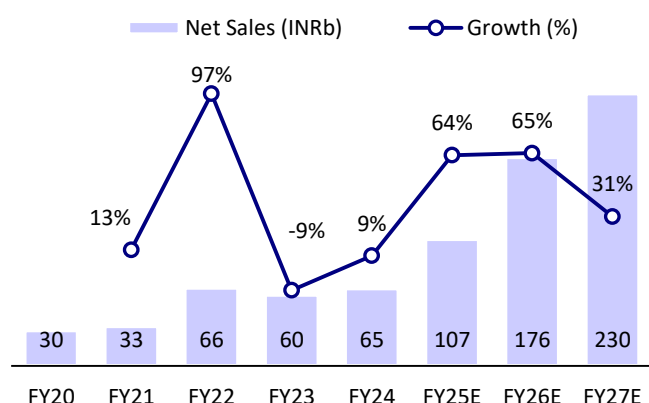
## Story in charts

**Exhibit 12: EBITDA and EBITDA margin trends**



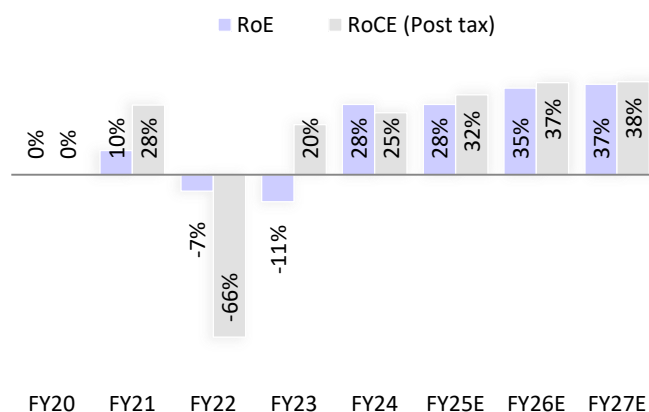
Source: Company, MOFSL

**Exhibit 13: Net sales growth over the years**



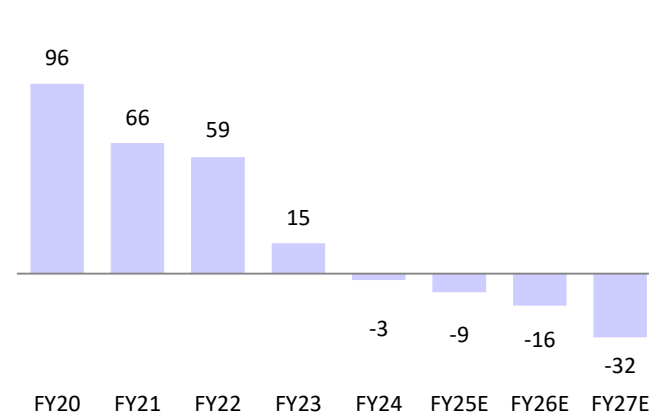
Source: Company, MOFSL

**Exhibit 14: RoE and RoCE over the years**



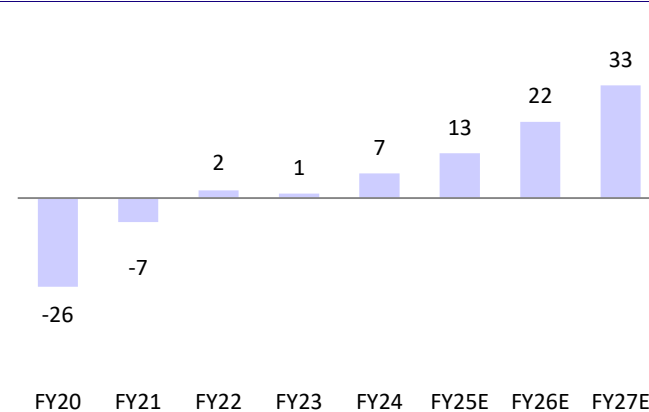
Source: Company, MOFSL

**Exhibit 15: Net debt over the years (INR b)**



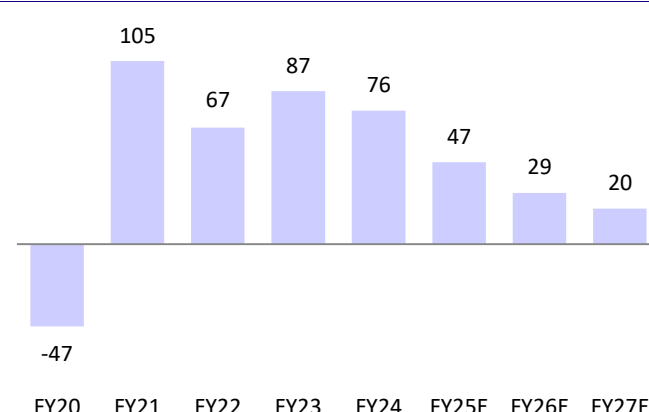
Source: Company, MOFSL

**Exhibit 16: Adj. PAT over the years (INR b)**



Source: Company, MOFSL

**Exhibit 17: EV/EBITDA over the years**



Source: Company, MOFSL



## Financials and valuations

Consolidated Income Statement					(INR m)
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
<b>Net Sales</b>	<b>59,705</b>	<b>65,291</b>	<b>1,06,771</b>	<b>1,75,825</b>	<b>2,29,521</b>
Change (%)	-9%	9%	64%	65%	31%
Total Expenses	51,386	55,002	90,108	1,49,399	1,92,304
<b>EBITDA</b>	<b>8,319</b>	<b>10,289</b>	<b>16,664</b>	<b>26,426</b>	<b>37,217</b>
EBITDAM (%)	13.9%	15.8%	15.6%	15.0%	16.2%
Depn. & Amortization	2,597	1,896	2,326	2,592	2,896
<b>EBIT</b>	<b>5,722</b>	<b>8,393</b>	<b>14,337</b>	<b>23,834</b>	<b>34,321</b>
Net Interest and finance cost	4,208	1,643	2,220	2,495	2,495
Other income	196	384	894	876	915
<b>PBT before extraordinary items</b>	<b>1,711</b>	<b>7,134</b>	<b>13,011</b>	<b>22,214</b>	<b>32,741</b>
EO income/ (expense)	27,206	-539	-	-	-
<b>PBT</b>	<b>28,917</b>	<b>6,595</b>	<b>13,011</b>	<b>22,214</b>	<b>32,741</b>
Tax	44	-9	51	-	2,947
Rate (%)	0%	0%	0%	0%	9%
JV/Associates	-	-	-	-	-
<b>Profit from continued operations</b>	<b>28,873</b>	<b>6,603</b>	<b>12,960</b>	<b>22,214</b>	<b>29,795</b>
Profit from Discontinued Operations before tax	-	-	-	-	-
Tax (Discontinued operations)	-	-	-	-	-
Minority	383	-	31	54	26
<b>Reported PAT</b>	<b>28,490</b>	<b>6,603</b>	<b>12,929</b>	<b>22,161</b>	<b>29,768</b>
<b>Adjusted PAT</b>	<b>1,328</b>	<b>7,134</b>	<b>12,979</b>	<b>22,161</b>	<b>32,686</b>
YoY change (%)	-42%	437%	82%	71%	47%

Consolidated Balance Sheet					(INRm)
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	24,544	27,217	27,311	27,311	27,311
Share Warrants & Outstandings	-	291	291	291	291
Reserves	-13,553	11,695	24,655	46,869	76,664
<b>Net Worth</b>	<b>10,991</b>	<b>39,203</b>	<b>52,257</b>	<b>74,472</b>	<b>1,04,266</b>
Minority Interest	-	-	-	-	-
Total Loans	19,049	1,100	1,700	4,300	4,300
<b>Capital Employed</b>	<b>30,040</b>	<b>40,303</b>	<b>53,958</b>	<b>78,772</b>	<b>1,08,567</b>
<b>Net Fixed Assets</b>	<b>8,369</b>	<b>8,595</b>	<b>9,768</b>	<b>10,676</b>	<b>11,780</b>
Capital WIP	26	162	162	162	162
Intangible assets under development	34	35	35	35	35
Investments	292	270	270	270	270
<b>Curr. Assets</b>	<b>46,512</b>	<b>62,728</b>	<b>74,132</b>	<b>1,09,111</b>	<b>1,47,486</b>
Account Receivables	11,704	18,296	26,235	43,181	56,425
Current Investments	-	84	284	684	1,084
Inventories	18,271	22,923	19,424	27,692	36,300
Cash and Cash Equivalents	3,673	4,268	11,032	20,397	36,520
Cash balance	3,673	2,496	9,259	18,624	34,747
Bank balance	-	1,773	1,773	1,773	1,773
Others	12,863	17,158	17,158	17,158	17,158
<b>Curr. Liability &amp; Prov.</b>	<b>25,194</b>	<b>31,488</b>	<b>30,410</b>	<b>41,482</b>	<b>51,166</b>
Account Payables	8,946	17,958	17,481	31,153	40,837
Provisions & Others	16,247	13,530	12,929	10,329	10,329
<b>Net Curr. Assets</b>	<b>21,319</b>	<b>31,241</b>	<b>43,722</b>	<b>67,629</b>	<b>96,320</b>
<b>Appl. of Funds</b>	<b>30,040</b>	<b>40,303</b>	<b>53,958</b>	<b>78,772</b>	<b>1,08,567</b>

## Financials and valuations

### Ratios

Y/E March (INR)	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>					
EPS	0.1	0.5	1.0	1.6	2.4
Cash EPS	0.3	0.7	1.1	1.8	2.6
BV/Share	0.9	2.9	3.8	5.5	7.6
<b>Valuation (x)</b>					
P/E	535.9	110.6	61.0	35.7	24.2
Cash P/E	181.3	87.4	51.7	32.0	22.3
P/BV	64.8	20.1	15.2	10.6	7.6
EV/Sales	12.2	12.0	7.3	4.4	3.3
EV/EBITDA	87.4	76.4	47.0	29.4	20.4
<b>Return Ratios (%)</b>					
RoE	-11%	28%	28%	35%	37%
RoCE (Post tax)	20%	25%	32%	37%	38%
RoIC (Post tax)	6%	7%	9%	12%	13%
<b>Working Capital Ratios</b>					
Asset Turnover (x)	0.5	0.6	0.5	0.4	0.5
Inventory (Days)	111.7	128.1	66.4	57.5	57.7
Debtor (Days)	71.6	102.3	89.7	89.6	89.7
<b>Leverage Ratio (x)</b>					
Net Debt / EBITDA	1.8	-0.3	-0.6	-0.6	-0.9
Net Debt / Equity ratio	1.4	-0.1	-0.2	-0.2	-0.3

### Cash Flow Statement

Y/E March (INR)	FY23	FY24	FY25E	FY26E	FY27E
<b>PBT</b>					
Depreciation	2,597	1,896	2,326	2,592	2,896
Interest	-196	-383	2,220	2,495	2,495
Others	-21,070	3,501	-	-	-
(Inc)/Dec in WC	-5,188	-10,610	-4,640	-25,614	-22,252
Direct Taxes Paid	-149	-203	-51	-	-2,947
<b>CF from Operations</b>	<b>4,911</b>	<b>795</b>	<b>12,866</b>	<b>1,687</b>	<b>12,934</b>
(Inc)/Dec in FA	-142	-2,264	-3,500	-3,500	-4,000
Investments and others	991	748	-1,077	11,072	9,684
<b>CF from Investments</b>	<b>849</b>	<b>-1,516</b>	<b>-4,577</b>	<b>7,572</b>	<b>5,684</b>
Equity raised	10,797	20,652	94	-	-
Grants etc	-	-	-	-	-
Inc/(Dec) in Debt	-13,633	-18,265	601	2,600	-
Interest Paid	-4,253	-1,071	-2,220	-2,495	-2,495
Dividend Paid	-	-	-	-	-
<b>CF from Fin. Activity</b>	<b>-7,089</b>	<b>1,316</b>	<b>-1,525</b>	<b>105</b>	<b>-2,495</b>
<b>Inc/Dec of Cash</b>	<b>-1,329</b>	<b>596</b>	<b>6,764</b>	<b>9,364</b>	<b>16,123</b>
Add: Beginning Balance	5,004	3,673	4,268	11,032	20,397
Effect of exchange difference	-	-	-	-	-
Cash and bank	2	1	-	-	-
balances adjusted on sale and liquidation of subsidiary					
<b>Closing Balance</b>	<b>3,673</b>	<b>4,268</b>	<b>11,032</b>	<b>20,397</b>	<b>36,520</b>

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SELL	< - 10%
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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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