INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **Life Insurance Corporation of India:** Life Insurance Corporation of India (LICI) printed a beat on APE growth (+16% YoY), led by a strong rebound in Individual segment (9M: +12%YoY, H1: -5%YoY). VNB grew much stronger by +28% YoY as VNB margins clocked in at 18.8% (+170bps YoY), ahead of expectations, driven by improved product mix and retail growth rebound. Traditionally focused on the mass customer segment, LICI has engineered a shift in its product strategy toward a higher sum-assured, non-PAR policies over the past couple of years (FY25: 28% of new business). LICI derives its moats from a large agency network while undergoing a strategic shift in its individual product proposition to align itself to the new surrender guidelines (implemented from Oct-24). We revise our APE/VoNB CAGR to 9/14% over FY25-FY28E and expect VNB margin expansion to continue on the back of improvement in product profiles to 20.5% by FY28E. We revise RoEV estimates to 9.8% during FY25-28E, primarily on account of the unwinding and VNB and maintain our ADD rating and with a revised TP of INR1,090 (0.7x Sep-27 EV).
- **Bajaj FinServ:** Bajaj Finserv's 9MFY26 performance was strong across all operating businesses. BAGIC reported 10% YoY GDPI growth, with profitability slightly ahead of estimates on the back of higher realized capital gains and favourable TP loss ratio. BALIC continued to showcase benefits of strategic shifts undertaken, with 52% VNB growth and a 540bps margin improvement, despite 2% decline in APE. Bajaj Finance delivered adjusted AUM growth (+22% YoY) though PAT declined by 6% YoY due to accelerated provisioning of INR 14bn (0.3% of gross advances), given the implementation of minimum LGD floor across businesses. 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 INR2,510 (78% currently contributed by the flagship NBFC business).
- **Tata Motors Passenger Vehicles:** Besides weak demand globally, Jaguar Land Rover (JLR) is also facing structural headwinds from its business in China as JLR's addressable market gets disrupted by a higher luxury tax at the top end of its portfolio and by strong competition from Chinese OEMs at the lower end. Considering China has been a highly profitable market for the company before, we expect both volume and margin expansion to be capped, going forward. What this is also doing is shifting focus of the Chinese OEMs burdened with overcapacity to focus on markets outside China (besides US), which we believe could keep Variable Marketing Expense (VME) higher at mid-single digits for JLR. Considering these challenges that have also been worsened by higher tariffs of exporting to the US, management declined to give an outlook of FY27, deferring it to the investor day in June 2026. However, considering the restocking opportunity post the cyber-attack incident, Q4 should be a good quarter for JLR in the midst of otherwise challenging times. The India PV segment continues to do well and is expected to benefit from the ramp-up of Sierra's sales, and thus benefit from higher operating leverage and improved mix. We value the company on a SOTP basis, with JLR valued at (INR 140) 2.25x Dec-27 EPS, the India PV business valued at (INR 206) 23x Dec-27 EPS, and the stake in Tata Technologies valued at INR 30, for a target price of INR 376 and maintain a REDUCE rating.

HSIE Research Team
hdfcsec-research@hdfcsec.com

- **Cummins:** Cummins India Ltd (CIL) reported muted financial performance in absence of Powergen Data Centre orders, with revenue/EBITDA/APAT missing our estimates by 5/4/5%. Strong FY26 double-digit revenue growth guidance, sustaining/improving Q3FY26 gross margins for the remainder of FY26, and robust underlying demand commentary by the management were some of the positives. While exports were a bit muted, CIL remains positive on domestic demand whilst navigating cautiously through geopolitics and end markets exports demand. Exports were also impacted by inventory corrections. Despite better availability of Powergen nodes from peers and rising competitive intensity, CIL has been able to hold on to the prices and maintain gross margins, owing to cost controls and mix. The company has multiple tailwinds, namely, strong data centre demand, capex cycle recovery, revival in industrials and exports, strong upcoming residential and commercial real estate deliveries, and support for manufacturing policies. CIL remains a play on data centre and capex recovery. We have marginally recalibrated our estimates lower to factor in delays in industrial recovery. We maintain BUY, with a revised SOTP of INR 5,483 (54x Dec-27 EPS roll over).
- **Hitachi Energy:** Hitachi Energy India (HEI) reported a revenue/EBITDA/APAT beat of 7/11/15%, respectively. The EBITDA margin was a positive surprise at 16.6%, driven by operating leverage and cost optimization. HEI's annualized below-EBITDA-line costs are ~1,000bps higher than peers, primarily driven by ~450bps higher royalty and other expenses respectively. Significant volume ramp-up has helped compress the below EBITDA line cost and aided early mid-teen EBITDA margin. With the ramp-up of the HVDC order book, we expect higher core EBITDA margins to get diluted by lower HVDC margins, though absolute EBITDA will grow. This is still 3-4 quarters away and contingent on HVDC revenue coming in. HEI expects annual tendering of 2-3 HVDC projects to sustain the growth required for transmission system. HEI has ~INR 298.7bn of OB as of Dec’25, of which ~INR 100bn are base orders. We continue to expect HVDC orders to be growth accretive and margin dilutive and this has been incorporated into our estimates. HEI is undertaking INR 20bn of capex to expand capacities (over the next five years, INR 4bn/year) in India to cater to both local and global demand. With volume growth, we expect the positive margin trajectory to be maintained. We have recalibrated our EPS estimates higher to factor in better EBITDA as operating leverage plays out. We maintain ADD, with an increased TP of INR 22,892/sh (55x Dec-27E EPS vs. 60x earlier to factor in higher share of HVDC projects business in the mix).
- **FSN E-commerce Ventures (Nykaa):** Nykaa’s Q2 topline grew 26.7% YoY to INR28.7bn (in-line), driven by healthy customer acquisition in BPC and fashion (26.4/32.3% respectively), successful Pink Friday sale and a strong performance in House of Nykaa BPC. BPC/fashion revenue grew 27.3/18.1% to INR26.2/2.35bn (in-line) respectively. GM expanded by 144bps YoY to 45.2% (HSIE: 44.5%), driven by higher owned brand share and improved margins in eB2B. Consequently, EBITDAM expanded 179bps YoY to 8% (HSIE: 7.3%). BPC EBITDAM (as % of NSV) expanded by ~130bps YoY to 10.1%, while fashion losses continue to ebb (at -2% vs -5.4% in Q3FY25), led by improved operating leverage. We largely maintain our FY27/28 EBITDA estimates and our SELL rating (given heady valuations; ~74x FY28 EV/EBITDA), with a DCF-based TP of INR 205/sh, implying 58x FY28 EV/EBITDA.
- **Berger Paints:** Extended monsoon and a shortened festive season kept BRGR’s consolidated revenue flat YoY at INR29.8bn (HSIE: INR30.5bn). Volume/value growth stood at 8.5/0.4%. Management expects this gap to narrow but persist in the 4-5% range as mix continues to shift toward high volume-low value products like economy emulsion, textures, and tile adhesives. Note: the FY25 price corrections (2-2.5%) impact is now behind

(anniversarized in Jan-26). GM expanded by 143bps YoY to 43.1% (HSIE: 42%) due to improved product mix and stable RM prices. However, EBITDAM remained stable YoY at 15.8% (HSIE: 14.8%), constrained by negative operating leverage and sustained brand investments. Management's EBITDAM guidance of 15-17% stays. While EBITDA stood flat YoY at INR 4.71bn (HSIE: INR 4.52bn), APAT grew by 9.7% YoY to INR 3.25bn (HSIE: INR 2.77bn), due to higher JV profits. We have cut our EPS estimates by ~3/4% for FY27/28 respectively to account for lower growth but retained ADD with a DCF-based TP of INR540/sh (implying 41x Mar-28 P/E).

- **Godrej Properties:** Godrej Properties Ltd (GPL) reported presales at INR 85bn (+54.6/-1.0% YoY/QoQ, with a booking area of 6.4msf (+58.2%/-9.9% YoY/QoQ). It delivered 1.7msf of projects in Q3FY26. It added 12 new projects with a GDV of INR 246bn in 9MFY26 (achieving 123% of targeted guidance for FY26). The company has laid out a conservative target of INR 325bn (10% YoY) presales for FY26, backed by a strong launch pipeline worth over INR 400bn. Aggressive project acceleration, marked by a 66% rise in construction expenditure over nine months, drove a 7% decline in operating cash flow as higher upfront costs outpaced collections, lowering the cash flow to collections ratio. GPL expects demand to remain stable and end-user driven. With a strong balance sheet, prudent capital discipline, and no near-term equity dilution planned, GPL is well-positioned to deliver 20%+ earnings CAGR through FY28, driven by strong execution, rising monetization from legacy projects, and margin accretion from premium launches. Given robust presales outperformance, new launches and strong underlying demand, we believe that GPL is all set to outperform guidance. We maintain our ADD rating with a reduced TP of INR 2,082/sh (cutting our NAV growth premium from 35% to 15% as presales growth, on a high FY26 base of INR 330bn, is expected to slow down from 25-30% to 5-10%).
- **Astral:** Astral reported revenue growth of 10% YoY in Q3FY26 to INR 15.4bn —plumbing grew 8% YoY while paints & adhesives (P&A) grew 15% YoY. EBITDAM declined 30/90bps YoY/QoQ to 15.4%; however, strong revenue growth led to 8% YoY EBITDA growth. Inventory loss was INR 200–250mn (~2/1.5% of plumbing/consolidated revenue). APAT grew 5% YoY, led by EBITDA. Plumbing volume grew 17% YoY (+1% QoQ), indicating market share gain. NSR declined 8% YoY (-6% QoQ). The company has revised its FY26 plumbing volume growth guidance upward to over 14% (from low double-digits). Demand in Q4 has picked up, aided by channel restocking, with January plumbing volume growth exceeding 20% YoY. In bathware, the company aims for an annual revenue growth of 20-25% over the next five years, with current order book staying strong. Management anticipates UK adhesive margin to improve in Q4FY26. Considering in-line Q3 performance, we broadly maintain our estimates. We maintain BUY with an unchanged TP of INR 1,900/sh by valuing the company at 60x Mar-28E EPS.
- **Anthem Biosciences:** EBITDA was muted (-1% YoY) as shortfall in revenues (-15% YoY; CRDMO declined -19% YoY) was neutralized by a sharp improvement in gross margin (+13 pp YoY to 66.3%) leading to a strong EBITDA margin at 37.1% (+511 bps YoY). The company indicated (1) that it expects mid-teen revenue growth in FY26 as modest growth of 11% YoY in 9MFY26 (global inventory de-stocking due to trade volatility and muted funding environment in CY25) could improve sharply from Q4FY26 led by supply improvement. However, EBITDA/PAT will remain strong with 20%+ growth YoY in FY26. (2) Normalizing in global supplies for existing products, improving global funding environment, and scale-up in recently approved products (four products; TAM of ~USD 10 bn) will help strong performance in FY27 (QoQ lumpiness possible). (3) The company has good visibility in peptide segment with both GLP-1 innovator pipeline projects and other non-GLP peptides. It has one ADC project in late stage of development (in Phase

3) and 6-7 ADC projects in early-stage (with innovators). (4) Specialty ingredients: It expects strong growth momentum on the back of Semaglutide API opportunity in India and RoW markets (tied-up with several India formulation companies; it will remain cost competitive to Chinese suppliers), steady growth in existing products, commercial visibility in probiotics (tied-up with few companies in RoW markets), and scale-up in biosimilars projects. (5) It expects to sustain a gross margin (backward integration) and EBITDA margin (cost optimization and ramp-up in NeoAnthem plant). It saw healthy RFP/RFQ trends and expects higher conversion rate, supported by an improving global funding environment. Factoring in Q3 and outlook, we have tweaked the EBITDA. We retain ADD and revise TP to INR 720, based on 35x Q3FY28E EV/E (implying 52x PE).

- **Thermax:** Thermax Ltd (TMX) reported revenue/EBITDA/APAT of INR 26.3/2.5/1.6bn, a beat/miss by -2.3/+5.9/+4.6%. The EBITDA margin of 9.7% was higher than our estimate of 8.9%, largely due to improvement in operational efficiency and receding low margins legacy projects. Order inflow in Q3FY26 witnessed a 34% uptick YoY at INR 30.8bn, taking the OB as of Dec'25 to INR 126.4bn (+11%YoY). The performance in Industrial Products segment is lower due to product mix. Profitability in the Industrial Infrastructure segment is higher this year on account of increased operational efficiency. Last year's numbers reflected a project cost overrun, which impacted margins. Chemicals segment profitability is lower due to fixed cost of a new plant and change in product mix. Green Solutions business has margin improvement due to operational efficiency and one the of the subsidiaries has received insurance claim proceeds. New growth drivers are emerging in the form of Data Centre solutions, medium MW power projects, utility power projects, ramp-up of the chemical business, and increased traction in products launched over the past few years. Profitability continues to improve with changes in mix toward profitable industrial products and completion of lower-margin order backlog. Ramping up of new product portfolio, impetus on cleaner air and water, and focus on bio-CNG will be add-ons. We have cut estimates, given weak execution of order book. We maintain BUY on TMX, with a TP of INR 4,175 (45x Dec-27E EPS rollover).
- **Apollo Tyres:** The GST rate cut let boost to OEM production as well as freight movement, coupled with higher marketing spends has led to revival of double-digit growth for the company. However, rising raw material prices, adverse forex, higher marketing spends, front loading of capex-related costs, and a new entrant (Balkrishna Industries) in the segment would keep pressure on margins in the near to medium term. However, the revival of growth in the standalone segment and improved visibility of the same has allowed us to raise the multiple from 12.5x earlier to 13x now (near its five-year mean) of Dec-27 EPS for a TP of INR 454. We maintain SELL.
- **Kalpataru Projects International:** Kalpataru Projects International's (KPIL) Q3FY26 revenue/EBITDA/APAT were reported at INR 57.9/4.8/2.3bn, a beat of +2.4/in line/11.1% to our estimates, respectively. KPIL secured new orders worth INR 194.5bn in YTDFY26, taking the total order book (OB) to INR 632.8bn (excl L1 INR 70bn, ~3.2x FY25 revenue). The company is now targeting FY26 revenue growth of ~25%+, with an EBITDA margin band of 8.5-8.7% and a PBT margin of 5.5%, along with an expected order inflow of INR 250bn+ in FY26. Most low-margin legacy projects are now closed, with only ~INR 10bn remaining out of an INR 630bn order book, positioning margins for gradual improvement despite some newer urban infra orders carrying lower initial margins. Given the robust order booking, stable growth outlook, and a strong balance sheet (BS) and NWC, we retain our P/E target multiple at 20x. Maintain a BUY rating on the stock with increased TP of INR 1,566/sh (20x Dec-27E EPS rollover fromSep-27E).

- **Century Plyboards India:** Century's revenue grew 18% YoY to INR 13.5bn, led by healthy growth in MDF segment (up 19% YoY), ply segment (up 15% YoY), laminates segment (up 10% YoY) and particle board (up 84% YoY). MDF/ ply/ laminates/ particle board volume grew 13/14/115% YoY, while laminates declined 8% YoY. Healthy revenue traction and improved margins drove a 32/22% YoY rise in EBITDA/APAT. The company has broadly maintained its guidance for FY26. It also plans major plywood expansion of more than 50% by FY29 to cut outsourcing. MDF capacity is likewise set to expand more than 50% by FY29. Factoring in Q3 performance, we broadly maintain our revenue and EBITDA estimates. However, we trim our APAT estimates by 4/8% for FY27/28E, respectively, to account for the new announced ply and MDF expansions, leading to increase in our depreciation and interest cost projection. We value Century Ply using SOTP—ex-particle board business at 40x Mar-28E EPS and the upcoming particle board business at 2x capital employed in Mar-28E—to arrive at a TP of INR 935/sh.
- **Aptus Value Housing Finance India:** APTUS's Q3FY26 earnings were marginally below our estimates due to lower AUM growth, partly offset by high assignment income (~16% of PBT). Disbursements growth continued to moderate (+11% YoY; 9% YoY in 9MFY26), leading to lower AUM growth of 20.6% YoY. NIM (calculated) increased by 31bps QoQ due to lower cost of funds. APTUS is gradually seeking customer diversification (floor of INR 0.7mn ticket size), while remaining focused on the LIG, self-employed, rural-based customers. Further, APTUS is accelerating distribution expansion (60-70 branches to be added annually) in Odisha and Maharashtra and high growth pockets in core states to drive loan growth. We expect APTUS to deliver ~20-22% AUM CAGR in the medium term as scalability outside the core products and geographies is likely to remain protracted. We revise our FY26E/FY27E/FY28E earnings estimates to factor in marginally lower loan growth and assignment income and maintain ADD with a revised RI-based TP of INR 320 (implying 2.6x Sep-27 ABVPS).
- **CemIndia Projects:** CemIndia Projects' (CPL) revenue/EBITDA/APAT was a miss on our estimates by 12.6/8.4/4.7% respectively, majorly attributed to delay in execution towards Vadhavan port project (Order Value: INR 10bn). With an OI of INR 35.4bn in Q3FY26 (9MFY26: INR 97.3bn), the OB as of Dec'25 stood at INR 218.8bn (~2.4x FY25 revenue). OB from group entities is ~27%. CPL management has guided for 15% revenue growth, 10% EBITDA margin, and OI of ~INR 150bn (20% from group entities) in FY26, with current bid pipeline at INR 250bn. The OB is well-diversified, offering a natural hedge against any slowdown in specific business segments and targeting maritime, industrials, urban infra/MRTS/airports, roads, hydro, data centre, and other segments. CPL continues to focus on bidding for only higher ticket-sized orders, expanding into new segments such as data centres and ports based on Adani group requirements, and improving execution of projects in hand. While 9MFY26 execution was impacted by delay in execution of Vadhavan port project due to local issues (Q3FY26 revenue impact: INR2-3bn), uptick in metro and data centre projects provides support. We have tweaked our estimates lower, reiterate BUY, with a reduced TP of INR 834/sh (18x Dec-27E EPS, rollover from Sep-27 to Dec-27).
- **Aavas Financiers:** AAVAS's Q3FY26 earnings were marginally higher than our estimates, driven by better-than-expected operating efficiency and improving asset quality. Disbursements growth remained muted (+8% YoY), leading to further moderation in AUM growth to +15.4% YoY. While opex ratios improved sequentially (C/I at 43%; opex to AUM at 3.2%), it is yet to see meaningful improvement. Amidst growth headwinds (disbursements growth for FY25/9MFY26 at 10%/8% YoY), AAVAS has deferred its aspirational AUM guidance of INR 550bn by FY31-FY32E vs. FY30 earlier. We revise our FY26E/FY27E/FY28E earnings estimates to factor in lower loan

growth, partly offset by higher NIM and maintain ADD with a revised RI-based TP of INR1,570 (implying 2.1x Sep-27 ABVPS).

- **Metropolis Healthcare:** EBITDA growth (32% YoY; organic growth at 29%) was mainly driven by a 26% YoY increase in sales (+15% YoY organic rise). Patient/test volumes expanded by 14/13% YoY while realization per patient/test improved by 11%. Metropolis expects: (a) its organic business to see 12-13% sales growth with targets to grow patient volume by 7-8% and margin expansion in FY26/27E and (b) Core Diagnostic to see strong growth and high single-digit margin in Q4, and steady improvement in FY27. Key strategies: (1) increase market share in existing markets, (2) expand collection centers (added 326 in 9M), (3) take a balanced B2B:B2C approach for growth, (4) strengthen specialty (launched Center of Genomics in Delhi) and Truhealth (wellness), and (5) enhance clinical outcomes through advanced digital and AI-driven tools. While company has deferred the price increase (to pass-on GST benefits), it believes that the overall market is conducive for a price hike in the near term. Having completed its investment phase (toward lab infra, technology, medical/management personnel), Metropolis is now focusing on execution and margin expansion. Initiatives like network expansion, diversifying test portfolios, promoting wellness packages, pursuing smaller M&As, implementing micro-market strategies, gaining share in focused cities, and boosting B2C presence are expected to drive sales growth, with margin expected to gradually improve. We maintain ADD with revised TP of INR 2,240 (42x Q3FY28E).
- **Eureka Forbes:** Eureka's revenue growth slowed down to 8% YoY in Q3, owing to slowdown in water purifier sales post festive and high channel inventory impact. However, management highlighted it has gained market share in water purifier category. Robotic, water softeners and air purifiers (grew 3x YoY) delivered healthy growth. Service business momentum builds up with third successive quarter of double-digit AMC bookings growth. EBITDA margin expanded by 70bps YoY owing to improved gross margin to 10.6%, leading to 16/15% growth in EBITDA/APAT. The management highlighted channel inventory pressures have eased across channels, except e-com, which will be normalize by Q4FY26 end. Management guided Q4 revenue growth will be higher than 11% delivered in 9MFY26. Considering a muted Q3 performance and continued elevated inventory in e-com channel, we have trimmed our revenue estimates by 2% each for FY26-28E and APAT estimates by 3/2% for FY27/27E, respectively, while broadly maintaining for FY28E. We maintain BUY with an unchanged TP of INR 830/sh, valued at 45x Mar-28E AEPS (excluding non-cash intangible amortization and 50% of performance-based ESOP expenses).
- **IRM Energy:** Our BUY recommendation on IRM Energy (IRM) with a TP of INR 402/sh is premised on (1) a ~13% CAGR volume growth over FY26-28E and (2) per unit margin expansion in the long term. IRM's Q3FY26 EBITDA at INR 296mn (+33.5% YoY, +11.0% QoQ) and consolidated PAT at INR 140mn (+38.4%YoY, +11.3% QoQ) came in below our estimate due to lower-than-expected Industrial PNG volumes. Total volume stood at 0.61mmscmd (+4.8% YoY, +2.6% QoQ).

Life Insurance Corporation of India

Strong growth and improving product mix

Life Insurance Corporation of India (LICI) printed a beat on APE growth (+16% YoY), led by a strong rebound in Individual segment (9M: +12%YoY, H1: -5%YoY). VNB grew much stronger by +28% YoY as VNB margins clocked in at 18.8% (+170bps YoY), ahead of expectations, driven by improved product mix and retail growth rebound. Traditionally focused on the mass customer segment, LICI has engineered a shift in its product strategy toward a higher sum-assured, non-PAR policies over the past couple of years (FY25: 28% of new business). LICI derives its moats from a large agency network while undergoing a strategic shift in its individual product proposition to align itself to the new surrender guidelines (implemented from Oct-24). We revise our APE/VoNB CAGR to 9/14% over FY25-FY28E and expect VNB margin expansion to continue on the back of improvement in product profiles to 20.5% by FY28E. We revise RoEV estimates to 9.8% during FY25-28E, primarily on account of the unwinding and VNB and maintain our ADD rating and with a revised TP of INR1,090 (0.7x Sep-27 EV).

- **Growth rebound in the individual business:** In Q3, LICI witnessed strong growth in individual business segment of 61% (H1: -5%), led by growth in number of policies (77% YoY). Growth in Q3 was underpinned by strong performance across segments' NPAR savings >100%. We believe with reset in base, LICI is set to grow faster than the industry for next couple of quarters.
- **Revamped product construct:** LICI has revised its product construct through higher policy premium (PAR), lower IRR (NPAR), lower commission for non-club agents, and introduction of club-wise commission structure for agents. LICI has shifted its product strategy toward higher sum-assured, non-PAR, policies over the past couple of years (9MFY26: 36.5%; FY25: 28% of new APE). In Q3, we surprisingly witnessed growth of 49% in PAR, which had not grown, given changes made in product constructs.
- **Improving RoEV to drive re-rating:** We believe LICI has been able to execute multiple changes to its historic business efficiently. LICI lowered the share of PAR in product mix over the last couple of years and reduced its dependence on the agency channel (9MFY26:91.7%, FY25:96%). We argue increase in the dividend payout ratio would be a key for its potential re-rating, which would improve the RoEV to low teens.

Financial summary

INR bn	9M FY26	9M FY25	%Change	H1 FY26	FY25	FY26E	FY27E	FY28E
NB	1,775.6	1,475.0	20.4	1,210.9	2,267.9	2,657.6	2,794.6	2,938.8
APE	440.1	379.8	15.9	290.3	568.3	655.8	690.7	728.8
VNB	82.9	64.8	28.0	51.1	100.1	127.2	138.0	149.8
VNB Margin	18.8%	17.1%	178bps	17.6%	17.6%	19.4%	20.0%	20.5%
EV					7,768.8	8,532.9	9,370.7	10,288.8
P/EV(X)					0.7	0.6	0.6	0.5
P/VNB(X)					53.1	41.8	38.5	35.5
ROEV%					11.4	9.8	9.8	9.8

Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
APE	655.8	585.2	12.1%	690.7	620.3	11.4%	728.8	662.9	10.0%
VNB	127.2	108.1	17.7%	138.0	118.1	16.8%	149.8	130.0	15.2%
VNB Margin (%)	19.4%	18.5%	92bps	20.0%	19.0%	94bps	20.5%	19.6%	93bps
EV	8,532.9	8,513.9	0.2%	9,370.7	9,330.1	0.4%	10,288.8	10,225.3	0.6%

Source: Company, HSIE Research

ADD

CMP *(as on 05 Feb 2026)*	INR 840
Target Price	INR 1,090
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,065	INR 1,090
VNB %	FY26E	FY27E
	+17.7%	16.8%

KEY STOCK DATA	
Bloomberg code	LICI IN
No. of Shares (mn)	6,325
MCap (INR bn) / ($ mn)	5,311/58,827
6m avg traded value (INR mn)	1,102
52 Week high / low	INR 980/715

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.3)	(5.9)	(0.3)
Relative (%)	(7.1)	(9.1)	(6.8)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	96.5	96.5
FIs & Local MFs	1.4	1.3
FPIs	0.1	0.2
Public & Others	2.0	2.0
Pledged Shares	Nil	Nil

Source : BSE

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

Bajaj FinServ

Consistently delivering

Bajaj Finserv's 9MFY26 performance was strong across all operating businesses. BAGIC reported 10% YoY GDPI growth, with profitability slightly ahead of estimates on the back of higher realized capital gains and favourable TP loss ratio. BALIC continued to showcase benefits of strategic shifts undertaken, with 52% VNB growth and a 540bps margin improvement, despite 2% decline in APE. Bajaj Finance delivered adjusted AUM growth (+22% YoY) though PAT declined by 6% YoY due to accelerated provisioning of INR 14bn (0.3% of gross advances), given the implementation of minimum LGD floor across businesses. 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 INR2,510 (78% currently contributed by the flagship NBFC business).

- **General insurance (12% of SOTP) – capital gains and favourable loss ratio:** BAGIC reported 10/7% YoY growth in its GDPI and PAT. GDPI growth continued to be led by strong growth in motor TP (+29% YoY). However, reported PAT was ahead of our estimate, higher capital gains by INR3.0bn and lower overall loss ratios at 74.1% (9MFY25: 78.2%), mainly in Motor TP and crop businesses, partly offset by higher expenses.
- **Life insurance business (10% of SOTP) - strategic shift a new normal:** BALIC's APE for Q3 grew by 26% YoY (H1FY26: -8% YoY), value of new business (VNB) witnessed healthy growth (9M:+52% YoY) as the VNB margin clocked in at 16.4% (+540bps YoY). As highlighted in our **insurance thematic report**, we believe FY26E will show a material turnaround in profitability metrics, with its revised product construct, balanced segmental mix, and rationalizing of costs. We were positively surprised with VNB margins due to lower impact of GST disallowance (Q3FY26:230bps, Q2FY26:223bps) (~450bps drag full year guidance). Given strong 9M performance, we revise our FY26E VNB margin estimates upward to ~17.8%.
- **NBFC business (78% of SOTP) – accelerated provisions dent earnings:** BAF Q3FY26 PAT declined by 6% YoY due to accelerated provisioning of INR 14bn (0.3% of gross advances), given the implementation of minimum LGD floor across businesses. Adjusted for this one-off, operating performance remained steady with AUM growth of 22% YoY, steady NIMs (~9%), marginal normalization in credit costs (1.92%), and robust profitability (RoE of 19.6%). Management guided credit costs in FY27 to sub-1.8%, along with pick-up in the MSME segment. While BAF's credit costs normalization has been protracted compared to historical trends, overall profitability is likely to remain best-in-class along with healthy loan growth, driving premium valuation vs. peers. We maintain BUY with a RI-based TP of INR 1,070 (implying 4.5x Sep-27 ABVPS; 23x Sep-27 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 a revised SOTP-based TP of INR2,510.**

SOTP

INR in mns	BJFIN Share	Per share	% of TP	Rationale
BAF	51.3%	2,138	78.4%	HSIE TP
BAGIC	74.0%	302	11%	26.9x Sep-27E EPS
BALIC	74.0%	285	10%	1.8x Sep-27E Embedded value
Value of subsidiaries		2,726		
Holding company Discount	10%	214		
Target Price		2,512		

Source: Company, HSIE Research

BUY

CMP *(as on 05 Feb 2026)*	INR 2,000
Target Price	INR 2,510
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,565	INR 2,510
EPS%	NA	NA

KEY STOCK DATA	
Bloomberg code	BJFIN IN
No. of Shares (mn)	1,598
MCap (INR bn) / ($ mn)	3,196/35,395
6m avg traded value (INR mn)	2,322
52 Week high / low	INR 2,915/1,727

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.5)	3.1	11.3
Relative (%)	(3.4)	(0.1)	4.9

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	58.8	58.8
FIs & Local MFs	10.5	10.7
FPIs	8.1	8.1
Public & Others	22.5	22.4
Pledged Shares	0.0	0.0

Source : BSE

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

Tata Motors Passenger Vehicles

JLR's challenges continue, albeit restocking to support Q4

Besides weak demand globally, Jaguar Land Rover (JLR) is also facing structural headwinds from its business in China as JLR's addressable market gets disrupted by a higher luxury tax at the top end of its portfolio and by strong competition from Chinese OEMs at the lower end. Considering China has been a highly profitable market for the company before, we expect both volume and margin expansion to be capped, going forward. What this is also doing is shifting focus of the Chinese OEMs burdened with overcapacity to focus on markets outside China (besides US), which we believe could keep Variable Marketing Expense (VME) higher at mid-single digits for JLR. Considering these challenges that have also been worsened by higher tariffs of exporting to the US, management declined to give an outlook of FY27, deferring it to the investor day in June 2026. However, considering the restocking opportunity post the cyber-attack incident, Q4 should be a good quarter for JLR in the midst of otherwise challenging times. The India PV segment continues to do well and is expected to benefit from the ramp-up of Sierra's sales, and thus benefit from higher operating leverage and improved mix. We value the company on a SOTP basis, with JLR valued at (INR 140) 2.25x Dec-27 EPS, the India PV business valued at (INR 206) 23x Dec-27 EPS, and the stake in Tata Technologies valued at INR 30, for a target price of INR 376 and maintain a REDUCE rating.

- **JLR quarterly performance:** EBIT margin in Q3 at negative 6.9% was better than our estimate of negative 10.8%, a slight recovery from the negative 8.6% margin in Q2. However, Q4 is expected to be a much better quarter, considering channel filling opportunity, aided by normalized production.
- **JLR guidance:** Management held on to its FY26 guidance for EBIT margin to 0-2%, and for free cash flow to be negative £2.2bn-negative £2.5bn. However, it held back from giving a guidance for FY27 despite hinting in the Q2 earnings call that there would be better visibility by the time of Q3 results. It indicated that 2026 should see the launch of the Range Rover electric, unveiling of the production-ready new Jaguar, and start of production of Freelander.
- **India PV update:** EBITDA margin at 4.3% was below our estimate of 6%. It expects the company to continue outgrowing the domestic PV industry, aided by Sierra's volumes, which it indicated was 7k dispatches in Jan 2026, with an order book running into six digits. While it avoided a price hike in Jan, it seeks to take it in Feb, mainly to pass on higher commodity costs. Going forward, margin should benefit from operating leverage, cost optimization, and better product mix on ramp-up of Sierra, Harrier petrol, and Safari petrol. It highlighted supply challenges as suppliers, especially casting suppliers as they are working at high utilization levels. It mentioned that it is seeking to expand the PV capacity in two phases over the next 5-6 months.

Quarterly/annual financial summary

YE Mar (INR mn)	3Q FY26	3Q FY25	YoY (%)	2Q FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	7,01,080	9,44,720	(26)	7,23,490	(3)	36,60,940	34,01,832	42,21,634	48,71,416
EBITDA	9,410	1,04,170	(91)	(10,370)	(191)	4,69,590	2,32,998	4,50,177	6,52,989
EBITDA %	1.3	11.0	-969bps	(1.4)	278bps	12.8	6.8	10.7	13.4
APAT	(18,860)	41,640	(145)	(37,600)	(50)	1,95,900	29,776	1,35,190	2,47,733
EPS (INR)	(5.1)	11.3	(145.3)	(10.2)	(49.8)	53.2	8.1	36.7	67.2
P/E (x)						7.1	46.5	10.2	5.6
RoE (%)						31.9	2.4	10.2	16.3

Source: Company, HSIE Research

REDUCE

CMP *(as on 05 Feb 2026)*	INR 376
Target Price	INR 376
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 351	INR 376
EPS %	FY27E	FY28E
	-4.3%	+1.1%

KEY STOCK DATA	
Bloomberg code	TMPV IN
No. of Shares (mn)	3,682
MCap (INR bn) / ($ mn)	1,378/15,259
6m avg traded value (INR mn)	6,565
52 Week high / low	INR 450/324

Note: The record date for the demerger of erstwhile Tata Motors was 14 October 2025, when it began trading ex of the CV business, with the price discovery happening at INR 400 per share. The company was renamed 'Tata Motors Passenger Vehicles Limited'

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.0)	(5.6)	(13.8)
Relative (%)	(7.8)	(8.8)	(20.2)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	42.57	42.56
FIs & Local MFs	17.28	15.34
FPIs	17.13	17.43
Public & Others	23.02	24.67
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Hitesh Thakurani
hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Cummins

Marginal miss; strong outlook

Cummins India Ltd (CIL) reported muted financial performance in absence of Powergen Data Centre orders, with revenue/EBITDA/APAT missing our estimates by 5/4/5%. Strong FY26 double-digit revenue growth guidance, sustaining/improving Q3FY26 gross margins for the remainder of FY26, and robust underlying demand commentary by the management were some of the positives. While exports were a bit muted, CIL remains positive on domestic demand whilst navigating cautiously through geopolitics and end markets exports demand. Exports were also impacted by inventory corrections. Despite better availability of Powergen nodes from peers and rising competitive intensity, CIL has been able to hold on to the prices and maintain gross margins, owing to cost controls and mix. The company has multiple tailwinds, namely, strong data centre demand, capex cycle recovery, revival in industrials and exports, strong upcoming residential and commercial real estate deliveries, and support for manufacturing policies. CIL remains a play on data centre and capex recovery. We have marginally recalibrated our estimates lower to factor in delays in industrial recovery. We maintain BUY, with a revised SOTP of INR 5,483 (54x Dec-27 EPS roll over).

- **Q3FY26 financial highlights:** Revenue: INR 30.5bn (-1/-3.6% YoY/QoQ, miss by 5.2%). Domestic sales: INR 25.4bn (-2/-2% YoY/QoQ) and export of INR 4.7bn (+2/-14% YoY/QoQ). EBITDA: INR 6.3bn (+5.7/-8.7% YoY/QoQ, miss by 3.8%). EBITDA margin came at 20.8% (+132/-115bps YoY/QoQ) vs est. of 20.5%. Other income: INR 1.4bn (+15/-29% YoY/QoQ). APAT: INR 5.5bn (+6.6/-14.1% YoY/QoQ, a 4.6% miss).
- **Pricing stable despite competitive intensity, owing to strong demand:** In Q3FY26, the domestic power gen revenue stood at INR 10.7bn (-16/-20% YoY/QoQ), distribution at INR 9.4bn (+26/+18% YoY/QoQ), industrials at INR 4.6bn (-9/+20% YoY/QoQ). CIL is witnessing increased competition in CPCB4+ segment and high HP nodes but believes that pricing has settled now and is managing gross margins through the mix. BESS solutions, which is a new market segment but may take time to establish as new growth driver, albeit inquiries continue to pour in, indicating market interest with pick up expected from FY27.
- **Powergen demand healthy, distribution highest ever quarter:** Powergen segment ex of data center (no data center revenue for Q3FY26 as it got booked in Q2FY26) grew in double digits, driven by strong demand in realty, manufacturing, and infra. Industrial segment's performance was muted by extended rains, slow railways, and mining orders. Distribution growth is fueled by increasing on ground presence and upgrades and with CPCB 4+ 2-yr warranty period ending start of Jul-26, after market sales get further augmented. CIL is expecting double-digit growth in FY26/27, supported by sustained growth in power gen and focus on quick commerce and data center.

Standalone financial summary

Particulars	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	30,549	30,860	(1.0)	31,703	(3.6)	103,394	118,609	139,342	164,308
EBITDA	6,345	6,000	5.7	6,948	(8.7)	20,680	25,150	29,609	35,776
APAT	5,480	5,140	6.6	6,377	(14.1)	19,058	22,714	26,117	30,730
Diluted EPS (INR)	19.8	18.5	6.6	23.0	(14.1)	68.8	81.9	94.2	110.9
P/E (x)						63.9	53.6	46.6	39.6
EV/EBITDA (x)						57.2	47.0	39.3	31.9
RoE (%)						28.9	28.6	26.2	24.9

Source: Company, HSIE Research

Change in Estimates

Particulars	FY26E			FY27E			FY28E		
	New	Old	% change	New	Old	% change	New	Old	% change
Revenue	118,609	120,688	(1.7)	139,342	142,508	(2.2)	164,308	168,886	(2.7)
EBITDA	25,150	25,474	(1.3)	29,609	30,124	(1.7)	35,776	36,820	(2.8)
EBITDA (%)	21.2	21.1	9.7	21.2	21.1	11.1	21.8	21.8	(2.8)
APAT	22,714	23,078	(1.6)	26,117	26,534	(1.6)	30,730	31,537	(2.6)

Source: HSIE Research

BUY

CMP *(as on 05 Feb 2026)*	INR 4,391
Target Price	INR 5,483
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 5,370	INR 5,483

EPS change %	FY26E	FY27E	FY28E
	-1.6	*-1.6*	*-2.6*

KEY STOCK DATA	
Bloomberg code	KKC IN
No. of Shares (mn)	277
MCap (INR bn) / ($ mn)	1,217/13,482
6m avg traded value (INR mn)	2,275
52 Week high / low	INR 4,615/2,580

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	1.7	22.3	50.3
Relative (%)	1.9	19.0	43.9

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	51.00	51.00
FIs & Local MFs	21.73	20.60
FPIs	18.35	19.42
Public & Others	8.92	8.97
Pledged Shares	-	-

Source: BSE

Pledge shares as a % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7358

Hitachi Energy

Robust performance

Hitachi Energy India (HEI) reported a revenue/EBITDA/APAT beat of 7/11/15%, respectively. The EBITDA margin was a positive surprise at 16.6%, driven by operating leverage and cost optimization. HEI's annualized below-EBITDA-line costs are ~1,000bps higher than peers, primarily driven by ~450bps higher royalty and other expenses respectively. Significant volume ramp-up has helped compress the below EBITDA line cost and aided early mid-teen EBITDA margin. With the ramp-up of the HVDC order book, we expect higher core EBITDA margins to get diluted by lower HVDC margins, though absolute EBITDA will grow. This is still 3-4 quarters away and contingent on HVDC revenue coming in. HEI expects annual tendering of 2-3 HVDC projects to sustain the growth required for transmission system. HEI has ~INR 298.7bn of OB as of Dec'25, of which ~INR 100bn are base orders. We continue to expect HVDC orders to be growth accretive and margin dilutive and this has been incorporated into our estimates. HEI is undertaking INR 20bn of capex to expand capacities (over the next five years, INR 4bn/year) in India to cater to both local and global demand. With volume growth, we expect the positive margin trajectory to be maintained. We have recalibrated our EPS estimates higher to factor in better EBITDA as operating leverage plays out. We maintain ADD, with an increased TP of INR 22,892/sh (55x Dec-27E EPS vs. 60x earlier to factor in higher share of HVDC projects business in the mix).

- **Q3FY26 financial highlights:** HEI reported revenue of INR 20.8bn (+28.5/+13.6% YoY/QoQ, a beat of 6.8%). EBITDA stood at INR 3.5bn (+107/+16% YoY/QoQ, a beat by 11%), with EBITDA margin at 16.6% (+628/+27bps YoY/QoQ), a beat vs. our estimate of 15.9%. APAT came in at INR 3bn (+120/+14% YoY/QoQ), a beat by 15%), aided by higher business volume, higher other income, and lower other expenses.
- **Strong base order inflow:** In Q3FY26, HEI received orders worth INR 24.5bn (+18/12% YoY/QoQ), comprising Industries, Renewables, Transport, and Energy/power. Exports accounted for 30% of OI majorly from utilities and data centers. Segment-wise, Q3FY26 order mix comprises products/projects/services at 79/17/4%, respectively. Sector-wise, OB mix across utilities/industries/transport and infra stands at 47/43/10%, respectively. From a channel standpoint, direct end user, EPC, OEM, and distributor contributions stood at 68/15/14/3%, respectively.

Financial summary (INR mn)

Particulars	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	20,822	16,203	28.5	18,326	13.6	63,849	75,741	129,896	175,360
EBITDA	3,453	1,669	106.9	2,990	15.5	5,958	11,513	19,355	25,778
APAT	3,021	1,374	119.9	2,644	14.3	3,840	9,890	15,190	19,687
Diluted EPS (INR)	67.7	30.8	119.9	59.3	14.3	86.1	221.7	340.6	441.4
P/E (x)						223.0	86.6	56.4	43.5
EV / EBITDA (x)						137.3	71.6	42.3	31.2
RoE (%)						13.8	21.0	25.5	25.5

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E			FY28E		
	New	Old	% change	New	Old	% change	New	Old	% change
Revenue	75,741	74,416	1.8	129,896	127,624	1.8	175,360	172,292	1.8
EBITDA	11,513	10,493	9.7	19,355	17,740	9.1	25,778	23,604	9.2
EBITDA (%)	15.2	14.1	110.0	14.9	13.9	100.0	14.7	13.7	100.0
APAT	9,890	8,718	13.4	15,190	13,656	11.2	19,687	17,980	9.5

Source: Company, HSIE Research

ADD

CMP (*as on 05 Feb 2026*)	INR 19,199
Target Price	INR 22,892
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	21,280	22,892

EPS change %	FY26E	FY27E	FY28E
	+13.4	+11.2	+9.5

KEY STOCK DATA	
Bloomberg code	POWERIND IN
No. of Shares (mn)	45
MCap (INR bn) / ($ mn)	856/9,478
6m avg traded value (INR mn)	3,006
52 Week high / low	INR 21,840/10,300

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.1)	(10.1)	61.0
Relative (%)	(6.0)	(13.3)	54.6

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	71.31	71.31
FIs & Local MFs	7.92	7.17
FPIs	9.67	10.69
Public & Others	11.09	10.81
Pledged Shares	-	-

Source: BSE

Pledge share as a % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7353

FSN E-commerce Ventures (Nykaa)

Strong print; margins beat expectations

SELL

CMP*(as on 05 Feb 2026)*	INR 258
Target Price	INR 205
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 200	INR 205
EBITDA%	FY27E +1.5	FY28E +0.5

KEY STOCK DATA	
Bloomberg code	NYKAA IN
No. of Shares (mn)	2,863
MCap (INR bn) / ($ mn)	739/8,189
6m avg traded value (INR mn)	1,629
52 Week high / low	INR 273/155

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	3.0	22.2	48.2
Relative (%)	3.1	19.0	41.7

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	52.12	52.10
FIs & Local MFs	24.98	25.35
FPIs	12.54	12.14
Public & Others	10.36	10.41
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Nykaa's Q2 topline grew 26.7% YoY to INR28.7bn (in-line), driven by healthy customer acquisition in BPC and fashion (26.4/32.3% respectively), successful Pink Friday sale and a strong performance in House of Nykaa BPC. BPC/fashion revenue grew 27.3/18.1% to INR26.2/2.35bn (in-line) respectively. GM expanded by 144bps YoY to 45.2% (HSIE: 44.5%), driven by higher owned brand share and improved margins in eB2B. Consequently, EBITDAM expanded 179bps YoY to 8% (HSIE: 7.3%). BPC EBITDAM (as % of NSV) expanded by ~130bps YoY to 10.1%, while fashion losses continue to ebb (at -2% vs -5.4% in Q3FY25), led by improved operating leverage. We largely maintain our FY27/28 EBITDA estimates and our SELL rating (given heady valuations; ~74x FY28 EV/EBITDA), with a DCF-based TP of INR 205/sh, implying 58x FY28 EV/EBITDA.

- **Q3FY26 highlights**: Revenue grew 26.7% YoY to INR28.7bn, led by robust customer acquisition, successful Pink Friday sale and a strong performance in House of Nykaa BPC brands. BPC/fashion revenue grew 27.3/18.1% to INR26.2/2.35bn (in-line) respectively. BPC AUTC/orders grew 26.4/20.7% YoY in Q3 to 18.7/18.1mn respectively. Fashion AUTC/orders grew 32.3/42.9% YoY to 4.1/3mn respectively. Nykaa's owned brands' GMV surged 65% YoY in BPC to INR 7.75bn, while that in fashion declined 17% to INR 1bn. The company's retail presence expanded to 276 beauty stores (+34% retail space YoY) with double-digit SSSG in Q3. GM expanded by 144bps YoY to 45.2% (HSIE: 44.5%), driven by higher owned brand share and improved margins in eB2B. Consequently, EBITDAM expanded 179bps YoY to 8% (HSIE: 7.3%), as aided by higher GM and better operating leverage. Notably, this expansion was achieved despite a 31% YoY increase in marketing and S&D spends to INR4.6bn. Note: BPC EBITDAM (as % of NSV) expanded by ~130bps YoY to 10.1%, while fashion EBITDAM expanded by 340bps YoY to -2%. EBITDA/APAT grew 63.2/195.3% YoY to INR2.3bn/780mn (HSIE: 2.1bn/755mn).
- **Outlook**: Nykaa continues to be a leading platform for global beauty brands. The path to profitability for fashion and eB2B segments remains a key monitorable. We largely maintain our FY27/28 EBITDA estimates and our SELL rating (given heady valuations; ~74x FY28 EV/EBITDA), with a DCF-based TP of INR 205/sh, implying 58x FY28 EV/EBITDA.

Quarterly financial summary

(INR mn)	3Q FY26	3Q FY25	YoY (%)	2Q FY26	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	28,733	22,672	26.7	23,460	22.5	51,438	63,856	79,498	99,485	1,23,105	1,48,975
EBITDA	2,298	1,408	63.2	1,590	44.5	2,560	3,462	4,739	7,309	10,777	14,331
Pre-IND-AS EBITDA						1,179	1,658	2,517	4,528	7,335	10,181
APAT	780	264	195.3	330	136.5	210	397	721	2,397	4,269	6,449
EPS (Rs)	0.2	0.1	156.2	0.1	105.3	0.1	0.1	0.3	0.8	1.5	2.3
P/E (x)						3,511.0	1,853.7	1,023.6	308.1	173.0	114.5
EV/EBITDA (x)						626.6	447.0	296.1	164.3	101.1	72.4
Core RoCE(%)						1.9	2.4	4.0	10.5	17.1	21.7

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	99,485	99,398	*0.1*	1,23,105	1,22,994	*0.1*	1,48,975	1,48,849	*0.1*
Gross Profit	44,386	44,060	*0.7*	54,618	54,231	*0.7*	65,708	65,264	*0.7*
Gross Profit Margin (%)	44.6	44.3	***29 bps***	44.4	44.1	***28 bps***	44.1	43.8	***26 bps***
Reported EBITDA	7,309	7,292	*0.2*	10,777	10,665	*1.0*	14,331	14,274	*0.4*
Reported EBITDA margin (%)	7.3	7.3	***1 bps***	8.8	8.7	***8 bps***	9.6	9.6	***3 bps***
Pre-IND AS EBITDA*	4,528	4,514	*0.3*	7,335	7,227	*1.5*	10,181	10,128	*0.5*
EBITDA margin (%)*	4.6	4.5	***1 bps***	6.0	5.9	***8 bps***	6.8	6.8	***3 bps***

Source: Company, HSIE Research, Note: EBITDAM are on Pre-IND-AS 116 basis

Jay Gandhi
jay.gandhi@hdfcsec.com
+91-22-6171-7320

Vedant Mulik
vedant.mulik@hdfcsec.com
+91-22-6171-7348

Berger Paints

Growth pangs persist

Extended monsoon and a shortened festive season kept BRGR's consolidated revenue flat YoY at INR29.8bn (HSIE: INR30.5bn). Volume/value growth stood at 8.5/0.4%. Management expects this gap to narrow but persist in the 4-5% range as mix continues to shift toward high volume-low value products like economy emulsion, textures, and tile adhesives. Note: the FY25 price corrections (2-2.5%) impact is now behind (anniversarized in Jan-26). GM expanded by 143bps YoY to 43.1% (HSIE: 42%) due to improved product mix and stable RM prices. However, EBITDAM remained stable YoY at 15.8% (HSIE: 14.8%), constrained by negative operating leverage and sustained brand investments. Management's EBITDAM guidance of 15-17% stays. While EBITDA stood flat YoY at INR 4.71bn (HSIE: INR 4.52bn), APAT grew by 9.7% YoY to INR 3.25bn (HSIE: INR 2.77bn), due to higher JV profits. We have cut our EPS estimates by ~3/4% for FY27/28 respectively to account for lower growth but retained ADD with a DCF-based TP of INR540/sh (implying 41x Mar-28 P/E).

- **Q3FY26 highlights**: Consolidated/standalone revenue stood flat YoY at INR29.8/25.9bn (HSIE: INR30.5/26.3bn). Growth was impacted by the extended monsoon and a shortened festive season. Volume/value growth stood at 8.5/0.4%. Management expects this gap to narrow but persist in the 4-5% range as mix continues to shift toward high volume-low value products like economy emulsion, textures, and tile adhesives. Note: FY25 price corrections (2-2.5%) impact is now behind (anniversarized in Jan-26). In deco, CC delivered robust growth and wood coatings segment reported strong double-digit growth. Dealer network expansion continued in Q3, while urban initiatives remain on track. In industrial, automotive posted mid-single digit value growth, aided by GST 2.0 reforms, whereas protective (including GI) remained muted. In international business, Bolix Poland reported strong topline and EBITDA growth, BJN Nepal was impacted by political disruption, and STP faced topline pressure due to a temporary shutdown at the Jamshedpur plant. Consolidated GM expanded by 143bps YoY to 43.1% (HSIE: 42%) due to improved product mix and stable RM prices. However, EBITDAM remained stable YoY at 15.8% (HSIE: 14.8%), constrained by negative operating leverage and sustained brand investments. EBITDAM guidance of 15-17% stays. While EBITDA stood flat YoY at INR 4.71bn (HSIE: INR 4.52bn), APAT grew by 9.7% YoY to INR 3.25bn (HSIE: INR 2.77bn) due to higher JV profits. Net cash position stood at INR9.18bn.
- **Outlook**: The paint sector continues to face significant growth challenges as it navigates subdued demand conditions, further compounded by seasonal headwinds and intense competition. We cut our EPS estimates by ~3/4% for FY27/28 respectively to account for lower growth but retained ADD with a DCF-based TP of INR540/sh (implying 41x Mar-28 P/E).

Quarterly financial summary (Consolidated)

(INR mn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	29,840	29,751	*0.3*	28,275	*5.5*	1,05,678	1,11,989	1,15,447	1,18,388	1,29,405	1,42,967
EBITDA	4,710	4,717	*(0.2)*	3,523	*33.7*	14,872	18,613	18,561	17,769	20,846	23,632
APAT	3,245	2,951	*9.9*	2,063	*57.3*	8,604	11,678	11,804	11,427	13,511	15,478
EPS (Rs)	2.3	2.5	*(8.1)*	1.8	*31.5*	8.9	10.0	10.1	9.0	11.6	13.3
P/E (x)						53.3	47.1	46.6	48.2	40.7	35.6
EV/EBITDA (x)						31.2	29.4	29.5	30.3	25.5	22.2
Core RoCE(%)						17.6	19.9	18.2	16.5	19.6	21.7

Change in estimates (Consolidated)

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,18,388	1,19,593	*(1.0)*	1,29,405	1,36,430	*(5.1)*	1,42,967	1,52,992	*(6.6)*
Gross Profit	50,135	50,203	*(0.1)*	55,124	57,612	*(4.3)*	61,116	64,835	*(5.7)*
Gross Profit Margin(%)	42.3	42.0	*37 bps*	42.6	42.2	*37 bps*	42.7	42.4	*37 bps*
EBITDA	17,769	18,046	*(1.5)*	20,846	21,814	*(4.4)*	23,632	25,028	*(5.6)*
EBITDA margin (%)	15.0	15.1	*-8 bps*	16.1	16.0	*12 bps*	16.5	16.4	*17 bps*
APAT	11,427	11,226	*1.8*	13,511	13,973	*(3.3)*	15,478	16,157	*(4.2)*
APAT margin (%)	9.7	9.4	*27 bps*	10.4	10.2	*20 bps*	10.8	10.6	*27 bps*
EPS (Rs)	9.0	9.3	*(3.1)*	11.6	12.0	*(3.3)*	13.3	13.9	*(4.2)*

ADD

CMP *(as on 05 Feb 2026)*	**INR 472**
Target Price	**INR 540**
NIFTY	**25,643**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 570	INR 540
EPS %	FY27E	FY28E
	-3.3	-4.2

KEY STOCK DATA	
Bloomberg code	BRGR IN
No. of Shares (mn)	1,166
MCap (INR bn) / ($ mn)	551/6,099
6m avg traded value (INR mn)	228
52 Week high / low	INR 605/453

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(12.1)	(17.4)	(1.4)
Relative (%)	(11.9)	(20.6)	(7.9)

SHAREHOLDING PATTERN (%)	**Sep-25**	**Dec-25**
Promoters	74.98	74.98
FIs & Local MFs	10.71	11.08
FPIs	5.35	5.25
Public & Others	8.96	8.69
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

Jay Gandhi
jay.gandhi @hdfcsec.com
+91-22-6171-7320

Vedant Mulik
vedant.mulik@hdfcsec.com
+91-22-6171-7348

Godrej Properties

Execution weakness led to a drag in margins

Godrej Properties Ltd (GPL) reported presales at INR 85bn (+54.6/-1.0% YoY/QoQ, with a booking area of 6.4msf (+58.2%/-9.9% YoY/QoQ). It delivered 1.7msf of projects in Q3FY26. It added 12 new projects with a GDV of INR 246bn in 9MFY26 (achieving 123% of targeted guidance for FY26). The company has laid out a conservative target of INR 325bn (10% YoY) presales for FY26, backed by a strong launch pipeline worth over INR 400bn. Aggressive project acceleration, marked by a 66% rise in construction expenditure over nine months, drove a 7% decline in operating cash flow as higher upfront costs outpaced collections, lowering the cash flow to collections ratio. GPL expects demand to remain stable and end-user driven. With a strong balance sheet, prudent capital discipline, and no near-term equity dilution planned, GPL is well-positioned to deliver 20%+ earnings CAGR through FY28, driven by strong execution, rising monetization from legacy projects, and margin accretion from premium launches. Given robust presales outperformance, new launches and strong underlying demand, we believe that GPL is all set to outperform guidance. We maintain our ADD rating with a reduced TP of INR 2,082/sh (cutting our NAV growth premium from 35% to 15% as presales growth, on a high FY26 base of INR 330bn, is expected to slow down from 25-30% to 5-10%).

- **Q3FY26 financial highlights:** Revenue came in at INR 4.9bn (-49.2%/-33.1% YoY/QoQ, a miss by 51.0%). EBITDA: INR -1.8bn (vs INR +217mn/-5.1bn Q3FY25/Q2FY26) against an estimated EBITDA of INR -1.1bn. APAT: INR 2.1bn (+32.1%/-49.1% YoY/QoQ, a miss of 66%). Margins were impacted due to CCM-based accounting policies and pushing out of deliveries to Q4FY26.
- **Strong demand drives presales momentum:** Presales for Q3FY26 stood at INR 84bn (+54.6/-1.0% YoY/QoQ), with a booking area of 6.4msf (+58.2%/-9.9% YoY/QoQ). This was led by strong demand in some key new project launches where MMR contributed 38% of total presales, largely led by Godrej Trilogy at Worli (INR 17bn), followed by Panipat and Noida launches. For FY26, GPL has guided a conservative target of 10% presales growth, which we believe it shall surpass, owing to robust launches in Q4FY26.
- **Expansion drive leads to higher debt:** GPL net debt increased to INR 68.7bn (vs INR 55.6bn QoQ) and net D/E increased to 0.37x vs 0.30x QoQ. In 9MFY26 GPL added twelve new projects with a saleable area of 22.3msf and a GDV of INR 246bn (achieving 123% of INR 200bn targeted for FY26).

Consolidated financial summary (INR mn)

YE March	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	4,984	9,689	(49)	7,404	(33)	49,228	56,613	70,766	91,996
EBITDA	(1,827)	276	(763)	(5,127)	(64)	444	(5,345)	1,929	12,119
APAT	2,094	1,582	32	4,125	(49)	13,798	15,486	11,859	18,033
Diluted EPS (Rs)	7.0	5.3	32.3	13.7	(49)	45.8	51.4	39.4	59.9
P/E (x)						36.7	32.7	42.7	28.0
EV / EBITDA (x)						1,217.0	(100.9)	257.7	37.7
RoE (%)						9.9	8.3	4.8	5.3

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E			FY28E		
	New	Old	Chg. (%)	New	Old	Chg. (%)	New	Old	Chg. (%)
Revenues	56,613	61,536	(8)	70,766	72,612	(3)	91,996	90,765	1
EBITDA	-5,345	3,504	(253)	1,929	7,461	(74)	12,119	15,114	(20)
EBITDA (%)	(9.4)	5.7	(1514)	2.7	10.3	(755)	13.2	16.7	(348)
APAT	15,486	10,422	48.6	11,859	12,158	(2.5)	18,033	16,832	7.1

Source: Company, HSIE Research

ADD

CMP *(as on 05 Feb 2026)*	INR 1,690
Target Price	INR 2,082
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,672	INR 2,082

EPS	FY26E	FY27E	FY28E
Change %	*+48.6*	*-2.5*	*+7.1*

KEY STOCK DATA	
Bloomberg code	GPL IN
No. of Shares (mn)	301
MCap (INR bn) / ($ mn)	509/5,637
6m avg traded value (INR mn)	1,531
52 Week high / low	INR 2,523/1,475

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(26.3)	(20.1)	(26.6)
Relative (%)	(26.1)	(23.3)	(33.0)

SHAREHOLDING PATTERN (%)

	Sept25	Dec-25
Promoters	47.05	47.17
FIs & Local MFs	10.42	10.78
FPIs	28.31	28.15
Public & Others	14.22	13.92
Pledged Shares	-	-

Source: BSE

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Astral

Industry-leading growth

Astral reported revenue growth of 10% YoY in Q3FY26 to INR 15.4bn — plumbing grew 8% YoY while paints & adhesives (P&A) grew 15% YoY. EBITDAM declined 30/90bps YoY/QoQ to 15.4%; however, strong revenue growth led to 8% YoY EBITDA growth. Inventory loss was INR 200–250mn (~2/1.5% of plumbing/consolidated revenue). APAT grew 5% YoY, led by EBITDA. Plumbing volume grew 17% YoY (+1% QoQ), indicating market share gain. NSR declined 8% YoY (-6% QoQ). The company has revised its FY26 plumbing volume growth guidance upward to over 14% (from low double-digits). Demand in Q4 has picked up, aided by channel restocking, with January plumbing volume growth exceeding 20% YoY. In bathware, the company aims for an annual revenue growth of 20-25% over the next five years, with current order book staying strong. Management anticipates UK adhesive margin to improve in Q4FY26. Considering in-line Q3 performance, we broadly maintain our estimates. We maintain BUY with an unchanged TP of INR 1,900/sh by valuing the company at 60x Mar-28E EPS.

- **Q3FY26 performance:** Revenue grew 10% YoY to INR 15.4bn (plumbing grew 8% YoY and P&A grew by 15% YoY). Employee cost and other expenses were up 14/12% YoY. EBITDAM declined 30/90bps YoY/QoQ to 15.4%, leading to 8% YoY EBITDA growth. APAT grew 5% YoY, led by EBITDA. Plumbing volume grew 17% YoY (+ 1% QoQ), indicating market share gain. NSR declined 8% YoY (-6% QoQ). Plumbing EBITDAM declined 25/80bps YoY/QoQ. EBITDA/kg was INR 31.7 vs INR 34.6/34.8 YoY/QoQ. Inventory loss was INR 200-250mn (~2/1.5% of plumbing/consolidated revenue).
- **Con call highlights and outlook:** The company has revised its FY26 plumbing volume growth guidance upward to over 14% (from low double digits). Demand in Q4 has picked up, aided by channel restocking, with January plumbing volume growth exceeding 20% YoY. In bathware, the company aims for an annual revenue growth of 20-25% over the next five years, with current order book staying strong. Management anticipates UK adhesive margin to improve in Q4FY26. The healthy revenue growth in paints from Q3 onward should persist into Q4. Considering in-line Q3 performance, we broadly maintain our estimates. We maintain BUY with an unchanged TP of INR 1,900/sh by valuing the company at 60x its Mar-28E EPS.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q3 FY26	Q2 FY26	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Pipes sales (K MT)	61.7	52.8	16.8	61.2	0.8	219.6	227.1	258.9	289.9	324.7
EBITDA (INR/kg)	31.7	34.6	-8.5	34.8	-9.0	34.1	33.6	31.0	32.9	33.1
Paints & adhesive revenue	4.70	4.07	15.4	4.59	2.3	14.99	16.36	18.47	20.99	23.43
Paints & adhesive EBITDAM (%)	11.0	11.9		12.1	15.0	13.5	11.9	11.6	13.2	13.3
Net Sales	15.42	13.97	10.3	15.77	-2.3	56.41	58.32	63.43	72.74	82.38
EBITDA	2.37	2.20	8.1	2.57	-7.6	9.18	9.46	10.21	12.43	14.62
EBITDAM (%)	15.4	15.7		16.3		16.3	16.2	16.1	17.1	17.7
APAT	1.20	1.14	5.3	1.35	-10.8	5.46	5.24	5.39	7.02	8.52
Diluted EPS (Rs)	4.5	4.2	5.3	5.0	-10.8	20.3	19.5	20.0	26.1	31.7
EV / EBITDA (x)						43.7	42.5	39.1	31.5	26.4
P/E (x)						74.1	77.2	75.1	57.7	47.5
RoE (%)						17.5	15.1	13.8	16.0	17.2

Source: Company, HSIE Research

BUY

CMP *(as on 05 Feb 2026)*	INR 1,504
Target Price	INR 1,900
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,900	INR 1,900
APAT revision %	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	ASTRA IN
No. of Shares (mn)	269
MCap (INR bn) / ($ mn)	404/4,474
6m avg traded value (INR mn)	1,066
52 Week high / low	INR 1,595/1,232

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.5	5.4	(1.1)
Relative (%)	2.7	2.1	(7.5)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	54.21	54.22
FIs & Local MFs	17.49	19.19
FPIs	16.61	15.21
Public & Others	11.89	11.38
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Anthem Biosciences

Margin improvement neutralized CRDMO dip

ADD

EBITDA was muted (-1% YoY) as shortfall in revenues (-15% YoY; CRDMO declined -19% YoY) was neutralized by a sharp improvement in gross margin (+13 pp YoY to 66.3%) leading to a strong EBITDA margin at 37.1% (+511 bps YoY). The company indicated (1) that it expects mid-teen revenue growth in FY26 as modest growth of 11% YoY in 9MFY26 (global inventory de-stocking due to trade volatility and muted funding environment in CY25) could improve sharply from Q4FY26 led by supply improvement. However, EBITDA/PAT will remain strong with 20%+ growth YoY in FY26. (2) Normalizing in global supplies for existing products, improving global funding environment, and scale-up in recently approved products (four products; TAM of ~USD 10 bn) will help strong performance in FY27 (QoQ lumpiness possible). (3) The company has good visibility in peptide segment with both GLP-1 innovator pipeline projects and other non-GLP peptides. It has one ADC project in late stage of development (in Phase 3) and 6-7 ADC projects in early-stage (with innovators). (4) Specialty ingredients: It expects strong growth momentum on the back of Semaglutide API opportunity in India and RoW markets (tied-up with several India formulation companies; it will remain cost competitive to Chinese suppliers), steady growth in existing products, commercial visibility in probiotics (tied-up with few companies in RoW markets), and scale-up in biosimilars projects. (5) It expects to sustain a gross margin (backward integration) and EBITDA margin (cost optimization and ramp-up in NeoAnthem plant). It saw healthy RFP/RFQ trends and expects higher conversion rate, supported by an improving global funding environment. Factoring in Q3 and outlook, we have tweaked the EBITDA. We retain ADD and revise TP to INR 720, based on 35x Q3FY28E EV/E (implying 52x PE).

- **Q3 highlights:** Sales declined 15% YoY to INR 4.23bn. CRDMO (79% of sales) was down 19% YoY to INR 3.33bn. Specialty ingredients (21%) grew 7% YoY to INR 899mn (+7% QoQ). Higher GM was at 66.3% (+13 bps YY), higher staff (+24%), and moderate SG&A (+9%) led to an EBITDA of INR 1.57bn (-1% YoY) and margin was at 37.1% (+511bps). Higher other income (+38% YoY) and depreciation (+70%) led to a PAT^ of INR 1.18bn (-5% YoY).
- **Con call takeaways: CDMO:** Capacity utilization: (1) **CDMO**: (a) Unit 1 (25KL) CDMO at 75%; (b) Unit 2 (300 KL) at 75%; added 76KL; (c) Unit 3 (NeoAnthem) at still to be utilized; and (2) **Fermentation (142 KL both at Unit 1 and 2)**: at 46%. The company has discontinued intermediates outsourcing from China and focused on backward integration for the past few years, which benefitted the gross margin. No new additions in Phase 3 clinical pipeline (at 10); one molecule undergoing USFDA review for transition from Phase 2 to 3. Unit 4: Civil work has started, and majority of capex will be in FY27; capability-wise Unit 4 partially will in small scale molecules move toward commercialization, peptides, Hi-Po API, and oligonucleotides.

Quarterly financial summary

(INR mn)	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	4,232	4,978	-15	5,500	-23	14,194	18,446	20,623	25,395	30,717
EBITDA	1,572	1,595	-1	2,179	-28	5,050	6,708	7,857	9,726	11,826
APAT	1,182	1,243	-5	1,564	-24	3,561	4,462	5,737	6,629	8,061
EPS (INR)	2.1	2.2	-5	2.8	-24	6.3	7.9	10.2	11.8	14.4
P/E (x)						100.0	79.8	62.1	53.7	44.2
EV/EBITDA (x)						69.7	52.2	44.3	35.8	29.3
RoCE(%)						23	28	28	26	26

Source: Company, HSIE Research. ^Adjusted for one-offs related to New Labor code of INR 254mn

CMP *(as on 05 Feb 2026)*	**INR 634**
Target Price	**INR 720**
NIFTY	**25,643**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 740	INR 720
EBITDA %	FY26E	FY27E
	(1.0)	(1.4)

KEY STOCK DATA	
Bloomberg code	ANTHEM IN
No. of Shares (mn)	562
MCap (INR bn) / ($ mn)	357/3,950
6m avg traded value (INR mn)	485
52 Week high / low	INR 874/579

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(9.6)	(13.8)	-
Relative (%)	(9.4)	(17.0)	-

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	74.69	74.69
FIs & Local MFs	7.22	7.60
FPIs	1.67	1.37
Public & Others	16.42	16.34
Pledged Shares	-	-

Source: BSE

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Thermax

Marginal beat on numbers

Thermax Ltd (TMX) reported revenue/EBITDA/APAT of INR 26.3/2.5/1.6bn, a beat/miss by -2.3/+5.9/+4.6%. The EBITDA margin of 9.7% was higher than our estimate of 8.9%, largely due to improvement in operational efficiency and receding low margins legacy projects. Order inflow in Q3FY26 witnessed a 34% uptick YoY at INR 30.8bn, taking the OB as of Dec'25 to INR 126.4bn (+11%YoY). The performance in Industrial Products segment is lower due to product mix. Profitability in the Industrial Infrastructure segment is higher this year on account of increased operational efficiency. Last year's numbers reflected a project cost overrun, which impacted margins. Chemicals segment profitability is lower due to fixed cost of a new plant and change in product mix. Green Solutions business has margin improvement due to operational efficiency and one the of the subsidiaries has received insurance claim proceeds. New growth drivers are emerging in the form of Data Centre solutions, medium MW power projects, utility power projects, ramp-up of the chemical business, and increased traction in products launched over the past few years. Profitability continues to improve with changes in mix toward profitable industrial products and completion of lower-margin order backlog. Ramping up of new product portfolio, impetus on cleaner air and water, and focus on bio-CNG will be add-ons. We have cut estimates, given weak execution of order book. We maintain BUY on TMX, with a TP of INR 4,175 (45x Dec-27E EPS rollover).

- **Q3FY26 financial highlights:** Revenue: INR 26.3bn (+5.1/-6.5% YoY/QoQ, miss by 2.3%); industrial products/industrial infra/green sol/chemical posted growth/decline of +19/-9/-14/+5% YoY. EBITDA: INR 2.5bn (+34.8/+48.1% YoY/QoQ, a beat by 5.9%), with EBITDA margin of 9.7% (+213.6/+271.8bps YoY/QoQ, vs our estimates of 8.9%). EBIT margin: industrial product: 9.3% (-199.3/-60.6bps YoY/QoQ); industrial infra: 6.3% (+622.2/+790.3bps YoY/QoQ); green solution: 5.2% (+632.2/-89bps YoY/QoQ); chemical: 4.6% (-916.5/-519bps YoY/QoQ). APAT stood at INR 1.6bn (+41.5/+34.8% YoY/QoQ, a 4.6% beat).
- **Expect double-digit base order growth; large orders to make a comeback:** Order booking is improved on the back of improved performance in export in the MENA region, including data centre infrastructure solutions, utility boilers and associated systems for Nigeria project. F&B orders increased although Sugar/Distillery dropped which historically is a leading contributor. Data centre is emerging as a new sector with tremendous future potential. Order booking is expected to grow 20% YoY.

Consolidated financial summary

Particulars	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	26,347	25,078	5.1	24,739	6.5	103,887	106,571	120,942	143,536
EBITDA	2,548	1,890	34.8	1,720	48.1	9,078	9,251	12,319	15,589
APAT	1,609	1,137	41.5	1,194	34.8	6,270	5,972	8,351	10,784
Diluted EPS (INR)	14.3	10.1	41.5	10.6	34.8	55.7	53.0	74.2	95.8
P/E (x)						52.2	54.8	39.2	30.4
EV/EBITDA (x)						34.8	34.7	26.1	20.4
RoE (%)						13.4	11.6	14.8	16.8

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E			FY28E		
	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenue	106,571.0	106,767.0	(0.2)	120,941.6	125,374.0	(3.5)	143,536.1	150,219.0	(4.4)
EBITDA	9,250.7	8,953.0	3.3	12,319.1	13,055.0	(5.6)	15,589.3	15,267.0	2.1
EBITDA (%)	8.7	8.4	29.5	10.2	10.4	(22.7)	10.9	10.2	69.8
APAT	5,972.2	6,630.0	(9.9)	8,351.4	9,358.0	(10.8)	10,784.1	11,285.0	(4.4)

Source: Company, HSIE Research

BUY

CMP *(as on 05 Feb 2026)*	INR 2,916
Target Price	INR 4,175
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 4,125	INR 4,175

EPS change %	FY26E	FY27E	FY28E
	-9.9	*-10.8*	*-4.4*

KEY STOCK DATA	
Bloomberg code	TMX IN
No. of Shares (mn)	119
MCap (INR bn) / ($ mn)	347/3,848
6m avg traded value (INR mn)	493
52 Week high / low	INR 4,092/2,743

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(10.9)	(18.0)	(12.8)
Relative (%)	(10.7)	(21.2)	(19.3)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	61.99	61.99
FIs & Local MFs	13.95	14.84
FPIs	13.44	12.36
Public & Others	10.62	10.81
Pledged Shares	-	-

Source: BSE

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

Apollo Tyres

Growth picks up, albeit margins may remain stressed

The GST rate cut let boost to OEM production as well as freight movement, coupled with higher marketing spends has led to revival of double-digit growth for the company. However, rising raw material prices, adverse forex, higher marketing spends, front loading of capex-related costs, and a new entrant (Balkrishna Industries) in the segment would keep pressure on margins in the near to medium term. However, the revival of growth in the standalone segment and improved visibility of the same has allowed us to raise the multiple from 12.5x earlier to 13x now (near its five-year mean) of Dec-27 EPS for a TP of INR 454. We maintain SELL.

- **Consolidated performance:** Consolidated EBITDA margin at 15.3% improved 37bps QoQ, led by European business which was aided by seasonality and higher sale of winter tyres. It was 8bps below our estimate and 40bps above the Bloomberg consensus estimate. UHP mix for Q3FY26 stood at 52% vs 48% in Q3FY25.
- **Standalone performance:** Standalone EBITDA margin at 14.5% declined 76bps QoQ despite benign commodity prices, 84bps miss to our estimates and 71bps miss to Bloomberg consensus estimate. Revenue growth improved to 11.8% YoY, marking the first double-digit growth in the last 12 quarters.
- **Segment-wise update:** Volume growth for the standalone segment in Q3 stood at mid-teen levels. While in the OEM and replacement segments, it was mid-teens, exports growth was around 20%.
- **Europe demand soft, but can get operationally better:** It commented that the Netherlands plant is expected to shut down by the end of June 2026, with production shifting to Hungary and India (underway). The Europe business is expected to see the benefit to operational profitability from this in H2FY27.
- **Marketing, brand building:** It indicated that sponsorship of the Indian cricket team improved brand traction, thereby contributing to higher sales. However, higher marketing spends of INR 1.5bn in Q3 were an anomaly, as they included a one-time activation fee in addition to the usual sponsorship fee. The company expects elevated expenses to persist in the near term. Overall, marketing spends are expected to increase from the earlier levels of 2% to 2.5% in a normalized scenario.
- **Larger capacity addition:** Management clarified that it would be adding a capacity to produce 10.5k PCR tyres per day to the existing capacity of 58.5k, while for the TBR segment, it is adding 3.6k to the existing capacity of 15k. It expects this to be completed by FY29, with an investment of INR 58.1bn, which is to be funded by a mix of internal accrual and debt. Current consolidated net debt stood at INR 13bn.

Quarterly/annual financial summary

YE Mar (INR mn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	77,431	69,280	11.8	68,311	13.4	2,61,234	2,84,484	3,13,896	3,40,885
EBITDA	11,859	9,470	25.2	10,207	16.2	35,715	43,953	49,185	53,679
EBITDA Margin (%)	15.3	13.7	165bps	14.9	38bps	13.7	15.5	15.7	15.7
APAT	4,895	3,402	43.9	3,841	27.5	12,907	19,689	20,603	22,716
Diluted EPS (INR)	7.7	5.4	43.9	6.0	27.5	17.7	31.0	32.4	35.8
P/E (x)						28.9	16.4	15.7	14.2
EV / EBITDA (x)						9.8	7.8	7.0	6.4
ROE (%)						9.0	12.8	12.3	12.6

Source: Company, HSIE Research

SELL

CMP *(as on 05 Feb 2026)*	INR 508
Target Price	INR 454
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 449	INR 454
EPS %	FY27E	FY28E
	-2.0%	-3.0%

KEY STOCK DATA	
Bloomberg code	APTY IN
No. of a Shares (mn)	635
MCap (INR bn) / ($ mn)	322/3,572
6m avg traded value (INR mn)	496
52 Week high / low	INR 541/368

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(2.8)	15.5	20.9
Relative (%)	(2.6)	12.2	14.4

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	36.95	36.93
FIs & Local MFs	27.93	27.90
FPIs	11.90	12.26
Public & Others	23.22	22.91
Pledged Shares	0.02	0.00

Source : BSE

Pledged shares as % of total shares

Hitesh Thakurani
hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

Shubhangi Kejriwal
shubhangi.kejriwal@hdfcsec.com
+91-22-6171-7327

Kalpataru Projects International

Steady show; improving financial strength

Kalpataru Projects International's (KPIL) Q3FY26 revenue/EBITDA/APAT were reported at INR 57.9/4.8/2.3bn, a beat of +2.4/in line/11.1% to our estimates, respectively. KPIL secured new orders worth INR 194.5bn in YTDFY26, taking the total order book (OB) to INR 632.8bn (excl L1 INR 70bn, ~3.2x FY25 revenue). The company is now targeting FY26 revenue growth of ~25%+, with an EBITDA margin band of 8.5-8.7% and a PBT margin of 5.5%, along with an expected order inflow of INR 250bn+ in FY26. Most low-margin legacy projects are now closed, with only ~INR 10bn remaining out of an INR 630bn order book, positioning margins for gradual improvement despite some newer urban infra orders carrying lower initial margins. Given the robust order booking, stable growth outlook, and a strong balance sheet (BS) and NWC, we retain our P/E target multiple at 20x. Maintain a BUY rating on the stock with increased TP of INR 1,566/sh (20x Dec-27E EPS rollover fromSep-27E).

- **Q3FY26 financial highlights:** KPIL generated **a** revenue of INR 57.9bn (+19.9/+6.8% YoY/QoQ, beat by 2.4%) with an EBITDA of INR 4.8bn (+19.8/+7.6% YoY/QoQ, in line). EBITDA margin came in at 8.3% (-1.2/+6.4bps YoY/QoQ, vs our estimate of 8.5%). APAT stood at INR 2.3bn (+48.3/+16.7% YoY/QoQ, a beat by 11.1%).
- **Diversified order book amid macro headwinds:** In YTDFY26, KPIL received an order inflow of INR 194.5bn, which takes its OB to INR 632.8bn (excl L1 INR 70bn). Domestic/international OB comprises 63/37% respectively, with OI coming in at 74%/26% for the two respectively, T&D and BNF leading the charge. In 9MFY26, revenue from T&D grew +37% YoY on the back of project execution and healthy order mix in India and overseas markets, while water lagged due to payment delays from UP and Jharkhand.
- **NWC supports balance sheet**: KPIL's standalone NWC improved by nine days YoY to 97 days in Q3FY26 (Q2:102 days), with KPIL guidance at under 100 days for FY26. Standalone net debt decreased to INR 18.4bn in Q3FY26 (Q2FY26: INR 21.8bn), with net debt to equity at 0.2x as of Dec'25 (vs. 0.3x as of Sept'25). Capex for KPIL in 9MFY26 stood at INR 5bn.

Standalone Financial Summary (INR mn)

Particulars	3Q FY26	3Q FY25	YoY (%)	2Q FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	57,876	48,257	19.9	54,188	6.8	1,88,880	2,32,322	2,69,494	3,07,223
EBITDA	4,813	4,019	19.8	4,472	7.6	15,871	19,527	23,176	27,343
APAT	2,334	1,574	48.3	1,999	16.7	6,971	9,506	11,662	13,939
EPS (INR)	13.7	9.2	48.3	11.7	16.7	40.8	55.7	68.3	81.6
P/E (x)						30.8	20.0	16.3	13.6
EV/EBITDA (x)						19.2	13.9	9.4	7.9
RoE (%)						9.7	11.9	12.9	13.6

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E			FY28E		
	New	Old	Chg. (%)	New	Old	Chg. (%)	New	Old	Chg. (%)
Revenues	2,32,322	2,26,656	2.5	2,69,494	2,60,654	3.4	3,07,223	3,02,359	1.6
EBITDA	19,527	19,832	-1.5	23,176	23,459	-1.2	27,343	27,212	0.5
EBITDA (%)	8.4	8.8	-34.5	8.6	9.0	-40.0	8.9	9.0	-10.0
APAT	9,506	9,536	-0.3	11,662	11,628	0.3	13,939	13,560	2.8

Source: Company, HSIE Research

BUY

CMP (*as on 05 Feb 2026*)	INR 1,100
Target Price	INR 1,566
NIFTY	25,643

KEY CHANGES		OLD	NEW
Rating		BUY	BUY
Price Target (INR)		1,520	1,566
EPS	FY26E	FY27E	FY28E
Change (%)	-0.3	0.3	2.8

KEY STOCK DATA	
Bloomberg code	KPIL IN
No. of Shares (mn)	171
MCap (INR bn) / ($ mn)	188/2,080
6m avg traded value (INR mn)	295
52 Week high / low	INR 1,336/770

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(16.3)	(2.7)	5.7
Relative (%)	(16.1)	(6.0)	(0.7)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	33.57	33.57
FIs & Local MFs	44.10	43.90
FPIs	11.97	11.73
Public & Others	10.35	10.80
Pledged Shares	8.25	8.25

Source: BSE

Pledge shares as a % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7353

Century Plyboards India

Strong all-round performance

Century's revenue grew 18% YoY to INR 13.5bn, led by healthy growth in MDF segment (up 19% YoY), ply segment (up 15% YoY), laminates segment (up 10% YoY) and particle board (up 84% YoY). MDF/ ply/ laminates/ particle board volume grew 13/14/115% YoY, while laminates declined 8% YoY. Healthy revenue traction and improved margins drove a 32/22% YoY rise in EBITDA/APAT. The company has broadly maintained its guidance for FY26. It also plans major plywood expansion of more than 50% by FY29 to cut outsourcing. MDF capacity is likewise set to expand more than 50% by FY29. Factoring in Q3 performance, we broadly maintain our revenue and EBITDA estimates. However, we trim our APAT estimates by 4/8% for FY27/28E, respectively, to account for the new announced ply and MDF expansions, leading to increase in our depreciation and interest cost projection. We value Century Ply using SOTP—ex-particle board business at 40x Mar-28E EPS and the upcoming particle board business at 2x capital employed in Mar-28E—to arrive at a TP of INR 935/sh.

- **Q3FY26 highlights:** Revenue grew 18% YoY (+19% QoQ) to INR 13.5bn, led by healthy growth in MDF segment (up 19% YoY), ply segment (up 15% YoY), laminates segment (up 10% YoY), and particle board (up 84% YoY). MDF/ply/laminates/particle board volume grew 13/14/115% YoY, while laminates declined 8% YoY. MDF/ ply/ laminates operating margin expanded by 130/350/330 bps YoY to 12.1/15.1/ 7.7%, while particle board margin declined 450bps YoY to 0.4%. Healthy revenue traction and improved margins drove a 32/22% YoY rise in EBITDA/APAT.
- **Con call KTAs and outlook:** The company has reaffirmed its FY26 guidance, projecting 13% revenue growth with 12-14% EBITDAM in ply; 25% revenue growth with 14-15% EBITDAM in MDF; 15-17% revenue growth with high single-digit EBITDAM by Q4-end in laminates; and 40% revenue growth with low single-digit EBITDAM in particleboard. For FY27, laminate revenues are expected to grow by 20% with double-digit EBITDA margins, while particleboard margins are projected to reach ~15% by Q4FY27. It also plans major plywood expansion by more than 50% by FY29 to cut outsourcing—particularly in Sanik MR (water-resistant) ply. MDF capacity is likewise set to expand more than 50% by FY29. Factoring in Q3 performance, we broadly maintain our revenue and EBITDA estimates. However, we trim our APAT estimates by 4/8% for FY27/28E, respectively, to account for the newly-announced ply and MDF expansions, leading to an increase in our depreciation and interest cost projection. We value Century Ply using SOTP—ex-particle board business at 40x Mar-28E EPS and the upcoming particle board business at 2x capital employed in Mar-28E—to arrive at TP of INR 935/sh.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	13.50	11.40	18.4	13.86	(2.6)	38.86	45.28	53.79	60.61	67.24
EBITDA	1.70	1.29	31.5	1.75	(2.5)	5.32	4.87	6.60	8.70	9.95
EBITDAM (%)	12.6	11.4		12.6		13.7	10.7	12.3	14.4	14.8
APAT	0.71	0.58	22.3	0.69	3.8	3.37	1.99	2.79	4.34	5.12
AEPS (INR)	3.2	2.6	22.3	3.1	3.8	15.2	8.9	12.5	19.5	23.0
EV/EBITDA (x)						34.2	39.7	28.6	22.0	19.1
P/E (x)						51.5	87.5	62.4	40.1	33.9
RoE (%)						16.4	8.7	11.1	15.2	15.5

Source: Company, HSIE Research

BUY

CMP *(as on 05 Feb 2026)*	INR 781
Target Price	INR 935
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,015	INR 935
EPS revision %	FY26E	FY27E
	0.2	*-3.8*

KEY STOCK DATA	
Bloomberg code	CPBI IN
No. of Shares (mn)	222
MCap (INR bn) / ($ mn)	174/1,922
6m avg traded value (INR mn)	84
52 Week high / low	INR 897/650

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	3.0	4.2	(10.0)
Relative (%)	3.2	1.0	(16.5)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	72.64	72.64
FIs & Local MFs	18.14	18.36
FPIs	4.27	4.10
Public & Others	4,95	4.90
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

Aptus Value Housing Finance India

High profitability; moderating growth

ADD

CMP *(as on 05 Feb 2026)*	INR 271
Target Price	INR 320
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 330	INR 320
EPS %	FY26E	FY27E
	0.5%	-1.4%

KEY STOCK DATA	
Bloomberg code	APTUS IN
No. of Shares (mn)	501
MCap (INR bn) / ($ mn)	135/1,500
6m avg traded value (INR mn)	537
52 Week high / low	INR 365/257

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.1)	(21.1)	(16.4)
Relative (%)	(7.9)	(24.3)	(22.8)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	23.9	23.9
FIs & Local MFs	25.9	27.3
FPIs	35.4	33.2
Public & Others	14.9	15.7
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

APTUS's Q3FY26 earnings were marginally below our estimates due to lower AUM growth, partly offset by high assignment income (~16% of PBT). Disbursements growth continued to moderate (+11% YoY; 9% YoY in 9MFY26), leading to lower AUM growth of 20.6% YoY. NIM (calculated) increased by 31bps QoQ due to lower cost of funds. APTUS is gradually seeking customer diversification (floor of INR 0.7mn ticket size), while remaining focused on the LIG, self-employed, rural-based customers. Further, APTUS is accelerating distribution expansion (60-70 branches to be added annually) in Odisha and Maharashtra and high growth pockets in core states to drive loan growth. We expect APTUS to deliver ~20-22% AUM CAGR in the medium term as scalability outside the core products and geographies is likely to remain protracted. We revise our FY26E/FY27E/FY28E earnings estimates to factor in marginally lower loan growth and assignment income and maintain ADD with a revised RI-based TP of INR 320 (implying 2.6x Sep-27 ABVPS).

- **Increasing share of assignment income, opex ratios to witness an uptick:** Other income grew sharply by 214% YoY due to assignment of portfolio (4.4% of AUM). DA as % of AUM is likely to increase to 6-7% of AUM gradually, as per management. Operating efficiency remained superior to peers with opex-to-AUM at 2.8% and C/I at 21%, although it is likely to inch up in the near term with distribution expansion. Cost of funds declined by 39bps QoQ, aiding core spreads. Subsequently, APTUS has reduced the incremental lending rate for home loans by ~50-75bps.
- **Asset quality – marginal deterioration**: Asset quality deteriorated marginally QoQ, with GS-II/GS-III clocking in at 4.9%/1.6% (Q2FY26: 4.8%/1.6%) and uptick in early delinquencies (30+ dpd at 6.48% vs. 6.34% in Q2FY26). As per management, the uptick in delinquencies was largely seasonal and is likely to normalize by Q4. Credit costs remained steady (~58bps) with write-offs at ~46bps and largely in line with management guidance of ~50bps.
- **Growth initiatives at play to revive growth; scalability outside core markets key monitorable**: APTUS's AUM growth continues to moderate, driven by moderating housing demand, elevated competitive intensity and limited increase in ticket sizes. APTUS is taking initiatives to address these challenges such as focus on higher ticket sizes, distribution expansion, and tweaking lending rates. As highlighted in our company update, APTUS is poised to deliver ~20-22% AUM growth, along with strong profitability (RoE of ~20%).

Financial summary (consolidated)

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	3.3	2.9	*12.2*	3.1	*5.9*	11.3	13.0	15.5	18.5
PPOP	3.2	2.5	*26.9*	3.1	*2.7*	10.0	12.8	14.4	16.8
PAT	2.4	1.9	*24.0*	2.3	*4.3*	7.5	9.3	10.4	12.2
EPS (INR)	4.7	3.8	*23.9*	4.5	*4.7*	15.0	18.7	20.9	24.4
ROAE (%)						18.6	20.0	19.3	19.5
ROAA (%)						7.4	7.7	7.2	7.0
ABVPS (INR)						84	98	113	130
P/ABV (x)						3.2	2.8	2.4	2.1
P/E (x)						18.0	14.5	13.0	11.1

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	132	131	-1.3%	161	159	-1.2%	197	194	-1.3%
NIM (%)	10.7	10.7	-2 bps	10.6	10.8	19 bps	10.5	10.7	21 bps
NII	13.3	13.0	-1.8%	15.8	15.5	-1.7%	18.9	18.5	-2.1%
PPOP	12.8	12.8	0.4%	14.6	14.4	-1.4%	17.2	16.8	-2.4%
PAT	9.3	9.3	0.5%	10.6	10.4	-1.4%	12.5	12.2	-2.5%
ABVPS (INR)	97.8	97.9	0.1%	113.0	112.8	-0.2%	131.2	130.4	-0.6%

Source: Company, HSIE Research

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Ayush Pandit
ayush.pandit@hdfcsec.com
+91-22-6171-7366

CemIndia Projects

Muted execution

CemIndia Projects' (CPL) revenue/EBITDA/APAT was a miss on our estimates by 12.6/8.4/4.7% respectively, majorly attributed to delay in execution towards Vadhavan port project (Order Value: INR 10bn). With an OI of INR 35.4bn in Q3FY26 (9MFY26: INR 97.3bn), the OB as of Dec'25 stood at INR 218.8bn (~2.4x FY25 revenue). OB from group entities is ~27%. CPL management has guided for 15% revenue growth, 10% EBITDA margin, and OI of ~INR 150bn (20% from group entities) in FY26, with current bid pipeline at INR 250bn. The OB is well-diversified, offering a natural hedge against any slowdown in specific business segments and targeting maritime, industrials, urban infra/MRTS/airports, roads, hydro, data centre, and other segments. CPL continues to focus on bidding for only higher ticket-sized orders, expanding into new segments such as data centres and ports based on Adani group requirements, and improving execution of projects in hand. While 9MFY26 execution was impacted by delay in execution of Vadhavan port project due to local issues (Q3FY26 revenue impact: INR2-3bn), uptick in metro and data centre projects provides support. We have tweaked our estimates lower, reiterate BUY, with a reduced TP of INR 834/sh (18x Dec-27E EPS, rollover from Sep-27 to Dec-27).

- **Q3FY26 financial summary:** Revenue: INR 23.2bn (+2/+5.5% YoY/QoQ, 12.6% miss). EBITDA: INR 2.4bn (+14.9/+17.9% YoY/QoQ, 8.4% miss). EBITDA margin: 10.3% (+115/+108bps YoY/QoQ, vs. our estimate of 9.8%). APAT: INR 1.2bn (+41.8/14.1%, 4.7% miss).
- **Growth in OB, supported by expansion in marine, airports, and data centers:** As of Dec-25, client-wise, the OB shows diverse distribution among government, private, and PSU accounting for 44/48/4%. Business-wise, the OB is spread across maritime/industrials/urban infra (including MRTS and airports)/hydro/data center/highway/specialist engineering and water at 33.9/19.7/27/5.5/8.3/1.4/3.3/0.9% respectively. CPL plans to add more complex projects to its portfolio with increased focus on marine, airports, and data centers (civil), which it considers highly profitable.
- **Comfortable balance sheet:** The net debt-equity stands at 0.26x as of Dec'25 (Sep/June'25: 0.25/0.34x), with gross debt at INR 9.2bn. CPL guides for INR 3bn capex in FY26 (9MFY26: INR 2bn deployed). Receivables from Bangladesh continue to be at normalized levels, with completion expected by Jun-26.

Consolidated Financial Summary (INR mn)

Particulars	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	23,155	22,704	2.0	21,952	5.5	90,969	99,543.3	117,461.1	142,127.9
EBITDA	2,380	2,072	14.9	2,018	17.9	8,686	9,608.8	11,785.9	14,467.9
APAT	1,234	870	41.8	1,081	14.1	3,749	5,168.4	6,615.5	8,405.4
EPS (INR)	7.2	5.1	41.8	6.3	14.1	21.8	30.1	38.5	48.9
P/E (x)						31.1	22.6	17.6	13.9
EV/EBITDA (x)						13.7	13.8	11.3	9.7
RoE (%)						22.5	24.8	24.8	24.6

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E			FY28E		
	New	Old	% chg/ bps	New	Old	% chg/ bps	New	Old	% chg/ bps
Revenue	99,543	111,074	(10.4)	117,461	134,399	(12.6)	142,128	159,263	(10.8)
EBITDA	9,609	10,570	(9.1)	11,786	13,349	(11.7)	14,468	16,056	(9.9)
EBIDTA (%)	9.7	9.5	13.7	10.0	9.9	10.1	10.2	10.1	9.8
APAT	5,168	5,703	(9.4)	6,615	7,410	(10.7)	8,405	9,169	(8.3)

Source: Company, HSIE Research

BUY

CMP (*as on 05 Feb 2026*)	**INR 683**
Target Price	**INR 834**
NIFTY	**25,643**

KEY CHANGES		**OLD**	**NEW**
Rating		BUY	BUY
Price Target		INR 869	INR 834
EPS Change %	FY26E	FY27E	FY28E
	-9.4	-10.7	-8.3

KEY STOCK DATA	
Bloomberg code	CEMPRO IN
No. of Shares (mn)	172
MCap (INR bn) / ($ mn)	117/1,299
6m avg traded value (INR mn)	310
52 Week high / low	INR 944/477

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(20.9)	(8.8)	28.2
Relative (%)	(20.7)	(12.1)	21.8

SHAREHOLDING PATTERN (%)	**Sep-25**	**Dec-25**
Promoters	67.46	67.46
FIs & Local MFs	0.72	1.50
FPIs	8.36	8.19
Public & Others	23.45	22.84
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Jay Shah
jay.shah1@hdfcsec.com
+91-22-6171-7353

Aavas Financiers

Yet another quarter of muted growth

AAVAS's Q3FY26 earnings were marginally higher than our estimates, driven by better-than-expected operating efficiency and improving asset quality. Disbursements growth remained muted (+8% YoY), leading to further moderation in AUM growth to +15.4% YoY. While opex ratios improved sequentially (C/I at 43%; opex to AUM at 3.2%), it is yet to see meaningful improvement. Amidst growth headwinds (disbursements growth for FY25/9MFY26 at 10%/8% YoY), AAVAS has deferred its aspirational AUM guidance of INR 550bn by FY31-FY32E vs. FY30 earlier. We revise our FY26E/FY27E/FY28E earnings estimates to factor in lower loan growth, partly offset by higher NIM and maintain ADD with a revised RI-based TP of INR1,570 (implying 2.1x Sep-27 ABVPS).

- **NIM reflation led by cost of fund tailwinds**: AAVAS's core spreads reflated to 5.34% (Q2FY26: 5.23%), driven by reduction in cost of funds (by 16bps), while asset yields moderated marginally. Other income grew by 17% YoY, driven by assignment income (26% YoY). Opex ratios improved marginally sequentially despite impact of labor wage code (opex to AUM at 3.3%) driven by Tech transformation, although major benefits are yet to be seen.
- **Improving asset quality**: AAVAS's asset quality improved marginally sequentially with 1+ dpd/GS II/GS III at 3.8%/1.52%/1.19% vs. 3.99%/1.53%/1.24% in Q2FY26, driving credit costs of 18bps. Improvement in asset quality amidst a challenging macro environment is reflective of conservative underwriting practices at AAVAS.
- **Uphill task for meaningful growth revival ahead**: AAVAS's AUM growth continues to be driven by MSME loans (21% of AUM; +33% YoY), while home loans (+11% YoY) and LAP growth remained subdued (+12% YoY). While management is upbeat about strong loan growth prospects on the back of tech transformation, increasing distribution and widening customer acquisition funnel, heightened competitive intensity coupled with the current macroeconomic environment and increasing scale remain a key concern for AUM aspiration of INR 550bn by FY31-32E (~15-18% CAGR).

Financial summary

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	3.0	2.5	*18.2*	2.9	*3.9*	10.1	11.8	13.5	15.7
PPOP	2.3	1.9	*16.8*	2.2	*3.6*	7.6	8.8	10.2	12.0
PAT	1.7	1.5	*16.1*	1.6	*3.7*	5.7	6.6	7.6	8.9
EPS (INR)	21.3	18.5	*15.6*	20.6	*3.7*	72.5	83.5	95.5	112.8
ROAE (%)						14.1	14.2	14.2	14.5
ROAA (%)						3.3	3.3	3.3	3.3
ABVPS (INR)						536	606	698	807
P/ABV (x)						2.6	2.3	2.0	1.7
P/E (x)						19.0	16.5	14.4	12.2

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	239	235	-1.7%	281	272	-3.0%	334	320	-4.0%
NIM (%)	6.0	6.1	1 bps	6.0	6.0	6 bps	6.0	6.0	4 bps
NII	11.8	11.8	-0.5%	13.7	13.5	-1.1%	16.0	15.7	-2.1%
PPOP	8.8	8.8	0.5%	10.3	10.2	-0.9%	12.3	12.0	-2.6%
PAT	6.5	6.6	1.2%	7.6	7.6	-1.0%	9.2	8.9	-2.6%
ABVPS (INR)	605.9	606.1	0.0%	698.6	698.4	0.0%	809.9	807.3	-0.3%

Source: Company, HSIE Research

ADD

CMP *(as on 05 Feb 2026)*	INR 1,380
Target Price	INR 1,570
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1775	INR 1570
EPS %	FY26E	FY27E
	1.2%	-1.0%

KEY STOCK DATA	
Bloomberg code	AAVAS IN
No. of Shares (mn)	79
MCap (INR bn) / ($ mn)	109/1,209
6m avg traded value (INR mn)	387
52 Week high / low	INR 2,238/1,351

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(16.0)	(19.3)	(19.6)
Relative (%)	(15.8)	(22.6)	(26.1)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	49.0	49.0
FIs & Local MFs	14.1	14.3
FPIs	25.9	24.7
Public & Others	11.0	12.0
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Ayush Pandit
ayush.pandit@hdfcsec.com
+91-22-6171-7366

Metropolis Healthcare

In-line Q3; on track to improve growth and margin

ADD

CMP *(as on 5 Feb 2026)*	INR 1,973
Target Price	INR 2,240
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2230	INR 2240
EPS %	FY26E	FY27E
	0.0	(0.0)

KEY STOCK DATA	
Bloomberg code	METROHL IN
No. of Shares (mn)	52
MCap (INR bn) / ($ mn)	102/1,132
6m avg traded value (INR mn)	130
52 Week high / low	INR 2,263/1,315

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(2.9)	(2.8)	9.3
Relative (%)	(2.7)	(6.0)	2.8

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	48.89	48.89
FIs & Local MFs	32.4	33.1
FPIs	12.83	12.52
Public & Others	5.88	5.49
Pledged Shares	1.18	1.18

Source: BSE

EBITDA growth (32% YoY; organic growth at 29%) was mainly driven by a 26% YoY increase in sales (+15% YoY organic rise). Patient/test volumes expanded by 14/13% YoY while realization per patient/test improved by 11%. Metropolis expects: (a) its organic business to see 12-13% sales growth with targets to grow patient volume by 7-8% and margin expansion in FY26/27E and (b) Core Diagnostic to see strong growth and high single-digit margin in Q4, and steady improvement in FY27. Key strategies: (1) increase market share in existing markets, (2) expand collection centers (added 326 in 9M), (3) take a balanced B2B:B2C approach for growth, (4) strengthen specialty (launched Center of Genomics in Delhi) and Truhealth (wellness), and (5) enhance clinical outcomes through advanced digital and AI-driven tools. While company has deferred the price increase (to pass-on GST benefits), it believes that the overall market is conducive for a price hike in the near term. Having completed its investment phase (toward lab infra, technology, medical/management personnel), Metropolis is now focusing on execution and margin expansion. Initiatives like network expansion, diversifying test portfolios, promoting wellness packages, pursuing smaller M&As, implementing micro-market strategies, gaining share in focused cities, and boosting B2C presence are expected to drive sales growth, with margin expected to gradually improve. We maintain ADD with revised TP of INR 2,240 (42x Q3FY28E).

- **Q3 highlights:** Sales grew 26% YoY to INR 4.05 bn, led by acquired businesses and patient/test volume growth (+14%/ 13% YoY; realization per patient/test up 11/11% YoY). Lower GM at 78.5% (-76 bps YoY) and higher staff/SG&A (+16/27%) led to an EBITDA of INR 948 mn (+32% YoY) and margin of 23.4% (+106 bps). Adjusted for one-offs, PAT^ was at INR 505mn (+61% YoY).
- **Organic business:** Sales grew 15% YoY to INR 3.71bn, led by patient volume growth of 9% YoY to 3.32mn and test volume growth of 8% YoY to 6.99mn (realization per patient/test +6%). EBITDA stood at INR 930 mn (+29% YoY) and margin was 25.1% (+276 bps). PAT^ stood at INR 480mn (+53% YoY).
- **Key takeaways from con call:** The integration of recent M&As is on track, with portfolio alignment, efficiency improvement, and cost optimization. In Q3FY26, for the organic business, TruHealth revenue (19% of sales) grew by 25% YoY, specialty (38%) grew by 16% YoY, B2C (60%) grew 15%, and B2B (40%) grew 15% YoY. It has launched Center of Genomics in Delhi; targets oncology and CNS testing opportunity which are fast-growing therapies. It has low-end radiology (ECG, Ultrasound, and X-Ray) in several centers and is evaluating high-end radiology. It has closed 4 labs and plans more closure in Q4FY26 as part of integration. As of Dec-25, net cash was at INR 1.27bn.

Quarterly financial summary

(INR mn)	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	4,059	3,228	26	4,292	(5)	12,077	13,312	16,537	18,639	20,844
EBITDA	948	720	32	1,082	(12)	2,826	3,030	4,035	4,678	5,273
APAT	505	314	61	527	(4)	1,328	1,610	2,060	2,496	2,853
EPS (INR)	9.7	6.1	61	10.2	(4)	25.6	31.1	39.8	48.2	55.1
P/E (x)						76.7	63.3	49.5	40.8	35.7
EV/EBITDA (x)						36.3	33.9	25.5	21.6	18.7
RoCE (%)						14	14	17	18	18

Source: Company, HSIE Research. ^Adjusted for one-offs of INR 91mn related to New Labor code.

Mehul Sheth
mehul.sheth@hdfcsec.com
+91-22-6171-7349

Divyaxa Agnihotri
divyaxa.agnihotri@hdfcsec.com
+91-22-6171-7362

Eureka Forbes

A one-off slow quarter; growth to pick up

Eureka's revenue growth slowed down to 8% YoY in Q3, owing to slowdown in water purifier sales post festive and high channel inventory impact. However, management highlighted it has gained market share in water purifier category. Robotic, water softeners and air purifiers (grew 3x YoY) delivered healthy growth. Service business momentum builds up with third successive quarter of double-digit AMC bookings growth. EBITDA margin expanded by 70bps YoY owing to improved gross margin to 10.6%, leading to 16/15% growth in EBITDA/APAT. The management highlighted channel inventory pressures have eased across channels, except e-com, which will be normalize by Q4FY26 end. Management guided Q4 revenue growth will be higher than 11% delivered in 9MFY26. Considering a muted Q3 performance and continued elevated inventory in e-com channel, we have trimmed our revenue estimates by 2% each for FY26-28E and APAT estimates by 3/2% for FY27/27E, respectively, while broadly maintaining for FY28E. We maintain BUY with an unchanged TP of INR 830/sh, valued at 45x Mar-28E AEPS (excluding non-cash intangible amortization and 50% of performance-based ESOP expenses).

- **Q3FY26 highlights:** Revenue growth slowed down to 8% YoY in Q3, owing to a slowdown in water purifier sales post festive and high channel inventory impact. However, management highlighted they have gained market share in the water purifier category. Smaller categories: robotic, water softeners and air purifiers (grew 3x YoY) delivered healthy growth. Service business momentum builds up with third successive quarter of double-digit AMC bookings growth. Gross margin grew 340/410bps YoY/QoQ to 61.2%, driven by COGS reduction program, lower discounting and change in channel mix (lower e-com sales). Employee expenses grew 7% YoY, while other expenses grew 21% YoY led by 23% growth in A&SP spends. So, EBITDA margin expanded by 70bps YoY (-200bps QoQ) to 10.6%, leading to 16/15% growth in EBITDA/APAT.
- **Earnings call takeaways and valuation**: The management highlighted channel inventory pressures have eased across channels, except e-com, which will normalize by Q4FY26-end. It guided Q4 revenue growth will be higher than 11% delivered in 9MFY26. Service bookings grew at mid to high-teens YoY in 9MFY26. The robotics business maintained strong traction, representing about two-thirds of vacuum cleaner revenues. Considering muted Q3 performance and elevated inventory in e-com channel, we have trimmed our revenue estimates by 2% each for FY26-28E and APAT estimates by 3/2% for FY26/27E, respectively, while broadly maintaining for FY28E. We maintain BUY with an unchanged TP of INR 830/sh, valued at 45x Mar-28E AEPS (excluding non-cash intangible amortization and 50% of performance-based ESOP expenses).

Financial summary

(INR mn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	6,454	5,977	8.0	7,721	-16	21,893	24,369	27,129	31,048	35,648
EBITDA	686	591	16.0	976.6	-30	1,986	2,656	3,189	3,911	4,884
EBITDAM	10.6	9.9	0.7	12.6	-	9.1	10.9	11.8	12.6	13.7
APAT	404	350	15.3	629.2	-36	1,108	1,602	2,002	2,551	3,295
EPS (INR)	2.1	1.8	15.4	3.3	-35.8	5.7	8.3	10.3	13.2	17.0
EV/EBITDA (x)						49.1	36.1	29.3	23.0	17.5
P/E (x)						89.1	61.6	49.3	38.7	29.9
RoE (%)						2.7	3.7	4.4	5.4	6.6

Source: Company, HSIE Research

BUY

CMP *(as on 05 Feb 2026)*	INR 509
Target Price	INR 830
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 830	INR 830
EPS %	FY26E	FY27E
	-3.4	-1.7

KEY STOCK DATA	
Bloomberg code	EUREKAFO IN
No. of Shares (mn)	193
MCap (INR bn) / ($ mn)	98/1,087
6m avg traded value (INR mn)	140
52 Week high / low	INR 669/452

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.1)	(11.5)	(8.4)
Relative (%)	(5.9)	(14.8)	(14.8)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	62.56	62.56
FIs & Local MFs	6.38	6.45
FPIs	13.72	13.87
Public & Others	17.34	17.12
Pledged Shares	33.57	33.57

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Riddhi Shah
riddhi.shah@hdfcsec.com
+91-22-6171-7359

IRM Energy

Industrial PNG volume continues to decline

Our BUY recommendation on IRM Energy (IRM) with a TP of INR 402/sh is premised on (1) a ~13% CAGR volume growth over FY26-28E and (2) per unit margin expansion in the long term. IRM's Q3FY26 EBITDA at INR 296mn (+33.5% YoY, +11.0% QoQ) and consolidated PAT at INR 140mn (+38.4%YoY, +11.3% QoQ) came in below our estimate due to lower-than-expected Industrial PNG volumes. Total volume stood at 0.61mmscmd (+4.8% YoY, +2.6% QoQ).

- **Volume:** IRM's volume at 0.61mmscmd (+4.8% YoY, +2.6% QoQ) came below our estimate. The miss was due to weaker-than-expected Industrial PNG volumes. CNG volume stood at 0.37mmscmd (+20.6% YoY +6.8% QoQ). Domestic PNG segment volume was 0.03mmscmd (+14.0% YoY, +4.1% QoQ), and industrial and commercial segment volume was 0.21mmscmd (-14.1% YoY, -4.3% QoQ). We expect IRM to maintain its CGD network expansion, which should support our projected ~13% CAGR volume growth from FY26-28E. Our volume estimates for FY26/27/28E stand at 0.60/0.67/0.76msmcmd.
- **Higher gas cost impacts per unit margins:** Blended realization at INR 47.3/scm was up 0.9% YoY and down 0.4% sequentially. Raw material cost stood at INR 35.1/scm (-2.3% YoY, -0.9% QoQ), resulting in gross spreads of INR 12.2/scm (+11.5% YoY, +1.0% QoQ). Other expenses came in at INR 6.9/scm (+1.8% YoY, -3.9% QoQ). EBITDA per unit at INR 5.3/scm (+27.4%YoY, +8.2%QoQ) was below our estimate due to higher-than-expected opex. We factor in EBITDA per unit assumption of INR 5.0/5.3/6.0 per scm for FY26/27/28E.
- **Other highlights:** (1) **CNG -** Volume growth was led by the Banaskantha and Diu, Gir, & Somnath GAs. IRM added 11 CNG stations during the quarter, taking the total count to 127. Management remains optimistic of this segment, posting double-digit growth in FY27E, owing to strong CNG vehicle adoption. For 9MFY26, CNG gas sourcing stood as follows – 41/38.4/7.5/13.1% from APM/HPHT/NWG/Spot and long-term contracts. (2) **PNG** – Demand from the Industrial customers in Fatehgarh Sahib GA continued to remain under pressure as prices of alternative fuels remained lower than that of PNG. This resulted in PNG volume in FS GA declining YoY in 9MFY26. IRM believes that the hearing on the NGT order being passed in favor of Natural Gas adoption will lead to a demand revival in this GA. **Guidance –** Volume growth for FY27 will be in the range of 12-15% and EBITDA per unit will be in the range of INR 5.25-5.5/scm.
- **DCF-based valuation:** We cut our FY26/27E EPS estimates by 9.5/15.0% as we factor in the sub-par demand from the industrial customers, dragging down the total volume growth. Our target price of INR 402/sh is based on Mar-27E free cash flow (WACC 13.7%, terminal growth rate 2%). The stock is currently trading at 17.5x Mar-27E EPS.

Consolidated financial summary

YE March (INR mn)	Q3 FY26	Q2 FY26	QoQ (%)	Q3 FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	2,650	2,594	2.2	2,508	5.7	8,905.2	9,754.8	10,894.5	11,889.7	14,035.2
EBITDA	296	267	11.0	222	33.5	1,488.5	963.2	1,096.6	1,291.0	1,674.9
APAT	140	126	11.3	101	38.4	856.6	452.0	533.0	589.9	740.7
AEPS (INR)	3.4	3.1	11.3	2.5	38.4	20.9	11.0	13.0	14.4	18.0
P/E (x)						12.1	22.9	19.4	17.5	14.0
EV / EBITDA (x)						5.0	8.0	2.8	2.6	2.4
RoE (%)						13.4	4.8	4.3	3.8	4.6

Source: HSIE Research

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR mn)	1,185	1,097	-7.4	1,456	1,291	-11.3
EPS	14.3	13.0	-9.5	16.9	14.4	-15.0

Source: HSIE Research

BUY

CMP *(as on 05 Feb 2026)*	INR 250
Target Price	INR 402
NIFTY	25,643

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 421	INR 402
EPS %	FY26E	FY27E
	-9.5%	-15.0%

KEY STOCK DATA	
Bloomberg code	IRMENERG IN
No. of Shares (mn)	41
MCap (INR bn) / ($ mn)	10/114
6m avg traded value (INR mn)	158
52 Week high / low	INR 394/229

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(19.6)	(9.5)	(19.4)
Relative (%)	(19.4)	(12.7)	(25.8)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	50.07	50.07
FIs & Local MFs	4.98	4.97
FPIs	1.57	1.57
Public & Others	43.38	43.39
Pledged Shares	0.0	0.0

Source : BSE

Nilesh Ghuge
nilesh.ghuge@hdfcsec.com
+91-22-6171-7342

Dhawal Doshi
dhawal.doshi@hdfcsec.com
+91-22-6171-7361

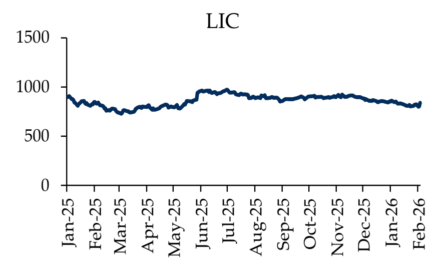
Prasad Vadnere
prasad.vadnere@hdfcsec.com
+91-22-6171-7356

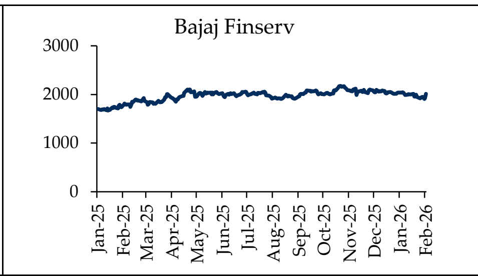
Rating Criteria
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

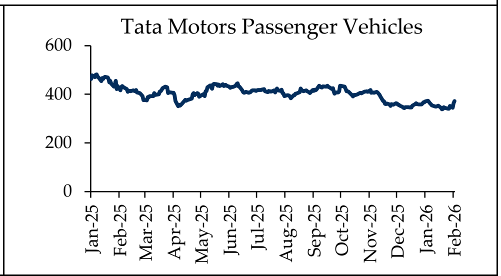
Disclosure:

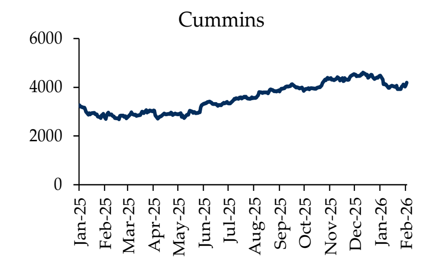
Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Life Insurance Corporation of India, Bajaj FinServ, Aptus Value Housing Finance India, Aavas Financiers	PGDM	NO
Shobhit Sharma	Life Insurance Corporation of India, Bajaj FinServ	CA	NO
Deepak Shinde	Aptus Value Housing Finance India, Aavas Financiers	PGDM	NO
Ayush Pandit	Aptus Value Housing Finance India, Aavas Financiers	CA	NO
Hitesh Thakurani	Tata Motors Passenger Vehicles, Apollo Tyres	MBA	NO
Shubhangi Kejriwal	Tata Motors Passenger Vehicles, Apollo Tyres	MSc	NO
Parikshit Kandpal	Cummins, Hitachi Energy, Godrej Properties, Thermax, Kalpataru Projects International, CemIndia Projects	CFA	NO
Jay Shah	Cummins, Hitachi Energy, Godrej Properties, Thermax, Kalpataru Projects International, CemIndia Projects	CA	NO
Aditya Sahu	Cummins, Hitachi Energy, Godrej Properties, Thermax, Kalpataru Projects International, CemIndia Projects	MBA	NO
Jay Gandhi	FSN E-commerce Ventures (Nykaa), Berger Paints	MBA	NO
Vedant Mulik	FSN E-commerce Ventures (Nykaa), Berger Paints	CA	NO
Keshav Lahoti	Astral, Century Plyboards India, Eureka Forbes	CA, CFA	NO
Rajesh Ravi	Astral, Century Plyboards India, Eureka Forbes	MBA	NO
Riddhi Shah	Astral, Century Plyboards India, Eureka Forbes	MBA	NO
Mahesh Nagda	Astral, Century Plyboards India	CA	NO
Mehul Sheth	Anthem Biosciences, Metropolis Healthcare	MBA	NO
Divyaxa Agnihotri	Anthem Biosciences, Metropolis Healthcare	MSc	NO
Nilesh Ghuge	IRM Energy	MMS	NO
Dhawal Doshi	IRM Energy	CA	NO
Prasad Vadnere	IRM Energy	MSc	NO

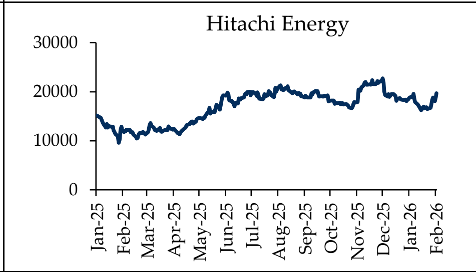
Price movement

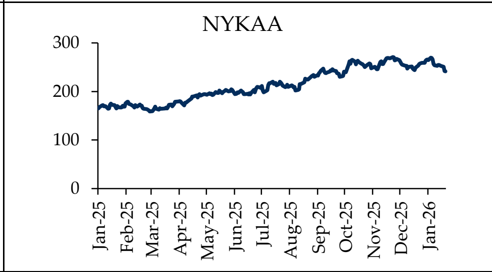


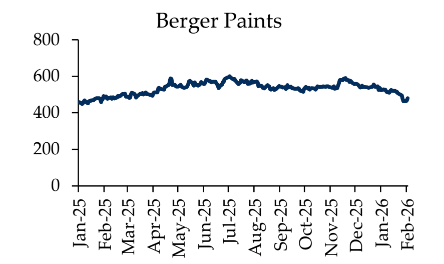


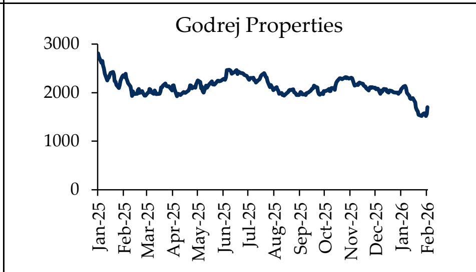


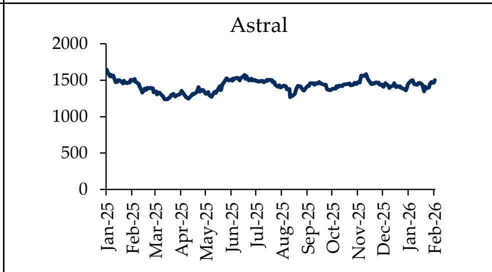


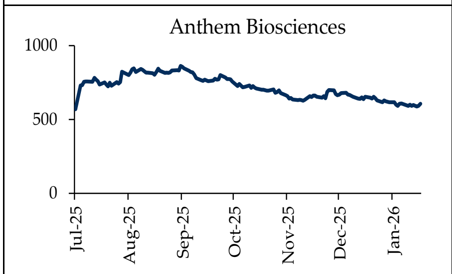


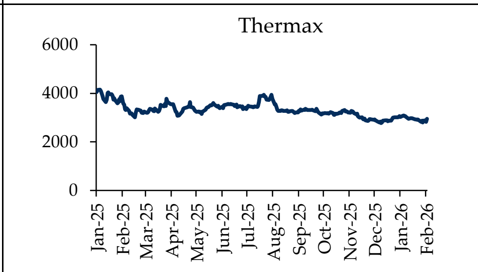


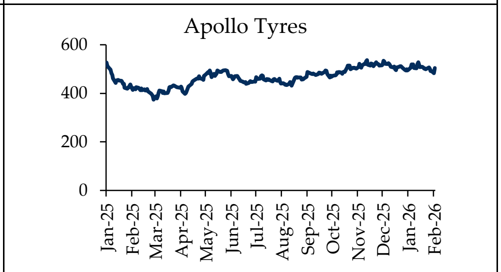


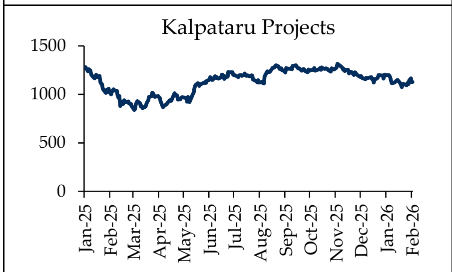


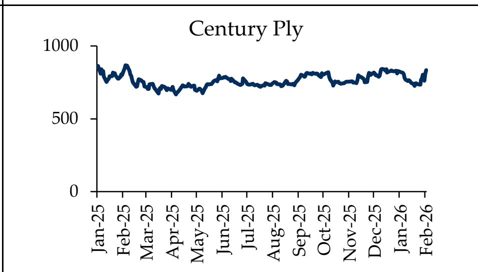


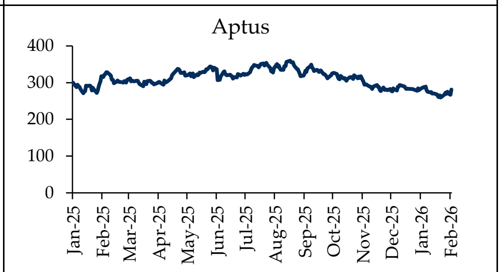


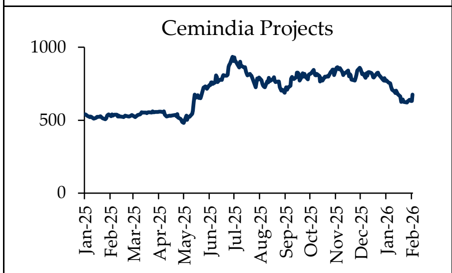


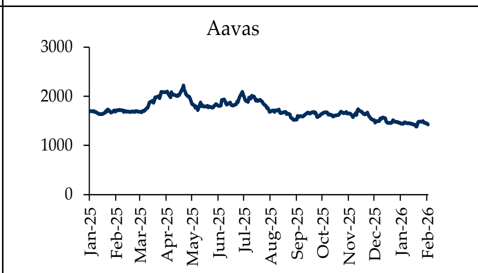


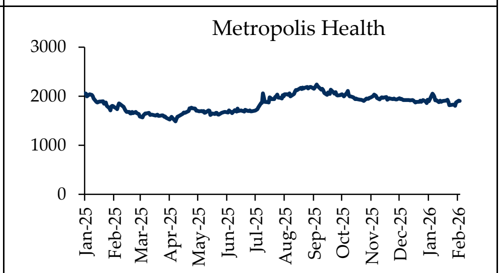


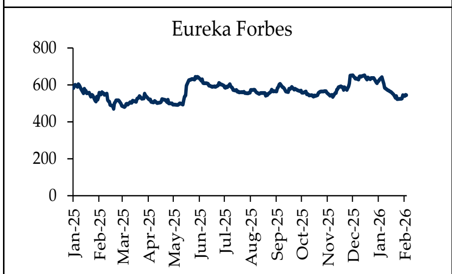


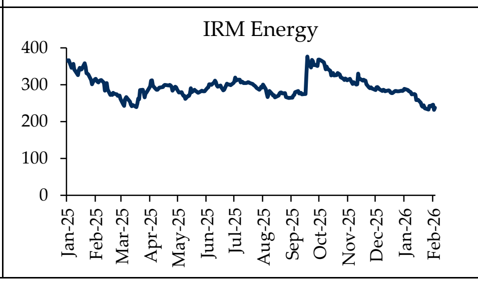












Disclosure:

Authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.
HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.
HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.
HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.
Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.
Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.
HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066
Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600
For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400
HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193
Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.
Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

HDFC Securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com