

January 22, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	692		831	
Sales (Rs. m)	20,094	25,765	23,306	27,862
% Chng.	(13.8)	(7.5)		
EBITDA (Rs. m)	1,929	2,731	2,470	3,121
% Chng.	(21.9)	(12.5)		
EPS (Rs.)	15.6	23.1	21.6	27.7
% Chng.	(27.5)	(16.8)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	11,919	15,845	20,094	25,765
EBITDA (Rs. m)	1,110	1,276	1,929	2,731
Margin (%)	9.3	8.1	9.6	10.6
PAT (Rs. m)	612	676	1,240	1,829
EPS (Rs.)	7.7	8.5	15.6	23.1
Gr. (%)	28.6	10.4	83.4	47.5
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	11.1	7.1	11.7	15.1
RoCE (%)	15.0	12.0	16.7	20.9
EV/Sales (x)	3.1	2.4	1.9	1.4
EV/EBITDA (x)	33.2	30.0	19.6	13.6
PE (x)	66.7	60.4	32.9	22.3
P/BV (x)	4.5	4.1	3.6	3.1

Key Data CYIT.BO | CYIENTDL IN

52-W High / Low	Rs.884 / Rs.506
Sensex / Nifty	76,405 / 23,155
Market Cap	Rs.41bn/ \$ 473m
Shares Outstanding	79m
3M Avg. Daily Value	Rs.170.89m

Shareholding Pattern (%)

Promoter's	52.16
Foreign	7.76
Domestic Institution	27.77
Public & Others	12.31
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(24.0)	(32.8)	(22.0)
Relative	(22.4)	(29.1)	(27.1)

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Disappointing results, margin contraction continues

We cut our FY25/FY26/FY27E EPS estimates significantly by 31.2%/27.5%/16.8% to factor in low margins given the ECL provision in Q3FY25, M&A expenses, and delay in order inflow from major clients. We have revised TP to Rs692 (Rs831 earlier), based on 30x FY27E earnings. CYIENTDL Q3FY25 EBITDA was much below our estimates due to higher expenses related to M&A and ECL provision, and muted order inflow. The management is in talks for 3 large deals, the benefit of which will be visible from H2FY26. Margins are guided to be flat for FY25, but are expected to improve from H2FY26. We estimate FY24-27E revenue/EBITDA/PAT CAGR of 29.3%/35.0%/44.0%, with EBITDA margin expansion of ~130bps. Maintain 'BUY'.

Revenue increases by 38.4%, adj PAT declines by 40.4%: Sales increased by 38.4% YoY to Rs4.4bn (PL: Rs4.6bn). Aerospace/Defense/Industrial/Medtech segment grew by 13%/33%/50%/149% YoY, while Rail declined by 54% YoY. Aerospace/Defense segment contributes 22%/46% to revenue. EBITDA declined by 4.4% YoY to Rs 281mn (PL: Rs395mn). EBITDA margins contracted by ~280bps to 6.3% (PL: 8.5%) due to higher employee cost on account of Altek consolidation and expense credit loss (ECL) on receivables, which resulted in higher other expenses. PBT declined by 39.2% YoY to Rs150mn (PL: Rs 344mn). PAT declined by 40.4% YoY to Rs110mn (PL: Rs 258mn).

Con call highlights: **1)** CYIENTDL is expected to grow at 30% CAGR over FY24-FY27E with a margin of +10%. **2)** The business mix significantly impacts margins, with a decline in low-margin business expected in Q4 and Q1, resulting in improved Q4 margins and a near flat margin for the full year. **3)** The company added 7 logos in 9MFY25. A leading global technology company focused on energy services was added in Q3. **4)** CYIENTDL has formed a strategic partnership with Arcedo to establish a 500kWp rooftop solar power plant at its Mysuru facility. **5)** The company has a total contract value of more than USD1bn. **6)** CYIENTDL expects to secure 3 large deals, primarily from ROW, starting from FY26. **7)** It reported one-off expenses related to M&A, resulting in margin pressure. **8)** ECL provision related to a domestic client resulted in a contraction in standalone margin in Q3FY25. However, the management expects a recovery in the coming quarter. **9)** ROW:India revenue contribution stood at 61%:39% in Q3FY25 vs 54%:46% in Q3FY24. **10)** Order book stands at Rs21.4bn, including Rs2.9bn from Altek. **11)** The acquisition of Altek Electronics has diversified the company's industry base, leading to significant growth in industrial and medtech segments.

Exhibit 1: Q3FY25 result overview: Sales increase by 38.4% YoY, PAT declines by 40.4% YoY

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	4,442	3,210	38.4	3,895	14.1	10,916	8,300	31.5
Expenditure			100					
Operating & Manufacturing Expenses	3,257	2,506	30.0	3,092	5.3	8,276	6,445	28.4
<i>% of Net Sales</i>	<i>73.3</i>	<i>78.0</i>		<i>79.4</i>		<i>75.8</i>	<i>77.7</i>	
Gross Profit	1,186	705	68.2	802	47.7	2,640	1,855	42.3
<i>% of Net Sales</i>	<i>26.7</i>	<i>22.0</i>	<i>4.73</i>	<i>20.6</i>		<i>24.2</i>	<i>22.3</i>	
Personnel Cost	588	306	92.3	336	75.1	1,251	817	53.2
<i>% of Net Sales</i>	<i>13.2</i>	<i>9.5</i>		<i>8.6</i>		<i>11.5</i>	<i>9.8</i>	
Other Expenses	317	105	201.7	150	110.4	591	309	91.5
<i>% of Net Sales</i>	<i>7.1</i>	<i>3.3</i>		<i>3.9</i>		<i>5.4</i>	<i>3.7</i>	
Total Expenditure	4,161	2,916	42.7	3,578	16.3	10,118	7,571	33.6
EBITDA	281	294	-4.4	316	-11.1	798	730	9.3
<i>Margin (%)</i>	<i>6.3</i>	<i>9.2</i>		<i>8.1</i>		<i>7.3</i>	<i>8.8</i>	
Other income	69	93	-26.5	71	-3.5	228	195	17.0
Depreciation	100	58	73.9	69	45.9	236	161	46.8
EBIT	181	237	-23.5	248	-26.9	790	764	3.4
Interest	100	83	19.9	110	-9.3	290	250	16.0
PBT	150	247	-39.2	209	-28.2	501	514	(2.7)
Total Taxes	40	63	-35.8	54	-26.1	130	130	0.2
<i>ETR (%)</i>	<i>26.8</i>	<i>25.3</i>		<i>26.0</i>		<i>26.0</i>	<i>25.3</i>	
Adj. PAT	110	184	-40.4	155	-28.9	370	385	(3.7)
Exceptional Items	-	-		-		-	-	
Reported PAT	110	184	(40.4)	155	-28.9	370	385	(3.7)

Source: Company, PL

Exhibit 2: Segmental breakup: Aerospace/Defense segment grows by 13%/33% in Q3FY25

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Revenues								
Aerospace	977	867	12.7	779	25.5	2,427	1,900	27.7
Defense	2,043	1,541	32.6	2,570	(20.5)	6,084	3,796	60.3
Industrial	578	385	49.9	273	111.8	979	1,620	(39.6)
Medtech	800	321	149.1	234	242.2	1,291	742	73.9
Rail	44	96	(53.9)	39	14.1	135	242	(44.1)
Total	4,442	3,210	38.4	3,895	14.1	10,916	8,300	31.5

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	11,919	15,845	20,094	25,765
YoY gr. (%)	43.2	32.9	26.8	28.2
Cost of Goods Sold	9,200	11,892	15,191	19,478
Gross Profit	2,719	3,953	4,903	6,287
Margin (%)	22.8	24.9	24.4	24.4
Employee Cost	1,174	1,775	1,869	2,267
Other Expenses	435	902	1,105	1,288
EBITDA	1,110	1,276	1,929	2,731
YoY gr. (%)	26.5	15.0	51.1	41.6
Margin (%)	9.3	8.1	9.6	10.6
Depreciation and Amortization	223	317	348	388
EBIT	887	959	1,581	2,343
Margin (%)	7.4	6.1	7.9	9.1
Net Interest	344	369	248	264
Other Income	278	313	324	364
Profit Before Tax	821	903	1,657	2,444
Margin (%)	6.9	5.7	8.2	9.5
Total Tax	209	227	417	615
Effective tax rate (%)	25.5	25.2	25.2	25.2
Profit after tax	612	676	1,240	1,829
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	612	676	1,240	1,829
YoY gr. (%)	92.9	10.4	83.4	47.5
Margin (%)	5.1	4.3	6.2	7.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	612	676	1,240	1,829
YoY gr. (%)	92.9	10.4	83.4	47.5
Margin (%)	5.1	4.3	6.2	7.1
Other Comprehensive Income	(240)	-	-	-
Total Comprehensive Income	372	676	1,240	1,829
Equity Shares O/s (m)	79	79	79	79
EPS (Rs)	7.7	8.5	15.6	23.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	2,640	4,337	4,688	5,055
Tangibles	2,498	4,148	4,448	4,748
Intangibles	142	189	240	308
Acc: Dep / Amortization	1,243	1,512	1,798	2,108
Tangibles	1,123	1,371	1,629	1,904
Intangibles	120	141	169	204
Net fixed assets	1,397	2,825	2,890	2,947
Tangibles	1,374	2,777	2,819	2,843
Intangibles	22	48	71	104
Capital Work In Progress	504	428	489	575
Goodwill	30	30	30	30
Non-Current Investments	715	715	715	715
Net Deferred tax assets	59	59	59	59
Other Non-Current Assets	69	67	67	67
Current Assets				
Investments	-	-	-	-
Inventories	4,642	6,078	7,707	9,882
Trade receivables	2,259	2,822	3,303	4,235
Cash & Bank Balance	5,366	3,409	3,931	4,586
Other Current Assets	743	885	1,038	1,221
Total Assets	16,033	17,610	20,573	24,725
Equity				
Equity Share Capital	793	793	793	793
Other Equity	8,297	9,158	10,397	12,226
Total Network	9,090	9,951	11,190	13,019
Non-Current Liabilities				
Long Term borrowings	747	247	247	247
Provisions	106	141	179	230
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	589	589	589	589
Trade payables	3,200	4,254	5,396	6,918
Other current liabilities	1,605	1,857	2,355	3,020
Total Equity & Liabilities	16,033	17,610	20,573	24,725

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	821	903	1,657	2,444
Add. Depreciation	223	317	348	388
Add. Interest	344	369	248	264
Less Financial Other Income	278	313	324	364
Add. Other	(222)	(313)	(324)	(364)
Op. profit before WC changes	1,166	1,276	1,929	2,731
Net Changes-WC	(1,676)	(900)	(702)	(1,199)
Direct tax	(195)	227	417	615
Net cash from Op. activities	(705)	603	1,644	2,147
Capital expenditures	(338)	(1,669)	(474)	(532)
Interest / Dividend Income	107	313	324	364
Others	(4,046)	2,900	-	-
Net Cash from Inv. activities	(4,277)	1,544	(150)	(168)
Issue of share cap. / premium	6,694	-	-	-
Debt changes	(1,647)	(602)	72	119
Dividend paid	-	-	-	-
Interest paid	(192)	(369)	(248)	(264)
Others	(65)	-	-	-
Net cash from Fin. activities	4,790	(971)	(177)	(144)
Net change in cash	(193)	1,176	1,318	1,835
Free Cash Flow	(1,043)	(1,066)	1,170	1,615

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	7.7	8.5	15.6	23.1
CEPS	10.5	12.5	20.0	27.9
BVPS	114.6	125.5	141.1	164.2
FCF	(13.2)	(13.4)	14.8	20.4
DPS	-	-	-	-
Return Ratio(%)				
RoCE	15.0	12.0	16.7	20.9
ROIC	27.4	10.0	15.8	21.0
RoE	11.1	7.1	11.7	15.1
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	113	107	102	102
Valuation(x)				
PER	66.7	60.4	32.9	22.3
P/B	4.5	4.1	3.6	3.1
P/CEPS	48.9	41.1	25.7	18.4
EV/EBITDA	33.2	30.0	19.6	13.6
EV/Sales	3.1	2.4	1.9	1.4
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	3,618	2,579	3,895	4,442
YoY gr. (%)	30.5	18.8	33.4	38.4
Raw Material Expenses	2,754	1,927	3,092	3,257
Gross Profit	864	652	802	1,186
Margin (%)	23.9	25.3	20.6	26.7
EBITDA	380	200	316	281
YoY gr. (%)	19.2	-	34.4	(4.4)
Margin (%)	10.5	7.8	8.1	6.3
Depreciation / Depletion	62	67	69	100
EBIT	318	133	248	181
Margin (%)	8.8	5.2	6.4	4.1
Net Interest	94	80	110	100
Other Income	83	89	71	69
Profit before Tax	307	142	209	150
Margin (%)	8.5	5.5	5.4	3.4
Total Tax	79	36	54	40
Effective tax rate (%)	25.8	25.2	26.0	26.8
Profit after Tax	228	106	155	110
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	228	106	155	110
YoY gr. (%)	81.0	97.7	5.5	(40.4)
Margin (%)	6.3	4.1	4.0	2.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	228	106	155	110
YoY gr. (%)	81.0	97.7	5.5	(40.4)
Margin (%)	6.3	4.1	4.0	2.5
Other Comprehensive Income	(234)	3	(2)	1
Total Comprehensive Income	(6)	109	153	111
Avg. Shares O/s (m)	79	79	79	79
EPS (Rs)	2.9	1.4	1.9	1.4

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	BUY	831	645
2	09-Dec-24	BUY	831	664

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,883	1,553
2	Avalon Technologies	Hold	899	938
3	Bajaj Electricals	Reduce	676	782
4	Century Plyboard (I)	Hold	811	823
5	Cera Sanitaryware	Hold	7,712	7,188
6	Crompton Greaves Consumer Electricals	BUY	536	368
7	Cyient DLM	BUY	831	645
8	Finolex Industries	Accumulate	270	233
9	Greenpanel Industries	BUY	427	361
10	Havells India	BUY	1,890	1,578
11	Kajaria Ceramics	BUY	1,545	1,061
12	Kaynes Technology India	Hold	6,085	6,971
13	KEI Industries	BUY	5,265	4,313
14	Polycab India	BUY	8,741	7,163
15	R R Kabel	BUY	2,151	1,385
16	Supreme Industries	BUY	5,040	4,022
17	Syrma SGS Technology	Hold	629	610
18	Voltas	Accumulate	1,980	1,780

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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