

Cyient Ltd.

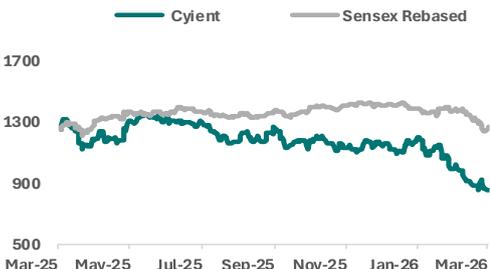
BUY

Sector: IT

19th March 2026

Key Changes	Target ▼	Rating ▲	Earnings ▼	Target	Rs. 1,159
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	CYL:IN	76,704	CYIENT	532175	12 Months
				CMP	Rs. 858
				Return	+35%

Data as of: 18-03-2026, 17:00hrs

Company Data			
Market Cap (Rs. cr)	9,535		
52 Week High — Low (Rs.)	1,377 - 843		
Enterprise Value (Rs. cr)	8,435		
Outstanding Shares (Rs cr)	11.1		
Free Float (%)	75.9		
Dividend Yield (%)	3.5		
6m average volume (cr)	0.04		
Beta	1.3		
Face value (Rs)	5.0		
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	23.3	23.3	23.3
FII's	21.4	17.6	15.3
MFs/Institutions	35.6	38.4	39.5
Public	19.7	20.7	21.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-25%	-31%	-32%
Absolute Sensex	-9%	-8%	2%
Relative Return	-15%	-24%	-33%
*over or under performance to benchmark index			
			
Consolidated (Rs.cr)	FY26E	FY27E	FY28E
Sales	7,386	8,258	9,158
Growth (%)	0.3	12	11
EBITDA	925	1,140	1,328
Margin(%)	13	14	15
PAT Adj.	556	706	814
Growth (%)	-10	27	15
Adjusted EPS	51	64	74
Growth (%)	-10	27	15
P/E	17	13	12
P/B	2	1	1
EV/EBITDA	8	7	5
ROE (%)	9	11	12
Adj. D/E	0.0	0.0	0.0

Reshaping Growth with AI & Semiconductor Momentum

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

- In Q3FY26, Cyient reported revenue de-growth of 4% YoY to Rs. 1,849cr. The design-led manufacturing (DLM) segment also faced de-growth in revenue by 32% YoY, and DET (digital engineering technology) surged by 6.5% YoY.
- Cyient reported weaker Q3FY26 margins, with EBITDA at 12.8% (down 165 bps YoY) and EBIT at 9% (down 193 bps YoY), primarily impacted by wage hike and continued investments in the semiconductor business.
- Within DET, Transportation & Mobility grew 6.2% YoY (CC), supported by strength in aerospace MRO, aviation ramp-ups, and AI-led programs. In contrast, Networks & Infrastructure and Strategic Units declined 1.5% and 10.2% YoY (CC), respectively, although management expects a return to sequential growth in the coming quarters.
- In the DLM segment, Defense revenue declined sharply by 86% YoY due to the completion of a large order. However, aerospace grew 13% YoY, while industrial and MedTech segments witnessed strong traction, supported by new client wins and expansion initiatives.
- Following a margin reset based on 9MFY26 performance, EBITDA margin estimates have been lowered to 13.0% for FY26E (from 17.0%) and 14.0% for FY27E (from 18.0%). Accordingly, we revise our FY26E and FY27E EPS estimates downward by 21.0% and 15.5%, respectively.

Outlook & Valuation

Cyient is well positioned for steady growth, supported by a strong deal pipeline. The Kinetic Technologies acquisition and semiconductor partnerships are expected to drive a turnaround in the business activities. Although DLM faces near-term headwinds, recovery in aerospace, industrial, and MedTech segments should provide support. DET remains the key growth driver, backed by leadership strength, technology adoption, and Cyient's domain-first, AI-led strategy. Management expects margin improvement in H2 FY26, with a target of 15% EBIT margin in DET by Q4 FY27. **We expect earnings to grow at a CAGR of ~21% over FY26-28E; hence, we upgrade the stock to BUY, with a revised target price of Rs. 1,159 based on SOTP valuation.**

Quarterly Financials Consol.

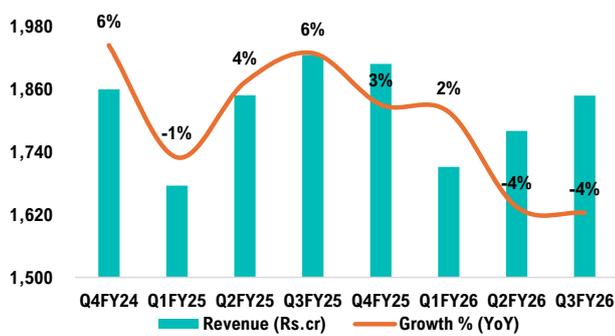
Rs.cr	Q3FY26	Q3FY25	YoY Growth (%)	Q2FY26	QoQ Growth (%)	9MFY26	9MFY25	YoY (%)
Sales	1,849	1,926	-4	1,781	4	5,341	5,451	-2
EBITDA	237	279	-15	219	8	687	841	-18
Margin (%)	13	14	-165	12	55bps	13	15	-256bps
EBIT	167	211	-21	147	14	476	641	-26
PBT	142	174	-19	201	-30	559	623	-10
Rep. PAT	92	122	-25	128	-28	373	445	-16
Adj. PAT	134	122	10	128	5	415	445	-7
Adj. EPS (Rs)	8	11	-25	12	-28	34	40	-16



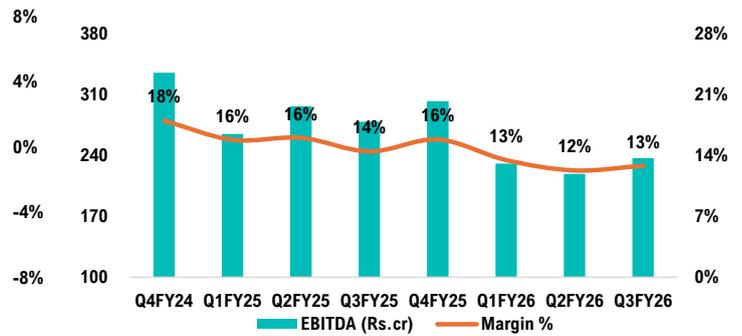
Key Concall Highlights

- Cyient added eight new clients in Q3FY26 across industries and secured strategic deals in mining, aerospace, off-highway equipment, and utilities. The company also strengthened its global presence by launching a Customer Experience Center in Lisbon and expanding operations in the Middle East.
- Semiconductor business posted 10.7% QoQ growth with 36% YoY increase in order intake. Strategic wins include Kinetic Technologies acquisition, SCL modernization partnership, and GaN collaboration with Navitas for AI data centers. Despite business continuing to be loss-making in Q4 (\$2-3M), management targets consistent revenue growth over the next four quarters, building a \$100M+ ASIC pipeline by Q4 FY26, and achieving EBIT neutrality by FY27 on an organic basis.

Revenue



EBITDA



Financials (Cyient DLM)

Cyient DLM	Quarterly					Annual		
	Rs.cr	Q3FY26	Q3FY25	YoY Growth (%)	Q2FY26	QoQ Growth (%)	FY26E	FY27E
Revenue	303	444	-31.7	311	-2	1,341	1,671	2,035
EBITDA	28	28	-1.6	31	-11	143	186	243
EBITDA margins	9.1	6.3	278bps	10.0	-89bps	10.7	11.1	12.0
Adjusted PAT	11	11	4	31.9	-65	76	110	149
PAT Margins	3.7	2.4	127bps	10.3	-656bps	5.7	6.6	7.3
EPS	1.42	1.39	2.2	4.05	-65	9.6	13.8	18.7

Financials (Cyient Ltd.)

Cyient (Standalone)	Quarterly					Annual		
	Rs.cr	Q3FY26	Q3FY25	YoY Growth (%)	Q2FY26	QoQ Growth (%)	FY26E	FY27E
Revenue	1545	1482	4.2	1,470	5	6,045	6,587	7,123
EBITDA	210	251	-16.4	188	12	782	954	1,085
EBITDA margins	14	17	-336bps	12.8	79bps	13%	14%	15%
Adjusted PAT	123	111	10.2	96	28	480	597	665
PAT Margins	7.9	7.5	43bps	6.5	145bps	8%	9%	9%
EPS	7	10	-29.0	8	-8	41	50	55

Sum of Parts (SOTP) Valuation

Particulars	Methodology	Multiple	% Holding	Value (Rs. cr.)	Value/Share (Rs.)
Cyient Ltd.	PE	14x	100.0%	11,393	1,035
Cyient DLM Ltd. (Discount of 20%)	PE	22x	52.2%	1,364	124
Target price		20%		12,757	1,159

Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	7,648	8,512	7,386	8,258	9,158	-3.4	-3.0
EBITDA	1,270	1,508	925	1,140	1,328	-27.2	-24.4
Margins (%)	17	18	13	14	15	-448bps	-420bps
Adj. PAT	705	844	556	706	814	-21.1	-16.3
EPS	64	76	51	64	74	-21.0	-15.5



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	7,147	7,360	7,386	8,258	9,158
% change	19	3	0.3	12	11
EBITDA	1,303	1,143	925	1,140	1,328
% change	30	-12	-19	23	17
Depreciation	267	267	245	263	310
EBIT	1,036	876	679	876	1,018
Interest	116	93	67	61	63
Other Income	66	97	131	139	143
PBT	986	880	722	955	1,098
% change	35	-11	-18	32	15
Tax	216	227	188	248	286
Tax Rate (%)	22	26	26	26	26
Reported PAT	750	616	535	706	814
Adj.*	-68	0	22	0	0
Adj. PAT	683	616	556	706	814
% change	33	-10	-10	27	15
No. of shares (cr)	11	11	11	11	11
Adj EPS (Rs)	62	56	51	64	74
% change	32	-10	-10	27	15
DPS (Rs)	30	26	26	26	27

Cash Flow

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Deprn.	950	883	556	706	814
Non-cash adj.	79	56	52	-4	-5
Changes in W.C	-323	-182	453	20	96
C.F. Operation	706	757	1,062	722	905
Capital exp.	-43	-36	-55	-55	-55
Change in inv.	66	-80	-100	-100	-100
Other invest.CF	-556	-29	0	0	0
C.F - Investment	-533	-145	-155	-155	-155
Issue of equity	15	6	0	0	0
Issue/repay debt	-248	-580	-23	-18	-15
Dividends paid	-306	-330	-286	-286	-297
Other finance.CF	282	861	-26	-23	-20
C.F - Finance	-266	-58	-335	-327	-332
Chg. in cash	-93	554	572	240	418
Closing cash	453	1,038	1,610	1,849	2,268

Balance Sheet

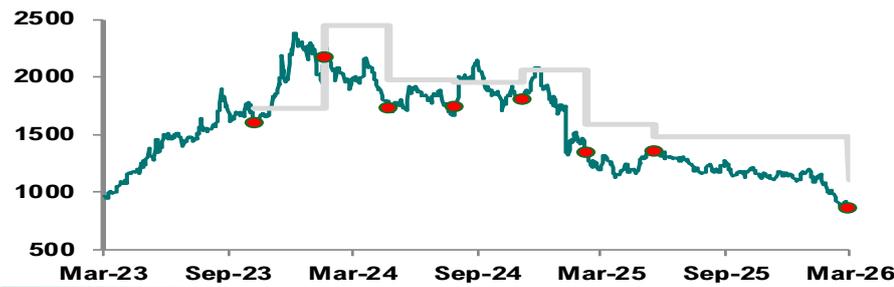
Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	984	1,314	1,835	2,024	2,384
Account Receivable	1,262	1,407	1,396	1,584	1,756
Inventories	468	577	623	673	726
Other Cur. Assets	334	291	280	270	260
Investments	436	502	504	572	651
Gross Fixed Assets	1,127	1,184	1,239	1,294	1,349
Net Fixed Assets	446	475	468	458	442
CWIP	2	8	8	9	9
Intangible Assets	2,436	2,526	2,497	2,452	2,376
Other Assets	637	597	591	586	582
Total Assets	7,004	7,695	8,200	8,626	9,187
Current Liabilities	1,369	1,119	1,393	1,428	1,495
Provisions	294	310	326	342	359
Debt Funds	453	214	181	154	131
Other Liabilities	331	291	271	252	235
Equity Capital	56	56	56	56	56
Reserves & Surplus	4,501	5,705	5,975	6,395	6,912
Shareholder's Fund	4,557	5,760	6,030	6,451	6,967
Minority Interest	-	-	-	-	-
Total Liabilities	7,004	7,695	8,200	8,626	9,187
BVPS	411	519	543	581	627

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab & Return					
EBITDA margin (%)	18.2	15.5	12.5	13.8	14.5
EBIT margin (%)	14.5	11.9	9.2	10.6	11.1
Net profit mgn.(%)	9.6	8.4	7.5	8.6	8.9
ROE (%)	19.2	12.7	9.1	11.3	12.1
ROCE (%)	17.2	11.8	8.3	10.1	11.0
W.C & Liquidity					
Receivables (days)	61.0	66.2	69.3	65.9	66.6
Inventory (days)	23.1	25.9	29.6	28.6	27.9
Payables (days)	83.0	64.4	86.3	99.9	98.9
Current ratio (x)	2.1	3.0	2.9	3.1	3.3
Quick ratio (x)	1.6	2.2	2.2	2.3	2.6
Turnover & Leverage					
Gross asset T.O (x)	6.2	6.4	6.1	6.5	6.9
Total asset T.O (x)	1.1	1.0	0.9	1.0	1.0
Int. covge. ratio (x)	8.9	9.4	10.2	14.4	16.1
Adj. debt/equity (x)	0.1	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	3.0	1.8	1.1	0.9	0.8
EV/EBITDA (x)	16.6	11.3	8.4	6.6	5.4
P/E (x)	32.4	22.8	16.9	13.3	11.6
P/BV (x)	4.9	2.4	1.6	1.5	1.4



Recommendation Summary (last 3 years)



Dates	Rating	Target
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	1,586
05.June.25	Hold	1,476
19.Mar.26	Buy	1,159

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.

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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

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