Cyient Ltd (CYL)

3QFY26 Result Update | IT & ER&D Services

Sequential Growth, Margin Upside and Deal Momentum

DALAL & BROACHA
STOCK BROKING PVT. LTD.

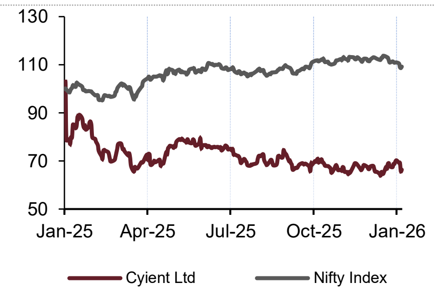
Equity Research Desk

23 January 2026

Rating	TP (Rs)	Up/Dn (%)
HOLD	1,065	-6

Market data		
Current price	Rs	1,134
Market Cap (Rs.Bn)	(Rs Bn)	126
Market Cap (US$ Mn)	(US$ Mn)	1,375
Face Value	Rs	5
52 Weeks High/Low		Rs 1807.9 / 1050.2
Average Daily Volume	('000)	722
BSE Code		532175
Bloomberg		CYL.IN

One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	23	23
Public	77	77
Total	100	100

Source: Bloomberg

Cyient delivered a steady operating performance in Q3 FY26 despite a seasonally weak quarter. The DET (ex-Semicon) segment reported revenue of USD 167 mn, up 1.9% QoQ in constant currency, supported by broad-based growth across Transportation & Mobility (+2.9% QoQ) and Network & Infrastructure (+2.5% QoQ). EBIT margin expanded 25 bps QoQ to 12.4%, driven by structural cost optimization and operational efficiencies, fully offsetting wage hikes. Cash generation remained strong with FCF/PAT conversion at 158% and net cash of INR 14,340Mn, the highest in nine quarters .

Order momentum improved meaningfully, with a record large-deals funnel and double-digit growth in qualified pipeline. Key account revenues grew ~5% QoQ and ~15.5% YoY, indicating deeper client mining. The company added eight strategic logos during the quarter across aerospace, utilities, mining, and off-highway equipment. Management reiterated confidence in sustaining sequential growth, supported by improving execution readiness and pipeline quality, while remaining cautious on macro and account-specific risks

The Semiconductor business continued to scale, posting 10.7% QoQ growth on top of 12% in Q2, with order intake up 36% YoY, though losses persisted. Strategic milestones included the proposed acquisition of Kinetic Technologies (analog/power semiconductors), participation in India's SCL fab modernization, and partnerships in GaN and indigenous silicon platforms. Management reiterated targets of an ASIC pipeline >USD 100 mn by Q4 and EBIT breakeven in FY27. DLM saw YoY revenue decline due to customer push-outs, but EBITDA margins improved to double digits, reinforcing margin resilience across the portfolio

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Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	45,344	60,159	71,472	73,604	73,444	79,818	88,094
EBITDA	8,178	10,031	13,028	11,433	9,055	10,513	11,667
Adjusted net profit	5,208	5,611	7,401	6,045	5,041	5,713	6,567
Free cash flow	4,613	5,497	7,847	4,004	8,178	6,352	7,835
EPS (Rs)	46.9	50.5	66.7	54.5	45.4	51.5	59.2
growth (%)	31%	8%	32%	-18%	-17%	13%	15%
P/E (x)	25.2	25.5	19.5	21.2	27.2	23.5	20.4
P/B (x)	4.2	3.8	3.1	2.4	2.4	2.3	2.2
EV/EBITDA (x)	14.9	13.3	9.6	10.3	12.7	10.9	9.5
ROCE (%)	14.7	14.4	15.8	11.2	8.5	9.0	10.0
RoE (%)	17.1	17.0	19.2	12.6	9.3	10.0	10.9
Dividend yield (%)	2.0	2.0	2.5	2.2	1.7	2.0	2.3

Source: Dalal & Broacha Research, Company

Valuation & Outlook

The company has entered its investing phase for the semiconductor vertical which it is very positive about. As part of its restructuring, the semiconductor business has been carved out into a separate subsidiary to enable sharper segmental focus and execution. While the medium-term outlook remains conservative, the near-term environment is weighed down by execution challenges and muted demand.

The semiconductor business shows early signs of improvement, though management remains cautious. The aerospace segment is expected to drive growth, supported by strong deal wins. However, margin pressures are likely to continue in the near term, impacted by challenges in select segments. The company is targeting a 15% EBIT margin over the medium term.

We maintain a cautious view on the stock given the prevailing short-term challenges, though medium-term prospects appear favourable. **We give a Neutral rating, valuing the company on FY28e EPS of 59 with an assigned P/E of 18 achieving a TP of 1,065.**

Quarterly Result Analysis

Quarterly analysis for Group					
YE March (Rs. mn)	**3QFY26**	**2QFY26**	**Q-o-Q change %**	**3QFY25**	**Y-o-Y change %**
Total Revenue (USD Mn)	207	204	**1.9%**	228	**(9.1%)**
Total Revenue (INR Mn)	**18,485**	**17,810**	**3.8%**	**19,264**	**(4.0%)**
Less:					
Cost of Revenues	12,153	11,935	1.8%	12,794	**(5.0%)**
SG&A Expenses	3,960	3,687	7.4%	3,681	**7.6%**
Total Expenditure	16,113	15,622	3.1%	16,475	(2.2%)
EBIDTA	**2,372**	**2,188**	**8.4%**	**2,789**	**(15.0%)**
Less: Depreciation	**701**	**722**	(2.9%)	**675**	
EBIT	**1,671**	**1,466**	**14.0%**	**2,114**	**(21.0%)**
Interest Paid	141	159	(11.3%)	205	
Other income (expense), net	**309**	**500**	(38.2%)	**-166**	
Profit Before Tax (Excl Exceptional)	1,816	1,759	3.2%	1,743	4.2%
Profit Before Tax	1,393	1,966	(29.1%)	1,736	(19.8%)
Tax	421	537	(21.6%)	477	(11.7%)
Deferred Tax	**0**	**0**		**-18**	
PAT before Minority Interest	**972**	**1,429**	(32.0%)	**1,277**	
Minority Interest	202	202	0.0%	54	274.1%
Profit After Tax	**770**	**1,227**	**(37.2%)**	**1,223**	**(37.0%)**
Adjusted PAT	**972**	**1,429**	**(32.0%)**	**1,277**	**(23.9%)**
Basic & Diluted EPS (Rs.)	**8.8**	**13.0**	**(32.0%)**	**11.5**	**(23.4%)**
Basic & Diluted Outstanding (mn)	110	110		111	
Margin Analysis %			**Change In bps**		**Change In bps**
EBIDTA Margin	12.8%	12.3%	55	14.5%	(165)
EBIT Margin	9.0%	8.2%	81	11.0%	(193)
PBT Margin	7.5%	11.0%	(350)	9.0%	(148)
NPM	4.2%	6.9%	(272)	6.3%	(218)
Effective Tax Rate (%)	30.2%	27.3%	291	26.4%	378
Cost Analysis %			**Change In bps**		**Change In bps**
Cost of Revenues/ Sales	65.7%	67.0%	(127)	66.4%	(67)
SG&A/Sales	21.4%	20.7%	72	19.1%	231

Financials

Profit & Loss A/c							
YE March (Rs. mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Net Sales	**45,344**	**60,159**	**71,472**	**73,604**	**73,444**	**79,818**	**88,094**
Growth %	*9.7%*	*32.7%*	*18.8%*	*3.0%*	*-0.2%*	*8.7%*	*10.4%*
Total Revenue	**45,344**	**60,159**	**71,472**	**73,604**	**73,444**	**79,818**	**88,094**
Less:							
Increase/Decrease in Stock	-175	125	-235	33	70	0	0
Cost of Services	5,881	6,839	9,893	11,357	8,714	9,961	11,370
Employee Cost	22,665	30,260	35,120	36,899	40,261	43,381	49,200
SG&A Expenses & Other	8,795	12,904	13,666	13,882	15,343	15,964	15,857
Total Operating Expenditure	**37,166**	**50,128**	**58,444**	**62,171**	**64,388**	**69,305**	**76,427**
EBIDTA	**8,178**	**10,031**	**13,028**	**11,433**	**9,055**	**10,513**	**11,667**
Growth %	*34.1%*	*22.7%*	*29.9%*	*-12.2%*	*-20.8%*	*16.1%*	*11.0%*
Less: Depreciation	1,922	2,566	2,667	2,672	2,804	3,033	3,156
EBIT	**6,256**	**7,465**	**10,361**	**8,761**	**6,251**	**7,480**	**8,510**
Growth %	*50.6%*	*19.3%*	*38.8%*	*-15.4%*	*-28.6%*	*19.7%*	*13.8%*
Interest Paid	393	1,000	1,160	928	604	280	280
Non-operating Income	1,121	814	659	966	1,907	1,038	1,145
Extraordinary Income	0	-467	-676	-7	-216	0	0
Profit Before tax	**6,984**	**6,812**	**9,184**	**8,792**	**7,338**	**8,237**	**9,375**
Tax	1,761	1,668	2,259	2,386	2,048	2,059	2,344
Net Profit before Minority	**5,223**	**5,144**	**6,925**	**6,406**	**5,290**	**6,178**	**7,032**
Net Profit	**5,208**	**5,144**	**6,725**	**6,038**	**4,825**	**5,713**	**6,567**
Adjusted Profit	**5,208**	**5,611**	**7,401**	**6,045**	**5,041**	**5,713**	**6,567**
Reported Diluted EPS Rs	**46.9**	**46.3**	**60.6**	**54.4**	**43.5**	**51.5**	**59.2**
Growth %	*32.5%*	*-1.2%*	*30.7%*	*-10.2%*	*-20.1%*	*18.4%*	*14.9%*
Adjusted Diluted EPS Rs	**46.9**	**50.5**	**66.7**	**54.5**	**45.4**	**51.5**	**59.2**
Growth %	*31.1%*	*7.7%*	*31.9%*	*-18.3%*	*-16.6%*	*13.3%*	*14.9%*

Balance Sheet (Consolidated)							
YE March(Rs. mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Liabilities							
Equity Capital	552	553	555	555	555	555	555
Reserves & Surplus	30,614	34,114	42,026	52,540	55,097	58,125	61,605
Equity	**31,166**	**34,667**	**42,581**	**53,095**	**55,652**	**58,680**	**62,160**
Net Deferred tax liability/(Asset)	3,800	5,644	8,091	9,168	8,168	7,168	6,168
Total Loans	**3,525**	**9,336**	**4,526**	**2,138**	**1,138**	**638**	**138**
Capital Employed	**38,491**	**49,647**	**55,198**	**64,401**	**64,958**	**66,486**	**68,466**
Assets							
Gross Block	11,128	11,664	11,265	11,839	12,573	13,771	15,092
Less: Depreciation	6,588	7,183	6,803	7,094	9,898	12,931	16,087
Net Block	**4,540**	**4,481**	**4,462**	**4,745**	**2,675**	**840**	**-995**
Capital WIP	134	27	16	75	75	75	75
Investments	**3,839**	**3,712**	**3,945**	**3,679**	**3,680**	**3,681**	**3,682**
Intangible Assets	6,662	21,413	21,089	22,432	22,432	22,432	22,432
Current Assets							
Inventories	2,790	4,358	4,676	5,766	4,407	4,789	5,286
Sundry Debtors	7,333	11,271	12,617	14,067	14,085	15,308	16,895
Current Investments	866	1,718	758	1,654	1,654	1,654	1,654
Cash and Bank Balance	12,666	7,194	9,835	13,142	17,370	19,639	23,071
Loans and Advances	6,078	7,659	8,224	7,337	7,321	7,956	8,781
Other Current Assets	2,965	3,648	4,414	4,049	4,040	4,391	4,846
Total Current Assets	**32,698**	**35,848**	**40,524**	**46,015**	**48,877**	**53,737**	**60,533**
Less:Current Liabilities							
Sundry Creditors	5,259	7,142	5,001	3,934	4,057	3,798	4,188
Provisions	414	1,137	1,144	1,355	2,114	3,298	5,144
Other Current Liabilities	3,709	7,555	8,693	7,256	6,610	7,184	7,928
Total Current Liabilities	**9,382**	**15,834**	**14,838**	**12,545**	**12,781**	**14,279**	**17,260**
Capital Applied	**38,491**	**49,647**	**55,198**	**64,401**	**64,958**	**66,486**	**68,466**

Cash Flows (Consolidated)							
YE December (Rs. Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PAT	**5,208.0**	**5,144.0**	**6,725.0**	**6,038.0**	**4,824.8**	**5,713.0**	**6,566.6**
Less: Non Operating Income	(1,121.0)	(814.0)	(659.0)	(966.0)	(1,906.6)	(1,037.6)	(1,145.2)
Add: Depreciation	1,922.0	2,566.0	2,667.0	2,672.0	2,804.1	3,033.1	3,156.3
Add: Interest Paid	393.0	1,000.0	1,160.0	928.0	604.0	280.0	280.0
Operating Profit before WC Changes	**6,430.0**	**8,363.0**	**10,569.0**	**8,679.0**	**6,542.2**	**7,988.4**	**8,857.7**
Net Cash From Operations	**4,896.0**	**6,193.0**	**7,538.0**	**4,202.0**	**8,144.4**	**6,895.0**	**8,475.5**
Cash Flow from Investing Activities							
(Inc)/Dec in Fixed Assets	(1,592.0)	(2,507.0)	(2,648.0)	(2,955.0)	(734.4)	(1,197.3)	(1,321.4)
Cash Flow from Financing Activities							
Inc/(Dec) in Total Loans	175.0	5,811.0	(4,810.0)	(2,388.0)	(1,000.0)	(500.0)	(500.0)
Dividend Paid	(2,664.3)	(2,664.3)	(3,330.3)	(2,837.9)	(2,267.6)	(2,685.1)	(3,086.3)
Net Cash from Financing Activities	**(3,660.0)**	**4,545.0**	**(3,010.0)**	**2,230.0**	**(5,087.6)**	**(4,465.1)**	**(4,866.3)**
Net Inc/Dec in cash equivalents	**(1,984.0)**	**(5,472.0)**	**2,641.0**	**3,307.0**	**4,228.0**	**2,269.2**	**3,431.9**
Opening Balance	**14,650.0**	**12,666.0**	**7,194.0**	**9,835.0**	**13,142.0**	**17,370.0**	**19,639.2**
Closing Balance Cash	**12,666.0**	**7,194.0**	**9,835.0**	**13,142.0**	**17,370.0**	**19,639.2**	**23,071.1**

Key Financials							
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	**45,344**	**60,159**	**71,472**	**73,604**	**73,444**	**79,818**	**88,094**
Growth (Y-o-Y)	*9.7%*	*32.7%*	*18.8%*	*3.0%*	*(0.2%)*	*8.7%*	*10.4%*
EBIDTA	**8,178**	**10,031**	**13,028**	**11,433**	**9,055**	**10,513**	**11,667**
Growth (Y-o-Y)	*34.1%*	*22.7%*	*29.9%*	*(12.2%)*	*(20.8%)*	*16.1%*	*11.0%*
Net Profit	**5,208**	**5,144**	**6,725**	**6,038**	**4,825**	**5,713**	**6,567**
Growth (Y-o-Y)	*32.5%*	*(1.2%)*	*30.7%*	*(10.2%)*	*(20.1%)*	*18.4%*	*14.9%*
Adj. Net Profit	**5,208**	**5,611**	**7,401**	**6,045**	**5,041**	**5,713**	**6,567**
Growth (Y-o-Y)	*31.1%*	*7.7%*	*31.9%*	*(18.3%)*	*(16.6%)*	*13.3%*	*14.9%*
Adj. Diluted EPS	**46.9**	**50.5**	**66.7**	**54.5**	**45.4**	**51.5**	**59.2**
Growth (Y-o-Y)	*31.1%*	*7.7%*	*31.9%*	*-18.3%*	*-16.6%*	*13.3%*	*14.9%*
No of Diluted shares (mn)	**111**	**111**	**111**	**111**	**111**	**111**	**111**
Key Ratios							
EBIDTA (%)	**18.0%**	**16.7%**	**18.2%**	**15.5%**	**12.3%**	**13.2%**	**13.2%**
EBIT (%)	**13.8%**	**12.4%**	**14.5%**	**11.9%**	**8.5%**	**9.4%**	**9.7%**
NPM (%)	11.5%	8.6%	9.4%	8.2%	6.6%	7.2%	7.5%
Adj. NPM (%)	11.5%	9.3%	10.4%	8.2%	6.9%	7.2%	7.5%
RoE (%)	**17.1%**	**17.0%**	**19.2%**	**12.6%**	**9.3%**	**10.0%**	**10.9%**
RoCE (%)	16.7%	16.9%	19.8%	14.7%	9.7%	11.4%	12.6%
Tax Rate %	**25.2%**	**24.5%**	**24.6%**	**27.1%**	**27.9%**	**25.0%**	**25.0%**
Book Value Per share (Rs.)	281	312	384	478	501	529	560
Valuation Ratios							
P/E (x)	**25.2x**	**25.5x**	**19.5x**	**21.2x**	**27.2x**	**23.5x**	**20.4x**
Adjusted P/E (x)	**25.2x**	**23.3x**	**17.7x**	**21.2x**	**26.0x**	**23.5x**	**20.4x**
EV/EBITDA	14.9x	13.3x	9.6x	10.3x	12.7x	10.9x	9.5x
P/BV (x)	**4.2x**	**3.8x**	**3.1x**	**2.4x**	**2.4x**	**2.3x**	**2.2x**
Market Cap. / Sales (x)	2.9x	2.2x	1.8x	1.7x	1.8x	1.7x	1.5x

Source: Dalal & Broacha Research, Company

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