

April 25, 2025

Q4FY25 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		BUY	
Target Price	1,200		1,560	
Sales (Rs bn)	75	84	82	92
% Chng.	(8.7)	(8.5)		
EBITDA (Rs bn)	12	14	14	16
% Chng.	(15.4)	(13.9)		
EPS (Rs.)	57.7	70.0	72.8	85.3
% Chng.	(20.7)	(18.0)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	71	74	75	84
EBITDA (Rs. bn)	13	12	12	14
Margin (%)	18.2	15.6	16.2	16.7
PAT (Rs. bn)	7	6	6	8
EPS (Rs.)	66.2	56.0	57.7	70.0
Gr. (%)	26.9	(15.4)	3.1	21.2
DPS (Rs.)	30.0	26.0	28.9	35.0
Yield (%)	2.4	2.1	2.3	2.8
RoE (%)	19.0	13.0	11.7	13.3
RoCE (%)	17.4	12.8	12.6	14.1
EV/Sales (x)	1.9	1.7	1.7	1.4
EV/EBITDA (x)	10.5	11.1	10.3	8.7
PE (x)	18.8	22.2	21.5	17.8
P/BV (x)	3.2	2.6	2.5	2.3

Key Data

CYIE.BO | CYL IN

52-W High / Low	Rs.2,157 / Rs.1,050
Sensex / Nifty	79,801 / 24,247
Market Cap	Rs.138bn/ \$ 1,620m
Shares Outstanding	111m
3M Avg. Daily Value	Rs.1465.9m

Shareholding Pattern (%)

Promoter's	23.29
Foreign	23.85
Domestic Institution	34.12
Public & Others	18.74
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.8)	(30.0)	(34.2)
Relative	(8.0)	(29.8)	(39.1)

Pritesh Thakkar

priteshtthakkar@plindia.com | 91-22-66322269

Sujay Chavan

sujaychavan@plindia.com |

Weak performance, multiple headwinds...

Quick Pointers:

- Disappointing quarter in an underwhelming year
- Deal wins weak in Q4 at USD 184.2 mn, down 41% QoQ & 19% YoY

The operating performance was yet again disappointing with revenue decline of 1.9% QoQ CC, below PLe of 0.9% QoQ CC decline. The macro uncertainty hit the operating performance of the company at the fag end of the quarter. The impact was visible across verticals and geographies (ex-Europe). The management indicated that the softness should continue in the subsequent quarters, however the degree of impact would be lesser than that of Q4. We believe the combination of CYL's structural challenges along with the heightened macro uncertainties would have a twofold impact in its operations to drive growth in the near/mid-term. Additionally, the transition of the new CEO in the current environment would be challenging, although the management was optimistic to bring immediate focus and drive stability to its current operations. Given a blurry outlook for FY26E/FY27E, we are cutting our revenue estimates to -2.2%/3.9% YoY CC (vs 2.6%/4.7% earlier). On the margins front, previously the company adopted a calibrated approach and improve on margins from a low base, which can be replicated going forward, hence we are slightly tweaking the marginal needle down to 14%/15% (vs 14.6%/15.3% earlier). With that our EPS (DET business) for FY26E/FY27E is seeing a cut of 11.0%/9.5%, respectively. Downgrade to HOLD (BUY earlier).

Revenue: CYL DET reported another quarter of disappointing performance with revenue coming at USD 170 mn, down 1.9% QoQ in CC (3% in reported terms) below our estimate of 0.9% QoQ CC. The weakness was broad based across segments while geography wise decline by was led by APAC region (18.2% QoQ decline). For FY25, DET business reported revenue of USD 687.8 mn, down 3% YoY CC.

Margins: DET business EBIT margin declined by 50 bps QoQ to 13% during the quarter due to revenue decline. While operational efficiencies helped the company absorb the impact of a wage hike implemented in Q4, the reported margin still fell short of our 13.7% expectation. For FY25, the DET business reported an EBIT margin of 13.5%, a decrease of 260 bps YoY

Deal Wins: Deal wins during the quarter were weak at USD 184.2 million, compared to USD 312 million in Q3FY25 and USD 228 million in Q4FY24. Management mentioned that the weak deal wins in Q4 were due to delays in closing certain deals, attributed to the adverse macro environment.

Valuations and outlook: We are valuing the company on an SOTP basis. We value DLM using an in-house TP valuation with a holding company discount of 20% and value the DET business at 16x FY27E EPS. We expect CYL's DET USD revenue and INR PAT to grow at a CAGR of 0.4% and 8.7% over FY25-FY27E, respectively. Our SOTP-based target price of ₹1,200 implies a downside of 3%, and we are downgrading the stock to "HOLD" from our previous "BUY" rating.

Exhibit 1: SOTP Valuation

SOTP	Valuation Metric	Tgt Multiple	Value (FY27E)
Cyient DET Service (INR mn)	P/E	16	1,14,461
DLM (INR mn)	Market Cap. At inhouse valuation with 20% discount		18,075
Total Market Cap (INR mn)			1,32,536
O/S (in mn)			111
Target Price (INR)			1,200
CMP (INR)			1,243
Upside %			-3%

Source: Company, PL

Exhibit 2: DET P&L

(Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue (in US\$ mn)	632.3	714.0	687.8	666.7	692.9
YoY growth (%)	25.6%	12.9%	-3.7%	-3.1%	3.9%
Revenue	50,957.0	59,114.0	58,158.0	58,002.3	61,671.7
YoY growth (%)	35.7%	16.0%	-1.6%	-0.3%	6.3%
Cost of revenues	29,720.0	35,503.0	35,355.0	35,311.1	37,395.3
% of Sales	58.3%	60.1%	60.8%	60.9%	60.6%
SG&A	11,955.0	11,651.0	12,629.0	12,238.5	12,581.0
% of Sales	23.5%	19.7%	21.7%	21.1%	20.4%
EBITDA	9,282.0	11,960.0	10,174.0	10,452.8	11,695.4
EBITDA margin (%)	18.2%	20.2%	17.5%	18.0%	19.0%
Depreciation	2,306.0	2,415.0	2,302.0	2,320.1	2,466.9
% of Sales	4.5%	4.1%	4.0%	4.0%	4.0%
Operating Income	6,976.0	9,545.0	7,872.0	8,132.7	9,228.6
Operating Margin (%)	13.7%	16.1%	13.5%	14.0%	15.0%
Net Other Income	(16.0)	(548.0)	161.0	174.0	246.7
PBT	6,960.0	8,997.0	8,033.0	8,306.7	9,475.3
Tax expenses	1,717.0	2,104.0	1,983.0	2,035.1	2,321.4
Tax (%)	24.7%	23.4%	24.7%	24.5%	24.5%
PAT before Minority exp. & one offs	5,243.0	6,893.0	6,050.0	6,271.5	7,153.8
Minority Interest	-	-	-	-	-
Adj Net Income	5,243.0	6,893.0	6,050.0	6,271.5	7,153.8
Net Income margin (%)	10.3%	11.7%	10.4%	10.8%	11.6%
Adj. EPS	47.6	62.2	54.9	56.9	64.9

Source: Company, PL

Weak show, miss on both topline and margins

- DET Revenue stood at US\$ 170.0mn, down 1.9% QoQ CC and 3.0%QoQ reported terms, below PLe (-0.9% QoQ CC)
- Weakness across all segment Transportation down by 1.1% QoQ CC, Connectivity down by 4.0%, while New growth areas down by 5.9% QoQ
- Within Geographies, APAC saw a major decline of 18.2% QoQ while Americas reported muted growth (-0.8% QoQ). EMEA reported growth of 4.8% QoQ
- DET EBIT margin came in at 13.0%, down 50 bps QoQ, below our est. of 13.7%
- Top-5 and Top-10 clients saw de-growth of 7.5% and 3.9% QoQ in reported terms.

- Order intake was weak at US\$ 184 mn, down 19.1% YoY compared to US\$ 312.3 mn in Q3
- Net employees declined by 230 while attrition increased by 100bps QoQ to 16.5%
- Reported PAT came in at INR1.6bn, up 32% QoQ (vs our estimates of 2.0bn) due to higher other income at INR391m vs loss of INR218m in 3Q

Conference Call Highlights

- Management stated that Q4 performance was negatively affected by the prevailing macroeconomic uncertainty and anticipates this situation will persist in H1FY26. They also noted delays in the ramp-up and commencement of certain projects in Q4, with a gradual recovery expected.
- Management announced that the newly appointed CEO, Sukamal Banerjee, has assumed his responsibilities and has begun implementing changes to enhance the company's delivery model for improved predictability. Furthermore, they stated that they are discontinuing revenue and margin guidance due to the prevailing macroeconomic environment and the recent leadership transition at the top, which make accurate forecasting challenging.
- Management stated that there are no organizational changes currently underway. However, they indicated addition of new leadership in future to enhance execution. Furthermore, they mentioned the division of the sustainability vertical into sub-segments, specifically utilities, metals & mining, and energy. Leaders will be appointed for each sub-segment to ensure focused attention.
- Management stated that it anticipates margins will remain under pressure for some time. It now aims to improve the DET EBIT margin to 15% within the next 24 months, revising its earlier aspiration of a 16% exit EBIT margin in Q4FY26.
- They also highlighted a project win to support the development and execution of a hydrogen production and distribution facility in Norway, noting that the project ramp-up has already commenced.
- The company declared final dividend of Rs. 14 per share. The management mentioned that they are reviewing the dividend policy.
- Management stated that it is exploring inorganic opportunities to address gaps and strengthen its portfolio in high-growth business segments and capabilities.

Exhibit 3: Q4FY25 Results: DET Revenue declined by 1.9%QoQ CC, EBIT margin declined by 50 bps QoQ

	4QFY25	4QFY25E	% Var.	3QFY25	QoQ (%)	4QFY24	YoY (%)	FY25	FY24	YoY (%)
DET Revenue (USD m)	170	172	-1.4	175	-3.0	179	-5.2	688	714	-3.7
DET Revenue (INR b)	15	15	-1.9	15	-0.5	15	-1.2	58	59	-1.6
Gross Profit	6	6	-3.0	6	-0.9	6	-3.8	23	24	-3.4
Gross Margin (%)	38.8	39.2	-40bps	38.9	-10bps	39.8	-100bps	39.2	39.9	-70bps
SG&A and Other Costs	3.2	3.2	-0.1	3.2	0.9	2.9	9.6	12.6	11.7	8.4
% of Rev	21.9	21.5	40bps	21.6	30bps	19.7	220bps	21.7	19.7	200bps
EBITDA	2	3	-6.6	3	-3.2	3	-16.9	10	12	-14.9
EBITDA Margin (%)	16.9	17.7	-80bps	17.3	-50bps	20.1	-320bps	17.5	20.2	-270bps
Depreciation	1	1	-6	1	0	1	-5.8	2	2	-4.7
% of Rev	3.9	4.0	-10bps	3.8	0bps	4.0	-20bps	4.0	4.1	-10bps
EBIT	2	2	-6.9	2	-4.1	2	-19.7	8	10	-17.5
EBIT Margin (%)	13.0	13.7	-70bps	13.5	-50bps	16.0	-300bps	13.5	16.1	-260bps
Other Income (net)	0	0	1,706.2	0	-180.2	0	-353.3	0	-1	-129.4
PBT	2	2	5.5	2	31.8	2	-4.1	8	9	-10.7
Tax	1	1	6.5	0	32.5	1	2.2	2	2	-5.8
Effective tax rate (%)	25.4	25.2	20bps	25.3	10bps	23.8	160bps	24.7	23.4	130bps
Adjusted PAT	2	2	5.2	1	31.6	2	-6.1	6	7	-12.2
Exceptional items	0	0.0	NA	0	NA	0	NA	0	-1	NA
Reported PAT	1.6	1.5	5.2	1.2	31.6	1.7	-6.1	6	6	-6.0
Reported EPS (INR)	14.7	14.0	5.3	11.2	31.6	15.6	-6.0	54.0	57.5	-6.0

Source: Company, PL

Exhibit 4: Regional growth (%)

Geographies	Contribution to revenue (%)	QoQ gr. (%)
Americas	50.6	(0.8)
Europe	31.1	4.8
Asia Pacific	18.3	(18.2)

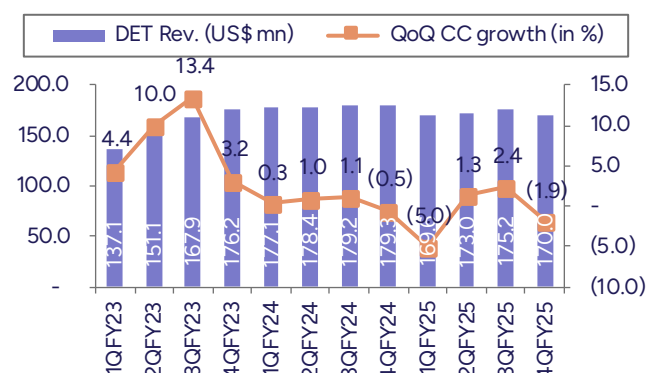
Source: Company, PL

Exhibit 5: Vertical Growth (%)

Verticals	Contribution to revenue (%)	QoQ gr. (%)
Transportation	30.5	(1.5)
Connectivity	22.9	(5.4)
Sustainability	30.4	(0.2)
New Growth Areas	16.2	(7.1)

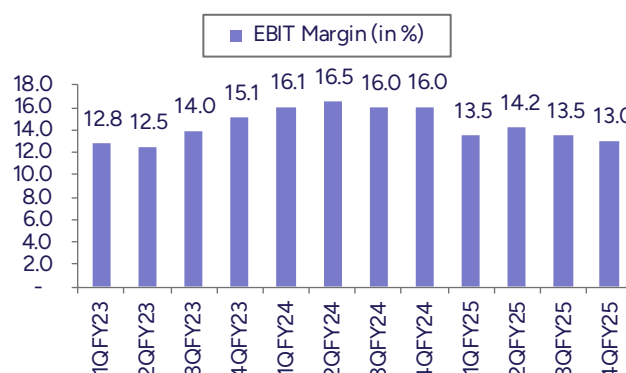
Source: Company, PL

Exhibit 6: Revenue declined by 1.9% QoQ CC



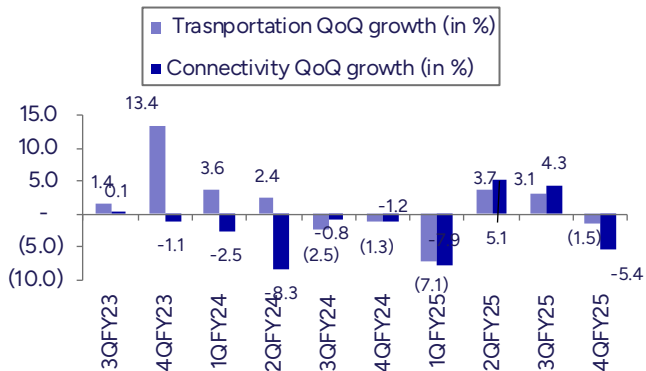
Source: Company, PL

Exhibit 7: EBIT margin (%) declined by 50 bps QoQ



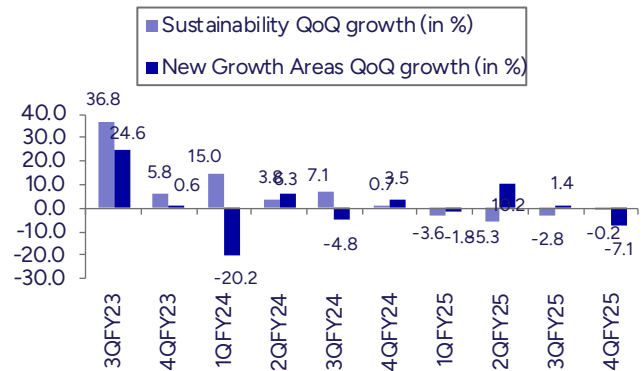
Source: Company, PL

Exhibit 8: Transportation & Connectivity both soft in Q4



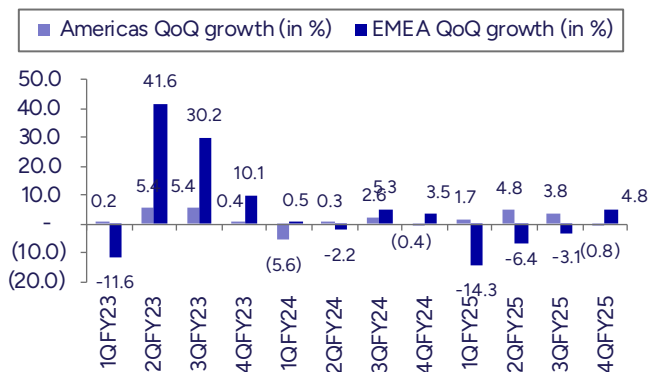
Source: Company, PL

Exhibit 9: Macros impact all segments



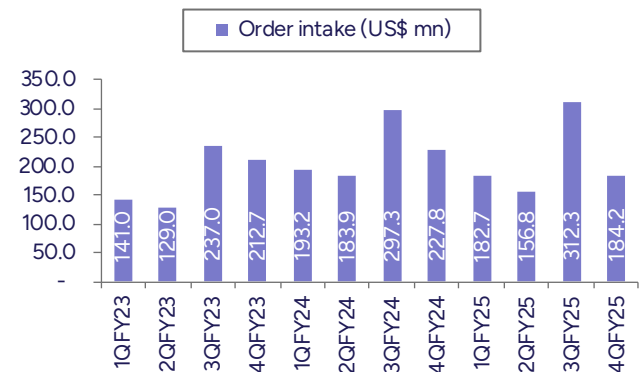
Source: Company, PL, * reclassified from Q1FY24

Exhibit 10: Americas decline while EMEA grew in Q4



Source: Company, PL

Exhibit 11: Weak deal wins in Q4



Source: Company, PL

Exhibit 12: Operating Metrics

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Geographic Mix - %											
Americas	50.7	48.1	46.0	43.2	43.0	43.9	43.7	47.0	48.3	49.5	50.6
Europe	28.0	32.8	34.4	34.4	33.4	35.0	36.2	32.8	30.1	28.8	31.1
Asia Pacific	21.3	19.0	19.6	22.4	23.6	21.1	20.1	20.1	21.6	21.7	18.3
Vertical Mix* - %											
Transportation	29.9	27.3	29.5	30.4	30.9	30.0	29.6	29.1	29.5	30.1	30.5
Connectivity	31.1	28.0	26.4	25.6	23.3	23.0	22.7	22.1	22.8	23.5	22.9
Sustainability	20.7	25.5	25.7	29.4	30.3	32.3	32.5	33.1	30.8	29.5	30.4
New Growth Areas	17.1	19.2	18.4	14.6	15.4	14.6	15.1	15.7	16.9	17.0	16.2
Client contribution - %											
Top 5	28.9	25.9	27.8	29.6	29.5	29.8	31.0	31.7	31.4	30.1	28.7
Top 10	39.9	35.8	39.2	39.2	39.2	39.8	41.6	42.9	43.0	41.7	41.3
No. of Million Dollar Clients											
USD1m+	85	84	84	90	103	111	108	105	107	110	114
USD5m+	30	31	31	31	31	36	35	30	29	30	28
USD10m+	12	12	14	13	13	13	14	12	15	15	16
USD20m+	4	6	7	7	6	6	6	5	4	4	4
Attrition - Vol % (Consol)	29.1	27.2	25.7	23.0	20.4	18.4	17.1	16.0	15.0	15.5	16.5
No. of Empl. (in 000's)	15.0	14.7	15.2	15.3	15.4	15.7	15.5	15.1	14.8	14.4	14.2

Source: Company, PL, * reclassified from Q1FY24

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	71	74	75	84
YoY gr. (%)	18.8	3.0	1.7	12.1
Employee Cost	46	48	50	56
Gross Profit	26	26	25	28
Margin (%)	35.7	35.1	33.8	33.1
Employee Cost	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	13	12	12	14
YoY gr. (%)	27.2	(11.6)	5.4	15.8
Margin (%)	18.2	15.6	16.2	16.7
Depreciation and Amortization	3	3	3	3
EBIT	10	9	9	11
Margin (%)	14.5	12.0	12.6	13.3
Net Interest	-	-	-	-
Other Income	0	0	0	0
Profit Before Tax	10	9	10	11
Margin (%)	13.8	12.1	12.8	13.6
Total Tax	2	2	2	3
Effective tax rate (%)	23.5	25.8	24.6	24.6
Profit after tax	8	7	7	9
Minority interest	0	0	1	1
Share Profit from Associate	-	-	-	-
Adjusted PAT	7	6	6	8
YoY gr. (%)	27.4	(15.4)	3.1	21.2
Margin (%)	10.3	8.4	8.6	9.3
Extra Ord. Income / (Exp)	(1)	0	-	-
Reported PAT	7	6	6	8
YoY gr. (%)	32.7	(9.9)	4.1	21.2
Margin (%)	9.6	8.4	8.6	9.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7	6	6	8
Equity Shares O/s (bn)	0	0	0	0
EPS (Rs)	66.2	56.0	57.7	70.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	28	32	33	35
Tangibles	16	19	20	21
Intangibles	12	13	14	14
Acc: Dep / Amortization	16	20	23	26
Tangibles	9	11	13	14
Intangibles	8	9	10	12
Net fixed assets	12	12	11	9
Tangibles	8	8	7	7
Intangibles	4	4	4	3
Capital Work In Progress	0	0	0	0
Goodwill	17	18	18	18
Non-Current Investments	4	4	4	4
Net Deferred tax assets	1	1	1	1
Other Non-Current Assets	1	1	1	1
Current Assets				
Investments	1	2	2	2
Inventories	-	-	-	-
Trade receivables	13	14	15	17
Cash & Bank Balance	5	11	13	16
Other Current Assets	17	15	15	17
Total Assets	70	77	80	85
Equity				
Equity Share Capital	1	1	1	1
Other Equity	42	53	56	60
Total Network	43	53	56	60
Non-Current Liabilities				
Long Term borrowings	3	1	0	0
Provisions	-	-	-	-
Other non current liabilities	5	5	5	5
Current Liabilities				
ST Debt / Current of LT Debt	2	1	1	1
Trade payables	7	4	4	5
Other current liabilities	8	9	9	9
Total Equity & Liabilities	70	77	80	85

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	9	9	10	11
Add. Depreciation	3	3	3	3
Add. Interest	1	1	-	-
Less Financial Other Income	0	0	0	0
Add. Other	0	0	-	-
Op. profit before WC changes	13	12	12	14
Net Changes-WC	(3)	(2)	(1)	(2)
Direct tax	(3)	(3)	(2)	(3)
Net cash from Op. activities	7	8	9	9
Capital expenditures	(2)	(4)	(1)	(1)
Interest / Dividend Income	0	1	-	-
Others	(3)	2	0	0
Net Cash from Invt. activities	(5)	(1)	(1)	(1)
Issue of share cap. / premium	7	9	-	-
Debt changes	(4)	(3)	(1)	-
Dividend paid	(3)	(3)	(3)	(4)
Interest paid	(1)	(1)	-	-
Others	(1)	(2)	-	-
Net cash from Fin. activities	(3)	(1)	(4)	(4)
Net change in cash	(1)	6	3	3
Free Cash Flow	7	8	9	9

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	66.2	56.0	57.7	70.0
CEPS	90.2	80.1	81.8	95.8
BVPS	383.6	478.3	507.2	542.2
FCF	65.4	71.2	79.8	80.8
DPS	30.0	26.0	28.9	35.0
Return Ratio(%)				
RoCE	17.4	12.8	12.6	14.1
ROIC	13.2	9.8	10.1	11.0
RoE	19.0	13.0	11.7	13.3
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.2)	(0.2)	(0.3)
Net Working Capital (Days)	29	50	55	55
Valuation(x)				
PER	18.8	22.2	21.5	17.8
P/B	3.2	2.6	2.5	2.3
P/CEPS	13.8	15.5	15.2	13.0
EV/EBITDA	10.5	11.1	10.3	8.7
EV/Sales	1.9	1.7	1.7	1.4
Dividend Yield (%)	2.4	2.1	2.3	2.8

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	17	18	19	19
YoY gr. (%)	(9.9)	10.3	4.2	(0.9)
Raw Material Expenses	11	12	13	12
Gross Profit	6	6	7	7
Margin (%)	35.7	34.2	34.4	36.1
EBITDA	3	3	3	3
YoY gr. (%)	-	-	-	-
Margin (%)	15.8	16.0	14.9	15.9
Depreciation / Depletion	1	1	1	1
EBIT	2	2	2	2
Margin (%)	11.9	12.5	11.4	12.3
Net Interest	-	-	-	-
Other Income	-	-	-	-
Profit before Tax	2	3	2	3
Margin (%)	11.6	13.8	9.5	13.5
Total Tax	-	1	-	1
Effective tax rate (%)	24.2	26.6	26.4	25.7
Profit after Tax	1	2	1	2
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1	2	1	2
YoY gr. (%)	(24.1)	24.7	(28.4)	33.1
Margin (%)	8.6	9.7	6.7	8.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1	2	1	2
YoY gr. (%)	(24.1)	24.7	(31.7)	39.4
Margin (%)	8.6	9.7	6.4	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1	2	1	2
Avg. Shares O/s (bn)	-	-	-	-
EPS (Rs)	12.9	16.1	11.7	15.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Revenue (USD mn)	862	870	861	943

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Apr-25	BUY	1,560	1,255
2	27-Mar-25	BUY	1,560	1,280
3	24-Jan-25	BUY	2,010	1,755
4	07-Jan-25	BUY	2,120	1,780
5	25-Oct-24	BUY	2,120	1,778
6	03-Oct-24	Accumulate	2,120	1,914
7	28-Aug-24	Accumulate	2,130	2,001

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	BUY	1,560	1,255
2	HCL Technologies	Hold	1,540	1,480
3	Infosys	BUY	1,630	1,420
4	LTIMindtree	Accumulate	4,980	4,537
5	Mphasis	BUY	2,940	2,474
6	Persistent Systems	BUY	5,910	5,164
7	Tata Consultancy Services	BUY	4,160	3,247
8	Tech Mahindra	Accumulate	1,540	1,423
9	Wipro	Hold	260	248

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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