INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **Dr Reddy's Laboratories:** EBITDA^ declined 11% YoY due to moderate sales growth of +4% YoY (as 10% QoQ decline in the US on lower gRevlimid sales was offset by +19% YoY growth in India and +20% in EU), gross margin correction (-456 bps YoY) and high staff costs (+16% YoY^). DRRD expects the US base business to stabilize led by new launches in FY26/ 27 (18 in 9M). The company is hopeful of new launch visibility in biosimilars to drive growth over the next few years, including (1) Abatacept: BLA submitted in Dec-25 and on track to launch in FY28; it expects EU launch in CY27, (2) Denosumab: launch in EU under progress but US timeline uncertain, and (3) Rituximab: in process to address CRL and approval possible after re-inspection. Semaglutide to have a sizable opportunity and scale-up remains key for growth: (1) the company has submitted response to address NON (Notice of Non-Compliance) for filing in Canada and it expects launch in Q1FY27 (goal date in May-25); (2) on track to launch Semaglutide in 87+ markets after patent expiry – India (in 21-Mar-26; received approval in India for antidiabetic and weight loss indication approval is under review), Brazil (Jul-26), and exploring B2B partnership; and (3) targeting 12mn pen capacity including CMO by FY27, which could go up by H2CY27. It will put greater focus on biosimilars and peptides for expand global pipeline. Factoring in 9M performance, we have cut EPS by 4/1% for FY26/27E and revised the TP of INR 1,240 (22x Q3FY28E EPS from 23x earlier). REDUCE stays as base business growth and margin concerns persist.
- **Supreme Industries:** Supreme Industries (SIL) reported 13% consolidated volume growth (plumbing/other segments 16/2% YoY). EBITDA grew 2% YoY owing to increased employee costs, given the additional charge on account of new labor law. APAT declined 18% YoY due to lower EBITDA, associate profit, and higher depreciation. Management holds its overall volume growth guidance at 12–14% and plastic piping division guidance at 15–17% for FY26, backed by good demand visibility for Q4. The company is targeting INR110-115bn revenue in FY26. However, it has lowered the EBITDA margin guidance for the year to 13.5–14% vs 14.5-15% earlier. It is expecting strong Q4 demand, driven by good demand visibility from agriculture, housing, and infrastructure sectors. Going forward, management expects PVC resin prices to increase. Factoring in the Q3 result, we cut our revenue estimates by 1% each for FY26/27/28E and APAT estimate by 7% for FY26, while broadly maintaining FY27-28E. We value the company at 40x Mar'28 EPS and its 30.8% holding in the associate Supreme Petrochem at a 30% discount to its current market cap. We maintain ADD on Supreme Industries with a revised target price of INR 3,780/sh.
- **Dalmia Bharat:** We maintain BUY on Dalmia Bharat with an unchanged TP of INR 2,470/sh (12x its Mar-28E consolidated EBITDA). In Q3FY26, Dalmia's volume firmed up 10% YoY, ahead of industry growth. However, adjusted margin fell to INR 790/MT (down INR 222/MT QoQ) on weak pricing. Slight moderation in fuel cost, high 48% green power share and lower lead distance cushioned the impact. Dalmia commissioned the 3.6mnMT clinker unit in Assam in Jan-26 and guided that its other 12mn MT expansions in the south and Maharashtra (by H1Y28E) are on track. It also reiterated that it will add

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another ~12-~13mn MT by FY28E-end. We expect these additional capacities to be pushed beyond FY28E.

- **Gujarat Gas:** We maintain ADD recommendation on Gujarat Gas (GGL) with a revised price target of INR 483/sh as we believe (i) GGL can retain its EBITDA margin despite pricing competition from alternative fuel in the industrial/commercial segment and (ii) its CNG segment will observe healthy volume growth in the medium term. Q3FY26 EBITDA/adj. PAT at INR 4.4/2.6bn came in below our estimates, owing to lower-than-expected industrial volume.

- **Mastek:** Mastek reported a weak Q3FY26, with revenue declining 4.8% QoQ in CC, impacted by higher-than-expected furloughs, primarily in the UK Secure Government Services (SGS) segment (impact of USD 2.7mn, ~2.5%), delays in ramp-ups, and ongoing restructuring in the Middle East. Despite the revenue decline, EBITDA margin improved 60bps QoQ, aided by AI-led efficiency gains. The 12-month order backlog grew 18.4% YoY to USD 296mn, supported by three key wins with the UK Home Office, UK Financial Regulator (net new), and UK Healthcare Systems. Several Oracle-led transformation programs went live during Q3, while the commencement of new programs shifted to Q4, which impacted Q3 revenue. The US leadership changes are over and with order bookings of USD 30mn, management believes the worst is behind. UK government remains the key focus area and the company is building AI led data engineering capability and delivering ~15%+ efficiency gains to clients. Management expects growth to accelerate with an EBITDA margin target of 16.5–17.0%. However, considering macro uncertainty, delayed ramp-ups, and AI-driven pricing pressure in select SGS accounts, we trim our FY27/28E EPS estimates by ~3-5%. We maintain our BUY rating on the stock with a TP of INR 3,100, based on 20x Mar-28E EPS.

- **Shoppers Stop:** STOP's topline remained largely flat YoY at INR 13.2bn in Q3 (HSIE: INR 14.3bn), impacted by the shift of festive season from Q3 to Q2, muted discretionary demand, and reduced mobility due to elevated pollution levels in northern India. SSSG for department stores was flat YoY, while beauty grew 14% YoY in Q3. GM contracted by 128bps YoY to 39.4% (HSIE: 40.5%) due to Intune-led inventory clearance and lower private brands mix. Pre-IndAS EBITDAM contracted by 318bps YoY to 5% (HSIE: 8.3%). New ventures (Intune and SSBeauty) doubled pre-IndAS EBITDA losses YoY to INR 0.2bn in Q3FY26 as Intune grapples with ongoing inventory challenges. Management expects Intune's profitability to improve from Q1FY27 onwards and expects a store-level breakeven by FY28 (previously FY27). We have trimmed our FY27/28 EBITDA estimates by ~13/5% to factor in muted demand and Intune's weak execution. We maintain our REDUCE rating with a DCF-based TP of INR 360/sh, implying ~15x Mar-28 EV/EBITDA.

Dr Reddy's Laboratories

Margin pressure visible; Semaglutide scale-up key

EBITDA^ declined 11% YoY due to moderate sales growth of +4% YoY (as 10% QoQ decline in the US on lower gRevlimid sales was offset by +19% YoY growth in India and +20% in EU), gross margin correction (-456 bps YoY) and high staff costs (+16% YoY^). DRRD expects the US base business to stabilize led by new launches in FY26/ 27 (18 in 9M). The company is hopeful of new launch visibility in biosimilars to drive growth over the next few years, including (1) Abatacept: BLA submitted in Dec-25 and on track to launch in FY28; it expects EU launch in CY27, (2) Denosumab: launch in EU under progress but US timeline uncertain, and (3) Rituximab: in process to address CRL and approval possible after re-inspection. Semaglutide to have a sizable opportunity and scale-up remains key for growth: (1) the company has submitted response to address NON (Notice of Non-Compliance) for filing in Canada and it expects launch in Q1FY27 (goal date in May-25); (2) on track to launch Semaglutide in 87+ markets after patent expiry – India (in 21-Mar-26; received approval in India for antidiabetic and weight loss indication approval is under review), Brazil (Jul-26), and exploring B2B partnership; and (3) targeting 12mn pen capacity including CMO by FY27, which could go up by H2CY27. It will put greater focus on biosimilars and peptides for expand global pipeline. Factoring in 9M performance, we have cut EPS by 4/1% for FY26/27E and revised the TP of INR 1,240 (22x Q3FY28E EPS from 23x earlier). REDUCE stays as base business growth and margin concerns persist.

- **Q3 highlights:** Sales grew 4% YoY to INR 87.5bn. US sales (34% of sales) declined 10% QoQ to USD 330 mn (-17% YoY), due to price erosion and lower gRevlimid sales. India (18%) grew 19% YoY to INR 16.03 bn, led by new launches and incremental sales from Sturgeon portfolio. EM (22%) grew 32% YoY, with 51% YoY growth in Russia and 20% YoY growth in RoW, which was partly offset by muted CIS growth. EU (17%) grew 20% (15% ex-NRT portfolio) and PSAI (9%) declined 2% YoY.
- **Lower gRevlimid sales hit EBITDA:** GM declined by 456bps YoY to 64.6% due to reduced gRevlimid sales and price erosion in the base business. Higher staff (+16% YoY, including incremental cost of INR 1.17bn related to benefits under the new labor code) and lower R&D (-8%) costs and muted SG&A (+3%) led to an adjusted EBITDA of INR 20.31bn (-11% YoY) with a margin of 23.2% (-391bps YoY). Reported PAT decline by 14% YoY of INR 12.09bn. Adjusted for one-offs, PAT stood at INR 13.2bn (flat YoY).
- **Con call takeaways:** In Q3, the company entered into a strategic collaboration with Immutep for commercialization of Eftilagimod Alfa (a novel oncology drug) in key global markets outside the US, Europe, Japan, and Greater China (upfront of USD 20 mn + milestones of up to USD 349.5 mn + double-digit royalties). It plans to use India CoPP (Certificate of Pharmaceutical Product) to register in various RoW markets. R&D to be at 7-8% of sales.

Quarterly financial summary

(INR mn)	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	87,534	83,812	4	88,283	(1)	280,111	326,439	342,702	346,971	370,005
EBITDA	20,315	22,726	(11)	21,727	(6)	79,334	87,164	80,535	76,334	82,881
APAT	13,209	13,186	0	14,145	(7)	54,389	56,681	51,469	44,287	48,003
EPS (INR)	15.8	15.8	0	16.9	(7)	65.1	67.9	61.6	53.0	57.5
P/E (x)						17.7	17.0	18.7	21.8	20.1
EV/EBITDA (x)						11.6	11.0	12.0	12.5	11.4
RoCE(%)						26	23	17	13	13

Source: Company, HSIE Research, PAT adjusted for one-offs, ^ Labor code one-offs of INR 1.17bn

REDUCE

CMP *(as on 21 Jan 2026)*	INR 1,156
Target Price	INR 1,240
NIFTY	25,158

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1320	INR 1240
EPS %	FY26E	FY27E
	(4.2)	(1.3)

KEY STOCK DATA	
Bloomberg code	DRRD IN
No. of Shares (mn)	835
MCap (INR bn) / ($ mn)	966/10,532
6m avg traded value (INR mn)	2,198
52 Week high / low	INR 1,380/1,020

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(10.2)	(8.1)	(10.2)
Relative (%)	(7.2)	(7.8)	(18.2)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	26.64	26.64
FIs & Local MFs	27.98	30.44
FPIs	35.52	33.2
Public & Others	9.86	9.72
Pledged Shares	-	-

Source: BSE

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Supreme Industries

In-line performance; PVC prices uncertainity persist

Supreme Industries (SIL) reported 13% consolidated volume growth (plumbing/other segments 16/2% YoY). EBITDA grew 2% YoY owing to increased employee costs, given the additional charge on account of new labor law. APAT declined 18% YoY due to lower EBITDA, associate profit, and higher depreciation. Management holds its overall volume growth guidance at 12–14% and plastic piping division guidance at 15–17% for FY26, backed by good demand visibility for Q4. The company is targeting INR110-115bn revenue in FY26. However, it has lowered the EBITDA margin guidance for the year to 13.5–14% vs 14.5-15% earlier. It is expecting strong Q4 demand, driven by good demand visibility from agriculture, housing, and infrastructure sectors. Going forward, management expects PVC resin prices to increase. Factoring in the Q3 result, we cut our revenue estimates by 1% each for FY26/27/28E and APAT estimate by 7% for FY26, while broadly maintaining FY27-28E. We value the company at 40x Mar'28 EPS and its 30.8% holding in the associate Supreme Petrochem at a 30% discount to its current market cap. We maintain ADD on Supreme Industries with a revised target price of INR 3,780/sh.

- **Q3FY26 performance**: Supreme Industries delivered 13% consolidated volume growth, including Wavin acquisition. Plumbing/other segments delivered 16/2% volume growth YoY. Consolidated/pipes NSR declined by 6/7% QoQ, owing to sequential correction in PVC resin prices. Consolidated revenue was up 7% YoY. EBITDA grew 2% YoY, owing to increase employee costs (up 35% YoY), due to an INR 154mn expense charge on account of new labor codes. Other expenses surged 11% YoY. Consequently, EBITDAM stood at 11.7% (down 63/74bps YoY/QoQ). Consolidated/pipes/industrial/packaging/consumer EBIT was -6/-2/-1/-24/1% YoY. APAT declined 18% YoY owing to lower EBITDA, associate profit, and higher depreciation.
- **Outlook:** The management holds its overall volume growth guidance at 12–14% and plastic piping division guidance at 15–17% for FY26, backed by good demand visibility in Q4. However, it lowered the EBITDA margin guidance for the year to 13.5–14% vs 14.5-15% earlier. It expects strong Q4 demand, driven by good demand visibility from agriculture, housing, and infrastructure sectors. Going forward, management expects PVC resin prices to increase. Factoring in the Q3 result, we cut our revenue estimates by 1% each for FY26/27/28E and APAT estimate by 7% for FY26, while broadly maintaining FY27-28E. We maintain ADD with a TP of INR 3,780/sh.

Consolidated quarterly/annual financial summary

YE Mar (INR mn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (K MT)	183.8	162.7	12.9	154.4	19.0	639.7	674.5	745.8	829.5	914.1
NSR (INR/Kg)	146.2	154.2	-5.2	155.0	-5.7	158.4	154.9	145.5	149.8	149.7
EBITDA (INR/Kg)	17.1	19.0	-10.0	19.3	-11.3	24.2	21.2	19.2	22.1	22.5
Net Sales	26,869	25,099	7.1	23,939	12.2	1,01,342	1,04,463	1,08,489	1,24,234	1,37,651
EBITDA	3,138	3,088	1.6	2,974	5.5	15,473	14,317	14,296	18,363	20,588
EBITDAM (%)	11.7	12.3		12.4		15.3	13.7	13.2	14.8	15.0
APAT	1,534	1,870	-18.0	1,647	-6.9	10,697	9,609	8,320	11,620	12,940
AEPS (INR)	12.1	14.7	-18.0	13.0	-6.9	84.2	75.6	65.5	91.5	101.9
EV/EBITDA(x)	183.8	162.7	12.9	154.4	19.0	26.7	29.0	29.4	22.9	20.4
P/E (x)	146.2	154.2	-5.2	155.0	-5.7	39.7	44.2	51.0	36.5	32.8
RoE (%)	17.1	19.0	-10.0	19.3	-11.3	22.5	17.8	14.2	18.2	18.6

Source: Company, HSIE Research

ADD

CMP *(as on 21 Jan 2026)*	**INR 3,349**
Target Price	**INR 3,780**
NIFTY	**25,158**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 3,940	INR 3,780
EPS change %	FY26E	FY27E
	-6.7	*-0.3*

KEY STOCK DATA	
Bloomberg code	SI IN
No. of Shares (mn)	127
MCap (INR bn) / ($ mn)	425/4,639
6m avg traded value (INR mn)	944
52 Week high / low	INR 4,740/3,020

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(20.1)	(20.3)	(15.4)
Relative (%)	(17.1)	(19.9)	(23.4)

SHAREHOLDING PATTERN (%)	**Sep-25**	**Dec-25**
Promoters	48.90	48.96
FIs & Local MFs	16.05	19.23
FPIs	20.66	17.12
Public & Others	14.39	14.71
Pledged Shares	NIL	NIL

Source : BSE

Pledged shares as % of total shares

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Dalmia Bharat

Volume firms up but weak pricing drags margin

We maintain BUY on Dalmia Bharat with an unchanged TP of INR 2,470/sh (12x its Mar-28E consolidated EBITDA). In Q3FY26, Dalmia's volume firmed up 10% YoY, ahead of industry growth. However, adjusted margin fell to INR 790/MT (down INR 222/MT QoQ) on weak pricing. Slight moderation in fuel cost, high 48% green power share and lower lead distance cushioned the impact. Dalmia commissioned the 3.6mnMT clinker unit in Assam in Jan-26 and guided that its other 12mn MT expansions in the south and Maharashtra (by H1Y28E) are on track. It also reiterated that it will add another ~12-~13mn MT by FY28E-end. We expect these additional capacities to be pushed beyond FY28E.

- **Q3FY26 performance:** Dalmia's sales volume rose 10% YoY, ahead of the industry. The share of trade sales stood at 62% vs 62/66% QoQ/YoY. While reported NSR fell 3.6% QoQ, adjusted for prior period incentives (INR 61/MT), it fell 5% QoQ, on weak pricing and volume push. Unit opex stood flattish. Fuel cost declined to 1.36/mnCal vs 1.38/1.31 QoQ/YoY. Green power share stood at 48% vs 48/33% QoQ/YoY. Lead distance stood at 277km vs 287/267km QoQ/YoY. Subsequently, it reported unit EBITDA fell INR 191/MT QoQ to INR 822/MT. Adjusted for prior period incentives of INR 61/MT and one-off higher marketing expenses of INR 30/MT, unit EBITDA stood at INR 790/MT.
- **Con call KTAs and outlook:** Dalmia mentioned cement prices have improved slightly in Jan. Incentive accrual run rate has come off to ~INR 60/MT Q3FY26 onwards and it will continue in FY27E. Dalmia lowered its FY26E capex guidance to INR 27-30bn vs earlier guidance of INR 40bn (mainly due to extended credit from equipment suppliers). The 3.6mn MT clinker expansion in Assam got operational in Jan-26. Dalmia reiterated its 12mn MT expansions across south and Maharashtra by H1FY28 is on track. It also plans to fast track its greenfield Jaisalmer project and would also look to add cement capacities in Bihar and north-east to achieve 75mn MT target by FY28E. However, we build in execution of these expansions beyond FY28E. We maintain our earnings estimates, whereby we have built in consolidated volume CAGR of 7/20% for FY25-28E. We have also factored in capex run-rate to increase to INR 43bn during FY27-28E vs ~INR 28bn in the preceding four years.

Quarterly/annual financial summary (consolidated)

YE Mar (INR bn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (mn MT)	7.3	6.7	*9.5*	6.9	*6.4*	28.8	29.4	29.6	32.0	35.9
NSR (INR/MT)	4,794	4,763	*0.7*	4,973	*(3.6)*	5,103	4,763	4,954	5,053	5,154
EBITDA(INR/MT)	822	765	*7.4*	1,013	*(18.9)*	917	820	1,031	1,086	1,171
Net Sales	35.06	31.81	*10.2*	34.17	*2.6*	146.91	139.80	146.85	161.77	184.80
EBITDA	6.01	5.11	*17.6*	6.96	*(13.6)*	26.39	24.07	30.56	34.77	41.99
APAT	1.45	0.59	*105.3*	2.36	*(48.7)*	7.71	6.96	11.54	13.57	16.18
AEPS (INR)	7.7	3.1	*145.9*	12.6	*(38.5)*	40.6	36.6	60.7	71.4	85.1
EV/EBITDA (x)						13.4	15.1	14.3	12.6	11.1
EV/MT (INR bn)						7.91	7.36	8.87	8.83	7.58
P/E (x)						44.4	49.2	36.7	31.2	26.2
RoE (%)						4.8	4.1	*6.4*	*7.1*	*8.0*

Source: Company, HSIE Research

BUY

CMP *(as on 21 Jan 2026)*	INR 2,232
Target Price	INR 2,470
NIFTY	25,158

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,470	INR 2,470
EBITDA revision %	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	DALBHARA IN
No. of Shares (mn)	188
MCap (INR bn) / ($ mn)	419/4,566
6m avg traded value (INR mn)	813
52 Week high / low	INR 2,496/1,601

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	2.2	(1.3)	26.0
Relative (%)	5.1	(1.0)	18.0

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	55.84	55.84
FIs & Local MFs	17.81	18.99
FPIs	8.76	7.92
Public & Others	17.59	17.25
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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Gujarat Gas

Industrial volume declines; margin expands

We maintain ADD recommendation on Gujarat Gas (GGL) with a revised price target of INR 483/sh as we believe (i) GGL can retain its EBITDA margin despite pricing competition from alternative fuel in the industrial/commercial segment and (ii) its CNG segment will observe healthy volume growth in the medium term. Q3FY26 EBITDA/adj. PAT at INR 4.4/2.6bn came in below our estimates, owing to lower-than-expected industrial volume.

- **Volumes:** Blended volume was at 8.38mmscmd (-11.5% YoY, -3.2% QoQ), below our estimates. CNG volume came in at 3.45mmscmd (+10.6% YoY, +3.9% QoQ) and domestic volume stood at 0.83mmscmd (+12.2% YoY, flat QoQ). Industrial volume came in at 3.93mmscmd (-28.0% YoY, -9.7% QoQ). Commercial volume stood at 0.17mmscmd (+13.3%YoY, +6.3% QoQ). We cut volume estimate to 8.6/9.2mmscmd from 8.8/9.4mmscmd for FY26/27E.
- **Margin:** Realization came in at INR47.5/scm (-0.4% YoY, flat QoQ) and gas cost decreased to INR37.2/scm (-5.5% YoY, -0.7% QoQ), resulting in gross spread increasing to INR10.3/scm (+23.6% YoY, +2.8% QoQ). Opex was higher sequentially to INR4.5/scm (+13.3% YoY, +2.1% QoQ). EBITDA increased to INR5.8/scm (+32.9% YoY, +3.4% QoQ). We reduce GGL's FY26 per unit EBITDA estimate to INR 6.0 per scm from INR 6.2 per scm and increase FY27 estimate from INR 7.5 per scm to 7.6 per scm.
- **Conference call takeaways:** (1) **PNG** – Morbi/non Morbi industrial volumes stood at 1.68/2.25mmscmd (-21.1% QoQ, +1.4% QoQ). Demand for natural gas in Morbi's industrial region was impacted by cheaper propane prices (down 25% in Q3) compared to spot natural gas price (declined by 19%). To reduce the price premium of natural gas over that of propane, the company reduced prices of industrial PNG in Morbi by INR 4.5 per scm w.e.f. 1 January 2026. This marks the third price cut in the last three quarters. Post this price reduction, natural gas price premium now stands at INR 2.4 per scm over propane prices. Volume in Morbi has now inched up to 2.2mmscmd. Management expects Morbi volumes to touch 3mmscmd by the end of March 2026. (2) **CNG** – Gujarat/non-Gujarat CNG volumes increased by 9/22% YoY respectively. The total count of CNG stations currently stands at 833. This is expected to reach 1,000 in the next 2-3 years. The company is confident of maintaining this strong growth for FY27E on the back of new station additions and higher CNG vehicle adoption. (3) **Gas sourcing** – 2.01/0.34/3.27/2.77mmscmd was APM/NWG/long term/short term. (4) **Guidance -** The company has increased EBITDA margin guidance range for FY26 to INR 5.5-6.5 per scm (including other income) from INR 4.5-5.5 per scm and reduced capex guidance for FY26E to INR 7bn, from INR 8bn.
- **Change in estimates:** We have reduced our EPS estimates for FY26/27 by 9/6% to INR16.8/23.9/sh, factoring in lower industrial volume. Our target price of INR480/sh is based on Mar-27 FCF (WACC 11%, terminal growth rate 3%).

Standalone financial summary

YE March (INR bn)	3Q FY26	2Q FY26	QoQ (%)	3Q FY25	YoY (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	37	38	(3.2)	42	(11.9)	157	165	150	169	184
EBITDA	4	4	0.0	4	17.6	19	19	19	25	31
APAT	3	3	(5.5)	2	19.8	11	11	12	16	21
AEPS (INR)	3.9	4.1	(5.5)	3.2	19.8	16.0	16.6	16.8	24.0	29.9
P/E (x)	37	38	(3.2)	42	(11.9)	25.1	24.1	23.9	16.7	13.4
EV / EBITDA (x)						14.2	14.5	13.2	9.7	7.5
RoE (%)						15.0	14.1	13.0	16.8	18.6

Source: Company, HSIE Research

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	19.9	18.8	-5.6	25.5	24.9	-2.2
EPS	18.5	16.8	-9.1	25.5	23.9	-6.0

Source: HSIE Research

ADD

CMP *(as on 21 Jan 2026)*	INR 401
Target Price	INR 483
NIFTY	25,158

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 472	INR 483
EPS change %	FY26E	FY27E
	-9.1%	-6.0%

KEY STOCK DATA	
Bloomberg code	GUJGA IN
No. of Shares (mn)	688
MCap (INR bn) / ($ mn)	275/2,997
6m avg traded value (INR mn)	152
52 Week high / low	INR 509/360

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.3)	(14.5)	(20.0)
Relative (%)	(1.3)	(14.1)	(28.0)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	60.89	60.89
FIs & Local MFs	14.99	15.06
FPIs	3.86	3.82
Public & Others	20.26	20.23
Pledged Shares	0.0	0.0

Source : BSE

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Mastek

Revenue miss; order book expansion

Mastek reported a weak Q3FY26, with revenue declining 4.8% QoQ in CC, impacted by higher-than-expected furloughs, primarily in the UK Secure Government Services (SGS) segment (impact of USD 2.7mn, ~2.5%), delays in ramp-ups, and ongoing restructuring in the Middle East. Despite the revenue decline, EBITDA margin improved 60bps QoQ, aided by AI-led efficiency gains. The 12-month order backlog grew 18.4% YoY to USD 296mn, supported by three key wins with the UK Home Office, UK Financial Regulator (net new), and UK Healthcare Systems. Several Oracle-led transformation programs went live during Q3, while the commencement of new programs shifted to Q4, which impacted Q3 revenue. The US leadership changes are over and with order bookings of USD 30mn, management believes the worst is behind. UK government remains the key focus area and the company is building AI led data engineering capability and delivering ~15%+ efficiency gains to clients. Management expects growth to accelerate with an EBITDA margin target of 16.5–17.0%. However, considering macro uncertainty, delayed ramp-ups, and AI-driven pricing pressure in select SGS accounts, we trim our FY27/28E EPS estimates by ~3-5%. We maintain our BUY rating on the stock with a TP of INR 3,100, based on 20x Mar-28E EPS.

- **Q3FY26 highlights:** (1) Mastek reported revenue at USD 102.1mn (lower than our estimate of USD 109mn), 4.8% QoQ CC decline due to higher furloughs and right-shift of a few engagements to Q4FY26. The UK geography declined 3.2% QoQ, impacted by decline in government services, and US declined by 6.4% QoQ, impacted by macro uncertainties, causing clients to delay decisions, and AMEA declined by 16.3% QoQ. (2) De-growth was broad-based across all the verticals: Government (-3.8% QoQ), Financial Services (-5.5% QoQ), Retail (-8.2% QoQ), Healthcare (-7.2% QoQ) and Manufacturing (-5.9% QoQ). (3) EBITDA margin improved 60bps QoQ to 16.1% (vs HSIE est. of 15.9%) driven by operational efficiencies (+43bps) and forex tailwinds (+17bps). The one-time impact of labor code changes (-70bps) was negated by benefit of leave accumulation reversal at onsite. (4) Among services, Digital & Applications de-grew -3.9% QoQ, Oracle declined -5.7% QoQ, Digital Commerce de-grew -9.6% QoQ and Data de-grew -8.9% QoQ.
- **Outlook:** We expect USD revenue growth of 3.6/7.8/11.8% in FY26/27/28E and an EBITDA margin of 15.8/15.9/16.5% in FY26/27/28E, resulting in EPS CAGR of ~10% over FY25-28E.

Quarterly Financial summary

YE Mar (INR bn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	102	103	(0.8)	108	(5.6)	368	408	423	456	510
Net Sales	9.06	8.70	4.2	9.40	(3.7)	30.55	34.55	37.05	40.84	46.18
EBIT	1.28	1.24	2.9	1.28	0.1	4.19	4.71	5.11	5.71	6.73
APAT	1.08	0.91	19.4	0.97	11.2	3.04	3.68	4.02	4.27	4.91
Diluted EPS (INR)	34.26	28.68	19.4	30.81	11.2	96.2	116.4	127.1	135.0	155.2
P/E (x)						22.6	18.7	17.1	16.1	14.0
EV / EBITDA (x)						13.6	12.5	11.1	9.4	7.7
RoE (%)						16.1	16.2	15.3	14.4	14.7

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	437	423	*(3.2)*	486	456	*(6.2)*	549	510	*(7.0)*
Revenue	38.35	37.05	*(3.4)*	43.54	40.84	*(6.2)*	49.64	46.18	*(7.0)*
EBIT	5.20	5.11	*(1.7)*	6.22	5.71	*(8.3)*	7.07	6.73	*(4.8)*
EBIT margin (%)	13.6	13.8	24bps	14.3	14.0	-32bps	14.2	14.6	33bps
APAT	3.81	4.02	*5.5*	4.49	4.27	*(5.0)*	5.08	4.91	*(3.3)*
EPS (INR)	120.6	127.1	*5.5*	142.1	135.0	*(5.0)*	160.6	155.2	*(3.3)*

Source: Company, HSIE Research

BUY

CMP *(as on 21 Jan 2026)*	INR 2,175
Target Price	INR 3,100
NIFTY	25,158

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 3,200	INR 3,100
EPS %	FY27E	FY28E
	-5.0	-3.3

KEY STOCK DATA	
Bloomberg code	MAST IN
No. of Shares (mn)	31
MCap (INR bn) / ($ mn)	67/735
6m avg traded value (INR mn)	391
52 Week high / low	INR 2,818/1,883

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	5.3	(18.5)	(17.2)
Relative (%)	8.3	(18.2)	(25.2)

SHAREHOLDING PATTERN (%)	Jun-25	Sep-25
Promoters	35.95	35.79
FIs & Local MFs	10.52	11.53
FPIs	11.04	11.24
Public & Others	42.49	41.44
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Shoppers Stop

Disappointed on all counts

STOP's topline remained largely flat YoY at INR 13.2bn in Q3 (HSIE: INR 14.3bn), impacted by the shift of festive season from Q3 to Q2, muted discretionary demand, and reduced mobility due to elevated pollution levels in northern India. SSSG for department stores was flat YoY, while beauty grew 14% YoY in Q3. GM contracted by 128bps YoY to 39.4% (HSIE: 40.5%) due to Intune-led inventory clearance and lower private brands mix. Pre-IndAS EBITDAM contracted by 318bps YoY to 5% (HSIE: 8.3%). New ventures (Intune and SSBeauty) doubled pre-IndAS EBITDA losses YoY to INR 0.2bn in Q3FY26 as Intune grapples with ongoing inventory challenges. Management expects Intune's profitability to improve from Q1FY27 onwards and expects a store-level breakeven by FY28 (previously FY27). We have trimmed our FY27/28 EBITDA estimates by ~13/5% to factor in muted demand and Intune's weak execution. We maintain our REDUCE rating with a DCF-based TP of INR 360/sh, implying ~15x Mar-28 EV/EBITDA.

- **Q3FY26 highlights**: Revenue growth for Q3FY26 was largely flat YoY at INR 13.2bn (HSIE: INR 14.3bn), impacted by the shift of festive season from Q3 to Q2, muted discretionary demand, and reduced mobility due to elevated pollution levels in northern India. SSSG for department stores stood flat YoY in Q3. Within non-apparel, handbags/watches grew 13/12% YoY respectively, while beauty grew 14% YoY to INR3.95bn. Premium categories contributed 69% of total revenue (up 6% YoY; +6% LFL). ASP/ATV up 7% YoY each. In Q3, the company opened 3/3/1 Department/Intune/Homestop stores. GM contracted by 128bps YoY to 39.4% (HSIE: 40.5%) due to Intune-led inventory clearance and lower mix of private brands. Consequently, pre-IndAS EBITDAM contracted 318bps YoY to 5% (HSIE: 8.3%) due to weak operating leverage and higher A&P spends, with core business pre-IndAS EBITDAM falling 189bps YoY to 5.9%. New ventures (Intune and SSBeauty) saw pre-IndAS EBITDA losses double YoY to INR 0.2bn in Q3FY26. Intune's revenue grew by modest 22% YoY to INR 0.8bn as it continues to face inventory challenges and associated EBITDA losses. Management expects Intune's profitability to improve from Q1FY27 onwards and expects to reach store-level breakeven by FY28. APAT declined by 38.3% YoY to INR 301mn (HSIE: INR 537mn). Capex for Q3FY26 stood at INR 0.35bn while net debt remained stable at INR 0.9bn.
- **Outlook**: STOP's rising focus on non-apparel + value retail is encouraging, while premiumization is likely to remain key growth driver in the near term. We have toned down our FY27/28 EBITDA estimates by ~13/5% to factor in muted discretionary demand and Intune's weak execution. We maintain our REDUCE rating with a DCF-based TP of INR 360/sh, implying ~15x Mar-28 EV/EBITDA.

Quarterly financial summary

(INR mn)	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	13,209	13,115	0.7	11,753	12.4	39,984	42,132	44,356	46,706	50,619	55,189
EBITDA	2,097	2,399	(12.6)	1,640	27.9	2,827	2,166	2,535	1,427	2,340	2,829
APAT	126	488	(74.1)	(227)	(155.6)	1,193	739	67	(434)	330	698
EPS (Rs)	1.1	4.4	(74.2)	(2.1)	(155.6)	10.9	6.7	0.6	(3.9)	3.0	6.3
P/E (x)						30.8	46.7	556.8	(145.0)	113.6	53.7
EV/EBITDA (x)						13.3	17.6	15.5	27.4	16.6	12.9
Core RoCE(%)						18.6	9.2	54.4	(0.3)	15.3	16.1

Source: Company, HSIE Research, Standalone Financials

Change in estimates

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	46,706	48,008	*(2.7)*	50,619	50,801	*(0.4)*	55,189	54,985	*0.4*
Gross Profit	19,057	19,780	*(3.7)*	20,831	20,982	*(0.7)*	22,794	22,710	*0.4*
Gross Profit Margin (%)	40.8	41.2	***-40 bps***	41.2	41.3	***-15 bps***	41.3	41.3	***0 bps***
EBITDA	1,427	2,457	*(41.9)*	2,340	2,694	*(13.1)*	2,829	2,977	*(5.0)*
EBITDA margin (%)	3.1	5.1	***-206 bps***	4.6	5.3	***-68 bps***	5.1	5.4	***-29 bps***

Source: Company, HSIE Research

REDUCE

CMP *(as on 21 Jan 2026)*	**INR 341**
Target Price	**INR 360**
NIFTY	**25,158**

KEY CHANGES	**OLD**	**NEW**
Rating	REDUCE	REDUCE
Price Target	INR 400	INR 360
EBITDA %	FY27E	FY28E
	-13.1	-5.0

KEY STOCK DATA	
Bloomberg code	SHOP IN
No. of Shares (mn)	110
MCap (INR bn) / ($ mn)	38/410
6m avg traded value (INR mn)	41
52 Week high / low	INR 640/319

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	(34.1)	(37.9)	(44.9)
Relative (%)	(31.1)	(37.5)	(53.0)

SHAREHOLDING PATTERN (%)

	Sep-25	**Dec-25**
Promoters	65.53	65.70
FIs & Local MFs	25.57	25.44
FPIs	2.93	2.79
Public & Others	5.96	6.07
Pledged Shares	6.43	6.43

Source : BSE

-Pledged shares as % of total shares

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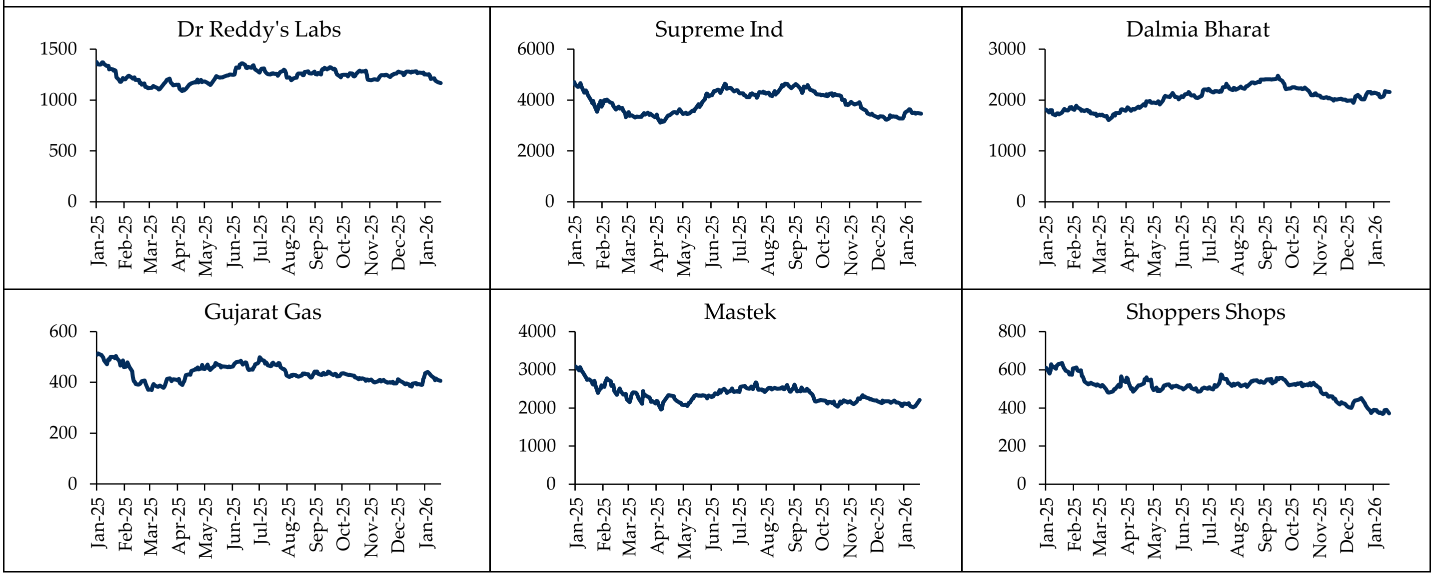
Rating Criteria
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Mehul Sheth	Dr Reddy's Laboratories	MBA	NO
Divyaxa Agnihotri	Dr Reddy's Laboratories	MSc	NO
Keshav Lahoti	Supreme Industries, Dalmia Bharat	CA, CFA	NO
Rajesh Ravi	Supreme Industries, Dalmia Bharat	MBA	NO
Riddhi Shah	Supreme Industries, Dalmia Bharat	MBA	NO
Mahesh Nagda	Supreme Industries, Dalmia Bharat	CA	NO
Nilesh Ghuge	Gujarat Gas	MMS	NO
Dhawal Doshi	Gujarat Gas	CA	NO
Prasad Vadnere	Gujarat Gas	MSc	NO
Amit Chandra	Mastek	MBA	NO
Vinesh Vala	Mastek	MBA	NO
Maitreyee Vaishampayan	Mastek	MSc	NO
Jay Gandhi	Shoppers Stop	MBA	NO
Vedant Mulik	Shoppers Stop	CA	NO

Price movement



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