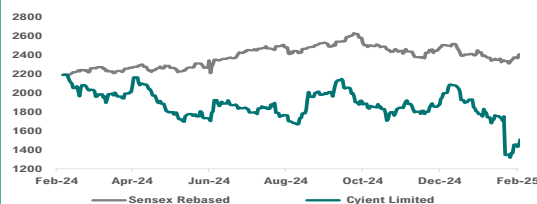


| Key Changes | Target | Rating | Earnings | Target | Rs. 1,507 |
|-------------|----------------|--------|----------|---------------|------------------|
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame |
| Small Cap | CYL:IN | 74,602 | CYIENT | 532175 | 12 Months |
| | | | | CMP | Rs. 1,334 |
| | | | | Return | +13% |

Data as of: 25-02-2025

| Company Data | | | |
|---------------------------|---------------|---------|--------|
| Market Cap (Rs. cr) | 14,810 | | |
| 52 Week High — Low (Rs.) | 2,189 - 1,295 | | |
| Enterprise Value (Rs. cr) | 15,326 | | |
| Outstanding Shares (cr) | 11.1 | | |
| Free Float (%) | 76 | | |
| Dividend Yield (%) | 2.0 | | |
| 6m average volume (cr) | 0.06 | | |
| Beta | 0.96 | | |
| Face value (Rs.) | 5.0 | | |
| Shareholding (%) | Q1FY24 | Q2FY25 | Q3FY25 |
| Promoters | 23.2 | 23.2 | 23.1 |
| FII's | 29.5 | 29.5 | 28.2 |
| MFs/Institutions | 23.6 | 23.6 | 30.3 |
| Public | 23.7 | 23.7 | 16.0 |
| Others | 0.0 | 0.0 | 2.4 |
| Total | 100.0 | 100.0 | 100.0 |
| Promoter Pledge | Nil | Nil | Nil |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | -27% | -32% | -35% |
| Absolute Sensex | -7% | -9% | 2% |
| Relative Return | -20% | -23% | -37% |

* over or under performance to benchmark index



| Y.E March (cr) | FY25E | FY26E | FY27E |
|-------------------|-------|-------|-------|
| Sales | 7,619 | 8,140 | 8,994 |
| Growth (%) | 6.6 | 6.8 | 10.5 |
| EBITDA | 1,175 | 1,335 | 1,520 |
| EBITDA Margin (%) | 15.4 | 16.4 | 16.9 |
| PAT Adjusted | 702 | 836 | 954 |
| Growth (%) | 2.8 | 19.1 | 14.2 |
| Adjusted EPS | 63.4 | 75.6 | 86.3 |
| Growth (%) | 3.0 | 19.1 | 14.2 |
| P/E | 21.1 | 17.7 | 15.5 |
| P/B | 3.2 | 2.8 | 2.5 |
| EV/EBITDA | 13.0 | 11.4 | 10.0 |
| ROE (%) | 15.7 | 16.9 | 17.2 |
| D/E | 0.1 | 0.1 | 0.1 |

Moderate revenue growth & strong order book uptick

Cyient Ltd., is one of the leading players in the IT-enabled services space, providing services to the Engineering Research and Development segment.

- In Q3FY25, Cyient reported moderate revenue growth of 5.8% YoY to Rs. 1,926cr. Design-led manufacturing (DLM) segment revenue surged by 38.4% YoY, whereas DET (digital engineering technology) softened by 0.8% YoY, New growth areas offset the sustainability sector decline.
- EBITDA margin declined by 340bps YoY to 14.5%, primarily on account of wage hikes. However, net profit de-growth of 17% YoY was due to significant negative movement in other income, especially from unrealized forex losses.
- In DET, Transportation and Connectivity declined by 1.7% and 0.7% YoY, respectively, while the Sustainability sector decreased by 10.4% due to the completion of several large projects and slower scaling of new ones.
- The new growth areas saw a 14.1% increase in YoY, with recent deal wins amounting to \$11-12 Mn expected to support continued technology momentum.
- Q3FY25 DET order intake \$312.3 Mn with 100% QoQ growth and 5% YoY growth. The company secured 13 large deals worth \$234.5 Mn, expected to position the Cyient for sustainable growth in the medium term.

Outlook & Valuation

Cyient experienced moderate revenue growth, driven by the DLM segment. Despite a slight decline in DET, the order book showed a strong uptick with the highest ever intake. The management focuses on enhancing differentiating technology offerings, transitioning to value-based selling, and setting an objective framework for tracking the sales efficiency. The acquisition of Altek has diversified the company's industry base, especially in the industrial and medical sectors where the current mix is minimal. Favourable US political developments promoting local manufacturing are expected to create significant opportunities for Altek. Therefore, **we expect earnings to grow by a CAGR of 17% during FY25E-27E and maintain Accumulate rating with a revised target price of Rs. 1,507 based on SOTP valuation.**

Quarterly Financials Consol.

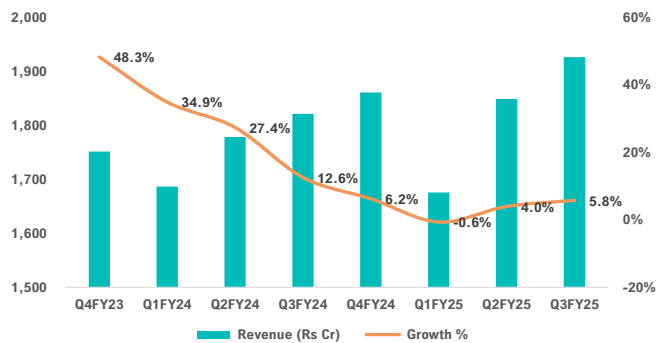
| Rs. cr | Q3FY25 | Q3FY24 | YoY (%) | Q2FY25 | QoQ (%) | 9MFY25 | 9MFY24 | YoY (%) |
|------------|--------|--------|---------|--------|---------|--------|--------|---------|
| Sales | 1,926 | 1,821 | 5.76 | 1,849 | 4.2 | 5,451 | 3,465 | 57.3 |
| EBITDA | 279 | 326 | -14.47 | 297 | -6.0 | 841 | 641 | 31.1 |
| Margin (%) | 14 | 18 | -343bps | 16 | -157bps | 15 | 19 | -309bps |
| EBIT | 211 | 260 | -18.7 | 231 | -8.4 | 641 | 508 | 26.2 |
| PBT | 174 | 200 | -12.72 | 254 | -31.5 | 623 | 460 | 35.6 |
| Rep. PAT | 128 | 153 | -16.64 | 187 | -31.6 | 462 | 353 | 31.0 |
| Adj PAT | 122 | 147 | -16.92 | 179 | -31.7 | 445 | 353 | 26.3 |
| EPS (Rs) | 11.1 | 13.3 | -16.52 | 16.3 | -31.8 | 40.5 | 31.6 | 28.0 |



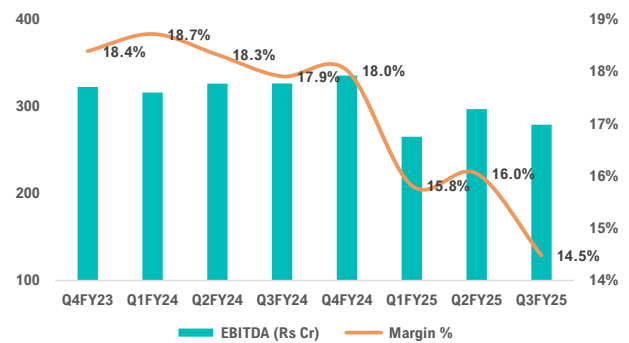
Key Concall Highlights

- Cyient DLM's acquisition of Altek is intended to diversify its industry base, with a larger focus on industrial and medical sectors. The company sees a significant opportunity in the US due to political developments that favour localization of manufacturing. These policies are expected to strengthen domestic manufacturing, leading to opportunities for companies like Altek.
- Cyient has identified areas for improvement and is implementing new strategies to drive growth. The focus is on enhancing technology offerings, transitioning from relationship-based selling to a value-based selling, and setting an objective framework for tracking the sales efficiency.

Revenue



EBITDA



Financials (Cyient DLM)

| Cyient DLM | | Quarterly | | | | Annual | | |
|----------------|--------|-----------|----------------|--------|----------------|--------|-------|-------|
| Rs.cr | Q3FY25 | Q3FY24 | YoY Growth (%) | Q2FY25 | QoQ Growth (%) | FY25E | FY26E | FY27E |
| Revenue | 444 | 321 | 38 | 389.4 | 14 | 1,573 | 1,848 | 2,393 |
| EBITDA | 28 | 29 | -4 | 32 | -11 | 124 | 185 | 262 |
| EBITDA margins | 6.3 | 9.2 | -283bps | 8.1 | -179bps | 8% | 10% | 11% |
| Adjusted PAT | 11 | 18 | -40 | 15.4 | -29 | 72 | 104 | 152 |
| PAT Margins | 2.5 | 5.7 | -325bps | 4.0 | -148bps | 4.6% | 5.6% | 6.3% |
| EPS | 1.39 | 2.33 | -40.3 | 1.95 | -29 | 9.0 | 13 | 19 |

Financials (Cyient Ltd.)

| Cyient (Standalone) | | Quarterly | | | | Annual | | |
|---------------------|--------|-----------|----------------|--------|----------------|--------|-------|-------|
| Rs.cr | Q3FY25 | Q3FY24 | YoY Growth (%) | Q2FY25 | QoQ Growth (%) | FY25E | FY26E | FY27E |
| Revenue | 1,482 | 1,500 | -1.2 | 1,460 | 1.5 | 6,046 | 6,293 | 6,601 |
| EBITDA | 251 | 297 | -15 | 265 | -5 | 1,051 | 1,150 | 1,258 |
| EBITDA margins | 17 | 20 | -286bps | 18.2 | -124bps | 17% | 18% | 19% |
| Adjusted PAT | 111 | 129 | -13.6 | 164 | -32 | 630 | 732 | 802 |
| PAT Margins | 7.5 | 8.6 | -108bps | 11.2 | -370bps | 10% | 12% | 12% |
| EPS | 10 | 11 | -11.5 | 14 | -32 | 54 | 62 | 67 |

Change in Estimates

| Year / Rs cr | Old estimates | | New estimates | | | Change (%) | |
|--------------|---------------|-------|---------------|-------|-------|------------|--------|
| | FY25E | FY26E | FY25E | FY26E | FY27E | FY25E | FY26E |
| Revenue | 7,519 | 8,238 | 7,619 | 8,140 | 8,994 | 1.3 | -1.2 |
| EBITDA | 1,248 | 1,376 | 1,175 | 1,335 | 1,520 | -5.9 | -3.0 |
| Margins (%) | 17 | 17 | 15 | 16 | 17 | -158bps | -60bps |
| Adj. PAT | 766 | 870 | 702 | 836 | 954 | -8.4 | -3.9 |
| EPS | 69 | 79 | 63 | 76 | 86 | -8.1 | -4.4 |

Sum of Parts (SOTP) Valuation

| Particulars | Methodology | Multiple | % Holding | Value (Rs. cr.) | Value/Share (Rs.) |
|-----------------------------------|-------------|----------|-----------|-----------------|-------------------|
| Cyient Ltd. | PE | 18x | 100.0% | 14,436 | 1,301 |
| Cyient DLM Ltd. (Discount of 20%) | PE | 36x | 52.2% | 2,285 | 206 |
| Target price | | 20% | | 16,721 | 1,507 |



Consolidated Financials

Profit & Loss

| Y.E March (Rs cr) | FY23A | FY24A | FY25E | FY26E | FY27E |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 6,016 | 7,147 | 7,619 | 8,140 | 8,994 |
| % change | 33% | 18.8 | 6.6 | 6.8 | 10.5 |
| EBITDA | 1,003 | 1,303 | 1,175 | 1,335 | 1,520 |
| % change | 23% | 29.9 | -9.8 | 13.6 | 13.9 |
| Depreciation | 257 | 267 | 243 | 268 | 313 |
| EBIT | 747 | 1,036 | 932 | 1,067 | 1,207 |
| Interest | 100 | 116 | 108 | 103 | 104 |
| Other Income | 81 | 66 | 91 | 110 | 112 |
| PBT | 681 | 918 | 915 | 1,074 | 1,215 |
| % change | -2% | 34.8 | -0.4 | 17.4 | 13.2 |
| Tax | 167 | 216 | 213 | 238 | 261 |
| Tax Rate (%) | 24% | 23.5 | 23.3 | 22.2 | 21.5 |
| Reported PAT | 514 | 683 | 702 | 836 | 954 |
| Adjustment | 0 | 0 | 0 | 0 | 0 |
| Adj. PAT | 514 | 683 | 702 | 836 | 954 |
| % change | -2% | 32.7 | 2.8 | 19.1 | 14.2 |
| No. of shares (cr) | 11.1 | 11 | 11 | 11 | 11 |
| Adj EPS (Rs) | 46.5 | 62 | 63 | 76 | 86 |
| % change | -2% | 32.4 | 3.0 | 19.1 | 14.2 |
| DPS (Rs) | 26.0 | 18 | 26 | 26 | 26 |
| CEPS (Rs.) | 69.7 | 86 | 85 | 100 | 115 |

Cash Flow

| Y.E March | FY23A | FY24A | FY25E | FY26E | FY27E |
|-------------------------|---------------|-------------|-------------|--------------|--------------|
| Net inc. + Depn. | 771 | 950 | 945 | 1,104 | 1,267 |
| Non-cash adj. | 131 | 17 | 108 | 103 | 104 |
| Changes in W.C | -349 | -261 | -59 | -168 | -257 |
| C.F. Operation | 554 | 706 | 994 | 1,038 | 1,114 |
| Capital exp. | -65 | -78 | -178 | -245 | -360 |
| Change in inv. | -66 | 0 | -39 | -50 | 85 |
| Other invest.CF | 44 | 0 | -2 | -8 | 8 |
| C.F – Investment | -1,033 | -533 | -218 | -303 | -267 |
| Issue of equity | 8 | 15 | 0 | 0 | 0 |
| Issue/repay debt | 212 | -275 | 49 | 50 | 50 |
| Dividends paid | -263 | -306 | -288 | -288 | -288 |
| Other finance.CF | -66 | 93 | -108 | -103 | -104 |
| C.F – Finance | -109 | -266 | -347 | -340 | -342 |
| Chg. in cash | -588 | -93 | 429 | 395 | 505 |
| Closing cash | 705 | 622 | 1,412 | 1,807 | 2,312 |

Balance Sheet

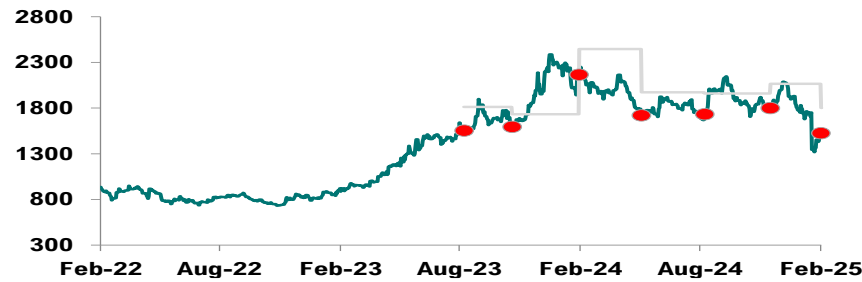
| Y.E March (Rs cr) | FY23A | FY24A | FY25E | FY26E | FY27E |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash | 719 | 984 | 1,412 | 1,807 | 2,312 |
| Accounts Receivable | 1,127 | 1,262 | 1,336 | 1,405 | 1,589 |
| Inventories | 436 | 468 | 480 | 468 | 480 |
| Other Cur. Assets | 737 | 771 | 762 | 814 | 899 |
| Investments | 579 | 488 | 546 | 586 | 518 |
| Gross Fixed Assets | 1,166 | 1,127 | 1,147 | 1,182 | 1,242 |
| Net Fixed Assets | 448 | 446 | 409 | 386 | 392 |
| CWIP | 3 | 2 | 2 | 2 | 2 |
| Intangible Assets | 505.00 | 439.70 | 409 | 404 | 391 |
| Def. Tax (Net) | 48 | 75 | 64 | 45 | 21 |
| Other Assets | 1,668 | 1,742 | 1,775 | 1,828 | 1,850 |
| Total Assets | 6,548 | 7,004 | 7,524 | 8,080 | 8,844 |
| Current Liabilities | 1,592 | 1,365 | 1,404 | 1,362 | 1,426 |
| Provisions | 275 | 294 | 313 | 312 | 296 |
| Debt Funds | 934 | 453 | 451 | 450 | 449 |
| Other Liabilities | -3 | 299 | 299 | 299 | 299 |
| Equity Capital | 55 | 55 | 56 | 56 | 56 |
| Reserves & Surplus | 3,412 | 4,203 | 4,617 | 5,165 | 5,831 |
| Shareholder's Fund | 3,467 | 4,258 | 4,672 | 5,220 | 5,887 |
| Total Liabilities | 6,548 | 7,004 | 7,524 | 8,080 | 8,844 |
| BVPS (Rs.) | 268 | 344 | 385 | 435 | 497 |

Ratios

| Y.E March | FY23A | FY24A | FY25E | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| Profitab. & Return | | | | | |
| EBITDA margin (%) | 16.7 | 18.2 | 15.4 | 16.4 | 16.9 |
| EBIT margin (%) | 12.4 | 14.5 | 12.2 | 13.1 | 13.4 |
| Net profit mgn. (%) | 8.6 | 9.6 | 9.2 | 10.3 | 10.6 |
| ROE (%) | 15.6 | 17.7 | 15.7 | 16.9 | 17.2 |
| ROCE (%) | 11.0 | 13.0 | 12.4 | 13.2 | 13.5 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 56.4 | 61.0 | 62.2 | 61.5 | 60.8 |
| Inventory (days) | 21.7 | 23.1 | 22.7 | 21.3 | 19.3 |
| Payables (days) | 18.7 | 22.2 | 19.5 | 18.4 | 15.6 |
| Current ratio (x) | 4.3 | 5.1 | 5.6 | 6.5 | 8.2 |
| Quick ratio (x) | 2.4 | 3.2 | 3.2 | 3.5 | 4.3 |
| Turnover & Leverage | | | | | |
| Gross asset T.O (x) | 5.3 | 6.2 | 6.7 | 7.0 | 7.4 |
| Total asset T.O (x) | 1.1 | 1.1 | 1.0 | 1.0 | 1.1 |
| Int. coverage ratio (x) | 7.5 | 8.9 | 8.6 | 10.4 | 11.6 |
| Adj. debt/equity (x) | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 |
| Valuation | | | | | |
| EV/Sales (x) | 3.5 | 2.3 | 2.0 | 1.9 | 1.7 |
| EV/EBITDA (x) | 20.8 | 12.7 | 12.9 | 11.4 | 10.0 |
| P/E (x) | 38.7 | 23.6 | 21.0 | 17.7 | 15.5 |
| P/BV (x) | 5.7 | 3.8 | 3.2 | 2.8 | 2.5 |



Recommendation Summary (last 3 years)



| Dates | Rating | Target |
|-----------|------------|--------|
| 14.Aug.23 | Accumulate | 1,813 |
| 26.Oct.23 | Hold | 1732 |
| 05.Feb.24 | Accumulate | 2,447 |
| 10.May.24 | Accumulate | 1972 |
| 14.Aug.24 | Accumulate | 1,960 |
| 22.Nov.24 | Accumulate | 2,066 |
| 25.Feb.25 | Accumulate | 1,507 |

Investment Rating Criteria

| Ratings | Large caps | Midcaps | Small Caps |
|-------------|----------------------------|---------------------------|---------------------------|
| Buy | Upside is above 10% | Upside is above 15% | Upside is above 20% |
| Accumulate | - | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold | Upside is between 0% - 10% | Upside is between 0%-10% | Upside is between 0%-10% |
| Reduce/sell | Downside is more than 0% | Downside is more than 0% | Downside is more than 0% |


Not rated/Neutral


Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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SAJI JOHN
 Digitally signed
 by SAJI JOHN
 Date: 2025.02.25
 19:15:57 +05'30'

