

HSIE Results Daily

Contents

Results Reviews

- Larsen & Toubro:** Larsen & Toubro (LT) reported revenue/EBITDA/APAT at INR 714.5/74.2/42.2bn, a miss of 5.3/4.7/6.1%, marked by slower execution in water projects and extended monsoon in Oct'25. P&M margins stood at 8.1% in Q3FY26 (50/30bps YoY/QoQ). Given robust order inflows of INR 3.4trn (+30% YoY) in 9MFY26, driven by upward private capex momentum, LT now expects to beat the earlier 10% order inflow growth guidance for FY26. Revenue growth guidance is maintained at 15%, with P&M margin guidance at 8.5%. NWC to sales stood at 8.2% (Dec'24: 12.7%) and LT has revised FY26 guidance at 10% (earlier 12%). LT expects to realize INR 21bn from Hyderabad metro asset transfer to Telangana Government by FY26-end. Given (1) the record-high order book (OB) of INR 7.3 trn, (2) focus on advance business segments such as semiconductors, solar PV plants, and data centres, (3) improvement in subsidiary performance, and (4) likely higher-than-expected private capex and continued public capex toward a infrastructure and green economy, we maintain our BUY stance with an SOTP-based target price of INR 4,945 per share (29x Dec-27E EPS core). EPS recalibration will reflect higher other income, while the increase in target price is due to upward calibration of subsidiary valuations and rollover of core EPS. LT expects minimal currency depreciation and commodity inflation impact as its order book is largely hedged.
- Maruti Suzuki:** Maruti Suzuki's (MSIL) Q3FY26 adjusted EBIT margin at 8.8% (adjusting for one-time provision due to the labor code impact), was below our estimate of 9.6%, mainly hit by higher depreciation expenses on amalgamation with SMG. We expect scale benefits and operating leverage to ease margin pressure for the company, going forward, though staggered capacity addition in FY27 and rising RM costs could negate some of these benefits. However, focus on volume momentum augurs well (to be aided also by channel filling in the near term) and would keep market share aspirations and model launch plans on track. We value the company at 27x Dec-27 EPS for a TP of INR18,910; maintain BUY.
- SBI Life Insurance:** SBILIFE reported healthy APE/VNB growth of +15/18% YoY, ahead of our estimates, primarily led by rebound in NOP (9MFY26: +4% YoY, H1FY26: -3% YoY) and strong growth in the PAR segment (>100% YoY). VNB margin were slightly lower than our estimates, owing to the one-time impact of new labor laws (-50bps impact). SBILIFE continues to diversify beyond ULIP segments with share of ULIP falling by 462bps YoY to ~68% in 9MFY26. Given strong performance, we revise our APE/VNB growth estimates to build in 15%/16% CAGR during FY25-FY28E. Our high conviction BUY is anchored on three moats: (a) exclusive access to SBI's massive distribution network with significant under penetration (branch penetration at ~2%); (b) scope for improvement in margin-accretive traditional mix; and (c) cost leadership (excluding renewal commission)/APE ratio among peers (9MFY26: 38.9%; 9MFY25: 33.9%). We maintain BUY with a revised target price of INR 2,400 (implied 2.3x Sep-27E EV), implying >50% premium over IPRULIFE.

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- **TVS Motor:** TVS Motors' Q3FY26 EBITDA margin came in at 13.1%, including the PLI benefit of ~0.7% (up from 20bps both YoY and QoQ). This was above ours and Bloomberg consensus estimate of 12.7%. We expect the company to continue to gain market share in both the domestic and exports market, and benefit from favorable forex and improving cost structure of the EV business. However, concern remains on capital allocation, as higher investments continue towards its subsidiaries, which include investments for development of the Norton bike portfolio (which it expects to launch in CY26) as well as e-bikes. We value the company's core business at 35x Dec-27 EPS (vs 34x earlier), leading to a target price of INR 4,006, and maintain our ADD rating.
- **SBI Cards and Payment Services:** SBI Cards' (SBICARD) Q3FY26 earnings were lower than our estimates, due to muted receivables growth and higher credit costs. Credit costs moderated sequentially by 53bps to 8.4%, although still at elevated levels. New card acquisitions/CIF growth remained subdued (-26%/+8% YoY) due to calibrated sourcing of new customers. Profitability improved sequentially (RoA/RoE of 3.2%/14.7%), driven by lower credit costs and uptick in fee income, driven by corporate spends. However, we reiterate sustained headwinds to the profit pool (company update) and structurally lower RoE compared to pre-pandemic levels. We revise our FY26/FY27E earnings estimates to factor in higher fee income, offset by lower receivables growth and maintain REDUCE with a revised RI-based TP of INR 700 (implying 3.4x Sep-27 ABVPS; 20x Sep-27 EPS).
- **Mahindra & Mahindra Financial Services:** Mahindra & Mahindra Financial Services (MMFS) reported another quarter of improving P&L outcomes, driven by sharp NIM reflation and lower credit costs. However, AUM growth moderated to 12% YoY, led by muted disbursements growth (+7% YoY) despite a strong festive season. With tech transformation, branches restructuring, and asset quality stabilization largely done, MMFS is seeking to drive higher pace of growth and improving profitability. MMFS is also exploring merger of MRHFL into the company in order to scale up the mortgages portfolio. However, there seems limited visibility in RoA reflation beyond 2.1-2.2%, in our view, despite a sharp uptick in fee income. We revise our FY26/FY27 earnings estimates to factor in lower loan growth, offset by higher fee income and maintain ADD with a revised SOTP-based TP of INR 355 (standalone entity at implied 1.8x Sep-27 ABVPS).
- **Metro Brands:** MBL's topline grew 15.4% YoY to INR 8.11bn (HSIE: INR 7.89bn). Growth was driven by robust festive/wedding demand, coupled with momentary demand spurt due to GST rate rationalization. Sales density was largely stable at INR21.3k in Q3FY26 (vs INR21.1k/sq. ft. in Q3FY25). E-commerce sales (including omni-channel) grew 24% YoY (contributing 12% to sales in Q3FY26 vs 11.1% in Q3FY25). MBL added 24/82 stores net in Q2/9MFY26 (total store count: 990). While BIS-related supply chain challenges are now expected to stabilize by Q2FY27 from the earlier committed timeline of Q4FY26, management has reaffirmed its mid-to-long term revenue CAGR guidance of 15%. GM/EBITDAM expanded by 45/65bps YoY to 59.1/32.7% (HSIE: 58.9/32.2%). EBITDA/APAT grew 17.7/37.1% YoY to INR 2.65/1.3bn (HSIE: INR 2.54/in-line). We largely maintain FY27/28 estimates; however, we upgrade MBL to ADD with a DCF-based TP of INR1,080/sh, implying ~43x FY28 P/E.
- **Acutaas Chemicals:** We maintain a REDUCE recommendation on Acutaas Chemicals (ACL) with a target price of INR 1,170. ACL's growth story is promising, led by high growth in the CDMO business. However, near-term

valuations remain stretched, trading at 50.7/48.8/42.3x FY26/27/28E. Revenue from FY25 to FY28 will be driven by (1) ramp-up of Block 3 (Fermion contract), (2) new CDMO molecules from Blocks 1 and 2, and (3) the growth in electrolyte business. We expect EBITDA margin to improve 540bps, from 23% in FY25 to 28.4% in FY28E. We expect ACL's PAT to grow at a 31% CAGR over FY25-28E, led by 30% EBITDA CAGR, while we expect RoE to increase by 200bps, from 16.2% in FY25 to 18.2% in FY28. In Q3FY26, EBITDA was 57% above our estimates while APAT was 75% above our estimate, owing to higher-than-expected revenue and lower-than-expected raw material cost.

- **Birlasoft:** Birlasoft (BSOFT) delivered muted revenue performance with 0.3% QoQ CC growth, which came in below our expectations, while adjusted EBITDA margins expanded sharply to 17.1% (+105bps QoQ), led by offshoring, utilization improvement and currency support. Growth was primarily led by manufacturing and ERP milestones that offset seasonal furlough impacts in BFSI and Lifesciences. The management indicated that manufacturing and ERP will remain soft in Q4 as ramp-ups were one-time events. Growth recovery is anticipated in Lifesciences and Manufacturing verticals in 1HFY27E. Overall growth will be supported by a strong TCV of USD 202mn (+89% QoQ), with ~46% of these signings are net-new engagements that facilitate a strategic shift toward more profitable, outcome-based model. Near-term challenges include fewer working days in Q4, pricing pressures on renewals, and focus on cost optimization over discretionary spending. To capitalize on the AI-led opportunity, Birlasoft is making focused investments in AI and has secured wins in conversational AI, Agentic capabilities, and AI-enabled manufacturing. The sustainable long-term margin target is ~15% and the tax rate will normalize in FY27E. We expect growth recovery in FY27E and increase our estimate by ~1% and maintain BUY with a target price of INR 530, based on 22x Mar-28E EPS.
- **Somany Ceramics:** Somany Ceramics' revenue grew 6% YoY, owing to healthy growth in the bathware and adhesives division. Tiles volume growth stood at 2% YoY, while NSR was up 1% YoY. Bathware/adhesive division reported 12/36% YoY growth, respectively. EBITDA margin expanded 80bps YoY, leading to 16% growth in EBITDA. APAT grew 60% YoY, led by higher EBITDA, lower finance cost, and higher other income. Management expressed optimism for a bright outlook after muted recent quarters. The company reaffirmed mid-to-high single-digit volume growth for FY26, guiding EBITDA margins to expand 100-150 bps YoY in Q4FY26 enroute to double-digit levels soon. Factoring in the in-line Q3 performance, we maintain our estimates. We maintain ADD on Somany Ceramics, with an unchanged target price of INR 490/share.

Larsen & Toubro

Strong order inflow; execution pick-up awaited

Larsen & Toubro (LT) reported revenue/EBITDA/APAT at INR 714.5/74.2/42.2bn, a miss of 5.3/4.7/6.1%, marked by slower execution in water projects and extended monsoon in Oct'25. P&M margins stood at 8.1% in Q3FY26 (50/30bps YoY/QoQ). Given robust order inflows of INR 3.4trn (+30% YoY) in 9MFY26, driven by upward private capex momentum, LT now expects to beat the earlier 10% order inflow growth guidance for FY26. Revenue growth guidance is maintained at 15%, with P&M margin guidance at 8.5%. NWC to sales stood at 8.2% (Dec'24: 12.7%) and LT has revised FY26 guidance at 10% (earlier 12%). LT expects to realize INR 21bn from Hyderabad metro asset transfer to Telangana Government by FY26-end. Given (1) the record-high order book (OB) of INR 7.3 trn, (2) focus on advance business segments such as semiconductors, solar PV plants, and data centres, (3) improvement in subsidiary performance, and (4) likely higher-than-expected private capex and continued public capex toward a infrastructure and green economy, we maintain our BUY stance with an SOTP-based target price of INR 4,945 per share (29x Dec-27E EPS core). EPS recalibration will reflect higher other income, while the increase in target price is due to upward calibration of subsidiary valuations and rollover of core EPS. LT expects minimal currency depreciation and commodity inflation impact as its order book is largely hedged.

- Q3FY26 financial highlights:** LT's revenue was a miss by 5.3% at INR 714.5bn (+10.5/+5.1% YoY/QoQ). Revenue growth is led by Hi-Tech manufacturing (34% YoY)/Energy (15% YoY)/IT services (12% YoY), albeit slower progress in water projects. EBITDA came in at INR 74.2bn (+18.6/+9% YoY/QoQ), a miss by 4.7%. EBITDA margin came in at 10.4% (70.8/36.9bps YoY/QoQ), in line with our estimates. APAT stood at INR 42.2bn (+25.7/+7.6% YoY/QoQ), a 6.1% miss.
- Q3FY26 strong order inflow; all-time high OB:** LT registered an order inflow (OI) of INR 3.4trn (+30% YoY) in 9MFY26, taking the OB as of Dec'25 to an all-time high of INR 7.3trn (~2.9x FY25 revenue). In 9MFY26, 45/55% of OI (INR 3.4trn) came from domestic/international markets (9MFY25: 46/54%). The OB is well-diversified, with 51/49% of orders from the domestic/international markets in Q3FY26. Segment-wise, the OI in 9MFY26 stood at 45/33/16/2/4% from infrastructure/energy/services/hi-tech mfg./others. The OB is spread across infrastructure/energy/hi-tech/other segments at 58/34/5/3% respectively. The prospects for the rest of FY26 is INR 5.9trn vs. INR 5.5trn YoY, a 7% growth.

Consolidated financial summary (INR mn)

Particulars	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY25	FY26E		
							FY26E	FY27E	FY28E
Revenue	714,497	646,678	10.5	679,835	5.1	2,557,345	2,938,699	3,443,805	3,963,252
EBITDA	74,168	62,549	18.6	68,064	9.0	264,348	307,904	368,739	435,944
APAT	42,229	33,588	25.7	39,261	7.6	145,624	185,433	224,802	271,082
EPS (INR)	30.1	23.9	25.7	28.0	7.6	105.9	134.9	163.5	197.2
P/E (x)						35.8	28.1	23.2	19.2
EV/EBITDA (x)						23.8	18.5	14.9	12.0
RoE (%)						15.8	17.9	19.1	20.1

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E			FY28E		
	New	Old	Chg (%)	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	2,938,699	2,952,646	(0.5)	3,443,805	3,441,783	0.1	3,963,252	3,961,523	0.0
EBITDA	307,904	306,869	0.3	368,739	368,484	0.1	435,944	435,745	0.0
EBITDA (%)	10.5	10.4	8.5	10.7	10.7	0.1	11.0	11.0	0.0
APAT	185,433	179,048	3.6	224,802	220,044	2.2	271,082	266,085	1.9

Source: Company, HSIE Research

BUY

CMP (as on 28 Jan 2026)	INR 3,794
Target Price	INR 4,945
NIFTY	25,343
KEY CHANGES	OLD
Rating	BUY
Price Target	INR 4,545
EPS change %	FY26E FY27E FY28E
	+3.6 +2.2 +1.9

KEY STOCK DATA

Bloomberg code	LT IN
No. of Shares (mn)	1,376
MCap (INR bn) / (\$ mn)	5,219/56,837
6m avg traded value (INR mn)	6,965
52 Week high / low	INR 4,195/2,965

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.5)	10.9	11.1
Relative (%)	(1.8)	9.1	2.6

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	0.0	0.0
FIs & Local MFs	43.34	42.99
FPIs	19.48	20.06
Public & Others	37.16	36.93
Pledged Shares	0.0	0.0

Source: BSE

Pledge shares as a % of total shares

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Maruti Suzuki

Focussed to build on volume momentum

Maruti Suzuki's (MSIL) Q3FY26 adjusted EBIT margin at 8.8% (adjusting for one-time provision due to the labor code impact), was below our estimate of 9.6%, mainly hit by higher depreciation expenses on amalgamation with SMG. We expect scale benefits and operating leverage to ease margin pressure for the company, going forward, though staggered capacity addition in FY27 and rising RM costs could negate some of these benefits. However, focus on volume momentum augurs well (to be aided also by channel filling in the near term) and would keep market share aspirations and model launch plans on track. We value the company at 27x Dec-27 EPS for a TP of INR18,910; maintain BUY.

- **Quarterly performance:** As per management, EBIT margin for Q3FY26 stood at 8.1%, down 30bps QoQ, with negative impact from higher commodity costs (60bps), rare earth assembly costs (20bps), unfavorable fixed cost incidence (50bps), adverse forex (15bps), price reduction at the lower end of the portfolio (70bps), one-time provision due to labor code (125bps), which was partially negated by positives from operating leverage (190bps), and lower discounting and better mix (120bps).
- **Suzuki Motor Gujarat (SMG) amalgamation adjustments in MSIL standalone:** Prior to amalgamation, the cost of completely built unit (CBU) manufactured at SMG (excluding depreciation) was accounted in RM cost. The cost of CBU included component, employee and overhead cost though netted with other operating income. Also, depreciation of SMG was getting accounted as lease rent, under other expenses. After amalgamation, only the component cost at SMG will get accounted for in RM cost, while the rest of the items will move to their respective natural heads, including depreciation.
- **Robust demand and channel filling opportunity:** Management highlighted that demand remains robust across the portfolio, with employees working even on holidays to keep production going. Exit channel inventory in Q3 remained low at 3-4 days, while the order book stood at 175k units. Though it will assess the sustainability of demand in a few months, it is optimistic of good demand in the medium to long term and is thus doing an accelerated phased capacity increase of 250k units by Apr'26 and another 250k units a few months post that. It will stay away from price hikes at the moment, in the spirit of GST rate cuts, and will thus focus on building volume momentum.
- **Some headwinds increasing:** Management cautioned on increasing raw material costs, especially steel, PGM group, aluminum, and copper. As per media articles, South Africa, a key export market for the company, is considering increasing tariffs on CBU of passenger vehicles from India to 50% (from the existing 25%). Though cautious, management assured investors that the company is well diversified in the exports market.

Quarterly/annual financial summary

YE Mar (INR mn)	3Q FY26	3Q FY25	YoY (%)	2Q FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	4,98,915	3,87,523	28.7	4,23,323	17.9	15,28,679	18,24,297	20,82,744	23,77,848
EBITDA	61,112	50,646	20.7	50,848	20.2	2,01,492	2,14,860	2,59,222	3,20,556
EBITDA %	12.2	13.1	-83bps	12.0	24bps	13.2	11.8	12.4	13.5
APAT	41,717	36,593	14.0	33,028	26.3	1,42,976	1,50,743	1,84,608	2,32,064
EPS (INR)	132.7	116.4	14.0	105	26.3	454.8	479.5	587.2	738.1
P/E (x)					32.7		31.0	25.3	20.2
EV/EBITDA (x)					22.9		21.4	17.6	14.1
RoE (%)					16.1		15.2	16.7	18.6

Source: Company, HSIE Research

BUY

CMP (as on 28 Jan 2026)	INR14,880
Target Price	INR18,910
NIFTY	25,343
KEY CHANGES	OLD NEW
Rating	BUY BUY
Price Target	INR 19,526 INR 18,910
EPS %	FY27E FY28E -6.5% -2.5%

KEY STOCK DATA

Bloomberg code	MSIL IN
No. of Shares (mn)	314
MCap (INR bn) / (\$ mn)	4,677/50,939
6m avg traded value (INR mn)	6,442
52 Week high / low	INR 17,372/11,059

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(8.8)	20.6	22.7
Relative (%)	(6.1)	18.8	14.2

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	58.28	58.28
FIs & Local MFs	22.63	22.91
FPIs	15.78	15.76
Public & Others	3.31	3.05
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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SBI Life Insurance

BANCA rebound underway

SBILIFE reported healthy APE/VNB growth of +15/18% YoY, ahead of our estimates, primarily led by rebound in NOP (9MFY26: +4% YoY, H1FY26: -3% YoY) and strong growth in the PAR segment (>100% YoY). VNB margin were slightly lower than our estimates, owing to the one-time impact of new labor laws (-50bps impact). SBILIFE continues to diversify beyond ULIP segments with share of ULIP falling by 462bps YoY to ~68% in 9MFY26. Given strong performance, we revise our APE/VNB growth estimates to build in 15%/16% CAGR during FY25-FY28E. Our high conviction BUY is anchored on three moats: (a) exclusive access to SBI's massive distribution network with significant under penetration (branch penetration at ~2%); (b) scope for improvement in margin-accretive traditional mix; and (c) cost leadership (excluding renewal commission)/APE ratio among peers (9MFY26: 38.9%; 9MFY25: 33.9%). We maintain BUY with a revised target price of INR 2,400 (implied 2.3x Sep-27E EV), implying >50% premium over IPRULIFE.

- Growth rebounds; product mix improves in BANCA:** BANCA channel performance surprised positively, with +24% YoY growth during the period (H1FY26: +8%), marking a sharp recovery after a prolonged period of underperformance. The product mix within BANCA also improved, with the non-ULIP share rising to 27% in 9MFY26 (9MFY25: 23%), led by higher contribution from the PAR segment. We believe the shift from ULIPs toward PAR products is structurally easier compared to a transition toward non-PAR guaranteed offerings.
- GST ITC cost and one-time wage costs dents margins:** VNB margins were impacted by GST ITC costs (~1.1% impact), along with a one-time ~50bps drag from the implementation of new labour codes. However, we expect the margin impact from GST ITC to moderate to sub-50bps, supported by an improving product mix towards non-ULIPs, higher rider attachment rates of ~35–40% (H1FY26: 38%) on new business, and incremental margin upside from rider attachment on renewal premiums (13th month), effective 1st October 2025.
- BANCA at an inflection point; sustainable growth with improving mix:** We believe SBILIFE's BANCA franchise is at an inflection point, transitioning from volume-led ULIP growth towards a more balanced and margin-accretive non-ULIP mix. While near-term growth is likely to moderate to mid-teens, the quality of growth is likely to improve, supported by a strong pipeline of upcoming non-ULIP product launches.

Financial summary

(INR bn)	9MFY26	9MFY25	% Δ	H1FY26	FY25	FY26E	FY27E	FY28E
NBP	313.3	262.6	19.3%	183.5	355.8	447.7	501.2	559.3
APE	185.2	159.7	16.0%	99.2	214.2	247.7	285.4	328.8
VNB	50.4	42.9	17.5%	27.5	59.5	68.0	78.9	92.5
VNB margin (%)	27.2	26.9	30bps	27.8	27.8%	27.5%	27.6%	28.1%
EV				702.2		824.3	967.0	1,134.7
P/EV (x)					2.9	2.5	2.1	1.8
P/VNB (x)					24.8	19.9	15.6	11.8
ROEV %					20.2%	17.8%	17.7%	17.7%

Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	New	Old	%Δ	New	Old	%Δ	New	Old	%Δ
APE	247.7	237.8	4.2%	285.4	269.7	5.8%	328.8	308.6	6.6%
VNB	68.0	66.6	2.2%	78.9	76.0	3.9%	92.5	87.5	5.7%
VNB Margin (%)	27.5	28.0	-52bps	27.6	28.2	-52bps	28.1	28.4	-23bps
EV	824.3	822.8	0.2%	967.0	962.4	0.5%	1,134.7	1,124.8	0.9%

Source: Company, HSIE Research

BUY

CMP (as on 28 Jan 2026)	INR 2,053
Target Price	INR 2,400
NIFTY	25,343
KEY CHANGES	OLD
Rating	BUY
Price Target	INR 2,100
VNB %	FY26E +2.2%
	FY27E +3.9%

KEY STOCK DATA

Bloomberg code	SBILIFE IN
No. of Shares (mn)	1,003
MCap (INR bn) / (\$ mn)	2,059/22,424
6m avg traded value (Rs mn)	1,811
52 Week high / low	INR 2,116/1,373

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	6.0	11.0	44.6
Relative (%)	8.7	9.2	36.2

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	55.4	55.3
FIs & Local MFs	18.7	18.7
FPIs	21.9	21.9
Public & Others	4.1	4.1
Pledged Shares	Nil	Nil

Source : BSE

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TVS Motor

Margin expansion continues to impress

TVS Motors' Q3FY26 EBITDA margin came in at 13.1%, including the PLI benefit of ~0.7% (up from 20bps both YoY and QoQ). This was above ours and Bloomberg consensus estimate of 12.7%. We expect the company to continue to gain market share in both the domestic and exports market, and benefit from favorable forex and improving cost structure of the EV business. However, concern remains on capital allocation, as higher investments continue towards its subsidiaries, which include investments for development of the Norton bike portfolio (which it expects to launch in CY26) as well as e-bikes. We value the company's core business at 35x Dec-27 EPS (vs 34x earlier), leading to a target price of INR 4,006, and maintain our ADD rating.

- **Quarterly performance:** Revenue at INR 124.8bn (1.7% above our est.) grew 37.1% YoY. While volumes grew 27.4% YoY, realization grew 7.6% YoY to INR80,781 (up 2.2% QoQ). EBITDA margin improved 121bps YoY (70bps on an adjusted basis) and 43bps QoQ to 13.1%.
- **EBITDA margin improves further:** Margin expansion was aided by operating leverage, scale benefits, better product mix, continuing cost reduction, favorable forex, and higher PLI benefit. Management is confident to dampening the impact from rising commodity costs via scale benefits, continuing cost reduction, premiumization, and gradual price hikes.
- **Long runway for domestic 2W industry:** While management has guided for the domestic 2W industry to grow 15% in Q4FY26 and 9% in FY26, it expects the 8-9% growth rate to sustain even on a long-term basis, considering improving road connectivity and rising mobility needs, especially from the self-employed customers in India. It expects positive macros like interest rate reduction, higher reservoir level and increased Rabi sowing to aid 2W sales. For FY26, it expects capex of INR17bn, and investment in subs of INR29bn.
- **Exports well-poised:** It highlighted that demand in Africa continues to grow QoQ, while Latin America is also doing well. Though the European markets have some challenges and may take a few quarters to stabilize, it indicated good rebound in demand from Sri Lanka. While exports to Mexico could be in low single digits of the exports mix, it is focusing on increasing localization there due to the recent higher tariffs and the potential of the Mexican market.
- **EV business to continue to grow well:** It expects e-2W penetration to continue to increase, going forward, while it also indicated better availability of rare earth magnets, which should enable it to normalize supply in a month. It mentioned that while the EV business is positive on contribution margins and improving QoQ, it remains optimistic of it being EBITDA positive soon.

Quarterly/annual financial summary

YE Mar (INR mn)	3Q FY26	3Q FY25	YoY (%)	2Q FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	1,24,763	90,971	37.1	1,19,054	4.8	3,62,513	4,65,343	5,37,443	6,06,344
EBITDA	16,341	10,815	51.1	15,086	8.3	44,540	59,429	71,394	83,803
EBITDA %	13.1	11.9	121bps	12.7	43bps	12.3	12.8	13.3	13.8
APAT	9,714	6,185	57.1	9,061	7.2	27,105	36,252	44,979	53,828
EPS (INR)	20.4	13.0	57.1	19.1	7.2	57.1	76.3	94.7	113.3
P/E (x)					65.5		49.0	39.5	33.0
RoE (%)					30.7		31.7	30.4	28.5

Source: Company, HSIE Research

ADD

CMP (as on 28 Jan 2026)	INR 3,728
Target Price	INR 4,006
NIFTY	25,343
KEY CHANGES	OLD NEW
Rating	ADD ADD
Price Target	INR 3,781 INR 4,006
EPS %	FY27E FY28E
	+2.4% +3.5%

KEY STOCK DATA

Bloomberg code	TVSL IN
No. of Shares (mn)	475
MCap (INR bn) / (\$ mn)	1,771/19,290
6m avg traded value (INR mn)	2,852
52 Week high / low	INR 3,909/2,191

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	4.7	33.2	59.6
Relative (%)	7.4	31.4	51.1

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	50.27	50.27
FIs & Local MFs	18.35	18.29
FPIs	22.89	23.09
Public & Others	8.49	8.35
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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SBI Cards and Payment Services

Improving at margin; slow grind toward steady state

SBI Cards' (SBICARD) Q3FY26 earnings were lower than our estimates, due to muted receivables growth and higher credit costs. Credit costs moderated sequentially by 53bps to 8.4%, although still at elevated levels. New card acquisitions/CIF growth remained subdued (-26%/+8% YoY) due to calibrated sourcing of new customers. Profitability improved sequentially (RoA/RoE of 3.2%/14.7%), driven by lower credit costs and uptick in fee income, driven by corporate spends. However, we reiterate sustained headwinds to the profit pool (**company update**) and structurally lower RoE compared to pre-pandemic levels. We revise our FY26/FY27E earnings estimates to factor in higher fee income, offset by lower receivables growth and maintain **REDUCE** with a revised RI-based TP of INR 700 (implying 3.4x Sep-27 ABVPS; 20x Sep-27 EPS).

- Sustained pressure on yields, offset by higher spends:** Receivables/CIF growth reduced further to 4.5%/7.7% YoY, due to a decline in new card acquisitions (-26% YoY). Card spends was strong at 32% YoY, driven by corporate spends (+329% YoY; 20% of total spends), while retail unit spends remained steady (+5% YoY). NIMs declined QoQ by 20bps to 11% due to lower yields (-20bps) driven by decline in revolve and instalment loans mix (57%). Management has indicated marginal moderation in yields due to adverse receivables mix while cost of funds is expected to remain steady. Other income included one-time benefit of INR 0.5bn due to reversal of provisions for PIDF.
- Credit costs improve sequentially, steady state remains elusive:** Gross credit costs declined to 8.4% (Q2FY26: 8.9%; Q1FY26: 9.6%), with write-offs at 8.3%. Management indicated credit costs are likely to improve gradually with tightened gating criteria and improving forward flow rates. However, limited visibility of a meaningful normalization in credit costs remain key monitorable.
- Search for earnings stability:** SBICARD's profitability remained below par (RoA/RoE of 3.2%/14.7%) in Q3. The profitability has been adversely impacted by multiple headwinds like subdued revolving mix, regulatory headwinds on fee income, and high delinquencies. While credit costs are likely to improve, going ahead, limited visibility of steady-state credit costs along with structural issues around several profit pools are likely to keep profitability lower compared to pre-pandemic levels.

Financial summary

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	17.5	15.7	11.5	17.3	1.2	61.7	68.9	74.9	86.4
PPOP	19.7	18.3	7.7	18.9	4.2	74.5	79.9	87.0	97.9
PAT	5.6	3.8	45.2	4.4	25.2	19.2	22.7	31.2	36.9
EPS (INR)	5.9	4.0	45.2	4.7	25.3	20.1	23.9	32.8	38.8
ROAE (%)					14.8%	15.4%	18.1%	18.2%	
ROAA (%)					3.1%	3.4%	4.3%	4.5%	
ABVPS (INR)					136.5	159.1	187.3	221.1	
P/ABV (x)					5.7	4.9	4.2	3.5	
P/E (x)					38.8	32.7	23.9	20.2	

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	598	591	-1.3%	670	665	-0.7%	774	765	-1.3%
NIM (%)	10.3	10.3	-2 bps	10.4	10.4	-1 bps	10.6	10.6	-1 bps
NII	69.4	68.9	-0.7%	75.7	74.9	-1.0%	87.4	86.4	-1.1%
PPOP	80.0	79.9	-0.1%	88.1	87.0	-1.2%	99.1	97.9	-1.2%
PAT	22.8	22.7	-0.4%	31.5	31.2	-1.1%	37.2	36.9	-0.7%
ABVPS (INR)	158.9	159.1	0.1%	187.8	187.3	-0.3%	221.4	221.1	-0.1%

Source: Company, HSIE Research

REDUCE

CMP (as on 28 Jan 2026)	INR 782	
Target Price	INR 700	
NIFTY	25,343	
KEY CHANGES		
Rating	REDUCE	
Price Target	INR 690	
EPS %	FY26E -0.4%	FY27E -1.1%

KEY STOCK DATA

Bloomberg code	SBICARD IN
No. of Shares (mn)	952
MCap (INR bn) / (\$ mn)	744/8,108
6m avg traded value (INR mn)	962
52 Week high / low	INR 1,027/712

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(13.6)	(6.5)	3.1
Relative (%)	(10.9)	(8.3)	(5.4)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	68.6	68.6
FIs & Local MFs	17.8	17.9
FPIs	10.1	10.2
Public & Others	3.6	3.4
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Mahindra & Mahindra Financial Services

Gradual strides toward steady earnings

Mahindra & Mahindra Financial Services (MMFS) reported another quarter of improving P&L outcomes, driven by sharp NIM reflation and lower credit costs. However, AUM growth moderated to 12% YoY, led by muted disbursements growth (+7% YoY) despite a strong festive season. With tech transformation, branches restructuring, and asset quality stabilization largely done, MMFS is seeking to drive higher pace of growth and improving profitability. MMFS is also exploring merger of MRHFL into the company in order to scale up the mortgages portfolio. However, there seems limited visibility in RoA reflation beyond 2.1-2.2%, in our view, despite a sharp uptick in fee income. We revise our FY26/FY27 earnings estimates to factor in lower loan growth, offset by higher fee income and maintain ADD with a revised SOTP-based TP of INR 355 (standalone entity at implied 1.8x Sep-27 ABVPS).

- Sharp NIM reflation, other income drives strong PPoP growth:** MMFS's NIM (calculated) reflated sequentially by ~42bps to 6.5%, led by lower cost of funds and favorable portfolio mix (lower trade advances). Other income (+90% YoY) remains strong, led by distribution income and dividend income from MIBL. Loan growth moderated to 12% YoY with strong growth in Tractors (23% YoY) and SME (+36% YoY) and muted growth in preowned cars (+9% YoY), CV/CE (4% YoY), and three-wheelers (-2% YoY). Management indicated impact of lower ticket sizes on disbursements growth in Q3 due to GST rate cuts, although volume growth remained strong. MMFS reiterated a cautious stance on preowned cars and portfolio recalibration in CV/CE segment to drive superior risk-adjusted returns.
- Improving asset quality:** MMFS's stress pool reduced QoQ, with GS-II/GS-III at 5.4%/3.8% (Q2FY26: 5.8%/3.9%). Credit costs improved to 1.3%, driven by lower net slippages (1.6%) and reduction in provisioning of Stage II loans. MMFS reiterated steady state credit costs guidance of ~1.5-1.7%.
- Need for portfolio diversification to sustain steady earnings:** MMFS has undergone several changes, including tech transformation and process optimization (branch structure re-jig, CPC, etc.), along with adding fee income streams, to drive healthy RoA. However, portfolio diversification (mortgages, SME, etc.) remains critical for driving steady earnings across cycles, which remains a WIP.

Financial summary (Standalone)

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ(%)	FY25	FY26E	FY27E	FY28E
NII	23.0	19.1	20.6	21.1	9.1	74.3	87.2	101.3	116.5
PPOP	15.4	12.2	26.1	15.0	2.8	47.7	60.2	70.7	80.3
PAT	8.1	9.0	(9.9)	5.7	42.4	23.5	28.2	34.9	39.6
EPS (INR)	5.8	7.3	(19.8)	4.1	42.2	19.0	20.3	25.1	28.5
ROAE (%)					12.4%	12.6%	13.4%	13.9%	
ROAA (%)					1.9%	2.0%	2.1%	2.1%	
ABVPS (INR)					130.9	151.5	166.4	183.0	
P/ABV (x)					2.5	2.1	2.0	1.8	
P/E (x)					17.1	16.0	12.9	11.4	

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	1,380	1,356	-1.7%	1,590	1,572	-1.1%	1,834	1,825	-0.5%
NIM (%)	6.0	6.1	8 bps	6.1	6.2	8 bps	6.1	6.2	8 bps
NII	86.7	87.2	0.6%	101.5	101.3	-0.3%	116.3	116.5	0.1%
PPOP	59.9	60.2	0.5%	70.1	70.7	0.9%	79.9	80.3	0.5%
PAT	28.6	28.2	-1.2%	34.5	34.9	1.0%	39.2	39.6	1.0%
ABVPS (INR)	151	152	0.6%	165	166	0.9%	181	183	1.0%

Source: Company, HSIE Research

ADD

CMP (as on 28 Jan 2026)	INR 370	
Target Price	INR 355	
NIFTY	25,343	
KEY CHANGES	OLD	
Rating	ADD	
Price Target	INR 315	
EPS %	FY26E -1.2%	FY27E 1.0%

KEY STOCK DATA

Bloomberg code	MMFS IN
No. of Shares (mn)	1,390
MCap (INR bn) / (\$ mn)	514/5,603
6m avg traded value (INR mn)	1,080
52 Week high / low	INR 412/232

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	23.4	48.6	39.9
Relative (%)	26.1	46.8	31.4

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	52.5	52.5
FIs & Local MFs	32.3	32.4
FPIs	9.6	9.1
Public & Others	5.6	6.0
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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Metro Brands

Strong print; upgrade to ADD

MBL's topline grew 15.4% YoY to INR 8.11bn (HSIE: INR 7.89bn). Growth was driven by robust festive/wedding demand, coupled with momentary demand spurt due to GST rate rationalization. Sales density was largely stable at INR21.3k in Q3FY26 (vs INR21.1k/sq. ft. in Q3FY25). E-commerce sales (including omni-channel) grew 24% YoY (contributing 12% to sales in Q3FY26 vs 11.1% in Q3FY25). MBL added 24/82 stores net in Q2/9MFY26 (total store count: 990). While BIS-related supply chain challenges are now expected to stabilize by Q2FY27 from the earlier committed timeline of Q4FY26, management has reaffirmed its mid-to-long term revenue CAGR guidance of 15%. GM/EBITDAM expanded by 45/65bps YoY to 59.1/32.7% (HSIE: 58.9/32.2%). EBITDA/APAT grew 17.7/37.1% YoY to INR 2.65/1.3bn (HSIE: INR 2.54/in-line). We largely maintain FY27/28 estimates; however, we upgrade MBL to ADD with a DCF-based TP of INR1,080/sh, implying ~43x FY28 P/E.

- Q3FY26 highlights:** MBL reported topline growth of 15.4% YoY to INR 8.11bn (HSIE: INR 7.89bn), led by robust festive/wedding demand, coupled with momentary demand spurt due to GST rate rationalization. Revenue/sq. ft. was largely stable in Q3 (at INR21.3k vs INR21.1k/sq. ft. in base period). On channel mix, in-store/online+omni/others contributed 85/13/2% in 9MFY26. E-commerce sales (including omni-channel) grew by a robust 24% YoY in Q3. Products > INR 3,000 contributed 55% of sales (vs 54% in Q3FY25). In Q3, MBL added net 24 stores (store count: 990; retail area: 1.39mn sq. ft.). MBL launched multi-brand sports format "MetroActiv" with three initial stores in tier-1 cities, and plans for a gradual metro rollout. Management plans to open 2-3 Fila stores in Q4FY26, while store additions in Footlocker are moderated due to BIS-related supply challenges. Management expects the Clarks supply chain to stabilize by Q2FY27, with EBO launches in Q3FY27. GM/EBITDAM expanded by 45/65bps YoY to 59.1/32.7% (HSIE: 58.9/32.2%). Management maintains mid-to-long term revenue CAGR guidance of 15%, led by mid-to-high single-digit SSSG and 10% retail area growth. EBITDA/APAT grew 17.7/37.1% YoY to INR 2.65/1.3bn (HSIE: INR 2.54/in-line). Pre IND-AS PAT margin stood at 17.2% in Q3FY26 (vs 14.6% in Q3FY25).
- Valuation and outlook:** MBL remains among the more disciplined footwear retailers with an in-sync product market fit. As macro conditions normalize and BIS-related supply chain challenges recede by H1FY27, the company is well-positioned for steady growth. We largely maintain our FY27/28 estimates; however, we upgrade MBL to ADD with a DCF-based TP of INR1,080/sh, implying ~43x FY28 P/E.

Quarterly financial summary

(INR mn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	8,113	7,031	15.4	6,511	24.6	21,271	23,567	25,074	28,267	33,976	40,508
EBITDA	2,649	2,250	17.7	1,707	55.2	5,078	4,899	5,186	5,883	7,132	8,536
APAT	1,304	951	37.1	690	89.0	3,654	3,367	3,545	4,026	5,290	6,822
EPS (Rs)	4.8	3.5	37.0	2.5	89.0	13.4	12.4	13.0	14.8	19.4	25.1
P/E (x)						75.9	66.8	78.3	69.0	52.5	40.7
EV/EBITDA (x)						53.3	54.8	52.3	45.8	37.1	30.2
Core RoCE(%)						51.0	38.6	28.2	32.0	38.2	42.0

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	28,267	28,057	0.7	33,976	33,831	0.4	40,508	40,401	0.3
Gross Profit	16,373	16,186	1.2	19,645	19,517	0.7	23,381	23,267	0.5
Gross Profit Margin(%)	57.9	57.7	23 bps	57.8	57.7	13 bps	57.7	57.6	13 bps
EBITDA	5,883	5,803	1.4	7,132	7,092	0.6	8,536	8,501	0.4
EBITDA margin (%)	20.8	20.7	13 bps	21.0	21.0	3 bps	21.1	21.0	3 bps
APAT	4,026	4,033	(0.2)	5,290	5,273	0.3	6,822	6,799	0.3
APAT margin (%)	14.2	14.4	(13 bps)	15.6	15.6	(2 bps)	16.8	16.8	1 bps
EPS	14.8	14.8	(0.2)	19.4	19.4	0.3	25.1	25.0	0.3

Source: Company, HSIE Research, Consolidated Financials

ADD

CMP (as on 28 Jan 2026)	INR 1,026
Target Price	INR 1,080
NIFTY	25,343
KEY CHANGES	OLD NEW
Rating	SELL ADD
Price Target	INR 1,000 INR 1,080
EPS %	FY27E FY28E
	+0.3 +0.3

KEY STOCK DATA

Bloomberg code	METROBRA IN
No. of Shares (mn)	272
MCap (INR bn) / (\$ mn)	280/3,045
6m avg traded value (INR mn)	93
52 Week high / low	INR 1,340/890

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.4)	(15.6)	(11.4)
Relative (%)	(7.7)	(17.4)	(19.9)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	71.86	71.83
FIs & Local MFs	7.36	7.51
FPIs	3.89	3.82
Public & Others	16.89	16.84
Pledged Shares	0	0

Source : BSE

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Acutaas Chemicals

Ramp-up in the CDMO business

We maintain a **REDUCE** recommendation on Acutaas Chemicals (ACL) with a target price of INR 1,170. ACL's growth story is promising, led by high growth in the CDMO business. However, near-term valuations remain stretched, trading at 50.7/48.8/42.3x FY26/27/28E. Revenue from FY25 to FY28 will be driven by (1) ramp-up of Block 3 (Fermion contract), (2) new CDMO molecules from Blocks 1 and 2, and (3) the growth in electrolyte business. We expect EBITDA margin to improve 540bps, from 23% in FY25 to 28.4% in FY28E. We expect ACL's PAT to grow at a 31% CAGR over FY25-28E, led by 30% EBITDA CAGR, while we expect RoE to increase by 200bps, from 16.2% in FY25 to 18.2% in FY28. In Q3FY26, EBITDA was 57% above our estimates while APAT was 75% above our estimate, owing to higher-than-expected revenue and lower-than-expected raw material cost.

- Financial performance:** Revenue changed by +43/+28.4% YoY/QoQ to INR 3,932mn. Revenue during the quarter was driven by growth in the CDMO business. EBITDA changed by +119.4/+57.9% YoY/QoQ to INR 1,507mn. EBITDA margin changed by +1,335/+717bps YoY/QoQ to 38.3%, owing to favorable product mix change, operating leverage, and cost optimization.
- Segmental information:** (1) Revenue from advanced pharma intermediates changed by +47/+34% YoY/QoQ and came in at INR 3,511mn. It was led by ramp-up in the CDMO business. (2) The revenue of specialty chemicals business changed by +17/-3% YoY/QoQ to INR 421mn.
- Con call takeaways:** ACL has revised guidance for the revenue from 25 to 30% while EBITDA margins from 32% to 35% due to strong order book; (2) ACL commenced the phase 1 of Jagadia facility for the battery chemical manufacturing. Phase 2 is expected to commence by Q1FY27 with a Capex of INR 0.4bn; (3) Manufacturing of Vinylene Carbonate (VC) and Fluoroethylene Carbonate (FEC) is expected to commence by the end of FY26, with a significant ramp-up in Q1 FY27. (4) Capex with JV Indichem Inc (with a South Korean company J & Materials Co Ltd) is expected to complete by CY27. ACL has invested INR 1.3bn in the same. (5) Ankleshwar site is running at 40% utilization and has scope for ramping up.
- Change in estimates:** We revise our FY26/27/FY28 EPS estimates by 19.3/11.3 13.2% to INR 37/38/44x, factoring in the strong Q3 performance and revised management guidance

Financial summary (consolidated)

INR mn	3Q FY26	2Q FY26	QoQ (%)	3Q FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	3,932	3,062	28.4	2,750	43.0	7,175	10,069	12,718	15,259	18,116
EBITDA	1,507	954	57.9	687	119.4	1,285	2,321	4,095	4,440	5,153
APAT	1,062	719	47.7	453	134.2	715	1,604	3,005	3,122	3,604
AEPS (INR)	13.0	8.8	47.7	5.5	134.2	8.7	19.6	36.7	38.1	44.0
P/E (x)						213.3	95.0	50.7	48.8	42.3
EV/EBITDA(x)						119.9	64.6	36.9	33.9	28.9
RoE (%)						11.3	16.2	20.9	18.4	18.2

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY26E Old	FY26E New	%Ch	FY27E Old	FY27E New	%Ch	FY28E Old	FY28E New	%Ch
EBITDA (INR mn)	3,449	4,095	18.7%	4,017	4,440	10.5%	4,591	5,153	12.2%
Adj. EPS (INR/sh)	31	37	19.3%	34	38	11.3%	39	44	13.2%

Source: Company, HSIE Research

REDUCE

CMP (as on 28 Jan 2026)	INR 1,862
Target Price	INR 1,170
NIFTY	25,343
KEY CHANGES	OLD
Rating	REDUCE
Price Target	INR 1,154
EPS %	FY26E
	FY27E
	+19.3%
	11.3%

KEY STOCK DATA

Bloomberg code	ACUTAAS IN
No. of Shares (mn)	82
MCap (INR bn) / (\$ mn)	153/1,660
6m avg traded value (INR mn)	567
52 Week high / low	INR 1,902/919

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	8.6	62.2	97.9
Relative (%)	11.3	60.4	89.4

SHAREHOLDING PATTERN (%)

	Sept-25	Dec-25
Promoters	32.66	32.66
FIs & Local MFs	22.59	21.70
FPIs	16.85	16.67
Public & Others	27.89	28.96
Pledged Shares	0.00	0.00

Source: BSE

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Birlasoft

Strong deal wins; margin recovery impressive

Birlasoft (BSOFT) delivered muted revenue performance with 0.3% QoQ CC growth, which came in below our expectations, while adjusted EBITDA margins expanded sharply to 17.1% (+105bps QoQ), led by offshoring, utilization improvement and currency support. Growth was primarily led by manufacturing and ERP milestones that offset seasonal furlough impacts in BFSI and Lifesciences. The management indicated that manufacturing and ERP will remain soft in Q4 as ramp-ups were one-time events. Growth recovery is anticipated in Lifesciences and Manufacturing verticals in 1HFY27E. Overall growth will be supported by a strong TCV of USD 202mn (+89% QoQ), with ~46% of these signings are net-new engagements that facilitate a strategic shift toward more profitable, outcome-based model. Near-term challenges include fewer working days in Q4, pricing pressures on renewals, and focus on cost optimization over discretionary spending. To capitalize on the AI-led opportunity, Birlasoft is making focused investments in AI and has secured wins in conversational AI, Agentic capabilities, and AI-enabled manufacturing. The sustainable long-term margin target is ~15% and the tax rate will normalize in FY27E. We expect growth recovery in FY27E and increase our estimate by ~1% and maintain BUY with a target price of INR 530, based on 22x Mar-28E EPS.

- Q3FY26 highlights:** (1) BSOFT's revenue came in at USD 151mn (below our estimate of USD 152mn), up 0.3% QoQ CC. (2) Within verticals, Manufacturing led the growth (+3.1% QoQ) due to ramp-up of deals won earlier while BFSI declined 2% QoQ due to seasonality. Energy & utilities, and Lifesciences were down 2.8/0.4% respectively. (3) Total TCV at USD 202mn was driven by deals shifting from Q2 to Q3. ~50% of the deals won were net new. (4) EBITDA margin expanded to 18.2% (+212bps QoQ) driven by better operational efficiencies, higher share of offshore and fixed price business, FX tailwinds (+70ps), and one-off relating to excess provision reversal from the earlier quarter (+110bps). The sustainable EBITDA margin excluding one-offs is expected to be 15%.
- Outlook:** We expect BSOFT's revenue to decline 4.9% YoY in FY26E and grow thereafter by 6.7/11% in FY27/28E, respectively. EBITDAM is factored in at 14.9/14.2/14.5% for FY26/27/28E respectively, implying an EPS CAGR of 9% over FY25-28E (~19% CAGR over FY26-28E).

Quarterly financial summary

YE Mar (INR bn)	Q3		YoY (%)	Q2		QoQ (%)	FY24	FY25	FY26E			FY27E			FY28E		
	FY26	FY25		FY26	FY25				FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25	
Revenue (USD mn)	151	161	-6.2	151	0.1	637	635	604	645	716							
Net Sales	13.48	13.63	-1.1	13.29	1.4	52.78	53.75	53.23	57.71	64.79							
EBIT	2.25	1.42	58.1	1.93	16.4	7.51	6.12	7.14	7.31	8.44							
APAT	1.45	1.17	24.3	1.16	25.2	6.11	5.17	4.80	5.93	6.80							
Diluted EPS (INR)	5.2	4.2	22.7	4.2	25.1	22.2	18.8	17.2	21.3	24.4							
P/E (x)						18.1	21.4	23.3	18.9	16.5							
EV / EBITDA (x)						11.2	12.6	10.9	10.3	8.6							
RoE (%)						22.3	15.8	13.3	15.2	15.8							

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E			FY26E			Change %			FY27E			FY27E			Change %		
	Old	Revised	%	Old	Revised	%	Old	Revised	%	Old	Revised	%	Old	Revised	%	Old	Revised	%
Revenue (USD mn)	609	604	(0.7)	653	645	(1.3)	723	716	(0.9)									
Revenue	53.58	53.23	(0.7)	58.49	57.71	(1.3)	65.40	64.79	(0.9)									
EBIT	6.39	7.14	11.9	7.22	7.31	1.2	8.29	8.44	1.8									
EBIT margin (%)	11.9	13.4	150bps	12.3	12.7	32bps	12.7	13.0	35bps									
APAT	4.19	4.80	14.7	5.89	5.93	0.6	6.71	6.80	1.2									
EPS (INR)	15.0	17.2	14.7	21.2	21.3	0.6	24.1	24.4	1.2									

Source: Company, HSIE Research

BUY

CMP (as on 28 Jan 2026)	INR 403
Target Price	INR 530
NIFTY	25,343

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 530	INR 530
EPS %	FY27E	FY28E
	+0.6	+1.2

KEY STOCK DATA

Bloomberg code	BSOFT IN
No. of Shares (mn)	279
MCap (INR bn) / (\$ mn)	112/1,222
6m avg traded value (INR mn)	654
52 Week high / low	INR 542/330

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	6.7	4.5	(22.4)
Relative (%)	9.4	2.7	(30.9)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	40.53	40.51
FIs & Local MFs	21.92	24.11
FPIs	11.26	10.91
Public & Others	26.29	24.47
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Somany Ceramics

In-line performance, growth picking up

Somany Ceramics' revenue grew 6% YoY, owing to healthy growth in the bathware and adhesives division. Tiles volume growth stood at 2% YoY, while NSR was up 1% YoY. Bathware/adhesive division reported 12/36% YoY growth, respectively. EBITDA margin expanded 80bps YoY, leading to 16% growth in EBITDA. APAT grew 60% YoY, led by higher EBITDA, lower finance cost, and higher other income. Management expressed optimism for a bright outlook after muted recent quarters. The company reaffirmed mid-to-high single-digit volume growth for FY26, guiding EBITDA margins to expand 100-150 bps YoY in Q4FY26 enroute to double-digit levels soon. Factoring in the in-line Q3 performance, we maintain our estimates. We maintain ADD on Somany Ceramics, with an unchanged target price of INR 490/share.

- Q3FY26 performance:** Revenue grew 6% YoY, owing to healthy growth in bathware and adhesives division. Tiles volume growth stood at 2% YoY, while NSR was up 1% YoY/QoQ. Bathware/adhesive division reported 12/36% YoY growth, respectively. EBITDA margin expanded by 80bps YoY (+128bps QoQ), owing to lower other expenses, leading to 16% growth in EBITDA. APAT grew 60% YoY, led by higher EBITDA, lower finance cost, and higher other income.
- Con call takeaways and outlook:** Management expressed optimism for a bright outlook after muted recent quarters. Domestic demand improved gradually in Q3 due to stronger domestic and export volumes, with further pick-ups anticipated ahead. The company has cut channel incentives and intends further reductions as demand strengthens, supporting margin expansion. The company reaffirmed mid-to-high single-digit volume growth for FY26, guiding EBITDA margins to expand 100-150 bps YoY in Q4FY26 enroute to double-digit levels soon. Gas prices are expected to ease marginally (QoQ) in Q4. The management forecasts high single-digit tile growth in the coming years, alongside double-digit sanitaryware revenue growth in FY26 and FY27. Non-tiles revenue share is targeted to rise to 25% over the next four years (from 15% in FY25). Max plant loss is expected at INR 0.26bn in FY26, similar to previous year, before narrowing to under INR 0.1bn in FY27 and achieving profitability by FY28. Factoring in the in-line Q3 performance, we maintain our estimates. We maintain ADD on Somany Ceramics, with an unchanged target price of INR 490/share.

Quarterly/annual financial summary (consolidated)

YE Mar (INR mn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Tiles sales (MSM)	17.5	17.1	2.3	17.8	-1.8	69.3	70.9	72.9	77.3	81.9
NSR (Rs/Kg)	323.5	319.6	1.2	320.5	0.9	323.5	318.3	323.3	326.5	333.1
Tiles Revenue	5,655	5,459	3.6	5,706	-0.9	22,426	22,551	23,572	25,237	27,286
Others Revenue	1,111	941	18.0	1,100	1.0	3,347	3,882	4,348	4,783	5,261
Net Sales	6,823	6,449	5.8	6,852	-0.4	25,914	26,588	27,920	30,019	32,547
EBITDA	620	535	16.0	535	15.9	2,532	2,209	2,303	2,651	2,924
EBITDAM (%)	9.1	8.3		7.8		9.8	8.3	8.2	8.8	9.0
APAT	180	113	59.5	150	20.1	989	621	733	893	1,015
Diluted EPS (Rs)	4.4	2.8	59.5	3.7	20.1	24.1	15.1	17.9	21.8	24.7
EV / EBITDA (x)						7.9	8.7	8.0	6.7	5.9
P/E (x)						16.1	25.7	21.7	17.9	15.7
RoE (%)						11.5	7.4	8.5	9.8	10.3

Source: Company, HSIE Research

ADD

CMP (as on 28 Jan 2026)	INR 387
Target Price	INR 490
NIFTY	25,343
KEY CHANGES	OLD
Rating	ADD
Price Target	INR 490
EPS	FY26E
revision %	-

KEY STOCK DATA

Bloomberg code	SOMC IN
No. of Shares (mn)	41
MCap (INR bn) / (\$ mn)	16/173
6m avg traded value (INR mn)	12
52 Week high / low	INR 624/372

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(13.2)	(26.6)	(20.0)
Relative (%)	(10.5)	(28.4)	(28.5)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	55.00	55.00
FIs & Local MFs	23.17	23.01
FPIs	0.98	0.90
Public & Others	20.85	21.09
Pledged Shares	-	-

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:

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Parikshit Kandpal	Larsen & Toubro	CFA	NO
Aditya Sahu	Larsen & Toubro	MBA	NO
Jay Shah	Larsen & Toubro	CA	NO
Hitesh Thakurani	Maruti Suzuki, TVS Motor	MBA	NO
Shubhangi Kejriwal	Maruti Suzuki, TVS Motor	MSc	NO
Krishnan ASV	SBI Life Insurance, SBI Cards and Payment Services, Mahindra & Mahindra Financial Services	PGDM	NO
Shobhit Sharma	SBI Life Insurance	CA	NO
Deepak Shinde	SBI Cards and Payment Services, Mahindra & Mahindra Financial Services	PGDM	NO
Ayush Pandit	SBI Cards and Payment Services, Mahindra & Mahindra Financial Services	CA	NO
Jay Gandhi	Metro Brands	MBA	NO
Vedant Mulik	Metro Brands	CA	NO
Nilesh Ghuge	Acutaas Chemicals	MMS	NO
Prasad Vadnere	Acutaas Chemicals	MSc	NO
Dhawal Doshi	Acutaas Chemicals	CA	NO
Amit Chandra	Birlasoft	MBA	NO
Vinesh Vala	Birlasoft	MBA	NO
Maitreyee Vaishampayan	Birlasoft	MSc	NO
Keshav Lahoti	Somany Ceramics	CA, CFA	NO
Rajesh Ravi	Somany Ceramics	MBA	NO
Riddhi Shah	Somany Ceramics	MBA	NO
Mahesh Nagda	Somany Ceramics	CA	NO

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