10 November 2026
2QFY27 Results Update | Sector: Midcaps

Fujiyama Power Systems

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	UTLSOLAR IN
Equity Shares (m)	307
M.Cap.(INRb)/(USDb)	109.8 / 1.2
52-Week Range (INR)	494 / 171
1, 6, 12 Rel. Per (%)	-24/28/-
12M Avg Val (INR M)	181

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	26.5	50.0	65.2
EBITDA	4.9	9.0	12.1
PAT	3.0	5.5	7.7
EBITDA %	18.5	18.0	18.5
EPS (INR)	9.9	17.9	25.2
EPS Gr. (%)	94.8	79.7	40.8
BV/Sh.(INR)	41.6	55.9	81.1
Ratios			
Net D:E	0.2	0.3	0.0
RoE (%)	36.5	36.6	36.7
RoCE (%)	27.2	27.9	30.5
Valuations			
P/E (x)	35.8	19.9	14.2
P/BV (x)	8.6	6.4	4.4
EV/EBITDA (x)	22.8	12.7	9.1
FCF per share	(16.8)	(1.9)	16.5

Shareholding Pattern (%)

As on	Sep-26	Jun-26
Promoter	86.6	86.6
DII	5.4	6.0
FII	1.1	1.6
Others	6.9	5.8

Note: FII includes depository receipts

CMP: INR357 **TP: INR500 (+40%)** **Buy**

Strong volume-led growth supported by channel expansion

Strong beat on earnings

- Fujiyama Power Systems reported a strong quarter as EBITDA surged 2.2x YoY in 2QFY27. Growth was fueled by robust volume-led demand, aided by PM Surya Ghar Muft Bijli Yojana (PMSGMBY), expansion of its distribution network and improved aftersales capabilities.
- We expect Fujiyama to deliver strong earnings growth in 2HFY27 while sustaining margins, driven by continued channel expansion, deeper penetration across Southern and Northeastern markets, ramp-up of new facilities, and strong demand for rooftop solar solutions across both residential on-grid and off-grid segments.
- We maintain our FY27/FY28 EPS estimates and **reiterate our BUY rating with a TP of INR500 (premised on 20x FY28E EPS).**

Earnings fueled by volume-led growth

- Consol. revenue grew 2.3x YoY to INR13.1b (est. INR10b). Gross margins contracted 200bp YoY to 25% EBITDA grew 2.2x YoY to INR2.2b (est. INR1.9b). EBITDA margins contracted 100bp YoY to 17.1% (est. 19.0%)
- Adj. PAT grew 2.1x YoY to INR1.3b (est. INR1.1b).
- For 1HFY27, revenue/EBITDA/adj PAT grew 2.3x/2.3x/2.3x YoY to INR27b/INR5b/INR3b.
- Gross debt stood at INR8.5b vs. INR4.6b as of Mar'26. Net cash outflow was INR2.6b vs. INR1.5b as of Sep'25.
- NWC days improved to 59 from 83 as of FY26.

Key highlights from the management commentary

- **Guidance:** Management is confident of achieving its FY27 revenue growth guidance of ~70%, but has refrained from revising the guidance despite strong H1 performance, given uncertainties around ALMM List II implementation, DCR cell availability and clarity on PM Surya Ghar 2.0. The company will reassess its guidance after 3QFY27 results. Management reiterated its sustainable EBITDA margin guidance of 18–19%, supported by its integrated manufacturing capabilities and B2C business model
- **Operational margin**: 2QFY27 EBITDA margin declined to 17.1% from 18.9% in 1QFY27, despite stable gross margins, due to seasonal softness, lower fixed-cost absorption at new facilities and higher sales and distribution expenses towards brand-building. External procurement of tubular batteries also impacted margins.
- **New opportunities**: Fujiyama is exploring opportunities in battery energy storage systems (BESS), having installed a 5MW pilot project at Dadri and planning an additional 10MW installation at Ratlam. It is also evaluating sodium-ion and other advanced battery chemistries, alongside backward integration into ingots and wafers ahead of ALMM List III implementation in Jun'28. Further, the proposed PM Surya Ghar 2.0 scheme, which may include incentives for battery storage and generation-linked support, could accelerate demand for integrated solar-plus-storage solutions.

Research Analyst: Sumant Kumar (Sumant.Kumar@MotilalOswal.com) | **Yash Darak** (Yash.Darak@MotilalOswal.com)
Research Analyst: Nirvik Saini (Nirvik.Saini@MotilalOswal.com) | **Swapnil Upadhyay** (Swapnil.Upadhyayk@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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Distribution Network:** Fujiyama has a network of over 10,200 channel partners across 25+ states and UTs, with several relationships spanning 15–25 years. During 1HFY27, it added over 100 distributors and 1,000 dealers, with Odisha and Uttarakhand moving into the fully covered category. The company is further expanding its reach into underpenetrated states, particularly Tier-2/3 cities and rural markets, supported by over 1,000 in-house service engineers (from 650 as on Mar'26), strengthening dealer support, installation and after-sales service capabilities.

Valuation and view

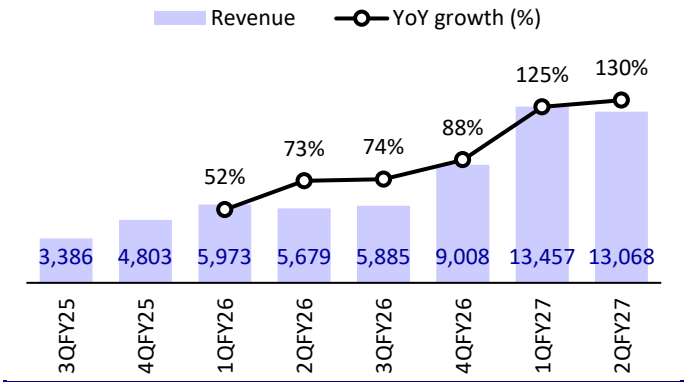
- Fujiyama's growth is supported by strong traction under the PMSGMBY scheme (10GW opportunity for 3.5m pending installations) and its in-house DCR manufacturing facility, enabling the company to effectively capture rising demand. Further, continued expansion of the distribution network is enhancing market penetration.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 57%/57%/59% over FY26-28. **We reiterate our BUY rating with a TP of INR500 (premised on 20x FY28E EPS)**.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E 2QE	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	**5,973**	**5,679**	**5,885**	**9,008**	**13,457**	**13,068**	**10,000**	**13,512**	**26,545**	**50,037**	**10,000**	**31**
YoY Change (%)	52.1	72.6	73.8	87.5	125.3	130.1	69.9	50.0	*72*	*88*	76.1	
Total Expenditure	4,915	4,649	4,780	7,293	10,909	10,839	8,205	11,080	21,636	41,033	8,100	
EBITDA	**1,059**	**1,030**	**1,105**	**1,715**	**2,548**	**2,229**	**1,795**	**2,432**	**4,909**	**9,004**	**1,900**	**17**
Margins (%)	17.7	18.1	18.8	19.0	18.9	17.1	18.0	18.0	*18.5*	*18.0*	*19.0*	
Depreciation	70	78	87	206	250	275	290	300	442	1,116	250	
Interest	94	124	122	96	109	173	175	164	436	620	125	
Other Income	4	19	4	28	24	21	20	20	55	85	10	
PBT before EO expense	**899**	**846**	**899**	**1,441**	**2,212**	**1,801**	**1,350**	**1,989**	**4,086**	**7,353**	**1,535**	
Extra-Ord expense	0	0	6	0	1,436	0	0	0	6	1,436	0	
PBT	**899**	**846**	**894**	**1,441**	**777**	**1,801**	**1,350**	**1,989**	**4,080**	**5,917**	**1,535**	
Tax	223	217	220	378	199	473	340	501	1,039	1,512	386	
Rate (%)	24.8	25.7	24.7	26.2	25.6	26.2	25.2	25.2	25.5	25.6	25	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	**676**	**629**	**673**	**1,063**	**578**	**1,329**	**1,010**	**1,488**	**3,041**	**4,405**	**1,149**	
Adj PAT	**676**	**629**	**678**	**1,063**	**1,655**	**1,329**	**1,010**	**1,488**	**3,479**	**5,482**	**1,149**	**16**
YoY Change (%)	56.4	97.4	125.7	107.6	144.8	111.2	49.1	40.0	122.5	57.6	*82.6*	
Margins (%)	11.3	11.1	11.5	11.8	12.3	10.2	10.1	11.0	13.1	11.0	*11.5*	

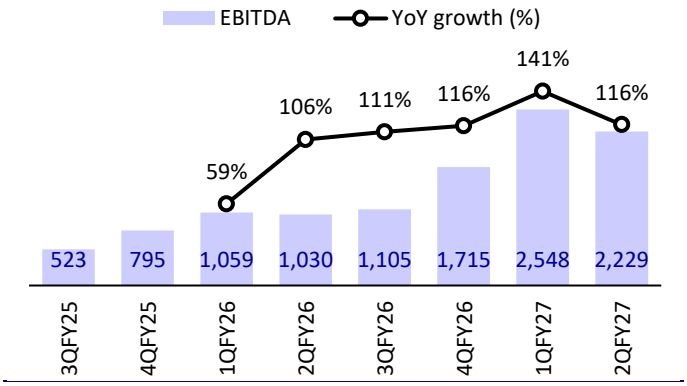
Key exhibits

Exhibit 1: Consolidated revenue trend



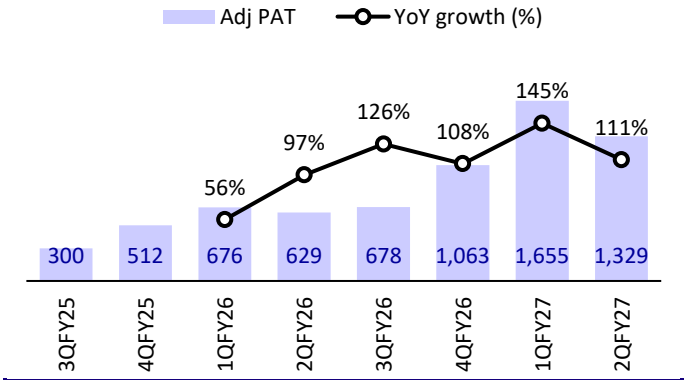
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



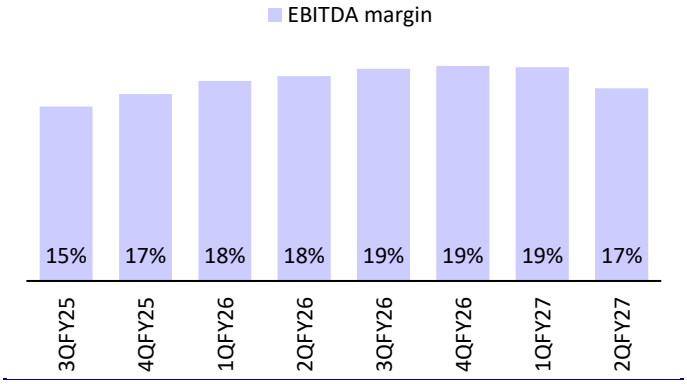
Source: Company, MOFSL

Exhibit 3: Consolidated adj PAT trend



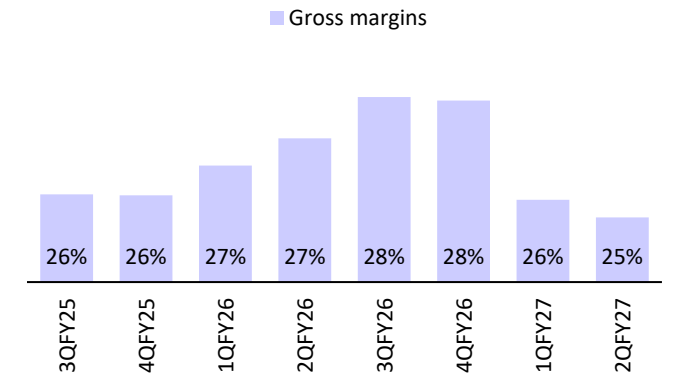
Source: Company, MOFSL

Exhibit 4: EBITDA margin trend



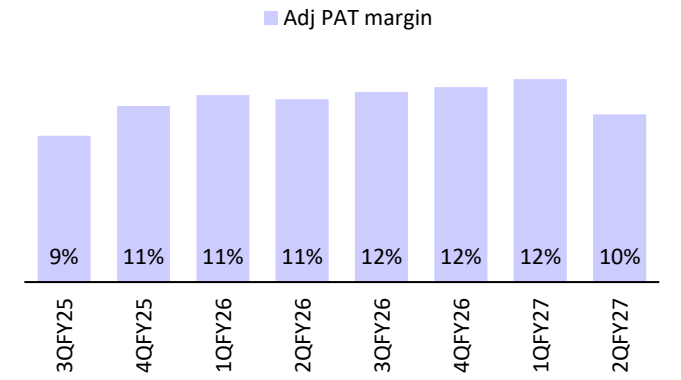
Source: Company, MOFSL

Exhibit 5: Gross margin trend



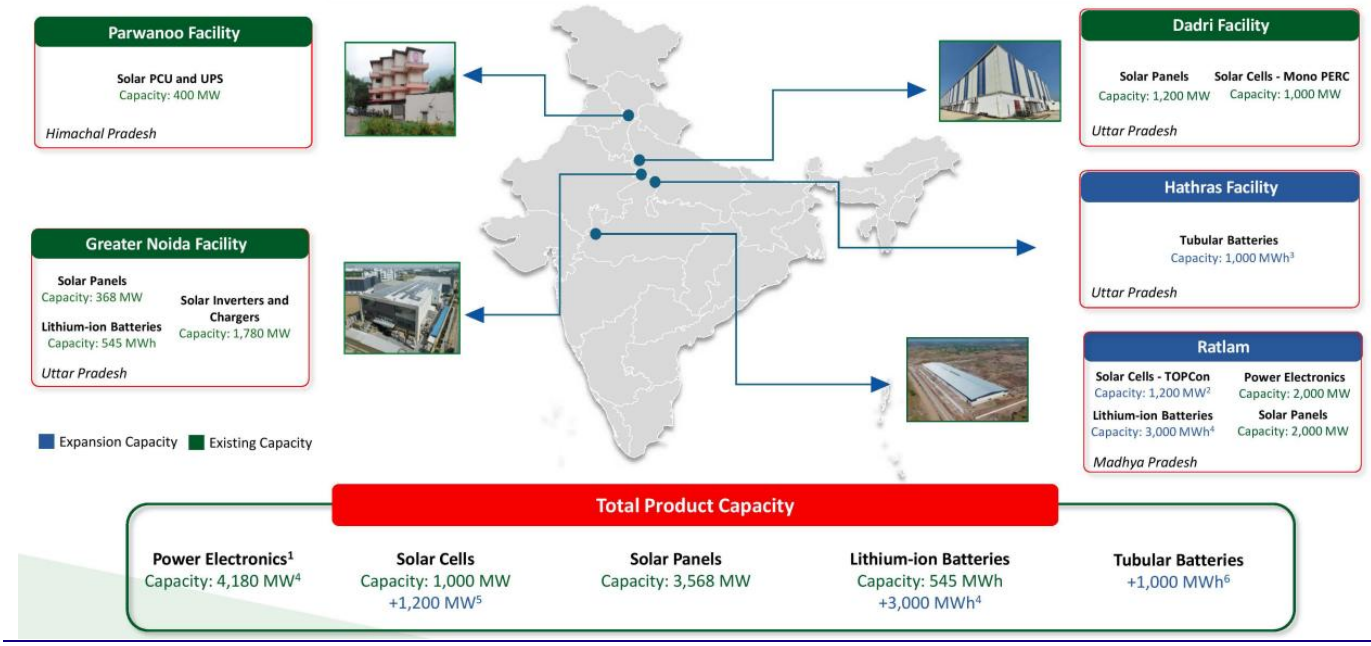
Source: Company, MOFSL

Exhibit 6: Adj PAT margin trend



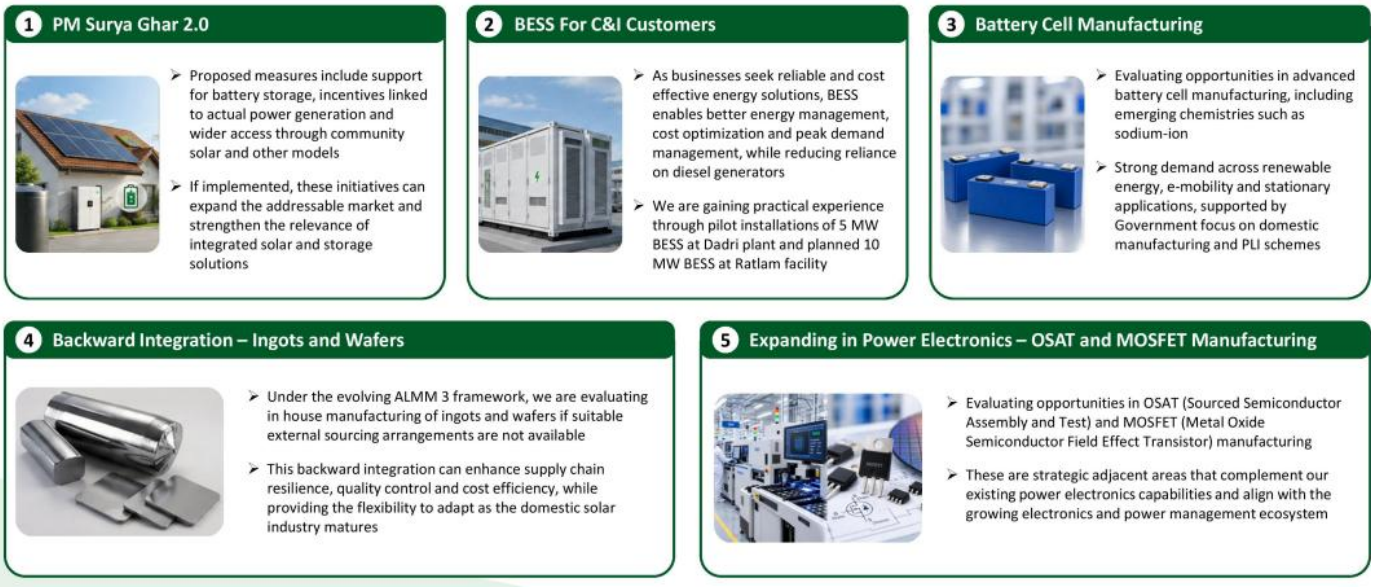
Source: Company, MOFSL

Exhibit 7: Manufacturing facilities in proximity to attractive end-customer markets



Source: MOFSL, Company

Exhibit 8: Evaluating new opportunities across the value chain



Source: MOFSL, Company



Highlights from the management commentary

Operations

- Integrated B2C rooftop solar solutions provider: Over 85% of revenue is derived from retail households and small businesses. The company offers complete rooftop solar solutions across on-grid, off-grid and hybrid systems, manufacturing solar cells, panels, inverters and batteries.
- Expanding distribution network: The company has over 10,200 channel partners across 25+ states and UTs. During 1HFY27, it added over 100 distributors and 1,000 dealers, with Odisha and Uttarakhand moving into the fully covered category.
- Strengthening service infrastructure: Own service engineers increased to over 1,000 from approximately 650 in March 2026. These engineers support dealers with installation and after-sales services, strengthening customer reach in Tier-2 and Tier-3 markets.
- Technology and R&D capabilities: The company has developed an in-house technology platform (UTL AI) to manage sales, service and dealer networks through WhatsApp and chatbots in local languages. Its R&D feedback loop has supported the development of patented RMCPT hybrid inverter technology, combo UPS and online PCUs.
- Margin performance: 2QFY27 EBITDA margin stood at 17.1% versus 18.9% in 1QFY27, primarily due to seasonal softness, overhead absorption at newly commissioned facilities and higher sales and distribution expenditure. 1HFY27 EBITDA margin remained stable at 18% versus 17.9% YoY.
- Working capital improvement: Net working capital days declined to 59 days in 1HFY27 from 83 days in FY26, with inventory days improving to 99 from 123 and receivable days declining to 10 from 15.

Guidance

- Revenue growth: The company had earlier guided for approximately 70% revenue growth in FY27. However, management refrained from revising its guidance despite strong 1H performance and will reassess it after 3QFY27, considering uncertainties around ALMM implementation, DCR cell availability and clarity on PM Surya Ghar 2.0.
- EBITDA margin: Management expects to sustain EBITDA margins at the current levels
- Growth visibility: Management remains confident of achieving robust growth targets, supported by an expanding distribution network, recently commissioned capacities and upcoming backward integration.
- B2C business model: Management expects more sustainable margins compared with B2B module manufacturers, given its diversified product portfolio, brand strength, distribution network and relatively lower dependence on government policies.
- Insurance proceeds: The company has filed an insurance claim for the full carrying value of assets damaged in the Bawal fire and expects resolution and realization during FY27, providing additional cash inflows.

Backward integration and capacity expansion

- Solar cell manufacturing: Existing solar cell capacity stands at 1GW, with an additional 1.2GW facility at Ratlam targeted for commissioning in 1QFY28, taking total capacity to 2.2GW. Management is attempting to advance the commissioning timeline.
- Power electronics: A 2GW power electronics facility at Ratlam was commissioned in August 2026, taking total power electronics capacity to 4GW.
- Lithium-ion batteries: Capacity at Ratlam is being expanded from 2GWh to 3GWh, with commissioning expected over the coming quarters. This will take total lithium-ion battery capacity to 3.5GWh.
- Tubular batteries: A new 1GW tubular battery facility in Uttar Pradesh is expected to be commissioned in the coming quarter, replacing externally procured capacity.
- Solar components: The company has increased its stake in Gio Energy and Gio Cable to 50%. These entities plan to manufacture solar ribbons, junction boxes, cables and EV seats from FY28.
- In-house manufacturing capabilities: The company manufactures several inverter components, including sheet-metal cabinets, heatsinks, wiring harnesses, transformers and wires, alongside in-house PCB assembly. For lithium-ion batteries, it manufactures BMS cards, communication boards and busbars.
- Margin benefits: Upcoming capacities will primarily replace external purchases rather than cater to incremental demand. Management expects these facilities to contribute to margins from the first unit of production, given the existing captive demand.
- Future integration opportunities: The company is evaluating backward integration into ingots and wafers ahead of ALMM List III implementation from June 2028.

Industry scenario

- Domestic rooftop solar opportunity: India's rooftop solar capacity increased from approximately 12GW in Mar’24 to 26GW in Mar’26, against an estimated potential of 67GW, indicating significant headroom for growth.
- PM Surya Ghar progress: As of 31st Oct’26, the scheme had covered over 60 lakh households, with more than 19GW installed and subsidies exceeding INR360b. Approximately 0.5m households remain to be covered under the current phase until Mar’27.
- PM Surya Ghar 2.0: The next phase is under government consideration, with reported proposals including battery storage support, generation-linked incentives and shared rooftop solar. Management believes battery storage support could create an additional opportunity for the company.
- ALMM List II implementation: From 1st Jan’27, rooftop solar systems of 8kW or above will require panels manufactured using domestic cells listed under ALMM List II. The company believes its in-house cell manufacturing capabilities position it favorably for this transition.
- DCR cell shortage: Current DCR cell production remains significantly below demand, supporting demand for domestically manufactured cells. Management

expects the ALMM transition to further influence DCR cell prices and market demand.

- Solar module overcapacity: Management believes industry overcapacity is primarily concentrated in solar modules and poses a greater threat to B2B commodity module manufacturers. Fujiyama's captive consumption and B2C distribution-led model provide insulation from direct module price competition.
- Competitive positioning: Management believes industry consolidation will benefit companies with established brands, extensive distribution networks and strong after-sales service capabilities.

New opportunities

- Battery energy storage systems (BESS): The company has installed a 5MW pilot project at Dadri and plans to install an additional 10MW facility at Ratlam, helping it build capabilities in battery energy storage.
- PM Surya Ghar 2.0 opportunity: Potential government support for battery storage could accelerate demand for integrated solar-plus-storage systems, benefiting the company's capabilities across solar panels, hybrid inverters and batteries.
- Advanced battery chemistries: Management is evaluating sodium-ion and other advanced battery chemistries as potential future opportunities.
- Ingot and wafer manufacturing: The company is evaluating backward integration into ingots and wafers ahead of the implementation of ALMM List III in June 2028.
- Untapped geographical markets: The company is expanding its distribution footprint across new states. Management indicated that 14 states and UTs remain largely untapped, providing further headroom for dealer and distributor additions.
- Battery-based rooftop solutions: Management highlighted that battery-based systems have been part of its business for nearly three decades. Increasing electricity tariffs, unreliable grid supply and rising household electricity consumption provide demand drivers independent of government subsidies.

Valuation and view

- Fujiyama’s growth is supported by strong traction under the PMSGMBY scheme (10GW opportunity for 3.5m pending installations) and its in-house DCR manufacturing facility, enabling the company to effectively capture rising demand. Further, continued expansion of the distribution network is enhancing market penetration.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 57%/57%/59% over FY26-28. **We reiterate our BUY rating with a TP of INR500 (premised on 20x FY28E EPS)**.

Exhibit 9: Change to our estimates

Earnings change	Old		New		Change	
(INR m)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	46,969	61,712	50,037	65,177	7%	6%
EBITDA	8,915	12,028	9,004	12,084	1%	0%
Adj. PAT	5,457	7,660	5,474	7,706	0%	1%

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**5,068**	**6,641**	**9,247**	**15,407**	**26,545**	**50,037**	**65,177**
Change (%)	25.1	31.0	39.2	66.6	72.3	88.5	30.3
COGS	3,826	5,178	7,175	11,419	19,247	37,070	45,992
Gross profit	**1,242**	**1,463**	**2,072**	**3,988**	**7,298**	**12,966**	**19,185**
Margin (%)	24.5	22.0	22.4	25.9	27.5	25.9	29.4
Employees Cost	328	436	506	699	1,118	1,797	2,317
Other Expenses	471	511	579	804	1,272	2,165	4,784
Total Expenditure	**4,626**	**6,125**	**8,261**	**12,922**	**21,636**	**41,033**	**53,093**
% of Sales	91.3	92.2	89.3	83.9	81.5	82.0	81.5
EBITDA	**443**	**516**	**986**	**2,485**	**4,909**	**9,004**	**12,084**
Margin (%)	8.7	7.8	10.7	16.1	18.5	18.0	18.5
Depreciation	14	59	128	180	442	1,116	1,382
EBIT	**429**	**457**	**858**	**2,305**	**4,467**	**7,889**	**10,702**
Int. and Finance Charges	46	154	257	268	436	620	533
Other Income	13	12	25	94	55	85	130
PBT bef. EO Exp.	**396**	**315**	**626**	**2,131**	**4,086**	**7,353**	**10,299**
EO Items	0	0	0	0	6	1,436	0
PBT after EO Exp.	**396**	**315**	**626**	**2,131**	**4,080**	**5,917**	**10,299**
Total Tax	110	71	173	568	1,039	1,512	2,592
Tax Rate (%)	27.8	22.6	27.6	26.6	25.5	25.6	25.2
Minority Interest	0	0	0	0	0	0	0
Reported PAT	**285**	**244**	**453**	**1,563**	**3,041**	**4,405**	**7,706**
Adjusted PAT	**285**	**244**	**453**	**1,563**	**3,046**	**5,474**	**7,706**
Change (%)	44.4	-14.6	85.9	245.1	94.8	79.7	40.8
Margin (%)	5.6	3.7	4.9	10.1	11.5	10.9	11.8

Consolidated - Balance Sheet

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	136	136	245	280	306	306	306
Preference Capital	1,089	1,089	0	0	0	0	0
Total Reserves	585	706	2,150	3,688	12,427	16,832	24,539
Net Worth	**1,811**	**1,931**	**2,395**	**3,968**	**12,733**	**17,138**	**24,845**
Minority Interest	0	0	0	0	0	0	0
Total Loans	1,414	2,153	2,046	3,462	4,615	8,115	3,115
Deferred Tax Liabilities	-6	42	115	206	358	358	358
Capital Employed	**3,219**	**4,126**	**4,556**	**7,637**	**17,707**	**25,612**	**28,318**
Gross Block	462	1,796	2,383	3,987	6,978	10,538	14,598
Less: Accum. Deprn.	14	59	186	366	808	1,924	3,306
Net Fixed Assets	**449**	**1,737**	**2,197**	**3,620**	**6,170**	**8,614**	**11,292**
Goodwill on Consolidation	693	564	564	564	564	564	564
Capital WIP	0	80	0	0	2,013	3,500	4,000
Total Investments	**0**	**21**	**0**	**0**	**0**	**0**	**0**
Current Investments	0	0	0	0	0	0	0
Curr. Assets, Loans&Adv.	**2,851**	**2,744**	**3,336**	**5,955**	**14,689**	**20,866**	**22,747**
Inventory	1,781	1,872	2,321	3,826	9,098	13,709	14,546
Account Receivables	395	285	647	731	1,403	2,468	3,214
Cash and Bank Balance	0	1	149	206	1,608	2,563	2,216
Loans and Advances	675	585	219	1,192	2,579	2,127	2,770
Curr. Liability & Prov.	**774**	**1,019**	**1,540**	**2,503**	**5,729**	**7,932**	**10,284**
Account Payables	457	714	1,151	1,205	3,604	5,571	7,208
Other Current Liabilities	277	265	340	1,219	1,994	2,052	2,672
Provisions	40	41	49	80	131	310	404
Net Current Assets	**2,077**	**1,724**	**1,796**	**3,452**	**8,960**	**12,933**	**12,462**
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	**3,219**	**4,126**	**4,556**	**7,637**	**17,707**	**25,612**	**28,318**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)							
EPS	**0.9**	**0.8**	**1.5**	**5.1**	**9.9**	**17.9**	**25.2**
Cash EPS	1.0	1.0	1.9	5.7	11.4	21.5	29.7
BV/Share	5.9	6.3	7.8	13.0	41.6	55.9	81.1
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	382	448	241	69.8	36	20	14
Cash P/E	365	360	188	62.6	31.3	16.6	12.0
P/BV	60	57	46	27.5	8.6	6.4	4.4
EV/Sales	22	17	12	7.3	4.2	2.3	1.7
EV/EBITDA	250	216	113	45.2	22.8	12.7	9.1
Dividend Yield (%)	0	0	0	0.0	0.0	0.0	0.0
FCF per share	-7	-4	2	-3.5	-16.8	-1.9	16.5
Return Ratios (%)							
RoE	17.1	13.0	20.9	49.1	36.5	36.6	36.7
RoCE	12.6	9.9	15.0	29.7	27.2	27.9	30.5
RoIC	12.2	9.8	14.7	28.6	30.9	34.9	38.5
Working Capital Ratios							
Fixed Asset Turnover (x)	11.0	3.7	3.9	3.9	3.8	4.7	4.5
Asset Turnover (x)	1.6	1.6	2.0	2.0	1.5	2.0	2.3
Inventory (Days)	128	103	92	91	125	100	81
Debtor (Days)	28	16	26	17	19	18	18
Creditor (Days)	33	39	45	29	50	41	40
Leverage Ratio (x)							
Current Ratio	3.7	2.7	2.2	2.4	2.6	2.6	2.2
Interest Cover Ratio	9.2	3.0	3.3	8.6	10.2	12.7	20.1
Net Debt/Equity	0.8	1.1	0.8	0.8	0.2	0.3	0.0

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	396	315	626	2,131	4,080	7,353	10,299
Depreciation	14	59	128	180	442	1,116	1,382
Interest & Finance Charges	46	154	257	268	402	536	403
Direct Taxes Paid	-147	-31	-75	-436	-1,125	-1,512	-2,592
(Inc)/Dec in WC	-892	282	-155	-1,987	-3,868	-3,019	124
CF from Operations	**-584**	**779**	**782**	**156**	**-69**	**4,474**	**9,616**
Others	-1	0	72	25	40	0	0
CF from Operating incl EO	**-585**	**779**	**855**	**181**	**-29**	**4,474**	**9,616**
(Inc)/Dec in FA	-324	-1,371	-471	-1,148	-5,132	-5,047	-4,560
Free Cash Flow	**-908**	**-593**	**384**	**-967**	**-5,161**	**-574**	**5,056**
(Pur)/Sale of Investments	-139	47	34	0	13	0	0
Others	5	2	-9	-33	-78	85	130
CF from Investments	**-457**	**-1,323**	**-446**	**-1,181**	**-5,197**	**-4,963**	**-4,430**
Issue of Shares	0	0	0	0	5,724	0	0
Inc/(Dec) in Debt	1,086	697	-110	1,460	1,153	3,500	-5,000
Interest Paid	-46	-145	-251	-256	-402	-620	-533
Dividend Paid	0	0	0	0	0	0	0
Others	0	-7	-7	-165	63	-1,436	0
CF from Fin. Activity	**1,040**	**545**	**-368**	**1,040**	**6,538**	**1,444**	**-5,533**
Inc/Dec of Cash	**-2**	**1**	**41**	**40**	**1,312**	**955**	**-347**
Opening Balance	2	0	1	42	82	1,608	2,563
Other cash & cash equivalent	0		107	123	214	0	
Closing Balance	**0**	**1**	**149**	**206**	**1,608**	**2,563**	**2,216**

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NOTES

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Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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
Contact: (+65) 8328 0276

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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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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