INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **Indian Bank:** Indian Bank (INBK) reported a healthy print for Q3FY26 on the back of strong business growth, stable margins, and low credit costs. Deposit growth (+12% YoY) was healthy with CASA ratio improving to 37.2% (+65bps QoQ). Pick-up in credit growth (+15% YoY, +3% QoQ) was driven by retail, agri, and MSME segments. Credit costs came in even lower at 0.2% on the back of lower slippages across asset classes. Given the granularity on both sides of the balance sheet (especially high SA mix), INBK is better placed to manage its margin profile and overall asset quality. Sustaining the current business momentum, which has been a laggard in the past couple of years, shall remain a key monitorable for the bank going forward. We built in 13% EPS growth over FY26-FY28E, factoring in low credit costs and healthy growth. We reiterate BUY on INBK with a revised TP of INR960 (1.3x Sep-27 ABVPS).
- **Mphasis:** Mphasis delivered an in-line Q3FY26 performance, reporting 1.5% QoQ CC revenue growth and a stable EBIT margin of 15.2%. The Direct business (~98% of overall revenue) grew 1.9% QoQ in CC, supported by strong traction in Insurance (8.3% QoQ) and BFS (2.4% QoQ), partially offset by declines in TMT (-3.8% QoQ) and Logistics & Transportation (-1.3% QoQ). The deal engine remained robust, with TTM TCV doubling YoY to USD 2.6bn. The company continues to benefit from a record pipeline (69% AI-led), which helped deliver USD 428mn in net new wins in Q3. Clients on the NeoIP platform now contribute over 50% of total revenue, underscoring early adoption of its integrated AI proposition. Top client growth outpaced the company average and Q4 growth visibility is better vs previous quarters. The current technological shift presents attractive growth opportunities as technical competence in AI increasingly outweighs size and scale as a competitive advantage. Mphasis reiterates its confidence of clocking ~2x industry growth, supported by a healthy deal pipeline. The operating margin guidance stands at 14.75-15.75%, as AI-led efficiencies are reinvested into the business. We trim our earnings estimates by ~1% and maintain ADD, with a target price of INR 3,430, based on 25x Mar-28E EPS.
- **Go Digit General Insurance:** GODIGIT reported in-line NEP/PAT growth (+4%/+18% YoY); although earnings were supported by higher TP reserve releases, which were partly offset by higher OD loss ratio. CoR was elevated at 110.7%, led by upfronting of acquisition costs on the Motor long-term policies, higher loss ratios across all segments except Motor TP, and lower NWP on account of decline in the RI and lower risk retention in motor OD segment. GODIGIT continues to strengthen its market positioning in the Motor segment (+34bps YoY% for 9MFY26) and gained >50bps share in commercial segments. Given elevated loss ratios in the OD segment (1/4th of the overall NEP), we hack our FY26E/27E/FY28E earnings estimates by -18/-9%/-4% to factor in higher claims ratio and lower retention and revise COR to 110.6%/108.3%/107.4%. We factor in 10%/33% CAGR in NEP/PAT during FY25-28E and maintain ADD with a revised TP of INR350 (implying 36.1x Sep-27E EPS), while remaining cautious on higher OD loss ratios and rising regulatory scrutiny around EOM compliance.

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- **Bandhan Bank:** Bandhan Bank's (BANDHAN) Q3FY26 earnings missed estimates on account of higher-than-expected credit costs (3.4% annualized), led by continued stress in the micro-banking portfolio. Deposit growth was muted (11% YoY/ -0.9% QoQ), while CASA ratio slipped further to 27.3% (-70bps QoQ), owing to soft traction in savings accounts. While the slippages in the MFI segment are improving gradually, the credit costs remain significantly elevated, contrary to industry trends wherein significant reduction in stress is visible. BANDHAN continues to guide for a shift in its loan mix toward secured loans, improving the quality of its deposit franchise and further tightening its underwriting/compliance practices. We believe the path to regain regulatory credibility and achieve portfolio stability is likely to be protracted. We cut our FY26E/FY27E/FY28E earnings by ~42%/13%/8% each, factoring in elevated credit costs and relatively limited margin reflation; we maintain REDUCE with a revised TP of INR130 (implied 0.8x Sep-27 ABVPS).

- **PNB Housing Finance:** PNB Housing Finance's (PNBHF) Q3FY26 earnings were lower than our estimates due to lower-than-expected NIMs, partially offset by lower credit costs (-19bps). Loan growth moderated further to 14.3% YoY, driven by higher run-offs in retail portfolio and subdued overall demand. The new MD & CEO, Mr. Ajai Kumar Shukla, has indicated revival of the corporate loan book up to ~8-10% of loan book in the medium term, to aid margins, along with emerging and affordable portfolio. However, the gradual normalization of credit costs and seasoning of the emerging and affordable portfolio are likely to put pressure on return ratios. We revise our FY26E-FY28E earnings estimates marginally to factor in lower margins and maintain ADD with a revised RI-based TP of INR 1,050 (implying 1.3x Sep-27 ABVPS).

- **Gujarat State Petronet:** Our ADD rating on Gujarat State Petronet with a revised TP of INR 310/sh is premised on volume growth of ~3% CAGR over FY25-27E and successful completion of group restructuring.Q3FY26 EBITDA at INR 1.65bn (-14.0% YoY, -4.4% QoQ) and APAT at INR 1.14bn (-15.7% YoY, -70.1% QoQ)were below our estimates due to higher-than-expected gas transmission charges and operating expenses. Gas transportation charges increased to INR 534mn (+119.7% YoY, +14.6% QoQ) and other income came in at INR 433mn (+5.0% YoY, -85.9% QoQ).

- **Cyient:** Cyient's Q3FY26 results reflected a steady performance, with the DET segment delivering 1.9% QoQ CC revenue growth to USD 167mn and a normalized EBIT margin uptick of 25bps to 12.4%, despite the impact of wage hikes. The improvement was supported by momentum in Transportation & Mobility (up 2.9% QoQ) and Networks & Infrastructure (up 2.5% QoQ), along with better cash generation and better client mining. The Semiconductor business posted robust 10.7% QoQ growth with stabilizing margins, while DLM sustained double-digit EBITDA margins despite softer revenues. Management expects DET margins in H2 to exceed H1 levels and is confident of achieving a ~15% EBIT margin by Q4FY27E, aided by growth recovery, AI-led efficiencies, and monetization of earlier investments. The Semiconductor segment is on track to reach EBIT neutrality by FY27E, and DLM is expected to maintain double-digit EBITDA margins, supported by disciplined execution and a healthy pipeline in a gradually improving macro environment. We maintain ADD with a target price of INR 1,470, based on 18x Mar-28E DET EPS and adding INR 117/share for Cyient DLM.

- **Ujjivan Small Finance Bank:** UJJIVAN's Q3FY26 earnings marginally beat our estimates, with continued signs of improvement in the MFI portfolio, aided by pick-up in disbursements, margin reflation, and improvement in asset quality metrics. Deposit growth (~22% YoY) was in line with credit growth as CASA% remained steady 27.3% (-18bps QoQ). The delinquency trends of the MFI book across geographies are showcasing signs of moderation with sharp reduction in credit costs. The management continues to diversify its loan book by scaling up its secured mix (guidance of 65-70% by 2030) in asset classes like affordable housing and new businesses such as 2W, micro-LAP, and gold loans. We believe UJJIVAN is better placed compared to other MFI players, given its geographical diversification, higher employee vintage, larger urban/metro presence, and superior underwriting. We cut our FY26E/FY27E/FY28E earnings estimates by ~11%/8%/6%, factoring in higher provisioning while maintaining ADD with a revised TP of INR 65 (1.6x Sep-27 ABVPS).

- **Orient Electric:** Orient Electric's (OEL) revenue grew 11% YoY to INR 9bn, driven by 13% YoY ECD segment growth fueled by strong double-digit growth in heating category, while fans recorded single-digit growth; lighting and switchgear achieved 7% YoY growth, led by double-digit switchgears and wires growth on a low base alongside single-digit consumer lighting expansion. EBITDAM remained flat YoY at 7.5% (up 210bps QoQ), EBITDA grew 11% YoY, while APAT increased 27% YoY). Management noted that elevated channel inventories and subdued demand for cooling products continue to pose headwinds. While rising commodity prices are sustaining cost pressures, the company has made price hikes across fans, lighting, wires, and switchgears to offset these increases. Management signaled potential further hikes if commodity prices don't ease. Looking ahead, management anticipates a robust summer season driving demand recovery. It upholds its double-digit margin target by the next six quarters, even amid ongoing commodity pressures. Factoring in the healthy Q3 performance, we have increased our revenue estimates by 1% each for FY26-28E and APAT estimates by 6% for FY26, while maintaining those for FY27/28E. We value the company at 32x Mar'28 EPS and maintain BUY, with an unchanged TP of INR 250/sh.

- **Sagar Cements:** We maintain ADD on Sagar Cements (SGC), with an unchanged TP of INR 280/share (valued at an average of 6.5x FY28E EBITDA and FY28E EV/MT of USD 65/MT). In Q3FY26, SGC posted 8% YoY volume growth, driven by ~25% volume growth in its subsidiaries. Weak pricing and the absence of incentives drove down consolidated unit EBITDA to INR 250/MT vs INR 362/MT QoQ. The impact was moderated on account of EBITDA turnaround at Andhra Cements. SGC expects Andhra to turn cash breakeven in Q4FY26. It guided to complete its ongoing expansions by FY27-end and land monetization during FY27-28E. We estimate consolidated volume will grow at 11% CAGR and margin will improve to INR 592/MT in FY28E (vs INR 249/MT in FY25), aided by Andhra's turnaround and high incentives at Jeerabad. We estimate that net debt to EBITDA will cool off to INR 2.9x in FY28E, from 6x in Sep-25.

Indian Bank

Consistent performance driving robust earnings

Indian Bank (INBK) reported a healthy print for Q3FY26 on the back of strong business growth, stable margins, and low credit costs. Deposit growth (+12% YoY) was healthy with CASA ratio improving to 37.2% (+65bps QoQ). Pick-up in credit growth (+15% YoY, +3% QoQ) was driven by retail, agri, and MSME segments. Credit costs came in even lower at 0.2% on the back of lower slippages across asset classes. Given the granularity on both sides of the balance sheet (especially high SA mix), INBK is better placed to manage its margin profile and overall asset quality. Sustaining the current business momentum, which has been a laggard in the past couple of years, shall remain a key monitorable for the bank going forward. We built in 13% EPS growth over FY26-FY28E, factoring in low credit costs and healthy growth. We reiterate BUY on INBK with a revised TP of INR960 (1.3x Sep-27 ABVPS).

- **Stable margins alongside healthy loan growth:** NII growth (+7%YoY) was supported by lower cost of funds (9bps QoQ), largely offset by drop in yields on advances (-9bps QoQ) as margins remained stable at 3.3%. The bank sustained its health loan growth trajectory (+15% YoY; +3% QoQ), driven by vehicle loans (12% QoQ), retail gold loans (+16% QoQ), housing loans (+3% QoQ), and MSME (6% QoQ) loans.
- **Asset quality continues to positively surprise:** Gross slippages trended lower 0.7% (Q1FY26: 1.0%, Q2FY26:0.8%), driven by lower slippages across segments. GNPA/NNPA improved further to 2.2%/0.2% (2.6%/0.2% in Sep-25) on the back of lower slippages and higher write-offs as the credit costs remained significantly low at ~21 bps (9MFY26:26bps). While INBK has the highest provision coverage (93%) amongst PSBs, the margin of safety (excess PCR over mandated PCR) is relatively modest, given high loss given defaults. Hence, we build the average credit cost of ~47 bps for FY26-FY28E.
- **Sustaining growth momentum critical for further re-rating:** INBK has managed to strongly reflate its earnings on the back of balance sheet strength while improving asset quality alongside healthy growth. We believe sustainability of robust volume growth coupled with stable asset quality shall be critical to drive further re-rating in valuations.

Financial summary

(INR bn)	Q3FY26	Q3FY25	YoY(%)	Q2FY26	QoQ(%)	FY25	FY26E	FY27E	FY28E
NII	69.0	64.1	7.5%	65.5	5.3%	251.8	269.2	310.6	358.4
PPOP	50.2	47.5	5.8%	48.4	3.9%	190.0	199.7	229.9	263.2
PAT	30.6	28.5	7.3%	30.2	1.4%	109.2	123.0	141.9	156.8
EPS (INR)	22.7	21.2	7.3%	22.4	1.4%	81.1	91.3	105.3	116.4
ROAE (%)						17.1	16.5	16.6	16.0
ROAA (%)						1.3	1.3	1.4	1.3
ABVPS (INR)						504.4	580.0	666.4	760.1
P/ABV (x)						1.8	1.6	1.4	1.2
P/E (x)						11.1	9.9	8.6	7.8

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Net advances	6,558	6,438	1.9%	7,436	7,257	2.5%	8,415	8,185	2.8%
NIM (%)	3.1	3.1	-3 bps	3.2	3.2	-2 bps	3.3	3.2	3 bps
NII	269.2	270.6	-0.5%	310.6	307.9	0.9%	358.4	347.1	3.3%
PPOP	199.7	207.5	-3.8%	229.9	231.7	-0.8%	263.2	262.1	0.4%
PAT	123.0	122.8	0.2%	141.9	139.0	2.1%	156.8	154.3	1.6%
Adj. BVPS (INR)	580.0	580.7	-0.1%	666.4	662.5	0.6%	760.1	756.7	0.4%

Source: Company, HSIE Research

BUY

CMP *(as on 22 Jan 2026)*	INR 897
Target Price	INR 960
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 880	INR 960
EPS %	FY26E	FY27E
	+0.2%	+2.1%

KEY STOCK DATA	
Bloomberg code	INBK IN
No. of Shares (mn)	1,347
MCap (INR bn) / ($ mn)	1,208/13,183
6m avg traded value (INR mn)	1,478
52 Week high / low	INR 909/478

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	10.3	42.8	72.1
Relative (%)	12.8	42.7	64.3

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	73.8	73.8
FIs & Local MFs	18.6	17.8
FPIs	4.7	5.6
Public & Others	2.9	2.7
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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Mphasis

AI-led growth engine

Mphasis delivered an in-line Q3FY26 performance, reporting 1.5% QoQ CC revenue growth and a stable EBIT margin of 15.2%. The Direct business (~98% of overall revenue) grew 1.9% QoQ in CC, supported by strong traction in Insurance (8.3% QoQ) and BFS (2.4% QoQ), partially offset by declines in TMT (-3.8% QoQ) and Logistics & Transportation (-1.3% QoQ). The deal engine remained robust, with TTM TCV doubling YoY to USD 2.6bn. The company continues to benefit from a record pipeline (69% AI-led), which helped deliver USD 428mn in net new wins in Q3. Clients on the NeoIP platform now contribute over 50% of total revenue, underscoring early adoption of its integrated AI proposition. Top client growth outpaced the company average and Q4 growth visibility is better vs previous quarters. The current technological shift presents attractive growth opportunities as technical competence in AI increasingly outweighs size and scale as a competitive advantage. Mphasis reiterates its confidence of clocking ~2x industry growth, supported by a healthy deal pipeline. The operating margin guidance stands at 14.75-15.75%, as AI-led efficiencies are reinvested into the business. We trim our earnings estimates by ~1% and maintain ADD, with a target price of INR 3,430, based on 25x Mar-28E EPS.

- **Q3FY26 highlights:** (1) Mphasis' revenue came in at USD 451mn (in line with our estimate), +1.5% QoQ CC. (2) TCV stood at USD 428mn (21.9% YoY), of which 62% was AI-led. It won four large deals in Q3, with two deals over USD 50mn. The deal pipeline is strong, with BFS pipeline growth of 98% YoY and non-BFS pipeline growth of +44% YoY. Large deal pipeline was up 91% YoY. (3) Within verticals, growth was led by Insurance (15% of revenue) at 8.3% QoQ, driven by continued ramp-up of recent large deal wins. BFS (52% of revenue) grew 2.4% QoQ, driven by wallet share gains and new wins. TMT (18% of revenue) was impacted by seasonality, with revenue down 3.8% QoQ. (4) EBITM at 15.2% (above our estimate of 15.1%) remained flat sequentially.
- **Outlook:** We have factored in USD revenue growth of 7.1/12/12%, implying CQGR of 2/3.2/2.7% for FY26/27/28E respectively. EBITM is factored in at 15.4/15.7/16.3% for FY26/27/28E, translating to a ~15% EPS CAGR 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)	451	419	7.7	445	1.4	1,609	1,681	1,800	2,016	2,257
Net Sales	40.03	35.61	12.4	39.02	2.6	132.79	142.30	158.06	180.42	204.30
EBIT	6.09	5.46	11.6	5.96	2.2	20.11	21.71	24.40	28.28	33.34
APAT	4.78	4.28	11.7	4.69	1.9	15.55	17.02	18.78	21.56	25.69
Diluted EPS (INR)	25.5	22.8	11.8	25.1	1.9	83.1	91.0	100.4	115.3	137.4
P/E (x)						33.8	30.9	28.0	24.4	20.5
EV / EBITDA (x)						20.8	19.0	16.7	14.7	12.2
RoE (%)						18.6	18.5	18.8	20.0	21.9

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)	1,801	1,800	*(0.1)*	2,017	2,016	*(0.0)*	2,244	2,257	*0.6*
Revenue	158.39	158.06	*(0.2)*	180.49	180.42	*(0.0)*	203.11	204.30	*0.6*
EBIT	24.72	24.40	*(1.3)*	28.69	28.28	*(1.4)*	33.58	33.34	*(0.7)*
EBIT margin (%)	15.6	15.4	-17bps	15.9	15.7	-22bps	16.5	16.3	-21bps
APAT	18.81	18.78	*(0.2)*	21.87	21.56	*(1.4)*	25.87	25.69	*(0.7)*
EPS (INR)	100.6	100.4	*(0.2)*	116.9	115.3	*(1.4)*	138.3	137.4	*(0.7)*

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jan 2026)*	**INR 2,800**
Target Price	**INR 3,430**
NIFTY	**25,290**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR 3,460	INR 3,430
EPS %	FY27E	FY28E
	-1.4	-0.7

KEY STOCK DATA	
Bloomberg code	MPHL IN
No. of Shares (mn)	191
MCap (INR bn) / ($ mn)	534/5,823
6m avg traded value (INR mn)	1,903
52 Week high / low	INR 3,079/2,025

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	2.2	0.8	(0.3)
Relative (%)	4.7	0.7	(8.0)

SHAREHOLDING PATTERN (%)	**Sep-25**	**Dec-25**
Promoters	40.10	30.59
FIs & Local MFs	37.07	45.25
FPIs	18.52	19.79
Public & Others	4.31	4.37
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Go Digit General Insurance

Motor loss ratio remains elevated

GODIGIT reported in-line NEP/PAT growth (+4%/+18% YoY); although earnings were supported by higher TP reserve releases, which were partly offset by higher OD loss ratio. CoR was elevated at 110.7%, led by upfronting of acquisition costs on the Motor long-term policies, higher loss ratios across all segments except Motor TP, and lower NWP on account of decline in the RI and lower risk retention in motor OD segment. GODIGIT continues to strengthen its market positioning in the Motor segment (+34bps YoY% for 9MFY26) and gained >50bps share in commercial segments. Given elevated loss ratios in the OD segment (1/4th of the overall NEP), we hack our FY26E/27E/FY28E earnings estimates by -18/-9%/-4% to factor in higher claims ratio and lower retention and revise COR to 110.6%/108.3%/107.4%. We factor in 10%/33% CAGR in NEP/PAT during FY25-28E and maintain ADD with a revised TP of INR350 (implying 36.1x Sep-27E EPS), while remaining cautious on higher OD loss ratios and rising regulatory scrutiny around EOM compliance.

- **Motor loss ratio pangs continues:** GODIGIT continued to report higher loss ratio in the OD segment (Q3FY26: 75.6%; Q3FY25: 69.0%), management highlighted higher share of renewals and higher loss ratio of private cars as a major concern, though price hikes have been taken in Q4FY26 to minimize the impact. Thus, we have increased our loss ratio estimates to reflect the higher loss experience in the OD segment.
- **Changing stance in motor OD risk retention and decline of RI:** Contrary to their earlier views of 100% risk retention in the motor segment, the management ceded a portion of electric-2W portfolio to safeguard itself from the tail risk, leading to lower retention on the motor portfolio. Further, RI inward on the government health business declined to INR0.4bn (Q3FY25: INR2.5bn). Both these factors contribute to lower NWP and hence higher combined ratio. Due to lower RI acceptance (low-cost business), GODIGIT's EOM is likely to breach the regulatory threshold of 30%, leading to concerns on possible regulatory actions.
- **Investment income sustainable; loss ratios to present P&L volatility:** Unlike peers where capital gains form a large portion of investment income, we find GODIGIT's investment income more sustainable (minimal dependence on capital gains). However, higher loss ratios in the motor segment (two-thirds of NEP) are likely to pose elevated volatility to the P&L outcomes.

Financial summary

(INR bn)	3QFY26	3QFY25	YoY%	Q2FY26	FY25	FY26E	FY27E	FY28E
Net written premium	21.5	22.4	(4.2)	21.1	82.3	85.0	96.7	109.3
Net earned premium	21.6	20.8	3.6	20.9	80.5	83.6	94.6	106.2
PAT	1.4	1.2	18.2	1.2	4.2	5.7	7.7	10.1
EPS	1.6	1.4	18.2	1.3	4.6	6.1	8.4	11.0
COR (%)	110.7	108.1	260bps	111.4	109.3	110.6	108.3	107.4
ROE Annualized (%)					10.5	11.4	13.6	15.1
P/E (x)					70.6	53.1	38.8	29.6

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	Revised	Old	Change %	Revised	Old	Change %	Revised	Old	Change %
Net written premium	85.0	92.2	-7.8	96.7	105.4	(8.3)	109.3	117.6	(7.0)
Net earned premium	83.6	90.5	-7.7	94.6	101.5	-6.8	106.2	113.9	-6.7
COR (%)	110.6	107.9	269bps	108.3	106.1	225bps	107.4	105.9	149bps
PAT	5.7	6.9	(17.7)	7.7	8.5	(8.5)	10.1	10.6	(4.2)

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jan 2026)*	INR 325
Target Price	INR 350
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 365	INR 350
EPS%	FY26E	FY27E
	-17.7%	-8.5%

KEY STOCK DATA	
Bloomberg code	GODIGIT IN
No. of Shares (mn)	924
MCap (INR bn) / ($ mn)	300/3,278
6m avg traded value (INR mn)	230
52 Week high / low	INR 381/265

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.2)	(8.3)	13.5
Relative (%)	(5.7)	(8.5)	5.8

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	73.1	73.0
FIs & Local MFs	14.1	14.3
FPIs	8.5	8.3
Public & Others	4.3	4.4
Pledged Shares	Nil	Nil

Source : BSE

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Bandhan Bank

Elevated stress sustains, long road to credibility

Bandhan Bank's (BANDHAN) Q3FY26 earnings missed estimates on account of higher-than-expected credit costs (3.4% annualized), led by continued stress in the micro-banking portfolio. Deposit growth was muted (11% YoY/ -0.9% QoQ), while CASA ratio slipped further to 27.3% (-70bps QoQ), owing to soft traction in savings accounts. While the slippages in the MFI segment are improving gradually, the credit costs remain significantly elevated, contrary to industry trends wherein significant reduction in stress is visible. BANDHAN continues to guide for a shift in its loan mix toward secured loans, improving the quality of its deposit franchise and further tightening its underwriting/compliance practices. We believe the path to regain regulatory credibility and achieve portfolio stability is likely to be protracted. We cut our FY26E/FY27E/FY28E earnings by ~42%/13%/8% each, factoring in elevated credit costs and relatively limited margin reflation; we maintain REDUCE with a revised TP of INR130 (implied 0.8x Sep-27 ABVPS).

- **Asset quality remains a concern:** GNPA/NNPA came down to 3.3%/1.0% (Sep-25: 5.0%/1.4%) on the back of NPA sale (INR32bn) and sale of written-off book (INR37bn). EEB portfolio slippages (INR9.4bn vs Q2FY26: INR10.9bn), although improved, continued to be elevated, keeping the overall credit cost elevated for 9MFY26 at 3.5%. We raise our average credit costs to 270bps during FY26E-27E vs 240bps earlier.
- **Soft loan growth; gradual NIM improvement:** Loan growth of ~11% YoY/~5% QoQ was driven by retail (57% YoY) and commercial banking segments (33% YoY), offset by continued de-growth in the EEB book. We build in a 13% loan CAGR during FY25-27E against management guidance of 15-17%. Change in portfolio mix toward secured loans and the repo cut impact is likely to erode NIMs by 70bps from the highs of 7.0% in FY25 to 6.3% in FY27-FY28E (factoring in deposit re-pricing benefit in FY27).
- **Essential to regain stakeholder confidence:** Steady state RoAs are likely to stay muted, owing to gradual stress reduction in the MFI portfolio, rising mix of secured lending, and elevated opex intensity toward improving compliance practices. We argue that portfolio stability and predictability are crucial to BANDHAN regaining stakeholder credibility.

Financial summary

(INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	26.9	28.3	-5.0%	25.9	3.9%	114.9	110.4	130.2	146.2
PPOP	14.5	20.2	-28.5%	13.1	10.3%	73.9	61.7	74.4	83.0
PAT	2.1	4.3	-51.8%	1.1	83.8%	27.5	12.5	27.5	33.9
EPS (INR)	1.3	2.7	-51.7%	0.7	85.5%	17.0	7.8	17.1	21.0
ROAE (%)						11.9	5.0	10.4	11.6
ROAA (%)						1.5	0.6	1.2	1.4
ABVPS (INR)						142.2	147.8	162.4	180.9
P/ABV (x)						1.0	1.0	0.9	0.8
P/E (x)						8.4	18.4	8.4	6.8

Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Net advances	1,465	1,478	-0.9%	1,667	1,691	-1.4%	1,904	1,939	-1.8%
NIM (%)	6.0	6.3	-31 bps	6.3	6.8	-42 bps	6.3	6.7	-38 bps
NII	110.4	116.9	-5.5%	130.2	140.7	-7.5%	146.2	157.6	-7.2%
PPOP	61.7	68.1	-9.5%	74.4	82.1	-9.5%	83.0	89.4	-7.2%
PAT	12.5	21.8	-42.4%	27.5	31.6	-12.9%	33.9	36.9	-8.0%
Adj. BVPS (INR)	147.8	149.0	-0.8%	162.4	166.8	-2.6%	180.9	187.0	-3.3%

Source: Company, HSIE Research

REDUCE

CMP *(as on 22 Jan 2026)*	INR 142
Target Price	INR 130
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 145	INR 130
	FY26E	FY27E
EPS %	-42.4%	-12.9%

KEY STOCK DATA	
Bloomberg code	BANDHAN IN
No. of Shares (mn)	1,611
MCap (INR bn) / ($ mn)	229/2,505
6m avg traded value (INR mn)	1,135
52 Week high / low	INR 192/128

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(14.2)	(21.3)	(6.0)
Relative (%)	(11.7)	(21.4)	(13.7)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	40.3	39.7
FIs & Local MFs	17.9	18.8
FPIs	23.4	22.3
Public & Others	18.4	19.1
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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PNB Housing Finance

A weak quarter

PNB Housing Finance's (PNBHF) Q3FY26 earnings were lower than our estimates due to lower-than-expected NIMs, partially offset by lower credit costs (-19bps). Loan growth moderated further to 14.3% YoY, driven by higher run-offs in retail portfolio and subdued overall demand. The new MD & CEO, Mr. Ajai Kumar Shukla, has indicated revival of the corporate loan book up to ~8-10% of loan book in the medium term, to aid margins, along with emerging and affordable portfolio. However, the gradual normalization of credit costs and seasoning of the emerging and affordable portfolio are likely to put pressure on return ratios. We revise our FY26E-FY28E earnings estimates marginally to factor in lower margins and maintain ADD with a revised RI-based TP of INR 1,050 (implying 1.3x Sep-27 ABVPS).

- **Recalibration of affordable portfolio, higher BT-outs drive lower than expected performance**: PNBHF's disbursements grew by +15.6% YoY, with de-growth in affordable portfolio by ~15% YoY due to recalibration in select geographies. Repayment rates in the retail segment increased further to 19% (Q1FY26: 16%) due to higher BT-outs. PNBHF has kept the benchmark lending rate unchanged in Q3, with a 10bps rate cut in Jul-25. NIMs moderated QoQ to 3.63% (QFY26: 3.67%) due to lower disbursement yields and suboptimal portfolio mix in Q3, partly aided by lower cost of funds (7.5%).
- **Credit costs remain negative; normalization yet to play out**: Asset quality improved sequentially, with GS-III/NS-III at 1.0%/0.7% and GS-II at 2.0%. Credit costs are likely to remain negative in FY26 on the back of a large written-off pool (INR 10bn). However, the seasoning of the emerging and affordable portfolio, along with run-down of these recoveries, is likely to drive credit costs higher (~20bps during FY27-FY28E).
- **Strategy remains toward higher-yielding loans; transition toward steady-state profitability key monitorable:** The new MD & CEO has indicated continued focus on emerging and affordable portfolio (~45-50% of retail loans by Mar-28), along with revival of the corporate loan book. However, higher run-off rates in the declining interest rate environment, uptick in credit costs with seasoning of emerging/affordable portfolio and lower recoveries from written-off pool are likely to weigh on profitability. Maintain ADD.

Financial summary (Consolidated)

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	7.7	6.9	*11.0*	7.5	*2.1*	27.2	30.7	37.7	44.0
PPOP	6.3	5.8	*8.4*	6.5	*(2.9)*	23.3	26.1	32.4	38.2
PAT	5.2	4.8	*7.7*	5.8	*(10.5)*	19.4	21.9	23.4	27.6
EPS (INR)	19.9	18.5	*7.6*	22.3	*(10.6)*	74.5	84.4	90.0	106.3
ROAE (%)						12.2	12.3	11.7	12.3
ROAA (%)						2.5	2.5	2.3	2.3
ABVPS (INR)						629	706	780	871
P/ABV (x)						1.4	1.2	1.1	1.0
P/E (x)						11.5	10.2	9.6	8.1

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	917	910	-0.8%	1,063	1,056	-0.6%	1,241	1,218	-1.9%
NIM (%)	3.5	3.5	-5 bps	3.7	3.7	-2 bps	3.8	3.7	-11 bps
NII	31.4	30.7	-2.1%	38.4	37.7	-1.9%	45.9	44.0	-4.0%
PPOP	26.8	26.1	-2.4%	33.0	32.4	-2.1%	40.0	38.2	-4.6%
PAT	22.3	21.9	-1.6%	24.0	23.4	-2.3%	29.1	27.6	-4.9%
ABVPS (INR)	704.5	705.8	0.2%	782.4	780.4	-0.3%	879.5	870.8	-1.0%

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jan 2026)*	INR 860
Target Price	INR 1,050
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,140	INR 1,050
EPS %	FY26E	FY27E
	-1.6%	-2.3%

KEY STOCK DATA	
Bloomberg code	PNBHOUSI IN
No. of Shares (mn)	261
MCap (INR bn) / ($ mn)	224/2,445
6m avg traded value (INR mn)	1,688
52 Week high / low	INR 1,142/746

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(1.8)	(20.8)	(5.6)
Relative (%)	0.8	(21.0)	(13.3)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	28.0	28.0
FIs & Local MFs	40.7	43.0
FPIs	18.6	17.2
Public & Others	12.7	11.7
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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Gujarat State Petronet

Decline in volume impacts profitability

Our ADD rating on Gujarat State Petronet with a revised TP of INR 310/sh is premised on volume growth of ~3% CAGR over FY25-27E and successful completion of group restructuring.Q3FY26 EBITDA at INR 1.65bn (-14.0% YoY, -4.4% QoQ) and APAT at INR 1.14bn (-15.7% YoY, -70.1% QoQ)were below our estimates due to higher-than-expected gas transmission charges and operating expenses. Gas transportation charges increased to INR 534mn (+119.7% YoY, +14.6% QoQ) and other income came in at INR 433mn (+5.0% YoY, -85.9% QoQ).

- **Volume:** Gas transmission volume in Q3declined to27.5mmscmd (-5.3% YoY, -3.5% QoQ)due to lower demand from power sector.In terms of sector-wise volumes—consumption by refiningwas at 6.3mmscmd (-0.5% YoY, +5.8% QoQ), power at 1.3mmscmd (-59.4% YoY, -51.8% QoQ), CGD at 10.5mmscmd (+3.0% YoY, -0.9% QoQ), fertilizersand others at 4.3mmscmd(+6.0% YoY, flat QoQ),and 5.1mmscmd (-4.0% YoY, +2.1% QoQ) respectively.
- **Tariffs:** Calculated blended transmission tariff for the quarter stood at INR 22.62/mmbtu (-2.0% YoY, +1.6% QoQ).
- **Change in estimates and valuation:** We reduce our EPS estimates for FY26/27E by 10% each as we factor in the lower-than-expected Q3FY26 volume growth posted by Gujarat Gas and lower transmission volumes for GSPL. We have revised the target price to INR 310 (from INR 320 earlier) as we adjust the value of investments in Gujarat Gas to INR 209/sh based on its current market price. We value the transmission business using discounted cash flow at INR 66/sh. To this, we add INR 244/sh as the value of its investments in Gujarat Gas, Sabarmati Gas, etc., to arrive at a target price of INR310/sh. The stock is trading at 11.2x Dec-26E EPS.

Standalone financial summary

YE March (INR bn)	Q3 FY26	Q2 FY26	QoQ (%)	Q3 FY25	YoY (%)	FY24*	FY25*	FY26E*	FY27E*	FY28E*
Revenue	2.7	2.7	(0.7)	2.6	4.5	173	174	161	179	194
EBITDA	1.7	1.7	(4.4)	1.9	(14.0)	34	27	29	33	39
APAT	1.1	3.8	(70.1)	1.4	(15.7)	17	11	13	14	17
AEPS (INR)	2.0	6.8	(70.1)	2.4	(15.7)	29.4	19.7	22.6	24.7	29.3
P/E (x)	2.7	2.7	(0.7)	2.6	4.5	10.3	15.3	13.3	12.2	10.3
EV / EBITDA (x)						5.7	6.9	6.2	5.1	4.3
RoE (%)						16.4	9.9	10.4	10.2	10.9

Source: Company, HSIE Research | *Consolidated

ADD

CMP *(as on 22 Jan 2026)*	INR 302
Target Price	INR 310
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 320	INR 310
	FY26E	FY27E
EPS change %	-9.7%	-10.0%

KEY STOCK DATA	
Bloomberg code	GUJS IN
No. of Shares (mn)	564
MCap (INR bn) / ($ mn)	171/1,863
6m avg traded value (INR mn)	254
52 Week high / low	INR 373/261

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(3.0)	(8.9)	(15.9)
Relative (%)	(0.5)	(9.1)	(23.7)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	37.63	37.63
FIs & Local MFs	24.73	25.20
FPIs	15.67	15.49
Public & Others	21.96	21.68
Pledged Shares	0.0	0.0

Source: BSE

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Cyient

Improvement visibility with margin stability

Cyient's Q3FY26 results reflected a steady performance, with the DET segment delivering 1.9% QoQ CC revenue growth to USD 167mn and a normalized EBIT margin uptick of 25bps to 12.4%, despite the impact of wage hikes. The improvement was supported by momentum in Transportation & Mobility (up 2.9% QoQ) and Networks & Infrastructure (up 2.5% QoQ), along with better cash generation and better client mining. The Semiconductor business posted robust 10.7% QoQ growth with stabilizing margins, while DLM sustained double-digit EBITDA margins despite softer revenues. Management expects DET margins in H2 to exceed H1 levels and is confident of achieving a ~15% EBIT margin by Q4FY27E, aided by growth recovery, AI-led efficiencies, and monetization of earlier investments. The Semiconductor segment is on track to reach EBIT neutrality by FY27E, and DLM is expected to maintain double-digit EBITDA margins, supported by disciplined execution and a healthy pipeline in a gradually improving macro environment. We maintain ADD with a target price of INR 1,470, based on 18x Mar-28E DET EPS and adding INR 117/share for Cyient DLM.

- **Q3FY26 highlights:** (1) DET revenue stood at USD 167mn, up 1.9% QoQ CC (in line with our estimate) despite seasonality and impact of furloughs. (2) Transportation & mobility grew 2.9% QoQ CC, driven by strong demand in aerospace. Networks & infrastructure grew 2.5% QoQ CC, led by connectivity, while the utilities sub-segment also showed solid performance despite previously anticipated project ramp-downs. Strategic units declined 0.2% QoQ CC. (3) DET EBIT margin improved 25bps QoQ to 12.4% (vs our estimate of 12.3%). Margin expansion was achieved despite the headwind of a third tranche of wage hikes. This was mitigated through cost optimization programs and recovering revenue momentum. (4) Management expects to achieve 15% EBITM for DET business by Q4FY26, driven by recovering revenue momentum, internal and external AI adoption, and monetization of earlier investments in technology.
- **Outlook:** We have factored in -0.9/+7.9/9.7% DET USD revenue growth for FY26/27/28E. The DET margin is estimated at 12.4/13.2/14.1% for FY26/27/28E, resulting in a consolidated revenue/EPS CAGR of +5/12% 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)	207	228	*(9.1)*	204	*1.9*	863	853	823	899	1,005
Net Sales	18.49	19.26	*(4.0)*	17.81	*3.8*	71.47	73.60	72.45	80.47	90.91
EBIT	1.75	2.19	*(20.3)*	1.67	*4.5*	10.36	8.84	7.26	9.32	11.37
APAT	1.28	1.28	*0.2*	1.27	*0.8*	7.41	6.22	5.80	7.12	8.76
Diluted EPS (INR)	11.6	11.6	*0.2*	11.5	*0.8*	67.1	56.3	52.5	64.5	79.3
P/E (x)						16.9	20.1	21.6	17.6	14.3
EV / EBITDA (x)						9.2	9.9	10.8	8.6	7.1
RoE (%)						19.2	13.0	10.6	12.3	14.2

Source: Company, HSIE Research, Consolidated Financials, USD revenue is DET business

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)	832	823	*-1.0*	915	899	*-1.8*	1,029	1,005	*-2.3*
Revenue	73.19	72.45	*-1.0*	81.91	80.47	*-1.8*	93.09	90.91	*-2.3*
EBIT	7.57	7.26	*-4.1*	9.20	9.32	*1.4*	11.33	11.37	*0.4*
EBIT margin (%)	10.3	10.0	-32bps	11.2	11.6	36bps	12.2	12.5	34bps
APAT	6.13	5.80	*-5.4*	7.07	7.12	*0.6*	8.79	8.76	*-0.4*
EPS (INR)	55.5	52.5	*-5.4*	64.1	64.5	*0.6*	79.6	79.3	*-0.4*

Source: Company, HSIE Research, USD revenue is DET business

ADD

CMP *(as on 22 Jan 2026)*	**INR 1,134**
Target Price	**INR 1,470**
NIFTY	**25,290**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,430	INR 1,470
	FY27E	FY28E
EPS %	+0.6	-0.4

KEY STOCK DATA	
Bloomberg code	CYL IN
No. of Shares (mn)	111
MCap (INR bn) / ($ mn)	126/1,376
6m avg traded value (INR mn)	556
52 Week high / low	INR 1,808/1,050

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(4.7)	(10.8)	(33.6)
Relative (%)	(2.2)	(10.9)	(41.3)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	23.28	23.29
FIs & Local MFs	38.41	39.49
FPIs	17.56	15.28
Public & Others	20.75	21.94
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Ujjivan Small Finance Bank

Receding MFI stress driving earnings reflation

UJJIVAN's Q3FY26 earnings marginally beat our estimates, with continued signs of improvement in the MFI portfolio, aided by pick-up in disbursements, margin reflation, and improvement in asset quality metrics. Deposit growth (~22% YoY) was in line with credit growth as CASA% remained steady 27.3% (-18bps QoQ). The delinquency trends of the MFI book across geographies are showcasing signs of moderation with sharp reduction in credit costs. The management continues to diversify its loan book by scaling up its secured mix (guidance of 65-70% by 2030) in asset classes like affordable housing and new businesses such as 2W, micro-LAP, and gold loans. We believe UJJIVAN is better placed compared to other MFI players, given its geographical diversification, higher employee vintage, larger urban/metro presence, and superior underwriting. We cut our FY26E/FY27E/FY28E earnings estimates by ~11%/8%/6%, factoring in higher provisioning while maintaining ADD with a revised TP of INR 65 (1.6x Sep-27 ABVPS).

- **Disbursements and margins picking up:** Credit growth came in at 22% YoY with disbursements picking up significantly in group loans (71% YoY), and newer segments like micro mortgage, VF, and gold loans. The management has guided for a credit growth rate of 20% in the medium term. NIMs witnessed reflation owing to pick-up in MFI disbursals and lower cost of funds (-20 bps QoQ), clocking in at 8.2% (+30 bps QoQ).
- **Asset quality continues to improve:** PAR-0 for the MFI book lowered to 4.1% (Sep-25: 4.5%), as asset quality metrics improved across geographies reflective in lower gross slippages (2.5% v/s 3.4% in Q2FY26). Credit costs came in lower at 2.2% (Q2FY26: 2.8%), with accelerated provisions of INR 900mn. We built in average credit costs of 1.9% over the period of FY26E-FY28E, marginally higher than our earlier estimate of 1.7%.
- **Portfolio stability essential in order to build a universal franchise:** UJJIVAN aims to build for a more diverse product mix (secured: 65%-70%), stronger liabilities franchise (35% CASA), stable asset quality (1.2-1.3%), higher operating efficiencies (C/I- 55%), and sustainable RoA/RoE of 1.8-2.0%/16%-18% by FY30. We argue that stability in the micro-banking portfolio is essential to drive earnings and valuation re-rating.

Financial summary

(INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	10.0	8.9	*12.8%*	9.2	*8.5%*	36.4	38.9	46.8	54.6
PPOP	4.4	3.6	*22.4%*	4.0	*11.3%*	16.9	17.4	21.6	26.0
PAT	1.9	1.1	*71.0%*	1.2	*52.6%*	7.3	6.9	10.8	14.1
EPS (INR)	0.9	0.6	*67.9%*	0.6	*51.6%*	3.8	3.5	5.6	7.3
ROAE (%)						12.4	10.8	15.5	17.7
ROAA (%)						1.6	1.3	1.8	2.0
ABVPS (INR)						30.7	33.0	37.0	42.8
P/ABV (x)						2.0	1.9	1.7	1.4
P/E (x)						16.5	17.5	11.1	8.5

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Net advances	377	374	0.7%	454	446	1.7%	543	531	2.1%
NIM (%)	8.2	8.0	24 bps	8.4	8.1	28 bps	8.3	8.0	33 bps
NII	38.9	37.5	3.6%	46.8	44.5	5.2%	54.6	51.2	6.7%
PPOP	17.4	17.8	-2.0%	21.6	22.1	-2.3%	26.0	25.8	0.6%
PAT	6.9	7.7	-11.4%	10.8	11.8	-8.2%	14.1	15.0	-6.2%
Adj. BVPS (INR)	33.0	33.3	-1.0%	37.0	38.0	-2.4%	42.8	43.9	-2.4%

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jan 2026)*	INR 62
Target Price	INR 65
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 55	INR 65
	FY26E	FY27E
EPS %	-11.4%	-8.2%

KEY STOCK DATA	
Bloomberg code	UJJIVANS IN
No. of Shares (mn)	1,939
MCap (INR bn) / ($ mn)	120/1,311
6m avg traded value (INR mn)	595
52 Week high / low	INR 63/31

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	23.3	31.3	80.1
Relative (%)	25.8	31.2	72.3

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	0.0	0.0
FIs & Local MFs	20.1	28.7
FPIs	17.1	15.5
Public & Others	62.8	55.9
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Orient Electric

Strong performance in a challenging environment

Orient Electric's (OEL) revenue grew 11% YoY to INR 9bn, driven by 13% YoY ECD segment growth fueled by strong double-digit growth in heating category, while fans recorded single-digit growth; lighting and switchgear achieved 7% YoY growth, led by double-digit switchgears and wires growth on a low base alongside single-digit consumer lighting expansion. EBITDAM remained flat YoY at 7.5% (up 210bps QoQ), EBITDA grew 11% YoY, while APAT increased 27% YoY). Management noted that elevated channel inventories and subdued demand for cooling products continue to pose headwinds. While rising commodity prices are sustaining cost pressures, the company has made price hikes across fans, lighting, wires, and switchgears to offset these increases. Management signaled potential further hikes if commodity prices don't ease. Looking ahead, management anticipates a robust summer season driving demand recovery. It upholds its double-digit margin target by the next six quarters, even amid ongoing commodity pressures. Factoring in the healthy Q3 performance, we have increased our revenue estimates by 1% each for FY26-28E and APAT estimates by 6% for FY26, while maintaining those for FY27/28E. We value the company at 32x Mar'28 EPS and maintain BUY, with an unchanged TP of INR 250/sh.

- **Q3FY26 performance:** Revenue grew 11% YoY to INR 9.1bn, driven by 13% YoY growth in the ECD segment (71% revenue mix), supported by strong double-digit momentum in heating category. However, fans witnessed single-digit growth. Lighting and switchgear (29% revenue mix) reported 7% YoY growth, driven by double-digit growth in switchgears and wires on a low base and single-digit growth in consumer lighting. Gross margins contracted by 190bps YoY to 29.8% (down 170bps QoQ). ECD's EBIT margin expanded 60/360bps YoY/QoQ, while lighting & switchgear's EBIT margin declined 370/350bps YoY/QoQ. EBITDAM remained flat YoY at 7.5% (up 210bps QoQ). Employee costs and other expenses each surged 2% YoY in absolute terms while decreased 70bps and 120bps YoY in relative terms. Consequently, EBITDA grew by 11% YoY. APAT grew 27% YoY, led by EBITDA, supported by lower depreciation (down 6% YoY) and reduced tax rate.
- **Earnings call takeaways and outlook:** Management noted that elevated channel inventories and subdued demand for cooling products continue to pose headwinds. While rising commodity prices are sustaining cost pressures, the company has made price hikes across fans, lighting, wires, and switchgears to offset these increases. Management signaled potential further hikes if commodity prices don't ease. Looking ahead, management anticipates a robust summer season driving demand recovery and remains confident of outperforming the industry growth. It upholds its double-digit margin target by the next six quarters, even amid ongoing commodity pressures. We maintain BUY on stock, with an unchanged TP of INR 250/sh.

Financial summary

(INR mn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	9,065	8,168	11.0	7,026	29.0	28,121	30,937	33,211	36,633	40,296
EBITDA	677	612	10.6	379	78.4	1,443	2,037	2,250	2,875	3,319
APAT	346	272	27.5	121	187.1	566	832	1,012	1,441	1,674
EPS (INR)	1.6	1.3	27.5	0.6	187.1	2.7	3.9	4.7	6.8	7.8
P/E (x)						64.1	43.6	35.8	25.2	21.7
EV / EBITDA (x)						24.6	17.6	15.2	11.7	10.0
RoE (%)						9.3	12.5	14.0	18.2	19.1

Source: Company, HSIE Research

BUY

CMP *(as on 22 Jan 2026)*	INR 170
Target Price	INR 250
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 250	INR 250
EPS Change %	FY26E	FY27E
	6.3	-

KEY STOCK DATA	
Bloomberg code	ORIENTEL IN
No. of Shares (mn)	213
MCap (INR bn) / ($ mn)	36/397
6m avg traded value (INR mn)	126
52 Week high / low	INR 255/155

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(17.3)	(22.6)	(25.1)
Relative (%)	(14.8)	(22.8)	(32.9)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	38.31	38.31
FIs & Local MFs	29.29	31.90
FPIs	6.34	3.60
Public & Others	26.06	26.19
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Sagar Cements

Andhra profitability turning around

We maintain ADD on Sagar Cements (SGC), with an unchanged TP of INR 280/share (valued at an average of 6.5x FY28E EBITDA and FY28E EV/MT of USD 65/MT). In Q3FY26, SGC posted 8% YoY volume growth, driven by ~25% volume growth in its subsidiaries. Weak pricing and the absence of incentives drove down consolidated unit EBITDA to INR 250/MT vs INR 362/MT QoQ. The impact was moderated on account of EBITDA turnaround at Andhra Cements. SGC expects Andhra to turn cash breakeven in Q4FY26. It guided to complete its ongoing expansions by FY27-end and land monetization during FY27-28E. We estimate consolidated volume will grow at 11% CAGR and margin will improve to INR 592/MT in FY28E (vs INR 249/MT in FY25), aided by Andhra's turnaround and high incentives at Jeerabad. We estimate that net debt to EBITDA will cool off to INR 2.9x in FY28E, from 6x in Sep-25.

- **Q3FY26 performance:** SGC's consolidated sales volume rose 8% YoY, led by strong ~25% YoY offtake in its subsidiaries – Andhra Cement and Satguru (standalone +2% YoY). Reported NSR fell 8% QoQ, on poor pricing, higher non-trade sales (56% vs 49% QoQ). Opex fell 6% QoQ on stabilization of Andhra operations. Standalone operations generated EBITDA of INR 211/MT (vs INR 300 QoQ), with Andhra margin rebounding to +232/INR (vs–247/MT). Satguru margin too fell to INR 414/MT from INR 954/MT (weak pricing and no incentive accruals QoQ). As the pre-heater at Andhra Cements got capitalized, capital charges went up QoQ, leading to a higher net loss.
- **Con call KTAs and outlook:** With the new pre-heater fully stabilized, Andhra Cements' volume and margin are expected to rise, and management has guided that this subsidiary will turn cash-breakeven in Q4FY26. Cement prices have improved in non-trade since late Dec-25 and trade prices too are expected to improve. Demand across the south is healthy, as per the management. The ongoing cement expansions are expected to be completed by FY27-end. SGC expects to complete land monetization (worth INR 3.5bn) over the next 18 months (in phases). SGC guided for capex outgo of INR 4.9/2.91bn during FY26/27E toward ongoing capacity expansion (2mn MT across three locations) as well as toward green power (WHRS and solar) additions.

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)	1.5	1.4	8.2	1.4	6.5	5.6	5.7	6.3	7.0	7.7
NSR (INR/MT)	3,915	4,046	(3.2)	4,250	(7.9)	4,456	3,989	4,228	4,270	4,313
EBITDA (INR/MT)	250	270	(7.5)	362	(31.1)	437	249	478	535	592
Net Sales	5.9	5.6	4.7	6.0	(1.9)	25.0	22.6	26.8	29.8	33.1
EBITDA	0.4	0.4	0.1	0.5	(26.6)	2.5	1.4	3.0	3.7	4.5
APAT	(0.6)	(0.6)		(0.4)	36.1	(0.4)	(2.1)	(1.0)	0.5	2.0
AEPS (INR)	(4.4)	(4.2)		(3.2)	36.1	(4.2)	(14.5)	(7.9)	(4.1)	2.2
EV/EBITDA (x)						15.2	26.8	13.8	11.1	8.4
EV/MT (INR bn)						3.7	3.8	4.1	3.5	3.2
P/E (x)						(57.5)	(11.9)	(24.2)	48.7	12.3
RoE (%)						(2.7)	(9.9)	(5.9)	(3.2)	1.6

Source: Company, HSIE Research

ADD

CMP *(as on 22 Jan 2026)*	INR 189
Target Price	INR 280
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 280	INR 280
EBITDA revision %	FY26E *(9.7)*	FY27E *(5.6)*

KEY STOCK DATA	
Bloomberg code	SGC IN
No. of Shares (mn)	131
MCap (INR bn) / ($ mn)	25/270
6m avg traded value (INR mn)	48
52 Week high / low	INR 300/155

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(22.1)	(26.8)	(10.1)
Relative (%)	(19.6)	(26.9)	(17.8)

SHAREHOLDING PATTERN (%)	Sep-25	Dec-25
Promoters	48.33	48.33
FIs & Local MFs	17.39	18.38
FPIs	2.84	1.75
Public & Others	31.44	31.54
Pledged Shares	13.04	13.04

Source : BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

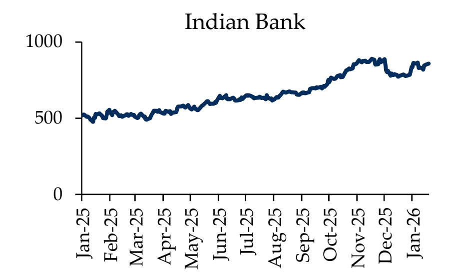
REDUCE: -10% to +5% return potential

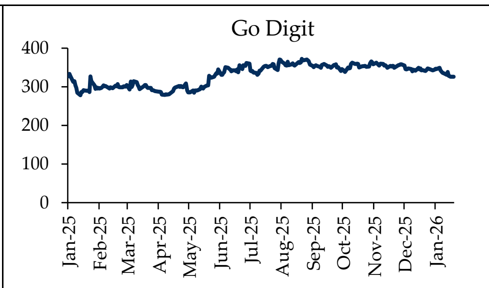
SELL: > 10% Downside return potential

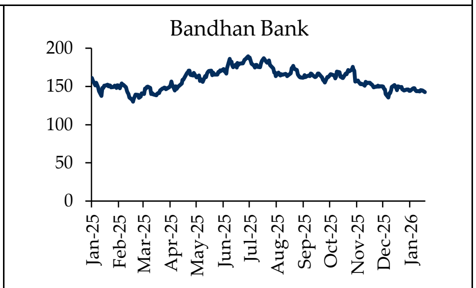
Disclosure:

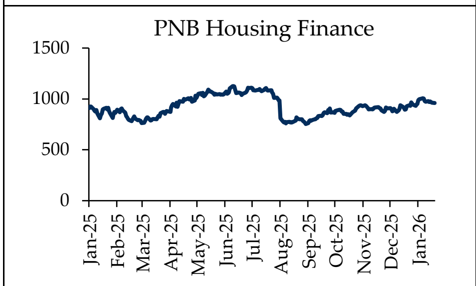
Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Indian Bank, Go Digit General Insurance, Bandhan Bank, PNB Housing Finance, Ujjivan Small Finance Bank	PGDM	NO
Akshay Badlani	Indian Bank, Ujjivan Small Finance Bank	CA	NO
Akshay Badlani	Bandhan Bank	CA	YES
Shobhit Sharma	Go Digit General Insurance	CA	NO
Deepak Shinde	PNB Housing Finance	PGDM	NO
Ayush Pandit	PNB Housing Finance	CA	NO
Amit Chandra	Mphasis, Cyient	MBA	NO
Vinesh Vala	Mphasis, Cyient	MBA	NO
Maitreyee Vaishampayan	Mphasis, Cyient	MSc	NO
Nilesh Ghuge	Gujarat State Petronet	MMS	NO
Dhawal Doshi	Gujarat State Petronet	CA	NO
Prasad Vadnere	Gujarat State Petronet	MSc	NO
Keshav Lahoti	Orient Electric, Sagar Cements	CA, CFA	NO
Rajesh Ravi	Orient Electric, Sagar Cements	MBA	NO
Riddhi Shah	Orient Electric, Sagar Cements	MBA	NO
Mahesh Nagda	Orient Electric, Sagar Cements	CA	NO

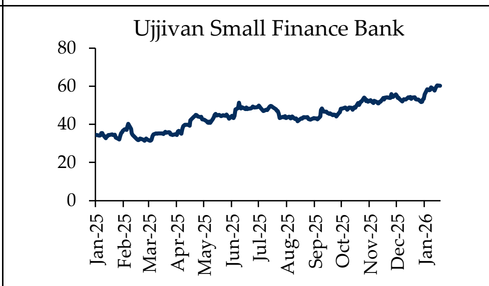
Price movement

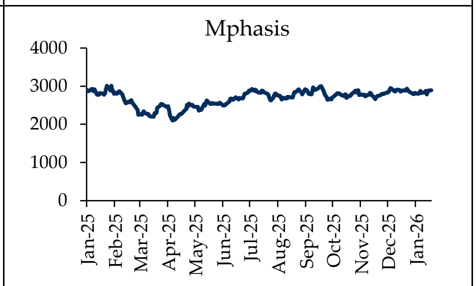


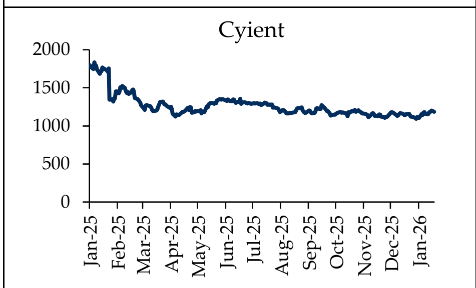


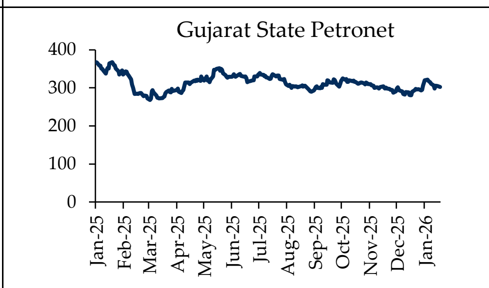


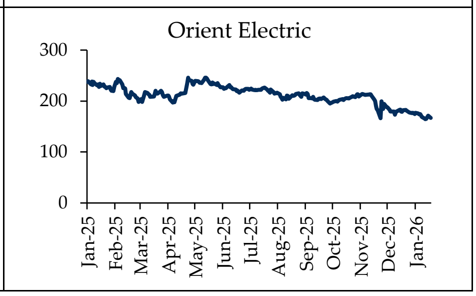


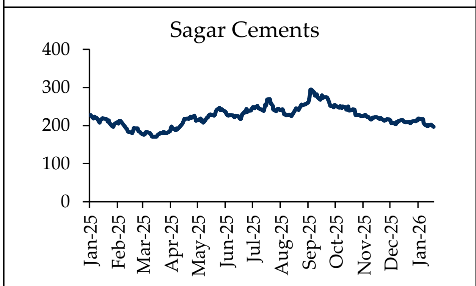












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