

# Dr. Agarwal's Health Care

Estimate change



TP change



Rating change



Bloomberg	AGARWALE IN
Equity Shares (m)	316
M.Cap.(INRb)/(USDb)	142.7 / 1.6
52-Week Range (INR)	568 / 327
1, 6, 12 Rel. Per (%)	-8/-5/4
12M Avg Val (INR M)	239

## Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	20.6	25.2	30.3
EBITDA	5.5	6.8	8.4
Adjusted PAT	1.3	1.7	2.5
EBIT Margin (%)	13.6	15.2	16.5
Cons. Adj EPS (INR)	4.0	5.3	8.0
EPS Growth (%)	50.9	33.4	50.2
BV/Share (INR)	63.5	68.9	76.9

## Ratios

Net D-E	-0.1	-0.2	-0.2
RoE (%)	6.5	8.1	11.0
RoCE (%)	8.3	10.1	12.7
Payout (%)	0.0	0.0	1.0

## Valuations

P/E (x)	112.8	84.5	56.3
EV/EBITDA (x)	26.0	20.9	16.9
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-6.3	4.8	2.7
EV/Sales (x)	7.0	5.6	4.7

## Shareholding Pattern (%)

As On	Dec-25	Sep-25
Promoter	32.4	32.4
DII	27.9	28.0
FII	38.0	38.0
Others	1.8	1.5

FII includes depository receipts

**CMP: INR450**

**TP: INR565 (+25%)**

**Buy**

## Multi-region scale-up keeps growth intact

### High-end surgeries, facility maturity and patient growth drive upside

- Dr. Agarwal's Health Care (DAHL) delivered better-than-estimated earnings in 3QFY26. While revenue was largely in line, EBITDA/PAT came in 8% above our estimates. Growth was driven by an increased share of high-end surgical procedures, robust product sales, and facility additions.
- DAHL reported 24% YoY growth in the number of patients served for eye care. Interestingly, the share of high-end cataract surgeries increased to 26% of total cataract surgeries (vs. 20% YoY), driving better realizations.
- The south and west regions saw 15-16% YoY growth in the number of surgeries performed in 3Q. The north and east regions also saw a pickup.
- Mature facilities (operationalized till FY22) posted 14% YoY revenue growth in YTD FY26. About nine facilities have been shifted from emerging to mature given the time since those facilities in operations.
- We raise our earnings estimates by 7%/4%/2% for FY26/FY27/FY28, factoring in enhanced efforts for high-end surgeries, healthy scale-up in north region facilities and robust growth in patients served in west/east regions. We value DAHL on an SoTP basis (30x EV/EBITDA for the surgery business, 15x EV/EBITDA for the opticals business, 13x EV/EBITDA for the pharmacy business, adj for a stake in Dr. Agarwal Eye Hospital/Thind hospital) and arrive at a TP of INR565.
- We expect a CAGR of 21%/23%/42% in revenue/EBITDA/PAT over FY26-28. We believe DAHL is well positioned for stable growth momentum on the back of increased market share and facility additions. Maintain BUY.

### Margin expansion drives robust earnings growth

- 3Q revenue grew 23% YoY to INR5.3b (in line).
- EBITDA margin expanded 180bp YoY to 27.2% (our estimate: 26%), driven primarily by lower raw material costs (down 40bp YoY as % of sales), employee expenses (down 10bp YoY, and other expenses (down 130bp YoY).
- Consequently, EBITDA grew 31.5% YoY to INR1.4b (our estimate: INR1.3b).
- PAT after minority interest came in at INR337m, up from INR187m in 3QFY25.
- For 9MFY26, revenue/EBITDA/PAT grew 21%/27%/97% YoY, driven by facility expansion and operational efficiencies.

### Network expansion and higher surgical volumes drive growth

- Geography-wise, India business rose 23.1% YoY to INR4.8b (91% of total revenue), while international revenue grew 22.4% YoY to INR499m (9% of total revenue).
- Mature facilities reported 37.8% YoY growth to INR4.1b (76% of revenue), partly due to a shift of nine facilities to the mature category, all added to the surgical sub-category.
- Vintage facilities (up to FY22) grew 14.2% YoY in 9MFY26.

**Tushar Manudhane - Research Analyst** (Tushar.Manudhane@MotilalOswal.com)

**Vipul Mehta - Research Analyst** (Vipul.Mehta@MotilalOswal.com) **Eshita Jain - Research Analyst** (Eshita.Jain@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.

- DAHL added 38/14 new centers during 9MFY26/3QFY26, expanding its network to 272 facilities. The number of surgeries performed in 9MFY26 increased 11.6% YoY to 238,283.
- Service sales accounted for 78.8% of total revenue, whereas product sales contributed 21.2% in 9MFY26.

### Highlights from the management commentary

- Management highlighted steady growth in patient footfalls, with daily walk-ins increasing to nearly 10k patients (vs. 8k YoY), supported by a stronger brand recall and a wider geographic reach.
- The company expanded its network to 253 facilities across 148 cities, with 14 new greenfield facilities commissioned during the quarter, and a total of 38 facilities added in 9MFY26.
- High-end cataract surgeries accounted for 26% of total cataract procedures in 9MFY26 (vs. 20% YoY), with robotic (femto) cataract surgeries recording strong YoY growth after the addition of new robotic systems.
- Management has reiterated its continued focus on premiumization through a higher adoption of advanced cataract, refractive (SMILE), retinal, and corneal procedures, supported by ongoing investments in advanced surgical technologies.
- Same-store sales growth remained healthy, supported by a combination of patient volume growth, improved conversion rates, and increasing contribution from premium procedures rather than price-led growth.

### Quarterly Earning Model

Y/E March	FY25				FY26E				FY25	FY26E	FY26	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est
<b>Net Sales</b>	<b>4,035</b>	<b>4,166</b>	<b>4,307</b>	<b>4,602</b>	<b>4,874</b>	<b>4,987</b>	<b>5,299</b>	<b>5,437</b>	<b>17,110</b>	<b>20,597</b>	<b>5,169</b>	<b>2.5%</b>
YoY Change (%)			29.5	31.9	20.8	19.7	23.0	18.1	28.4	20.4	20.0	
Total Expenditure	2,998	3,096	3,211	3,272	3,596	3,626	3,858	3,998	12,578	15,077	3,830	
<b>EBITDA</b>	<b>1,037</b>	<b>1,070</b>	<b>1,096</b>	<b>1,330</b>	<b>1,279</b>	<b>1,361</b>	<b>1,441</b>	<b>1,439</b>	<b>4,532</b>	<b>5,520</b>	<b>1,339</b>	<b>7.6%</b>
YoY Change (%)			23.2	24.2	23.3	27.3	31.5	8.2	25.1	21.8	22.1	
Margins (%)	25.7	25.7	25.4	28.9	26.2	27.3	27.2	26.5	26.5	26.8	25.9	
Depreciation	555	572	582	604	630	679	688	713	2,313	2,709	690	
<b>EBIT</b>	<b>482</b>	<b>498</b>	<b>514</b>	<b>726</b>	<b>649</b>	<b>683</b>	<b>754</b>	<b>725</b>	<b>2,220</b>	<b>8,229</b>	<b>649</b>	<b>16.2%</b>
YoY Change (%)			10.7	18.4	34.7	37.2	46.6	-0.1	15.7	270.7	26.2	
Interest	270	284	284	250	247	226	211	213	1,088	897	230	
Other Income	60	119	127	154	134	79	105	93	460	412	131	
<b>PBT before EO expense</b>	<b>272</b>	<b>333</b>	<b>358</b>	<b>630</b>	<b>536</b>	<b>537</b>	<b>648</b>	<b>606</b>	<b>1,592</b>	<b>2,326</b>	<b>550</b>	<b>17.8%</b>
Extra-Ord expense	0	0	-52	45	0	0	0	0	7	0	0	
<b>PBT</b>	<b>272</b>	<b>333</b>	<b>409</b>	<b>585</b>	<b>536</b>	<b>537</b>	<b>648</b>	<b>606</b>	<b>1,599</b>	<b>2,326</b>	<b>550</b>	<b>17.8%</b>
Tax	89	119	128	160	155	172	211	183	495	721	162	
Rate (%)	32.6	35.9	31.2	27.3	29.0	32.0	32.6	30.2	31.0	31.0	29.4	
MI & P/L of Asso. Cos.	62	48	59	100	80	68	99	102	269	349	75	
<b>Reported PAT</b>	<b>121</b>	<b>165</b>	<b>223</b>	<b>326</b>	<b>301</b>	<b>297</b>	<b>337</b>	<b>321</b>	<b>835</b>	<b>1,256</b>	<b>313</b>	<b>7.8%</b>
<b>Adj PAT</b>	<b>121</b>	<b>165</b>	<b>187</b>	<b>358</b>	<b>301</b>	<b>297</b>	<b>337</b>	<b>321</b>	<b>832</b>	<b>1,256</b>	<b>313</b>	<b>7.8%</b>
YoY Change (%)			-5.6	-7.4	148.3	79.5	80.3	-10.5	0.2	50.9	67.3	
Margins (%)	3.0	4.0	4.3	7.8	6.2	6.0	6.4	5.9	4.9	6.1	6.1	
<b>EPS</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>1.1</b>	<b>1.0</b>	<b>2.7</b>	<b>4.0</b>	<b>1.0</b>	<b>7.9%</b>



### Conference call highlights

- Core southern markets continue to anchor the network, while management is actively strengthening its presence in western and northern regions through cluster-based expansion into underserved and micro markets.
- New facilities in core markets are typically breaking even within 6-7 months, while facilities in new regions are expected to achieve the breakeven within 12-18 months.
- The company plans to continue adding 55-60 facilities annually, implying around 20% network growth per year, with roughly three-fourths of additions expected to be surgical centers.
- On international expansion, management is evaluating Ethiopia as a potential organic entry market.
- In 4QFY26, the company plans to launch 16 additional centers, of which 11 are expected to be surgical facilities across the south, west, and north regions.

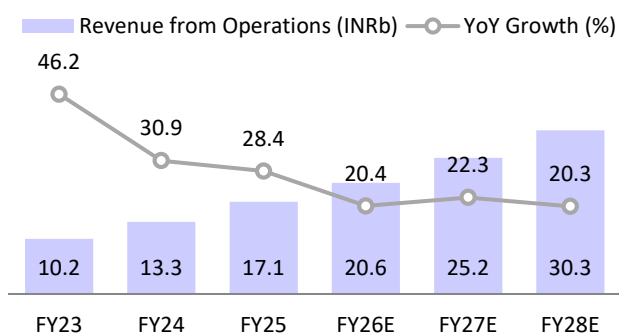
## Strong execution with balanced growth and footprint expansion

- DAHL delivered a strong performance in 9MFY26, with revenue rising 21% YoY to INR15.2b, driven by a well-balanced mix of volume expansion and premiumization.
- Average revenue per surgery (ARPS) improved significantly by 10% YoY to INR42,308 in 9MFY26 from INR38,414 in 9MFY25.
- Surgery volumes remained strong, with 238,283 surgeries performed in 9MFY26, up 12% YoY – including 173,167 cataract surgeries (+10% YoY), 53,126 other surgeries (+19% YoY), and 11,990 refractive surgeries (+7% YoY), underscoring consistent growth across segments.
- Network expansion continued at a healthy pace, with DAHL's footprint increasing to 272 facilities (+23% YoY). The company served 2.2m patients in 9MFY26, marking a 24.2% YoY rise in patient footfall.
- The diagnosis and consultation segment declined by 2% YoY to INR1.8b, while the product business, comprising opticals, contact lenses, accessories, and pharma products, recorded a strong 26% YoY increase to INR3.2b, driven by better in-clinic conversions and a product mix.
- From a payor-mix perspective, revenue from cash-paying patients rose 23% YoY to INR9.5b, forming nearly 62% of total business in 9MFY26.
- While South India remains DAHL's stronghold, the company has been expanding rapidly across other regions. The number of facilities grew 27.8% YoY in the west, 41.2% in the north, and 83% in the east during 9MFY26.
- The quarter reinforces confidence in the scalability of DAHL's hub-and-spoke model, with strong same-store sales growth, stable margins, and improving RoCE trajectory.
- Accordingly, we expect DAHL to deliver a 21% revenue CAGR, reaching INR30.3b over FY25-28.

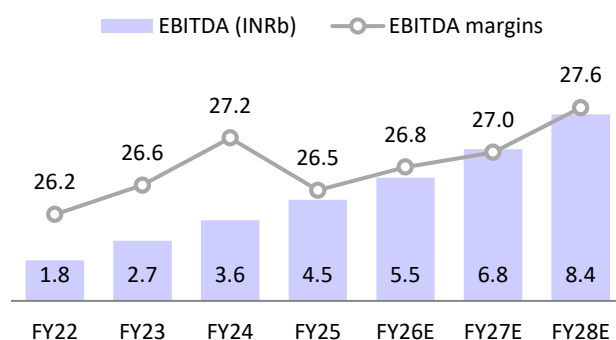
## Reiterate BUY

- We raise our earnings estimates by 7%/4%/2% for FY26/FY27/FY28, factoring in enhanced efforts for high-end surgeries, a healthy scale-up in north region facilities, and robust growth in patients served in west/east regions. We value DAHL on an SoTP basis (25x EV/EBITDA for the surgery business, 15x EV/EBITDA for the opticals business, 13x EV/EBITDA for the pharmacy business, adj for a stake in Dr. Agarwal eye hospital/Thind hospital) and arrive at a TP of INR565.
- We expect a CAGR of 21%/23%/42% in revenue/EBITDA/PAT over FY26-28. We believe DAHL is well positioned for consistent growth momentum on the back of an increased market share and facility additions. Maintain BUY.

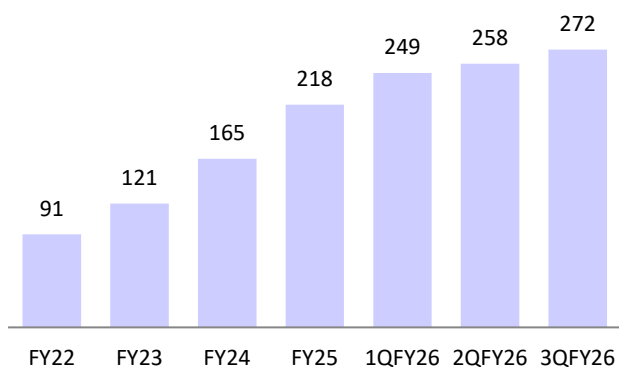
## Story in charts

**Exhibit 1: Expect a revenue CAGR of 21% over FY25-28**


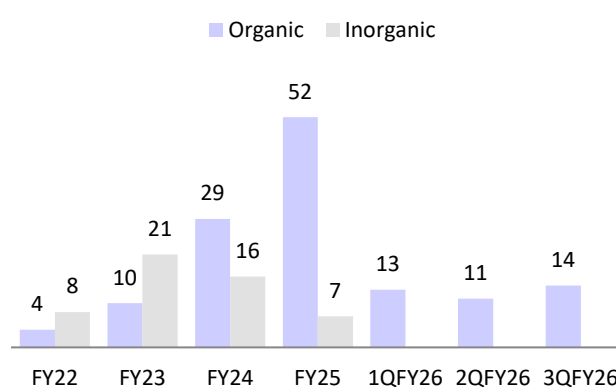
Source: MOFSL, Company

**Exhibit 2: EBITDA margin to expand 110bp over FY25-28**


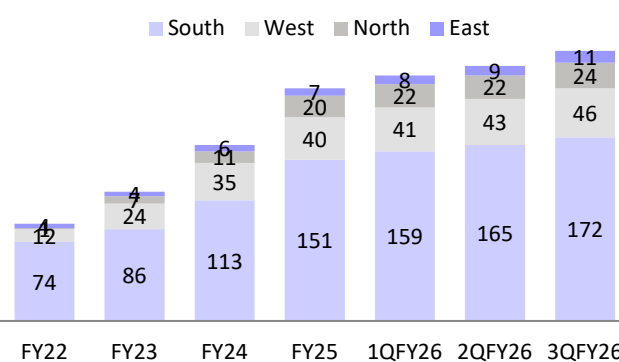
Source: MOFSL, Company

**Exhibit 3: 14 facilities added in 3QFY26**


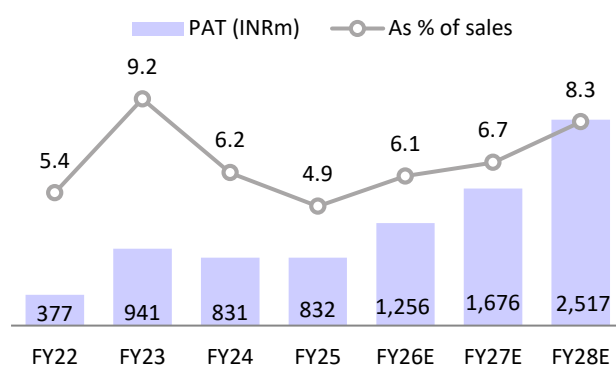
Note: Excludes 2 facilities closed in 2QFY26; Source: MOFSL, Company

**Exhibit 4: 38 facilities added on an organic basis over 9MFY26**


Source: MOFSL, Company

**Exhibit 5: Regional presence (3QFY26)**


Source: MOFSL, Company

**Exhibit 6: PAT to exhibit 45% CAGR over FY25-28**


Source: MOFSL, Company

## Financials and valuations

### Consolidated - Income Statement

(INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>6,961</b>	<b>10,180</b>	<b>13,322</b>	<b>17,110</b>	<b>20,597</b>	<b>25,195</b>	<b>30,304</b>
Change (%)	NA	46.2	30.9	28.4	20.4	22.3	20.3
Raw Materials	1,600	2,339	3,010	3,886	4,696	5,719	6,818
Consultancy charges	2,326	3,375	4,467	5,789	6,982	8,466	9,970
Other Expenses	1,214	1,762	2,222	2,904	3,398	4,208	5,152
<b>Total Expenditure</b>	<b>5,140</b>	<b>7,476</b>	<b>9,699</b>	<b>12,578</b>	<b>15,077</b>	<b>18,392</b>	<b>21,940</b>
% of Sales	73.8	73.4	72.8	73.5	73.2	73.0	72.4
<b>EBITDA</b>	<b>1,821</b>	<b>2,703</b>	<b>3,623</b>	<b>4,532</b>	<b>5,520</b>	<b>6,803</b>	<b>8,364</b>
Margin (%)	26.2	26.6	27.2	26.5	26.8	27.0	27.6
Depreciation	655	788	1,058	1,483	1,710	1,756	1,902
Dep on ROU asset	322	495	646	830	999	1,222	1,470
<b>EBIT</b>	<b>845</b>	<b>1,420</b>	<b>1,919</b>	<b>2,220</b>	<b>2,811</b>	<b>3,825</b>	<b>4,993</b>
Int. and Finance Charges	454	720	956	1,088	897	1,267	1,220
Other Income	177	135	443	460	412	454	545
<b>PBT bef. EO Exp.</b>	<b>568</b>	<b>836</b>	<b>1,406</b>	<b>1,592</b>	<b>2,326</b>	<b>3,011</b>	<b>4,318</b>
EO Items	0	0	0	7	0	0	0
<b>PBT after EO Exp.</b>	<b>568</b>	<b>836</b>	<b>1,406</b>	<b>1,599</b>	<b>2,326</b>	<b>3,011</b>	<b>4,318</b>
Total Tax	136	-196	455	495	721	933	1,338
Tax Rate (%)	24.0	-23.5	32.4	31.0	31.0	31.0	31.0
Minority Interest	55	91	120	269	349	402	462
<b>Reported PAT</b>	<b>377</b>	<b>941</b>	<b>831</b>	<b>835</b>	<b>1,256</b>	<b>1,676</b>	<b>2,517</b>
<b>Adjusted PAT</b>	<b>377</b>	<b>941</b>	<b>831</b>	<b>832</b>	<b>1,256</b>	<b>1,676</b>	<b>2,517</b>
Change (%)	NA	149.6	-11.7	0.2	50.9	33.4	50.2
Margin (%)	5.4	9.2	6.2	4.9	6.1	6.7	8.3

### Consolidated - Balance Sheet

(INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	69	79	94	316	316	316	316
Total Reserves	2,055	6,216	13,300	18,350	19,606	21,281	23,798
<b>Net Worth</b>	<b>2,124</b>	<b>6,296</b>	<b>13,394</b>	<b>18,666</b>	<b>19,922</b>	<b>21,597</b>	<b>24,114</b>
Minority Interest	214	295	401	602	952	1,354	1,816
Total Loans	2,902	3,562	3,878	2,469	2,569	2,569	2,569
Deferred Tax Liabilities	-129	-530	-352	-230	-230	-230	-230
Lease Liabilities	3,431	5,012	5,786	7,140	7,829	8,487	9,144
Deferred acquisition liabilities	80	902	1,227	4,343	5,399	6,189	2,989
<b>Capital Employed</b>	<b>8,623</b>	<b>15,536</b>	<b>24,334</b>	<b>32,990</b>	<b>36,440</b>	<b>39,965</b>	<b>40,402</b>
Gross Block	9,344	15,207	19,370	26,724	29,350	32,275	34,460
Less: Accum. Deprn.	3,810	5,009	6,527	8,840	10,550	12,306	14,208
<b>Net Fixed Assets</b>	<b>5,534</b>	<b>10,198</b>	<b>12,843</b>	<b>17,884</b>	<b>18,799</b>	<b>19,968</b>	<b>20,251</b>
Goodwill on Consolidation	1,481	2,732	4,619	7,348	10,960	12,396	12,396
Capital WIP	284	994	1,182	1,532	2,406	1,981	1,296
<b>Total Investments</b>	<b>214</b>	<b>601</b>	<b>5,044</b>	<b>3,610</b>	<b>3,610</b>	<b>3,610</b>	<b>3,610</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>2,606</b>	<b>3,173</b>	<b>3,473</b>	<b>6,042</b>	<b>5,408</b>	<b>7,764</b>	<b>9,726</b>
Inventory	329	360	519	803	1,314	1,608	1,934
Account Receivables	567	763	968	1,236	1,487	1,819	2,188
Cash and Bank Balance	1,167	1,485	1,249	2,581	895	2,243	3,085
Loans and Advances	543	564	737	1,422	1,712	2,094	2,519
<b>Curr. Liability &amp; Prov.</b>	<b>1,497</b>	<b>2,161</b>	<b>2,827</b>	<b>3,426</b>	<b>4,744</b>	<b>5,755</b>	<b>6,878</b>
Account Payables	891	1,013	1,330	1,531	2,506	3,066	3,687
Other Current Liabilities	524	1,018	1,326	1,680	2,022	2,473	2,975
Provisions	82	130	172	216	216	216	216
<b>Net Current Assets</b>	<b>1,110</b>	<b>1,011</b>	<b>646</b>	<b>2,616</b>	<b>664</b>	<b>2,009</b>	<b>2,848</b>
<b>Appl. of Funds</b>	<b>8,623</b>	<b>15,536</b>	<b>24,334</b>	<b>32,990</b>	<b>36,440</b>	<b>39,965</b>	<b>40,402</b>

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>1.2</b>	<b>3.0</b>	<b>2.6</b>	<b>2.7</b>	<b>4.0</b>	<b>5.3</b>	<b>8.0</b>
Cash EPS	3.4	5.6	6.2	7.5	9.7	11.2	14.4
BV/Share	6.8	20.1	42.7	59.5	63.5	68.9	76.9
<b>Valuation (x)</b>							
P/E	375.7	150.5	170.5	170.2	112.8	84.5	56.3
Cash P/E	134.3	80.2	73.4	59.9	46.7	40.4	31.4
P/BV	66.7	22.5	10.6	7.6	7.1	6.6	5.9
EV/Sales	4.7	3.7	10.6	8.3	7.0	5.6	4.7
EV/EBITDA	18.0	14.0	39.0	31.2	26.0	20.9	16.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	2.2	-30.1	-5.5	-15.1	-6.3	4.8	2.7
<b>Return Ratios (%)</b>							
RoE	17.7	22.4	8.4	5.2	6.5	8.1	11.0
RoCE	15.2	24.2	10.9	8.4	8.3	10.1	12.7
RoIC	25.5	24.4	11.8	10.0	9.6	11.3	13.8
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	0.7	0.7	0.7	0.6	0.7	0.8	0.9
Asset Turnover (x)	0.8	0.7	0.5	0.5	0.6	0.6	0.8
Inventory (Days)	17	13	14	17	23	23	23
Debtor (Days)	30	27	27	26	26	26	26
Creditor (Days)	47	36	36	33	44	44	44
<b>Leverage Ratio (x)</b>							
Current Ratio	1.7	1.5	1.2	1.8	1.1	1.3	1.4
Interest Cover Ratio	1.9	2.0	2.0	2.0	3.1	3.0	4.1
Net Debt/Equity	0.7	0.2	-0.2	-0.2	-0.1	-0.2	-0.2

### Consolidated - Cash Flow Statement

(INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	568	836	1,406	1,592	2,326	3,011	4,318
Depreciation	977	1,283	1,704	1,483	1,710	1,756	1,902
Interest & Finance Charges	454	720	956	1,088	897	1,267	1,220
Direct Taxes Paid	-156	-354	-321	-495	-721	-933	-1,338
(Inc)/Dec in WC	-150	-125	46	-637	265	3	4
<b>CF from Operations</b>	<b>1,692</b>	<b>2,360</b>	<b>3,791</b>	<b>3,031</b>	<b>4,477</b>	<b>5,104</b>	<b>6,105</b>
Others	-49	-29	-331	-460	-412	-454	-545
<b>CF from Operating incl EO</b>	<b>1,643</b>	<b>2,331</b>	<b>3,460</b>	<b>2,571</b>	<b>4,065</b>	<b>4,651</b>	<b>5,560</b>
(Inc)/Dec in FA	-1,495	-4,718	-5,147	-7,317	-6,055	-3,146	-4,700
<b>Free Cash Flow</b>	<b>148</b>	<b>-2,387</b>	<b>-1,688</b>	<b>-4,746</b>	<b>-1,990</b>	<b>1,504</b>	<b>860</b>
(Pur)/Sale of Investments	-73	-397	-4,038	1,434	0	0	0
Others	15	25	46	460	412	454	545
<b>CF from Investments</b>	<b>-1,554</b>	<b>-5,091</b>	<b>-9,139</b>	<b>-5,422</b>	<b>-5,643</b>	<b>-2,693</b>	<b>-4,155</b>
Issue of Shares	0	3,009	6,401	4,442	0	0	0
Inc/(Dec) in Debt	414	321	-516	-1,409	100	0	0
Interest Paid	-208	-293	-322	-1,088	-897	-1,267	-1,220
Dividend Paid	0	-4	-8	0	0	0	0
Others	148	0	-29	1,372	689	658	658
<b>CF from Fin. Activity</b>	<b>354</b>	<b>3,033</b>	<b>5,527</b>	<b>3,317</b>	<b>-108</b>	<b>-610</b>	<b>-563</b>
<b>Inc/Dec of Cash</b>	<b>444</b>	<b>274</b>	<b>-152</b>	<b>465</b>	<b>-1,687</b>	<b>1,348</b>	<b>842</b>
Opening Balance	552	1,167	1,485	1,249	2,581	895	2,243
Others	171	44	-84	868	0	0	0
<b>Closing Balance</b>	<b>1,167</b>	<b>1,485</b>	<b>1,249</b>	<b>2,581</b>	<b>895</b>	<b>2,243</b>	<b>3,085</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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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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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