26 October 2026
2QFY27 Results Update | Sector: Healthcare

Eris Lifesciences

Estimate change	⟷
TP change	↓
Rating change	⟷

Bloomberg	ERIS IN
Equity Shares (m)	139
M.Cap.(INRb)/(USDb)	152.6 / 1.6
52-Week Range (INR)	1740 / 1069
1, 6, 12 Rel. Per (%)	-11/-15/-19
12M Avg Val (INR M)	178

Financials & valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	31.3	35.1	39.8
EBITDA	11.2	12.3	14.8
Adj. PAT	4.8	6.1	7.8
EBIT Margin (%)	26.9	26.8	29.1
Cons. Adj. EPS (INR)	34.6	44.2	56.9
EPS Gr. (%)	35.1	27.6	28.9
BV/Sh. (INR)	283.8	323.4	373.8
Ratios			
Net D:E	0.6	0.4	0.2
RoE (%)	14.1	14.6	16.3
RoCE (%)	15.0	13.4	14.5
Payout (%)	14.4	14.1	11.4
Valuations			
P/E (x)	31.9	25.0	19.4
EV/EBITDA (x)	15.6	13.8	10.9
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	1.6	5.3	6.6
EV/Sales (x)	5.6	4.8	4.1

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	54.7	54.1	54.9
DII	20.2	20.7	19.4
FII	5.7	5.8	7.2
Others	19.3	19.4	18.6

FII includes depository receipts

CMP: INR1,100 TP: INR1,140 (+4%) Neutral

Operationally in line; DBF steady; Swiss in repair mode

Portfolio rationalization, Bhopal ramp-up and Swiss remediation underway

- Eris Lifescience (ERIS) delivered in-line revenue/EBITDA in 2QFY27. Notably, PAT was marginally better than our estimates (6% ahead) due to a lower tax rate for the quarter.
- The domestic branded formulation (DBF) segment's YoY growth trend improved, with the diabetes and VMN therapies outperforming the industry. Notably, excl. Zorvia, DBF grew 16.5% YoY this quarter.
- ERIS wrote off receivables worth INR360m related to at-risk products taken back.
- The international business performance remained subdued due to EU GMP-remediation at Swiss Parenterals, with recovery contingent on CAPA closure and ramp-up of CDMO commercialization.
- The out-licensing of Zorvia portfolio and Bhopal facility ramp-up are expected to support ~100bp gross margin (GM) improvement in 2HFY27, with further benefits from the planned manufacturing shift.
- We largely maintain our FY27/FY28 estimates, factoring in: a) portfolio rationalization, b) enhanced product pipeline in diabetes segment, c) gradual scale-up of Swiss Parenterals business considering planned shutdown for the implementation of remediation measures. We value ERIS at 20x 12M forward earnings to arrive at a TP of INR1,140.
- We expect a CAGR of 13%/15%/28% revenue/EBITDA/PAT over FY26-28, reaching INR40b/INR15b/INR8b. The current valuation adequately factors in the earnings upside. **Reiterate Neutral.**

Increased opex lowers YoY EBITDA growth

- 2Q revenue grew 12.6% YoY to INR8.9b (vs our est: INR8.7b).
- DBF revenue grew 14.3% YoY to INR8.1b. International business was flat YoY at INR830m.
- Gross margin expanded 20bp YoY to 74.7%.
- However, EBITDA margin contracted 170bp YoY to ~34.7% (our est. 35.4%). Other expenses increased (up 260bp YoY), partially offset by employee expenses (down 60bp YoY).
- EBITDA increased by 7% YoY to INR3.1b.
- Adjusted PAT grew by 32% YoY to INR1.6b (vs our estimate: INR1.5b). An exceptional item of INR359m was related to the write-down of amounts due from customers.
- For 1HFY27, revenue/EBITDA/PAT grew 13%/7%/27% YoY.

Highlights from the management commentary

- ERIS raised 2HFY27 EBITDA margin guidance to ~36% from 35%.
- Zorvia out-licensing is expected to improve gross margin by ~100bp in 2HFY27.

Research Analyst: Tushar Manudhane (Tushar.Manudhane@MotilalOswal.com) | **Vipul Mehta** (Vipul.Mehta@MotilalOswal.com)
Research Analyst: Eshita Jain (Eshita.Jain@MotilalOswal.com) | **Khyati Sonthalia** (Khyati.Sonthalia@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.

- Initially, the Zorvia portfolio (~INR1b) remained a drag on the margins. Notably, the royalty (~7%) is expected to offset the lost EBITDA contribution.
- The Bhopal facility is expected to deliver ~100bp gross margin benefit over 2HFY27, increasing to ~150-200bp by 2QFY28.
- The GLP-1 market, excluding oral formulations, is tracking at ~INR450-500m per month, doubling to ~INR800-900m per month next year onward.
- Swiss Parenterals planned shutdown in Nov'26 will finalize remediation measures.
- Commercial validation batches (PV batches) at Swiss Parenterals' new manufacturing block are scheduled for Mar-Apr'27 to address supply capacity constraints.

Quarterly performance

Y/E March	FY26				FY27E				FY26	FY27E		Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	
Gross Sales	**7,730**	**7,924**	**8,075**	**7,566**	**8,733**	**8,924**	**8,683**	**8,771**	**31,294**	**35,110**	**8,747**	2.0
YoY Change (%)	7.4	6.9	11.0	7.3	13.0	12.6	7.5	15.9	8.1	12.2	10.4	
Total Expenditure	4,963	5,042	5,258	4,830	5,770	5,830	5,618	5,605	20,093	22,823	5,651	
EBITDA	**2,767**	**2,882**	**2,816**	**2,736**	**2,962**	**3,094**	**3,065**	**3,166**	**11,201**	**12,287**	**3,097**	-0.1
Margins (%)	35.8	36.4	34.9	36.2	33.9	34.7	35.3	36.1	35.8	35.0	35.4	
Depreciation	705	691	703	696	721	734	699	706	2,795	2,861	698	
Interest	487	496	488	456	467	464	436	413	1,927	1,779	459	
Other Income	27	28	0	22	24	32	22	22	78	99	22	
PBT before EO expense	**1,602**	**1,724**	**1,625**	**1,606**	**1,799**	**1,927**	**1,952**	**2,069**	**6,557**	**7,747**	**1,962**	
Extra-Ord expense	-9	-3	172	0	0	359	0	0	161	359	0	
PBT	**1,611**	**1,727**	**1,452**	**1,606**	**1,799**	**1,568**	**1,952**	**2,069**	**6,396**	**7,388**	**1,962**	
Tax	360	382	365	-1,197	362	-312	400	424	-90	874	402	
Rate (%)	22.3	22.1	25.1	-74.5	20.1	-19.9	20.5	20.5	-1.4	11.8	20.5	
Minority Interest & Profit/Loss of Asso. Cos.	71	143	90	-24	13	42	63	63	280	181	63	
Reported PAT	**1,180**	**1,202**	**997**	**2,827**	**1,424**	**1,838**	**1,489**	**1,582**	**6,206**	**6,333**	**1,497**	
Adj PAT	**1,173**	**1,200**	**1,126**	**1,261**	**1,424**	**1,580**	**1,489**	**1,582**	**4,759**	**6,075**	**1,497**	5.6
YoY Change (%)	41.0	31.0	34.7	34.4	21.4	31.7	32.2	25.5	35.1	27.6	24.8	
Margins (%)	15.2	15.1	13.9	16.7	16.3	17.7	17.1	18.0	15.2	17.3	17.1	

Secondary sales grew 15.8% YoY in Sep'26 vs. 13.4% in Aug'26. Exceptional performance in Hertraz / Xsulin and Insugen; while all major brands have double-digit growth.

Exhibit 1: Top 10 drugs

Drug	Therapy	MAT Sep'26			Growth (%)	
		Value (INR m)	Growth (%)	Market Sh. (%)	Last 3M	Sep'26
Total		**35591**	**11.1**	**100.0**	**12.2**	**15.8**
Renerve Plus	Vitamins/Minerals/Nutrients	1606	10.1	10.3	15.6	18.9
Glimisave Mv	Anti Diabetic	1500	6.4	10.5	13.8	10.7
Insugen	Anti Diabetic	1448	23.4	5.6	26.3	38.2
Basalog	Anti Diabetic	1195	10.1	9.3	9.6	19.8
Glimisave-M	Anti Diabetic	976	-1.6	2.5	4.9	13.2
Cyblex Mv	Anti Diabetic	620	19.5	51.3	13.2	10.5
Eritel Ln	Cardiac	556	10.6	6.3	11.3	19.0
Xsulin	Anti Diabetic	550	70.4	2.1	58.5	58.6
Hertraz	Antineoplast/Immunomodulator	538	46.6	7.0	15.8	67.4
Remylin D	Vitamins/Minerals/Nutrients	472	5.7	9.8	22.8	19.2

* Three-months: Apr'26-Jun'26

Source: IQVIA, MOFS

Strong growth across all key therapies.

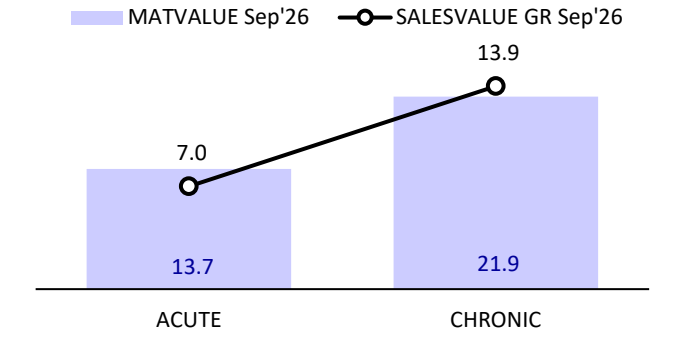
Growth was driven by price hikes and new launches on a MAT basis in Sep'26.

Exhibit 2: Therapy mix (%)

	Share	MAT growth (%)	3M*	Sep'26
Total	**100.0**	**11.1**	**12.2**	**15.8**
Anti Diabetic	33.8	14.4	21.0	25.3
Cardiac	15.6	12.8	11.5	15.3
Derma	13.1	12.1	9.1	14.0
Vitamins/Minerals/Nutrients	12.3	15.4	20.9	22.5
Antineoplast/Immunomodulator	6.4	18.6	3.4	11.0
Gynaec.	4.8	14.2	9.4	11.1

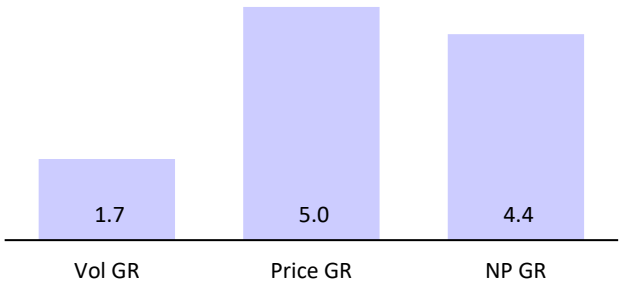
Source: IQVIA, MOFSL

Exhibit 3: Acute vs. Chronic (MAT growth)



Source: IQVIA, MOFSL

Exhibit 4: Growth distribution (%) (MAT Sep'26)

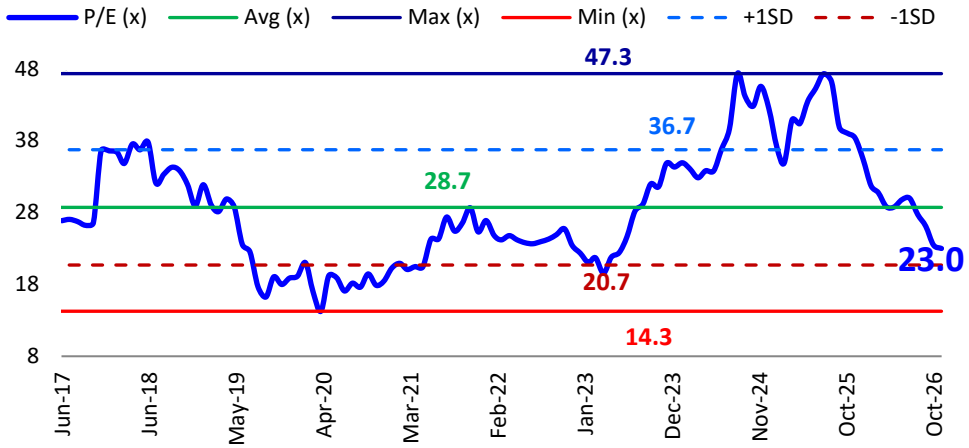


Source: IQVIA, MOFSL

Highlights from the management commentary

- Three insulin analogs are expected to be launched in FY28, alongside additional products from the existing R&D pipeline.
- Four at-risk products were taken back. This led to exceptional write-off of INR300m-INR350m recognized in 2QFY27.
- Full transition of insulin and injectable volumes to Bhopal by 2QFY28 will drive 150-200bp of gross margin expansion and reduce outsourcing tax from 37% to 15% under Section 115BAB.
- ERIS guided for 2HFY27 capex at ~INR1b, with a significant decline in FY28 as the investment cycle winds down.
- ERIS expects DF to grow ~300bp ahead of IPM in FY27.
- Diabetes contributed 38% of consolidated revenue and included two brands exceeding INR2b in annual sales; OAD portfolio grew 12% YoY.
- ERIS guided for ETR of 20-21% in FY27/28.
- Net debt stood at INR21b as of 1HFY27. ERIS targets INR1.5-2b deleveraging in FY27, with further ~INR4b reduction in FY28 as capex moderates.
- Management intends to deepen its existing therapy portfolio rather than enter new therapy areas or materially expand the field force.

Exhibit 5: P/E chart



DBF in growth mode; CAPA keeps Swiss Parenterals growth in check

DBF - chronic-portfolio strength & out-licensing of Zorvia to support margin recovery

- DBF business reported 14.2% YoY revenue growth to INR16.1b in 1HFY27, while EBITDA grew 7.5% YoY to INR5.7b, with EBITDA margin contracting 215bp YoY to 35.2%.
- The portfolio has a higher share of chronic/sub-chronic therapies, which account for ~86% of revenue, supporting sustainable revenue. Growth across major therapies was ahead of or in line with the market, led by VMN/Diabetes/Cardiac (+27%/18.5%/16% YoY) vs. IPM therapy growth (+17%/16%/16% YoY).
- The growth in OAD improved to ~12%YoY in 2QFY27. Earlier performance was impacted by the discontinuation of a large brand contributing 4-5% of sales, with recent launches to help gain traction.
- Excluding the Zorvia portfolio, DBF business grew 16.5% YoY in 2QFY27. ERIS out-licensed ~INR1b injectable/acute-care portfolio to Zorvia for a 7% royalty, exiting a non-accretive, margin-dilutive business and targeting ~100bp gross margin improvement from 2HFY27.
- Diabetes therapy performance improved significantly after insulin and semaglutide launches. ERIS received approval to conduct Phase 1/3 trials for first recombinant semaglutide in India.
- Management remains focused on its existing therapy areas and entering new therapies. Rather than expanding field force, ERIS intends to drive growth via new launches and stronger execution within established franchises.
- Overall, we expect DBF business to deliver a 14% CAGR over FY26-28, supported by strong momentum in insulin therapies, expanding diabetes portfolio, and chronic therapy scale-up.

International business - regulatory overhang continues to weigh on near-term growth

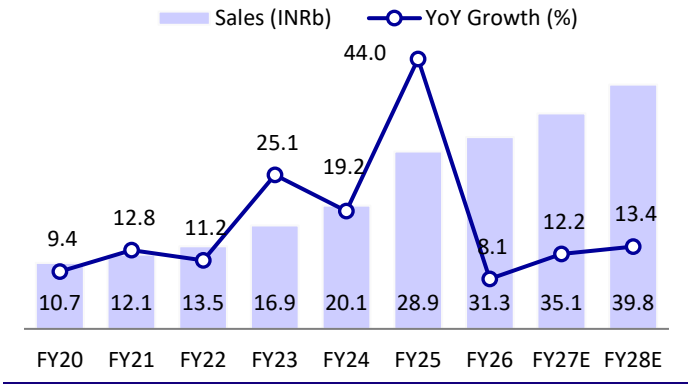
- International business revenue grew 2.3% YoY to INR1.5b in 1HFY27, while EBITDA contracted 21% YoY to INR388m, with EBITDA margin at ~25%.
- The CDMO commercialization remains delayed, with only one partner contributing during FY27; other partner-led opportunities are expected to start contributing from FY28.
- ERIS expects CAPA (Corrective and Preventive Action) remediation at Swiss Parenterals to be completed by Nov'26 with plans to invite auditors for a follow-up inspection around the end of CY26, following the EU GMP non-compliance identified during the regulatory inspection.
- Swiss's new Unit III block remains on track, with PV batches expected by Apr'27; the facility will expand its complex injectable capabilities across PFS, vials, lyophilized products and cartridges, including dual-chamber formats.
- Overall, we expect 7% growth in the International business over FY26-28, driven by scale-up in regulated market opportunities.

Valuation and view

- We largely maintain our FY27/FY28 estimates, factoring in: a) portfolio rationalization, b) enhanced product pipeline in diabetes segment, c) gradual scale-up of Swiss Parenterals business considering planned shutdown for remediation measures implementation. We value ERIS at 20x 12M forward earnings to arrive at a TP of INR1,140.
- We expect 13%/15%/28% revenue/EBITDA/PAT CAGR over FY26-28, reaching INR40b/INR15b/INR8b. The current valuation adequately factors in the earnings upside. **Reiterate Neutral**.

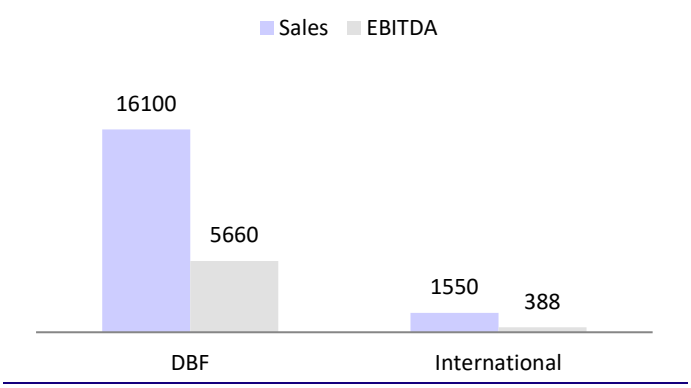
Story in charts

Exhibit 6: Expect 13% revenue CAGR over FY26-28



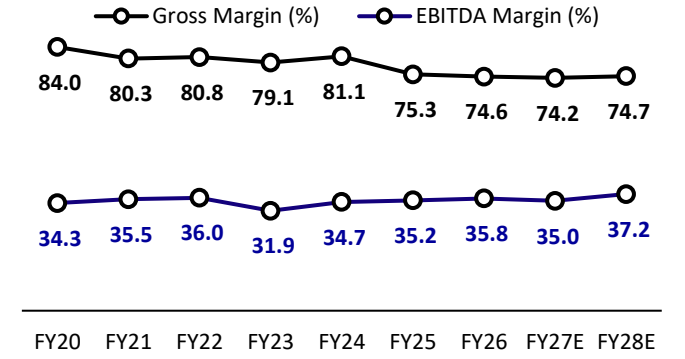
Source: MOFSL, Company

Exhibit 7: Segmental sales/EBITDA snapshot (1HFY27; INRm)



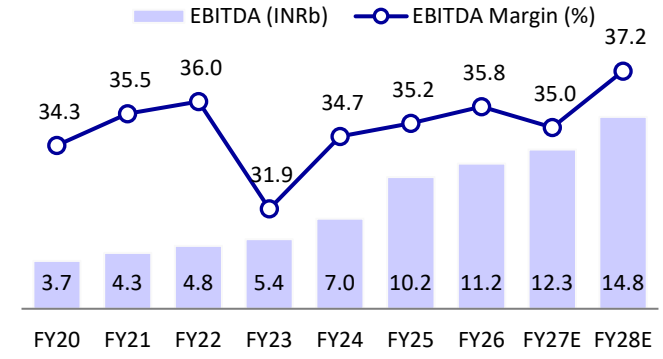
Source: MOFSL, Company

Exhibit 8: Gross margin to reach 74.7% by FY28E



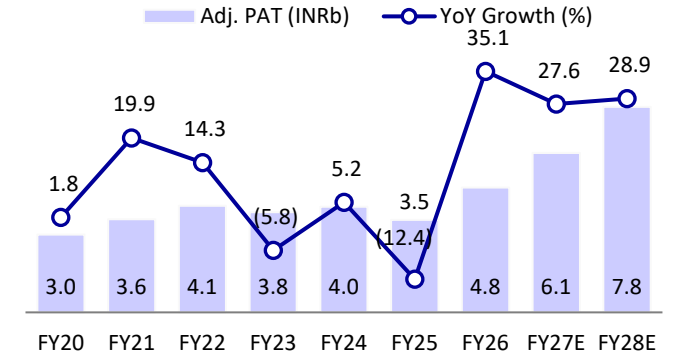
Source: MOFSL, Company

Exhibit 9: EBITDA margin to expand 140bp over FY26-28E



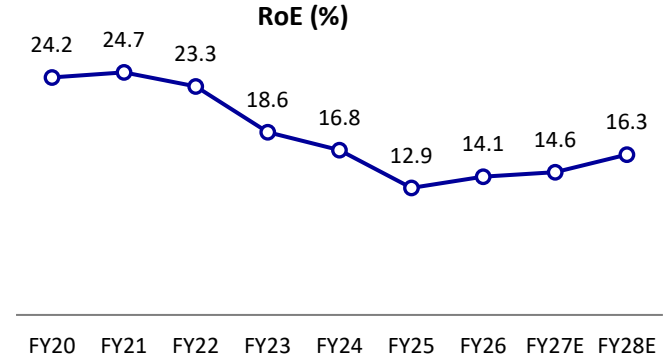
Source: MOFSL, Company

Exhibit 10: PAT to exhibit a 28% CAGR over FY26-28E



Source: MOFSL, Company

Exhibit 11: RoE to expand to 16.3% by FY28E



Source: MOFSL, Company

Financial and valuations

Consolidated - Income Statement

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**13,470**	**16,851**	**20,091**	**28,936**	**31,294**	**35,110**	**39,819**
Change (%)	11.2	25.1	19.2	44.0	8.1	12.2	13.4
Total Expenditure	**8,621**	**11,484**	**13,129**	**18,764**	**20,093**	**22,823**	**25,016**
EBITDA	**4,850**	**5,368**	**6,962**	**10,172**	**11,201**	**12,287**	**14,802**
Margin (%)	36.0	31.9	34.7	35.2	35.8	35.0	37.2
Depreciation	647	1,171	1,830	3,149	2,795	2,861	3,212
EBIT	**4,203**	**4,197**	**5,132**	**7,023**	**8,406**	**9,427**	**11,591**
Int. and Finance Charges	41	262	848	2,313	1,927	1,779	1,395
Other Income	261	112	238	184	78	99	99
PBT bef. EO Exp.	**4,422**	**4,046**	**4,522**	**4,894**	**6,557**	**7,747**	**10,294**
EO Items	0	0	-214	-1	-161	359	0
PBT after EO Exp.	**4,422**	**4,046**	**4,308**	**4,893**	**6,396**	**7,388**	**10,294**
Total Tax	364	305	342	1,144	-90	874	2,213
Tax Rate (%)	8.2	7.5	7.9	23.4	-1.4	11.8	21.5
Minority Interest	0	80	-51	228	280	181	251
Reported PAT	**4,058**	**3,822**	**3,916**	**3,521**	**6,206**	**6,333**	**7,829**
Adjusted PAT	**4,058**	**3,822**	**4,021**	**3,522**	**4,759**	**6,075**	**7,829**
Change (%)	14.3	-5.8	5.2	-12.4	35.1	27.6	28.9
Margin (%)	30.1	22.7	20.0	12.2	15.2	17.3	19.7

Consolidated - Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	136	136	136	136	139	139	139
Total Reserves	18,947	21,824	25,725	28,407	38,888	44,327	51,263
Net Worth	**19,083**	**21,960**	**25,861**	**28,543**	**39,027**	**44,466**	**51,401**
Minority Interest	-1	247	6,359	4,174	-70	-70	-70
Total Loans	450	8,300	27,353	24,217	23,097	18,347	12,347
Deferred Tax Liabilities	-1,970	-163	2,359	2,294	622	622	622
Capital Employed	**17,562**	**30,344**	**61,931**	**59,228**	**62,675**	**63,364**	**64,299**
Gross Block	2,506	4,634	6,726	9,454	11,234	13,856	15,980
Less: Accum. Deprn.	1,294	1,594	2,164	3,054	4,150	5,370	6,590
Net Fixed Assets	**1,212**	**3,040**	**4,562**	**6,401**	**7,084**	**8,486**	**9,390**
Gross intangible asset	7,439	20,546	32,621	42,589	42,633	42,633	42,633
Accumulated amortization	873	1,744	3,004	5,262	6,961	8,601	10,593
Net intangible asset	**6,566**	**18,803**	**29,617**	**37,327**	**35,672**	**34,031**	**32,039**
Goodwill on Consolidation	935	3,318	8,612	9,120	9,120	9,120	9,120
Capital WIP	270	217	197	220	1,715	1,593	1,169
Total Investments	**5,204**	**367**	**155**	**670**	**616**	**616**	**616**
Curr. Assets, Loans&Adv.	**6,103**	**8,189**	**24,276**	**13,703**	**17,020**	**19,159**	**22,757**
Inventory	1,179	1,314	1,890	3,348	4,368	5,002	5,346
Account Receivables	1,610	2,927	4,220	4,586	6,803	7,792	8,618
Cash and Bank Balance	523	560	942	1,997	547	418	2,047
Loans and Advances	2,791	3,387	17,224	3,771	5,301	5,948	6,745
Curr. Liability & Prov.	**2,728**	**3,590**	**5,487**	**8,214**	**8,552**	**9,641**	**10,792**
Account Payables	1,178	1,248	2,683	3,324	3,297	3,744	4,104
Other Current Liabilities	839	1,207	1,656	3,420	4,011	4,500	5,104
Provisions	712	1,136	1,148	1,471	1,245	1,397	1,584
Net Current Assets	**3,375**	**4,599**	**18,789**	**5,489**	**8,468**	**9,518**	**11,965**
Appl. of Funds	**17,562**	**30,344**	**61,931**	**59,228**	**62,675**	**63,364**	**64,300**

Financial and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	**29.5**	**27.8**	**29.2**	**25.6**	**34.6**	**44.2**	**56.9**
Cash EPS	34.2	36.3	42.6	48.5	54.9	65.0	80.3
BV/Share	138.8	159.7	188.1	207.6	283.8	323.4	373.8
DPS	5.5	5.5	5.5	5.5	6.5	6.5	6.5
Payout (%)	18.6	19.8	19.3	21.5	14.4	14.1	11.4
Valuation (x)							
P/E	37.4	39.8	37.8	43.1	31.9	25.0	19.4
Cash P/E	32.3	30.4	26.0	22.8	20.1	17.0	13.8
P/BV	8.0	6.9	5.9	5.3	3.9	3.4	3.0
EV/Sales	11.3	9.5	8.9	6.0	5.6	4.8	4.1
EV/EBITDA	31.3	29.7	25.6	17.1	15.6	13.8	11.0
Dividend Yield (%)	0.5	0.5	0.5	0.5	0.6	0.6	0.6
FCF per share	18.8	-40.0	-15.3	66.2	17.5	53.6	73.2
Return Ratios (%)							
RoE	23.3	18.6	16.8	12.9	14.1	14.6	16.3
RoCE	23.2	16.0	11.8	10.4	15.0	13.4	14.5
RoIC	34.3	19.0	10.5	9.2	14.7	13.8	15.0
Working Capital Ratios							
Inventory (Days)	32	28	34	42	51	52	49
Debtor (Days)	44	63	77	58	79	81	79
Creditor (Days)	32	27	49	42	38	39	38
Leverahe Ratio (x)							
Net Debt/Equity	-0.3	0.3	1.0	0.8	0.6	0.4	0.2

Consolidated - Cash Flow (INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	4,422	4,046	4,312	4,889	6,385	7,388	10,294
Depreciation	647	1,171	1,826	3,155	2,795	2,861	3,212
Interest & Finance Charges	41	262	848	2,313	1,927	1,680	1,297
Direct Taxes Paid	-833	-772	-1,008	-979	-1,244	-874	-2,213
(Inc)/Dec in WC	-299	-1,755	-987	1,260	-4,580	-1,180	-818
CF from Operations	**3,979**	**2,952**	**4,992**	**10,637**	**5,283**	**9,874**	**11,772**
Others	-196	-34	-131	13	97	0	0
CF from Operating incl EO	**3,783**	**2,917**	**4,860**	**10,650**	**5,380**	**9,874**	**11,772**
(Inc)/Dec in FA	-1,203	-8,413	-6,960	-1,546	-2,968	-2,500	-1,700
Free Cash Flow	**2,580**	**-5,495**	**-2,100**	**9,104**	**2,412**	**7,374**	**10,072**
(Pur)/Sale of Investments	-1,881	4,904	-11,656	12,840	105	0	0
Others	-112	-6,313	70	-12,094	-832	99	99
CF from Investments	**-3,196**	**-9,821**	**-18,545**	**-800**	**-3,695**	**-2,401**	**-1,601**
Issue of Shares	0	0	45	72	45	0	0
Inc/(Dec) in Debt	450	7,850	14,628	-3,972	-1,650	-4,750	-6,000
Interest Paid	-39	-234	-773	-1,451	-1,933	-1,779	-1,395
Dividend Paid	-816	-999	0	-1,001	0	-894	-894
Others	-42	264	167	-2,463	403	-181	-251
CF from Fin. Activity	**-447**	**6,880**	**14,068**	**-8,814**	**-3,135**	**-7,604**	**-8,541**
Inc/Dec of Cash	**140**	**-23**	**383**	**1,036**	**-1,450**	**-131**	**1,630**
Opening Balance	369	508	560	944	1,998	548	418
Closing Balance	**523**	**560**	**943**	**1,997**	**547**	**418**	**2,047**

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NOTES

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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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