

Estimate change



TP change



Rating change



Bloomberg	CYL IN
Equity Shares (m)	111
M.Cap.(INRb)/(USDb)	138 / 1.6
52-Week Range (INR)	2157 / 1050
1, 6, 12 Rel. Per (%)	-8/-29/-43
12M Avg Val (INR M)	1003

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	73.6	77.5	84.8
EBIT Margin (%)	12.0	14.3	14.5
PAT	6.2	8.3	9.2
EPS (INR)	55.4	74.6	83.2
EPS Gr. (%)	-17.2	34.6	11.6
BV/Sh. (INR)	476.0	511.5	545.1
Ratios			
RoE (%)	12.1	14.0	14.7
RoCE (%)	11.2	12.5	13.1
Payout (%)	46.9	60.0	60.0
Valuations			
P/E (x)	22.4	16.7	14.9
P/BV (x)	2.6	2.4	2.3
EV/EBITDA (x)	11.1	8.2	7.3
Div Yield (%)	2.1	3.6	4.0

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	23.3	23.1	23.2
DII	34.1	30.3	25.9
FII	24.7	29.0	31.9
Others	17.9	17.5	19.0

FII includes depository receipts

CMP: INR1,243

TP: INR1,120 (-10%)

Sell

Muted quarter

Expect short-term growth and margin challenges

- DET business reported 4QFY25 revenues of USD170m, down 1.9% QoQ in CC vs. our estimate of flat revenue. Connectivity revenue was down 4% QoQ in CC terms. Transportation/new growth areas declined 1.1%/5.9% QoQ CC. EBIT margin of the DET business contracted 50bp QoQ/300bp YoY to 13%, below our estimate of 13.5%. Service order intake was muted at USD181m, down 19% YoY. DET PAT was up 31% QoQ/down 6% YoY at INR1,631m (est. INR1,579m). For FY25, DET revenue/EBIT/PAT declined 1.6%/17.5%/12% YoY in INR terms. In 1QFY26, we expect DET revenue EBIT/PAT to grow by 5%/10%/19% YoY. Our SOTP-based TP of INR1,120 implies a downside of 10%.

Our view: 1Q to remain muted, margin defense seems challenging

- **Revenue trends remain soft; 1Q to stay weak:** DET revenue declined 1.9% QoQ in CC, with broad-based softness and Mar'25 deferrals weighing on performance. Management has flagged spillover weakness in 1QFY26 as well, and continues to face challenges around revenue predictability and deal closure timelines.
- **Margin expectations revised down:** EBIT margin stood at 13.0%, down 48bp QoQ. Management now aims to stabilize margins at ~15% over the next 24 months (vs. 16% earlier), citing continued macro pressure and investment prudence. While cost control remains a strength, the margin reset reflects ongoing structural challenges.
- **New CEO focuses on execution stability:** New CEO Mr. Sukomal Banerjee has acknowledged past volatility and is prioritizing rhythm in sales and delivery. While no major overhaul is planned, targeted leadership additions and a temporary pause on guidance signal a reset phase. Management remains hopeful of rebuilding confidence, but near-term visibility remains limited.

Valuation and change in estimates

- We maintain our sell rating on the stock as we believe a weak 4Q and seasonally weak 1H could lead to lower revenue growth for FY26E, and margins could be impacted in a similar vein. We cut our estimates by ~5% for FY26E/FY27E, largely on recalibration in margin expectations and industry-wide uncertainties for key growth areas such as sustainability and aerospace. Based on SOTP, we value the company's stake in DLM at a market valuation with a holding company discount of 20%. In our P/E-based valuation, we value the DET business at 17x FY27E EPS. Our SOTP-based TP of INR1,120 implies a 10% downside.

Miss on revenues and margins; deal TCV down -41% QoQ

- DET revenue stood at USD170m, down 1.9% QoQ CC vs. our estimate of flat revenue. Consolidated revenue came in at USD220m, up 0.1% YoY CC. For FY25, revenue stood at 687.7m, down 3% YoY CC (below our expected decline of 2.7% YoY CC).
- Connectivity revenue was down 4% QoQ in CC terms. Transportation/new growth areas declined 1.1%/5.9% QoQ CC, while Sustainability revenue grew 1.1% QoQ CC.
- DET margins came in at 13% (est. 13.5%), down 50bp QoQ/300bp YoY. DET 4QFY25 margins were also lower than the guidance of 13.5%.
- The order intake came in at USD184.2m, down 41% QoQ/19% YoY.
- DET PAT was up 31% QoQ/down 6% YoY at INR1,631m (est. INR1,579m). For FY25, PAT was INR6b, down 12% YoY.
- Cyient declared a final dividend of INR14/share.

Key highlights from the management commentary

- Macro headwinds impacted performance in Mar'25. Management expects this uncertainty to persist in the near term.
- New CEO commented –The company needs to work on the execution side. It is building leadership team and has hired a few industry veterans as vertical leaders. Cyient is sub-segmenting the Sustainability vertical into Utilities, Energy and minerals and mining verticals.
- The company has taken GCC-focused view, going into FY26. It has created a new team in India and has realigned its existing clients. GCC deals will not be EBIT dilutive. Cyient will take steps to ensure overheads are lower in GCC deals.
- Aerospace client issued profit warning, but no major impact yet on Cyient.
- There could be some impact in the future; however, since the work related to MRO is based on flight hours, the business has not been significantly affected so far.
- Cyient has signed a large deal for green hydrogen for a marine company in Norway. Ramp-up is in process. It is a meaningful deal for overall business.
- A former employee has joined the company and will lead the energy division in Germany.
- Cost controls helped cushion the margin decline amid revenue pressure.
- It aims to stabilize margins at 15% over the next 24 months.

Valuation and view

We maintain our Sell rating on the stock as we believe a weak 4Q and seasonally weak 1H could lead to lower revenue growth in FY26, and margins could be impacted in a similar vein. We cut our estimates by ~5% for FY26E/FY27E, largely on recalibration in margin expectations and industry-wide uncertainties for key growth areas such as sustainability and aerospace. Based on SOTP, we value the company's stake in DLM at a market valuation with a holding company discount of 20%. In our P/E-based valuation, we value the DET business at 17x FY27E EPS. Our SOTP-based TP of INR1,120 implies a 10% downside.

DET Quarterly Performance

(InR M)

Y/E March	FY24				FY25				FY24	FY25	Est. 4QFY25	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	177	178	179	179	170	173	175	170	714	688	174	-2.0
QoQ (%)	0.5	0.7	0.4	0.1	-5.4	2.0	1.3	-3.0	12.9	-3.7	-1.0	-200bp
Revenue (INR m)	14,546	14,762	14,914	14,892	14,144	14,496	14,799	14,719	59,114	58,158	15,043	-2.2
YoY (%)	37.2	22.5	8.1	2.8	-2.8	-1.8	-0.8	-1.2	16.1	-1.6	1.0	-218bp
GPM (%)	39.8	40.2	40.0	39.8	39.5	39.7	38.9	38.8	39.9	39.2	38.9	-15bp
SGA (%)	19.5	19.7	20.0	19.7	21.9	21.5	21.6	21.9	19.7	21.7	21.5	40bp
EBITDA	2,956	3,036	2,981	2,987	2,487	2,642	2,562	2,481	11,960	10,172	2,617	-5.2
EBITDA Margin (%)	20.3	20.6	20.0	20.1	17.6	18.2	17.3	16.9	20.2	17.5	17.4	-54bp
EBIT	2,336	2,439	2,385	2,385	1,903	2,058	1,995	1,914	9,545	7,870	2,031	-5.8
EBIT Margin (%)	16.1	16.5	16.0	16.0	13.5	14.2	13.5	13.0	16.1	13.5	13.5	-50bp
Other income	-122	-180	-139	-107	-54	282	-338	271	-548	161	75	260.3
ETR (%)	23.1	23.5	23.1	23.8	23.5	24.5	25.3	25.4	23.4	24.7	25.0	
Adj. PAT	1,703	1,728	1,727	1,735	1,414	1,766	1,238	1,630	6,893	6,048	1,579	3.2
QoQ (%)	6.1	1.5	-0.1	0.5	-18.5	24.9	-29.9	31.7			27.5	412bp
YoY (%)	56.4	60.4	17.3	8.1	-17.0	2.2	-28.3	-6.1	31.5	-12.3	-9.0	294bp
EPS (INR)	15	16	16	16	13	16	11	15	63	55	14.3	3.2

Key Performance Indicators (Consol)

Y/E March	FY24			FY25				FY24	FY25	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q			4Q
Margins (%)										
Gross Margin	36.6	35.7	35.4	35.2	35.7	34.2	34.4	36.1	35.7	35.1
EBIT Margin	14.7	14.6	14.3	14.4	11.9	12.5	11.4	12.3	14.5	12.0
Net Margin	10.5	10.3	10.2	10.2	8.6	9.7	6.6	8.9	10.3	8.4
Operating metrics										
Headcount	15,306	15,438	15,678	15,461	15,083	14,799	14,378	14,151	15,461	14,151
Attrition (%)	23.0	20.4	18.4	17.1	23.0	15.0	15.5	16.5	17.1	16.5
Key Geographies (YoY %)										
North America	5.3%	0.1%	-2.6%	-3.3%	4.2%	8.9%	10.2%	-5.2%	-0.3%	4.5%
Europe	104%	41%	14%	7%	-9%	-13%	-20%	-5%	32%	-11%



Key highlights from the management commentary

Commentary on verticals

- **Transportation:** Aerospace client issued profit warning, but no major impact yet on Cyient. There could be some impact in the future; however, since the work related to MRO is based on flight hours, the business has not been significantly affected so far.
- **Connectivity:** While renewing with one of large customer, a portion of new business was held. This will be signed in Apr'25.
- **Sustainability:** A major green hydrogen deal has been secured with a Norwegian marine company, marking a significant step forward for the business. The project is currently ramping up and is expected to have a substantial impact on overall operations. Also, a former employee has rejoined the company and will now lead the energy division in Germany.
- **New growth areas:** Strong traction in turn-key projects via Semcon business. Healthcare vertical gained momentum through FY25.

Demand and outlook

- Macro headwinds impacted performance in Mar'25. Management expects this uncertainty to persist for the near term.
- As a result, Cyient will stop providing formal guidance temporarily.
- 4Q was slightly below expectations due to softer Mar'25 performance.
- New CEO commented: Cyient needs to work on the execution side. It is building a leadership team and has hired a few industry veterans as vertical leaders. It is sub-segmenting the sustainability vertical into utilities, energy and minerals and mining verticals.
- Leadership investments are made to improve partnership ecosystems and execution. Will harness investments made in Technology.
- The company has taken GCC-focused view, going into FY26. It has created a new team in India and has realigned its existing clients. GCC deals will not be EBIT dilutive. Cyient will take steps to ensure overheads are lower in GCC deals.
- DET revenue: USD170m, down 1.9% QoQ CC (vs est. of flat). Consolidated revenue: USD220m, up 0.1% YoY CC.
- FY25 revenue: USD687.7m, down 3% YoY CC (lower than est. of -2.7%).
- Mar'25 weakness will impact 1QFY26 as well.
- Order intake: USD184.2m, down 41% QoQ and 19% YoY.

Margin

- DET margins came in at 13% (est. 13.5%), down 50bp QoQ/300bp YoY.
- DET 4QFY25 margins were also lower than the guidance of 13.5%.
- Cost controls helped cushion the margin decline amid revenue pressure.
- It aims to stabilize margins at 15% over the next 24 months.

Exhibit 1: Americas and APAC declined sequentially

Geographies	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
Americas	43.7	(14.3)	(5.2)
Europe	36.2	22.0	(5.2)
Asia Pacific	20.1	(10.1)	(5.2)

Source: Company, MOFSL

Exhibit 2: Connectivity saw some portion deal deferral leading to decline

Service Verticals	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
Transportation	30.5	(1.5)	(2.2)
Connectivity	22.9	(5.4)	(4.4)
Sustainability	30.4	(0.2)	(4.7)
New Growth Areas	16.2	(7.1)	(12.0)

Source: Company, MOFSL

Valuation and view

We maintain our Sell rating on the stock as we believe a weak 4Q and seasonally weak 1H could lead to lower revenue growth for FY26, and margins could be impacted in a similar vein. We cut our estimates by ~5% for FY26E/FY27E, largely on recalibration in margin expectations and industry-wide uncertainties for key growth areas such as sustainability and aerospace. Based on SOTP, we value the company's stake in DLM at a market valuation with a holding company discount of 20%. In our P/E-based valuation, we value the DET business at 17x FY27E EPS. Our SOTP-based TP of INR1,120 implies a 10% downside.

Exhibit 3: SOTP

	Valuation Metric	Tgt Multiple	Value (FY27E)
Cyient Service (INR m)	P/E	17	1,08,428
DLM (INR m)	Market Cap (20% holdco discount)		14,944
Total Market Cap (INR m)			1,23,372
O/S			110.0
Rounded Target Price (INR)			1,120
CMP (INR)			1,242
Upside %			-10%

Source: MOFSL

Exhibit 4: Summary of our revised estimates

	Revised		Earlier		Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INR/USD	86.0	86.0	86.0	86.0	0.0%	0.0%
USD Revenue (DET) - m	695	736	724	768	-3.9%	-4.2%
Growth (%)	1.1	5.8	4.7	6.1	-360bps	-30bps
EBIT margin (DET, %)	13.5	13.7	14.1	13.8	-60bps	-10bps
PAT (DET, INR M)	6,507	6,571	6,853	6,919	-5.1%	-5.0%
EPS - DET	59.1	59.7	62.3	62.9	-5.1%	-5.1%

Source: MOFSL

Exhibit 5: DET P&L Statement (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Sales	37,544	50,936	59,114	58,158	59,766	63,260
Cost of Services	21,808	29,535	35,503	35,355	36,568	39,097
Gross Profit	15,736	21,401	23,611	22,803	23,198	24,163
EBITDA	7,470	9,309	11,960	10,172	10,409	11,117
% of Net Sales	19.9%	18.3%	20.2%	17.5%	17.4%	17.6%
EBIT	5,740	6,970	9,545	7,870	8,078	8,650
% of Net Sales	15.3%	13.7%	16.1%	13.5%	13.5%	13.7%
Net Income	4,696	5,243	6,893	6,048	6,507	6,571
Change (%)	44.3%	11.7%	31.5%	-12.3%	7.6%	1.0%

Source: MOFSL* FY23 and previous year data are on a Pro Forma basis

Financials and valuations

Income Statement (Consol)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Sales	44,275	41,325	45,344	60,159	71,472	73,604	77,494	84,758
Change (%)	(4.1)	(6.7)	9.7	32.7	18.8	3.0	5.3	9.4
Cost of Services	28,964	27,162	28,453	37,415	45,944	47,771	48,939	53,398
Gross Profit	15,311	14,163	16,891	22,744	25,528	25,833	28,555	31,361
SG&A Expenses	9,352	8,056	8,675	12,501	12,500	14,320	14,371	15,680
EBITDA	5,959	6,107	8,216	10,243	13,028	11,513	14,184	15,680
% of Net Sales	13.5	14.8	18.1	17.0	18.2	15.6	18.3	18.5
Depreciation	1,878	1,944	1,923	2,566	2,666	2,672	3,107	3,390
EBIT	4,081	4,163	6,293	7,677	10,362	8,841	11,076	12,290
% of Net Sales	9.2	10.1	13.9	12.8	14.5	12.0	14.3	14.5
Other Income	734	684	687	-185	-499	39	155	170
PBT	4,815	4,847	6,980	7,492	9,863	8,880	11,232	12,459
Tax	1,076	1,133	1,761	1,723	2,314	2,289	2,944	3,213
Rate (%)	22.3	23.4	25.2	23.0	23.5	25.8	26.2	25.8
Minority interest	-13	0	0	0	-200	-374	0	0
Adjusted PAT	3,726	3,714	5,219	5,769	7,349	6,217	8,288	9,247
Change (%)	12.7	-0.3	40.5	10.5	27.4	-15.4	33.3	11.6

Balance Sheet (Consol)

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	550	550	552	553	555	555	555	555
Reserves	25,059	29,023	30,614	34,114	42,026	52,540	55,855	59,554
Net Worth	25,609	29,573	31,166	34,667	42,581	53,095	56,410	60,109
Other liabilities	4,194	3,812	4,061	5,644	8,091	9,168	9,414	9,874
Loan	3,738	2,755	3,264	9,336	4,526	2,138	2,138	2,138
Capital Employed	33,541	36,140	38,491	49,647	55,198	64,401	67,962	72,121
Applications								
Gross Block	17,388	18,558	19,223	21,776	24,924	27,924	31,924	35,924
Less : Depreciation	9,712	10,779	11,959	14,525	17,191	19,863	22,970	26,361
Net Block	6,909	7,181	6,787	7,251	7,733	7,569	8,954	9,563
CWIP	800	113	134	27	16	75	75	75
Intangibles	6,800	7,191	6,662	21,413	21,089	22,432	22,432	22,432
Other assets	2,638	1,925	5,318	4,877	5,607	5,415	5,486	5,619
Curr. Assets	24,650	28,518	28,972	31,913	35,591	41,455	51,895	56,591
Current Investments	0	0	866	1,718	758	1,654	3,154	4,654
Debtors								
Cash & Bank Balance	7,262	8,026	7,333	11,271	12,617	14,067	13,163	14,397
Other Current Assets	8,995	14,408	12,157	6,215	4,848	10,706	19,755	20,234
Current Liab. & Prov	8,393	6,084	8,616	12,709	17,368	15,028	15,822	17,305
Trade payables	8,256	8,788	9,382	15,834	14,838	12,545	20,879	22,159
Other liabilities	3,729	4,532	5,259	7,142	6,878	3,934	11,677	12,772
Provisions	4,150	3,872	3,709	7,555	6,816	7,256	7,776	7,827
Net Current Assets	377	384	414	1,137	1,144	1,355	1,427	1,560
Application of Funds	16,394	19,730	19,590	16,079	20,753	28,910	31,015	34,431

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	33.8	33.8	47.8	52.4	66.9	55.4	74.6	83.2
Cash EPS	50.8	51.5	65.3	75.6	91.1	79.2	102.5	113.7
Book Value	232.0	269.1	285.1	314.6	387.5	476.0	511.5	545.1
DPS	27.0	24.5	24.0	26.0	30.0	26.0	44.7	49.9
Payout %	80.0	72.5	50.3	49.7	44.9	46.9	60.0	60.0
Valuation (x)								
P/E	36.8	36.7	26.0	23.7	18.6	22.4	16.7	14.9
Cash P/E	24.5	24.1	19.0	16.4	13.6	15.7	12.1	10.9
EV/EBITDA	22.1	20.4	15.3	13.5	10.4	11.1	8.2	7.3
EV/Sales	3.0	3.0	2.8	2.3	1.9	1.7	1.5	1.3
Price/Book Value	5.4	4.6	4.4	3.9	3.2	2.6	2.4	2.3
Dividend Yield (%)	2.2	2.0	1.9	2.1	2.4	2.1	3.6	4.0
Profitability Ratios (%)								
RoE	14.6	13.5	17.2	17.5	18.3	12.1	14.0	14.7
RoCE	10.6	9.9	13.6	14.7	16.1	11.2	12.5	13.1
Turnover Ratios								
Debtors (Days)	63	68	62	68	64	70	62	62

Cash Flow Statement (Consol)

(InR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
CF from Operations	5,496	5,872	7,318	9,024	9,869	9,481	11,395	12,637
Cash for Working Capital	328	2,686	-973	-3,485	-3,190	-1,582	8,127	-1,110
Net Operating CF	5,824	8,558	6,345	5,539	6,679	7,899	19,522	11,527
Net Purchase of FA	-2,138	-949	-626	-625	-782	-1,021	-4,000	-4,000
Free Cash Flow	3,686	7,609	5,719	4,914	5,897	6,878	15,522	7,527
Net Purchase of Invest.	568	-58	-3,197	-9,675	-4,545	-430	-1,500	-1,500
Net Cash from Invest.	-1,570	-1,007	-3,823	-10,300	-5,327	-1,451	-5,500	-5,500
Proc. from equity issues	17	37	121	79	146	62	0	0
Proceeds from LTB/STB	-916	-2,134	-1,994	1,458	237	2,217	0	0
Dividend Payments	-3,564	-10	-2,952	-2,630	-3,058	-2,861	-4,973	-5,548
Cash Flow from Fin.	-4,463	-2,107	-4,825	-1,093	-2,675	-582	-4,973	-5,548
Exchange difference	131	-31	52	-88	-44	110	0	0
Net Cash Flow	-78	5,413	-2,251	-5,942	-1,367	5,976	9,049	479
Opening Cash Bal.	9,073	8,995	14,408	12,157	6,215	4,730	10,706	19,755
Add: Net Cash	-78	5,413	-2,251	-5,942	-1,367	5,976	9,049	479
Closing Cash Bal.	8,995	14,408	12,157	6,215	4,730	10,706	19,755	20,234

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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