

HSIE Results Daily

Contents

Results Reviews

- **Bajaj FinServ:** Bajaj Finserv's Q1FY26 performance was strong across all operating businesses. BAGIC reported 15% YoY GDPI growth, with profitability ahead of estimates on the back of higher realized capital gains and lower loss ratios. BALIC showed early signs of a strategic shift, with 39% VNB growth and a 420bps margin improvement, despite muted APE. Bajaj Finance delivered steady AUM growth (+24.6% YoY) though profitability was impacted by higher credit costs and lower other income. With the NBFC business maintaining sector leadership, the improving trajectory in insurance is expected to drive an operational turnaround and a 500bps increase in SOTP contribution, supporting a re-rating. We maintain BUY with the SOTP-based TP of INR2,430 (78% currently contributed by the flagship NBFC business).
- **Bank of Baroda:** Bank of Baroda's (BOB) Q1FY26 earnings marginally missed estimates on the back of softer traction in fee income and higher credit costs. Deposit growth (~10% YoY; -2.5% QoQ) was soft as domestic CASA declined to 39.3% (-64 bps QoQ). Loan growth (+13% YoY; -2% QoQ) was weak sequentially, with moderate growth in corporate segments. Largely stable margins were offset by lower traction in fee income, leading to in-line operating performance. Despite its handicap of relatively softer NIMs on the back of a large overseas portfolio (18% of loans), BOB consistently delivered better return ratios than peers, largely on the back of lower credit costs and superior customer franchise. However, we flag the constant rise in retail slippages of the bank coupled with the relatively inferior quality of the MSME portfolio. An elevated domestic C/D ratio at ~82% (highest amongst PSBs) is likely to restrict loan growth, given intense competition for retail deposits. We build in 13% PPOP CAGR and 10% EPS CAGR over FY25-27E, factoring in relatively better margin management and moderate normalization of credit costs. We reiterate BUY on BOB, with an unchanged TP of INR 290 (1.0x Mar-27 ABVPS).
- **Shriram Finance:** Shriram Finance's (SHFL) Q1FY26 earnings were largely in line with our estimates, with lower credit costs (1.94%) offset by NIM compression. AUM growth moderated marginally to 16.6% YoY (21% YoY in FY24; 17% in FY25), driven by moderation in disbursements growth (+13% YoY). Disbursements in CV segment witnessed an uptick (+21% YoY), led by recovery in the rural segment, while disbursements in the CE and MSME segments remained sluggish. While the overall CV industry remains sluggish with muted volume growth, sustained uptick in disbursements in CV remains the key for AUM growth. Credit costs declined sequentially to 1.9%, although GS-II increased by 39bps in a seasonally weak quarter due to a weak macro environment. NIM compression was largely led by excess liquidity and an uptick in the cost of funds, the latter of which is expected to improve in FY26. We maintain ADD, with an unchanged RI-based target price of INR 685 (implying 2x Mar-27 ABVPS).
- **SBI Cards and Payment Services:** SBI Cards' (SBICARD) Q1FY26 earnings were lower than our estimates, largely led by high provisioning, partially offset by lower operating expenses. Credit costs remained elevated post marginal moderation in the previous quarter (net credit costs at 8.5% vs. 7.9% in Q4FY25). While the company has tightened credit filters for incremental sourcing leading to deceleration in new customer acquisitions, sustained

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elevated credit costs for multiple quarters remain an area of concern, with limited visibility of meaningful normalization. NIMs are likely to reflate, going ahead, with reduction in cost of funds. However, multiple headwinds to SBICARD's profit pools including a lower revolve mix, regulatory and competitive pressures on multiple profit pools, and higher credit costs are likely to imply structurally lower RoA/RoE as a new normal. We maintain REDUCE with an unchanged RI-based target price of INR685 (implying 3.5x Mar-27 ABVPS; 19x FY27 EPS).

- **Mphasis:** Mphasis delivered a stable performance in Q1FY26, with revenue growing +1% QoQ in CC and EBIT margin holding steady at 15.3%. The direct business, which accounts for 97% of total revenue, saw a 1.6% QoQ CC increase. The EBIT margin guidance is set in a narrow range of 14.8%-15.8% for FY26E. The deal momentum is strong, with the company clocking the highest-ever TCV of USD 760mn. The AI-led deal pipeline has risen to 68% from 65% in Q4, despite a cautious global business environment influenced by macroeconomic and geopolitical challenges. Clients are focusing on investments that deliver clear ROI, drive efficiency, and reduce execution risks. Growth was broad-based across verticals, except for Logistics and Transportation, which declined -45% QoQ due to a potential business loss from a key client (FedEx). However, Mphasis anticipates a gradual recovery in this segment, supported by a strong pipeline of new deals. Revenue from the top client fell -5.5% QoQ. Looking ahead, Mphasis expects to grow at twice the industry rate in FY26E, driven by healthy deal wins, consistent TCV-to-revenue conversion, and ramp-up of large deals. However, ongoing investments and large deal ramp-ups may weigh on margins in the near term. With valuations at 25x FY26E earnings, the risk-reward profile appears unfavorable. We maintain REDUCE with a revised target price of INR 2,650, based on 22x June-27E EPS.
- **Tanla Platforms:** Tanla's revenue grew by 1.6% QoQ, led by growth in enterprise (+2% QoQ), but was offset by softness in platform revenue (-2% QoQ). The enterprise segment growth was driven by the OTT volume surge (+12% QoQ) and recovery in domestic volume, offset by lower realization from new contracts. The growth in OTT channel is led by a shift to channels like WhatsApp and RCS. Enterprises are adopting channels like WhatsApp for communication as the pricing is very competitive vs traditional messaging. ILD revenue continued to decline but at a slower pace and is <10% of revenue. We expect enterprise growth to be led by strong growth in OTT channel, recovery in domestic messaging volume, and pricing revisions by telcos. Platform revenue growth was soft QoQ but is expected to rebound starting Q2, driven by the global expansion of the MaaP platform with two major Indonesian telcos and a new AI platform deal going live in Aug'25. The management aims to deliver 20% EBITDA CAGR over the next two years and strategic priorities for FY26 remain 1) global expansion, 2) OTT leadership, and 3) scaling of platform business. We increase our EPS estimates by ~4-5% for FY26/27E to factor in margin improvement. We maintain ADD and assign a TP of INR 730, based on the P/E of 15x June-27E EPS. The stock is trading at a P/E of 16/14x for FY26/27E with an RoE of 24% for FY25. Net cash stands at INR 9.3bn — ~11% of the market cap.
- **V-MART Retail:** V-Mart's revenue grew 12.6% YoY to INR 8.85bn in Q1, with core V-MART operations up 14% YoY to INR 7.4bn (in-line). SSSG for Q1 stood at 1%. Normalized for the preponement of Eid, SSSG stood at 5%. Sales density was up 2.7%. GM/EBITDAM improved by ~10/135 bps to 35.3/6.9% (HSIE: 34.7/5.7%), driven by higher full-price sales, lower marketing spends and continued reduction in Limeroad losses (down 56% YoY to INR46mn). Inventory optimization and assortment freshness led to a reduction in

inventory days to 93 (vs. 99 days in Q1FY25). We've marginally raised our FY26/27 EBITDA estimates by ~3/1% to reflect lower Limeroad losses and better cost control. We maintain ADD, with a DCF-based TP of INR 830/sh, implying 24x Jun-27E EV/EBITDA.

- **Orient Electric:** Orient Electric's (OEL) revenue grew 2% YoY. The revenue of electrical consumer durables (ECD) segment remained flat YoY, owing to a soft summer. Lighting and switchgear grew by 7% YoY, driven by increased premiumization in consumer lighting and high double-digit growth in switchgear and wires. B2C lighting reported single-digit value growth alongside double-digit volume growth. Gross margin contracted by 60bps YoY to 32.6%. EBITDAM improved by 70bps YoY to 6% due to lower employee and other expenses. So, EBITDA grew 15% YoY, leading to 22% APAT growth. ECD/lighting and switchgear EBIT margin declined 230/120bps YoY to 6.8/17.4%. ECD margin was affected by higher advertising expenses and weak cooler sales. Going forward, the management is optimistic about a recovery in demand for fans, expected to be led by the festive season. The company aims to achieve double-digit EBITDAM by FY27. Factoring in the sub-par topline growth in Q1, we have reduced our revenue estimates by 2/1% for FY26/27E and APAT estimates by 5% for FY26E. However, we maintain our FY27E APAT estimates. We value the company at 38x Mar'27 EPS and maintain a BUY with a TP of INR 275/sh.

Bajaj FinServ

Stable flagship; strengthening insurance businesses

Bajaj Finserv's Q1FY26 performance was strong across all operating businesses. BAGIC reported 15% YoY GDPI growth, with profitability ahead of estimates on the back of higher realized capital gains and lower loss ratios. BALIC showed early signs of a strategic shift, with 39% VNB growth and a 420bps margin improvement, despite muted APE. Bajaj Finance delivered steady AUM growth (+24.6% YoY) though profitability was impacted by higher credit costs and lower other income. With the NBFC business maintaining sector leadership, the improving trajectory in insurance is expected to drive an operational turnaround and a 500bps increase in SOTP contribution, supporting a re-rating. We maintain BUY with the SOTP-based TP of INR2,430 (78% currently contributed by the flagship NBFC business).

- **General insurance business (12% of SOTP) – capital gain boost's quarterly PAT:** BAGIC reported 15% YoY growth in its GDPI and profitability. GDPI growth was primarily led by strong growth in motor TP (+39% YoY). However, reported PAT was ahead of our estimate, on the back of higher realized capital gains at INR4.5bn (Q1FY25: INR2.5bn) and lower overall loss ratios, mainly in Motor TP and crop businesses, partly offset by higher expenses.
- **Life insurance business (11% of SOTP) - signs of strategic shift:** Despite a APE de-growth (-13% YoY), value of new business (VNB) witnessed healthy growth (+39% YoY) as the VNB margin clocked in at 11.1% (+420bps YoY). As highlighted in our [insurance thematic report](#), we believe that BALIC is poised for a turnaround in profitability metrics, with incremental focus on improving its product construct towards a balanced segmental mix, and rationalizing costs, which is likely to drive improvement in FY26E VNB margin to ~17.3%.
- **NBFC business (78% of SOTP) - sustained sector leadership:** Bajaj Finance's (BAF) delivered in-line earnings, with robust AUM growth (+24.6% YoY) and improving operating efficiency, offset by lower other income and high credit costs. While asset quality headwinds have capped near-term profitability, BAF's relentless focus on throughput and operating efficiencies, coupled with sustained pricing power in key segments, is likely to drive strong medium-term profitability. We have a BUY with an RI-based TP of INR985 (implied 4.4x Mar-27 ABVPS; 23x FY27 EPS).
- **Insurance businesses to drive incremental re-rating:** With the flagship NBFC business already commanding sector leadership, we believe that the potential turnaround in the insurance businesses is likely to drive an incremental re-rating for BJFIN (SOTP contribution likely to improve by 500bps). **We retain BUY with an SOTP-based TP of INR2,430.**

SOTP

INR in mns	BJFIN Share	Per share	% of TP	Rationale
BAF	51.4%	1,970	77.9%	HSIE TP
BAGIC	74.0%	292	11.5%	31.1x FY27E EPS
BALIC	74.0%	268	10.6%	1.2x FY27E EV
Value of subsidiaries		2,530		
Holding company Discount	5%	99		5% hold-co discount
Target Price		2,431		

Source: Company, HSIE Research

BUY

CMP (as on 25 Jul 2025)	INR 1,986
Target Price	INR 2,430
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,430	INR 2,430
EPS%	FY26E	FY27E
	Nil	Nil

KEY STOCK DATA

Bloomberg code	BJFIN IN
No. of Shares (mn)	1,598
MCap (INR bn) / (\$ mn)	3,173/36,673
6m avg traded value (INR mn)	3,896
52 Week high / low	INR 2,135/1,523

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(2.9)	14.9	26.3
Relative (%)	(5.8)	8.0	24.5

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	60.6	58.8
FIs & Local MFs	9.0	10.1
FPIs	7.5	8.4
Public & Others	22.8	22.6
Pledged Shares	0.0	0.0

Source : BSE

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Bank of Baroda

Searching for portfolio stability in key segments

Bank of Baroda's (BOB) Q1FY26 earnings marginally missed estimates on the back of softer traction in fee income and higher credit costs. Deposit growth (~10% YoY; -2.5% QoQ) was soft as domestic CASA declined to 39.3% (-64 bps QoQ). Loan growth (+13% YoY; -2% QoQ) was weak sequentially, with moderate growth in corporate segments. Largely stable margins were offset by lower traction in fee income, leading to in-line operating performance. Despite its handicap of relatively softer NIMs on the back of a large overseas portfolio (18% of loans), BOB consistently delivered better return ratios than peers, largely on the back of lower credit costs and superior customer franchise. However, we flag the constant rise in retail slippages of the bank coupled with the relatively inferior quality of the MSME portfolio. An elevated domestic C/D ratio at ~82% (highest amongst PSBs) is likely to restrict loan growth, given intense competition for retail deposits. We build in 13% PPOP CAGR and 10% EPS CAGR over FY25-27E, factoring in relatively better margin management and moderate normalization of credit costs. We reiterate BUY on BOB, with an unchanged TP of INR 290 (1.0x Mar-27 ABVPS).

- **Stable margins offset by modest credit growth:** Loan growth (+13% YoY; -2% QoQ) was steady as growth in retail segments (18% YoY) was offset by moderate growth in the corporate book (4% YoY). NII growth (-1%YoY, +4% QoQ) was better compared to peers, aided by stable overseas margins and interest on IT refund, with margins clocking in at 2.9% (-7 bps QoQ).
- **Marginal deterioration in asset quality:** Gross slippages inched up to 1.2% in Q1FY26, driven by higher slippages in the overseas and legacy personal loan portfolios. GNPA/NNPA were flat at 2.3%/0.6% as higher slippages were offset by higher write-offs translating to credit costs inching up by 55 bps (+11 bps QoQ). Given the fact that retail slippages have been on the rise lately (1.5%) and are higher compared to peers, retail credit quality is a key monitorable, going forward.
- **Performance of retail and overseas portfolio key monitorable:** Over the past three years, BOB has scaled its retail book rapidly (21% CAGR) compared to larger PSU banks, riding on the back of multiple buyouts of smaller retail portfolios. While a large part of retail loan sourcing (~30-40%) is currently via DSAs, BOB intends to improve in-house sourcing incrementally. Overseas book performance has been a laggard either in terms of margins or asset quality in the past few quarters, impacting the overall profitability. Stability in both these portfolios is critical to sustaining healthy return ratios.

Financial summary

(INR bn)	Q1FY26	Q1FY25	YoY(%)	Q4FY25	QoQ(%)	FY25	FY26E	FY27E
NII	114.3	116.0	-1.4%	110.2	3.8%	456.6	503.7	599.5
PPOP	82.4	71.6	15.0%	81.3	1.3%	324.3	340.9	412.9
PAT	45.4	44.6	1.9%	50.5	-10.0%	195.8	202.2	238.6
EPS (INR)	8.8	8.6	1.9%	9.8	-10.0%	37.8	39.1	46.1
ROAE (%)						15.7	14.0	14.7
ROAA (%)						1.2	1.1	1.1
ABVPS (INR)						241.4	270.0	304.2
P/ABV (x)						1.0	0.9	0.8
P/E (x)						6.4	6.2	5.3

Source: Company, HSIE Research

BUY

CMP (as on 25 Jul 2025)	INR 243
Target Price	INR 290
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR290	INR290
	FY26E	FY27E
EPS %	0.0%	0.0%

KEY STOCK DATA

Bloomberg code	BOB IN
No. of Shares (mn)	5,171
MCap (INR bn) / (\$ mn)	1,259/14,551
6m avg traded value (INR mn)	2,654
52 Week high / low	INR 267/191

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.4)	8.1	(0.8)
Relative (%)	(4.2)	1.2	(2.6)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	64.0	64.0
FIs & Local MFs	18.2	19.1
FPIs	9.0	8.1
Public & Others	8.8	8.9
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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Shriram Finance

In-line earnings

Shriram Finance's (SHFL) Q1FY26 earnings were largely in line with our estimates, with lower credit costs (1.94%) offset by NIM compression. AUM growth moderated marginally to 16.6% YoY (21% YoY in FY24; 17% in FY25), driven by moderation in disbursements growth (+13% YoY). Disbursements in CV segment witnessed an uptick (+21% YoY), led by recovery in the rural segment, while disbursements in the CE and MSME segments remained sluggish. While the overall CV industry remains sluggish with muted volume growth, sustained uptick in disbursements in CV remains the key for AUM growth. Credit costs declined sequentially to 1.9%, although GS-II increased by 39bps in a seasonally weak quarter due to a weak macro environment. NIM compression was largely led by excess liquidity and an uptick in the cost of funds, the latter of which is expected to improve in FY26. We maintain ADD, with an unchanged RI-based target price of INR 685 (implying 2x Mar-27 ABVPS).

- **Muted NIM drives subdued PPOP growth:** SHFL's NII growth remained subdued at 10% YoY, driven by NIM compression (-14bps QoQ; -68bps YoY). As per management, NIMs are likely to reflate going ahead, driven by reduction in excess liquidity as well as reduction in cost of funds due to reduction in repo rate in CY25. Incremental cost of funds were at ~8.4%, while blended cost of funds were at 8.9%, indicating room for reduction in cost of funds. Given ~85% of borrowings are at fixed rate, cost of funds are likely to reduce gradually. Other income increased by +49% YoY, largely due to gain on investments in mutual funds.
- **Uptick in early delinquencies in current environment:** SHFL's GS-II increased marginally to 7.3% (Q4FY25: 6.9%), driven by an increase in early delinquencies across segments, except farm equipment, MSME, and personal loans. As per management, uptick in early delinquencies was largely due to cash flow mismatches, with limited concerns around customer overleveraging. Credit costs of 1.9% surprised positively in a seasonally weak quarter, with lower net slippages of 1.3% (calculated).
- **Expect growth moderation ahead; disbursement uptick key monitorable:** SHFL's loan growth was driven largely by the non-CV/CE portfolio (48.7% of AUM), which grew by +24% YoY. With expected normalization of growth in these segments, we expect AUM growth to moderate to ~15-16% over FY26E-FY27E, as growth in the CV/CE portfolio remains tepid. Muted traction in freight rates, increase in prices for used vehicles, and weak sales of new vehicles remain the key concerns for any meaningful revision in our estimates.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
NII	57.7	52.3	10.3	55.7	3.7	187.9	218.5	258.6	299.3
PPOP	41.9	38.7	8.4	43.4	-3.3	142.0	162.6	195.4	227.1
APAT	21.6	19.8	8.8	21.4	0.8	71.9	82.7	101.6	118.7
EPS (INR)	11.5	10.5	8.8	11.4	0.8	38.3	44.0	54.0	63.1
ROAE (%)						15.7	15.8	16.8	17.1
ROAA (%)						3.3	3.1	3.3	3.4
ABVPS (INR)						219	264	301	345
P/ABV (x)						2.8	2.3	2.0	1.8
P/E (x)						16.1	14.0	11.4	9.7

Source: Company, HSIE Research | Note: FY25 earnings adjusted for stake sale in erstwhile Shriram Housing Finance

ADD

CMP (as on 25 Jul 2025)	INR 616
Target Price	INR 685
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR685	INR685
	FY26E	FY27E
EPS %	0%	0%

KEY STOCK DATA

Bloomberg code	SHFL IN
No. of Shares (mn)	1,881
MCap (INR bn) / (\$ mn)	1,158/13,387
6m avg traded value (INR mn)	4,406
52 Week high / low	INR 730/493

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.0)	16.8	14.9
Relative (%)	(8.8)	9.8	13.2

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	25.4	25.4
FIs & Local MFs	15.3	16.3
FPIs	53.6	52.6
Public & Others	5.7	5.7
Pledged Shares	0.0	

Source: BSE

Pledged shares as % of total shares

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SBI Cards and Payment Services

Back to square one on credit costs

SBI Cards' (SBICARD) Q1FY26 earnings were lower than our estimates, largely led by high provisioning, partially offset by lower operating expenses. Credit costs remained elevated post marginal moderation in the previous quarter (net credit costs at 8.5% vs. 7.9% in Q4FY25). While the company has tightened credit filters for incremental sourcing leading to deceleration in new customer acquisitions, sustained elevated credit costs for multiple quarters remain an area of concern, with limited visibility of meaningful normalization. NIMs are likely to reflate, going ahead, with reduction in cost of funds. However, multiple headwinds to SBICARD's profit pools including a lower revolve mix, regulatory and competitive pressures on multiple profit pools, and higher credit costs are likely to imply structurally lower RoA/RoE as a new normal. We maintain REDUCE with an unchanged RI-based target price of INR685 (implying 3.5x Mar-27 ABVPS; 19x FY27 EPS).

- **Muted receivables growth drives muted PPoP growth:** Receivables grew by +7.4% YoY despite healthy growth in card spends (+21% YoY) due to muted CIF growth (+10% YoY) and decline in unit receivables (-2.5% YoY). Other income increased by 13.5% YoY, led by increase in card spends due to the uptick in corporate spends, although unit retail spends witnessed steady growth (+4% YoY). NIMs remained sequentially at 11.2% despite reduction in costs of funds (by 10bps). SBICARD's cost of funds is likely to reduce further in FY26, due to the short tenure of borrowings and interest rate transmission.
- **Gaining market share in CIF, spends market share yet to catch up:** SBICARD's new account additions were down by over 3% YoY due to stringent credit filters for new sourcing. However, muted card additions by peers led to marginal increase in CIF market share by 10bps QoQ to 19.1%. Despite this, spend market share remains subdued at 16.6% due to lower unit and corporate spends, which have shown signs of uptick in Q1.
- **Elevated credit costs after one quarter of marginal moderation:** SBICARD's net credit costs increased to 8.5% (Q4FY25: 7.9%; Q3FY25: 8.5%), with write-offs at 9.1%. Q1 credit costs included additional provisions due to refresh of ECL model as well. Management has indicated credit costs are likely to remain elevated in the near term due to a macroeconomic slowdown, with limited visibility of steady-state credit costs.
- **Earnings yet to stabilize:** SBICARD's profitability improved sequentially to RoA/RoE of 3.4%/15.8%, largely led by core spread reflation and fee income. Its profitability has been adversely impacted by multiple headwinds like subdued revolving mix, regulatory headwinds on fee income, and rising delinquencies. While credit costs are likely to have reached the peak, limited visibility of steady-state credit costs along with structural issues around several profit pools may keep profitability subdued compared to pre-pandemic levels.

Financial summary

Y/E Mar (INR bn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E
NII	16.8	14.8	13.8	16.2	3.7	53.3	61.7	71.6	83.0
PPoP	21.0	19.0	10.5	19.6	6.9	65.2	74.5	82.8	95.0
PAT	5.6	5.9	(6.5)	5.3	4.1	24.1	19.2	29.2	34.2
EPS (INR)	5.8	6.3	(6.6)	5.6	4.1	25.3	20.1	30.7	36.0
ROAE (%)						22.0%	14.8%	19.5%	19.3%
ROAA (%)						4.6%	3.1%	4.2%	4.4%
ABVPS (INR)						122	136	165	195
P/ABV (x)						7.3	6.5	5.4	4.6
P/E (x)						35.1	44.1	28.9	24.7

Source: Company, HSIE Research

REDUCE

CMP (as on 25 Jul 2025)	INR 889
Target Price	INR 685
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 685	INR 685
	FY26E	FY27E
EPS %	0%	0%

KEY STOCK DATA

Bloomberg code	SBICARD IN
No. of Shares (mn)	952
MCap (INR bn) / (\$ mn)	845/9,771
6m avg traded value (INR mn)	1,409
52 Week high / low	INR 1,027/660

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.4	17.2	21.6
Relative (%)	(0.4)	10.2	19.9

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	68.6	68.6
FIs & Local MFs	17.2	17.5
FPIs	9.9	10.2
Public & Others	4.3	3.7
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Mphasis

Deal wins promising; uncertainty limits upside

Mphasis delivered a stable performance in Q1FY26, with revenue growing +1% QoQ in CC and EBIT margin holding steady at 15.3%. The direct business, which accounts for 97% of total revenue, saw a 1.6% QoQ CC increase. The EBIT margin guidance is set in a narrow range of 14.8%-15.8% for FY26E. The deal momentum is strong, with the company clocking the highest-ever TCV of USD 760mn. The AI-led deal pipeline has risen to 68% from 65% in Q4, despite a cautious global business environment influenced by macroeconomic and geopolitical challenges. Clients are focusing on investments that deliver clear ROI, drive efficiency, and reduce execution risks. Growth was broad-based across verticals, except for Logistics and Transportation, which declined -45% QoQ due to a potential business loss from a key client (FedEx). However, Mphasis anticipates a gradual recovery in this segment, supported by a strong pipeline of new deals. Revenue from the top client fell -5.5% QoQ. Looking ahead, Mphasis expects to grow at twice the industry rate in FY26E, driven by healthy deal wins, consistent TCV-to-revenue conversion, and ramp-up of large deals. However, ongoing investments and large deal ramp-ups may weigh on margins in the near term. With valuations at 25x FY26E earnings, the risk-reward profile appears unfavorable. We maintain REDUCE with a revised target price of INR 2,650, based on 22x June-27E EPS.

- **Q1FY26 highlights:** (1) Mphasis's revenue came in at USD 437mn (below our estimate of USD 439mn), +1.0/6.5% QoQ/YoY CC. (2) The company achieved the highest-ever quarterly TCV of USD 760mn (+94.9% QoQ), of which 68% was AI-led. It won four large deals in Q1, with three over USD 100mn and one over USD 50mn. The deal pipeline is strong, with BFS pipeline growth of +47% YoY and non-BFS pipeline growth of +108% YoY. Large deal pipeline was up +40% QoQ and +154% YoY. (3) Within verticals, growth was led by Insurance (14% of revenue) at +21.9% QoQ, driven by large deal ramp-ups, followed by Banking (53% of revenue), which grew +7.1% QoQ, driven by wallet share gains in existing accounts and ramp-up of new deals won in earlier quarters. TMT (18% of revenue) reported +3.6% QoQ growth, led by continued deal wins and conversion. However, Logistics & Transportation (5.8% of revenue) was down 45.9% QoQ, impacted by customer-specific investments, but is expected to recover gradually. (4) EBITM at 15.3% (in line with our estimate) remained flat sequentially. The company maintained the EBITM outlook for FY26E at ~14.8-15.8%.
- **Outlook:** We have factored in USD revenue growth of 8.2/11/10.3% with an implying CQGR of 2.3/2.6/2.3% for FY26/27/28E respectively. EBITM is factored in at 15.6/16/16.5%, for FY26/27/28E, translating to 14% EPS CAGR over FY25-28E. At CMP, Mphasis is trading at P/E of 26/22x FY26/27E (5Y average at 26x).

Quarterly Financial summary

YE March (INR bn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	437	410	6.7	430	1.6	1,609	1,681	1,818	2,019	2,226
Net Sales	37.32	34.23	9.1	37.10	0.6	132.79	142.30	156.10	175.65	195.89
EBIT	5.71	5.14	11.2	5.67	0.6	20.11	21.71	24.34	28.18	32.38
APAT	4.42	4.05	9.2	4.47	(1.1)	15.55	17.02	19.04	21.98	25.48
Diluted EPS (INR)	23.6	21.6	9.2	23.8	(1.1)	83.1	91.0	101.8	117.5	136.2
P/E (x)						31.6	28.8	25.8	22.3	19.3
EV / EBITDA (x)						19.4	17.6	15.8	13.5	11.5
RoE (%)						18.6	18.5	19.0	20.3	21.6

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	1,826	1,818	(0.4)	2,028	2,019	(0.4)	2,236	2,226	(0.4)
Revenue	156.82	156.10	(0.5)	176.41	175.65	(0.4)	196.78	195.89	(0.4)
EBIT	24.36	24.34	(0.1)	28.15	28.18	0.1	32.48	32.38	(0.3)
EBIT margin (%)	15.5	15.6	6bps	16.0	16.0	8bps	16.5	16.5	3bps
APAT	18.93	19.04	0.6	21.96	21.98	0.1	26.26	25.48	(3.0)
EPS (INR)	101.2	101.8	0.6	117.4	117.5	0.1	140.4	136.2	(3.0)

Source: Company, HSIE Research

REDUCE

CMP (as on 25 Jul 2025)	INR 2,625
Target Price	INR 2,650
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 2,675	INR 2,650
EPS %	FY26E +0.6	FY27E +0.1

KEY STOCK DATA

Bloomberg code	MPHL IN
No. of Shares (mn)	190
MCap (INR bn) / (\$ mn)	499/5,772
6m avg traded value (INR mn)	1,571
52 Week high / low	INR 3,240/2,025

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.4	(12.8)	(7.7)
Relative (%)	0.6	(19.7)	(9.5)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	40.14	40.10
FIs & Local MFs	34.91	36.50
FPIs	20.61	19.00
Public & Others	4.34	4.40
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Tanla Platforms

Growth led by OTT and platforms

Tanla's revenue grew by 1.6% QoQ, led by growth in enterprise (+2% QoQ), but was offset by softness in platform revenue (-2% QoQ). The enterprise segment growth was driven by the OTT volume surge (+12% QoQ) and recovery in domestic volume, offset by lower realization from new contracts. The growth in OTT channel is led by a shift to channels like WhatsApp and RCS. Enterprises are adopting channels like WhatsApp for communication as the pricing is very competitive vs traditional messaging. ILD revenue continued to decline but at a slower pace and is <10% of revenue. We expect enterprise growth to be led by strong growth in OTT channel, recovery in domestic messaging volume, and pricing revisions by telcos. Platform revenue growth was soft QoQ but is expected to rebound starting Q2, driven by the global expansion of the MaaP platform with two major Indonesian telcos and a new AI platform deal going live in Aug'25. The management aims to deliver 20% EBITDA CAGR over the next two years and strategic priorities for FY26 remain 1) global expansion, 2) OTT leadership, and 3) scaling of platform business. We increase our EPS estimates by ~4-5% for FY26/27E to factor in margin improvement. We maintain ADD and assign a TP of INR 730, based on the P/E of 15x June-27E EPS. The stock is trading at a P/E of 16/14x for FY26/27E with an RoE of 24% for FY25. Net cash stands at INR 9.3bn — ~11% of the market cap.

- **Q1FY26 highlights:** The enterprise revenue increased by 2/3.6% QoQ/YoY to INR 9.49bn and gross margin was up marginally, 8bps QoQ to 17.9%. OTT revenue stood at INR 3.35bn (~32% of revenue), up 12/68% QoQ/YoY. Platform revenue stood at INR 0.92bn, -2/+5.9% QoQ/YoY, and gross margin was 98.5%. EBITDA was flat QoQ and EBITDA margin stood at 15.8% in Q1 vs 16% in Q4. APAT came in +0.9/-16.2% QoQ/YoY to INR 1.18bn, led by increase in other income (+9.6% QoQ). The INR 10-100mn bucket revenue declined by 2.9% QoQ while the INR 100-500mn revenue bucket increased by 12.1% QoQ and the >INR500mn revenue bucket increased by 8.9% QoQ. In Q4, DSO increased to 91 from 72 days in Q4. The company added ~99 new customers in the quarter, ~59% of which were for WhatsApp and RCS.
- **Outlook:** We estimate a 13.1% revenue CAGR over FY25-28E, led by CAGRs of +15/2/36% from the Platform/Enterprise (excluding OTT)/OTT segments. We estimate ~13.2/13.5% EBITDA/EPS CAGRs over FY25-28E.

Quarterly financial summary

YE March (INR bn)	1Q FY26	1Q FY25	YoY (%)	4Q FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	10.41	10.02	3.8	10.24	1.6	39.28	40.28	45.03	51.20	58.34
Gross Profit	2.61	2.69	-3.3	2.59	0.7	10.56	10.51	11.51	13.21	15.17
EBITDA	1.64	1.89	-13.1	1.63	0.3	7.32	6.91	7.37	8.55	10.02
APAT	1.18	1.41	-16.2	1.17	0.9	5.48	5.07	5.36	6.27	7.42
DEPS (INR)	8.8	10.5	-16.3	8.7	0.9	40.7	37.7	39.9	46.6	55.1
P/E (x)						15.9	17.2	16.3	13.9	11.8
EV/EBITDA (x)						11.1	11.3	10.1	8.4	6.9
ROE (%)						31.7	24.1	22.0	22.5	23.2

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR bn	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	44.71	45.03	0.7	50.49	51.20	1.4	57.39	58.34	1.7
EBITDA	7.15	7.37	3.0	8.18	8.55	4.5	9.60	10.02	4.4
EBITDA margin (%)	16.0	16.4	36bps	16.2	16.7	50bps	16.7	17.2	45bps
APAT	5.18	5.36	3.6	5.97	6.27	5.0	7.08	7.42	4.8
EPS (INR)	38.5	39.9	3.6	44.4	46.6	5.0	52.6	55.1	4.8

Source: Company, HSIE Research

ADD

CMP (as on 25 Jul 2025)	INR 649
Target Price	INR 730
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 700	INR 730
EPS %	FY26E +3.6%	FY27E +5.0%

KEY STOCK DATA

Bloomberg code	TANLA IN
No. of Shares (mn)	135
MCap (INR bn) / (\$ mn)	87/1,009
6m avg traded value (INR mn)	872
52 Week high / low	INR 1,013/409

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	38.3	6.5	(31.4)
Relative (%)	35.5	(0.4)	(33.2)

SHAREHOLDING PATTERN (%)

	Mar-25	June-25
Promoters	44.10	45.49
FIs & Local MFs	0.80	0.95
FPIs	10.40	7.31
Public & Others	44.70	46.25
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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V-MART Retail

Margin surprises positively

V-Mart's revenue grew 12.6% YoY to INR 8.85bn in Q1, with core V-MART operations up 14% YoY to INR 7.4bn (in-line). SSSG for Q1 stood at 1%. Normalized for the preponement of Eid, SSSG stood at 5%. Sales density was up 2.7%. GM/EBITDAM improved by ~10/135 bps to 35.3/6.9% (HSIE: 34.7/5.7%), driven by higher full-price sales, lower marketing spends and continued reduction in Limeroad losses (down 56% YoY to INR46mn). Inventory optimization and assortment freshness led to a reduction in inventory days to 93 (vs. 99 days in Q1FY25). We've marginally raised our FY26/27 EBITDA estimates by ~3/1% to reflect lower Limeroad losses and better cost control. We maintain ADD, with a DCF-based TP of INR 830/sh, implying 24x Jun-27E EV/EBITDA.

- Q1FY26 highlights:** V-MART posted 12.6% YoY growth to INR 8.85bn. Core V-MART operations grew 14% YoY to INR 7.4bn (in-line). SSSG for Q1 stood at 1%. Normalized for the preponement of Eid, SSSG stood at 5% (volume-driven), with both VMART and Unlimited contributing equally. Q1 footfall density was marginally lower by 0.3% YoY to 18.8k/store, while annualized sales density for core VMART stood at INR 8.6k/sq ft (up 2.7% YoY). Transaction size declined 3.1% YoY to INR 1,004. GM improved by ~10bps YoY to 35.3% in Q1 (HSIE: 34.7%) on the back of higher full-price sales and efficient inventory liquidation. Pre-IND AS EBITDAM came in at 6.9% (vs 5.6% YoY; HSIE: 5.7%), courtesy reduction in Limeroad losses (down 56% YoY to INR46mn) and lower marketing spends. Inventory days improved by 5% to 93 days (vs. 99 days in Q1FY25). The company reported FCF of INR 1.09bn for the quarter due to efficient inventory management. The company aims to add 65 stores in FY26. It added 10/5 and closed 1/1 VMART/Unlimited stores in Q1, respectively. Adj. EBITDA/APAT increased to INR 613mn/336mn (HSIE: INR 503mn/257mn).
- Outlook:** The ongoing pursuit of market share gains may lead to more value being passed on to consumers, potentially limiting GM expansion from offline operations. We've marginally raised our FY26/27 EBITDA estimates by ~3/1% to reflect lower Limeroad losses and better cost control. We maintain ADD, with a DCF-based TP of INR 830/sh, implying 24x Jun-27E EV/EBITDA.

Quarterly financial summary

(Rs mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	8,852	7,861	12.6	7,801	13.5	24,648	27,856	32,539	37,572	43,426	49,838
EBITDA	613	438	39.9	62	881.9	909	95	1,424	2,092	2,631	3,203
APAT	336	121	176.8	(57)	(692.6)	(78)	(968)	216	963	1,538	2,081
EPS (Rs)	4.2	1.5	176.8	2.3	81.5	(1.0)	(12.2)	5.8	12.2	19.4	26.3
P/E (x)						(810.3)	(65.7)	294.6	66.1	41.3	30.6
EV/EBITDA (x)						71.3	679.8	45.4	30.1	23.1	18.1
Core RoCE(%)						2.1	(5.3)	10.9	7.3	10.6	13.7

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	37,572	37,662	(0.2)	43,426	43,520	(0.2)	49,838	49,896	(0.1)
Gross Profit	12,680	12,729	(0.4)	14,655	14,709	(0.4)	16,770	16,814	(0.3)
Gross Profit Margin (%)	33.7	33.8	-5 bps	33.7	33.8	-5 bps	33.6	33.7	-5 bps
EBITDA	2,092	2,039	2.6	2,631	2,600	1.2	3,203	3,183	0.6
EBITDA margin (%)	5.6	5.4	15 bps	6.1	6.0	8 bps	6.4	6.4	5 bps

Source: Company, HSIE Research, Pre IND AS 116 financials

ADD

CMP (as on 25 July 2025)	INR 803
Target Price	INR 830
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 825	INR 830
EBITDA %	FY26E	FY27E
	+2.6	+1.2

KEY STOCK DATA

Bloomberg code	VMART IN
No. of Shares (mn)	79
MCap (INR bn) / (\$ mn)	64/737
6m avg traded value (INR mn)	166
52 Week high / low	INR 1,130/675

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	0.6	8.1	(4.8)
Relative (%)	(2.2)	1.1	(6.6)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	44.28	44.19
FIs & Local MFs	32.93	31.51
FPIs	17.47	18.29
Public & Others	5.32	6.01
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Orient Electric

In-line performance; focus on premiumization

Orient Electric's (OEL) revenue grew 2% YoY. The revenue of electrical consumer durables (ECD) segment remained flat YoY, owing to a soft summer. Lighting and switchgear grew by 7% YoY, driven by increased premiumization in consumer lighting and high double-digit growth in switchgear and wires. B2C lighting reported single-digit value growth alongside double-digit volume growth. Gross margin contracted by 60bps YoY to 32.6%. EBITDAM improved by 70bps YoY to 6% due to lower employee and other expenses. So, EBITDA grew 15% YoY, leading to 22% APAT growth. ECD/lighting and switchgear EBIT margin declined 230/120bps YoY to 6.8/17.4%. ECD margin was affected by higher advertising expenses and weak cooler sales. Going forward, the management is optimistic about a recovery in demand for fans, expected to be led by the festive season. The company aims to achieve double-digit EBITDAM by FY27. Factoring in the sub-par topline growth in Q1, we have reduced our revenue estimates by 2/1% for FY26/27E and APAT estimates by 5% for FY26E. However, we maintain our FY27E APAT estimates. We value the company at 38x Mar'27 EPS and maintain a BUY with a TP of INR 275/sh.

- Q1FY26 performance:** Revenue grew 2% YoY. ECD revenue remained flat YoY, given a soft summer. Fan sales grew in low single digits, while water heater sales increased in double digits. Cooler revenue declined sharply, contracting by more than 40%YoY. Lighting and switchgear grew 7% YoY, led by increased premiumization in consumer lighting and high double-digit growth in switchgear and wires. B2C lighting reported single-digit value growth and double-digit volume growth. Gross margin contracted 60bps YoY to 32.6% (up 110bps QoQ). EBITDAM improved 70bps YoY (down 180bps QoQ) to 6% due to lower employee/other expenses (down 30/100bps YoY). So, EBITDA grew 15% YoY, leading to 22% APAT growth. ECD/lighting and switchgear EBIT margin declined 230/120bps YoY to 6.8/17.4%. ECD margin was affected by higher advertising expenses and weak cooler sales.
- Earnings call takeaways and outlook:** Going forward, the management is optimistic about a recovery in demand for fans, driven by the festive season. The company aims to achieve double-digit EBITDAM by FY27-end through premiumization, portfolio expansion, and an improved product mix. The company expects the BEE rating change to increase costs across the industry; however, these costs will be passed through to the market. Fan channel inventory has reduced in Q1FY26 and is expected to normalize by Q2FY26. Factoring in the sub-par topline growth in Q1, we have reduced our revenue estimates by 2/1% for FY26/27E and APAT estimates by 5% for FY26E. However, we maintain our FY27E APAT estimates. We value the company at 38x Mar'27 EPS and maintain a BUY with a TP of INR 275/sh.

Financial summary

(INR mn)	Q1 FY26	Q1 FY25	YoY (%)	Q4 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	7,691	7,549	1.9	8,619	(10.8)	25,292	28,121	30,937	33,473	36,919
EBITDA	461	401	15.0	668	(31.0)	1,506	1,443	2,037	2,407	2,970
APAT	175	143	22.2	313	(44.0)	758	566	832	1,135	1,538
EPS (INR)	0.8	0.7	22.2	1.5	(44.0)	3.6	2.7	3.9	5.3	7.2
P/E (x)						62.3	83.7	56.9	41.7	30.8
EV / EBITDA (x)						30.3	32.2	23.0	18.7	14.9
RoE (%)						13.5	9.3	12.5	15.5	18.8

Source: Company, HSIE Research

BUY

CMP (as on 25 Jul 2025)	INR 222
Target Price	INR 275
NIFTY	24,837

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 275	INR 275
	FY26E	FY27E
EPS Change %	-4.6	-

KEY STOCK DATA

Bloomberg code	ORIENTEL IN
No. of Shares (mn)	213
MCap (INR bn) / (\$ mn)	47/548
6m avg traded value (INR mn)	46
52 Week high / low	INR 297/177

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(7.8)	(1.7)	(18.2)
Relative (%)	(10.7)	(8.6)	(20.0)

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	38.31	38.31
FIs & Local MFs	27.95	28.10
FPIs	6.92	6.87
Public & Others	26.82	26.72
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Bajaj FinServ, Bank of Baroda, Shriram Finance, SBI Cards and Payment Services	PGDM	NO
Deepak Shinde	Shriram Finance, SBI Cards and Payment Services	PGDM	NO
Shobhit Sharma	Bajaj FinServ	CA	NO
Akshay Badlani	Bank of Baroda	CA	NO
Amit Chandra	Mphasis, Tanla Platforms	MBA	NO
Vinesh Vala	Mphasis	MBA	NO
Maitreyee Vaishampayan	Mphasis	MSc	NO
Dhananjay Jain	Tanla Platforms	CA	NO
Jay Gandhi	V-MART Retail	MBA	NO
Vedant Mulik	V-MART Retail	CA	NO
Keshav Lahoti	Orient Electric	CA, CFA	NO
Rajesh Ravi	Orient Electric	MBA	NO
Mahesh Nagda	Orient Electric	CA	NO
Riddhi Shah	Orient Electric	MBA	NO

1 Yr Price movement



Disclosure:

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