equirus SECURITIES

Cyient Limited

Macro uncertainty likely to impact near term growth

We have analysed Cyient's FY25 annual report and key takeaways are:

- The global economic landscape in FY25 was shaped by a complex interplay of persistent macroeconomic challenges and moderate resilience.
- Within this macroeconomic context, Cyient's DET segment encountered considerable in-year headwinds across several business units, which translated into a subdued revenue performance and consequently into an impact on in-year profitability.
- As the company looks forward to FY26E, Cyient DET maintains a cautious yet optimistic outlook. Further, Cyient's FY26 priorities include: (i) deepening client engagement in key verticals through co-innovation, (ii) expanding investments in AI, software defined products, and cloud native engineering, (iii) strengthening global delivery and talent capabilities to support long-term scalability. During 4QFY25 earnings call, Cyient mentioned that DET revenue growth to remain soft even in 1HFY26E.
- Within ER&D space, Cyient expects Investment activity to remain strong in high-impact technology areas such as Digital Engineering, AI and Industry 4.0 frameworks targeted towards the convergence of operational technology and information technology domains.

- In FY25, Consol US$ revenues grew by 0.8%. Cyient DET's US$ revenue registered a decline of 3.7% (down 3% yoy in CC terms) while DLM business grew by 24.7% (aided by inorganic growth as well). Within Cyient DET Transportation, Connectivity and Sustainability declined by 4.6%/6.8%/3.5% while new growth areas grew by 7.1% in CC terms. Among market, Cyient DET revenue (in US$ terms) grew by 8.3% in the Americas region while EMEA and APAC de-grew 14.8%/9.0% respectively.
- Consolidated EBIT margin declined by 249bps yoy in FY25 to 12.0% led by decrease in Services EBIT margin to 13.5% in FY25 vs. 16.1% in FY24) due to decline in revenue and increase in SG&A cost in DET segment.
- Consolidated Employee benefit expenses increased by 5.1% in FY24 largely due to wage hike, higher ESOP cost and staff welfare expenses. Services headcount decreased by 1310 to 15,151 and Services revenue per average headcount decreased yoy by 0.3% at US$ 46,454.
- Total debt decreased to Rs.2,138mn in FY25 vs. Rs.4,526mn in FY24.
- Cash and bank balances stood at Rs.13,142mn (vs. Rs.9,835mn in FY24) while current investments stood at Rs.3,172mn (comprising quoted bonds and mutual funds) vs. 2,843 investments at FY24-end.
- Cash generation for Cyient continues to remain healthy in FY25 with operating cash flow (OCF) of Rs.7,899mn (5-year CAGR of OCF being 6%). OCF to EBITDA conversion stood at 69% in FY25 (vs. 56% in FY24). Free cash flow (net of maintenance capex and acquisitions) for FY25 stood at Rs.4,016mn which translates into conversion of 65% of PAT (vs. 71% of PAT in FY24).
- Cyient paid Rs.26/share as dividend in FY25 (vs. Rs.30/Rs.26/share in FY24/FY23).
- During 4QFY25 (On 23rd Jan'25) Mr. Karthikeyan Natarajan (Executive Director and CEO) of Cyient Limited has resigned. Further on 19th Feb'25 Mr. Sukamal Banerjee has been appointed as Executive Director and CEO of its DET business.

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ER&D Industry outlook and Cyient:

- The ER&D industry is projected to grow at a steady pace of approximately 4–5% in FY26. Cyient believes that the primary growth impetus in the year ahead will stem from the deepening integration of digital technologies across product development and operational ecosystems.
- Cyient expects Investment activity to remain strong in high-impact technology areas such as Digital Engineering, AI and Industry 4.0 frameworks targeted towards the convergence of operational technology and information technology domains.
- The global economic landscape in FY25 was shaped by a complex interplay of persistent macroeconomic challenges and moderate resilience.
- Within this macroeconomic context, Cyient's DET segment encountered considerable in-year headwinds across several business units, which translated into a subdued revenue performance and consequently into an impact on in-year profitability.
- As the company looks forward to FY26, Cyient DET maintains a cautious yet optimistic outlook. Further, the company's FY26 priorities include:

  - ➢ Deepening client engagement in key verticals through co-innovation.
  - ➢ Expanding investments in AI, software defined products, and cloud native engineering.
  - ➢ Strengthening global delivery and talent capabilities to support long-term scalability.

Key Takeaways from MD's message

- Cyient's purpose—Designing Tomorrow Together continues to guide them, reflecting its collaborative approach to building intelligent products, plants, and networks that power a better and sustainable future. This mission is grounded in five core megatrends that shape its strategy: Smart Operations, Digital Healthcare, Intelligent Mobility, Sustainability, and Space Systems.
- Several notable developments have further reinforced Cyient's position in the global engineering landscape. At a Group level, there are 3 strategic themes that are highlighted:
  1.Unprecedented Revenue Growth and Momentum.
  2.A Balanced, Diversified Business and Industry portfolio (with two distinct growth paths):

    - o Cyient DET: Focused on engineering services and technology-led transformation.
    - o Cyient DLM: Advancing opportunities through engineering-driven manufacturing.

  3.Global Footprint, Local Strength.
- Cyient sees the current world order as a matrix of interconnected yet distinct geopolitical and economic systems. Their balanced approach enables them to navigate this complexity with confidence and purpose.

- While FY25 presented headwinds, especially in demand volatility, their customer relationships remain robust.

Key Takeaways from CEO's message

- As per Cyient, its DET order intake was significantly higher in the second half of the year and continues to show improvement into FY 26. In semiconductor and connectivity, Cyient won key deals for AI chip design for data center and automotive applications, and for low-power adaptive electromyography sensing chips.
- In FY25, cyient continued to build platforms, accelerators, and solutions embedded with GenAI, ML, and advanced analytics, strengthening its position as a leader in next-gen digital engineering.
- In FY25, Cyient also launched Cyient Semiconductor as a standalone subsidiary, marking a significant milestone in their growth strategy.
- Looking towards FY26 as per Cyient, the global ER&D services market presents a cautiously optimistic landscape. While enterprises are expected to increase their ER&D budgets, there are macro uncertainty overhangs from global trade actions. The focus is clearly shifting from expansion to optimization.

Key trends that Cyient expects to shape next year include:

- ➢ North America is expected to lead the recovery in ER&D services, providing strong growth momentum. Despite prevailing headwinds in Europe, the market is projected to grow steadily at 7–8%.
- ➢ Vertical-specific growth will continue, with notable traction in semiconductor, internet and ISV, defense, healthcare & life sciences, and industrial products. These sectors are

poised to benefit from heightened demand for innovation, supply chain resilience, and digital transformation.

Business segments updates from MD&A

Transportation

- The commercial aerospace sector continues its post- pandemic recovery trajectory in 2024 as well. Cyient expects the traffic to grow at a healthy rate of 8% in 2025 re-emphasizing the realism in the aircraft orders placed with OEMs in the recent past.
- The aircraft OEMs continue to focus on addressing delivery backlogs, while MRO providers scale operations to support expanding fleets. Simultaneously, the defence segment is experiencing a marked uptick in investment, driven largely by heightened geopolitical uncertainties that are reshaping national security priorities across multiple regions.
- Despite this momentum, the industry continues to grapple with persistent challenges, including supply chain disruptions, skilled workforce shortages, and extended lead times.
- Moving into FY26, Cyient's growth strategy for commercial and defense aerospace sector will pivot on accelerating digital transformation initiatives, driving product innovation, B2S and expanding aftermarket services.

Sustainability

- Throughout FY25, global momentum toward energy transition remained strong, with governments, industries, and communities aligning their efforts to meet ambitious climate objectives including the goal of tripling global clean energy capacity by 2030. This paradigm shift has sustained significant investment in areas such as grid modernization, digital infrastructure, electrification, and the integration of renewable energy sources into traditional energy systems.
- Cyient expects the global energy demand to increase by 20- 30% by 2035 driven primarily by the growth in electricity consumption across the spurt in data centres, EVs and green hydrogen generation.

Connectivity

- In FY25, the communications sector continued to face the challenges from the sudden spike in capital interest rates, that constrained capital expenditure across critical infrastructure areas including fiber optics, wireless technologies, 5G networks, and private telecommunications systems.
- Cyient expects large-scale government programs such as the Broadband Equity, Access, and Deployment (BEAD) and Rural Digital Opportunity Fund (RDOF) initiatives to catalyse infrastructure development, particularly in underserved and rural regions across the United States.

- Although FY25 showed early signs of recovery following a challenging FY24, growth in the latter half of the year was dampened by renewed geopolitical tensions and macroeconomic uncertainty, particularly affecting performance in the third and fourth quarters.

New Growth Areas

Semiconductors

- Despite the cyclical challenges faced by the semiconductor industry in FY25, Cyient's strategic commitment to this high growth sector remains resolute.
- According to Cyient given the significant potential of the semiconductor space which is projected to become a $1 trillion global industry by 2030, it took a decisive step forward by establishing Cyient Semiconductors Private Limited as a standalone subsidiary.
- Cyient Semiconductors is structured to capture emerging opportunities across the value chain, focusing on the development of turnkey ASIC solutions tailored to fast evolving sectors such as high-performance computing, AI, Industry 4.0, robotics, communications, healthcare, and automotive.

Automotive

- While the global automotive industry experienced a general slowdown in FY25, Cyient's automotive business achieved steady growth, given its differentiated and power-train agnostic offerings focussed on software defined vehicles.
- Looking ahead, Cyient anticipates continued momentum in this sector, driven by increasing EV adoption, the rise of software-defined vehicles, and the growing emphasis on connected mobility solutions.

Healthcare and Life Sciences

- FY25 marked a significant transformation in Cyient's healthcare and life sciences business, with the organization reorienting its core offerings into 3 strategic pillars: Product to Platform, Legacy Product Modernization & Enterprise Solutions, and QARA Acceleration.
- All 3 pillars experienced strong growth during the year, as clients responded to the increasing complexity of healthcare technologies, the surge in smart medical device adoption, and the demand for greater digital integration.
- Looking ahead to FY26, Cyient expects this momentum to continue, fuelled by rising global healthcare needs, expanding digital health ecosystems, and ongoing innovation in patient centric technologies.

Employees and Remuneration details

- Consolidated Employee benefit expenses increased by 5.1% in FY24 largely due to wage hikes, higher ESOP cost and staff welfare expenses.
- Services headcount decreased by 1310 to 15,151 and services revenue per average headcount decreased yoy by 0.3% at US$ 46,454.

Exhibit 1: Employee benefit expenses

Particulars (Rs.mn)	FY23	FY24	FY25
Salaries & Wages	27,362	31,750	32,964
PF and other funds	674	941	1,010
Social security and other benefits to oversees employees	947	1,049	1,029
Share based compensation	307	241	345
Staff welfare	1,030	1,276	1,677
Capitalised	-60	-137	-126
Total	**30,260**	**35,120**	**36,899**
% to revenue	**50.3%**	**49.1%**	**50.1%**
Service segment headcount	15,172	15,461	14,151
Services revenue per average headcount (USD)	45,166	46,616	46,454
Increase in services revenue per average headcount (%)	8.6%	3.2%	-0.3%

Source: Company Data, Equirus

Dividend

- Cyient paid Rs.26/share as dividend in FY25 (vs. Rs.30/share in FY24).

Acquisitions

- Cyient has made couple of acquisitions during FY25 as follows:

Exhibit 2: Summary of acquisition during the year (Amount Rs. in Mn)

Name of entity acquired	Abu Dhabi & Gulf Computers Establishment (ADGCE) – in DET	Altek Electronics LLC, USA (Altek) – in DLM	Total
About the entity acquired	ADGCE is an Abu Dhabi-based technology consulting and digital services company, primarily serving clients in the Energy sector.	Altek is a Connecticut-based electronic manufacturing services provider which assembles printed circuit board (PCB) and box builds for medical, industrial/commercial, aerospace, defense, telecommunications, and transportation industries.	
Effective date of acquisition	24 December 2024	4 October 2024	
Net Assets	73	899	972
Goodwill	86	638	724
Total Purchase Consideration	159	1,537	1,696
Revenue Contribution in FY25	72	1,747	1,819

Source: Company Data, Equirus

Financials

P&L Takeaways

- **Revenues:** In FY25, Consol US$ revenues grew by 0.8%. Cyient DET's US$ revenue registered a decline of 3.7% (down 3% yoy in CC terms) while DLM business grew by 24.7% (aided by inorganic growth as well). Within Cyient DET Transportation, Connectivity and Sustainability declined by 4.6%/6.8%/3.5% while new growth areas grew by 7.1% in CC terms. Among market, Cyient DET revenue (in US$ terms) grew by 8.3% in the Americas region while EMEA and APAC de-grew 14.8%/9.0% respectively.

- **Employee benefit expenses:** Employee benefit expenses grew by 5.1% in FY25 yoy and stood at 50.1% of revenue (vs.49.1% of revenue in FY24) largely led by wage hike, higher esop and staff welfare cost partially set off by decline in headcount esp. in DET.

- **Other operational expenses excl. Employee benefit expenses & direct cost:** Other operating expenses (excluding employee cost and direct cost) increased by 1.6% in absolute terms in FY25 (as % of revenue declined by 26bps to 18.9%) mainly driven by decrease in sub-con cost, travelling-conveyance expenses and repair maintenance expenses yoy.

- **Depreciation and amortization expense** for FY25 was Rs. 2,672 Mn (3.6% of revenue) (vs. Rs. 2,667 Mn (3.7% of revenue) in FY24). Depreciation on PPE, right to use assets and amortisation of intangible assets cost stands at 1.0%/1.4%/1.3% in FY25 vs. 1.0%/1.5%/1.3% respectively.

- **EBIT margin:** Consolidated EBIT margin declined by 249bps yoy in FY25 to 12.0% led by decrease in Services/DET EBIT margin to 13.5% in FY25 vs. 16.1% in FY24) due to decline in revenue and increase in SG&A cost in DET segment.

- **Finance costs** have marginally decreased from 1.6% in FY24 to 1.3% in FY25 as a % of revenue. Cyient through its better cash collection and cash management framework, has managed to retire its long-term debts through FY25 in DET segment.

- **The ETR (effective tax rate)** has increased from 23.5% in FY24 to 25.9% in FY25, due to certain one-time tax benefits availed in the previous financial year, change in the profit and tax rate of subsidiaries operating in various jurisdictions and capital gains tax on account of equity stake sale in Cyient DLM Limited in FY25.

Exhibit 3: Revenue growth segregation with yoy movement in margins:

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue (US$ mn)	660	625	557	608	747	863	870
yoy growth	8.7%	-5.3%	-10.9%	9.2%	22.8%	15.6%	0.8%
Services revenue (DET + Others) (US$ mn) (Note:1) *	580	558	461	503	632	719	691
yoy growth	6.3%	-3.8%	-17.4%	9.1%	25.6%	13.7%	-4.0%
DLM revenue (US$ mn) (Note:1) *	80	75	95	105	114	144	179
yoy growth	30.3%	-6.4%	27.9%	9.7%	9.0%	26.0%	24.7%
Revenue (Rs.mn)	46,175	44,274	41,324	45,344	60,159	71,472	73,604
yoy growth	17.9%	-4.1%	-6.7%	9.7%	32.7%	18.8%	3.0%
Direct cost	30,127	28,963	27,161	28,453	37,416	45,944	47,771
% to revenue	65.2%	65.4%	65.7%	62.7%	62.2%	64.3%	64.9%
Gross profit	16,048	15,311	14,162	16,891	22,743	25,528	25,833
Gross margin	34.8%	34.6%	34.3%	37.3%	37.8%	35.7%	35.1%
SG&A expenses	9,720	9,418	8,139	8,713	12,712	12,500	14,320
% to revenue	21.1%	21.3%	19.7%	19.2%	21.1%	17.5%	19.5%
EBITDA	6,328	5,893	6,024	8,178	10,031	13,028	11,513
EBITDA margin	13.7%	13.3%	14.6%	18.0%	16.7%	18.2%	15.6%
Depreciation & Amortization	1,114	1,878	1,945	1,923	2,566	2,666	2,672
% to revenue	2.4%	4.2%	4.7%	4.2%	4.3%	3.7%	3.6%
EBIT	5,214	4,016	4,079	6,256	7,465	10,362	8,842
EBIT margin	11.3%	9.1%	9.9%	13.8%	12.4%	14.5%	12.0%
Other income	1014	1097	966	728	-186	-501	37
% to revenue	2.2%	2.5%	2.3%	1.6%	-0.3%	-0.7%	0.1%
PBT	6,228	5,113	5,045	6,984	7,279	9,861	8,879
PBT margin	13.5%	11.5%	12.2%	15.4%	12.1%	13.8%	12.1%
Taxes	1,427	1,270	1,133	1,761	1,784	2,314	2,289
% to PBT	22.9%	24.8%	22.5%	25.2%	24.5%	23.5%	25.8%
PAT	4,801	3,843	3,912	5,223	5,495	7,547	6,590
Profit from JV/Associates and MI	19	-26	0	0	0	-200	-373
Recurring PAT	4,820	3,816	3,912	5,223	5,495	7,347	6,216
PAT margin %	10.4%	8.6%	9.5%	11.5%	9.1%	10.3%	8.4%

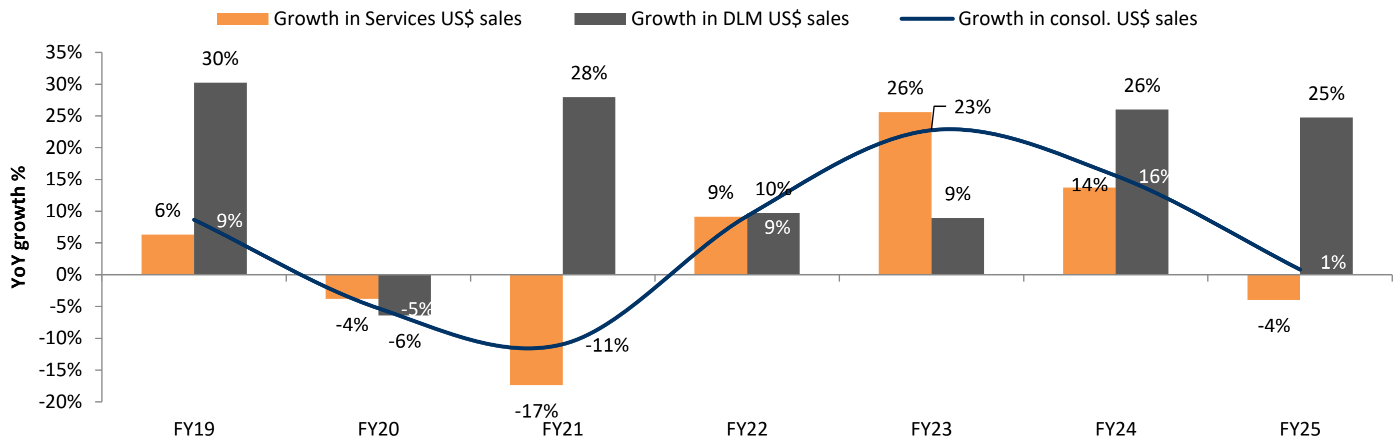
Source: Company Data, Equirus; Note:1 DET (Digital, Engineering & Technology) segment includes Transportation, Connectivity, Sustainability and NGA (New Growth Areas such as HiTech, Automotive, Semicon and Medical Technologies) while the Digital, Embedded Solutions are across all the Business Units. Others include Cyient Solutions and Systems Private Limited and Aerospace Tooling division of Cyient Defense Services Inc., USA. The DLM segment includes Cyient DLM Limited.

Exhibit 4: Key components as % of sales

Particulars (Rs.mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue	46,175	44,274	41,324	45,344	60,159	71,472	73,604
Direct cost	4,185	3,922	5,263	5,706	6,964	9,658	11,390
% to revenue	9.1%	8.9%	12.7%	12.6%	11.6%	13.5%	15.5%
Cost of material consumed	3,936	4,066	5,165	5,881	6,839	9,893	11,357
% to revenue	8.5%	9.2%	12.5%	13.0%	11.4%	13.8%	15.4%
Change in inventories	249	-144	98	-175	125	-235	33
% to revenue	0.5%	-0.3%	0.2%	-0.4%	0.2%	-0.3%	0.0%
Excise duty	-	-	-	-	-	-	-
% to revenue	-	-	-	-	-	-	-
Employee benefit expenses	25,374	24,776	21,611	22,665	30,260	35,120	36,899
% to revenue	55.0%	56.0%	52.3%	50.0%	50.3%	49.1%	50.1%
Other expenses	10,288	9,683	8,426	8,795	12,904	13,666	13,882
% to revenue	22.3%	21.9%	20.4%	19.4%	21.4%	19.1%	18.9%
Rent including lease rentals	1,051	233	170	130	194	189	199
% to revenue	2.3%	0.5%	0.4%	0.3%	0.3%	0.3%	0.3%
Rates and taxes	173	64	76	55	314	261	177
% to revenue	0.4%	0.1%	0.2%	0.1%	0.5%	0.4%	0.2%
Insurance	90	123	156	178	294	245	254
% to revenue	0.2%	0.3%	0.4%	0.4%	0.5%	0.3%	0.3%
Travelling and conveyance	1,501	1,195	416	529	1,029	1,410	1,320
% to revenue	3.3%	2.7%	1.0%	1.2%	1.7%	2.0%	1.8%
Sub-contracting charges	3,539	3,348	3,286	3,139	4,023	5,668	5,216
% to revenue	7.7%	7.6%	8.0%	6.9%	6.7%	7.9%	7.1%
Communication	232	267	292	285	187	214	197
% to revenue	0.5%	0.6%	0.7%	0.6%	0.3%	0.3%	0.3%
Marketing and advertising	254	193	105	141	42	164	122
% to revenue	0.6%	0.4%	0.3%	0.3%	0.1%	0.2%	0.2%
Repairs and maintenance	1,184	1,271	1,298	1,412	2,074	2,458	2,379
% to revenue	2.6%	2.9%	3.1%	3.1%	3.4%	3.4%	3.2%
Legal and professional charges	723	1,230	991	1,446	2,565	1,322	1,531
% to revenue	1.6%	2.8%	2.4%	3.2%	4.3%	1.8%	2.1%
Auditors' remuneration	48	27	33	34	56	67	71
% to revenue	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Others	1,493	1,732	1,603	1,446	2,126	1,668	2,416
% to revenue	3.2%	3.9%	3.9%	3.2%	3.5%	2.3%	3.3%

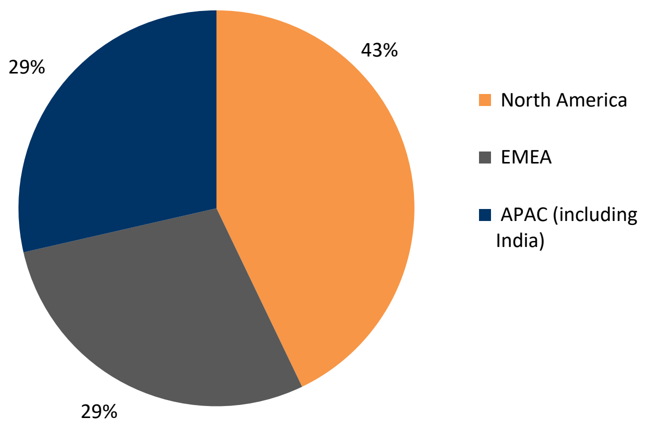
Source: Company Data, Equirus

Exhibit 5: YoY growth in Cyient's business segments



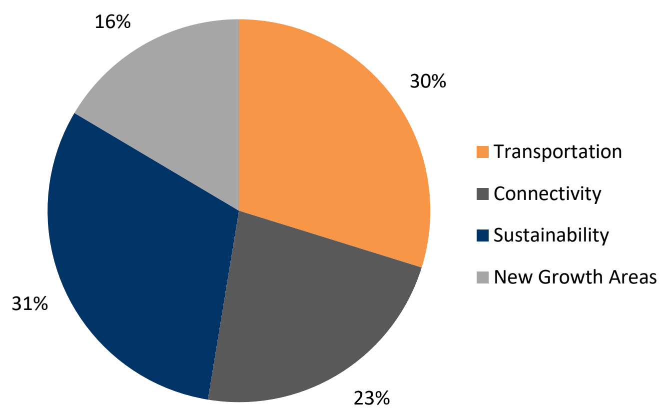
Source: Company Data, Equirus

Exhibit 6: Consolidated Revenue by Markets (FY25)



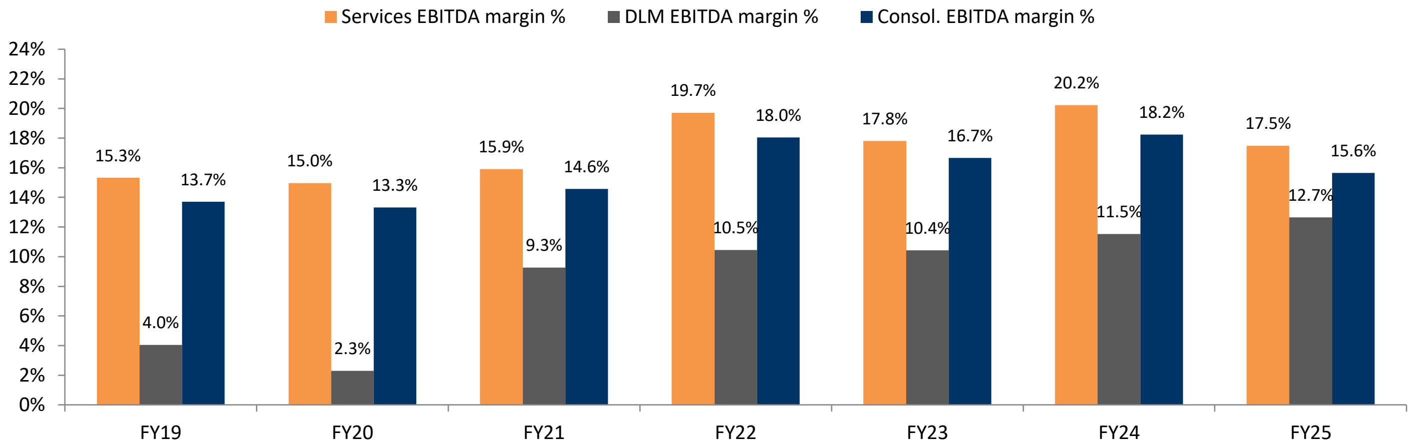
Source: Company Data, Equirus

Exhibit 7: Cyient Services (DET) segment Revenue by Verticals (FY25)



Source: Company Data, Equirus

Exhibit 8: YoY segment wise margin profile



Source: Company Data, Equirus

Balance Sheet Takeaways

- **Property, plant and equipment (PPE) and Intangibles:**
    - PPE (including right to use assets, intangible assets and capital WIP) stood at Rs. 12,036mn vs. Rs.12,146mn.
    - Gross addition (excl. disposals) to the PPE stood at Rs. 743 mn mainly driven by addition for capex in Buildings, Computers and Plant and office Equipment.
    - The value of Goodwill increased to Rs.18,040mn (vs. Rs.16,692mn in FY24).
    - Movement in Intangible assets shown in Exhibit:9 below.

Exhibit 9: Movement in Intangible Assets during FY25

Particulars (Rs.mn)	Computer software	Technology/ Intellectual Property	Customer contracts	Other intangibles	Total
Opening balance (Gross block)	4,005	158	4,816	1,844	10,823
Additions	17	-	-	-	17
Disposals#	-3,115	-	-	-122	-3,237
Addition through business combinations	-	-	615	-	615
Foreign currency translation adjustments	3	19	176	56	254
Closing balance (Gross block)	910	177	5,607	1,778	8,472
Accumulated Amortization at beginning of the year	3,773	150	1,589	1,472	6,984
Amortisation for the year	152	7	646	126	931
Disposals#	-3,115	-	-	-122	-3,237
Foreign currency translation adjustments	-2	19	55	44	116
Accumulated Amortization at end of the year	808	176	2,290	1,520	4,794
Carrying amount (Net block)	102	1	3,317	258	3,678

Source: Company Data, Equirus; # During FY25, certain obsolete or non-operational computer software and other intangibles which were fully amortised and had a netbook value of INR Nil, were disposed of from the intangible assets register.

- **Treasury Investments and Cash & Cash equivalents:** Cash and bank balances stood at Rs.13,142mn (vs. Rs.9,835mn in FY24) while current investments stood at Rs.3,172mn (comprising quoted bonds and mutual funds) vs. 2,843 investments at FY24-end.
- **Trade receivables and unbilled revenue:** Trade receivables for FY25-end stood at Rs.14,067mn vs. Rs.12,617mn in FY24. Unbilled revenue decreased to Rs. 3918mn in FY25 vs. Rs.4,362mn in FY24. Total reported DSO increased by 3 days to 86 days. Increase in DSO was primarily driven by increase in DSO in DLM segment.
- **Debt:** Total debt decreased to Rs.2,138mn in FY25 vs. Rs.4,526mn in FY24. Long-term debt decreased to Rs.982mn in FY25 vs. Rs.2,783mn in FY24. Short- term debt decreased to Rs.1,156mn vs. Rs. 1,743mn in FY24.

Exhibit 10: Balance Sheet

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Cash & Cash Equivalents	9,983	9,518	14,650	15,689	10,772	12,678	16,314
Account Receivables	8,137	7,262	8,026	7,333	11,271	12,617	14,067
Other Current Assets	2,037	1,477	1,760	2,086	3,169	3,322	2,856
Total current Assets	26,566	25,294	29,276	31,956	33,902	38,404	43,625
Net Fixed Assets	3,530	4,205	4,870	4,540	4,481	4,462	4,745
Intangible Assets excl. Goodwill	993	767	598	477	4,632	3,839	3,678
Goodwill	5,257	5,374	5,830	6,185	16,363	16,692	18,040
Other Long-term assets	942	940	458	612	611	525	486
Total Long-Term Assets	11,651	15,467	15,080	14,098	28,954	29,276	30,689
Total Assets	**38,484**	**41,175**	**44,700**	**47,479**	**64,459**	**69,193**	**76,157**
ST Debt & Current Portion of LT Debt	2,568	3,290	2,731	3,241	4,397	1,743	1,156
Accounts Payable	3,712	3,729	4,532	5,322	7,142	6,878	3,934
Other Current Liabilities	2,683	2,281	2,159	2,332	5,256	4,870	5,109
Total Current Liabilities	8,481	8,080	8,969	10,005	16,376	15,744	13,312
Long Term Debt	1116	859	453	23	4939	2783	982
Other Long-term Liabilities	697	404	416	606	1,270	4	107
Total Long-term Liabilities	1,813	1,263	869	629	6,209	2,787	1,089
Total Debt	3,684	4,149	3,184	3,264	9,336	4,526	2,138
Minority Interest	-19	-32	-32	-32	-32	2988	4509
Total Equity	25,641	25,609	29,573	31,166	34,667	42,581	53,095
Total Equity & Liabilities	**38,484**	**41,175**	**44,700**	**47,479**	**64,459**	**69,193**	**76,157**

Source: Company Data, Equirus (as per our classification of Balance Sheet)

Cash Flow Takeaways

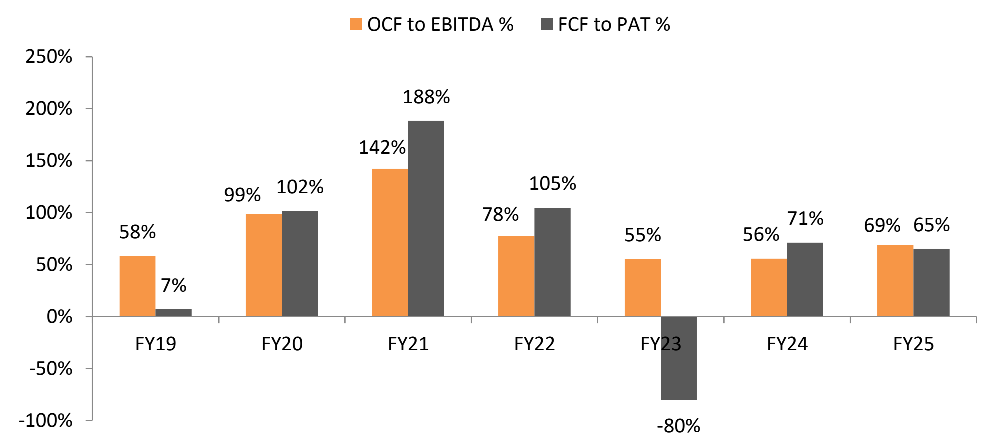
- Cash generation for Cyient continues to remain healthy in FY25 with operating cash flow (OCF) of Rs.7,899mn (5-year CAGR of OCF being 6%). OCF to EBITDA conversion stood at 69% in FY25 (vs. 56% in FY24).
- Free cash flow (net of maintenance capex and acquisitions) for FY25 stood at Rs.4,016mn which translates into conversion of 65% of PAT (vs. 71% of PAT in FY24).

Exhibit 11: Cyient's trend of cash generation and Capex

Particulars (Rs.mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Operating Cash Flow	3,701	5,824	8,558	6,345	5,539	7,261	7,899
Capex - organic	1,512	2,149	985	647	675	853	1,039
Capex - inorganic	1,859	204	721	225	8,989	1,550	2,844
Free Cash Flow	330	3,471	6,852	5,473	-4,125	4,858	4,016
Investing Cash Flow	-2,197	-1,570	-1,007	-3,823	-10,327	-5,327	-1,451
Financing Cash Flow	-2,321	-4,463	-2,526	-5,445	-1,093	-2,662	-582

Source: Company Data, Equirus

Exhibit 12: Trends of cash conversion from EBITDA/PAT



Source: Company Data, Equirus

Change in CEO During FY25:

During 4QFY25 (On 23rd Jan'25) Mr. Karthikeyan Natarajan (Executive Director and CEO) of Cyient Limited has resigned. Mr. Krishna Bodanapu has taken charge of the operations of the business for the interim.

Further on 19th Feb'25 Mr. Sukamal Banerjee has been appointed as Executive Director and CEO of its DET business. In his past, Mr. Sukamal, (spent more than 26-years in HCL Tech and overall, 30 years of experience in the ER&D industry) has established and grown business lines and created market-leading business partnerships for global accounts with an engineering and technology focus.

Contingent Liability

Exhibit 13: Contingent liabilities

Particulars (Rs.mn)	FY23	FY24	FY25
Service Tax matters	400	577	577
GST matters	-	87	107
Sales Tax matters	21	-	-
Income tax matters	6	4	4
Matter under Bonus Act and with ESIC Authorities	92	94	94
Claims against the Company not acknowledged as debt	**519**	**762**	**782**
As % to revenue	0.9%	1.1%	1.1%

Source: Company Data, Equirus

Note: In above matters, the Group is confident that outcome of the case will be in Cyient's favour.

ESG Compliance

Constitution of ESG Committee:

Cyient has constituted the ESG Committee in line with Section 135 of The Companies Act. The ESG Committee deals with all matters pertaining to Corporate Social Responsibility and Diversity & Inclusion. The Environmental, Social, Governance (ESG) committees' purpose is to support Cyient's ongoing efforts around environmental, health and safety, corporate social responsibility, inclusion and diversity, sustainability and other public policy matters.

During the FY2025, the Company has spent an amount of Rs.72 million in pursuance of its CSR Activities.

ESG Rating: In FY25 Cyient scored 71, maintaining a position in the 90th percentile or above across all dimensions.

Exhibit 14: Initiative on Environment Protection:

Initiative	Outcome of the initiative
Use of renewable energy	Cyient's strategic shift toward renewable energy has led to a substantial reduction in carbon emissions, underscoring its commitment to environmental sustainability.
Installation of EV charging stations	To encourage the adoption of electric vehicles and reduce emissions associated with employee commuting, Cyient has implemented initiatives that support cleaner, more sustainable transportation options.
Recycling of wastewater	This initiative enable Cyient to efficiently recycle wastewater, signifcantly reducing its water footprint and reinforcing its commitment to sustainable water management practices.
Waste Management	This initiative has signifcantly reduced the volume of waste sent to landflls by repurposing organic waste and eliminating the use of single-use plastics. It has also fostered a culture of sustainability within Cyient, encouraging environmentally responsible practices across all levels.

Source: Company Data, Equirus

Following are Governance practices in place for Cyient:

1) ESG committee on Diversity and inclusion.
2) Paperless and interactive communication amongst the directors through a customized web-based portal - a sustainability initiative that helps in ease and pace of decision-making.
3) Increased board and board committee interaction through optimum use of technology - conduct of board meetings in the electronic mode.
4) Following all the secretarial standards issued by the Institute of Company Secretaries of India.
5) All board committees headed by independent directors.
6) Internal Audit conducted by independent professionals.
7) Vendor, Investor and associate satisfaction surveys conducted to elicit feedback from stakeholders.
8) Policies and procedures for disclosure and dissemination of information by the company.
9) Designation of lead independent director and separate meetings of independent directors.

Governance Policies in place: Cyient constantly strives to conduct its business and strengthen its relationships in a dignified, distinctive and responsible manner. Towards this, the Cyient has adopted several policies and guidelines for ethical and transparent operations.

Rating & Coverage Definitions:	Registered Office:
Absolute Rating • LONG : Over the investment horizon, ATR >= Ke for companies with Free Float market cap >Rs 5 billion and ATR >= 20% for rest of the companies • ADD: ATR >= 5% but less than Ke over investment horizon • REDUCE: ATR >= negative 10% but <5% over investment horizon • SHORT: ATR < negative 10% over investment horizon	Equirus Securities Private Limited Unit No. A2102B, 21st Floor, A Wing, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai-400013. Tel. No: +91 – (0)22 – 4332 0600 Fax No: +91- (0)22 – 4332 0601
Relative Rating • OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon • BENCHMARK: likely to perform in line with the benchmark • UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon **Investment Horizon** Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter	**Corporate Office:** 3rd floor, House No. 9, Magnet Corporate Park, Near Zydus Hospital, B/H Intas Sola Bridge, S.G. Highway Ahmedabad-380054 Gujarat Tel. No: +91 (0)79 - 6190 9550 Fax No: +91 (0)79 - 6190 9560

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