



Cyient continues to underperform amid a challenging environment and company-specific headwinds. While certain segments showed positive traction, the near-term outlook remains cautious with limited visibility ahead. The company remains focused on stability as it pursues its long-term growth ambitions and aims to maximize emerging opportunities.

### Key Result Highlights:

The company reported a muted performance this quarter. A major organizational change was implemented, with the semiconductor business carved out as a separate subsidiary and excluded from the DET segment. This business will now be led by a new management team focused on unlocking future opportunities. While the core DET business faces near-term challenges, management remains optimistic about gradual growth in the medium term.

### Guidance:

The company has withheld specific guidance but remains optimistic about its Strategic Units segment, which is expected to improve with continued focus. Despite recent degrowth, the Networks & Infra segment which contributes to (31% of revenue) is likely to recover over the next few quarters, supported by healthy order wins and improving visibility. Transportation, driven by robust demand in aerospace, will remain the key growth engine. The company aims to achieve a 15% EBIT margin over the next 24 months.

### Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	45,344	60,159	71,472	73,604	76,617	88,946
EBITDA	8,178	10,031	13,028	11,433	10,680	14,126
Adjusted net profit	5,208	5,611	7,601	6,413	6,464	8,432
Free cash flow	4,613	5,497	7,847	3,993	8,588	7,246
EPS (Rs)	46.9	50.5	68.5	57.8	58.2	76.0
growth (%)	31%	8%	35%	-16%	1%	30%
P/E (x)	26.5	26.8	19.9	21.7	21.4	16.4
P/B (x)	4.4	4.0	3.2	2.6	2.4	2.3
EV/EBITDA (x)	15.8	14.0	10.2	11.1	11.4	8.5
ROCE (%)	14.7	14.4	16.2	11.9	10.6	13.2
RoE (%)	17.1	17.0	19.7	13.4	11.8	14.4
Dividend yield (%)	1.9	1.9	2.4	2.2	2.2	2.9

Source: Dalal &amp; Broacha Research, Company

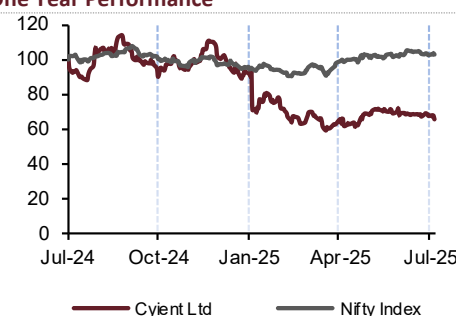
Rating	TP (Rs)	Up/Dn (%)
<b>HOLD</b>	<b>1,255</b>	<b>1</b>

### Market data

Current price	Rs	1,242
Market Cap (Rs.Bn)	(Rs Bn)	138
Market Cap (US\$ Mn)	(US\$ Mn)	1,596
Face Value	Rs	5
52 Weeks High/Low	Rs	157.45 / 1050.2
Average Daily Volume	('000)	347
BSE Code		532175
Bloomberg		CYL.IN

Source: Bloomberg

### One Year Performance



Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	23.28	23.29
Public	76.04	75.92
Others	0.68	0.79
<b>Total</b>	<b>99.32</b>	<b>99.21</b>

Source: Bloomberg

Bharat Gulati  
+91 22 6714 1438  
[bharat.gulati@dalal-broacha.com](mailto:bharat.gulati@dalal-broacha.com)

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## Concall Highlights

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### Restructuring aimed at capturing future opportunities:

As part of its recent structural changes, the company has decided to scale the semiconductor business in a startup-style setup, appointing Suman Narayan as CEO and Raghav Mohan as CFO. This move is aimed at capitalizing on the significant growth opportunities in the segment. While the business reported degrowth this quarter, the company remains confident in its long-term outlook.

### Revenue Outlook and Highlights:

The quarter saw muted revenue growth of 1% QoQ, primarily impacted by headwinds in the energy segment within Strategic Units, due to a project reaching end of life cycle which led to losses. Excluding this, the segment would have reported growth. Visibility remains strong with large deal wins, including Vodafone and a \$23 million order. The aerospace division continues to gain traction and is expected to drive growth going forward. The management is confident on reaching the \$10Mn mark in the revenue in the semiconductor business.

### Margin Outlook and Highlights:

The company is currently witnessing margin pressure, with the semiconductor business operating at an EBIT-level loss. Management expects this segment to reach DET margin levels within a few quarters. Overall, the company is targeting a 15% EBIT margin over the next 24 months.

### Operating Highlights:

The company reported a net headcount reduction of **480** during the quarter. It added **14 new logos**, while key accounts delivered a strong **4%** QoQ growth. Notably, the company secured a deal exceeding **\$20 million**. The company saw a weak macro environment in the start of the quarter which improved as the quarter progressed. Most projects in the company are annuity based and tend switch from a project basis to an annuity model.

## Valuation & Outlook

The company continues to face near-term headwinds as it progresses through its stabilization phase. 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 constructive, the near-term environment is weighed down by execution challenges and muted demand.

Growth across verticals remains modest, with continued softness in the energy segment expected to persist over the next few quarters. 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 next 24 months.

We maintain a cautious view on the stock given the prevailing short-term challenges, though medium-term prospects appear favorable. **We recommend a 'HOLD' rating, valuing the company on an SOTP basis with a target multiple of 20x FY27E earnings for Cyient DET and factoring in Cyient DLM with a 20% holding discount, arriving at a target price of ₹1,255.**

## Quarterly Result Analysis

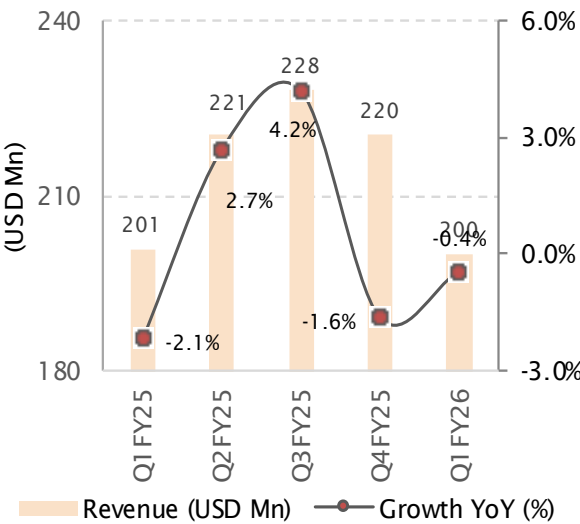

**CYIENT**

Quarterly Analysis					
Particulars	1QFY26	4QFY25	QoQ	1QFY25	YoY
Revenue (\$ Mn)	200	212	-5.6	193	3.9
Revenue (Rs. Mn)	17,118	19,092	-10.3	16,757	2.2
COGS	1,688	2,986	-43.5	1,967	-14.2
Employee Cost	9,633	9,425	2.2	8,946	7.7
Other Expenses	3,490	3,654	-4.5	3,194	9.3
EBITDA	2,307	3,027	-23.8	2,650	-12.9
Depreciation	680	679	0.1	658	3.3
EBIT	1,627	2,348	-30.7	1,992	-18.3
Other Income	697	410	70.0	211	230.3
Interest	163	191	-14.7	257	-36.6
PBT	2,161	2,567	-15.8	1,946	11.0
Tax	562	661	-15.0	470	19.6
PAT	1,599	1,906	-16.1	1,476	8.3
Loss in JV	25	42	-40.5	-	-
PAT After Loss in JV	1,574	1,864	-15.6	1,476	6.6
Non Controlling Interest	36	160	-77.5	38	-5.3
Adjusted PAT	1,538	1,704	-9.7	1,438	7.0
EPS	13.6	15.5	-12.2	13.1	3.7
<b>Margin Analysis (%)</b>	<b>1QFY26</b>	<b>4QFY25</b>	<b>Changes in bps</b>	<b>1QFY25</b>	<b>Changes in bps</b>
EBITDA Margins	13.5	15.9	-238	15.8	-234
EBIT Margins	9.5	12.3	-279	11.89	-238
PAT Margins	9.3	10.0	-64	8.81	53
<b>Cost Analysis (%)</b>	<b>1QFY26</b>	<b>4QFY25</b>	<b>Changes in bps</b>	<b>1QFY25</b>	<b>Changes in bps</b>
EE as a % of sales	56.27	49.37	691	53.39	289
OE as a % of sales	20.39	19.14	125	19.06	133

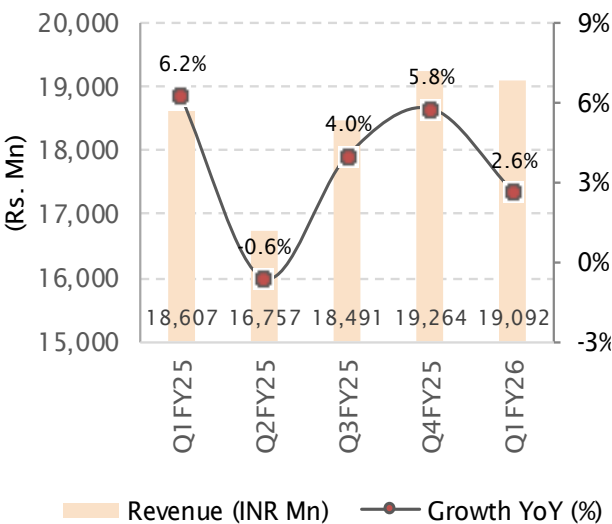
Source: Dalal & Broacha Research, Company

Exhibit 1: Quarterly Performance Analysis

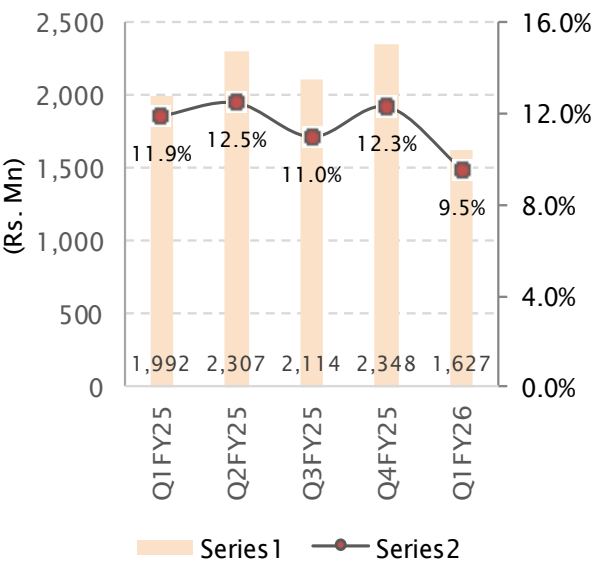
Net Sales Trajectory (USD Mn)



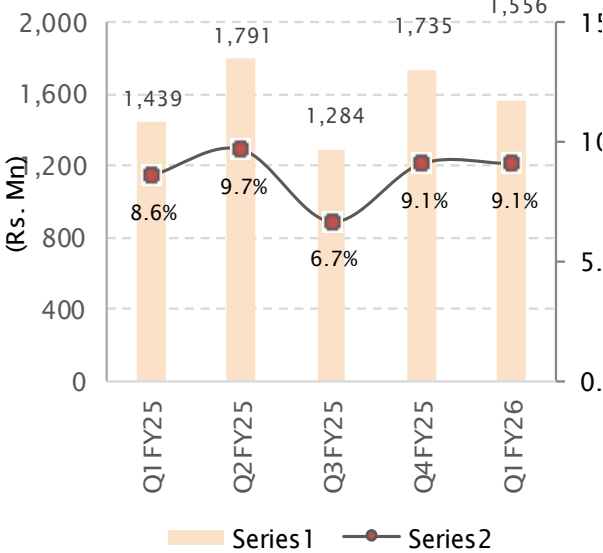
Net Sales Trajectory (INR Mn)



EBIT & EBIT Margin Trajectory

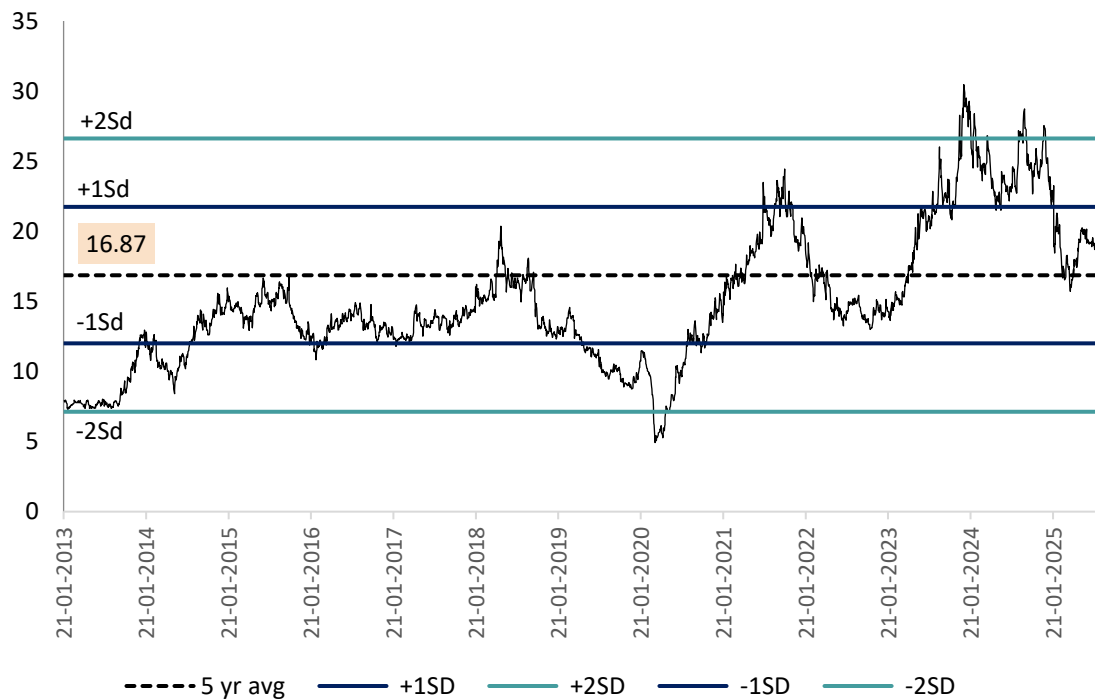


Adj. PAT (Exc. Exceptional) Trajectory



Source: Dalal & Broacha Research, Company

Exhibit 2: 12 Month Forward PE Multiple Chart



Source: Dalal & Broacha Research, Bloomberg

## Financials

Profit & Loss A/c						
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Net Sales</b>	<b>45,344</b>	<b>60,159</b>	<b>71,472</b>	<b>73,604</b>	<b>76,617</b>	<b>88,946</b>
Growth %	9.7%	32.7%	18.8%	3.0%	4.1%	16.1%
<b>Total Revenue</b>	<b>45,344</b>	<b>60,159</b>	<b>71,472</b>	<b>73,604</b>	<b>76,617</b>	<b>88,946</b>
<b>Less:</b>						
Increase/Decrease in Stock	-175	125	-235	33	148	0
Cost of Services	5,881	6,839	9,893	11,357	10,941	13,544
Employee Cost	22,665	30,260	35,120	36,899	40,648	47,934
SG&A Expenses & Other	8,795	12,904	13,666	13,882	14,200	13,342
<b>Total Operating Expenditure</b>	<b>37,166</b>	<b>50,128</b>	<b>58,444</b>	<b>62,171</b>	<b>65,937</b>	<b>74,820</b>
<b>EBIDTA</b>	<b>8,178</b>	<b>10,031</b>	<b>13,028</b>	<b>11,433</b>	<b>10,680</b>	<b>14,126</b>
Growth %	34.1%	22.7%	29.9%	-12.2%	-6.6%	32.3%
Less: Depreciation	1,922	2,566	2,667	2,672	2,697	3,037
<b>EBIT</b>	<b>6,256</b>	<b>7,465</b>	<b>10,361</b>	<b>8,761</b>	<b>7,983</b>	<b>11,089</b>
Growth %	50.6%	19.3%	38.8%	-15.4%	-8.9%	38.9%
Interest Paid	393	1,000	1,160	928	628	558
Non-operating Income	1,121	814	659	966	1,292	712
Extraordinary Income	0	-467	-676	-49	-25	0
<b>Profit Before tax</b>	<b>6,984</b>	<b>6,812</b>	<b>9,184</b>	<b>8,750</b>	<b>8,622</b>	<b>11,243</b>
Tax	1,761	1,668	2,259	2,386	2,184	2,811
<b>Net Profit before Minority</b>	<b>5,223</b>	<b>5,144</b>	<b>6,925</b>	<b>6,364</b>	<b>6,439</b>	<b>8,432</b>
<b>Net Profit</b>	<b>5,208</b>	<b>5,144</b>	<b>6,925</b>	<b>6,364</b>	<b>6,439</b>	<b>8,432</b>
<b>Adjusted Profit</b>	<b>5,208</b>	<b>5,611</b>	<b>7,601</b>	<b>6,413</b>	<b>6,464</b>	<b>8,432</b>
<b>Reported Diluted EPS Rs</b>	<b>46.9</b>	<b>46.3</b>	<b>62.4</b>	<b>57.3</b>	<b>58.0</b>	<b>76.0</b>
Growth %	32.5%	-1.2%	34.6%	-8.1%	1.2%	31.0%
<b>Adjusted Diluted EPS Rs</b>	<b>46.9</b>	<b>50.5</b>	<b>68.5</b>	<b>57.8</b>	<b>58.2</b>	<b>76.0</b>
Growth %	31.1%	7.7%	35.5%	-15.6%	0.8%	30.5%
Balance Sheet (Consolidated)						
YE March( Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Liabilities</b>						
Equity Capital	552	553	555	555	555	555
Reserves & Surplus	30,614	34,114	42,026	52,540	55,952	60,421
<b>Equity</b>	<b>31,166</b>	<b>34,667</b>	<b>42,581</b>	<b>53,095</b>	<b>56,508</b>	<b>60,976</b>
Net Deferred tax liability/(Asset)	3,800	5,644	8,091	9,168	8,168	7,168
<b>Total Loans</b>	<b>3,525</b>	<b>9,336</b>	<b>4,526</b>	<b>2,138</b>	<b>1,138</b>	<b>638</b>
<b>Capital Employed</b>	<b>38,491</b>	<b>49,647</b>	<b>55,198</b>	<b>64,401</b>	<b>65,814</b>	<b>68,782</b>
<b>Assets</b>						
Gross Block	11,128	11,664	11,265	11,839	12,605	13,939
Less: Depreciation	6,588	7,183	6,803	7,094	9,791	12,828
<b>Net Block</b>	<b>4,540</b>	<b>4,481</b>	<b>4,462</b>	<b>4,745</b>	<b>2,814</b>	<b>1,111</b>
Capital WIP	134	27	16	75	75	75
<b>Investments</b>	<b>3,839</b>	<b>3,712</b>	<b>3,945</b>	<b>3,679</b>	<b>3,680</b>	<b>3,681</b>
Intangible Assets	6,662	21,413	21,089	22,432	22,432	22,432
<b>Current Assets</b>						
Inventories	2,790	4,358	4,676	5,766	4,597	5,337
Sundry Debtors	7,333	11,271	12,617	14,067	14,694	17,058
Current Investments	866	1,718	758	1,654	1,654	1,654
Cash and Bank Balance	12,666	7,194	9,835	13,142	17,180	19,077
Loans and Advances	6,078	7,659	8,224	7,337	7,637	8,866
Other Current Assets	2,965	3,648	4,414	4,049	4,215	4,893
<b>Total Current Assets</b>	<b>32,698</b>	<b>35,848</b>	<b>40,524</b>	<b>46,015</b>	<b>49,977</b>	<b>56,885</b>
<b>Less:Current Liabilities</b>						
Sundry Creditors	5,259	7,142	5,001	3,934	4,155	4,100
Provisions	414	1,137	1,144	1,355	2,114	3,298
Other Current Liabilities	3,709	7,555	8,693	7,256	6,896	8,005
<b>Total Current Liabilities</b>	<b>9,382</b>	<b>15,834</b>	<b>14,838</b>	<b>12,545</b>	<b>13,164</b>	<b>15,402</b>
<b>Capital Applied</b>	<b>38,491</b>	<b>49,647</b>	<b>55,198</b>	<b>64,401</b>	<b>65,814</b>	<b>68,782</b>

## Valuation Ratios

YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
P/E (x)	26.5x	26.8x	19.9x	21.7x	21.4x	16.4x
P/BV (x)	4.4x	4.0x	3.2x	2.6x	2.4x	2.3x
EV/EBIDTA (x)	15.8x	14.0x	10.2x	11.1x	11.4x	8.5x
EV/Sales	2.8x	2.3x	1.9x	1.7x	1.6x	1.3x
Market Cap./ Sales (x)	3.0x	2.3x	1.9x	1.9x	1.8x	1.6x
Dividend Yield (%)	1.9%	1.9%	2.4%	2.2%	2.2%	2.9%

## Key Ratios (Consolidated)

YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Key Operating Ratios</b>						
EBITDA Margin (%)	18.0%	16.7%	18.2%	15.5%	13.9%	15.9%
Tax / PBT (%)	25.2%	24.5%	24.6%	27.3%	25.3%	25.0%
Net Profit Margin (%)	11.5%	8.6%	9.7%	8.6%	8.4%	9.5%
RoE (%)	17.1%	17.0%	19.7%	13.4%	11.8%	14.4%
RoCE (%)	14.7%	14.4%	16.2%	11.9%	10.6%	13.2%
Current Ratio (x)	3.5x	2.3x	2.7x	3.7x	3.8x	3.7x
Dividend Payout (%)	51.2%	51.8%	48.1%	47.0%	47.0%	47.0%
Book Value Per Share (Rs.)	280.7	312.3	383.6	478.3	509.0	549.3
<b>Financial Leverage Ratios</b>						
Interest Coverage (x)	20.8x	10.0x	11.2x	12.3x	17.0x	25.3x
<b>Growth Indicators %</b>						
Sales Growth (%)	9.7%	32.7%	18.8%	3.0%	4.1%	16.1%
EBITDA Growth (%)	34.1%	22.7%	29.9%	(12.2%)	(6.6%)	32.3%
Net Profit Growth (%)	32.5%	(1.2%)	34.6%	(8.1%)	1.2%	31.0%
Diluted EPS Growth (%)	32.5%	(1.2%)	34.6%	(8.1%)	1.2%	31.0%

## Cash Flows (Consolidated)

YE December (Rs. Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>PAT</b>	<b>5,208.0</b>	<b>5,144.0</b>	<b>6,925.0</b>	<b>6,364.0</b>	<b>6,438.6</b>	<b>8,432.0</b>
Less: Non Operating Income	(1,121.0)	(814.0)	(659.0)	(966.0)	(1,292.0)	(711.6)
Add: Depreciation	1,922.0	2,566.0	2,667.0	2,672.0	2,697.0	3,037.0
Add: Interest Paid	393.0	1,000.0	1,160.0	928.0	628.0	558.0
<b>Operating Profit before WC Changes</b>	<b>6,430.0</b>	<b>8,363.0</b>	<b>10,769.0</b>	<b>9,047.0</b>	<b>8,496.6</b>	<b>11,315.4</b>
<b>Net Cash From Operations</b>	<b>4,896.0</b>	<b>6,193.0</b>	<b>7,738.0</b>	<b>4,570.0</b>	<b>9,192.1</b>	<b>8,542.1</b>
<b>Cash Flow from Investing Activities</b>						
(Inc)/Dec in Fixed Assets	(1,592.0)	(2,507.0)	(2,648.0)	(2,955.0)	(766.2)	(1,334.2)
<b>Cash Flow from Financing Activities</b>						
Inc/(Dec) in Total Loans	175.0	5,811.0	(4,810.0)	(2,388.0)	(1,000.0)	(500.0)
Dividend Paid	(2,664.3)	(2,664.3)	(3,330.3)	(2,991.1)	(3,026.2)	(3,963.0)
<b>Net Cash from Financing Activities</b>	<b>(3,660.0)</b>	<b>4,545.0</b>	<b>(3,210.0)</b>	<b>1,862.0</b>	<b>(5,679.1)</b>	<b>(6,021.0)</b>
<b>Net Inc/Dec in cash equivalents</b>	<b>(1,984.0)</b>	<b>(5,472.0)</b>	<b>2,641.0</b>	<b>3,307.0</b>	<b>4,037.8</b>	<b>1,897.4</b>
<b>Opening Balance</b>	<b>14,650.0</b>	<b>12,666.0</b>	<b>7,194.0</b>	<b>9,835.0</b>	<b>13,142.0</b>	<b>17,179.8</b>
<b>Closing Balance Cash</b>	<b>12,666.0</b>	<b>7,194.0</b>	<b>9,835.0</b>	<b>13,142.0</b>	<b>17,179.8</b>	<b>19,077.2</b>

## Free Cash Flow Statement

YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
EBITDA	8,178	10,031	13,028	11,433	10,680	14,126
FC Investment	454	536	-399	574	766	1,334
WC Changes	-1,534	-2,170	-3,031	-4,477	696	-2,773
Depreciation Tax Shield	485	628	656	729	683	759
Tax Expenses	2,062	2,456	3,205	3,118	2,705	3,532
FCF	4,613	5,497	7,847	3,993	8,588	7,246

Source: Dalal &amp; Broacha Research, Company



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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992 | : [equity.research@dalal-broacha.com](mailto:equity.research@dalal-broacha.com)