

Estimate changes	
TP change	
Rating change	

Motilal Oswal values your support in the EXTEL POLL 2025 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

EXTEL POLL
2025



Bloomberg	EXID IN
Equity Shares (m)	850
M.Cap.(INRb)/(USDb)	327 / 3.7
52-Week Range (INR)	535 / 328
1, 6, 12 Rel. Per (%)	4/-/23
12M Avg Val (INR M)	1331

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	180.5	197.3	212.2
EBITDA	20.7	23.8	26.1
Adj. PAT	11.9	13.8	15.2
Adj. EPS (INR)	14.0	16.3	17.9
EPS Gr. (%)	10.7	15.9	10.0
BV/Sh. (INR)	181.4	194.7	209.3
Ratio			
RoE (%)	7.7	8.4	8.5
RoCE (%)	8.0	8.6	8.8
Payout (%)	17.8	18.5	18.2
Valuations			
P/E (x)	27.3	23.5	21.4
P/BV (x)	2.1	2.0	1.8
Div Yield (%)	0.7	0.8	0.8
FCF Yield (%)	2.8	3.7	4.4

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	46.0	46.0	46.0
DII	18.5	17.4	18.0
FII	10.9	11.5	12.3
Others	24.7	25.1	23.7

FII Includes depository receipts

CMP: INR383

TP: INR368 (-4%)

Neutral

Weak 2Q due to channel destocking

Demand likely to normalize in 2H

- EXID's 2QFY26 PAT of INR2.2b came in well below our estimate of INR3.2b on account of lower-than-expected revenue. Revenue was mainly affected by channel destocking in segments like auto replacement, UPS and solar and weak demand in home UPS due to extended monsoon. Management expects the bulk of this demand to revive in 2H as the channel would look to restock and OEM demand is picking up.
- Given the weak 2Q performance, we cut our FY26/FY27 EPS estimates by 9%/3%. While the market appears to be upbeat on EXID's lithium-ion foray, we remain cautious about the long-term returns from the business. Besides, the stock trading at 27.3x/23.5x FY26E/FY27E EPS appears fairly valued.

Reiterate Neutral with an SoTP-based TP of INR368.

Weak performance amid deferred purchases and cost under-recovery

- Standalone revenue declined 2% YoY to INR41.8b (6% below our estimate), due to production cuts in Aug and Sep on the back of channel destocking done by distributors after the GST 2.0 announcement in mid-Aug.
- Gross margin declined 160bp YoY (down 90bp QoQ) to 29.9% (100bp lower than our estimate) due to the inability to pass on rising lead costs.
- Overall, EBITDA margin declined 180bp YoY to 9.5% (vs. est. 11.5%) due to higher input costs and lower revenue.
- EBITDA fell 18% YoY to INR3.9b (sharply below our estimate of INR 5.4b).
- Adj. PAT at INR2.2b came in 32% below our estimate of INR3.2b.
- EXID invested INR5.8b in 1H and additional INR650mn in Oct'25 in Exide Energy Solutions. Total equity investment till date stands at INR39.5b.

Highlights from management call

- EXID sees a positive outlook for lead-acid batteries, supported by a visible uptick in auto OEM production in 3Q.
- Given that demand for auto aftermarket, UPS and solar was deferred due to channel destocking, EXID expects this demand to bounce back in 3Q.
- About 50% of 2W capacity has been moved to Punchgrid technology, unlocking multiple cost levers like lower material and labor costs.
- EXID now plans to move 4W battery to continuous casting technology, which is expected to drive cost savings and more consistent quality.
- The company invested about INR5.8b in 1H and INR650m in Oct, with total equity investment of ~INR39.5b in the business (Exide Energy).
- The initial ramp-up will start with a 2W line on NCM chemistry. EXID is in discussions with a couple of large 2W OEMs for this program. Subsequently, a prismatic LFP line will be introduced for stationary applications. By Year 1, it expects Line 1 to ramp up to about 25% utilization and expects to commence Line 3 (for LFP).

Valuation and view

- Considering the weak 2Q performance, we cut our FY26/FY27 EPS estimates by 9%/3%. Given the significant imminent risk to its core business, EXID has forayed into the manufacturing of lithium-ion cells in partnership with S-Volt at a total investment of INR60b in two phases. While the market appears to be upbeat on EXID's lithium-ion foray, we remain cautious about the long-term returns from the business. Besides, the stock trading at ~27.3x/23.5x FY26E/FY27E EPS appears fairly valued. **Reiterate Neutral with an SoTP-based TP of INR368. We value the core (lead acid) business at 15x Sep'27E EPS (in line with Amara). We add INR59 per share value for the EV business (based on book) and INR55 per share for its stake in HDFC Life.**

S/A Quarterly Performance

Y/E March	(INR M)								Var (%)		
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		FY26E	2QE
Net Sales	43,128	42,673	38,486	41,594	45,098	41,783	46,184	47,429	165,881	1,80,493	44,380
Growth YoY (%)	5.9	3.9	0.2	3.7	4.6	-2.1	20.0	14.0	3.5	8.8	4.0
RM cost (%)	69.3	68.5	68.0	68.8	69.2	70.1	69.6	69.9	68.7	69.7	69.0
Employee cost (%)	6.1	6.3	6.8	6.3	6.1	0.3	5.8	6.6	6.4	6.1	2.9
Other Exp(%)	13.1	13.9	13.5	13.7	12.6	14.0	12.5	12.1	13.6	12.8	12.6
EBITDA	4,943	4,836	4,486	4,667	5,482	3,960	5,496	5,758	18,931	20,696	5,414
EBITDA Margin (%)	11.5	11.3	11.7	11.2	12.2	9.5	11.9	12.1	11.4	11.5	12.2
Change (%)	14.4	0.1	2.0	-9.6	10.9	-18.1	22.5	23.4	1.2	8.7	12
Non-Operating Income	142	528	132	161	182	424	144	169	962	919	398
Interest	87	103	120	130	91	89	95	98	439	373	130
Depreciation	1,257	1,270	1,244	1,268	1,276	1,306	1,320	1,334	5,039	5,236	1,290
PBT after EO Exp	3,741	3,991	3,253	3,430	4,297	2,990	4,225	4,495	14,415	16,007	4,392
Effective Tax Rate (%)	25.3	25.4	24.7	25.8	25.4	25.7	25.5	25.4	0.0	25.5	25.6
Adj. PAT	2,796	2,978	2,450	2,546	3,205	2,221	3,148	3,352	10,769	11,925	3,268
Change (%)	15.6	3.8	2.0	-10.3	14.6	-25.4	28.5	31.7	2.3	10.7	9.7

Key performance indicators

Cost Break-up											
RM(%)	69.3	68.5	68.0	68.8	69.2	70.1	69.6	69.9	68.7	69.7	69.0 110bp
Employee cost (%)	6.1	6.3	6.8	6.3	6.1	6.4	6.0	5.9	6.4	6.1	6.2 20bp
Other Exp(%)	13.1	13.9	13.5	13.7	12.6	14.0	12.5	12.1	13.6	12.8	12.6 140bp
Gross Margin (%)	30.7	31.5	32.0	31.2	30.8	29.9	30.4	30.1	31.3	30.3	31.0 -110bp
EBITDA Margin(%)	11.5	11.3	11.7	11.2	12.2	9.5	11.9	12.1	11.4	11.5	12.2 -270bp
EBIT Margin(%)	8.5	8.4	8.4	8.2	9.7	7.4	9.4	9.7	8.4	9.1	10.2 -280bp



Key takeaways from the management commentary

Key performance highlights

- Around 88% of the business grew ~7% YoY, driven primarily by the aftermarket and industrial. Excl. telecom, all segments within Industrials saw healthy demand, including power, railways, motive power, etc.
- The remaining ~12% of the business declined, mainly due to slower demand in exports, last-mile mobility and telecom industry.
- GST rates were reduced to 18% from 28% for the lead-acid battery and from 12% to 5% for solar combo.
- Domestic automotive replacement demand was strong in 1H, though it moderated in Sep as distributors looked to reduce stock levels ahead of the

expected GST rate cuts. The auto business grew at a high single-digit rate in 2Q, while 1H replacement demand was about 12% for 4Ws and 11% for 2Ws.

- However, home UPS demand was softer due to extended monsoon. Further, given that the purchase of solar and UPS is discretionary in nature, this saw some deferment during the GST rate cut implementation. Given these two segments together account for one-third of EXID's revenue, the company underperformed relative to its peer in 2Q. The solar segment, which posted strong 35% growth in 1Q, declined by 5% in 2Q.
- Because of the supply destocking from the channel, EXID had to take production cuts in part of Aug and Sep.
- Further, tariff uncertainties hurt the export business for the second consecutive quarter. To counter this, the company has entered new regions and expects an uptick in exports from 4Q onward.
- EXID would look to pass on the input cost inflation in 4Q.
- ~50% of 2W capacity has been moved to Punchgrid technology, unlocking multiple cost levers like lower material and labor costs.
- The company now plans to move 4W battery to continuous casting technology, which is expected to drive cost savings and more consistent quality.
- Current quarter expenses also factor in the EPR-related provisions that EXID has taken to comply with the new guidelines.
- Assuming that lead prices remain in a similar range and revenue growth returns (which management expects in coming quarters), EBITDA margins would be in the range of 12-13%.

Update on lead-acid battery business

- EXID sees a positive outlook for lead-acid batteries, supported by a visible uptick in auto OEM production in 3Q.
- Further, given that demand for auto aftermarket, UPS and solar was deferred due to channel destocking, EXID expects this demand to bounce back from 3Q onward.
- Given today's use of solar mainly as a backup-power solution, lead-acid remains the preferred battery chemistry. Transition to lithium-ion in solar is likely to take time to scale up and hence it is not a near-term priority for EXID as well.

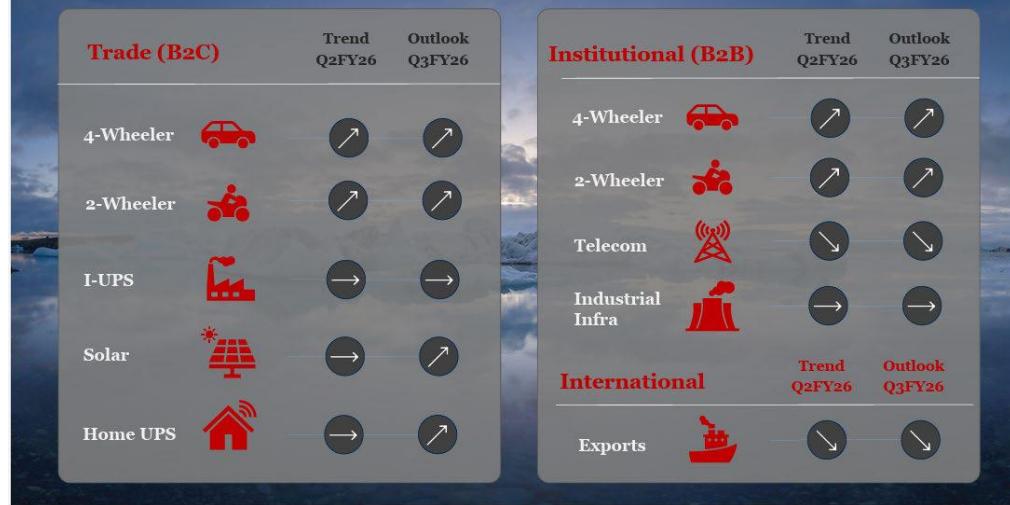
Update on lithium-ion battery business

- The company invested about INR5.8b in 1H and INR650m in Oct, with total equity investment at ~INR39.5b in the business (Exide Energy).
- Equipment installation and commissioning are nearing completion, with production slated to begin in 4Q. The team is currently going through process validation and preparing samples for select customers. Nearly all utility systems are close to commissioning, and the company is engaging with OEMs across two-wheelers, three-wheelers, four-wheelers, and stationary energy providers in key customer markets.
- The initial ramp will start with a two-wheeler line on the NCM chemistry. EXID is in discussions with a couple of large 2W OEMs for this program. Subsequently, a prismatic LFP line will be introduced for stationary applications. By Year 1, they expect Line 1 to ramp up to about 25% utilization and expect to commence Line 3 (for LFP).

- The plan is to first stabilize internal processes and then provide customer samples. They would also look to minimize waste thereby improving yields.
- Management expects some government support, which would drive OEMs to focus on domestic consumption. They also expect OEMs to prefer localized cell production over imports, as working with local vendors would help them minimize time-to-market and drive efficiency improvement.
- Lithium-ion business is likely to be OEM-dominated, as the life of lithium-ion cells is usually higher than the life of vehicles. Replacement market could be a demand driver in 2Ws/3Ws.

Exhibit 1: Trends in revenue and growth

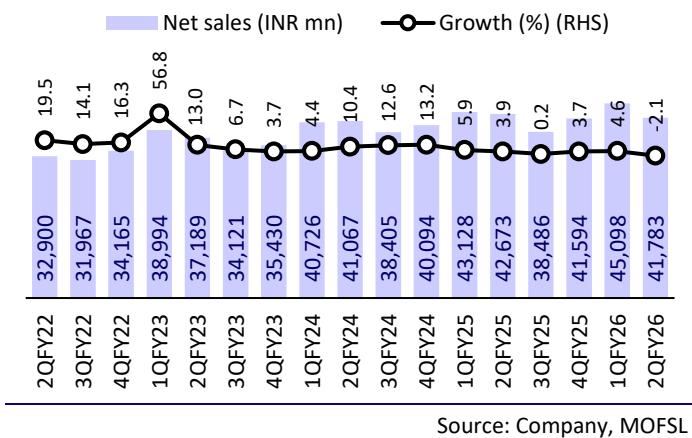
EXIDE Key Verticals – Market Trend (Q2 FY26) and Outlook (Q3 FY26)



Source: Company, MOFSL

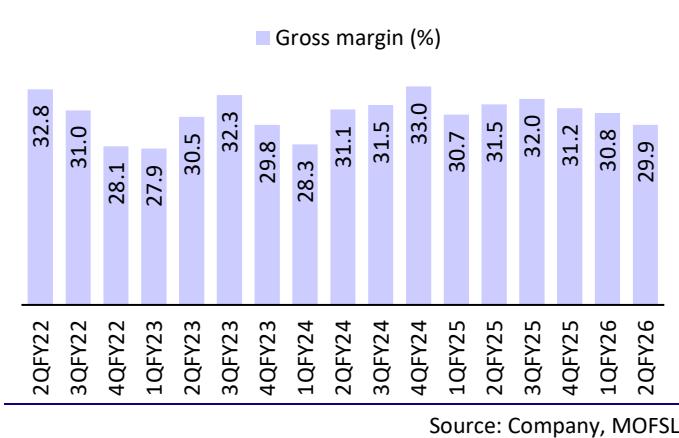
Key exhibits

Exhibit 2: Trends in revenue and growth



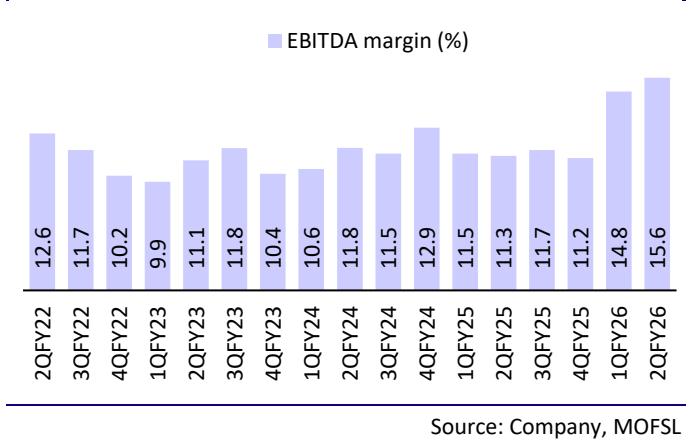
Source: Company, MOFSL

Exhibit 3: Trend in gross margin



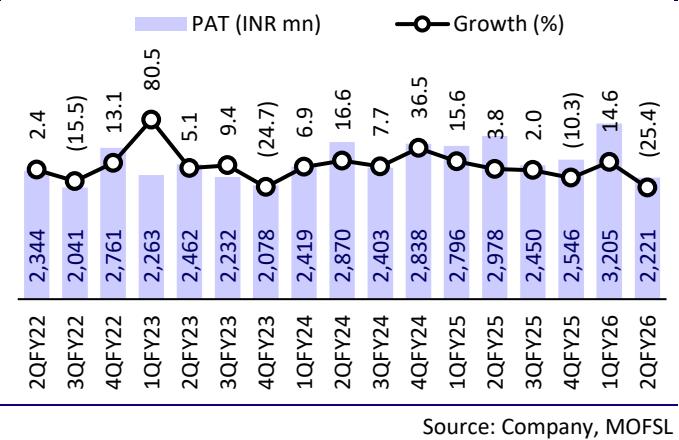
Source: Company, MOFSL

Exhibit 4: Trend in EBITDA margin



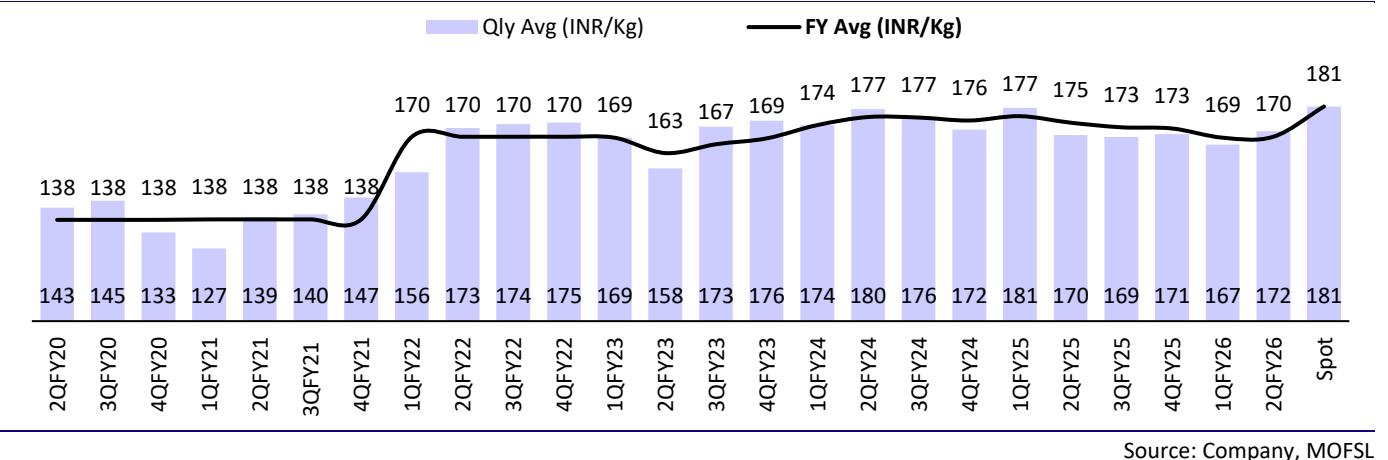
Source: Company, MOFSL

Exhibit 5: Trend in PAT and growth



Source: Company, MOFSL

Exhibit 6: Lead price has remained stable in the recent past



Source: Company, MOFSL

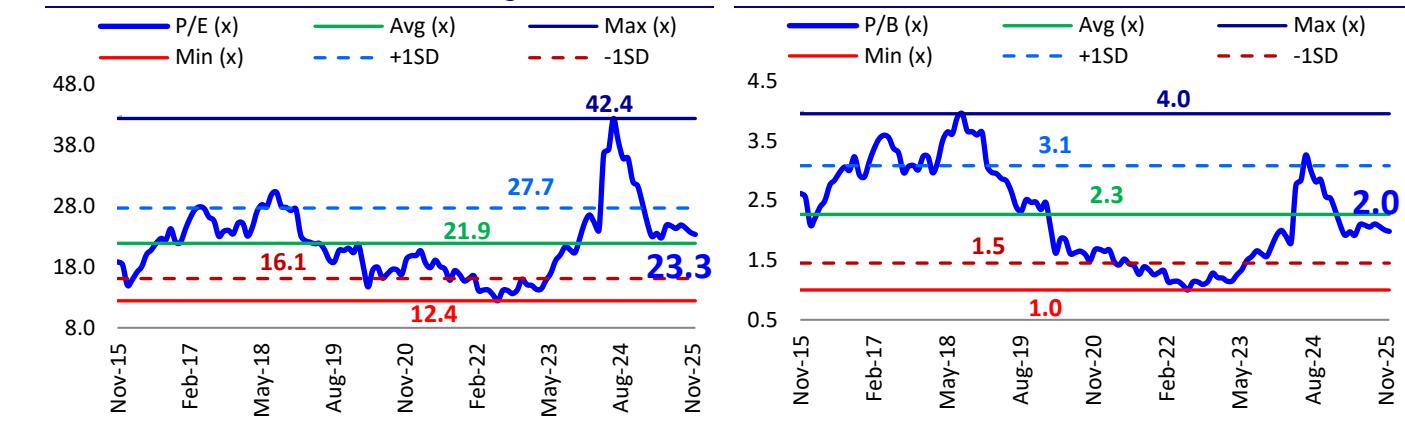
Valuation and view

- **EXID continues to enjoy a strong position in the LAB industry:** EXID remains a market leader across all key segments in the lead acid battery (LAB) industry, except telecom. In the auto OEM segment, EXID has a dominant presence in both 2Ws and 4Ws. Even in the replacement battery segment, it largely is a duopoly market, with EXID being the market leader. It also has a strong position in both the UPS and inverter segments. Apart from this, it is a dominant player in power and traction batteries. It has the largest distribution network in India, with 115k channel partners. Through digitization initiatives, it is now able to give on-the-spot warranty resolutions, which is one of the USPs for the company.
- **EV transition remains the real risk for LAB in the long run:** The transition to EVs in India and globally is emerging as a big risk for LAB players in the long run. The only saving grace for Indian players in the near term is that the EV transition is picking up pace in 2Ws and 3Ws only at present, and for PVs, it may take a bit longer. However, lithium-ion batteries are now increasingly finding applications in various industrial use cases, including in telecom, traction, UPS, etc.
- **Foray into lithium-ion will have its own challenges:** Given the significant imminent risk to its core business, EXID has forayed into the manufacturing of lithium-ion cells in partnership with S-Volt at a total investment of INR60b in two phases. Further, EXID recently announced that it has secured a non-binding partnership with Hyundai-Kia for localization of LFP cells for one of their global platforms to be produced in India. While EXID can fund this venture through its internal accruals without needing any major funding requirements for this phase, we believe the company's foray into lithium-ion cell manufacturing is likely to see multiple challenges in the coming years, as: 1) most domestic PV OEMs either have their own lithium-ion manufacturing plans or have existing tie-ups, limiting EXID's potential addressable market in this space; 2) the current partnership with Hyundai is non-binding, and hence we need to wait to understand whether this eventually moves into a binding partnership; 3) EXID is setting up a greenfield in this segment without prior experience; we expect its facility to take at least a couple of years to stabilize operations as it goes through its testing and validation phase initially for interested OEMs; 4) EXID is not participating in PLI, which would limit its competitiveness relative to peers that qualify for the same; 5) given the lithium-ion cell manufacturing is a low-margin business globally, we expect this business to be return-dilutive for EXID in the long run, even if this venture is successful; 6) given the significant capital commitment required and doubts about the sustainability of this technology in the long run, we believe the outcome of this venture remains highly uncertain at this stage.
- **Valuation and view:** On account of a weak 2Q performance, we cut our EPS estimates for FY26 and FY27 by 9% and 3%, respectively. While the market appears to be upbeat on EXID's lithium-ion foray, we remain cautious about the long-term returns from the business. Besides, the stock at ~27.3x/23.5x FY26/27E EPS appears fairly valued. **Reiterate Neutral with an SOTP-based TP of INR368. We value the core (lead acid) business at 15x Sep'27E EPS (in line with Amara). We add INR59 per share value for the EV business (based on book) and INR55 per share for its stake in HDFC Life.**

Exhibit 7: Our revised estimates

(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,80,493	1,80,493	0.0	1,97,305	1,97,305	0.0
EBITDA Margin (%)	11.5	12.4	-90bp	12.0	12.4	-40bp
PAT	11,925	13,041	-8.6	13,819	14,223	-2.8
EPS (INR)	14.0	15.3	-8.6	16.3	16.7	-2.8

Source: MOFSL

Exhibit 8: Valuations – P/E and P/B trading bands


Story in charts

Exhibit 9: Trends in revenue and growth

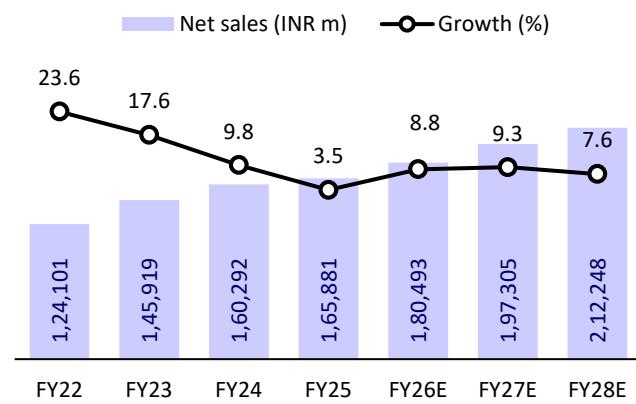
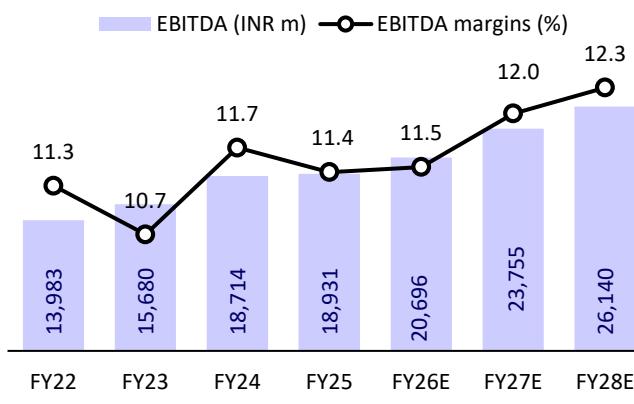


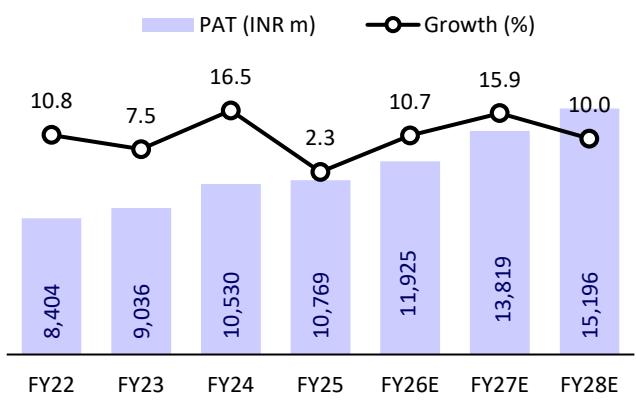
Exhibit 10: Trends in EBITDA and EBITDA margin



Source: Company, MOFSL

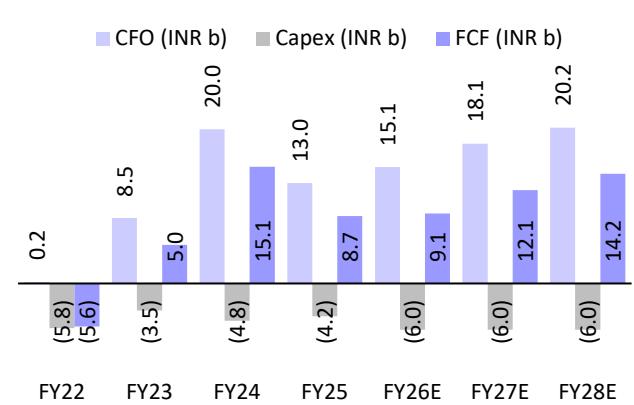
Source: Company, MOFSL

Exhibit 11: PAT and PAT growth trends



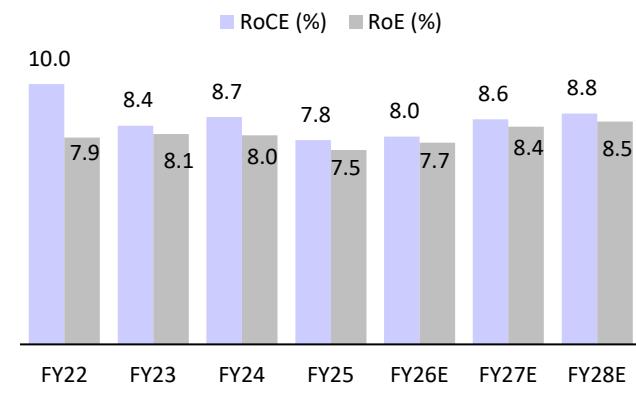
Source: Company, MOFSL

Exhibit 12: Strong FCF driven by healthy CFO



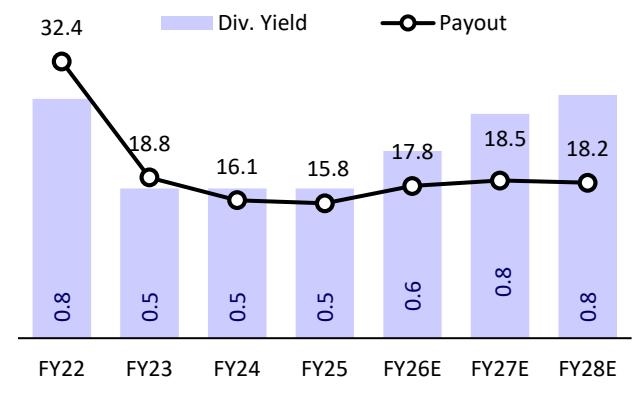
Source: Company, MOFSL

Exhibit 13: Trend in return ratios



Source: Company, MOFSL

Exhibit 14: Dividend yield and dividend payout (%) trends



Source: Company, MOFSL

Financials and valuations

Income Statement									(INR M)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Total Income	1,00,408	1,24,101	1,45,919	1,60,292	1,65,881	1,80,493	1,97,305	2,12,248	
Change (%)	1.9	23.6	17.6	9.8	3.5	8.8	9.3	7.6	
EBITDA	13,557	13,984	15,681	18,715	18,932	20,697	23,756	26,141	
EBITDA Margins (%)	13.5	11.3	10.7	11.7	11.4	11.5	12.0	12.3	
Change (%)	-0.7	3.1	12.1	19.3	1.2	9.3	14.8	10.0	
Depreciation	3,794	4,131	4,558	4,975	5,039	5,236	5,716	6,196	
EBIT	9,763	9,852	11,123	13,740	13,893	15,462	18,040	19,945	
Interest Charges	238	394	295	486	439	373	403	435	
Other Income	654	805	1,324	845	962	919	863	834	
EO Exp/(Inc)	-	(46,938)	-	-	-	-	-	-	
PBT	10,179	57,199	12,151	14,099	14,415	16,007	18,499	20,343	
Tax	2,596	10,356	3,115	3,569	3,646	4,082	4,680	5,147	
Effective Rate (%)	25.5	18.1	25.6	25.3	25.3	25.5	25.3	25.3	
Rep. PAT	7,583	46,843	9,036	10,530	10,769	11,925	13,819	15,196	
Change (%)	-8.1	517.8	-80.7	16.5	2.3	10.7	15.9	10.0	
Adj. PAT	7,583	8,404	9,036	10,530	10,769	11,925	13,819	15,196	
Change (%)	-10.0	10.8	7.5	16.5	2.3	10.7	15.9	10.0	
Balance Sheet									(INR M)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Share Capital	850	850	850	850	850	850	850	850	
Reserves	68,085	1,05,131	1,11,248	1,30,522	1,43,573	1,53,373	1,64,642	1,77,076	
Net Worth	68,935	1,05,981	1,12,098	1,31,372	1,44,423	1,54,223	1,65,492	1,77,926	
Loans	0	0	2,708	3,856	3,752	3,752	3,752	3,752	
Deferred Tax Liability	771	-654	-1,160	-137	108	108	108	108	
Capital Employed	69,706	1,05,327	1,13,646	1,35,092	1,48,283	1,58,083	1,69,352	1,81,786	
Application of Funds									
Gross Fixed Assets	42,740	48,245	53,473	58,005	62,447	68,447	74,447	80,447	
Less: Depreciation	16,361	20,509	24,970	29,353	33,687	38,923	44,639	50,834	
Net Fixed Assets	26,379	27,736	28,503	28,652	28,759	29,524	29,808	29,612	
Capital WIP	2,008	3,124	1,009	2,017	1,375	1,375	1,375	1,375	
Investments	31,012	60,773	63,477	86,258	99,766	1,05,706	1,15,206	1,24,706	
Curr. Assets	36,889	41,352	46,362	51,600	58,291	59,556	64,587	70,869	
Inventory	23,462	24,647	29,891	32,493	38,274	37,088	40,542	43,613	
Sundry Debtors	8,874	11,945	12,745	12,650	15,772	15,824	17,298	18,608	
Cash & Bank Balance	825	1,536	681	2,174	1,113	1,699	1,341	2,833	
Other Current Assets	3,728	3,223	3,045	4,282	3,132	4,945	5,406	5,815	
Current Liab. & Prov.	26,582	27,657	25,705	33,435	39,908	38,077	41,623	44,776	
Sundry Creditors	16,483	16,268	15,360	23,199	28,431	22,253	24,325	26,168	
Other Liabilities	6,856	8,191	6,962	6,456	6,794	11,868	12,973	13,956	
Provisions	3,244	3,198	3,383	3,780	4,683	3,956	4,324	4,652	
Net Current Assets	10,307	13,695	20,657	18,165	18,383	21,479	22,963	26,093	
Application of Funds	69,705	1,05,327	1,13,646	1,35,092	1,48,283	1,58,083	1,69,352	1,81,786	

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	8.9	9.9	10.6	12.4	12.7	14.0	16.3	17.9
Cash EPS	13.4	14.7	16.0	18.2	18.6	20.2	23.0	25.2
Book Value per Share	81.1	124.7	131.9	154.6	169.9	181.4	194.7	209.3
DPS	2.0	3.2	2.0	2.0	2.0	2.5	3.0	3.3
Payout (Incl. Div. Tax) %	22.4	32.4	18.8	16.1	15.8	17.8	18.5	18.2
Valuation (x)								
P/E	42.9	38.7	36.0	30.9	30.2	27.3	23.5	21.4
Cash P/E	28.6	25.9	23.9	21.0	20.6	18.9	16.6	15.2
EV/EBITDA	21.6	18.8	16.8	12.9	12.0	10.7	8.9	7.7
EV/Sales	2.9	2.1	1.8	1.5	1.4	1.2	1.1	0.9
Price to Book Value	4.7	3.1	2.9	2.5	2.3	2.1	2.0	1.8
Dividend Yield (%)	0.5	0.8	0.5	0.5	0.5	0.7	0.8	0.8
Profitability Ratios (%)								
RoE	11.0	7.9	8.1	8.0	7.5	7.7	8.4	8.5
RoCE	11.8	10.0	8.4	8.7	7.8	8.0	8.6	8.8
RoIC	19.6	21.3	18.7	22.0	22.9	24.2	26.8	28.6
Turnover Ratios								
Debtors (Days)	32	35	32	29	35	32	32	32
Inventory (Days)	85	72	75	74	84	75	75	75
Creditors (Days)	60	48	38	53	63	45	45	45
Working Capital (Days)	58	60	68	50	56	62	62	62
Gross Fixed Asset Turnover (x)	2.3	2.6	2.7	2.8	2.7	2.6	2.7	2.6
Leverage Ratio								
Net Debt/Equity (x)	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
(INR M)								
OP/(Loss) before Tax	10,179	57,199	12,151	14,099	14,415	15,461	18,039	19,944
Interest/Dividends Received	-362	-225	-233	-237	-212	919	863	834
Depreciation & Amortisation	3,794	4,131	4,558	4,975	5,039	5,236	5,716	6,196
Direct Taxes Paid	-2,721	-10,472	-3,212	-3,707	-3,726	-4,082	-4,680	-5,147
(Inc)/Dec in Working Capital	3,044	-3,479	-4,538	4,874	-2,637	-2,464	-1,842	-1,638
Other Items	200	-46,951	-242	-38	100	0	0	0
CF from Oper. Activity	14,134	205	8,484	19,965	12,979	15,070	18,095	20,190
(Inc)/Dec in FA+CWIP	-3,384	-5,783	-3,493	-4,844	-4,245	-6,000	-6,000	-6,000
Free Cash Flow	10,750	-5,579	4,991	15,122	8,735	9,070	12,095	14,190
(Pur)/Sale of Invest.	-9,385	8,537	-5,385	-11,328	-7,558	-5,986	-9,500	-9,500
CF from Inv. Activity	-12,769	2,754	-8,878	-16,172	-11,803	-11,986	-15,500	-15,500
Interest Rec. / (Paid)	-289	-549	-461	-601	-539	-373	-403	-435
Dividends Paid	-1,700	-1,698	0	-2,848	-1,596	-2,125	-2,550	-2,763
CF from Fin. Activity	-1,989	-2,247	-461	-2,301	-2,239	-2,498	-2,953	-3,198
Inc/(Dec) in Cash	-623	711	-855	1,493	-1,062	586	-358	1,492
Add: Beginning Balance	1,449	826	1,536	681	2,174	1,113	1,699	1,341
Closing Balance	826	1,536	681	2,174	1,113	1,699	1,341	2,833

E: MOFSL Estimates

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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

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