HSIE Results Daily

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Results Reviews

- **Bajaj FinServ:** Bajaj FinServ (BJFIN) delivered a strong performance during H1FY26 across all its key operating businesses. BAGIC clocked 9% YoY GDPI growth, even as profitability clocked in marginally ahead of estimates on the back of higher realized capital gains and a favourable loss ratio. BALIC continued to benefit from a strategic shift in product mix, witnessing strong 47% VNB growth and a 560bps improvement in margins, despite 8% decline in APE. Bajaj Finance delivered steady AUM growth (+23.6% YoY) although profitability continued to be impacted by higher credit costs and lower other income. With the NBFC business maintaining sector leadership, we expect the operational turnaround in both insurance businesses to drive a 500bps increase in SOTP contribution, triggering a re-rating. We maintain BUY with a revised SOTP-based TP of INR2,565 (79% contribution from the flagship NBFC business).
- **ONGC:** We maintain our REDUCE rating on ONGC, with a target price of INR 225 as we expect slower ramp-up in oil & gas production. Q2FY26 reported EBITDA at ~INR 177bn (-3.0% YoY, -5.1% QoQ), below our estimates due to lower-than-expected crude oil production volume. However, PAT at ~INR 98bn (-17.8% YoY, +22.7% QoQ) came in ahead of our estimates due to higher-than-estimated other income.
- **BSE:** BSE reported a strong quarter, with both revenue and PAT coming higher vs our estimate. The consolidated revenue grew 11.5% QoQ due to growth in transaction, listing, book building, and colocation revenue. The market share gain in options continued post the change in expiry, the premium market share increased to 24.4% in Q2FY26 vs 21.4% in Q1. The premium ADTV stood at INR 150bn in Q2 (flat QoQ) but witnessed sharp jump in October 2025 and market share increase to 27%. The regulatory overhang related to existence of weekly index option is receding gradually, but the regulator will keep a close check. The EBITDA margin has contracted by 65bps QoQ to 64.7%, led by high SEBI regulatory fees due to a ~25% QoQ rise in notional volume. BSE introduced a policy in September 2025 to voluntary contribute ~5% of transaction revenue to the core SGF. The Q2 contribution was ~INR 0.11bn, representing one month under the new policy. The revenue from colocation increased to INR 0.46bn in Q2 vs INR 0.27bn in Q1 led by revision in throttle charges. BSE expects to add another 70-90 racks by the end of year which will boost the colocation revenue. We increase our EPS estimate by 6-9% for FY26/27E EPS led by market share gain. The revenue/EPS CAGRs of ~24/31% over FY25-28E are robust. We maintain ADD with a revised target price of INR 2,750, which is based on 42x core Sep-27E PAT + CDSL stake + net cash ex SGF. The stock is trading at a P/E of 47/42x FY26/27E EPS.
- **Bharat Forge:** We continue to be bullish on the company's defense capabilities, considering the huge domestic demand potential and new platforms that also provide a good value proposition for export markets. Higher US tariffs have led to business uncertainty and volatility, leading to destocking at the customer's end. Considering the recent positive developments between India and the US, we expect tariff to reduce at some point in the near term, which would then lead to revive in export revenues, aided by re-stocking. Considering the long-term business potential of the

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forging business on China+1 and Europe+1 plays and of the defense business that would be led by geopolitical tensions, we maintain a BUY rating. We value the company at 33x Sep-27 EPS for a TP of INR1,620.

- **Ather Energy:** While the current volume inflection is being led by dealership expansion, the next inflection from FY27/FY28 will be led by portfolio expansion via its upcoming low-cost EL platform, which will introduce more affordable models to the portfolio, thereby bringing in a new set of customers and expanding its addressable market. Going forward, we expect EBITDA margin to improve persistently over the medium term, aided by operating leverage, continuing shift to LFP batteries, introduction of the low-cost EL platform, improving non-vehicle revenue mix, and continued value engineering efforts. The company continues to impress with its capability to scale volumes and increase market share along with margin improvement, which is also being aided by continuing value engineering efforts. We value the company at 6.0x EV/sales for a TP of INR837, and maintain a BUY rating. Ather Energy continues to be our top pick.

- **KEC International:** KECI's revenue/EBITDA/APAT (miss)/beat stood at +3.2/-0.5/-8.3% vs our estimates. Balance sheet deterioration, elevated NWC days, and weak margins may delay rerating. KECI continues to guide revenue growth of 15% and EBITDA margin of 8% (lower band of 8-8.5%) for FY26, supported by higher contribution from double-digit margins in the T&D segment, and bottoming out of non-T&D segment losses. The order inflows (OI) came in at INR 161bn, led by T&D, while the order book (OB) as of Sep'25 stood at INR 440bn (~2x FY25 revenue), including L1 of INR 50bn. Tailwinds benefitting KECI include robust international T&D outlook, strong India T&D momentum, government focus on renewable energy/BESS/grid modernisation/HVDC, and uptick in real estate projects. However, headwinds such as labour shortages, subdued execution in transportation segment, extended monsoon in Q2FY26, and uncertainty on global tariffs/geopolitical unrests impacted performance. The civil segment margins are pressured due to labor shortages, monsoon delays, and payment issues in water projects. We have cut estimates to factor in weak profitability and maintain ADD with a TP of INR 939/sh (20x Sep-27 EPS).

- **Gujarat State Petronet:** Our ADD rating on Gujarat State Petronet with a revised TP of INR 320/sh is premised on volume growth of ~6% CAGR over FY25-27E and successful completion of group restructuring. Q2FY26 EBITDA at INR 1.73bn (-10.2% YoY, -14.4% QoQ) was below our estimates due to higher-than-expected gas transmission charges, operating expenses and employee expenses. APAT at INR 3.82bn (-1.8% YoY, +1.7x QoQ) came in ahead of our estimates led by stronger-than-expected other income. Gas transportation charges increased to INR 466mn (+132.4% YoY, +12.7% QoQ) and other income came in at INR 3.0bn (+4.1% YoY, +6x QoQ)

- **Syrma SGS Technology:** Syrma SGS Technology's revenue grew 38% YoY, led by healthy growth in consumer/automotive/healthcare/railway segments. EBITDAM improved 150bps YoY to 10.1%. EBITDA rose by 62% YoY, while APAT grew 77% YoY. Management has revised its topline growth target for FY26 to ~30%, down from the earlier guidance of 30–35%. The EBITDAM margin guidance has been revised upwards to above 9% compared to 8.5–9% guided earlier. The company has raised INR 10bn equity funds through a QIP issue in Aug-2025. It announced a PCB facility with a joint venture with South Korea's Shinhyup Electronics under the ECMS scheme for a total capex of INR 16bn, phase-1 costing INR 7-8bn planned for FY27-end. Factoring healthy Q2 result and outlook, we upgrade our revenue estimates by 3/6% and EPS by 6/7% for FY26/27E. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain BUY with a higher TP of INR 890/sh, by valuing the company at 40x Sep-27E EPS.

- **Aavas Financiers:** AAVAS's Q2FY26 earnings were marginally higher than our estimates, with NIM reflation and steady asset quality, partly offset by elevated opex intensity. Disbursements witnessed an uptick (+21% YoY) following a subdued 10.4% CAGR during FY24-FY25, partly aided by rollover from disbursements in Q1 (due to change in disbursement recognition methodology). Opex ratios are yet to see meaningful improvement (C/I at 44%; opex to AUM at 3.3%) from tech transformation although TAT has improved significantly. With AUM growth at 16.1% YoY, sustained uptick in disbursements remains the key monitorable for AAVAS for any significant rerating. We have revised FY26/FY27E earnings estimates to factor in higher opex, partly offset by higher NIMs. We maintain ADD with a revised RI-based TP of INR1,775 (implying 2.4x Sep-27 ABVPS).
- **V-MART Retail:** V-Mart's topline grew 22.1% YoY to INR 8.07bn in Q2, with core V-MART operations up 23.3% YoY to INR 6.6bn (in-line). SSSG for Q2 stood at 11%, with both core V-Mart and Unlimited contributing equally. Sales density (annualized) was up 10%. GM was flat YoY at 33.6% (HSIE: 33%), but ex-limeroad, it improved by 60bps YoY due to higher full-price sales and efficient inventory management. Pre IND-AS EBITDAM expanded 335bps to 0.6% (HSIE: -0.8%), driven by lower marketing spends and continued reduction in Limeroad losses (down 53% YoY to INR34mn). The company added 36 stores (net) in H1FY26 and 16 stores so far in Q3. Management raised FY26 store opening guidance from 65 to 70-75 stores. We've raised our FY27/28 EBITDA estimates by ~2/3% to account for higher store additions and improved full-price sales. We maintain BUY, with a DCF-based TP of INR 870/sh, implying ~24x Sep-27E EV/EBITDA.

Bajaj FinServ

Strong and steady performance

Bajaj FinServ (BJFIN) delivered a strong performance during H1FY26 across all its key operating businesses. BAGIC clocked 9% YoY GDPI growth, even as profitability clocked in marginally ahead of estimates on the back of higher realized capital gains and a favourable loss ratio. BALIC continued to benefit from a strategic shift in product mix, witnessing strong 47% VNB growth and a 560bps improvement in margins, despite 8% decline in APE. Bajaj Finance delivered steady AUM growth (+23.6% YoY) although profitability continued to be impacted by higher credit costs and lower other income. With the NBFC business maintaining sector leadership, we expect the operational turnaround in both insurance businesses to drive a 500bps increase in SOTP contribution, triggering a re-rating. We maintain BUY with a revised SOTP-based TP of INR2,565 (79% contribution from the flagship NBFC business).

- **General insurance (11% of SOTP) - capital gains and favourable loss ratio:** BAGIC reported 9/10% YoY growth in GDPI and profitability. GDPI growth continued to be led by strong traction in motor TP (+33% YoY). Reported PAT was driven by stronger capital gains (+INR2.4bn YoY), and better loss ratios at 73.5% (H1FY25: 78.5%), predominantly in the Motor TP and crop businesses, partly offset by higher expenses.
- **Life insurance (10% of SOTP) - benefits from strategic shift:** Despite the APE de-growth (-8% YoY), value of new business (VNB) witnessed strong growth (+47% YoY) as VNB margin clocked in at 14.8% (+560bps YoY). As highlighted in our **insurance thematic report**, we expect this business to see a material turnaround in profitability metrics during FY26E, led by its revised product construct, a balanced segmental mix, and sustained efforts at cost discipline. The management estimates a full-year adverse margin impact of 450bps from GST ITC disallowance, on an as-is basis. We maintain our FY26E VNB margin estimates at ~17.3%, given the strong H1FY26 performance.
- **Flagship NBFC (79% of SOTP) - sustained sector leadership:** Bajaj Finance's (BAF) Q2FY26 earnings were marginally below our estimates, as high credit costs (2.02%) were partly offset by steady AUM growth (+23.6% YoY) and improving operating efficiency. While asset quality headwinds have capped near-term profitability, BAF's relentless focus on throughput and operating efficiencies, coupled with sustained pricing power in key segments, is likely to drive strong medium-term profitability. We have a BUY with an RI-based TP of INR1,105 (implied 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 (and priced to perfection), we expect the incremental re-rating in BJFIN to be driven by the operational turnaround in its insurance businesses (SOTP contribution likely to improve by 500bps). **We retain BUY with a revised SOTP-based TP of INR2,565.**

SOTP

INR	BJFIN Share	Per share	% of TP	Rationale
BAF	51.3%	2,208	79.2%	HSIE TP
BAGIC	74.0%	305	11.0%	28.5x Sep-27E EPS
BALIC	74.0%	273	9.8%	1.2x Sep-27E EV
Value of subsidiaries		**2,787**		
Holding company Discount	10%	221		10% hold-co discount
Target Price		**2,565**		

Source: Company, HSIE Research

BUY

CMP *(as on 11 Nov 2025)*	INR 1,989
Target Price	INR 2,565
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,430	INR 2,565
EPS%	Nil	Nil

KEY STOCK DATA	
Bloomberg code	BJFIN IN
No. of Shares (mn)	1,598
MCap (INR bn) / ($ mn)	3,179/35,890
6m avg traded value (INR mn)	2,683
52 Week high / low	INR 2,195/1,552

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	3.5	1.0	15.8
Relative (%)	(0.6)	(4.6)	10.3

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	58.8	58.8
FIs & Local MFs	10.1	10.5
FPIs	8.4	8.1
Public & Others	22.6	22.5
Pledged Shares	0.0	0.0

Source : BSE

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ONGC

Crude production volume declines sequentially

We maintain our REDUCE rating on ONGC, with a target price of INR 225 as we expect slower ramp-up in oil & gas production. Q2FY26 reported EBITDA at ~INR 177bn (-3.0% YoY, -5.1% QoQ), below our estimates due to lower-than-expected crude oil production volume. However, PAT at ~INR 98bn (-17.8% YoY, +22.7% QoQ) came in ahead of our estimates due to higher-than-estimated other income.

- **Standalone financial performance:** EBITDA declined to ~INR 176.9bn (-3.0% YoY, -5.1% QoQ) due to lower crude oil production and reduced oil realization. Operating expenditure stood at INR 69.09bn (+22.3% YoY, +23.9% QoQ). YoY increase in opex was due to higher LNG consumption at the Dahej Terminal. Depreciation and depletion costs decreased sequentially to ~INR 63.6bn. (+13.8% YoY, -2.5% QoQ) and exploration cost was written off also decreased to ~INR 10.9bn (-9.4% YoY, -25.4% QoQ). Interest cost came in at ~INR 11.1bn (-4.1% YoY, -1.0% QoQ). Other income increased sequentially to ~INR 34.2bn (-28.2% YoY, +1.8x QoQ).
- **Standalone operational performance**: Q2 net crude oil realization stood at USD 68.7/bbl (-14.1% YoY, +1.2% QoQ). Gas realization stood at INR 23.9/scm (+11.3% YoY, +1.7% QoQ). Crude oil production was at 4.9mmt (+1.1% YoY, -1.0% QoQ) and gas production was at 4.9bcm (flat YoY, +1.5% QoQ). Total oil sales volume, including JV, was at 4.8mmt (+5.0% YoY, +2.7% QoQ), while gas sales volume was at 3.91bcm (+0.7% YoY, +0.9% QoQ).
- **Conference call takeaways:** (1) Consolidated oil production stood at 5.19mmt (+0.6% YoY, -0.9% QoQ) and consolidated gas production stood at 5.03bcm (-0.6% YoY, +1.4% QoQ). (2) 13.4% of the total gas production is now New Well Gas (NWG) which has resulted in additional revenue to the tune of INR 3.18bn of this grade of gas is priced at a 20% premium compared to APM gas. (3) From the KG basin, ONGC is currently producing 28,000 bpd (30,000+ bpd in previous quarter) of oil and 3mmscmd of gas. Gas production should increase gradually once the construction of live-in quarters is completed by Dec 25. (4) **OPaL** – reported EBITDA of INR 2.25bn (INR 130mn in previous quarter). Capacity utilization was impacted for a month due to a machinery breakdown. It should operate at ~90% utilization levels for the next two quarters as machinery has now been repaired and should post positive EBITDA if the current prices stay. Current debt stands at INR 250bn. Management is of the view that Opal will not require any further equity infusion. (5) **Guidance -** management acknowledged that the previously guided oil production volume of 21mmt and gas production volume of 21.5bcm for FY26 is not achievable as production at KG basin has declined in Q2FY26. **Revised standalone production guidance** – for FY26E –oil production of 19.8mmt and 20bcm of gas production respectively. For FY27E – 20mmt of oil and 21.5bcm of gas. (6) FY26E capex guidance for standalone entity E&P business maintained at INR 300-350bn.
- **Change in estimates and valuation:** We have increased our FY26/27E EPS estimates by 4.3%/3.5% to INR 35.87/35.40, owing to increased share of NWG in total gas production. We value ONGC's standalone business and OVL at 7x Dec-26E EPS at INR 153 and investments at INR 72, leading to a TP of INR 225. The stock is currently trading at 10.3x Dec-26E EPS.

Standalone financial summary

YE March (INR bn)	Q2 FY26	Q1 FY26	QoQ (%)	Q2 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenues	330.3	320.0	3.2	338.8	(2.5)	6,848.3	6,430.4	6,632.6	7,058.0	7,450.4
EBITDA	177.0	186.6	(5.1)	182.4	(3.0)	857.1	1,086.5	915.6	943.1	950.6
APAT	98.5	80.2	22.7	119.8	(17.8)	392.8	583.1	315.9	451.3	445.3
AEPS (INR)	7.8	6.4	22.7	9.5	(17.8)	31.2	46.4	25.1	35.9	35.4
P/E (x)	330.3	320.0	3.2	338.8	(2.5)	7.9	5.4	9.9	6.9	7.0
EV/EBITDA (x)						5.0	3.8	4.4	4.2	4.2
RoE (%)						14.5	18.9	9.1	12.2	11.1

Source: Company, HSIE Research | *Consolidated

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	915	943	3.0	931	951	2.1
EPS	34.4	35.9	4.3	34.2	35.4	3.5

Source: HSIE Research

REDUCE

CMP *(as on 11 Nov 2025)*	INR 250
Target Price	INR 225
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 207	INR 225
EPS change	FY26E	FY27E
	+4.3%	+3.5%

KEY STOCK DATA	
Bloomberg code	ONGC IN
No. of Shares (mn)	12,580
MCap (INR bn) / ($ mn)	3,138/35,432
6m avg traded value (INR mn)	2,590
52 Week high / low	INR 274/205

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	6.7	6.2	(2.9)
Relative (%)	2.6	0.6	(8.4)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	58.89	58.89
FIs & Local MFs	18.73	18.88
FPIs	9.19	8.88
Public & Others	13.19	13.35
Pledged Shares	0.00	0.00

Source: BSE

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BSE

Growth engine on track

BSE reported a strong quarter, with both revenue and PAT coming higher vs our estimate. The consolidated revenue grew 11.5% QoQ due to growth in transaction, listing, book building, and colocation revenue. The market share gain in options continued post the change in expiry, the premium market share increased to 24.4% in Q2FY26 vs 21.4% in Q1. The premium ADTV stood at INR 150bn in Q2 (flat QoQ) but witnessed sharp jump in October 2025 and market share increase to 27%. The regulatory overhang related to existence of weekly index option is receding gradually, but the regulator will keep a close check. The EBITDA margin has contracted by 65bps QoQ to 64.7%, led by high SEBI regulatory fees due to a ~25% QoQ rise in notional volume. BSE introduced a policy in September 2025 to voluntary contribute ~5% of transaction revenue to the core SGF. The Q2 contribution was ~INR 0.11bn, representing one month under the new policy. The revenue from colocation increased to INR 0.46bn in Q2 vs INR 0.27bn in Q1 led by revision in throttle charges. BSE expects to add another 70-90 racks by the end of year which will boost the colocation revenue. We increase our EPS estimate by 6-9% for FY26/27E EPS led by market share gain. The revenue/EPS CAGRs of ~24/31% over FY25-28E are robust. We maintain ADD with a revised target price of INR 2,750, which is based on 42x core Sep-27E PAT + CDSL stake + net cash ex SGF. The stock is trading at a P/E of 47/42x FY26/27E EPS.

- **Q2FY26 highlights**: Revenue grew 11.5/43.2% QoQ/YoY to INR 10.68bn (vs our estimates of INR 10.20bn) led by +7.7/23.8% QoQ increase in transaction/listing income supported by an increase in all other revenue segments other than treasury income (-5.7% QoQ). The transaction revenue growth was driven by StarMF/cash segment 14.1%/23.1% and derivatives revenue was flat sequentially. The EBITDA margin stood at 64.7% vs 65.3% in Q1. Margin contraction was led by 26.2/19.9/14.0% increase in SEBI regulatory fees/other expenses/clearing fees respectively. SGF contribution in the quarter stood at INR 0.10bn and reported PAT stood at INR 5.58bn vs our PAT estimate of INR 5.12bn. The derivative UCC stood at 8.7mn vs 7.9mn in Jun 2025 and 550 registered members.

- **Outlook:** We expect revenue growth of +48.5/13.2/14.5% and EBITDA margins of 64.6/65.3/65.8% in FY26/27/28E respectively. Revenue CAGR of 24.4% over FY25-28E assumes derivatives revenues of INR 27/31/36bn in FY26/27/28E. Core PAT CAGR over FY25-28E is at 34%.

Quarterly financial summary

YE March (INR mn)	2Q FY26	2Q FY25	YoY (%)	1Q FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	10,684	7,463	*43.2*	9,584	*11.5*	13,900	29,742	44,170	50,004	57,233
EBITDA	6,909	3,890	*77.6*	6,259	*10.4*	6,477	15,929	28,535	32,648	37,679
PAT	5,584	3,468	*61.0*	5,394	*3.5*	7,784	13,259	22,744	25,678	29,444
APAT	5,584	3,468	*61.0*	5,275	*5.9*	5,364	13,259	22,744	25,678	29,444
Diluted EPS (INR)	13.8	8.5	*61.0*	13.0	*5.9*	13.2	32.7	56.0	63.2	72.5
P/E (x)							81.0	47.2	41.8	36.5
EV/EBITDA							65.5	36.4	31.5	27.0
ROE (%)						25.9	34.3	46.0	38.7	36.9

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

YE March (INR mn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue	41,363	44,170	*6.8*	47,279	50,004	*5.8*	55,000	57,233	*4.1*
EBITDA	26,645	28,535	*7.1*	30,882	32,648	*5.7*	36,251	37,679	*3.9*
EBITDA margin (%)	64.4	64.6	19bps	65.3	65.3	-3bps	65.9	65.8	-8bps
APAT	20,790	22,744	*9.4*	24,149	25,678	*6.3*	28,067	29,444	*4.9*
EPS (INR)	51.2	56.0	*9.4*	59.5	63.2	*6.3*	69.1	72.5	*4.9*

Source: Company, HSIE Research

ADD

CMP *(as on 11 Nov 2025)*	INR 2,644
Target Price	INR 2,750
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 2,600	INR 2,750
EPS %	FY26E	FY27E
	+9.4	+6.3

KEY STOCK DATA	
Bloomberg code	BSE IN
No. of Shares (mn)	407
MCap (INR bn) / ($ mn)	1,077/12,160
6m avg traded value (INR mn)	14,948
52 Week high / low	INR 3,030/1,226

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	10.3	20.8	71.7
Relative (%)	6.3	15.2	66.2

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	0.00	0.00
FIs & Local MFs	11.27	19.91
FPIs	18.14	16.25
Public & Others	70.59	63.85
Pledged Shares	0.00	0.00

Source : NSE

Pledged shares as % of total shares

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Bharat Forge

Long-term potential to trump near-term headwinds

We continue to be bullish on the company's defense capabilities, considering the huge domestic demand potential and new platforms that also provide a good value proposition for export markets. Higher US tariffs have led to business uncertainty and volatility, leading to destocking at the customer's end. Considering the recent positive developments between India and the US, we expect tariff to reduce at some point in the near term, which would then lead to revive in export revenues, aided by re-stocking. Considering the long-term business potential of the forging business on China+1 and Europe+1 plays and of the defense business that would be led by geopolitical tensions, we maintain a BUY rating. We value the company at 33x Sep-27 EPS for a TP of INR1,620.

- **Standalone performance:** Q2FY26 EBITDA margin came in at 28.3%, up 47bps YoY and 114bps QoQ, beating both our estimate of 26.1%, and Bloomberg consensus estimate of 26.9%, as defense and passenger vehicle segments covered up for the slowdown of CV segment exports to North America. The defense order book stands at INR95bn, flattish on a QoQ basis.
- **Consolidated performance:** Q2FY26 EBITDA margin came in at 18.0%, up 45bps YoY and 78bps QoQ and above our estimate of 16.9%, though in line with Bloomberg consensus estimate of 18.1%, aided by steady performance of overseas subsidiaries.
- **Call takeaways:** (1) Management mentioned that INR240mn of US tariff-related impact was absorbed in Q2, which was accounted for in sales. (2) It highlighted that slowdown in the North American commercial vehicle market and destocking impacted exports. (3) It expects the financial performance in Q3FY26 to be similar to Q2FY26 as per the current visibility, though it expects it to revive from Q4FY26 and expects H2 to do much better than H1. (4) It expects the domestic ATAGs order to begin execution in 6-9 months and to be carried out over 3-4 years, supplying 187 guns. (5) It has recently won an order of more than INR2.5bn from the Navy for supply of unmanned marine systems, which is to be delivered over a one-year time period. (6) It indicated that current defense margins are impacted also due to adverse product mix, which should improve as mainline products come on stream and revenues ramp up. (7) It mentioned that the carbine order (~INR14bn) is not included in the current order book, and will begin execution only a year post signing of the order. (8) It commented that the aerospace division (~13% of industrial exports) should end FY26 with a revenue of INR3.5bn (vs INR2.5bn in FY25) and should continue growing at a similar rate over the next 3-4 years.

Quarterly/annual financial summary

YE Mar (INR mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	40,319	36,885	9.3	39,087	3.2	1,51,228	1,60,202	1,85,578	2,12,062
EBITDA	7,257	6,473	12.1	6,729	7.8	26,939	29,389	38,256	46,700
EBITDA %	18.0	17.5	45bps	17.2	79bps	17.8	18.3	20.6	22.0
APAT	2,993	2,433	23.0	2,839	5.4	10,269	11,159	20,339	26,616
Diluted EPS (INR)	6.3	5.2	19.8	5.9	5.4	21.5	23.3	42.5	55.7
P/E (x)						65.3	60.1	33.0	25.2
EV / EBITDA (x)						26.3	24.1	18.5	15.0
RoE (%)						12.5	11.7	19.3	21.9

Source: Company, HSIE Research

BUY

CMP *(on 11 Nov 2025)*	INR 1,403
Target Price	INR 1,620
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,402	INR 1,620
EPS %	FY27E	FY28E
	+4.7%	+5.3%

KEY STOCK DATA	
Bloomberg code	BHFC IN
No. of Shares (mn)	478
MCap (INR bn) / ($ mn)	670/7,569
6m avg traded value (INR mn)	1,462
52 Week high / low	INR 1,420/919

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.3	20.3	0.3
Relative (%)	16.2	14.7	(5.2)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	44.07	44.07
FIs & Local MFs	31.41	32.26
FPIs	14.37	13.62
Public & Others	10.15	10.05
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Ather Energy

Superior execution continues to lower EBITDA loss

While the current volume inflection is being led by dealership expansion, the next inflection from FY27/FY28 will be led by portfolio expansion via its upcoming low-cost EL platform, which will introduce more affordable models to the portfolio, thereby bringing in a new set of customers and expanding its addressable market. Going forward, we expect EBITDA margin to improve persistently over the medium term, aided by operating leverage, continuing shift to LFP batteries, introduction of the low-cost EL platform, improving non-vehicle revenue mix, and continued value engineering efforts. The company continues to impress with its capability to scale volumes and increase market share along with margin improvement, which is also being aided by continuing value engineering efforts. We value the company at 6.0x EV/sales for a TP of INR837, and maintain a BUY rating. Ather Energy continues to be our top pick.

- **Quarterly performance:** EBITDA margin at -14.7% improved by 915bps YoY and 609bps QoQ, was a big beat to our estimate of -19.2% and a modest beat to Bloomberg consensus estimate of -15.5%. There was a one-time hit of up to INR 192mn due to non-claiming of incentives, while another INR 50-60mn impact on EBITDA was related to logistics of the rare earth magnet. If we were to adjust for that, the EBITDA margin loss would have been lower than -12%. Despite the incentive impact, realizations held steady, growing 1.5% QoQ to INR 139,097, aided by selective price hikes and improving mix of non-vehicle revenue.
- **Business expansion:** Building up on the 95-store addition in Q1, it added 78 stores in Q2, taking the total store count to 524 stores. Management expects to continue the pace of store addition, with continued focus on Middle India: Gujarat, Maharashtra, Madhya Pradesh, Chhattisgarh, and Odisha.
- **Path to profitability:** Management believes that the current portfolio itself is strong enough to keep advancing towards profitability, and thus its key focus with the upcoming EL platform will be more to drive future growth than to help the company reach EBITDA breakeven. It added that LFP chemistry formed a reasonable portion of the battery mix in Q2 and would increase further over the next couple of quarters. While it expects margins to improve over the coming quarters, it highlighted that the improvement over the near term will be led more by operating leverage than by gross margin.
- **E-2W industry well poised:** It expects the e-2W industry to grow at 4-5x the growth of ICE 2W over the near to medium term and believes that the growth will be product-led rather than Total Cost of Ownership or TCO-led. It expects growth to be led by states like Madhya Pradesh, Punjab, Bihar, Kerala and Rajasthan. It also added that industry discipline is getting better in terms of discounting, which augurs well for industry profitability.

Quarterly/Annual financial summary

YE Mar (INR mn)	2Q FY26	2Q FY25	YoY (%)	1Q FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	8,989	5,835	54.1	6,446	39.5	22,550	34,250	44,593	57,592
EBITDA	-1,325	-1,394	-4.9	-1,343	-1.3	-5,809	-5,055	-2,893	1,000
EBITDA %	-14.7	-23.9	916bps	-20.8	610bps	-25.8	-14.8	-6.5	1.7
APAT	-1,541	-1,972	-22	-1,782	-14	-8,123	-6,672	-5,418	-2,324
Diluted EPS (INR)	-4.1	-5.3	-21.9	-4.8	-13.5	-27.9	-22.9	-18.6	-8.0
EV/Sales (x)						8.5	5.1	4.2	3.3

Source: Company, HSIE Research

BUY

CMP *(as on 11 Nov 2025)*	INR 660
Target Price	INR 837
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 748	INR 837
EPS %	FY27E	FY28E
	+3.9%	+8.9%

KEY STOCK DATA	
Bloomberg code	ATHERENE IN
No. of Shares (mn)	381
MCap (INR bn) / ($ mn)	251/2,836
6m avg traded value (INR mn)	1,642
52 Week high / low	INR 790/287

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	56.5	119.8	-
Relative (%)	52.5	114.2	-

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	42.09	41.22
FIs & Local MFs	24.01	23.61
FPIs	24.07	23.60
Public & Others	9.83	11.57
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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KEC International

Muted performance

KECI's revenue/EBITDA/APAT (miss)/beat stood at +3.2/-0.5/-8.3% vs our estimates. Balance sheet deterioration, elevated NWC days, and weak margins may delay rerating. KECI continues to guide revenue growth of 15% and EBITDA margin of 8% (lower band of 8-8.5%) for FY26, supported by higher contribution from double-digit margins in the T&D segment, and bottoming out of non-T&D segment losses. The order inflows (OI) came in at INR 161bn, led by T&D, while the order book (OB) as of Sep'25 stood at INR 440bn (~2x FY25 revenue), including L1 of INR 50bn. Tailwinds benefitting KECI include robust international T&D outlook, strong India T&D momentum, government focus on renewable energy/BESS/grid modernisation/HVDC, and uptick in real estate projects. However, headwinds such as labour shortages, subdued execution in transportation segment, extended monsoon in Q2FY26, and uncertainty on global tariffs/geopolitical unrests impacted performance. The civil segment margins are pressured due to labor shortages, monsoon delays, and payment issues in water projects. We have cut estimates to factor in weak profitability and maintain ADD with a TP of INR 939/sh (20x Sep-27 EPS).

- **Q2FY26 financial snapshot:** KECI generated revenue of INR 60.9bn (+19.1/+21.3%, YoY/QoQ, a beat by 3.2%). EBITDA came in at INR 4.3bn (+34.4/+22.9%, YoY/QoQ, a miss by 0.5%) while EBITDA margin came in at 7.1% (+80.3/+9.6bps, YoY/QoQ, vs our estimate of 7.3%). APAT came in at INR 1.6bn (+88.2/+29% YoY/QoQ, a miss of 8.3%). Revenue contribution for T&D/non-T&D stood at 65/35% for H1FY26, growing +15% YoY, supported by revenue growth from SAE Towers (+35% YoY). Revenue from domestic/international markets stood at 64/36% respectively. Legacy metro projects' negative margin impact is expected to diminish as projects complete.
- **Stable order intake; targeting high-margin orders:** KECI's OI of INR 161bn in H1FY26 is led by T&D, civil, transportation, cables, and others at 74/19/1/5/1% respectively. The tender pipeline is currently at INR 1.8trn. The OB of INR 393bn (ex of L1) as of Sep'25 is spread across T&D, civil, transportation, cables, and others at 65/25/7/2/1% respectively. Geographically, the OI and OB are bifurcated at 41/69% and 55/45% between domestic and international.
- **Focus on optimizing working capital through various measures:** The consolidated net debt has increased by INR 12.2bn (YoY) to INR 64.8bn (the highest ever) as of Sep'25. NWC days as of Sep'25 stood at 138 (+8 YoY); management has guided for 120days NWC (+10 vs. guidance) by FY26-end.

Consolidated financial summary (INR mn)

Particulars	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	60,916	51,133	19.1	50,229	21.3	218,467	251,688	283,895	315,748
EBITDA	4,304	3,202	34.4	3,501	22.9	15,039	19,436	24,141	27,504
APAT	1,608	854	88.2	1,246	29.0	5,707	8,301	11,189	13,803
EPS (INR)	6.0	3.2	88.2	4.7	29.0	21.4	31.2	42.0	51.9
P/E (x)						35.8	24.6	18.3	14.8
EV/EBIDTA(x)						16.6	13.0	10.6	9.1
RoE (%)						12.1	14.5	17.0	18.0

Source: Company, HSIE Research

Change in estimates (INR mn)

Particulars	FY26E			FY27E		
	New	Old	% Change	New	Old	% Change
Revenues (Rs mn)	251,688	250,806	0.4	283,895	284,424	(0.2)
EBITDA (Rs mn)	19,436	20,701	(6.1)	24,141	24,988	(3.4)
EBITDA (%)	7.7	8.3	(53.1)	8.5	8.8	(28.2)
APAT (Rs mn)	8,301	9,999	(17.0)	11,189	12,761	(12.3)

ADD

CMP (*as on 11 Nov 2025*)	INR 768
Target Price	INR 939
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 959	INR 939
	FY26E	FY27E
EPS Change %	-17	-12.3

KEY STOCK DATA	
Bloomberg code	KECI IN
No. of Shares (mn)	266
MCap (INR bn) / ($ mn)	204/2,308
6m avg traded value (INR mn)	973
52 Week high / low	INR 1,313/605

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.0)	10.5	(22.9)
Relative (%)	(8.1)	5.0	(28.4)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	50.1	50.1
FIs & Local MFs	22.55	22.55
FPIs	16.02	15.92
Public & Others	11.32	11.43
Pledged Shares	-	-

Source: BSE

Pledge shares as a % of total shares

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Gujarat State Petronet

Transmission tariff higher than stipulated

Our ADD rating on Gujarat State Petronet with a revised TP of INR 320/sh is premised on volume growth of ~6% CAGR over FY25-27E and successful completion of group restructuring. Q2FY26 EBITDA at INR 1.73bn (-10.2% YoY, -14.4% QoQ) was below our estimates due to higher-than-expected gas transmission charges, operating expenses and employee expenses. APAT at INR 3.82bn (-1.8% YoY, +1.7x QoQ) came in ahead of our estimates led by stronger-than-expected other income. Gas transportation charges increased to INR 466mn (+132.4% YoY, +12.7% QoQ) and other income came in at INR 3.0bn (+4.1% YoY, +6x QoQ)

- **Volume:** Gas transmission volume in Q2 declined to 28.5mmscmd (-4.0% YoY, -3.9% QoQ) due to lower demand from power sector on the strong monsoon season. In terms of sector-wise volumes—consumption by refining was at 6.0mmscmd (-25.0% YoY, -5.0% QoQ), power at 2.6mmscmd (-32.8% YoY, -30.2% QoQ), CGD at 10.6mmscmd (+1.7% YoY, -1.6% QoQ), fertilizers and others at 4.3mmscmd (-15.4% YoY, +28.2% QoQ), and 5.0mmscmd (+120.6% YoY, -9.1% QoQ) respectively.
- **Tariffs:** Calculated blended transmission tariff for the quarter stood at INR 22.26/mmbtu (+1.0% YoY, -2.8% QoQ), which is higher than the tariff of INR 18.1/mmbtu determined by PNGRB.
- **Change in estimates and valuation:** We have revised the target price to INR 320 (from INR 335 earlier) as we adjust the value of investments in Gujarat Gas to INR 211/sh based on its current market price. We value the transmission business using discounted cash flow at INR 79/sh. To this, we add INR 241/sh as the value of its investments in Gujarat Gas, Sabarmati Gas, etc., to arrive at a target price of INR320/sh. The stock is trading at 11.2x Dec-26E EPS.

Standalone financial summary

YE March (INR bn)	Q2 FY26	Q1 FY26	QoQ (%)	Q2 FY25	YoY (%)	FY23*	FY24*	FY25*	FY26E*	FY27E*
Revenue	2.7	2.8	(3.5)	2.6	6.2	181	173	174	156	176
EBITDA	1.7	2.0	(14.4)	1.9	(10.2)	37	34	27	32	37
APAT	3.8	1.4	168.4	3.9	(1.8)	16	17	11	14	15
AEPS (INR)	6.8	2.5	168.4	6.9	(1.8)	29.1	29.4	19.7	25.1	27.4
P/E (x)	2.7	2.8	(3.5)	2.6	6.2	10.3	10.2	15.3	12.0	11.0
EV / EBITDA (x)						5.1	5.7	6.9	5.6	4.6
RoE (%)						18.9	16.4	9.9	11.5	11.2

Source: Company, HSIE Research | *Consolidated

ADD

CMP *(as on 11 Nov 2025)*	INR 301
Target Price	INR 320
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 335	INR 320
	FY26E	FY27E
EPS change %	-	-

KEY STOCK DATA	
Bloomberg code	GUJS IN
No. of Shares (mn)	564
MCap (INR bn) / ($ mn)	170/1,914
6m avg traded value (INR mn)	213
52 Week high / low	INR 395/261

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(0.8)	(6.5)	(21.5)
Relative (%)	(4.8)	(12.1)	(27.0)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	37.63	37.63
FIs & Local MFs	24.73	25.22
FPIs	15.67	15.47
Public & Others	21.96	21.68
Pledged Shares	0.0	0.0

Source: BSE

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Syrma SGS Technology

Healthy performance on all fronts

Syrma SGS Technology's revenue grew 38% YoY, led by healthy growth in consumer/automotive/healthcare/railway segments. EBITDAM improved 150bps YoY to 10.1%. EBITDA rose by 62% YoY, while APAT grew 77% YoY. Management has revised its topline growth target for FY26 to ~30%, down from the earlier guidance of 30–35%. The EBITDAM margin guidance has been revised upwards to above 9% compared to 8.5–9% guided earlier. The company has raised INR 10bn equity funds through a QIP issue in Aug-2025. It announced a PCB facility with a joint venture with South Korea's Shinhyup Electronics under the ECMS scheme for a total capex of INR 16bn, phase-1 costing INR 7-8bn planned for FY27-end. Factoring healthy Q2 result and outlook, we upgrade our revenue estimates by 3/6% and EPS by 6/7% for FY26/27E. We have introduced FY28E financials and roll forward our valuation to Sep-27E from Mar-27E. We maintain BUY with a higher TP of INR 890/sh, by valuing the company at 40x Sep-27E EPS.

- **Q2FY26 highlights:** Revenue grew 38% YoY, led by healthy growth in consumer/automotive/healthcare/railway segments (32/24/23/14% revenue mix), which grew 35/28/26/299% YoY. While industrial segment (9% of revenue mix) grew sub-par at 9% YoY. Export mix stood at 23% vs 23/25% YoY/QoQ. Gross margins declined by 60bps YoY to 23.8% (-90bps QoQ) owing to a change in revenue mix. EBITDAM improved by 150bps YoY to 10.1% (90bps QoQ), owing to decrease in employee cost (down 100bps YoY) and other expenses (down 110bps YoY). Therefore, EBITDA rose by 62% YoY (+33% QoQ). APAT grew 77% YoY, driven by higher EBITDA, partially offset by higher depreciation (up 31% YoY), higher taxes, and lower other income (down 13% YoY).
- **Con call takeaways and outlook:** Management has revised its topline growth target for FY26 to ~30%, down from the earlier guidance of 30–35%. The EBITDAM margin guidance is revised upwards to above 9% compared to 8.5–9% guided earlier. The company order book has grown by ~20% YoY to INR 58bn in Sep-25. The company also indicated it has entered a long-term contract with one of their major customers, which has a revenue potential of ~USD250mn over 2-3 years. It announced a PCB facility with a joint venture with South Korea's Shinhyup Electronics under the ECMS scheme with a total capex of INR 16bn, phase-1 costing INR 7-8bn capex planned by the end of FY27. The company aims to start trial production by Dec-26. Further, the company has acquired 60% stake in Elcome Integrated Systems for INR 2,350mn and 49% in Ksolare for INR 833mn. It has raised INR 10bn equity funding through a QIP issue in Aug-2025. Factoring healthy Q2 result and outlook, we have upgraded revenue estimates by 3/6% and EPS by 6/7% for FY26/27E. We have introduced FY28E financials and rolled forward our valuation to Sep-27E from Mar-27E. We maintain BUY with a higher TP of INR 890/sh, obtained by valuing the company at 40x Sep-27E EPS.

Financial summary

(INR mn)	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	11,459	8,327	37.6	9,440	21.4	31,541	37,867	48,231	62,372	79,847
EBITDA	1,152	710	62.4	866	33.0	2,023	3,233	4,511	6,027	7,790
APAT	641	362	76.8	497	28.8	1,089	1,720	2,727	3,767	4,811
EPS (INR)	3.6	2.0	76.8	2.8	29.2	6.1	9.7	14.2	19.6	25.0
P/E (x)						135.4	86.0	58.6	42.4	33.2
EV / EBITDA (x)						75.1	46.6	34.3	26.9	20.8
RoE (%)						6.9	10.2	11.5	11.9	13.5

Source: Company, HSIE Research

BUY

CMP (*as on 11 Nov 2025*)	INR 831
Target Price	INR 890
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 730	INR 890
	FY26E	FY27E
EPS %	6.1	7.0

KEY STOCK DATA	
Bloomberg code	SYRMA IN
No. of Shares (mn)	192
MCap (Rs bn) / ($ mn)	160/1,806
6m avg traded value (INR mn)	1,174
52 Week high / low	INR 893/355

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	15.8	73.7	50.9
Relative (%)	11.7	68.1	45.4

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	46.42	42.98
FIs & Local MFs	9.16	16.40
FPIs	6.34	7..02
Public & Others	38.08	33.60
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Aavas Financiers

Mixed quarter; disbursements growth key monitorable

AAVAS's Q2FY26 earnings were marginally higher than our estimates, with NIM reflation and steady asset quality, partly offset by elevated opex intensity. Disbursements witnessed an uptick (+21% YoY) following a subdued 10.4% CAGR during FY24-FY25, partly aided by rollover from disbursements in Q1 (due to change in disbursement recognition methodology). Opex ratios are yet to see meaningful improvement (C/I at 44%; opex to AUM at 3.3%) from tech transformation although TAT has improved significantly. With AUM growth at 16.1% YoY, sustained uptick in disbursements remains the key monitorable for AAVAS for any significant rerating. We have revised FY26/FY27E earnings estimates to factor in higher opex, partly offset by higher NIMs. We maintain ADD with a revised RI-based TP of INR1,775 (implying 2.4x Sep-27 ABVPS).

- **Elevated opex offsets healthy NII growth**: AAVAS's core spreads reflated sharply to 5.23% (Q1FY26: 5.11%), driven by 17bps reduction in cost of fund, while asset yields moderated marginally. Other income grew by 16% YoY, driven by assignment income (20% YoY). However, opex ratios deteriorated further (opex to AUM at 3.3%), led by expansion in distribution in H2FY25 despite major tech transformation.
- **Improving asset quality**: AAVAS's asset quality improved marginally sequentially with 1+ dpd/GS II/GS III at 3.99%/1.53%/1.24% vs. 4.15%/1.62%/1.22% in Q1FY26, driving credit costs of 19bps. 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 continued to moderate (+16.1% YoY), below management guidance of 18% for FY26. AUM growth continued to be driven by MSME loans (+32% YoY; 20% of AUM), while home loans continued to moderate (+12.6% 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 monitorable for medium term AUM aspiration of INR 550bn by FY30E (~23% CAGR).

Financial summary

Y/E Mar (INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	2.9	2.4	*19.2*	2.8	*3.8*	10.1	11.8	13.7	16.0
PPOP	2.2	1.9	*12.5*	1.9	*15.1*	7.6	8.8	10.3	12.3
PAT	1.6	1.5	*10.8*	1.4	*17.7*	5.7	6.5	7.6	9.2
EPS (INR)	20.6	18.7	*10.0*	17.5	*17.8*	72.5	82.5	96.5	115.7
ROAE (%)						14.1	14.0	14.3	14.8
ROAA (%)						3.3	3.2	3.2	3.3
ABVPS (INR)						536	606	699	810
P/ABV (x)						3.0	2.7	2.3	2.0
P/E (x)						22.3	19.6	16.8	14.0

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	238	239	0.3%	279	281	0.7%
NIM (%)	5.9	6.0	13 bps	5.9	6.0	9 bps
NII	11.6	11.8	2.2%	13.5	13.7	1.5%
PPOP	8.8	8.8	-0.2%	10.5	10.3	-1.8%
PAT	6.5	6.5	-0.2%	7.8	7.6	-1.9%
ABVPS (INR)	606.1	605.9	0.0%	700.6	698.6	-0.3%

Source: Company, HSIE Research

ADD

CMP *(as on 11 Nov 2025)*	INR 1,619
Target Price	INR 1,775
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1800	INR 1775
EPS %	FY26E	FY27E
	-0.2%	-1.9%

KEY STOCK DATA	
Bloomberg code	AAVAS IN
No. of Shares (mn)	79
MCap (INR bn) / ($ mn)	128/1,447
6m avg traded value (INR mn)	348
52 Week high / low	INR 2,238/1,517

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(5.5)	(5.7)	(2.2)
Relative (%)	(9.5)	(11.3)	(7.7)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	49.0	49.0
FIs & Local MFs	11.5	14.1
FPIs	29.8	25.9
Public & Others	9.8	11.0
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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V-MART Retail

Operational efficiency drives margin expansion

V-Mart's topline grew 22.1% YoY to INR 8.07bn in Q2, with core V-MART operations up 23.3% YoY to INR 6.6bn (in-line). SSSG for Q2 stood at 11%, with both core V-Mart and Unlimited contributing equally. Sales density (annualized) was up 10%. GM was flat YoY at 33.6% (HSIE: 33%), but ex-limeroad, it improved by 60bps YoY due to higher full-price sales and efficient inventory management. Pre IND-AS EBITDAM expanded 335bps to 0.6% (HSIE: -0.8%), driven by lower marketing spends and continued reduction in Limeroad losses (down 53% YoY to INR34mn). The company added 36 stores (net) in H1FY26 and 16 stores so far in Q3. Management raised FY26 store opening guidance from 65 to 70-75 stores. We've raised our FY27/28 EBITDA estimates by ~2/3% to account for higher store additions and improved full-price sales. We maintain BUY, with a DCF-based TP of INR 870/sh, implying ~24x Sep-27E EV/EBITDA.

- **Q2FY26 highlights:** V-MART grew 22.1% YoY to INR 8.07bn. This growth was partly supported by the early Pujo festival, although unseasonal rains in core Pujo markets and transitory GST period played counterbalancing lever. Core V-MART/Unlimited grew 23.3/21.7% YoY to INR 6.6/1.4bn (in-line). SSSG for Q2 stood at 11%, with both formats contributing equally. In Q2, footfall density grew 2.3% YoY to 16.7k/store, while annualized sales density for core VMART stood at INR 7.5k/sq ft (up 9% YoY). Transaction size declined 2% YoY to INR 981. GM was flat YoY at 33.6% (HSIE: 33%), though ex-Limeroad, GM improved by 60bps YoY due to better full-price sales and efficient inventory management. Pre IND-AS EBITDAM came in at 0.6% (vs -2.8% YoY; HSIE: -0.8%), courtesy reduction in Limeroad losses (down 53% YoY to INR34mn) and lower marketing expenses. In Q2, the company opened 18/7 and closed 1/1 VMART/Unlimited stores, respectively. So far, in Q3, 16 new stores have been added. Management has raised its FY26 store opening guidance from 65 to 70-75 new stores. Despite early festive stocking, inventory days improved by 2% to 97 days (vs. 99 days in Q2FY25). The company reported FCF of INR 266mn for H1FY26. Adj EBITDA/net loss stood at INR45/89mn (HSIE: loss of INR64/156mn).
- **Outlook**: Considering a step up in store expansion guidance and inventory sharpness potentially leading to better full-price sales, we have raised our FY27/28 EBITDA estimates by ~2/3%. We maintain BUY, with a DCF-based TP of INR 870/sh, implying ~24x Sep-27E EV/EBITDA.

Quarterly financial summary

(INR mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	8,069	6,610	22.1	8,852	(8.9)	27,856	32,539	38,149	44,107	50,721
EBITDA	45	(185)	(124.4)	613	(92.6)	95	1,424	2,085	2,639	3,271
APAT	(89)	(565)	(84.3)	336	(126.4)	(968)	216	1,115	1,768	2,416
EPS (Rs)	(1.1)	(7.1)	(84.3)	4.2	(126.4)	(12.2)	5.8	14.1	22.3	30.5
P/E (x)						(63.0)	282.5	54.7	34.5	25.2
EV/EBITDA (x)						652.2	43.6	28.9	21.9	16.7
Core RoCE(%)						(5.3)	10.9	7.3	10.5	13.9

Source: Company, HSIE Research

Change in estimates

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	38,149	37,808	*0.9*	44,107	43,700	*0.9*	50,721	50,153	*1.1*
Gross Profit	13,027	12,760	*2.1*	15,062	14,748	*2.1*	17,269	16,876	*2.3*
Gross Profit Margin (%)	34.1	33.7	***40 bps***	34.1	33.7	***40 bps***	34.0	33.6	***40 bps***
EBITDA	2,085	2,046	*1.9*	2,639	2,578	*2.4*	3,271	3,168	*3.3*
EBITDA margin (%)	5.5	5.4	***6 bps***	6.0	5.9	***8 bps***	6.4	6.3	***13 bps***

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

BUY

CMP *(as on 11 Nov 2025)*	INR 770
Target Price	INR 870
NIFTY	25,695

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 860	INR 870
EBITDA %	FY27E	FY28E
	+2.4	+3.3

KEY STOCK DATA	
Bloomberg code	VMART IN
No. of Shares (mn)	79
MCap (INR bn) / ($ mn)	61/690
6m avg traded value (INR mn)	208
52 Week high / low	INR 1,038/675

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	1.8	(10.3)	(16.8)
Relative (%)	(2.3)	(15.9)	(22.3)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	44.19	44.18
FIs & Local MFs	31.51	32.11
FPIs	18.29	17.46
Public & Others	6.01	6.26
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

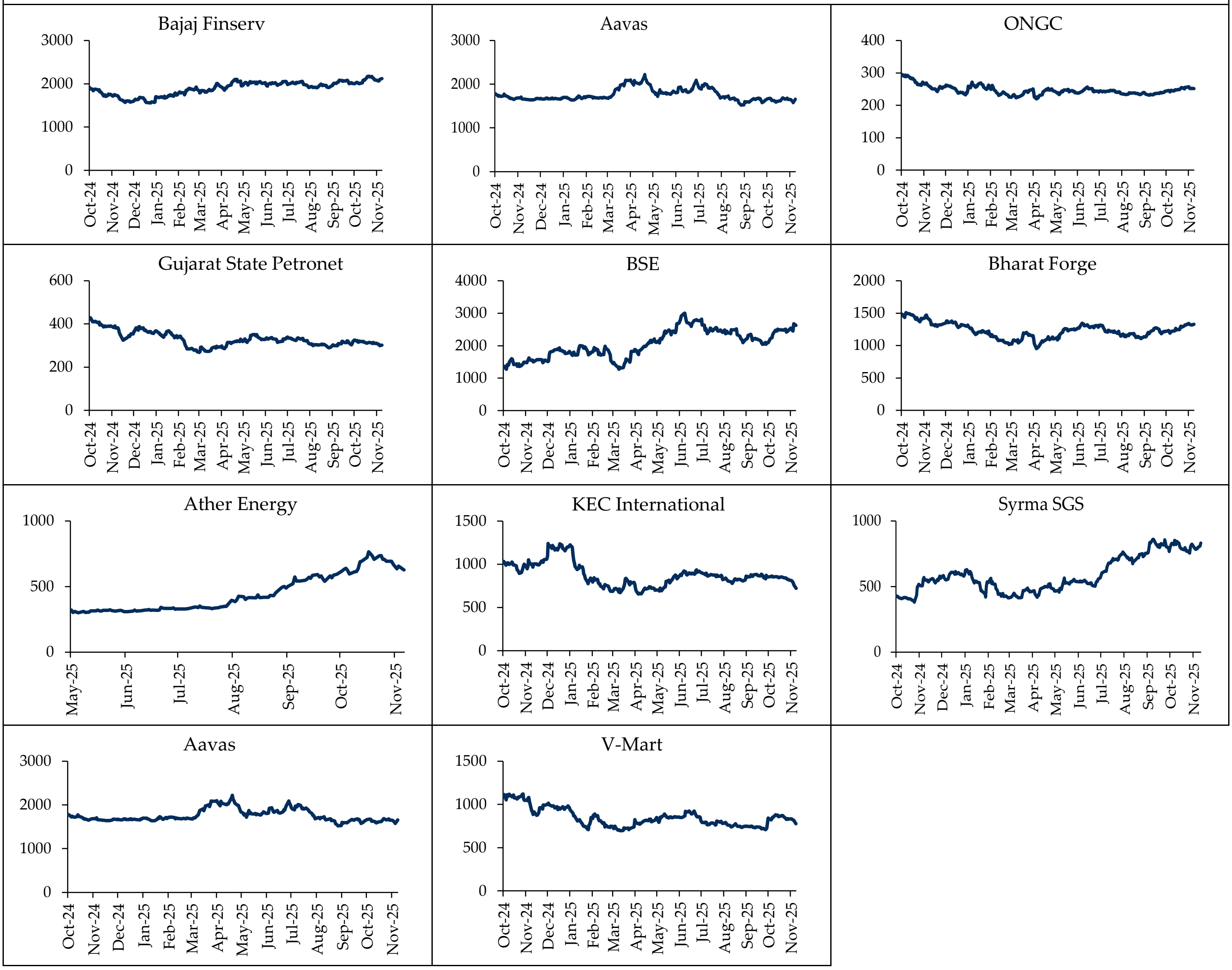
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Bajaj FinServ, Aavas Financiers	PGDM	NO
Shobhit Sharma	Bajaj FinServ	CA	NO
Nilesh Ghuge	ONGC, Gujarat State Petronet	MMS	NO
Dhawal Doshi	ONGC, Gujarat State Petronet	CA	NO
Prasad Vadnere	ONGC, Gujarat State Petronet	MSc	NO
Amit Chandra	BSE	MBA	NO
Arjun Savla	BSE	CA	NO
Hitesh Thakurani	Bharat Forge, Ather Energy	MBA	NO
Shubhangi Kejriwal	Bharat Forge, Ather Energy	MSc	NO
Parikshit Kandpal	KEC International	CFA	NO
Aditya Sahu	KEC International	MBA	NO
Jay Shah	KEC International	CA	NO
Keshav Lahoti	Syrma SGS Technology	CA, CFA	NO
Rajesh Ravi	Syrma SGS Technology	MBA	NO
Mahesh Nagda	Syrma SGS Technology	CA	NO
Riddhi Shah	Syrma SGS Technology	MBA	NO
Deepak Shinde	Aavas Financiers	PGDM	NO
Jay Gandhi	V-MART Retail	MBA	NO
Vedant Mulik	V-MART Retail	CA	NO

1 Yr Price movement



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