REDUCE Cyient

Weak quarter; softness to persist in near term

Information Technology ▸ Result Update ▸ **April 24, 2026**

CMP (Rs): 936 | TP (Rs): 850

Cyient underperformed expectations on both revenue and margin fronts. The company's DET revenue was down 2.1% QoQ (2.4% CC) to USD163.5mn. DET EBITM was flat QoQ at 12.4%. Semiconductor revenue was up 5.4% QoQ, with operational loss of USD3.5mn. The management aspires for mid-to-high single-digit growth (implying ~2.3% CQGR at the lower end) in the DET business in FY27 and 15% EBITM by Q4FY27, with levers including price hikes, automation/AI-led cost efficiency, admin cost rationalization, and forex tailwinds. Strategic units are expected to be close to flat next quarter, with full turnaround over a few quarters. Cyient DLM enters FY27 with its highest-ever order book and book-to-bill at 1.5x; the mgmt has guided to a strong year. Cyient Semiconductor is seeing strong momentum in FY27, and is on track to reach ~USD100mn run-rate with Kinetic, with margin remaining negative owing to investments in the product portfolio and IP and with breakeven expected by end-FY27/early-FY28. Cyient has proposed a buyback of up to 6.4mn shares (~5.8% of equity) at Rs1,125/sh. Factoring in the Q4 performance, we cut FY27/28E EPS by 1.8/1.0%; retain REDUCE and TP of Rs850, valuing the DET business at 12x Mar-28E PER and the DLM business at 20% discount to its CMP.

Results summary

Cyient's DET revenue was down 2.1% QoQ (2.4% CC) to USD163.5mn, owing to three key customers delaying the start of the program. Semiconductor revenue grew 5.4% QoQ to USD7.2mn. DET and Semiconductor combined revenue came in at USD170.7mn, below our estimate of USD176mn. DET EBITM was flat QoQ at 12.4%, with gross margin expansion offset by investments in leadership capability and forex headwinds from non-INR costs in certain geographies. DET (including semiconductor) EBITM stood at 9.8%, missing our expectation. Net profit was hit by a couple of one-off items, including Rs278mn impairment of a Tooling business asset and Rs712mn in expenses related to a proposed transaction that did not materialize. Transportation and Mobility grew 4.5% QoQ CC, while Networks and Infra/Strategic Units declined 3.6%/12.4%, respectively. Total headcount was up ~1% QoQ at 14,236. Attrition declined by 140bps QoQ to 14.5%. What we like: Traction in Transportation/Mobility and Americas; buyback. What we do not like: Revenue/EBITM miss; decline in 2 of the 3 business units.

Announces buyback of up to Rs7.2bn + fundraise at semiconductor subsidiary

Cyient has proposed a buyback of up to 6.4mn shares (5.76% of equity capital) through a tender offer at Rs1,125/share, for an aggregate consideration not exceeding Rs7.2bn. Promoters have indicated their intention not to participate in the proposed buyback. The Board has, in principle, agreed to explore a fundraise in the market with a combination of debt and equity, given the growth in the semiconductor business and the working capital needs of the business. The management indicated that initial equity dilution will be capped at 10-12% of equity at the semiconductor subsidiary level. It will help raise the required capital and establish an independent valuation benchmark for the business.

Target Price – 12M	Mar-27
Change in TP (%)	-
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(9.2)

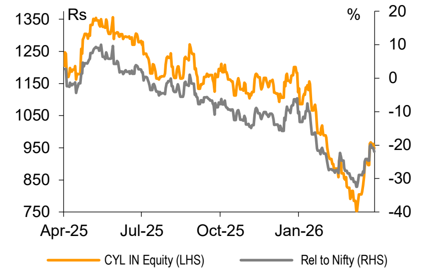
Stock Data	**CYL IN**
52-week High (Rs)	1,377
52-week Low (Rs)	750
Shares outstanding (mn)	111.1
Market-cap (Rs bn)	104
Market-cap (USD mn)	1,105
Net-debt, FY27E (Rs mn)	(3,840.3)
ADTV-3M (mn shares)	0.4
ADTV-3M (Rs mn)	334.8
ADTV-3M (USD mn)	3.6
Free float (%)	76.1
Nifty-50	24,173.1
INR/USD	94.1

Shareholding, Dec-25	
Promoters (%)	23.3
FPIs/MFs (%)	15.3/39.5

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	18.3	(13.8)	(25.0)
Rel. to Nifty	10.1	(10.7)	(24.5)

1-Year share price trend (Rs)



Cyient: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Revenue	71,471	73,604	72,682	82,927	92,313
EBITDA	13,027	11,513	9,666	11,772	13,375
Adj. PAT	7,348	6,217	5,342	6,187	7,037
Adj. EPS (Rs)	66.3	56.0	48.1	59.1	67.2
EBITDA margin (%)	18.2	15.6	13.3	14.2	14.5
EBITDA growth (%)	27.2	(11.6)	(16.0)	21.8	13.6
Adj. EPS growth (%)	27.0	(15.5)	(14.1)	22.9	13.7
RoE (%)	19.0	13.0	9.7	11.2	12.6
RoIC (%)	22.8	16.9	11.6	13.6	14.8
P/E (x)	15.2	16.9	24.3	15.8	13.9
EV/EBITDA (x)	7.6	8.1	9.4	8.0	6.8
P/B (x)	2.4	2.0	1.8	1.8	1.7
FCFF yield (%)	6.6	7.4	7.7	(0.2)	6.4

Source: Company, Emkay Research

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Earnings call KTAs

1) The management indicated that a large, transformative acquisition—Project Astro—for the DET business was put on hold due to the rapid evolution of AI and the geopolitical uncertainty. The company booked exceptional charge of Rs712mn in Q4 for due diligence expenses related to the Project Astro transaction. The management commented that the Project Astro acquisition has been paused, not abandoned. 2) The current geopolitical situation affected the energy business, pushing out deals in West Asia, with the impact expected to continue into Q1FY27. 3) H2FY26 order intake grew 5.5% YoY; Q4 order intake was up 23% YoY, while Cyient DLM enters FY27 with its highest-ever order book and book-to-bill of 1.5x. 4) Q4 wins include a multi-year framework with a global rail OEM on signaling, a supplier consolidation deal with a mid-size aerospace airframe manufacturer, a multi-year network design contract with a global telecom operator, and a three-year renewal with an EMEA telecom operator. 5) The deal mix is skewed toward long-term, 2-3Y consolidation deals across aerospace, rail, and connectivity. 6) It has received price increases from some existing customers in FY26. 7) Growth in Transportation and Mobility was led by aerospace volume surge; in Network and Infrastructure, the fiber build-out in NA and EMEA is likely to sustain for 3-5 years; in Strategic units, a full turnaround will take a few quarters. 8) The management is rolling out a Science Engineering Intelligence Platform as its new growth engine. 9) The management views the net AI impact as slightly positive; lifecycle TAM expansion outweighs software development compression. 10) Shrinivas Kulkarni has taken over as CFO; Prabhakar Atla has been made the COO; Rajkumar Ravindranathan has joined as the Chief Growth Officer. 11) The 40-50% payout policy continues via a mix of dividend and buyback. 12) Semiconductor margins are likely to remain negative in the near term, as the company builds its product portfolio and IPs. 13) Q4 ETR came in elevated at 29.6% due to a one-time prior period true-up; the management has given guidance for a normalized ETR of 27-27.5%.

Exhibit 1: Quarterly snapshot

Particular (Rs mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)
Net sales DET (USD mn)	170.7	173.9	-1.8%	170.0	0.4%
Net sales (USD mn)	209.9	207.3	1.3%	220.4	-4.8%
Net sales	19,269	18,485	4.2%	19,092	0.9%
Operating expenses	16,754	16,036	4.5%	16,063	4.3%
EBITDA	2,515	2,449	2.7%	3,029	-17.0%
- Margin (%)	13.1%	13.2%	-20	15.9%	-280
Depreciation	679	701		679	
EBIT	1,836	1,748	5.0%	2,350	-21.9%
- Margin (%)	9.5%	9.5%	10	12.3%	-280
Other income (net)	122	168		219	
Exceptional items	-697	-367		0	
Share of profit / (loss) of an associate					
PBT	1,261	1,549	-18.6%	2,569	-50.9%
Tax provided	589	555		661	
PAT	672	994	-32.4%	1,908	-64.8%
Non-controlling interest	124	77		202	
Reported net profit	548	917	-40.2%	1,706	-67.9%
Emkay net profit	1,245	1,284	-3.0%	1,706	-27.0%
Reported EPS (Rs)	11.2	8.3	35.8%	15.4	-27.1%

Source: Company, Emkay Research

Exhibit 2: Actuals vs estimates

(Rs mn)	Actual	Estimate		Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenue (USD mn)	209.9	216.1	188.2	-2.9%	11.6%	Overall revenue growth was weaker than expectations due to a miss in DLM and DET revenue.
Revenue	19,269	19,882	17,476	-3.1%	10.3%	
EBIT	1,836	2,011	2,126	-8.7%	-13.6%	EBITM was below expectations.
EBIT margin	9.5%	10.1%	12.2%	-60 bps	-260 bps	
PAT	548	1,460	1,652	-62.5%	-66.8%	Reported profit missed expectations due to operating margin miss and exceptional items.

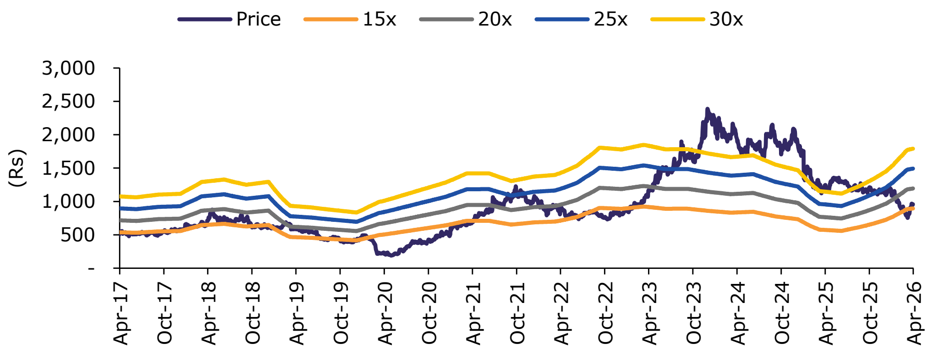
Source: Company, Bloomberg, Emkay Research

Exhibit 3: Changes in estimates

(Rs mn)	FY27E			FY28E		
	Old	New	*Change*	Old	New	*Change*
Revenue (USD mn)	920.4	901.4	-2.1%	998.7	982.1	-1.7%
USD revenue growth YoY	11.3%	9.8%		8.5%	9.0%	
Revenue	84,673	82,927	-2.1%	93,878	92,313	-1.7%
EBIT	8,858	8,699	-1.8%	10,338	10,148	-1.8%
EBIT margin	10.5%	10.5%		11.0%	11.0%	
Net profit	6,684	6,187	-7.4%	7,545	7,037	-6.7%
EPS (Rs)	60.2	59.1	-1.8%	67.9	67.2	-1.0%

Source: Company, Emkay Research

Exhibit 4: Cyient – One-year forward PER



Source: Company, Emkay Research

Cyient: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue	**71,471**	**73,604**	**72,682**	**82,927**	**92,313**
Revenue growth (%)	18.8	3.0	(1.3)	14.1	11.3
EBITDA	**13,027**	**11,513**	**9,666**	**11,772**	**13,375**
EBITDA growth (%)	27.2	(11.6)	(16.0)	21.8	13.6
Depreciation & Amortization	2,666	2,672	2,782	3,073	3,228
EBIT	**10,361**	**8,841**	**6,884**	**8,699**	**10,148**
EBIT growth (%)	35.0	(14.7)	(22.1)	26.4	16.7
Other operating income	-	-	-	-	-
Other income	661	967	1,772	724	685
Financial expense	1,160	928	608	531	531
PBT	**9,862**	**8,880**	**8,048**	**8,893**	**10,302**
Extraordinary items	(519)	(58)	(1,064)	0	0
Taxes	2,314	2,289	2,242	2,401	2,782
Minority interest	(200)	(374)	(464)	(305)	(484)
Income from JV/Associates	0	0	0	0	0
Reported PAT	**6,829**	**6,159**	**4,278**	**6,187**	**7,037**
PAT growth (%)	32.8	(9.8)	(30.5)	44.6	13.7
Adjusted PAT	**7,348**	**6,217**	**5,342**	**6,187**	**7,037**
Diluted EPS (Rs)	**66.3**	**56.0**	**48.1**	**59.1**	**67.2**
Diluted EPS growth (%)	27.0	(15.5)	(14.1)	22.9	13.7
DPS (Rs)	**27.6**	**29.7**	**29.6**	**17.5**	**30.0**
Dividend payout (%)	**44.8**	**53.5**	**76.9**	**29.6**	**44.6**
EBITDA margin (%)	18.2	15.6	13.3	14.2	14.5
EBIT margin (%)	14.5	12.0	9.5	10.5	11.0
Effective tax rate (%)	23.5	25.8	27.9	27.0	27.0
NOPLAT (pre-IndAS)	**7,930**	**6,562**	**4,966**	**6,350**	**7,408**
Shares outstanding (mn)	111	111	111	105	105

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Share capital	555	555	556	523	523
Reserves & Surplus	42,026	52,540	56,263	53,450	57,346
Net worth	**42,581**	**53,095**	**56,819**	**53,973**	**57,869**
Minority interests	2,988	4,509	4,814	4,814	4,814
Non-current liab. & prov.	87	(127)	(1,097)	(1,097)	(1,097)
Total debt	**4,530**	**2,245**	**1,675**	**1,765**	**1,765**
Total liabilities & equity	**53,536**	**62,718**	**64,864**	**62,108**	**66,004**
Net tangible fixed assets	4,462	4,745	4,747	4,983	5,285
Net intangible assets	4,397	4,392	3,931	5,111	3,989
Net ROU assets	3,271	2,824	2,448	2,685	2,841
Capital WIP	16	75	48	16	16
Goodwill	16,692	18,040	19,717	25,217	25,217
Investments [JV/Associates]	4,855	4,554	3,853	4,097	4,200
Cash & equivalents	**9,835**	**13,142**	**15,063**	**5,605**	**8,479**
Current assets (ex-cash)	25,756	28,313	31,599	31,148	34,581
Current Liab. & Prov.	15,748	13,367	16,542	16,753	18,605
NWC (ex-cash)	**10,008**	**14,946**	**15,057**	**14,395**	**15,977**
Total assets	**53,536**	**62,718**	**64,864**	**62,108**	**66,004**
Net debt	(5,305)	(10,897)	(13,388)	(3,840)	(6,714)
Capital employed	53,536	62,718	64,864	62,108	66,004
Invested capital	**35,559**	**42,123**	**43,452**	**49,705**	**50,468**
BVPS (Rs)	384.0	478.2	511.5	515.6	552.8
Net Debt/Equity (x)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)
Net Debt/EBITDA (x)	(0.4)	(0.9)	(1.4)	(0.3)	(0.5)
Interest coverage (x)	9.5	10.6	14.2	17.8	20.4
RoCE (%)	**23.1**	**17.8**	**14.1**	**15.2**	**17.3**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
PBT (ex-other income)	7,028	6,483	4,630	8,588	9,818
Others (non-cash items)	5,614	5,552	4,674	2,879	3,073
Taxes paid	(2,775)	(2,554)	(2,735)	(2,401)	(2,782)
Change in NWC	(2,606)	(1,582)	1,305	(107)	(2,778)
Operating cash flow	**7,261**	**7,899**	**7,874**	**8,959**	**7,331**
Capital expenditure	(782)	(1,021)	(944)	(9,180)	(1,471)
Acquisition of business	(1,550)	(2,844)	84	0	0
Interest & dividend income	352	662	858	724	685
Investing cash flow	**(5,327)**	**(1,451)**	**1,116**	**(8,853)**	**(786)**
Equity raised/(repaid)	7,041	8,008	(230)	(7,201)	0
Debt raised/(repaid)	(4,458)	(3,441)	(717)	0	0
Payment of lease liabilities	(1,257)	(1,153)	(1,001)	0	0
Interest paid	(930)	(699)	(450)	(531)	(531)
Dividend paid (incl tax)	(3,058)	(3,297)	(3,291)	(1,832)	(3,141)
Others	0	0	0	0	0
Financing cash flow	**(2,662)**	**(582)**	**(5,689)**	**(9,563)**	**(3,671)**
Net chg in Cash	(728)	5,866	3,301	(9,458)	2,874
OCF	7,261	7,899	7,874	8,959	7,331
Adj. OCF (w/o NWC chg.)	9,867	9,481	6,569	9,066	10,110
FCFF	6,479	6,878	6,930	(221)	5,860
FCFE	5,671	6,612	7,180	(27)	6,015
OCF/EBITDA (%)	55.7	68.6	81.5	76.1	54.8
FCFE/PAT (%)	83.0	107.4	167.8	(0.4)	85.5
FCFF/NOPLAT (%)	**81.7**	**104.8**	**139.5**	**(3.5)**	**79.1**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26	FY27E	FY28E
P/E (x)	15.2	16.9	24.3	15.8	13.9
P/CE(x)	10.4	11.7	12.8	10.6	9.5
P/B (x)	2.4	2.0	1.8	1.8	1.7
EV/Sales (x)	1.4	1.3	1.2	1.1	1.0
EV/EBITDA (x)	7.6	8.1	9.4	8.0	6.8
EV/EBIT(x)	9.5	10.5	13.2	10.8	9.0
EV/IC (x)	2.8	2.2	2.1	1.9	1.8
FCFF yield (%)	6.6	7.4	7.7	(0.2)	6.4
FCFE yield (%)	5.5	6.4	6.9	-	5.8
Dividend yield (%)	2.9	3.2	3.2	1.9	3.2
DuPont-RoE split					
Net profit margin (%)	10.3	8.4	7.3	7.5	7.6
Total asset turnover (x)	1.5	1.3	1.2	1.4	1.5
Assets/Equity (x)	1.2	1.2	1.1	1.1	1.1
RoE (%)	**19.0**	**13.0**	**9.7**	**11.2**	**12.6**
DuPont-RoIC					
NOPLAT margin (%)	11.1	8.9	6.8	7.7	8.0
IC turnover (x)	2.1	1.9	1.7	1.8	1.8
RoIC (%)	**22.8**	**16.9**	**11.6**	**13.6**	**14.8**
Operating metrics					
Core NWC days	51.1	74.1	75.6	63.4	63.2
Total NWC days	**51.1**	**74.1**	**75.6**	**63.4**	**63.2**
Fixed asset turnover	2.8	2.8	2.6	2.6	2.6
Opex-to-revenue (%)	81.8	84.4	86.7	85.8	85.5

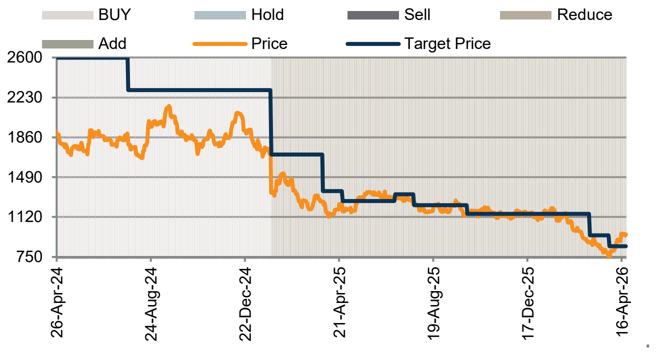
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
31-Mar-26	753	850	Reduce	Dipeshkumar Mehta
06-Mar-26	885	950	Reduce	Dipeshkumar Mehta
18-Feb-26	1,020	1,150	Reduce	Dipeshkumar Mehta
23-Jan-26	1,086	1,150	Reduce	Dipeshkumar Mehta
01-Jan-26	1,109	1,150	Reduce	Dipeshkumar Mehta
18-Dec-25	1,141	1,150	Reduce	Dipeshkumar Mehta
17-Oct-25	1,171	1,150	Reduce	Dipeshkumar Mehta
01-Oct-25	1,149	1,150	Reduce	Dipeshkumar Mehta
25-Jul-25	1,243	1,230	Reduce	Dipeshkumar Mehta
01-Jul-25	1,295	1,330	Reduce	Dipeshkumar Mehta
25-Apr-25	1,171	1,270	Reduce	Dipeshkumar Mehta
31-Mar-25	1,265	1,360	Reduce	Dipeshkumar Mehta
27-Jan-25	1,351	1,700	Reduce	Dipeshkumar Mehta
24-Jan-25	1,345	1,700	Reduce	Dipeshkumar Mehta
01-Jan-25	1,805	2,300	Buy	Dipeshkumar Mehta
25-Oct-24	1,798	2,300	Buy	Dipeshkumar Mehta
01-Oct-24	1,914	2,300	Buy	Dipeshkumar Mehta
26-Jul-24	1,790	2,300	Buy	Dipeshkumar Mehta
01-Jul-24	1,843	2,600	Buy	Dipeshkumar Mehta
09-Jun-24	1,925	2,600	Buy	Dipeshkumar Mehta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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