Analyst Meet Update

Cyient (CYL IN)

August 26, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Transition underway, execution remains key

Quick Pointers

- Aspiring for industry leading revenue CAGR with 16.0%+ EBIT margin by FY31
- Shifting from project-based for sustainable & predictable business model

We attended CYIENT's Investor Day, where management outlined its strategy to pivot from project-led ER&D toward lifecycle engineering and annuity-based models, with the objective of improving predictable and quality revenues. The strategic pivot expands Cyient's addressable opportunity beyond the ~USD 100bn traditional ER&D outsourcing market to ~USD 2.4–3.2tn of outsourced spend across the broader asset lifecycle. Cyient has already established a foothold in the after-sales opportunity, with access to 58% of its Top 200 accounts in after-sales services and aims to increase the contribution of after-sales/lifecycle services to 25% of revenue and recurring revenue to 50%. Additionally, the improving NN order intake (+64% YoY in FY26) within its selective buckets (Transportation, Wireless Connectivity and Energy) drives better revenue visibility in the medium-term. However, project-based work still contributes significantly at ~25–30% of revenue, while ~55–60% of contracts get renewed quarterly, resulting in growth volatility. Cyient aspires to drive more annuity-based arrangements by (1) offering a breadth of service portfolio, (2) having established senior leaders to dedicated BUs and (3) fixing internal constraints to drive better execution. With this, Cyient aspires to deliver revenue CAGR above industry peers with 15%+ EBIT margin in FY28-29, followed by industry-leading growth and 16%+ EBIT margin by FY31. We believe that the pivot towards managing lifecycle engineering can structurally improve the quality of Cyient's revenue; however, the key monitorable remain the success rate and execution within its marquee accounts. We have not integrated Tao Digital's financials, as the acquisition is yet to be completed and have largely maintained our FY27E and FY28E DET USD revenue growth estimates, while marginally increasing our EBIT margin estimates to 13.5% and 14.0% (13.2% and 13.7% earlier), respectively. We maintain our HOLD rating with a TP of INR 1,040, based on the SOTP methodology.

Medium term & Long-term growth aspiration: Management aspires to deliver double-digit revenue growth in the medium term, supported by scaling lifecycle/after-sales services, large deals and regional expansion, with growth expected to move toward ~20%. In the long term, Cyient targets industry-leading revenue CAGR, driven by a larger contribution from lifecycle and recurring revenues

Margin aspiration: Management targets 15%+ EBIT margin by FY28-29 and 16%+ by FY31, supported by higher mix of lifecycle and annuity-based revenues, scaling of large deals, portfolio optimization, and operating leverage from improved utilization and productivity. Margin expansion is also expected from reducing the long-tail account base and G&A intensity, while the shift toward higher-value lifecycle/managed-services engagements should improve revenue quality and profitability.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,040		900	
Sales (INR bn)	80	87	80	87
% Chng.	-	-		
EBITDA (INR bn)	12	14	12	14
% Chng.	-	-		
EPS (INR)	60.3	76.0	64.4	71.8
% Chng.	(6.4)	5.8		

Key Data — CYIE.BO | CYL IN

BSE Code	532175
NSE Code	CYIENT
52-W High / Low	INR 1,284 / INR 750
Face Value	5
Sensex / Nifty	77,656 / 24,335
Market Cap	INR 103 bn / $ 1,075 mn
Shares Outstanding	104.75 mn
3M Avg. Daily Value	INR 554.38 mn

Shareholding Pattern (%)

Promoters	23.28
FIIs	14.52
Mutual Funds	31.79
Domestic Institutions	7.21
Public & Others	23.20
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	16.5	6.6	5.1	(21.3)
Relative	14.2	5.0	11.3	(17.3)

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR bn)	74	73	80	87
EBITDA (INR bn)	12	10	12	14
Margin (%)	15.6	13.3	15.2	16.2
PAT (INR bn)	6	5	7	8
EV (INR bn)	103	99	94	90
Total Debt (INR bn)	2	2	2	2
C&C Eq. (INR bn)	11	15	19	24
EPS (INR)	56.0	48.0	60.3	76.0
Gr. (%)	(15.4)	(14.2)	25.5	26.0
DPS (INR)	26.0	24.0	30.1	38.0
Yield (%)	2.7	2.5	3.1	3.9
RoE (%)	13.0	9.7	11.5	13.6
RoCE (%)	12.8	8.7	11.2	13.0
EV/Sales (x)	1.4	1.4	1.2	1.0
EV/EBITDA (x)	8.9	10.2	7.8	6.4
PE (x)	17.5	20.4	16.2	12.9
P/BV (x)	2.0	1.9	1.8	1.7

Pritesh Thakkar
priteshthakkar@plindia.com | +91-22-66322533

Sujay Chavan
sujaychavan@plindia.com | +91-22-66322536

Arhan Shah
arhanshah@plindia.com | +91-22-66322527

Driving growth through emerging regions & markets: Management identified AI datacenters, Defense markets, Indian PSU's & HiTech as new emerging markets to unlock non linear growth to scale over the next 2-3 years, while accelerating regional footprint in India, Middle east & Japan regions to tap into regional initiatives to achieve 20%+ YoY growth in the medium term.

Capital Allocation policy: Management remains focused on balancing organic growth investments, strategic M&A and shareholder returns, with 50% of PAT targeted for distribution to shareholders. The company plans to invest 0.5–1.0% of revenue toward technology and 1–1.5% toward capex, supporting its lifecycle engineering pivot and capability enhancement, while retaining flexibility for strategic M&A aligned with its growth objectives.

Aspiring to be largest Indian semiconductor company: CYIENT is targeting 4x revenue growth from current levels by FY31 with 20%+ EBIT margins in its semiconductor business, aiming to be India's first Fabless semiconductor product company. The management targets ~4-5x growth in the ASSP business supported by the Kinetic acquisition & ~2-3x growth in the ASIC business, estimating a USD 2tn+ global semiconductor market by 2029.

Exhibit 1: **SOTP**

SOTP	Valuation Metric	Tgt Multiple	Value (FY28E)
Cyient DET Service (INR mn)	P/E	12	88,369
DLM (INR mn)	Market Cap. At inhouse valuation with 20% discount		25,494
Total Market Cap (INR mn)			1,13,863
O/S (in mn)			110
Target Price (INR)			**1,040**
CMP (INR)			979

Source: PL

Exhibit 2: **DET P&L**

(INR mn)	FY25	FY26	FY27E	FY28E
Revenue (in US$ mn)	**653.8**	**657.6**	**654.9**	**683.4**
YoY growth (%)	*-8.4%*	*0.6%*	*-0.4%*	*4.4%*
Revenue	**55,151.0**	**58,189.0**	**61,192.6**	**64,922.9**
YoY growth (%)	*-6.7%*	*5.5%*	*5.2%*	*6.1%*
Cost of revenues	33,583.0	38,040.0	38,677.9	40,641.7
% of Sales	*60.9%*	*65.4%*	*63.2%*	*62.6%*
SG&A	12,201.0	10,789.0	11,952.7	12,660.0
% of Sales	*22.1%*	*18.5%*	*19.5%*	*19.5%*
EBITDA	**9,367.0**	**9,360.0**	**10,562.1**	**11,621.2**
EBITDA margin (%)	*17.0%*	*16.1%*	*17.3%*	*17.9%*
Depreciation	2,251.0	2,240.0	2,326.2	2,516.7
% of Sales	*4.1%*	*3.8%*	*3.8%*	*3.9%*
Operating Income	7,116.0	7,120.0	8,235.9	9,104.5
Operating Margin (%)	*12.9%*	*12.2%*	*13.5%*	*14.0%*
Net Other Income	162.0	1,031.0	426.9	649.2
PBT	**7,278.0**	**8,151.0**	**8,662.8**	**9,753.7**
Tax expenses	1,797.0	2,270.0	2,216.6	2,389.7
Tax (%)	*24.7%*	*27.8%*	*25.6%*	*24.5%*
PAT before Minority exp. & one offs	**5,481.0**	**5,881.0**	**6,446.2**	**7,364.1**
Minority Interest	-	-	-	-
Adj Net Income	**5,481.0**	**5,881.0**	**6,446.2**	**7,364.1**
Net Income margin (%)	*9.9%*	*10.1%*	*10.5%*	*11.3%*
Adj. EPS	**49.8**	**53.3**	**58.5**	**66.8**

Source: Company, PL

Other KTA's from the event

- Management characterised FY26 to be a stabilization period focused on capital reallocation & margin stabilization, with FY27 focused on transformation initiatives through lifecycle management solutions, and FY28 focused around scaling new initiatives to deliver growth

- Management identified SG&A optimization & Commercial Pricing discipline to be key levers to achieve the 15% EBIT margin aspiration.

- Reinvestment of cash generation in SG&A being focused towards technology, building AI based delivery capability, and AI upskilling, leaner overall spending, funds growth and margin expansion.

- Management highlighted Domain & Tech convergence, Regionalization & Resilience, Sustainability, Democratization of Talent, & and New Value Creation Models as 5 structural forces redefining how value will be created.

- Management believes that it is not an AI first company, but an embracing intelligence company combining domain knowledge with human expertise + AI, emphasizing that the business has transformed from mechanical to digital to Intelligent for delivering products & solutions.

- Cyient is building an annuity-led and lifecycle engineering capabilities to scale its Energy & Process Industry business to address a USD 2.1 tn outsourcing TAM growing at 19% CAGR. In the medium term, the company aims to deliver double-digit growth, supported by a greater contribution from recurring revenues (~50%) and lifecycle-engineering revenues (~25%).

- Cyient plans to be India's largest power semiconductor company, targeting 4x revenue growth from current levels by FY31 with 20%+ EBIT margins, on accelerating its ASSP & ASIC businesses enabled through the Kinetic Technologies acquisition.

- Management believes Autonomous networks & data foundation will be a key transformation lever to drive growth in the Networks vertical, futher elaborating that physical assets no longer create a differentiated value proposition, but expectations of customers based on achievements of outcomes.

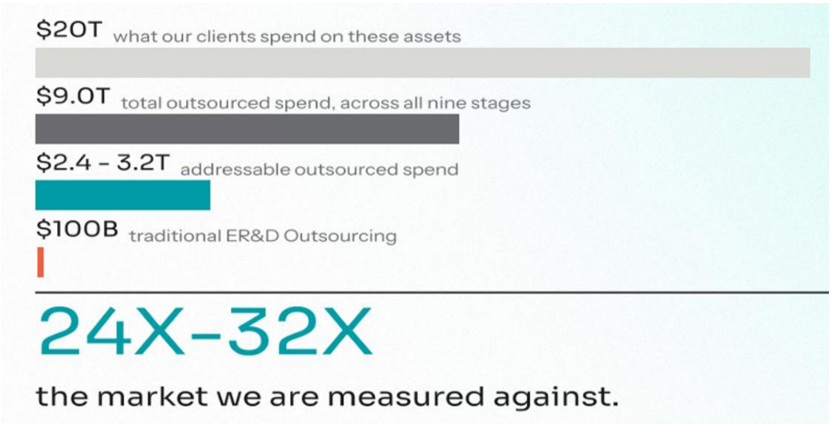
- Management identified AI datacenters, Defence markets, Indian PSU's & HiTech as new emerging markets to unlock non linear growth to scale over the next 2-3 years. Management estimated that by 2030, 8% of world electricity will be consumed by data centers, providing a significant opportunity to Cyient.

- Management highlighted that 80% of Cyient and Cyient DLM customers are common, emphasizing that it has been enabled through compounding and synergies.

Exhibit 3: Aspiring industry leading revenue growth CAGR by FY31 with 16%+ EBIT margin

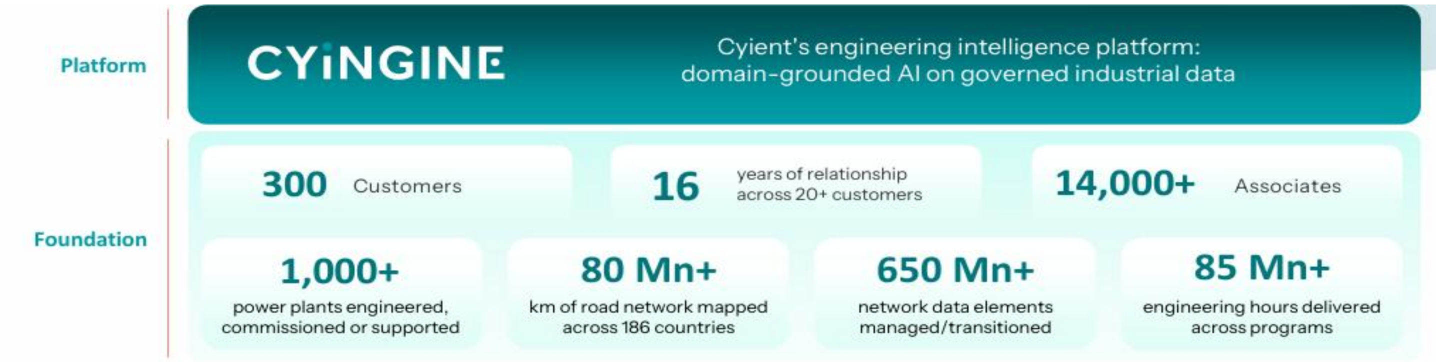
Source: Company, PL

Exhibit 4: Identified TAM of USD 2.4-3.2 tn driven through intelligent engineering



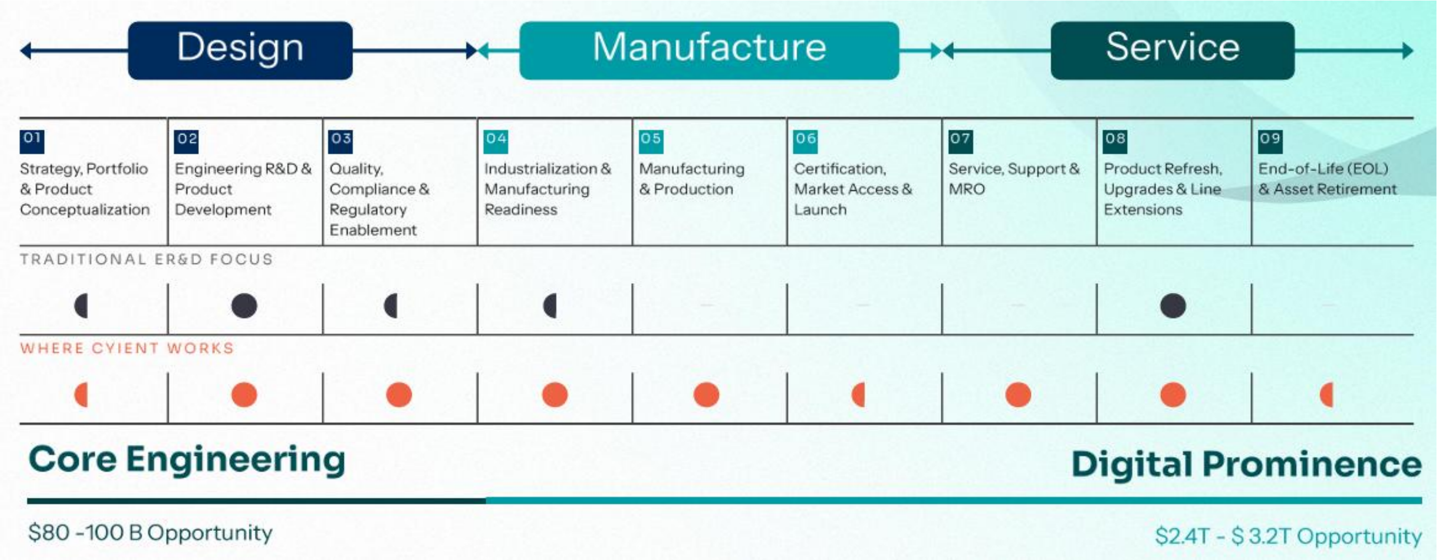
Source: Company, PL

Exhibit 5: CYiNGINE platform launched to deliver measurable engineering outcomes at scale



Source: Company, PL

Exhibit 6: Lifecycle Engineering approach to unlock value

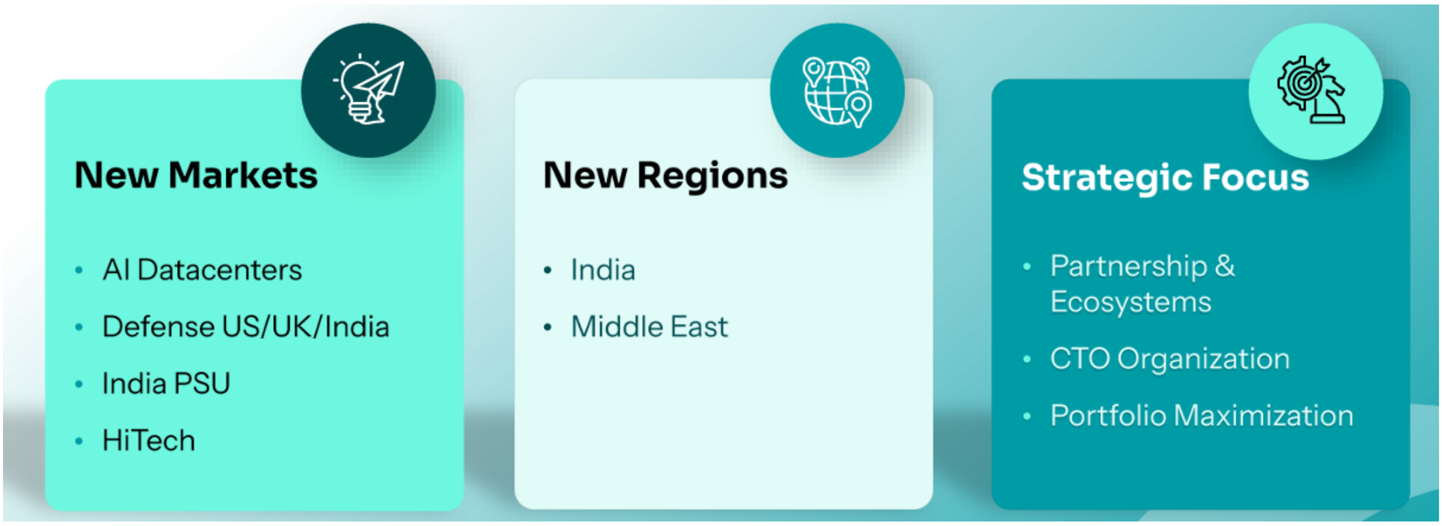


Source: Company, PL

Exhibit 7: Domain depth to be a key driver to create value

Source: Company, PL

Exhibit 8: Emerging markets & strategies to drive non-linear growth and profitability



Source: Company, PL

Financials

Income Statement (INR bn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	74	73	80	87
YoY gr. (%)	*3.0*	*(1.3)*	*9.4*	*9.0*
Cost of Goods Sold	48	48	53	58
Gross Profit	26	25	27	29
Margin (%)	*35.1*	*33.9*	*33.8*	*33.7*
Employee Cost	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	12	10	12	14
YoY gr. (%)	*(11.6)*	*(16.1)*	*24.7*	*16.5*
Margin (%)	*15.6*	*13.3*	*15.2*	*16.2*
Depreciation and Amortization	3	3	3	3
EBIT	9	7	9	11
Margin (%)	*12.0*	*9.5*	*11.5*	*12.7*
Net Interest	-	-	-	-
Other Income	-	1	-	-
Profit Before Tax	9	8	9	11
Margin (%)	*12.1*	*11.1*	*11.8*	*13.2*
Total Tax	2	2	2	3
Effective Tax Rate (%)	*25.8*	*27.9*	*26.2*	*24.4*
Profit After Tax	7	6	7	9
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	6	5	7	8
YoY gr. (%)	*(15.4)*	*(14.1)*	*25.5*	*26.0*
Margin (%)	*8.4*	*7.3*	*8.4*	*9.7*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	6	4	7	8
YoY gr. (%)	*(9.8)*	*(30.5)*	*56.7*	*26.0*
Margin (%)	*8.4*	*5.9*	*8.4*	*9.7*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6	4	7	8
Equity Shares O/s (bn)	-	-	-	-
EPS (INR)	56.0	48.0	60.3	76.0

Source: Company, PL

Balance Sheet (INR bn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	24	24	25	26
Tangibles	15	15	16	17
Intangibles	9	9	9	9
Acc: Dep / Amortization	12	13	16	19
Tangibles	7	8	9	11
Intangibles	5	5	7	8
Net Fixed Assets	12	11	9	7
Tangibles	8	7	7	6
Intangibles	4	4	2	1
Capital Work In Progress	-	-	-	-
Goodwill	18	20	20	20
Non-Current Investments	4	3	3	3
Net Deferred Tax Assets	1	2	2	2
Other Non-Current Assets	1	1	1	1
Current Assets				
Investments	2	2	2	3
Inventories	-	-	-	-
Trade Receivables	14	13	15	16
Cash & Bank Balance	11	15	19	24
Other Current Assets	15	17	16	17
Total Assets	77	83	87	93
Equity				
Equity Share Capital	1	1	1	1
Other Equity	53	56	60	64
Total Networth	53	57	60	64
Non-Current Liabilities				
Long Term Borrowings	1	1	1	1
Provisions	-	-	-	-
Other Non Current Liabilities	5	5	5	6
Current Liabilities				
ST Debt / Current of LT Debt	1	1	1	1
Trade Payables	4	5	5	6
Other Current Liabilities	9	10	10	10
Total Equity & Liabilities	77	83	87	93

Source: Company, PL

Cash Flow (INR bn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	9	6	9	11
Add. Depreciation	3	3	3	3
Add. Interest	1	1	-	-
Less Financial Other Income	-	1	-	-
Add. Other	-	(1)	-	-
Op. Profit before WC Changes	12	9	12	15
Net Changes-WC	(2)	1	(1)	(2)
Direct Tax	(3)	(3)	(2)	(3)
Net Cash from Op. Activities	**8**	**8**	**9**	**10**
Capital Expenditures	(4)	(1)	(1)	(1)
Interest / Dividend Income	1	1	-	-
Others	2	1	-	-
Net Cash from Invt. Activities	**(1)**	**1**	**(1)**	**(1)**
Issue of Share Cap. / Premium	9	-	-	-
Debt Changes	(3)	(1)	-	-
Dividend Paid	(3)	(3)	(3)	(4)
Interest Paid	(1)	-	-	-
Others	(2)	(1)	-	-
Net Cash from Fin. Activities	**(1)**	**(6)**	**(3)**	**(4)**
Net Change in Cash	**6**	**4**	**5**	**4**
Free Cash Flow	8	8	9	10

Source: Company, PL

Quarterly Financials (INR bn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**18**	**18**	**19**	**21**
YoY gr. (%)	*4.0*	*3.8*	*4.2*	*7.7*
Raw Material Expenses	12	12	13	14
Gross Profit	6	6	7	7
Margin (%)	*31.9*	*34.1*	*34.7*	*31.5*
EBITDA	**2**	**2**	**3**	**3**
YoY gr. (%)	-	-	-	-
Margin (%)	*13.4*	*13.2*	*13.1*	*12.7*
Depreciation / Depletion	1	1	1	1
EBIT	**2**	**2**	**2**	**2**
Margin (%)	*9.4*	*9.5*	*9.5*	*9.0*
Net Interest	-	-	-	-
Other Income	-	-	-	-
Profit before Tax	**2**	**2**	**2**	**2**
Margin (%)	*11.3*	*10.4*	*10.2*	*8.3*
Total Tax	1	1	1	1
Effective Tax Rate (%)	*26.6*	*29.0*	*30.1*	*36.2*
Profit After Tax	**1**	**1**	**1**	**1**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**1**	**1**	**1**	**1**
YoY gr. (%)	*(17.2)*	*0.8*	*(3.0)*	*(16.3)*
Margin (%)	*7.2*	*6.9*	*6.5*	*5.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1**	**1**	**1**	**1**
YoY gr. (%)	*(17.2)*	*(28.0)*	*(40.2)*	*90.1*
Margin (%)	*7.2*	*5.0*	*2.8*	*5.0*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**1**	**1**	**1**	**1**
Avg. Shares O/s (bn)	-	-	-	-
EPS (INR)	**11.5**	**11.6**	**11.3**	**9.5**

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	56.0	48.0	60.3	76.0
CEPS	80.1	73.1	86.4	103.5
BVPS	478.3	511.0	541.1	579.1
FCF	71.2	70.8	83.0	88.7
DPS	26.0	24.0	30.1	38.0
Return Ratio (%)				
RoCE	12.8	8.7	11.2	13.0
ROIC	9.8	6.8	8.6	9.7
RoE	13.0	9.7	11.5	13.6
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	50	39	45	45
Valuation (x)				
PER	17.5	20.4	16.2	12.9
P/B	2.0	1.9	1.8	1.7
P/CEPS	12.2	13.4	11.3	9.5
EV/EBITDA	8.9	10.2	7.8	6.4
EV/Sales	1.4	1.4	1.2	1.0
Dividend Yield (%)	2.7	2.5	3.1	3.9
FCFF Yield (%)	7.3	7.2	8.5	9.1
PEG Ratio	(1.1)	(1.4)	0.6	0.5

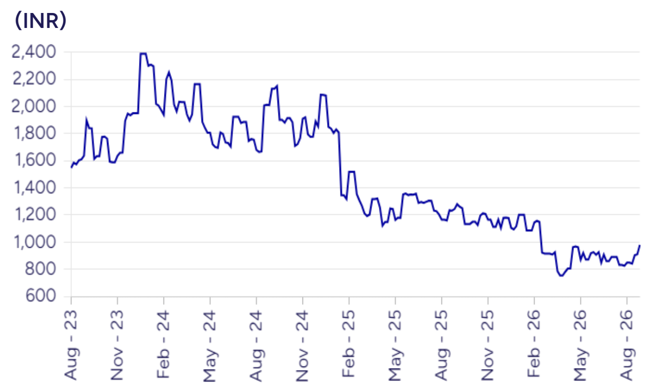
Source: Company, PL

Key Operating Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Revenue (USD mn)	853	821	851	913

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	02-Jul-26	HOLD	900	879
2	01-Apr-26	BUY	950	780
3	02-Jan-26	Hold	1070	1109
4	04-Oct-25	Hold	1130	1170
5	01-Jul-25	Reduce	1150	1289
6	25-Apr-25	Hold	1200	1244
7	03-Apr-25	BUY	1560	1255
8	27-Mar-25	BUY	1560	1280
9	24-Jan-25	BUY	2010	1755
10	07-Jan-25	BUY	2120	1780

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Coforge	BUY	2120	1686
2	Cyient	HOLD	900	879
3	Fractal Analytics	BUY	1010	787
4	HCL Technologies	HOLD	1160	1221
5	Infosys	BUY	1240	1047
6	KPIT Technologies	SELL	460	639
7	L&T Technology Services	HOLD	3350	3293
8	Latent View Analytics	Accumulate	320	298
9	LTM	Accumulate	4200	4037
10	Mphasis	BUY	2820	2288
11	Persistent Systems	Accumulate	5860	5575
12	Tata Consultancy Services	BUY	2500	2050
13	Tata Elxsi	Reduce	3350	3697
14	Tata Technologies	SELL	610	758
15	Tech Mahindra	BUY	1780	1510
16	Wipro	Reduce	165	178

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

ANALYST CERTIFICATION

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We/I Mr. Pritesh Thakkar MBA Finance, Mr. Sujay Chavan MMS-Finance, Mr. Arhan Shah CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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Prabhudas Lilladher Pvt. Ltd.

Corporate Office: 6th Floor, Tower 2B South Annex, One World Centre, 841, Senapati Bapat Marg, Lower Parel, Mumbai - 400013

Registered Office: 3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018

Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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