INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **Bajaj Finance:** Bajaj Finance's (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 19.7%). Management has indicated improvement in credit costs during 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 revise our FY26/FY27E/FY28E earnings estimates to adjust for accelerated provisioning and marginally lower loan growth and maintain BUY with a revised RI-based TP of INR 1,070 (implying 4.5x Sep-27 ABVPS; 23x Sep-27 EPS).
- **Aditya Birla Capital:** ABCAP reported an uptick in AUM growth in the flagship NBFC business with steady performance across most subsidiaries. ABSLAMC's equity AUM grew by +11% YoY on the back of continued market share erosion, which remains a concern. ABSLI witnessed 380bps YoY improvement in VNB margin, benefiting from a favorable product mix, while ABHI sustained its growth momentum, with limited visibility of breakeven in profitability. Equity infusion by Advent International in ABHFL (INR 27.5bn for 14.3% post-money stake) is likely to address its equity capital needs, which have been growing at a staggering pace, albeit moderating. We revise our earnings estimates for the lending businesses and maintain ADD with a revised SOTP-based TP of INR345 (standalone entity at 2.1x Sep-27 ABVPS; ABSLI at 1.6x Sep-27 IEV; ABHFL at 1.8x Sep-27 ABVPS).
- **Mankind Pharma:** EBITDA (+5% YoY) was 3/5% below our/consensus estimates as 12% YoY sales growth (India formulation up 12% YoY and exports +14%) and higher gross margin (+170 bps) were offset by higher staff and SG&A costs, resulting in lower margin at 25.8% (-167 bps YoY). Organic (ex-BSV and OTC) India formulation growth was at 9.1% YoY, and exports grew in mid-single-digit, and BSV recorded sales of INR 4.64bn (India + Export). Mankind expects the following: (1) gradual recovery in the acute therapies after corrective measures to ensure the volume growth and productivity improvement, (2) strong growth in key chronic segments (CVS and anti-diabetic) led by traction in recently launched products, (3) BSV: scale-up over next few quarters, targets to improve margin in the near term, and (4) expand the presence in export markets. The company is on track to launch Semaglutide in India after patent expiry (in Mar-25 end). While the BSV acquisition will be EBITDA-accretive, the debt-funded M&A could keep near-term earnings stressed. Factoring Q3 miss, we have cut EPS estimates for FY26/27 by 6/3% to factor lower-than-expected margin and delay in synergies with BSV. We maintain ADD with revised target price to INR 2,460 (34x Q2FY28E). We keep monitoring the progress in BSV business integration as well as growth momentum and debt repayment (net debt at INR 42.94 bn as of Dec-25 vs INR 57.84 bn in Mar-25).

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- **Aarti Industries:** We maintain our ADD recommendation on Aarti Industries (AIL), with a target price of INR 467/share. Revenue and EBITDA are expected to increase at a CAGR of 8/22% over FY25-28E. Profitability will be led by (a) commissioning of projects worth INR23-25bn over the next 15-18 months, (b) cost optimization measures undertaken, and (c) volume growth across products. EBITDA/APAT was 8/9% above our estimates, owing to higher-than-expected revenue and lower-than-expected raw material cost.
- **Aether Industries:** We maintain BUY on Aether Industries (AIL), with a target price of INR 1,241. The expansion project at Site 3++ is on track to be commissioned in Q4FY26. Two production blocks in Phase-I of the greenfield project at Panoli (Site 5) will also be commissioned by March-26. These developments will drive revenue growth over FY27 and FY28 besides ramping up revenue under the contract with Baker Hughes. Production from site-4 has scaled up in Q3 and is expected to accelerate further in coming quarters. We expect revenue/EBITDA/PAT CAGRs of ~28/31/30% over FY25-29E while the RoE will double to 14.2% in FY29 compared to FY25. EBITDA was 30% while APAT was 21% above our estimates, owing to higher-than-expected revenue and lower-than-expected raw material cost.
- **Aditya Birla Lifestyle Brands:** ABLBL's top line grew by 9.6% YoY to INR23.4bn (HSIE: INR23bn), driven by 6% retail LTL growth in Q3. Lifestyle brands (LB)/emerging business (EB) grew ~9/13% YoY to INR 20/3.6bn (HSIE: in-line/3.3bn). LB retail grew by 6% YoY, led by LTL growth of 5% and store expansion partially offset by shift of festive season. EB LTL growth stood at 16%. Ex-Forever21 in the base, EB growth would have been 19% YoY in Q3. The company added 50+ net stores in Q3FY26 and plans to add ~90/120+ net stores in Q4FY26/FY27. LB/EB EBITDAM were up ~90/790bps to 20.6/7.1% (vs HSIE: 20/2.5%) respectively, driven by strong operating leverage, cost optimization and reduction in losses of innerwear business. Overall EBITDAM expanded by ~200bps YoY to 17.6% (HSIE: 16.5%). EBITDA/APAT grew by 23.6/82.9% YoY to INR 4.12/1.1bn (HSIE: INR 3.81bn/626mn). We have revised our FY27/28 EBITDA estimates by ~2% each and maintain BUY with an SOTP-based TP of INR185/sh (including 25x Mar-28 EV/EBITDA—Pre-IND AS 116—for LB and 1x Mar-28 EV/sales for EB).

Bajaj Finance

Accelerated provisioning dents earnings

Bajaj Finance's (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 19.7%). Management has indicated improvement in credit costs during 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 revise our FY26/FY27E/FY28E earnings estimates to adjust for accelerated provisioning and marginally lower loan growth and maintain BUY with a revised RI-based TP of INR 1,070 (implying 4.5x Sep-27 ABVPS; 23x Sep-27 EPS).

- **Steady P&L outcomes sans one-offs:** NIMs remained steady QoQ at 9% with reduction in cost of funds (by 7bps). AUM growth was driven by mortgages (+25% YoY), commercial lending (+27% YoY) and new products, with growth likely to improve during FY27. Opex ratios were affected by a one-time impact of new labor codes (adjusted opex to AUM at 3.85%; C/I at 33%).
- **Credit costs likely to improve during FY27:** GS-III/NS-III improved QoQ to 1.21%/0.48% (Q2FY26: 1.24%/0.61%), while GS-II improved QoQ to 0.92%. Adjusted credit costs improved by 10bps QoQ to 1.92% and is likely to improve further to ~1.65-1.75% in FY27 with improving collection efficiencies across products, as per management.
- **Robust franchise with multiple growth levers:** BAF's new products (car loans, gold loans, LAP, MFI, and CV) are scaling up well, now contributing to ~7% of AUM. The ongoing FINAI transformation is likely to drive higher cross-sell, improve productivity levels and aid credit costs in the medium term. With strong customer acquisitions, scale-up of new products and FINAI transformation underway, BAF is poised to deliver healthy AUM CAGR of ~23-24% and profitability (RoE of ~20%) despite elevated competitive intensity across most products.

Financial summary (consolidated)

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	113.2	93.8	*20.6*	107.8	*4.9*	364	442	552	685
PPOP	90.5	78.1	*16.0*	88.7	*2.0*	300	361	455	564
PAT	39.8	42.5	*(6.3)*	48.8	*(18.4)*	166	189	262	323
EPS (INR)	6.4	6.8	*(6.8)*	0.8	*714.8*	27	30	42	52
ROAE (%)						18.9%	17.7%	20.7%	21.2%
ROAA (%)						4.0%	3.7%	4.2%	4.2%
ABVPS (INR)						156	180	217	262
P/ABV (x)						6.2	5.3	4.4	3.7
P/E (x)						36.0	31.7	22.9	18.5

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	5,116	5,104	-0.3%	6,367	6,338	-0.4%	7,904	7,871	-0.4%
NIM (%)	8.8	8.7	-15 bps	8.9	8.8	-10 bps	8.9	8.9	-5 bps
NII	450.1	442.5	-1.7%	558.7	552.5	-1.1%	689.1	684.6	-0.7%
PPOP	372.2	361.4	-2.9%	464.7	455.1	-2.1%	575.1	564.0	-1.9%
PAT	209.3	189.0	-9.7%	266.7	261.9	-1.8%	327.0	323.1	-1.2%
ABVPS (INR)	183	180	-1.5%	221	217	-1.7%	27	262	883.9%

Source: Company, HSIE Research

BUY

CMP *(as on 03 Feb 2026)*	INR 964
Target Price	INR 1,070
NIFTY	25,728

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR1105	INR 1070
	FY26E	FY27E
EPS %	-9.7%	-1.8%

KEY STOCK DATA	
Bloomberg code	BAF IN
No. of Shares (mn)	6,222
MCap (INR bn) / ($ mn)	6,001/66,476
6m avg traded value (INR mn)	7,362
52 Week high / low	INR 1,103/787

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(7.5)	10.1	14.6
Relative (%)	(7.3)	6.2	6.1

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	54.7	54.7
FIs & Local MFs	14.5	14.9
FPIs	22.0	21.5
Public & Others	8.9	8.9
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Aditya Birla Capital

Steady performance; limited margin of safety

ABCAP reported an uptick in AUM growth in the flagship NBFC business with steady performance across most subsidiaries. ABSLAMC's equity AUM grew by +11% YoY on the back of continued market share erosion, which remains a concern. ABSLI witnessed 380bps YoY improvement in VNB margin, benefiting from a favorable product mix, while ABHI sustained its growth momentum, with limited visibility of breakeven in profitability. Equity infusion by Advent International in ABHFL (INR 27.5bn for 14.3% post-money stake) is likely to address its equity capital needs, which have been growing at a staggering pace, albeit moderating. We revise our earnings estimates for the lending businesses and maintain ADD with a revised SOTP-based TP of INR345 (standalone entity at 2.1x Sep-27 ABVPS; ABSLI at 1.6x Sep-27 IEV; ABHFL at 1.8x Sep-27 ABVPS).

- **Flagship NBFC—uptick in growth; steady profitability:** ABCAP's AUM growth improved to 24% YoY, led by strong disbursements growth (+41% YoY), driven by personal & consumer and secured segments. NIMs remained steady (6.1%), supported by reduction in cost of funds. Asset quality improved QoQ with GS-II/GS-III at 1.29%/1.51% (Q2FY26: 1.35%/1.68%), with credit costs at 1.23%. Core profitability remained steady with RoA at 2.3%.
- **HFC business—strong growth; operating leverage playing out:** ABHFL reported strong AUM growth of 58% YoY, although the pace of disbursements growth is moderating (+30% YoY). Operating efficiency continued to improve with opex to AUM at 2.1% vs. 2.7% in Q3FY25 and 2.2% in Q2FY26 and C/I at 45%, driving RoA/RoE of 2%/15%.
- **Life insurance— improving performance:** ABSLI's VNB margin significantly improved YoY (+380bps) due to a shift in the product mix toward non-ULIPs (share of ULIPs down by -300bps YoY), driving VNB growth of 52% YoY in 9MFY26. Proprietary channel growth slowed down significantly to 8% in 9MFY26 (H1FY26: 13%), indicating a strong focus on balanced product mix.
- **Health insurance business sustains growth momentum; muted quarter for ABSLAMC:** ABHI continued the growth momentum (9MFY26 GWP growth of 39% YoY) gaining market share (14.2% among SAHI's). Profitability improved in 9MFY26, with COR at 111% (9MFY25: 114%). ABSLAMC reported muted core sequential revenue/QAAUM growth of 4% and market share erosion in equity MF AUM coupled with continued downward pressure in SIP flows/accounts.

Financial summary (Standalone)

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ(%)	FY25	FY26E	FY27E	FY28E
NII	17.9	15.4	*16.3*	17.3	*3.5*	60.5	70.7	87.0	105.7
PPOP	14.1	12.1	*16.5*	16.1	*(12.0)*	53.7	58.4	72.3	87.0
PAT	7.4	6.1	*20.7*	9.2	*(19.2)*	29.6	31.4	40.0	48.3
EPS (INR)	2.8	8.6	*(67.4)*	3.5	*(19.5)*	11.3	12.0	15.3	18.5
ROAE (%)						14.6%	11.8%	13.3%	14.1%
ROAA (%)						2.4%	2.0%	2.1%	2.2%
ABVPS (INR)						65.4	77.5	90.8	106.6
P/ABV (x)						3.2	2.7	2.3	1.9
P/E (x)						21.1	18.4	14.4	11.8

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	1,529	1,559	2.0%	1,831	1,899	3.7%	2,189	2,293	4.8%
NIM (%)	4.7	4.6	-8 bps	4.7	4.7	-3 bps	4.7	4.7	4 bps
NII	71.3	70.7	-0.8%	85.9	87.0	1.3%	102.2	105.7	3.4%
PPOP	60.1	58.4	-2.9%	72.0	72.3	0.4%	84.3	87.0	3.1%
PAT	32.9	31.4	-4.7%	39.6	40.0	1.0%	46.8	48.3	3.2%
ABVPS (INR)	78	78	-0.6%	92	91	-0.9%	107	107	-0.7%

Source: Company, HSIE Research

ADD

CMP *(as on 03 Feb 2026)*	INR 345
Target Price	INR 345
NIFTY	25,728

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR315	INR345
EPS %	FY26E	FY27E
	-4.7%	1.0%

KEY STOCK DATA	
Bloomberg code	ABCAP IN
No. of Shares (mn)	2,617
MCap (INR bn) / ($ mn)	904/10,016
6m avg traded value (INR mn)	1,743
52 Week high / low	INR 369/149

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	3.4	37.4	100.3
Relative (%)	3.6	33.5	91.8

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	68.7	68.6
FIs & Local MFs	12.8	14.7
FPIs	6.8	5.8
Public & Others	11.7	10.9
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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Mankind Pharma

Muted Q3, acute recovery, and BSV integration key

ADD

CMP *(as on 03 Feb 2026)*	INR 2,163
Target Price	INR 2,460
NIFTY	25,728

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2530	INR 2460
EPS %	FY26E	FY27E
	(5.8)	(3.0)

KEY STOCK DATA	
Bloomberg code	MANKIND IN
No. of Shares (mn)	413
MCap (INR bn) / ($ mn)	893/9,889
6m avg traded value (INR mn)	1,090
52 Week high / low	INR 2,727/2,047

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(9.9)	(15.7)	(16.2)
Relative (%)	(9.6)	(19.6)	(24.7)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	72.67	72.66
FIs & Local MFs	11.91	13.26
FPIs	12.83	11.34
Public & Others	2.59	2.74
Pledged Shares	-	-

Source: BSE

EBITDA (+5% YoY) was 3/5% below our/consensus estimates as 12% YoY sales growth (India formulation up 12% YoY and exports +14%) and higher gross margin (+170 bps) were offset by higher staff and SG&A costs, resulting in lower margin at 25.8% (-167 bps YoY). Organic (ex-BSV and OTC) India formulation growth was at 9.1% YoY, and exports grew in mid-single-digit, and BSV recorded sales of INR 4.64bn (India + Export). Mankind expects the following: (1) gradual recovery in the acute therapies after corrective measures to ensure the volume growth and productivity improvement, (2) strong growth in key chronic segments (CVS and anti-diabetic) led by traction in recently launched products, (3) BSV: scale-up over next few quarters, targets to improve margin in the near term, and (4) expand the presence in export markets. The company is on track to launch Semaglutide in India after patent expiry (in Mar-25 end). While the BSV acquisition will be EBITDA-accretive, the debt-funded M&A could keep near-term earnings stressed. Factoring Q3 miss, we have cut EPS estimates for FY26/27 by 6/3% to factor lower-than-expected margin and delay in synergies with BSV. We maintain ADD with revised target price to INR 2,460 (34x Q2FY28E). We keep monitoring the progress in BSV business integration as well as growth momentum and debt repayment (net debt at INR 42.94 bn as of Dec-25 vs INR 57.84 bn in Mar-25).

- **Q3 highlights**: Sales grew 12% YoY to INR 35.67bn, with India formulation (80% of sales) up 12% YoY to INR 28.43bn, led by growth in chronic (+14.6%); consumer healthcare (6%) grew 5% YoY to INR 2.03bn and exports (15%) grew 14% YoY. BSV sales were at INR 4.64bn in Q3FY26, reflecting strong double-digit growth in Q3. GM was up 170bps YoY to 72.6%. Higher staff/SG&A (+17/+13%) costs led to EBITDA of INR 9.19bn (+5% YoY) and a 25.8% margin (-167 bps YoY). Higher depreciation (+19%), offset by lower other income and interest (-6/-29%), led to a PAT^ of INR 5.15bn (+22% YoY).
- **Key takeaways from con call:** India formulation organic growth was on the back of volume growth and traction in key chronic segments. While the company saw strong growth in inhaler portfolio (Combihale and Symbicort), muted growth in cough/syrup categories led to underperformance in the respiratory segment. Gross margin improvement was led by better business mix (faster growth in chronic) and inventory management. The company is on track to complete corrective action and addressed attrition (especially in UP region which had an impact on PCPM) by adding 20-25% field force; it expects to improve on-ground relations with GPs for acute business over the next few quarters. OCF/EBITDA were higher (at ~93%) due to working capital optimizations, realization of government receivables, and drop in tax value; it expects working capital to taper down in the next few quarters.

Quarterly financial summary

(INR mn)	3Q FY26	3Q FY25	YoY (%)	2Q FY26	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	35,672	31,988	12	36,972	(4)	87,494	103,348	122,074	143,762	161,151	178,189
EBITDA	9,194	8,160	13	9,213	(0)	19,006	25,351	30,179	35,940	41,577	46,864
APAT	5,153	4,216	22	5,115	1	13,720	19,129	19,363	19,857	26,819	30,886
EPS (INR)	12.5	10.2	22	12.4	1	33.3	46.4	46.9	48.1	65.0	74.8
P/E (x)						64.8	46.5	45.9	44.8	33.2	28.8
EV/EBITDA (x)						46.2	33.9	31.6	26.2	22.0	18.9
RoCE (%)						22	27	17	12	15	16

Source: Company, HSIE Research. ^Adj for new Labor Code and other exceptional costs of INR 1.06bn

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Aarti Industries

Energy business driving revenue

We maintain our ADD recommendation on Aarti Industries (AIL), with a target price of INR 467/share. Revenue and EBITDA are expected to increase at a CAGR of 8/22% over FY25-28E. Profitability will be led by (a) commissioning of projects worth INR23-25bn over the next 15-18 months, (b) cost optimization measures undertaken, and (c) volume growth across products. EBITDA/APAT was 8/9% above our estimates, owing to higher-than-expected revenue and lower-than-expected raw material cost.

- **Financial performance**: Revenue changed by +26/+10.4% YoY/QoQ to INR 23.18bn. The increase in revenue was led by volume growth across MMA and PDCB. EBITDA improved by 38.4/10.3% YoY/QoQ to INR 3.21bn. EBITDA margin improved by +124bps YoY to 13.8% while QoQ remained flattish. The improved margins were led by the operating leverage.
- **Con call takeaways: (1) Energy business (51% of the revenue):** Volume growth in the business was led by (a) strong demand and (b) favorable naphtha and gasoline spread supporting MMA consumption. MMA has 50-60% of revenue coming from the US while tariff impact has factored in the current contracts. AIL is planning to tap other markets like Europe in coming years. (2) **Non-energy business (49% of the revenue):** Agro and pharma business was stable during the quarter while the pricing pressure continued due to dumping from China. Polymer business was a mix business environment. PDCB demand was led by the EV segment while the PDA business impacted due to dependency on the US market. India-EU FTA and the strategic stance of Chinese anti-involution is expected to help in increase in volume and new business avenues. (3) **Capex:** AIL will commission the following projects by Q4FY26: a. Increase in the MMA capacity from 290KTPA to 360KTPA considering stronger demand; b. increase in DCB capacity from 120 to 140KTPA; c. PEDA project expected to be commissioned in Q4FY26. This has resulted in the capex increasing to INR 11bn from INR 10bn, including zone 4 capex. **Zone 4: -** capex is INR 16bn. Major capex will be completed in CY26 while the remaining capex of INR 3 to 4bn will spill over to CY27. Zone 4 is expected to commission in CY26 in which MPP and CaCl2 plant are expected to be commissioned by Q4FY26 while the remaining process blocks are related to specialty chemicals that are expected to commission in CY26.

Financial summary (consolidated)

INR mn	3Q FY26	2Q FY26	QoQ (%)	3Q FY25	YoY (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	23,180	21,000	*10.4*	18,400	*26.0*	66,186	63,723	72,713	79,259	79,139	91,010
EBITDA	3,210	2,910	*10.3*	2,320	*38.4*	10,890	9,766	10,005	11,196	14,822	18,011
APAT	1,497	800	*87.2*	470	*218.5*	5,452	4,165	3,283	3,432	5,593	8,060
AEPS (INR)	4.1	2.2	*87.2*	1.3	*218.5*	15.0	11.5	9.1	9.5	15.4	22.2
P/E (x)						28.6	37.4	47.5	45.4	27.9	19.3
EV/EBITDA(x)						16.8	19.1	19.1	17.3	13.1	10.6
RoE (%)						11.6	8.2	6.0	6.0	9.1	12.0

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY26E Old	FY26E New	%Ch	FY27E Old	FY27E New	%Ch	FY28E Old	FY28E New	%Ch
EBITDA (INR mn)	10,978	11,196	*2.0*	14,862	14,822	*(0.3)*	18,091	18,011	*(0.4)*
Adj. EPS (INR/sh)	9.5	9.5	*0.1*	15.4	15.4	*(0.0)*	22.2	22.2	*(0.0)*

Source: Company, HSIE Research

ADD

CMP *(as on 03 Feb 2026)*	INR 430
Target Price	**INR 467**
NIFTY	**25,728**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 465	INR 467
EPS %	FY26E	FY27E
	0.1%	-%

KEY STOCK DATA	
Bloomberg code	ARTO IN
No. of Shares (mn)	363
MCap (INR bn) / ($ mn)	156/1,726
6m avg traded value (INR mn)	347
52 Week high / low	INR 495/338

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	10.6	5.7	(5.1)
Relative (%)	10.8	1.9	(13.5)

SHAREHOLDING PATTERN (%)

	Sept-25	Dec-25
Promoters	42.18	42.14
FIs & Local MFs	18.21	18.22
FPIs	6.40	6.69
Public & Others	33.19	32.94
Pledged Shares	0.00	0.00

Source: BSE

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Aether Industries

Nearing the commissioning

We maintain BUY on Aether Industries (AIL), with a target price of INR 1,241. The expansion project at Site 3++ is on track to be commissioned in Q4FY26. Two production blocks in Phase-I of the greenfield project at Panoli (Site 5) will also be commissioned by March-26. These developments will drive revenue growth over FY27 and FY28 besides ramping up revenue under the contract with Baker Hughes. Production from site-4 has scaled up in Q3 and is expected to accelerate further in coming quarters. We expect revenue/EBITDA/PAT CAGRs of ~28/31/30% over FY25-29E while the RoE will double to 14.2% in FY29 compared to FY25. EBITDA was 30% while APAT was 21% above our estimates, owing to higher-than-expected revenue and lower-than-expected raw material cost.

- **Financial performance:** Revenue grew by 44.4/13.2% YoY/QoQ to INR 3,171mn. The increase was led by growth in the CEM and LSM businesses. EBITDA increased by 70.9/25.7% YoY/QoQ to INR 1,106mn. Segmental revenue breakdown for Q3FY26 was: 41.28% from large-scale manufacturing (LSM), 7.95% from CRAMS, and 42.63% from CEM.
- **Key con call takeaways:** (1) Aether Industries will manufacture three new pharma and agro products from Site 5 (Panoli), priced at USD30–USD40/kg. (2) Additionally, this site will supply low dielectric resins for high-speed PCBs and photo resistor for semiconductor clients in Japan, South Korea, and Taiwan. Validation batches for semiconductor chemicals have already been dispatched. (3) Site 4 (Baker Hughes) revenue increased 20% QoQ to INR 60bn. The company is sending products to various sites of Baker Hughes. The company is working on eight new products of Baker Hughes in CRAMS. (4) Converge Polyol sales continued to grow with strong customer inquiry momentum and the company shall achieve targeted revenue in FY26. (5) The contract with Otsuka Chemicals is on track and expected to achieve revenue of INR350-400mn in FY26. (6) Pharma and agro contributed 45% combined, while oil & gas and material science contributed 22% and 18% respectively. (7) R&D expansion: AIL is adding 20 new fume hoods over next two months in existing facility. Further, it is adding 15 new labs, of which five will be engineering labs and 150 fume hoods. (8) AIL has signed a contract with European multinational in the material science sector which will commence at site 3 with modifying existing LSM production line. (9) European chemical manufacturing is weakening, leading customers to increasingly shift sourcing to India. Contract finalizations with European clients are accelerating due to rising urgency.
- **Change in estimates:** We have increased FY26/FY27/FY28 EPS estimates by 10.6/6.8/1.8% to INR 17.7/21.9/27.5x considering 9MFY26 performance and improved outlook.

Financial summary (consolidated)

INR mn	3Q FY26	2Q FY26	QoQ (%)	3Q FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	3,171	2,801	*13.2*	2,197	*44.4*	5,982	8,387	11,474	13,860	17,813
EBITDA	1,106	880	*25.7*	647	*70.9*	1,322	2,412	3,748	4,452	5,647
APAT	662	559	*18.5*	453	*46.3*	929	1,673	2,339	2,905	3,647
AEPS (INR)	5.0	4.2	*18.5*	3.4	*46.3*	7.0	12.6	17.7	21.9	27.5
P/E (x)						143.0	79.6	57.0	45.9	36.6
EV/EBITDA(x)						97.9	55.0	35.8	30.3	24.1
RoE (%)						5.6	7.8	10.0	11.2	12.4

Source: Company, HSIE Research

Change in estimates (consolidated)

Y/E Mar	FY26E	FY26E	%	FY27E	FY27E	%	FY28E	FY28E	%
EBITDA (INR mn)	3,198	3,748	17.2	4,017	4,452	10.8	5,314	5,647	6.3
Adj. EPS (INR/sh)	16.0	17.7	10.6	20.5	21.9	6.8	27.0	27.5	1.8

Source: Company, HSIE Research

BUY

CMP *(as on 03 Feb 2026)*	**INR 1,006**
Target Price	**INR 1,241**
NIFTY	**25,728**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 1,200	INR 1,241
EPS %	**FY26E**	**FY27E**
	+10.6%	+6.8%

KEY STOCK DATA	
Bloomberg code	AETHER IN
No. of Shares (mn)	133
MCap (INR bn) / ($ mn)	133/1,479
6m avg traded value (INR mn)	220
52 Week high / low	INR 1,086/723

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	32.2	33.6	19.9
Relative (%)	32.5	29.7	11.4

SHAREHOLDING PATTERN (%)	**Sept-25**	**Dec-25**
Promoters	75	74.98
FIs & Local MFs	12.97	12.25
FPIs	4.64	5.81
Public & Others	7.39	6.96
Pledged Shares	0.00	0.00

Source: BSE

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Aditya Birla Lifestyle Brands

Portfolio profitability improves

ABLBL's top line grew by 9.6% YoY to INR23.4bn (HSIE: INR23bn), driven by 6% retail LTL growth in Q3. Lifestyle brands (LB)/emerging business (EB) grew ~9/13% YoY to INR 20/3.6bn (HSIE: in-line/3.3bn). LB retail grew by 6% YoY, led by LTL growth of 5% and store expansion partially offset by shift of festive season. EB LTL growth stood at 16%. Ex-Forever21 in the base, EB growth would have been 19% YoY in Q3. The company added 50+ net stores in Q3FY26 and plans to add ~90/120+ net stores in Q4FY26/FY27. LB/EB EBITDAM were up ~90/790bps to 20.6/7.1% (vs HSIE: 20/2.5%) respectively, driven by strong operating leverage, cost optimization and reduction in losses of innerwear business. Overall EBITDAM expanded by ~200bps YoY to 17.6% (HSIE: 16.5%). EBITDA/APAT grew by 23.6/82.9% YoY to INR 4.12/1.1bn (HSIE: INR 3.81bn/626mn). We have revised our FY27/28 EBITDA estimates by ~2% each and maintain BUY with an SOTP-based TP of INR185/sh (including 25x Mar-28 EV/EBITDA—Pre-IND AS 116—for LB and 1x Mar-28 EV/sales for EB).

- **Q3FY26 highlights**: ABLBL's revenue grew by 9.6% YoY to INR23.4bn (HSIE: INR23bn), led by 6% retail LTL growth in Q3. LB grew 9.2% YoY to INR 20bn (in-line), led by strong multi-channel performance. LB retail grew by 6% YoY, led by LTL growth of 5% and store expansion, partially offset by a shift of festive season. Wholesale reported 21% YoY growth, with robust secondary LTL growth in department stores. E-commerce delivered 20% YoY growth with improved profitability. EB revenue grew by 13.4% YoY to INR3.55bn (HSIE: INR3.26bn), with LTL growth of 16%. Ex-Forever21 in the base, EB growth would have been 19% YoY in Q3. On segmental margins, LB/EB EBITDAM were up ~90/790bps to 20.6/7.1% (vs HSIE: 20/2.5%) respectively, driven by strong operating leverage, cost optimization, and reduction in losses of innerwear business. The company added 50+ net stores in Q3 and plans to add 90+ net stores in Q4 and 120+ net new stores in FY27. GM contracted by 26bps YoY to 58.6% (HSIE: 60.3%). However, overall EBITDAM expanded by 199bps YoY to 17.6% (HSIE: 16.5%). EBITDA/APAT grew by 23.6/82.9% YoY to INR 4.12/1.1bn (HSIE: INR 3.81bn/626mn). Net debt reduced from INR10bn in Sep-25 to INR8bn in Dec-25, with plans to reach closer to net cash over the next three years.
- **Outlook**: While ABLBL's growth recovery is encouraging, sustaining this momentum is critical. The turnaround in EB, particularly the path to profitability in Innerwear, remains a key monitorable. We have revised our FY27/28 EBITDA estimates by ~2% each and maintain BUY with an SOTP-based TP of INR185/sh (including 25x Mar-28 EV/EBITDA—Pre-IND AS 116—for LB and 1x Mar-28 EV/sales for EB).

Quarterly financial summary

(INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	23,432	21,384	9.6	20,379	15.0	77,860	78,300	83,550	94,880	1,06,117
EBITDA	4,118	3,332	23.6	3,167	30.0	18,219	5,508	6,465	8,000	9,404
APAT	1,103	603	82.9	234	370.6	1,711	1,579	1,769	3,181	4,214
EPS (Rs)	0.57	0.49	14.4	0.19	194.4	1.7	0.5	1.1	2.6	3.5
P/E (x)						67.0	87.3	78.0	43.4	32.7
EV/EBITDA (x)						#DIV/0!	26.5	21.8	16.8	13.6
Core RoCE(%)						-	9.0	8.8	10.3	11.4

Source: Company, HSIE Research

Change in estimates

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	83,550	83,425	0.2	94,880	93,640	1.3	1,06,117	1,04,507	1.5
Gross Profit	49,638	49,981	(0.7)	56,797	56,335	0.8	63,895	63,134	1.2
Gross Profit Margin(%)	59.4	59.9	-50 bps	59.9	60.2	-30 bps	60.2	60.4	-20 bps
EBITDA	6,465	6,163	4.9	8,000	7,801	2.5	9,404	9,195	2.3
EBITDA margin (%)	7.7	7.4	35 bps	8.4	8.3	10 bps	8.9	8.8	6 bps

Source: Company, HSIE Research, *Pre-IND AS EBITDA

BUY

CMP *(as on 03 Feb 2026)*	INR 113
Target Price	INR 185
NIFTY	25,728

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 185	INR 185
	FY27E	FY28E
EBITDA *%	+2.5	+2.3

*Pre-IND AS EBITDA

KEY STOCK DATA	
Bloomberg code	ABLBL IN
No. of Shares (mn)	1,221
MCap (INR bn) / ($ mn)	138/1,528
6m avg traded value (INR mn)	307
52 Week high / low	INR 176/101

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(17.0)	(18.1)	-
Relative (%)	(16.7)	(22.0)	-

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	46.60	46.60
FIs & Local MFs	11.48	17.06
FPIs	21.59	16.25
Public & Others	20.33	20.09
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

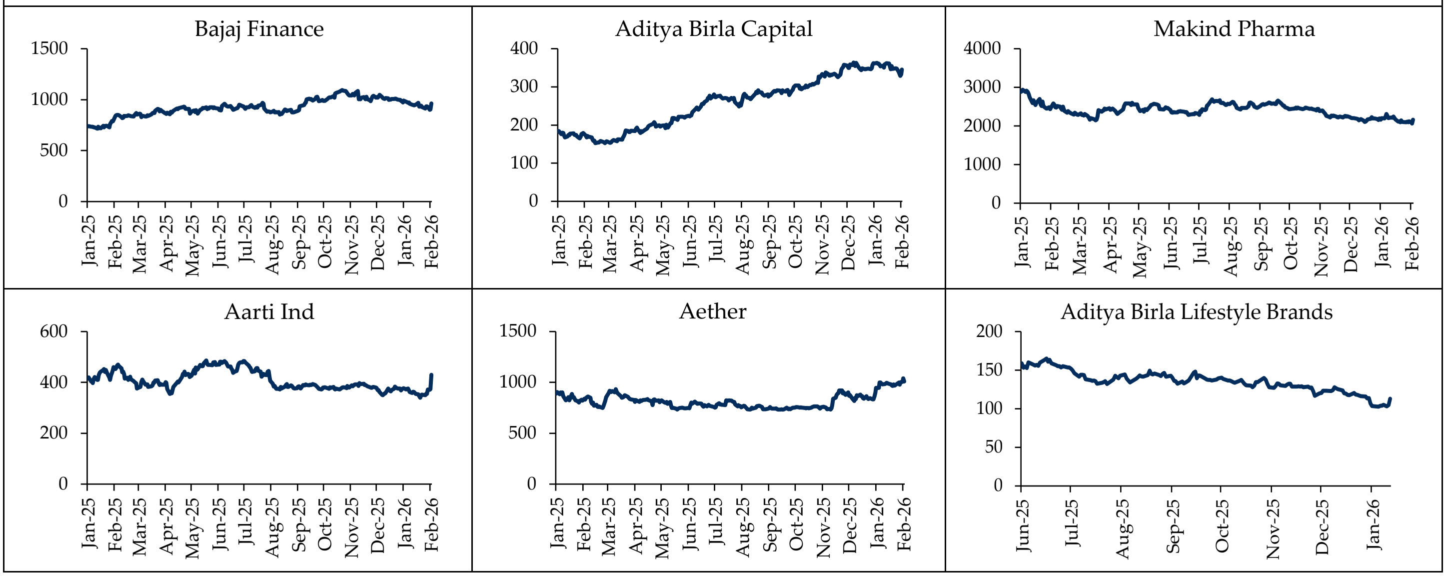
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Bajaj Finance, Aditya Birla Capital	PGDM	NO
Deepak Shinde	Bajaj Finance, Aditya Birla Capital	PGDM	NO
Ayush Pandit	Bajaj Finance, Aditya Birla Capital	CA	NO
Mehul Sheth	Mankind Pharma	MBA	NO
Divyaxa Agnihotri	Mankind Pharma	MSc	NO
Nilesh Ghuge	Aarti Industries, Aether Industries	MMS	NO
Prasad Vadnere	Aarti Industries, Aether Industries	MSc	NO
Dhawal Doshi	Aarti Industries, Aether Industries	CA	NO
Jay Gandhi	Aditya Birla Lifestyle Brands	MBA	NO
Vedant Mulik	Aditya Birla Lifestyle Brands	CA	NO

Price movement



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