

**Price:** 1,217

**Recommendation:** Buy

**Industry:** IT Enabled Services

**Sector:** Information Technology

**Report Date:** 03-Apr-2025

Cyient Limited is focused on enhancing business operations and financial performance through strategic initiatives. The company is transitioning to value-based selling, supported by training and tools, and has established a large deal function to secure bigger contracts. With a strong cash position and no long-term debt, Cyient is poised for growth, aiming for revenue growth and margin expansion in FY26. The company is also optimizing costs and improving sales efficiency.

| Sales              |         | Profit & Loss             |          | Profitability Matrix    |          |
|--------------------|---------|---------------------------|----------|-------------------------|----------|
| Current Year       | 2417 Cr | Operating Profit(Year)    | 598 Cr   | Operating Profit Margin | 24.7 %   |
| Previous Year      | 2228 Cr | Operating Profit(Quarter) | 143 Cr   | EBITDA Margin           | 31.11 %  |
| Current Quarter    | 612 Cr  | PAT (Year)                | 482 Cr   | Net Profit Margin       | 19.6 %   |
| Previous Quarter   | 623 Cr  | PAT (Quarter)             | 71.3 Cr  | EPS                     | 101      |
| Revenue (QYoY)     | 598 Cr  |                           |          |                         |          |
| Valuation Matrix   |         | Growth(YoY)               |          | Growth(QoQ)             |          |
| Trailing P/E       | 31.7    | Sales Growth              | -1.21 %  | Sales Growth            | -1.77 %  |
| PEG Ratio          | 17.5    | PAT Growth                | 40.52 %  | Sales Growth QYoY       | 2.34 %   |
| EV/EBITDA          | 19.9    | EPS Growth                | 125.45 % | PAT Growth              | -55.44 % |
| P/B                | 3.67    | Dividend Yield            | 2.47     | PAT Growth QYoY         | -47.96 % |
| Capital Allocation |         | Holdings                  |          | Leverage                |          |
| RoE                | 17.1 %  | Promoter                  | 23.1 %   | Debt/Equity             | 0.03     |
| RoA                | 13.7 %  | FII                       | 28.2 %   | Debt                    | 108 Cr   |
| RoCE               | 22.2 %  | DII                       | 30.3 %   | Market Cap              | 13513 Cr |
| RoIC               | 31.7 %  | Public                    | 17.5 %   | Enterprise value        | 12922 Cr |
|                    |         | No of Shares              | 11.1 Cr  | Cash Equivalents        | 698 Cr   |

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

In the recent meeting, Cyient Limited outlined several strategic initiatives aimed at bolstering its business operations and financial performance. The company emphasized its commitment to enhancing sales efficiency and order intake, which are pivotal for revenue growth. A significant focus has been placed on transitioning from relationship-based selling to value-based selling, leveraging technology to differentiate offerings. This shift is supported by training and tools to enable the sales force to adapt to more concentrated selling strategies. Additionally, Cyient has established a large deal function to work across various verticals, aiming to carve out larger deals and enhance its market presence. The company has also been working on a structured cost optimization program, which is expected to contribute to margin expansion in FY26.

Cyient's business strategies are centered around maintaining a strong financial footing while pursuing growth opportunities. The company has cleared all long-term debt, maintaining a robust cash position, which provides the necessary resources to execute its growth plans. The sales pipeline and order intake have reached record levels, with 13 large deals secured in Q3 alone. This momentum is expected to continue, with revenue growth anticipated to be more evenly distributed throughout FY26, unlike the back-ended growth seen in FY25. The company is also focusing on increasing its offshoring percentage, which is seen as a critical lever for improving EBIT margins.

Looking ahead, Cyient is optimistic about its growth and scaling prospects. The company expects FY26 to be a year of revenue growth and margin expansion, driven by its strategic initiatives and strong financial position. The focus on technology-driven solutions and consultative selling is expected to enhance its competitive edge in the market. The company is also in the process of identifying a new CEO, with a commitment to having a long-term plan in place by the end of the quarter. This transition is seen as an opportunity to bring in fresh perspectives while building on the positive momentum already established.

While the outlook is positive, there are areas where Cyient can improve. The company acknowledges the need for better forecast accuracy and has taken steps to address this by adopting more prudent forecasting methods. Additionally, there is a focus on optimizing operational costs and improving sales efficiency to mitigate seasonal factors that affect the engineering R&D; business. The company is also exploring options for a potential buyback, considering its strong cash position and zero debt status. Overall, Cyient is well-positioned for future growth, but continued focus on execution and strategic alignment will be crucial to achieving its ambitious goals.

CYIENT Daily Closing One Year Price Chart



| Name             | Mar Cap (Rs. Cr.) | P/E    | ROE    | Sales(G) QoQ | Sales(G) QYoY | PAT(G) QoQ | PAT(G) QYoY |
|------------------|-------------------|--------|--------|--------------|---------------|------------|-------------|
| PB Fintech.      | 71843.74          | 346.07 | 1.13%  | 10.66%       | 48.31%        | 41.19%     | 92.16%      |
| Oracle Fin.Serv. | 65871.54          | 28.69  | 28.98% | 2.47%        | -5.94%        | -6.30%     | -26.93%     |
| Coforge          | 47874.28          | 62.52  | 24.09% | 8.36%        | 42.82%        | 6.58%      | -9.45%      |
| Hexaware Tech.   | 41580.48          | 35.42  | 23.50% | 0.60%        | 20.58%        | 6.41%      | 65.40%      |
| KPIT Technologi. | 33211.04          | 43.77  | 31.19% | 0.45%        | 17.58%        | -8.24%     | 21.17%      |

| Aspect               | Commentary                                                                                                                                                                                                                                                                                                |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue              | The company's revenue shows a slight decline in the current quarter compared to the previous quarter, indicating potential challenges in maintaining sales momentum. However, the year-over-year growth remains positive, suggesting resilience in the annual performance despite quarterly fluctuations. |
| Profit & Loss        | Operating profit and PAT have shown strong annual growth, reflecting effective cost management and operational efficiency. However, the quarterly decline in PAT suggests potential short-term challenges that need addressing to sustain profitability.                                                  |
| Profitability Matrix | The company maintains healthy profitability margins, with a strong operating profit margin and EBITDA margin. The net profit margin is robust, indicating effective cost control and pricing strategies. EPS growth further underscores the company's profitability strength.                             |
| Valuation Matrix     | The valuation metrics indicate a high P/E ratio, suggesting market optimism about future growth. The PEG ratio reflects growth expectations, while the EV/EBITDA and P/B ratios highlight the company's valuation relative to its earnings and book value.                                                |
| Growth (YoY)         | Year-over-year growth metrics show a decline in sales but significant growth in PAT and EPS, indicating improved profitability despite revenue challenges. The dividend yield suggests a commitment to returning value to shareholders.                                                                   |
| Growth (QoQ)         | Quarter-over-quarter growth metrics reveal a decline in sales and PAT, highlighting short-term challenges. However, the positive QYoY sales growth suggests potential for recovery and resilience in the company's business model.                                                                        |
| Capital Allocation   | The company demonstrates strong capital allocation with high returns on equity, assets, and capital employed. The return on invested capital is particularly noteworthy, indicating efficient use of capital to generate returns.                                                                         |
| Holdings             | The shareholding pattern shows a balanced distribution among promoters, FIIs, DIIs, and the public, indicating diversified ownership. The number of shares suggests a stable equity base, supporting the company's market presence.                                                                       |
| Leverage             | The company maintains a low debt-to-equity ratio, reflecting prudent financial management and a strong balance sheet. The substantial cash equivalents and low debt levels provide financial flexibility for future growth initiatives.                                                                   |

**Analyst viewpoint:** Cyient Limited stands out as a promising short to mid-term investment. The company has demonstrated a robust strategic orientation with significant developments in value-based selling and a focus on technological differentiation. The quarterly order intake has broken records with 13 large deals secured, signaling a robust demand for Cyient's offerings. Despite a slight decline in QoQ revenue, the year-over-year growth remains positive, bolstered by a strong cash position and zero long-term debt. The company's recent focus on increasing its offshoring percentage is expected to improve EBIT margins significantly. These strategic initiatives are supported by healthy profitability margins, showing effective cost control and pricing strategies.

Valuation metrics present a positive outlook, with a high trailing P/E ratio indicating market optimism about future growth prospects. While quarterly declines in sales and PAT reveal short-term challenges, the company's enhanced sales efficiency and high returns on invested capital indicate a path towards sustained profitability. Cyient's move towards acquiring larger deals is expected to drive revenue growth and market presence in the IT Enabled Services sector. However, the company acknowledges the need for better forecast accuracy, aiming to enhance this aspect to achieve its ambitious goals. Despite this potential constraint, Cyient remains poised for substantial growth and margin expansion as it continues to build on its positive momentum.

Please read detailed disclosure on next page.

| 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 within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

#### Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Disclaimers:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

**Terms & Conditions:**

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

**Payment and Renewal:**

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

**Limitation of Liability:**

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

**No Investment Advice:**

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

**Termination:**

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

**No Guarantee:** While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

**Review and Update:** Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to [hello@goalfi.app](mailto:hello@goalfi.app)

Website: [goalfiresearch.smallcase.com](http://goalfiresearch.smallcase.com)