

February 2, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	151		141	
Sales (Rs bn)	1,268	1,356	1,227	1,326
% Chng.	3.4	2.3		
EBITDA (Rs bn)	159	167	146	149
% Chng.	9.5	12.4		
EPS (Rs.)	15.6	17.0	13.4	13.9
% Chng.	16.7	21.7		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	1,025	1,121	1,268	1,356
EBITDA (Rs. bn)	106	117	159	167
Margin (%)	10.4	10.4	12.6	12.3
PAT (Rs. bn)	24	36	65	70
EPS (Rs.)	5.7	8.7	15.6	17.0
Gr. (%)	68.2	52.4	78.8	8.5
DPS (Rs.)	1.6	2.0	2.5	2.5
Yield (%)	1.1	1.3	1.7	1.7
RoE (%)	4.3	6.3	10.6	10.5
RoCE (%)	6.5	7.5	11.5	11.6
EV/Sales (x)	1.0	0.8	0.7	0.7
EV/EBITDA (x)	9.3	7.6	5.5	5.4
PE (x)	25.9	17.0	9.5	8.8
P/BV (x)	1.1	1.1	1.0	0.9

Key Data

SAIL.BO | SAIL IN

52-W High / Low	Rs.160 / Rs.99
Sensex / Nifty	81,666 / 25,088
Market Cap	Rs.614bn / \$ 6,710m
Shares Outstanding	4,130m
3M Avg. Daily Value	Rs.3121.35m

Shareholding Pattern (%)

Promoter's	65.00
Foreign	4.53
Domestic Institution	17.84
Public & Others	12.63
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.8	23.8	39.6
Relative	5.9	22.2	32.4

Tushar Chaudhari

tusharchaudhari@plindia.com | 91-22-663222391

Satyam Kesarwani

satyamkesarwani@plindia.com | 91-22-66322218

Pranav Iyer

pranaviyer@plindia.com | 91-22-66322539

Steel prices to drive earnings, but risks remain

Quick Pointers:

- Capex raised from Rs75 to Rs75-100bn and Rs100bn to Rs150bn for FY26/27E respectively, primarily for Rs360bn ISP expansion.
- For FY27, SAIL targets 22.5mt of hot metal production and 21mt of own saleable steel volumes.

SAIL delivered strong operating performance in Q3FY26, driven by 7.4% YoY volume growth (ex. NMDC Steel trading volumes of 0.37mt) and higher OOI worth Rs12.8bn. However, weaker steel prices limited EBITDA/t to Rs4,465/t. Management expects sequential improvement in EBITDA/t, supported by rising demand, inventory liquidation (holds 1.5mt finished), and rising steel prices across flats (~Rs3,500/t) and longs (~Rs2,500). However, we believe sharp rise in coking coal prices may limit the EBITDA/t expansion in the next 2 quarters.

SAIL has increased its FY27 capex guidance considering ISP expansion and it would further intensify in FY28/29E. Although SAIL will benefit from higher steel prices in near term, EBITDA expansion will also be limited due to sharp rise in coking coal prices which will hit in subsequent quarters. ISP expansion would drive volumes from FY30E provided timely execution. Most of the order placement for 4.5mtpa ISP project has been completed and groundwork has begun. Other debottlenecking and VAP projects at DSP (1mtpa TMT in H2FY28 and 1mtpa BF), RSP and BSP are on track. We expect SAIL to remain a play on steel prices as long-term volume growth would depend upon timely execution of planned capex. We raise our FY27/28E EBITDA estimates by ~9/12% on higher steel prices and a gradual tapering of coking coal costs but TP gets restricted on higher capex outflow and incremental debt. At CMP, the stock is trading at an EV of 5.5x/5.4x FY27/FY28E EBITDA which appear full considering rising leverage and weak execution pedigree. Maintain 'Hold' with revised TP of Rs151 (Rs141 earlier) giving same 5.5x Sep'27E EV/EBITDA.

Volumes and higher OOI cushions pricing pressure: Standalone revenue grew 12% YoY Rs273.7bn (+2% QoQ; PLeRs277bn) on decent 7.4% YoY volume growth and better than expected NSR (due to sale of scrap and by products worth 12.8bn). Average realization declined 2.2% QoQ to Rs53,169/t (-3.4% YoY; Vs PLe Rs52,734/t) while total volumes improved sharp 16% YoY to 5.15mt (5% QoQ; PLe 5.25mt) which includes ~0.37mt of NSL trading volumes as per their agreement. Crude steel production increased both sequentially and annually 2% to 4.85mt.

Better profitability on delayed coal price impact: EBITDA increased 13% YoY to Rs22.98bn (-9% QoQ Vs PLe Rs20.9bn) on lower coking coal prices and employee expenses. RM cost per ton declined 2% YoY to Rs27,883/t (coking coal consumption cost increased USD2/t), while staff costs remained flat YoY at Rs5,865/t. Other expenses declined 4% YoY to Rs15,300/t. Resultant, EBITDA/t declined 2% YoY to Rs4,465/t (PLe of Rs3,980/t). Reported PAT soared to Rs4.41bn up 3.5x YoY and 3% QoQ on weak base.

Spot spreads improved, input costs remain a watch: Average domestic steel spreads in Q3FY26 declined ~18% QoQ to Rs18,472/t, driven by a sharp fall in steel prices along with an increase in iron ore and coking coal costs. Spreads have since improved, supported by a sharp recovery in domestic steel prices- HRC (+10%) and Rebar (+3%) due to sharp jump in coking coal prices and following the extension of safeguard duties, which limited imports while strong domestic demand supported. Current spot spreads in the first month of 2026 are up 13% vs the Q3 average, indicating early signs of margin recovery; however, rising coking coal prices (+10%) remains a key risk to sustaining spreads.

Q3FY26 Conference Call Highlights:

Pricing and spreads

- NSR in Q3 for flats and longs stood at Rs48,790/t and Rs48,885/t, respectively, compared with Rs46,580/t and Rs49,021/t in Q2FY26.
- Overall NSR declined from Rs48,836/t in Q2 to Rs47,735/t in Q3. For Q4, management indicated price increases of Rs3,300-3,500/t for flats and Rs2,000-2,500/t for longs in Jan'26.

Inventory position

- As of today, finished steel inventory stands at 1.5mt with an additional 0.9mt of unfinished inventory, down from a finished steel inventory level of 2.7mt at the end of FY25.
- SAIL has been reducing inventory in Q4, having sold 0.3mt in January, and expects similar inventory sales in February and March (0.3mt each).

Production and volumes

- FY26 hot metal production is expected to be close to 21mt, while full-year sales volume is guided at 19.5mt (ex-inventory liquidation).
- For FY27, SAIL targets 22.5mt of hot metal production and 21mt of saleable steel volumes (ex-NMDC volumes).
- In FY28, hot metal production is guided at 23mt with saleable steel volumes of 21.5mt. All volumes are excluding NSL volumes.
- Volume from NSL stood at 0.37mt in Q3, with prices similar to SAIL's selling prices; however, NSL sales volumes are expected to drop significantly in Q4.

Costs

- For Q3FY26, blended coking coal costs stood at Rs18,350/t. Prices in January moved up to Rs18,500/t, with a further increase of Rs1,200/t and Rs1,000/t in February and March, respectively.
- Savings in power costs have been driven by increased usage of RE power sources. These savings are structural in nature and are expected to sustain and increase going forward.

- The labor code revision is scheduled to be implemented from 1 Jan'27, with the major impact expected in FY28. SAIL has around 50,000 employees on its rolls, with a significant number retiring every year, which is expected to reduce employee costs over time.

Capex outlook

- FY26 capex is guided in the range of Rs75-100bn, while capex spent during 9MFY26 stands at Rs54.28bn.
- FY27 capex is pegged at Rs150bn, revised upward from the earlier estimate of Rs100bn, primarily towards ISP expansion payments scheduled for next year.
- ISP capex is estimated at Rs350bn, with Rs70-80bn planned in FY27 and peak spending in FY28/29, leading to project completion by the end of FY29 or early FY30.

Operational updates:

- RSP HSM ramped up production by utilizing excessive slab inventory from Bokaro, with operations running at full levels in Q4. RSP continues to source excessive slabs from Bokaro and Bhilai.
- DSP debottlenecking plans include the shutdown of the old BF and commissioning of a new 1mtpa BF, along with commissioning of a new SMS and 1mtpa TMT bar mill over the next 18-24 months.

Financials

- Revenue from the sale of scrap and by-products (including coal tar and defective items) stood at Rs12.8bn in Q3, marginally higher than Rs11.4bn in Q2FY26.
- Total outstanding debt increased by ~Rs13.2bn QoQ to Rs349.83bn, resulting in a sharp rise in interest costs (+13% QoQ). Management has guided a debt reduction of Rs5bn in Q4FY26.

Exhibit 1: Standalone Q3FY26 Results Overview (Rs bn)

Y/e March	3QFY26	3QFY25	YoY gr. (%)	3QFY26E	% Var.	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	273.7	244.9	11.8	276.9	-1.1	267.0	2.5	798.2	715.3	11.6
Raw material	143.5	126.4	13.6	149.5	-4.0	133.7	7.3	400.8	362.6	10.5
% of Net Sales	52.4	51.6		54.0		50.1		50.2	50.7	
Staff Cost	28.4	27.2	4.5	27.5	3.5	29.4	-3.3	87.3	83.7	4.2
% of Net Sales	10.4	11.1		9.9		11.0		10.9	11.7	
Other expenses	78.8	71.1	10.9	79.0	-0.3	78.7	0.1	236.1	213.9	10.4
% of Net Sales	28.8	29.0		28.5		29.5		29.6	29.9	
Total expenditure	250.7	224.6	11.6	256.0	-2.1	241.8	3.7	724.1	660.1	9.7
EBITDA	23.0	20.3	13.5	20.9	10.0	25.3	-9.0	74.1	55.1	34.5
Margin (%)	8.4	8.3		7.5		9.5		9.3	7.7	
Depreciation	15.2	14.2	6.7	14.7	3.2	14.5	4.3	44.1	41.3	6.9
EBIT	7.8	6.0	NA	6.2	25.9	10.7	-27.0	30.1	13.9	116.9
Other income	3.3	3.6	-9.0	3.7	-9.9	3.0	9.4	8.0	8.3	-4.6
Interest	5.5	6.8	-19.5	5.9	-7.7	4.8	13.0	16.3	21.3	-23.6
PBT	5.7	2.9	96.0	4.0	42.9	8.9	-36.3	21.8	0.9	NA
Extraordinary income/(expense)	0.0	0.3	NA	0.0	NA	-3.4	NA	-1.6	13.5	NA
PBT (after EO)	5.7	3.2	78.5	4.0	42.9	5.5	2.6	20.1	14.4	39.1
Tax	1.3	1.9	-34.5	1.1	13.1	1.3	-0.2	4.6	4.7	-3.9
Reported PAT	4.4	1.3	251.1	2.9	54.4	4.3	3.5	15.5	9.7	60.2
Adjusted PAT	4.4	1.1	285.7	2.9	54.4	6.9	-35.8	16.8	0.6	NA

Source: Company, PL

Exhibit 2: Operating matrix

Y/e March	3QFY26	3QFY25	YoY gr. (%)	3QFY26E	% Var.	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Crude Steel Production volumes (mt)	4.74	4.63	2.3	4.72	0.3	4.65	1.8	14.24	14.07	1.2
Sales volume (mt)	5.15	4.45	15.7	5.25	-2.0	4.91	4.8	14.61	12.56	16.3
Realization/t	53,169	55,033	-3.4	52,734	0.8	54,365	-2.2	54,636	56,947	-4.1
EBITDA/t	4,465	4,551	-1.9	3,980	12.2	5,142	-13.2	5,075	4,388	15.7

Source: Company, PL

Exhibit 3: Plant-wise performance

Segment Revenue (Rs bn)	3QFY26	3QFY25	YoY gr. (%)	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Bhilai Steel Plant	79.3	78.3	1.3	77.2	2.7	231.1	243.4	-5.1
Durgapur Steel Plant	29.0	30.1	-3.6	27.7	4.8	83.3	91.3	-8.7
Rourkela Steel Plant	61.7	57.7	6.9	62.5	-1.4	183.8	178.9	2.8
Bokaro Steel Plant	64.3	59.9	7.3	61.5	4.6	188.9	162.9	16.0
IISCO Steel plant	32.9	25.8	27.7	32.2	2.3	94.0	89.3	5.3
Special Steel plants	29.0	12.5	131.4	27.3	6.4	86.6	37.9	128.8
Total Revenue	296.2	264.3	12.1	288.4	2.7	867.7	803.5	8.0
Segment EBIT (Rs bn)								
Bhilai Steel Plant								
Durgapur Steel Plant	5.6	6.4	-11.7	5.1	11.1	18.3	28.5	-35.7
Rourkela Steel Plant	0.1	1.1	-93.0	0.9	-91.3	1.7	3.9	-57.2
Bokaro Steel Plant	2.6	1.9	NA	4.5	-41.1	9.7	4.6	111.1
IISCO Steel plant	0.6	-1.0	NA	1.7	-62.3	5.0	-0.9	NA
Special Steel plants	1.5	1.3	20.1	1.6	-3.3	5.4	2.7	96.6
Total EBIT	0.6	0.0	NA	0.0	NA	-0.3	-0.2	NA

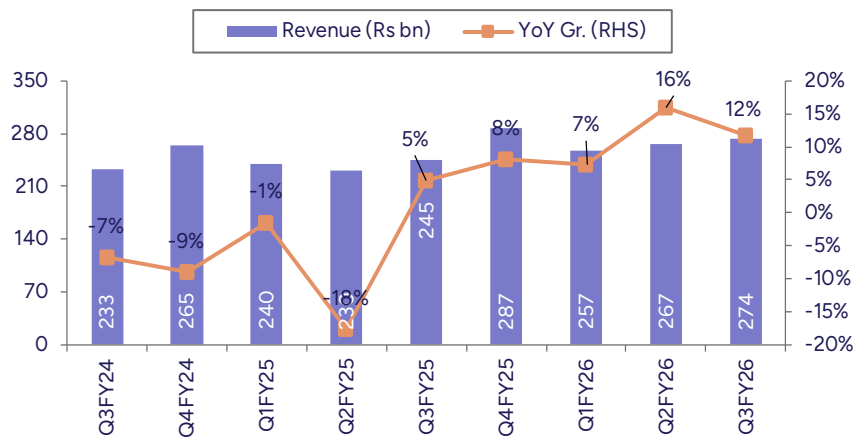
Source: Company, PL

Exhibit 4: Target Price Calculation

	Sep'27 basis
EBITDA (Rs mn)	1,63,331
Target EBITDA multiple (x)	5.5
Target EV (Rs mn)	8,98,321
Net Debt (Rs mn)	2,76,291
Residual Market Cap (Rs mn)	6,22,030
Target price (Rs)	151

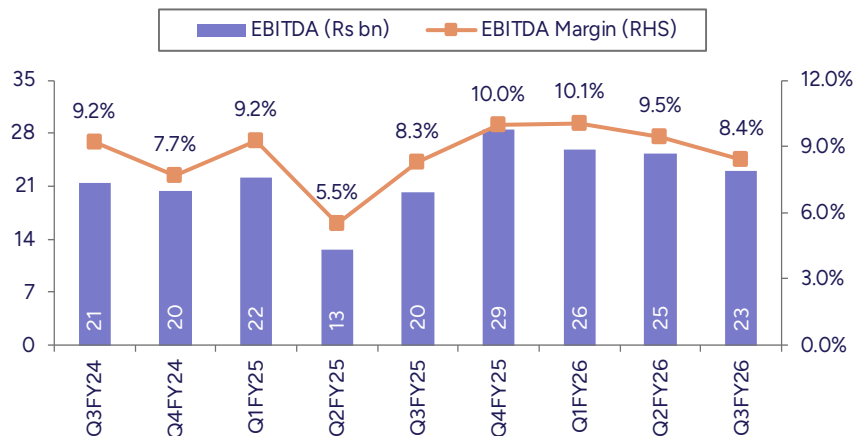
Source: PL

Exhibit 5: Revenue grew 12% YoY on sharp 16% YoY volume growth



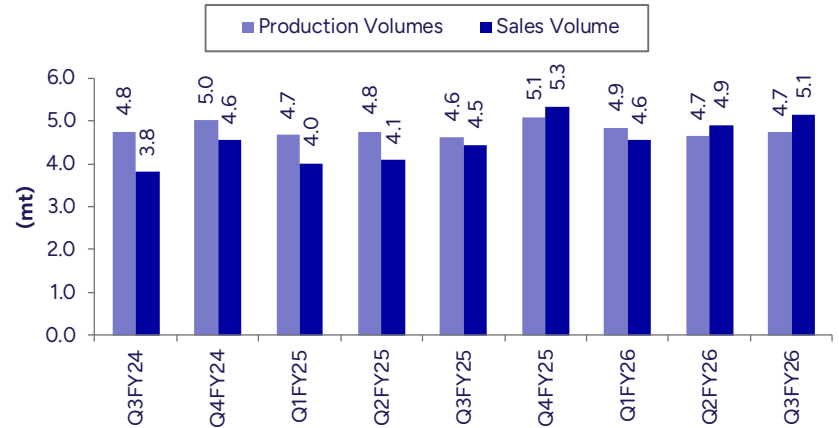
Source: Company, PL

Exhibit 6: EBITDA increased 13% YoY on lower opex.



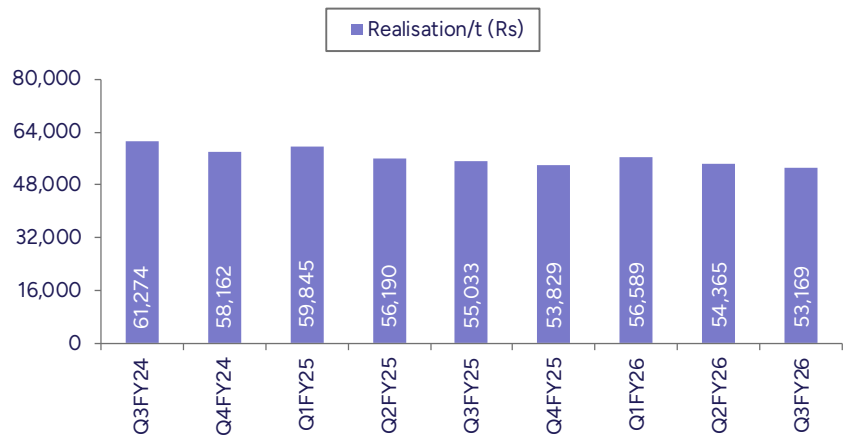
Source: Company, PL

Exhibit 7: Volume grew 16% YoY (mt; incl. NMDC Steel volumes of 0.37mt)



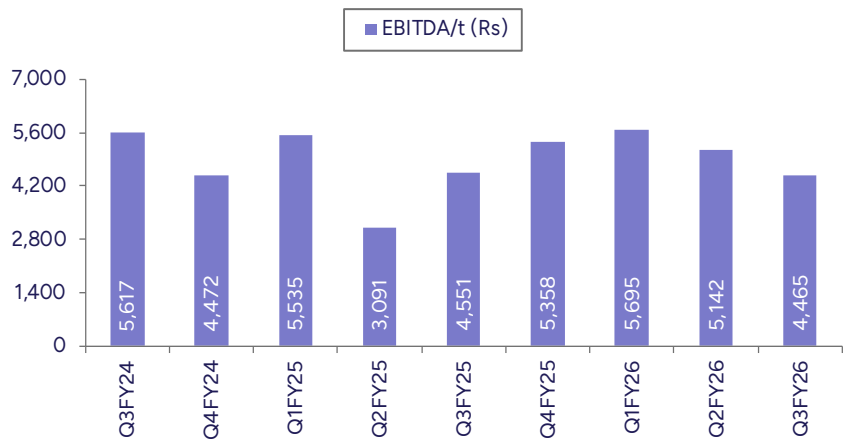
Source: Company, PL

Exhibit 8: Avg realization declined 2% QoQ due to weak steel prices



Source: Company, PL

Exhibit 9: EBITDA/t declined 2% YoY on lower RM and other expenses



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,025	1,121	1,268	1,356
YoY gr. (%)	(0.3)	9.4	13.2	6.9
Cost of Goods Sold	509	567	666	721
Gross Profit	516	553	602	635
Margin (%)	50.3	49.4	47.5	46.8
Employee Cost	117	118	121	127
Other Expenses	293	318	322	341
EBITDA	106	117	159	167
YoY gr. (%)	25.0	9.9	36.5	4.8
Margin (%)	10.4	10.4	12.6	12.3
Depreciation and Amortization	56	59	64	64
EBIT	50	58	96	103
Margin (%)	4.9	5.2	7.6	7.6
Net Interest	28	22	20	20
Other Income	11	11	11	12
Profit Before Tax	30	47	87	95
Margin (%)	2.9	4.2	6.9	7.0
Total Tax	9	11	23	25
Effective tax rate (%)	28.6	23.7	26.0	26.0
Profit after tax	21	36	65	70
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	24	36	65	70
YoY gr. (%)	68.2	52.4	78.8	8.5
Margin (%)	2.3	3.2	5.1	5.2
Extra Ord. Income / (Exp)	(2)	-	-	-
Reported PAT	21	36	65	70
YoY gr. (%)	(21.4)	68.2	78.8	8.5
Margin (%)	2.1	3.2	5.1	5.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	21	36	65	70
Equity Shares O/s (bn)	4	4	4	4
EPS (Rs)	5.7	8.7	15.6	17.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,376	1,461	1,611	1,761
Tangibles	1,376	1,461	1,611	1,761
Intangibles	-	-	-	-
Acc: Dep / Amortization	644	702	766	830
Tangibles	644	702	766	830
Intangibles	-	-	-	-
Net fixed assets	733	759	845	931
Tangibles	733	759	845	931
Intangibles	-	-	-	-
Capital Work In Progress	72	72	72	72
Goodwill	-	-	-	-
Non-Current Investments	33	33	33	33
Net Deferred tax assets	(64)	(62)	(62)	(62)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	337	307	347	372
Trade receivables	76	77	87	93
Cash & Bank Balance	9	48	60	33
Other Current Assets	-	-	-	-
Total Assets	1,329	1,366	1,515	1,604
Equity				
Equity Share Capital	41	41	41	41
Other Equity	515	543	597	657
Total Network	557	584	639	698
Non-Current Liabilities				
Long Term borrowings	383	323	323	323
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	105	154	174	186
Other current liabilities	220	244	318	335
Total Equity & Liabilities	1,329	1,366	1,515	1,604

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	30	47	87	95
Add. Depreciation	56	59	64	64
Add. Interest	28	22	20	20
Less Financial Other Income	11	11	11	12
Add. Other	-	-	-	-
Op. profit before WC changes	115	128	171	179
Net Changes-WC	17	100	44	(1)
Direct tax	(8)	(14)	(23)	(25)
Net cash from Op. activities	123	214	192	153
Capital expenditures	(61)	(85)	(150)	(150)
Interest / Dividend Income	-	-	-	-
Others	(3)	-	-	-
Net Cash from Invst. activities	(65)	(85)	(150)	(150)
Issue of share cap. / premium	-	-	-	-
Debt changes	(8)	(60)	-	-
Dividend paid	(7)	(8)	(10)	(10)
Interest paid	(28)	(22)	(20)	(20)
Others	-	-	-	-
Net cash from Fin. activities	(43)	(90)	(30)	(30)
Net change in cash	16	39	12	(27)
Free Cash Flow	62	129	42	3

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	5.7	8.7	15.6	17.0
CEPS	19.4	23.0	31.0	32.5
BVPS	134.7	141.5	154.6	169.1
FCF	14.9	31.3	10.2	0.7
DPS	1.6	2.0	2.5	2.5
Return Ratio(%)				
RoCE	6.5	7.5	11.5	11.6
ROIC	3.8	5.1	8.1	8.0
RoE	4.3	6.3	10.6	10.5
Balance Sheet				
Net Debt : Equity (x)	0.7	0.5	0.4	0.4
Net Working Capital (Days)	109	75	75	75
Valuation(x)				
PER	25.9	17.0	9.5	8.8
P/B	1.1	1.1	1.0	0.9
P/CEPS	19.4	23.0	31.0	32.5
EV/EBITDA	9.3	7.6	5.5	5.4
EV/Sales	1.0	0.8	0.7	0.7
Dividend Yield (%)	1.1	1.3	1.7	1.7

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	287	257	267	274
YoY gr. (%)	8.2	7.3	15.9	11.8
Raw Material Expenses	146	123	134	144
Gross Profit	140	134	133	130
Margin (%)	49.0	52.0	49.9	47.6
EBITDA	29	26	25	23
YoY gr. (%)	40.0	16.7	99.3	13.5
Margin (%)	10.0	10.1	9.5	8.4
Depreciation / Depletion	15	14	15	15
EBIT	13	11	11	8
Margin (%)	4.6	4.5	4.0	2.9
Net Interest	7	6	5	5
Other Income	3	2	3	3
Profit before Tax	16	9	6	6
Margin (%)	5.5	3.5	2.1	2.1
Total Tax	4	2	1	1
Effective tax rate (%)	24.7	23.0	22.8	22.2
Profit after Tax	12	7	4	4
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	12	7	4	4
YoY gr. (%)	16.5	6,318.4	(48.8)	251.1
Margin (%)	4.1	2.7	1.6	1.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	12	7	4	4
YoY gr. (%)	16.5	6,318.4	(48.8)	251.1
Margin (%)	4.1	2.7	1.6	1.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12	7	4	4
Avg. Shares O/s (bn)	4	4	4	4
EPS (Rs)	2.9	1.7	1.0	1.1

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales volume (mt)	18	20	22	23
Realisation/t (Rs)	56,018	51,224	54,235	54,708
EBITDA/t (Rs)	4,677	5,763	7,321	7,208

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-26	Hold	141	146
2	30-Oct-25	Hold	143	137
3	08-Oct-25	Hold	139	133
4	28-Jul-25	Hold	133	126
5	08-Jul-25	Hold	136	133
6	29-May-25	Hold	133	130
7	23-Apr-25	Hold	118	116
8	08-Apr-25	Hold	110	105
9	12-Feb-25	Hold	107	106

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,163	1,755
2	Adani Port & SEZ	BUY	1,876	1,473
3	Ambuja Cement	BUY	640	510
4	Dalmia Bharat	Hold	2,302	2,232
5	Hindalco Industries	Accumulate	962	904
6	Jindal Stainless	Hold	784	756
7	Jindal Steel	Accumulate	1,171	1,102
8	JK Cement	Accumulate	6,199	5,790
9	JK Lakshmi Cement	BUY	891	775
10	JSW Cement	BUY	145	124
11	JSW Infrastructure	BUY	339	273
12	JSW Steel	Accumulate	1,292	1,170
13	National Aluminium Co.	Hold	356	385
14	NMDC	Accumulate	91	82
15	Nuvoco Vistas Corporation	BUY	443	350
16	Shree Cement	Accumulate	29,242	27,325
17	Steel Authority of India	Hold	141	146
18	Tata Steel	Accumulate	204	180
19	Ultratech Cement	BUY	14,168	12,369

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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(Indian Clients)

We/I, Mr. Tushar Chaudhari- MMS-Finance, Mr. Satyam Kesarwani- BFM, Passed CFA Level II, Mr. Pranav Iyer- BBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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