

# Syrma SGS Technology

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR526 TP: INR630 (+20%) Buy**

## Changing business mix underpins margin expansion

### Operating performance in line

- Syрма SGS Technology (SYRMA) reported a strong operating performance in 4QFY25, with EBITDA rising ~46% YoY and margins expanding 510bp YoY, fueled by a favorable business mix (share of low-margin consumer business at 21% in 4QFY25 vs. 46% in 4QFY24). Revenue dipped 19% YoY, mainly due to a 64%/20% YoY decline in consumer/healthcare businesses.
- With the order book continuing to improve to over INR53b as of 4QFY25 (up 19% YoY) and margins expanding, we expect SYRMA to witness a stronger FY26 performance. Management guided 30-35% revenue growth and ~8% EBITDA margin for FY26.
- We broadly maintain our FY26/FY27 EPS estimates and reiterate our **BUY** rating on the stock with a **TP of INR630 (premised on 30x FY27E EPS)**.

### Growth in Automotive and Industrial aids margin expansion

- Consol. revenue declined 19% YoY to INR9.2b (est. INR13.6b) owing to a decline in consumer/healthcare business by 64%/28% YoY. This was offset by a 19%/44%/12% YoY increase in Automotive/industrial /IT & Railway businesses.
- EBITDA margin expanded 510bp YoY to 11.6% (est. 7.7%), which can be attributed to the gross margin expansion of 1,000bp YoY to 27.2%, led by a favorable business mix (lower share of high-volume, low-margin business). EBITDA jumped 46% YoY to INR1b (in line). Adj. PAT surged 87% YoY to INR654m (in line).
- The order book was over INR53b as of Mar'25 vs. INR45b as of Mar'24. The consumer, industrial, automotive, healthcare, and IT & railways segments accounted for ~30%, 28-30%, 25-30%, and the remaining portion of total orders as of Mar'25.
- In FY25, SYRMA's revenue/EBITDA/Adj. PAT grew 20%/52%/58% YoY to INR38b/INR3b/INR1.7b. CFO for FY25 stood at INR1.7b as against a negative CFO of INR1.1b in FY24. Net WC days declined from 70 days in FY24 to 69 days in FY25. The management expects to sustain WC days around these levels going ahead.
- Gross debt mounted to ~INR6.1b as of Mar'25 from INR5.7b as of Mar'24. Net debt was ~INR2.6b as of Mar'25 vs. INR1.7b as of Mar'24.

### Highlights from the management commentary

- **Guidance:** Management expects an EBITDA margin of ~8% in FY26, translating into INR4b in absolute terms. Strategically, management would like to reduce its exposure to low-margin, high-volume business. Even in the consumer business, the company would continue to grow its high-margin ODM segment.

Bloomberg	SYRMA IN
Equity Shares (m)	178
M.Cap.(INRb)/(USDb)	93.7 / 1.1
52-Week Range (INR)	647 / 355
1, 6, 12 Rel. Per (%)	2/-9/21
12M Avg Val (INR M)	694

### Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	37.9	51.1	66.4
EBITDA	3.0	4.1	5.4
Adj. PAT	1.7	2.6	3.7
EBITDA Margin (%)	8.0	8.0	8.2
Cons. Adj. EPS (INR)	9.7	14.6	20.7
EPS Gr. (%)	57.6	50.9	41.9
BV/Sh. (INR)	98.3	111.4	130.5

### Ratios

Net D:E	0.2	0.2	0.1
RoE (%)	10.2	13.9	17.1
RoCE (%)	10.2	12.9	15.9

### Valuations

P/E (x)	54	36	25
EV/EBITDA (x)	32	24	18

### Shareholding Pattern (%)

As on	Mar-25	Dec-24	Mar-24
Promoter	46.5	46.6	46.9
DII	7.7	7.5	5.8
FII	6.3	8.6	13.0
Others	39.5	37.4	34.4

Note: FII includes depository receipts

- **Exports** remained subdued in FY25 due to tariff-related uncertainties, but the company is confident of crossing the INR10b export mark in FY26. Export growth will also be supported by new clients onboarded in the last 4–5 months, alongside a gradual recovery in EU demand and contributions from the healthcare vertical.
- **Healthcare:** SYRMA is witnessing traction in sub-segments such as neonatal care, respiratory and heart monitoring devices, and cosmetic lasers. According to the management, these products build long-term growth visibility, since design-led engagements often translate into commercial production 2-3 years later.

#### Valuation and view

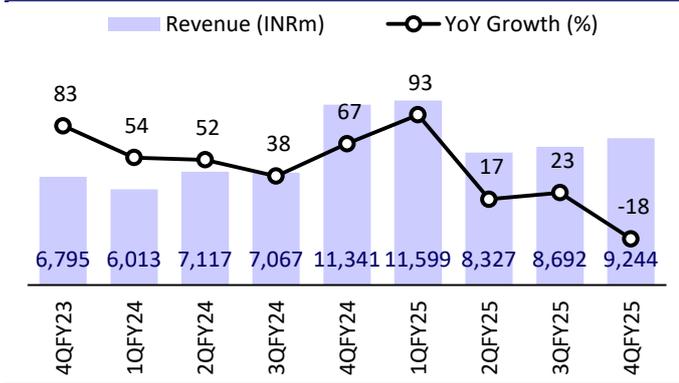
- SYRMA continued its margin recovery, driven by a favorable shift in the business mix in 4Q/FY25. We expect its margins to expand in FY26 as well, led by a decline in the mix of consumer business (lower share in the closing order book).
- We believe that the company’s long-term trajectory will continue to be strong, backed by: 1) its focus on low-volume, high-margin business; 2) an increase in exports; 3) the addition of new customers in the industrial and automotive segments; and 4) increasing traction in the healthcare business going forward.
- We estimate a revenue/EBITDA/adj. PAT CAGR of 32%/34%/46% over FY25-27, driven by strong revenue growth and margin expansion. We reiterate our **BUY** rating on the stock with a **TP of INR630 (premised on 30x FY27E EPS)**.

#### Consolidated - Quarterly Earnings Model

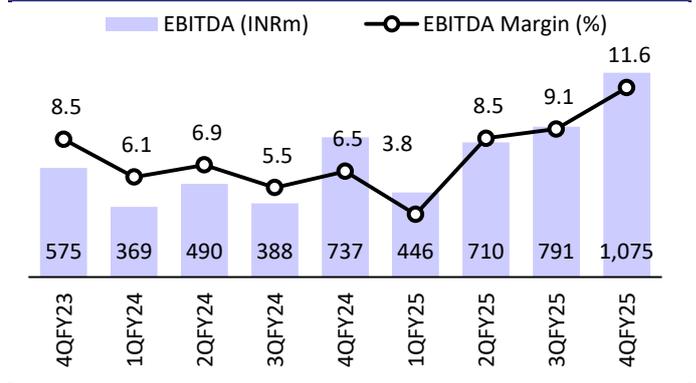
Y/E March	FY24				FY25				FY24	FY25	FY25E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE	%	
<b>Gross Sales</b>	<b>6,013</b>	<b>7,117</b>	<b>7,067</b>	<b>11,341</b>	<b>11,599</b>	<b>8,327</b>	<b>8,692</b>	<b>9,244</b>	<b>31,538</b>	<b>37,862</b>	<b>13,609</b>	<b>-32</b>
YoY Change (%)	54.4	52.4	37.9	66.9	92.9	17.0	23.0	-18.5	54.0	20.1	20.0	
Total Expenditure	5,644	6,627	6,679	10,604	11,153	7,618	7,901	8,169	29,554	34,841	12,557	
<b>EBITDA</b>	<b>369</b>	<b>490</b>	<b>388</b>	<b>737</b>	<b>446</b>	<b>710</b>	<b>791</b>	<b>1,075</b>	<b>1,984</b>	<b>3,021</b>	<b>1,051</b>	<b>2</b>
Margins (%)	6.1	6.9	5.5	6.5	3.8	8.5	9.1	11.6	6.3	8.0	7.7	
Depreciation	101	116	139	158	174	167	202	208	515	751	210	
Interest	75	80	100	123	130	136	154	156	378	577	120	
Other Income	221	89	121	156	153	100	223	223	587	699	177	
<b>PBT before EO expense</b>	<b>413</b>	<b>383</b>	<b>270</b>	<b>612</b>	<b>295</b>	<b>507</b>	<b>657</b>	<b>934</b>	<b>1,678</b>	<b>2,392</b>	<b>898</b>	
Extra-Ord expense	0	14	0	0	0	0	21	0	14	21	0	
<b>PBT</b>	<b>413</b>	<b>370</b>	<b>270</b>	<b>612</b>	<b>295</b>	<b>507</b>	<b>635</b>	<b>934</b>	<b>1,664</b>	<b>2,371</b>	<b>898</b>	
Tax	130	64	67	160	91	110	105	219	421	526	226	
Rate (%)	31.5	17.4	24.8	26.1	31.0	21.8	16.6	23.5	25.3	22.2	25.2	
MI & Profit/Loss of Asso. Cos.	-2	22	48	103	10	34	42	60	170	147	35	
<b>Reported PAT</b>	<b>285</b>	<b>283</b>	<b>155</b>	<b>349</b>	<b>193</b>	<b>362</b>	<b>488</b>	<b>654</b>	<b>1,073</b>	<b>1,698</b>	<b>637</b>	
<b>Adj PAT</b>	<b>285</b>	<b>297</b>	<b>155</b>	<b>349</b>	<b>193</b>	<b>362</b>	<b>509</b>	<b>654</b>	<b>1,087</b>	<b>1,719</b>	<b>637</b>	<b>3</b>
YoY Change (%)	84.0	4.8	-53.2	-17.4	-32.3	22.0	228.2	87.3	-8.9	58.2	82.3	
Margins (%)	4.7	4.2	2.2	3.1	1.7	4.4	5.9	7.1	3.4	4.5	4.7	

## Key exhibits

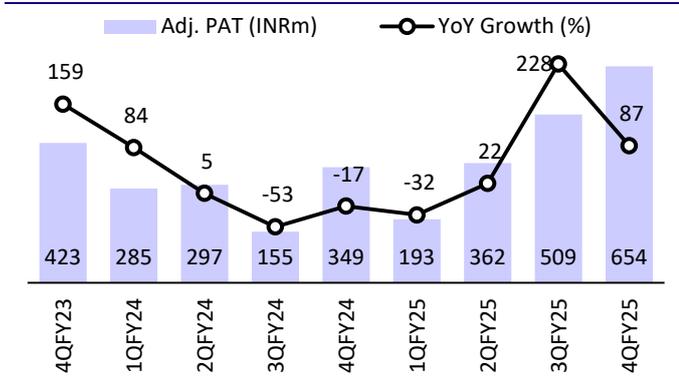
**Exhibit 1: Consolidated revenue trend**



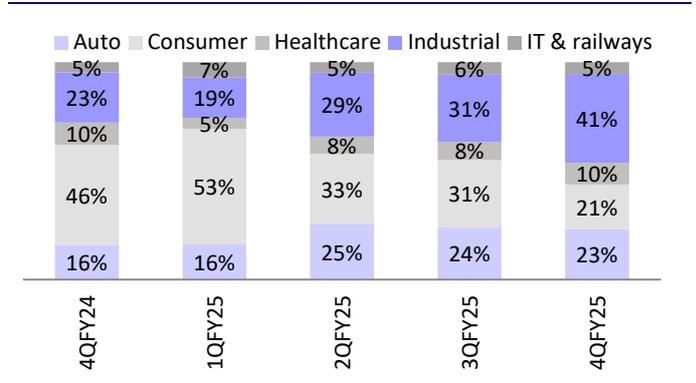
**Exhibit 2: Consolidated EBITDA trend**



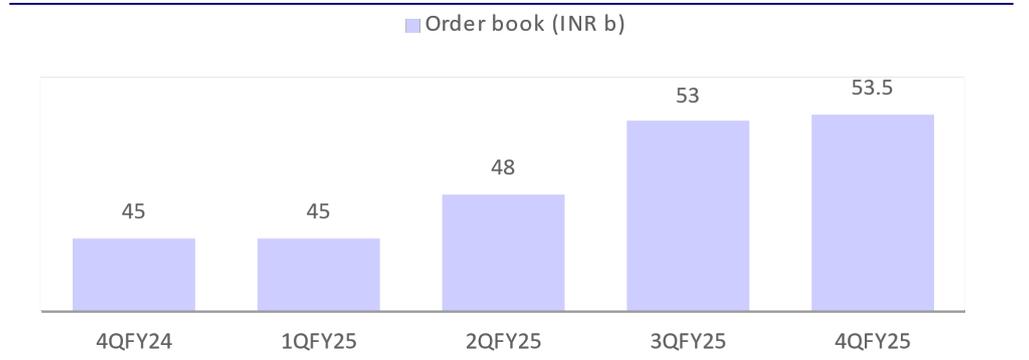
**Exhibit 3: Consolidated Adj. PAT trend**



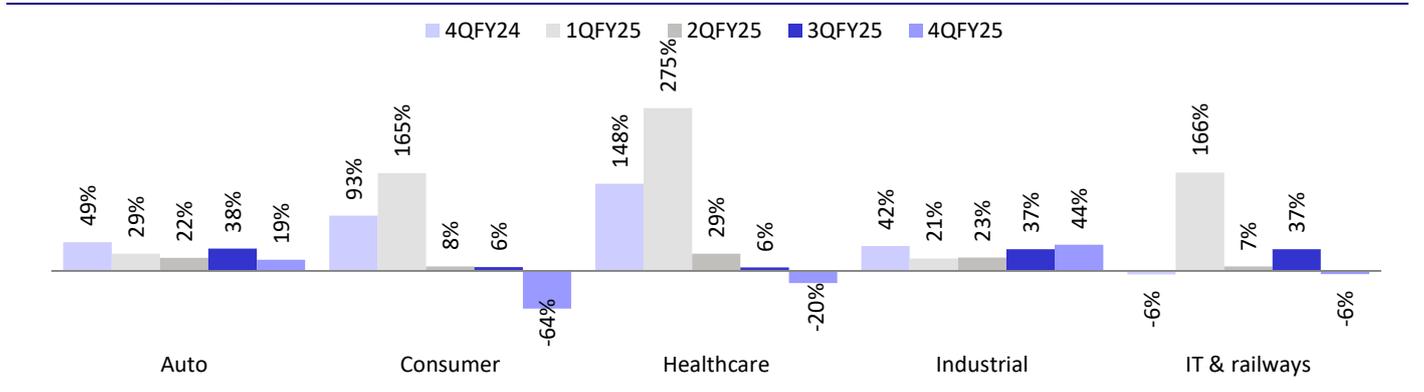
**Exhibit 4: End-user industry mix**



**Exhibit 5: Closing order book trend**



**Exhibit 6: Revenue growth YoY across end-user verticals**



Source: Company, MOFSL



## Highlights from the management commentary

### Operating performance

- Margin expansion was largely driven by a favorable change in the product mix, along with initiatives implemented by management, which have started to yield results.
- As of Mar'25, net working capital stood at 69 days. Inventory levels have been brought down by 18% to INR8.2b, down from INR1b+ in FY24.
- Gross debt as of Mar'25 stood at ~INR6.1b

### Outlook and guidance

- Going forward, the company expects ~30% of revenue to come from the consumer business.
- The company expects EBITDA margins of approximately 8% in FY26, translating to INR4b in absolute terms. The company will reassess its margin guidance as the year progresses.
- Management expects the company to grow at the rate of ~30-35%, with a continued focus on margin expansions.
- The export business is expected to surpass INR10b for FY26. The jump in export revenue will be aided by new customers, which could contribute for only five months in FY25.
- The company's focus shall be on high-margin growth driver businesses as opposed to volume accretive businesses.
- The company added 25-30 new customers in FY26, 3/4<sup>th</sup> of which may be in the automotive and industrial business.

### Order book

- As of Mar'25, the order book stood at >INR53b. Execution timeline for the order book varies, with some extending up to 18 months.
- The auto/consumer/industrial mix of the order book stands at 25-30%/30%/28-30%.
- Some customers provide orders for the whole year, while some of them provide short-term orders. Hence, order visibility varies from customer to customer.

### Industrial Business

- Key growth drivers include energy metering for domestic markets and utility metering/power supplies for international clients.
- Smart meters form a significant share: ~4m units delivered in FY25, contributing over INR3b in revenue; robust growth is expected to continue.
- Client acquisition in the smart metering segment remains strategic and selective.

### Consumer Business

- Strategically, the company aims to reduce exposure to low-margin, high-volume consumer products while continuing to grow the high-margin ODM segment.
- RFID currently contributes ~8% of revenues, expected to rise to 8-10% in FY26
- Only low-margin consumer products will be scaled down.

### Capex

- The company incurred a capex of ~INR1.80b in FY25, which was largely spent towards the Pune facility.
- The company attained an asset turnover of 5.5x during FY25
- SYRMA may continue to invest in capex as it may deem fit; it is expanding its Bangalore facility currently to serve its increasing business there

### Others

- The company booked PLI incentives of INR350-360m/INR80m for FY25/Q4FY25. PLI-related income of INR150-180m is expected in FY26.
- High-margin businesses have an elongated WC cycle, however, the company may be able to maintain and even reduce the same going forward.
- There is a lot of volatility in the tariff environment, but India may not be affected negatively due to tariffs.
- QIP may be used for inorganic acquisition or to enter into the component manufacturing scheme. The proper allocation of the same has not been decided yet.
- EcoVadis, which is a global agency that monitors ESG, has given a percentile score of plus 70%, and the company is among the top 35 companies globally that are meeting the ESG norms set by the companies and the government.
- Core growth drivers going ahead may be automotive, industrial, and exports

### Valuation and view

- SYRMA continued its margin recovery, driven by a favorable shift in the business mix in 4Q/FY25. We expect its margins to expand in FY26 as well, led by a decline in the mix of consumer business (lower share in the closing order book).
- We believe that the company's long-term trajectory will continue to be strong, backed by: 1) its focus on low-volume, high-margin business; 2) an increase in exports; 3) the addition of new customers in the industrial and automotive segments; and 4) increasing traction in the healthcare business going forward.
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#### Exhibit 7: Changes to our estimates

Earnings change (INR m)	Old		New		Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	57,007	74,109	51,113	66,447	-10%	-10%
EBITDA	4,218	5,632	4,089	5,449	-3%	-3%
Adj. PAT	2,712	3,795	2,594	3,681	-4%	-3%

## Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Total Income from Operations</b>	<b>8,621</b>	<b>8,858</b>	<b>12,667</b>	<b>20,484</b>	<b>31,538</b>	<b>37,862</b>	<b>51,113</b>	<b>66,447</b>
Change (%)	143.5	2.8	43.0	61.7	54.0	20.1	35.0	30.0
RM Cost	5,847	6,276	9,408	15,405	25,069	29,258	39,511	51,430
Employees Cost	748	781	823	1,060	1,426	1,887	2,505	3,057
Other Expenses	731	786	1,148	2,142	3,059	3,696	5,009	6,512
<b>Total Expenditure</b>	<b>7,325</b>	<b>7,842</b>	<b>11,380</b>	<b>18,606</b>	<b>29,554</b>	<b>34,841</b>	<b>47,024</b>	<b>60,999</b>
% of Sales	85.0	88.5	89.8	90.8	93.7	92.0	92.0	91.8
<b>EBITDA</b>	<b>1,295</b>	<b>1,016</b>	<b>1,287</b>	<b>1,878</b>	<b>1,984</b>	<b>3,021</b>	<b>4,089</b>	<b>5,449</b>
Margin (%)	15.0	11.5	10.2	9.2	6.3	8.0	8.0	8.2
Depreciation	191	228	249	312	515	751	790	803
<b>EBIT</b>	<b>1,105</b>	<b>789</b>	<b>1,038</b>	<b>1,566</b>	<b>1,469</b>	<b>2,270</b>	<b>3,299</b>	<b>4,646</b>
Int. and Finance Charges	154	97	108	216	378	577	478	380
Other Income	183	177	178	437	587	699	920	997
<b>PBT bef. EO Exp.</b>	<b>1,134</b>	<b>869</b>	<b>1,108</b>	<b>1,787</b>	<b>1,678</b>	<b>2,392</b>	<b>3,741</b>	<b>5,263</b>
EO Items	0	0	0	0	-14	-21	0	0
<b>PBT after EO Exp.</b>	<b>1,134</b>	<b>869</b>	<b>1,108</b>	<b>1,787</b>	<b>1,664</b>	<b>2,371</b>	<b>3,741</b>	<b>5,263</b>
Total Tax	219	213	343	556	421	526	942	1,325
Tax Rate (%)	19.3	24.5	31.0	31.1	25.3	22.2	25.2	25.2
Minority Interest	31	25	42	38	170	147	206	257
<b>Reported PAT</b>	<b>884</b>	<b>630</b>	<b>722</b>	<b>1,193</b>	<b>1,073</b>	<b>1,698</b>	<b>2,594</b>	<b>3,681</b>
<b>Adjusted PAT</b>	<b>884</b>	<b>630</b>	<b>722</b>	<b>1,193</b>	<b>1,087</b>	<b>1,719</b>	<b>2,594</b>	<b>3,681</b>
Change (%)	321.5	-28.7	14.5	65.2	-8.9	58.2	50.9	41.9
Margin (%)	10.3	7.1	5.7	5.8	3.4	4.5	5.1	5.5

Consolidated - Balance Sheet								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	46	46	1,376	1,768	1,774	1,780	1,780	1,780
Preference Capital	47	0	0	0	0	0	0	0
Total Reserves	4,182	5,946	4,344	13,635	14,352	15,719	18,046	21,460
<b>Net Worth</b>	<b>4,275</b>	<b>5,992</b>	<b>5,721</b>	<b>15,403</b>	<b>16,126</b>	<b>17,500</b>	<b>19,826</b>	<b>23,240</b>
Minority Interest	2	6	108	26	644	749	954	1,211
Total Loans	1,205	1,029	2,183	3,468	5,763	6,112	5,412	4,712
Deferred Tax Liabilities	42	62	124	138	176	139	139	139
<b>Capital Employed</b>	<b>5,523</b>	<b>7,089</b>	<b>8,136</b>	<b>19,035</b>	<b>22,710</b>	<b>24,499</b>	<b>26,331</b>	<b>29,303</b>
Gross Block	2,089	2,264	3,233	4,821	8,134	9,077	9,964	10,882
Less: Accum. Deprn.	191	405	635	947	1,462	2,213	3,003	3,805
<b>Net Fixed Assets</b>	<b>1,898</b>	<b>1,858</b>	<b>2,597</b>	<b>3,874</b>	<b>6,672</b>	<b>6,864</b>	<b>6,961</b>	<b>7,076</b>
Goodwill on Consolidation	1,059	1,059	1,182	1,182	3,221	3,221	3,221	3,221
Capital WIP	12	0	408	253	168	609	522	604
<b>Total Investments</b>	<b>301</b>	<b>1,316</b>	<b>410</b>	<b>8,500</b>	<b>419</b>	<b>594</b>	<b>594</b>	<b>594</b>
Current Investments	0	0	0	780	355	514	514	514
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>4,591</b>	<b>5,365</b>	<b>6,945</b>	<b>11,603</b>	<b>26,414</b>	<b>30,758</b>	<b>38,722</b>	<b>48,603</b>
Inventory	1,419	1,789	2,913	5,874	10,043	8,219	11,203	14,564
Account Receivables	1,804	2,084	2,722	4,032	9,301	14,775	19,605	25,487
Cash and Bank Balance	780	729	369	544	856	2,958	1,781	1,243
Loans and Advances	588	763	940	1,151	6,215	4,807	6,134	7,309
<b>Curr. Liability &amp; Prov.</b>	<b>2,338</b>	<b>2,509</b>	<b>3,407</b>	<b>6,377</b>	<b>14,185</b>	<b>17,548</b>	<b>23,689</b>	<b>30,796</b>
Account Payables	1,707	1,848	2,405	4,881	12,232	15,744	21,254	27,630
Other Current Liabilities	506	554	857	1,362	1,778	1,597	2,156	2,803
Provisions	125	108	145	134	174	207	279	362
<b>Net Current Assets</b>	<b>2,253</b>	<b>2,856</b>	<b>3,538</b>	<b>5,226</b>	<b>12,230</b>	<b>13,211</b>	<b>15,033</b>	<b>17,807</b>
Misc Expenditure	0	0	0	0	0	0	0	0
<b>Appl. of Funds</b>	<b>5,523</b>	<b>7,089</b>	<b>8,136</b>	<b>19,035</b>	<b>22,710</b>	<b>24,499</b>	<b>26,331</b>	<b>29,303</b>

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>6.4</b>	<b>4.6</b>	<b>5.2</b>	<b>6.7</b>	<b>6.1</b>	<b>9.7</b>	<b>14.6</b>	<b>20.7</b>
Cash EPS	7.8	6.2	7.1	8.5	9.0	13.9	19.0	25.2
BV/Share	31.1	43.5	41.6	87.1	90.9	98.3	111.4	130.5
DPS	0.0	0.0	0.0	0.0	1.5	1.5	1.5	1.5
Payout (%)	0.0	0.0	0.0	0.0	24.8	15.7	10.3	7.3
<b>Valuation (x)</b>								
P/E	81.9	114.8	100.3	77.9	85.9	54.5	36.1	25.4
Cash P/E	67.4	84.4	74.5	61.8	58.3	37.9	27.7	20.9
P/BV	16.9	12.1	12.7	6.0	5.8	5.4	4.7	4.0
EV/Sales	8.4	8.2	5.9	4.6	3.1	2.6	1.9	1.5
EV/EBITDA	56.2	71.5	57.7	50.7	49.7	32.1	23.9	18.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3
FCF per share	7.8	1.3	-7.5	-12.1	-25.4	0.2	-3.7	-1.1
<b>Return Ratios (%)</b>								
RoE	35.8	12.3	12.3	11.3	6.9	10.2	13.9	17.1
RoCE	29.4	11.7	11.2	10.3	7.5	10.2	12.9	15.9
RoIC	31.1	12.6	11.9	12.9	7.1	8.5	11.3	13.8
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	4.1	3.9	3.9	4.2	3.9	4.2	5.1	6.1
Asset Turnover (x)	1.6	1.2	1.6	1.1	1.4	1.5	1.9	2.3
Inventory (Days)	60	74	84	105	116	79	80	80
Debtor (Days)	76	86	78	72	108	142	140	140
Creditor (Days)	72	76	69	87	142	152	152	152
<b>Leverage Ratio (x)</b>								
Current Ratio	2.0	2.1	2.0	1.8	1.9	1.8	1.6	1.6
Interest Cover Ratio	7.2	8.1	9.6	7.3	3.9	3.9	6.9	12.2
Net Debt/Equity	0.1	0.1	0.3	0.1	0.3	0.2	0.2	0.1

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	1,134	869	1,108	1,787	1,664	2,371	3,741	5,263
Depreciation	191	228	249	312	515	751	790	803
Interest & Finance Charges	117	52	54	-222	378	585	-442	-617
Direct Taxes Paid	-207	-220	-289	-556	-540	-607	-942	-1,325
(Inc)/Dec in WC	301	-499	-1,212	-2,140	-2,804	-934	-3,000	-3,311
<b>CF from Operations</b>	<b>1,535</b>	<b>430</b>	<b>-90</b>	<b>-818</b>	<b>-786</b>	<b>2,165</b>	<b>148</b>	<b>813</b>
Others	23	-58	-36	115	-350	-400	0	0
<b>CF from Operating incl EO</b>	<b>1,558</b>	<b>371</b>	<b>-126</b>	<b>-703</b>	<b>-1,136</b>	<b>1,765</b>	<b>148</b>	<b>813</b>
(Inc)/Dec in FA	-479	-187	-901	-1,433	-3,370	-1,726	-800	-1,000
<b>Free Cash Flow</b>	<b>1,079</b>	<b>184</b>	<b>-1,027</b>	<b>-2,136</b>	<b>-4,506</b>	<b>39</b>	<b>-652</b>	<b>-187</b>
(Pur)/Sale of Investments	-20	-51	11	0	-2,300	605	0	0
Others	42	-888	-2,844	-7,711	5,388	69	920	997
<b>CF from Investments</b>	<b>-457</b>	<b>-1,127</b>	<b>-3,734</b>	<b>-9,144</b>	<b>-282</b>	<b>-1,052</b>	<b>120</b>	<b>-3</b>
Issue of Shares	0	331	2,715	9,682	0	0	0	0
Inc/(Dec) in Debt	-416	-179	1,159	1,285	2,295	330	-700	-700
Interest Paid	-119	-70	-70	-216	-378	0	-478	-380
Dividend Paid	-20	0	0	0	0	-266	-267	-267
Others	-37	622	-303	-730	-187	1,326	0	0
<b>CF from Fin. Activity</b>	<b>-593</b>	<b>705</b>	<b>3,500</b>	<b>10,022</b>	<b>1,730</b>	<b>1,389</b>	<b>-1,445</b>	<b>-1,347</b>
<b>Inc/Dec of Cash</b>	<b>508</b>	<b>-51</b>	<b>-360</b>	<b>175</b>	<b>312</b>	<b>2,102</b>	<b>-1,177</b>	<b>-537</b>
Opening Balance	143	780	729	369	544	856	2,958	1,781
Other cash & cash equivalent	130	0	0	0				
<b>Closing Balance</b>	<b>780</b>	<b>729</b>	<b>369</b>	<b>544</b>	<b>856</b>	<b>2,958</b>	<b>1,781</b>	<b>1,243</b>

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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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