

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
EPS %	FY27E FY28E +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:** UJIVAN 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
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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