

**CYIENT DLM LIMITED**

Good Quarter, On Track for Sustainable Growth.

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Cyient DLM posted a good Q4, with revenue rising 18% YoY, supported by the Altek integration. Margins improved to 13.4% (+290bps YoY), aided by a better product mix and one-off gains, leading to a record-high PAT of ₹310 mn (+37% YoY). For FY25, revenue grew 25% YoY, and margins expanded to 13.4%, with core margins (excluding one-offs) at 9%, reflecting improved efficiency and product mix. While the order book declined 12% YoY to ₹19 bn due to project completions of a major defense order and weak inflows, management remains upbeat, citing a strong pipeline, the addition of six new clients, and expectations of closing several large deals in H1FY26. Despite short-term challenges, Cyient DLM continues to evolve as a leading export-focused EMS player. We revise our estimates and maintain a Buy rating with a revised TP of ₹621(31x FY27E).

**Q4FY25 and FY25 Result Summary**

**Q4FY25 results:** Cyient DLM reported consolidated revenue of ₹4.3 bn, in line with expectations, primarily driven by contributions from Altek. Altek's impact was notable, with the industrial and medical sectors showing impressive YoY growth of 84% and 296%, respectively while defense declined 43% YoY due to completion of large domestic orders. Aerospace sector revenue surged 53% YoY, driven by strong export orders and increasing demand from global OEMs, cementing its position as Cyient DLM's largest business segment.

However, excluding Altek, the standalone business saw revenue decline by 5.9% to ₹3.4 bn. Consolidated EBITDA at ₹574 mn grew 50.9% YoY and its margin improved significantly to 13.4% (up 290 basis points YoY), supported by a better product mix and a one-off gain, resulting in the company's highest-ever profit after tax (PAT) of ₹310 million—up 37% YoY since its IPO. Looking ahead, management expects that revenue growth could be softer in H1FY26 however on the positive note the company remains hopeful for an improvement in profitability, driven by Altek's EBITDA margin expansion to double digits.

**FY25 results:** In FY25, the company reported revenue of ₹15.2 bn, registering a strong 27.5% YoY growth, supported by robust volume momentum and improved operational efficiencies. The rise in employee costs and other expenses reflected the full-year impact of SG&A investments and the consolidation of Altek, while one-time M&A integration expenses of ₹80 mn were recorded in Q3. Adjusted EBITDA margin expanded by 24 bps YoY to 9.6% (excluding the one-off), whereas reported EBITDA margin contracted by 29 bps to 9.0%. Segment-wise, the Medical Technology business saw its contribution double to 16% in FY25 from 8% in FY24, while Aerospace & Defence maintained a steady share.

Key Financials	FY23	FY24	FY25	FY26E	FY27E
Total Sales (₹ mn)	8,320	11,919	15,196	18,084	21,700
EBITDA Margins (%)	10.6	9.3	9.6	10.7	11.0
PAT Margin s(%)	3.8	5.1	4.9	6.7	7.3
EPS (₹)	4.0	7.7	9.3	15.2	20.0
P/E (x)	129.0	66.9	55.3	34.0	25.8
P/BV (x)	20.7	4.5	4.3	3.8	3.3
EV/EBITDA (x)	47.5	33.8	28.3	20.6	16.2
RoE (%)	23.1	11.1	8.0	11.9	13.8
RoCE (%)	11.3	10.5	8.8	10.8	12.7

**BUY**

Current Market Price (₹) : 495

12M Price Target (₹) : 621

Potential Return (%) : 25

**Stock Data**

Sector :	EMS
Face Value (₹)	10
Total MCap (₹ bn)	39
Free Float MCap (₹ bn)	19
52-Week High / Low (₹)	870 / 379
BSE Code / NSE Symbol	543933 / CYIENTDLM
Bloomberg	CYIENTDLM.IN
Sensex / Nifty:	80,116 / 24,329

**Shareholding Pattern**

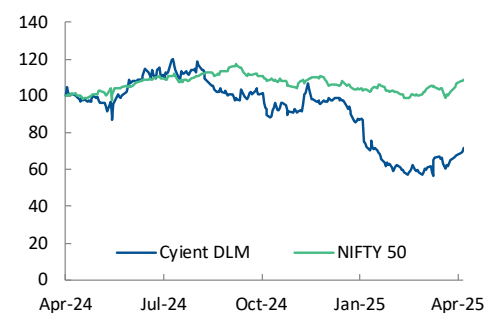
(%)	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	52.16	52.16	52.16	66.66
MFs	27.48	28.29	27.12	16.84
FPIs	2.38	3.64	7.76	5.14
Bodies Corporate	0.82	1.00	0.79	1.12
Others	17.16	14.91	12.17	10.24

Source: BSE

**Price Performance**

(%)	1M	3M	6M	12M
Cyient DLM	18.3%	-3.5%	-22.8%	-26.4%
Nifty 50	4.2%	4.8%	-0.4%	5.9%

\* To date / current date : April 23, 2025

**Cyient DLM vs Nifty 50**

In contrast, the Industrials segment witnessed a decline in contribution, falling to 10% from 16% a year ago. Several operational initiatives targeting DSO, DIO, and DPO yielded encouraging results in H2FY25, with net working capital standing at 127 days. APAT for the year came in at ₹740 mn, up 21% YoY, although adjusted PAT margin moderated to 4.9% from 5.1% in the prior year.

#### **Order Book continues to decline but pipeline remains strong**

The order book declined 12% YoY to ₹19 bn, mainly due to the completion of a large defense project and lower order inflows. Despite this, management remains optimistic about stronger inflows going forward, citing a robust pipeline and the addition of six new clients in FY25. Several large deals are also expected to close in the first half of FY26, as they are currently in the final stages of negotiation. These new clients cover a variety of products and industries, with a few expected to gain traction in the near term, particularly in the medical and industrial segments. These programs are likely to move ahead at a quicker pace, and due to the nature of these sectors, manufacturing ramp-up is expected to outpace that of sectors like Aerospace & Defense. Although the contribution to FY26 revenue may be modest, the long-term growth outlook remains encouraging.

#### **Outlook & Valuation**

Overall, Cyient DLM's Q4 and FY25 performance showcases its continued transformation into a leading export-focused electronics manufacturing player. With a healthy project pipeline, improving profitability, and strategic progress, the company is well-positioned for long-term growth. Based on the FY25 results, we have revised our estimates and maintain our **BUY** rating with a revised TP of ₹621 (31x FY27E earnings).

#### **Key Risks:**

- **Order Volatility:** Irregular order inflows, particularly in the defense segment, may lead to quarterly performance swings.
- **Working Capital Pressure:** Elevated receivables and inventory levels call for strong working capital discipline.
- **Integration Challenges:** M&A may pose risks related to operational alignment and cultural integration.

### Concall Highlights

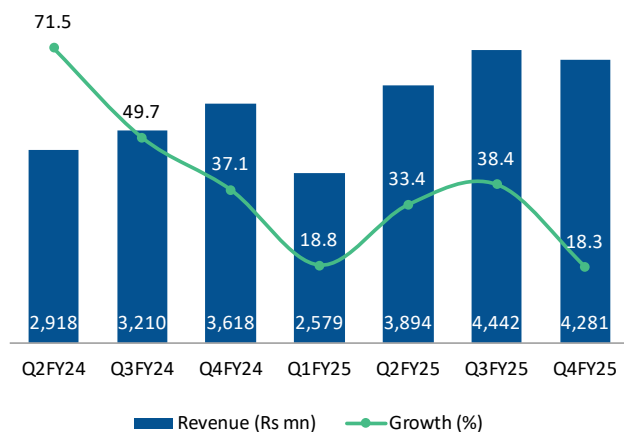
- **Outlook & Margins:** Management expects a soft start to FY26 but is guiding for low double-digit EBITDA margins for the full year.
- **Capacity Utilization:** Currently at ~60%.
- **Operational Initiatives:** Improvements in DSO, DIO, and DPO showed positive results in H2FY25.
- **Tariff Impact & Opportunity:** Reciprocal US tariffs are benefiting Cyient DLM, with increased OEM interest due to its US manufacturing presence.
- **Supply Chain Challenges:** Global disruptions continue, but Cyient DLM is responding by diversifying its supply chain, reducing geographic dependency, leveraging India's PLI scheme, and expanding local capacity.
- **Altek Acquisition (US Opportunity):** Strong demand in Connecticut, especially in medical and industrial segments. Adds low-volume, high-mix capabilities; opens doors to aerospace, defense, and ITAR-compliant opportunities in North America.
- **Business Mix Shift:** Export-to-India ratio expected to shift to 80/20 as a large domestic order concludes.
- **Cost Pressures:** Suppliers signaling potential rate hikes; no immediate shortages expected, but the situation remains fluid.
- **New Client Wins:** Added 6 new logos in FY25, including 5 global MNCs. Early traction seen in medical and industrial segments, with revenue impact expected to build in FY26 and beyond.

### Quarterly Financial Snapshot

YE Mar (₹ mn)	Q4FY25	Q4FY24	YoY(%)	Q3FY25	QoQ(%)
Gross Sales	4,281	3,618	18.3	4,442	-3.6
Total Expenditure	3,706	3,238	14.5	4,081	-9.2
EBITDA	574	380	50.9	361	58.9
Margins (%)	13.4	10.5	290bps	8.1	528bps
Depreciation	105	62	67.8	100	4.5
Interest	86	94	-8.8	100	-13.7
Other Income	33	83	-60.1	69	-51.6
PBT before EO expense	417	307	35.7	230	81.1
Extra-Ord expense	0	0		59	
PBT	417	307	35.7	171	143.5
Tax	106	80	33.7	61	75.2
Rate (%)	25.5	25.9	-39bps	35.5	-995bps
Reported PAT	310	227	36.5	110	181.1
Adj PAT	310	227	36.5	169	83.2
Margins (%)	7.3	6.3	96bps	3.8	344bps

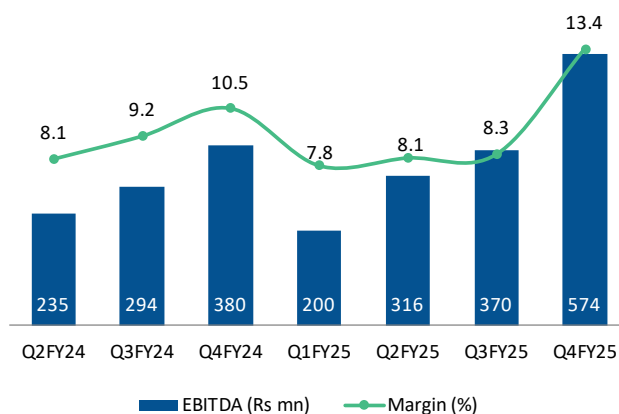
Source: Company, LKP Research

## Revenue

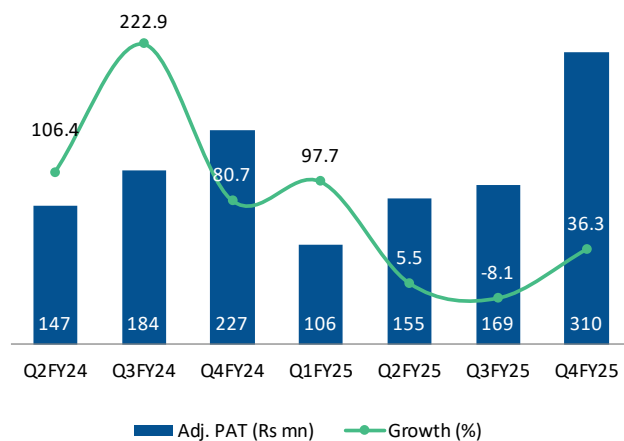


Source: Company, LKP Research

## EBITDA

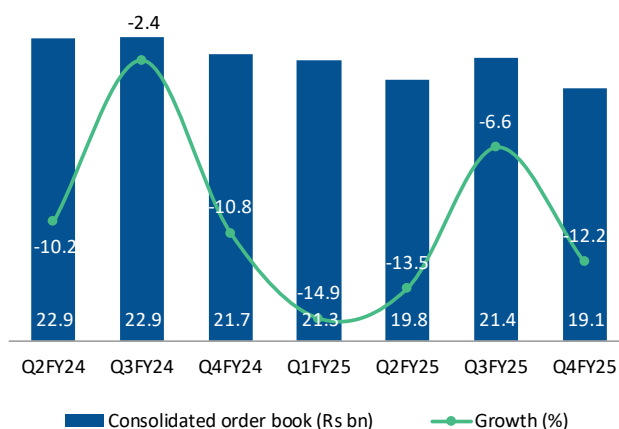


## PAT

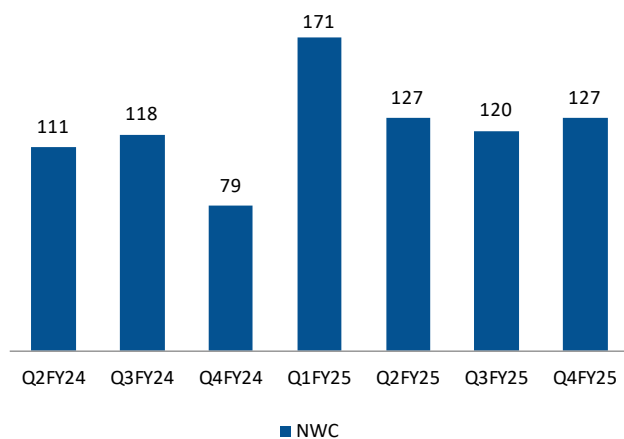


Source: Company, LKP Research

## Consolidated Order book

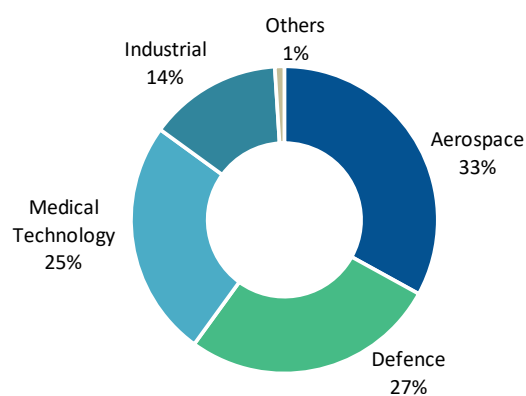


## NWC



Source: Company, LKP Research

## Q4 FY25 Revenue Share (Consolidated)



## Income Statement (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
<b>Total Income</b>	<b>11,919</b>	<b>15,196</b>	<b>18,084</b>	<b>21,700</b>
<i>Change (%)</i>	<i>43.2</i>	<i>27.5</i>	<i>19.0</i>	<i>20.0</i>
RM Cost	9,200	11,082	13,581	16,384
Employees Cost	1,174	1,862	1,790	2,062
Other Expenses	435	800	778	868
<b>Total Expenditure</b>	<b>10,809</b>	<b>13,745</b>	<b>16,149</b>	<b>19,313</b>
<i>% of Sales</i>	<i>90.7</i>	<i>90.4</i>	<i>89.3</i>	<i>89.0</i>
<b>EBITDA</b>	<b>1,110</b>	<b>1,452</b>	<b>1,935</b>	<b>2,387</b>
<i>Margin (%)</i>	<i>9.3</i>	<i>9.6</i>	<i>10.7</i>	<i>11.0</i>
Depreciation	223	341	396	441
<b>EBIT</b>	<b>887</b>	<b>1,111</b>	<b>1,538</b>	<b>1,946</b>
Int. and Finance Charges	344	375	249	204
Other Income	278	262	314	377
<b>PBT bef. EO Exp.</b>	<b>821</b>	<b>997</b>	<b>1,604</b>	<b>2,119</b>
EO Items	0	59	0	0
<b>PBT after EO Exp.</b>	<b>821</b>	<b>1,056</b>	<b>1,604</b>	<b>2,119</b>
Total Tax	209	257	401	530
<i>Tax Rate (%)</i>	<i>25.5</i>	<i>24.3</i>	<i>25.0</i>	<i>25.0</i>
Minority Interest	0	0	0	0
<b>Reported PAT</b>	<b>612</b>	<b>799</b>	<b>1,203</b>	<b>1,589</b>
<b>Adjusted PAT</b>	<b>612</b>	<b>740</b>	<b>1,203</b>	<b>1,589</b>
<i>Change (%)</i>	<i>92.9</i>	<i>21.0</i>	<i>62.5</i>	<i>32.1</i>
<i>Margin (%)</i>	<i>5.1</i>	<i>4.9</i>	<i>6.7</i>	<i>7.3</i>

## Balance Sheet (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
Equity Share Capital	793	793	793	793
Total Reserves	8,297	8,701	9,904	11,493
<b>Net Worth</b>	<b>9,090</b>	<b>9,494</b>	<b>10,697</b>	<b>12,286</b>
Minority Interest	0	0	0	0
Total Loans	1,921	3,012	2,512	2,012
<b>Capital Employed</b>	<b>11,011</b>	<b>12,507</b>	<b>13,210</b>	<b>14,299</b>
Net Fixed Assets	1,891	2,779	2,382	2,941
<b>Goodwill on Consolidation</b>	<b>30</b>	<b>681</b>	<b>681</b>	<b>681</b>
Capital WIP	10	56	511	352
Total Investments	843	608	608	608
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>13,259</b>	<b>12,817</b>	<b>13,601</b>	<b>15,927</b>
Inventory	4,642	5,713	5,581	6,284
Account Receivables	2,259	3,474	3,411	4,093
Cash and Bank Balance	5,366	2,878	3,524	4,248
Loans and Advances	992	752	1,085	1,302
<b>Curr. Liability &amp; Prov.</b>	<b>5,022</b>	<b>4,432</b>	<b>5,573</b>	<b>6,710</b>
Account Payables	3,089	2,499	3,498	4,219
Other Current Liabilities	1,903	1,818	1,989	2,387
Provisions	30	115	86	103
<b>Net Current Assets</b>	<b>8,237</b>	<b>8,384</b>	<b>8,028</b>	<b>9,217</b>
<b>Appl. of Funds</b>	<b>11,011</b>	<b>12,507</b>	<b>12,210</b>	<b>13,799</b>

## Ratios

Y/E March	FY23	FY24	FY25	FY26E
<b>Basic (₹)</b>				
EPS	7.7	9.3	15.2	20.0
Cash EPS	10.5	13.6	20.2	25.6
BV/Share	114.6	119.7	134.9	154.9
DPS	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>				
P/E	66.9	55.3	34.0	25.8
Cash P/E	49.0	37.9	25.6	20.2
P/BV	4.5	4.3	3.8	3.3
EV/Sales	3.1	2.7	2.2	1.8
EV/EBITDA	33.8	28.3	20.6	16.2
Dividend Yield (%)	0.0	0.0	0.0	0.0
FCF per share	-13.2	-28.8	17.6	18.0
<b>Return Ratios (%)</b>				
RoE	11.1	8.0	11.9	13.8
RoCE	10.5	8.8	10.8	12.7
RoIC	20.2	12.2	13.2	16.5
<b>Working Capital Ratios</b>				
Fixed Asset Turnover (x)	3.8	3.4	4.1	4.0
Asset Turnover (x)	1.1	1.2	1.5	1.6
Inventory (Days)	205	171	150	140
Debtor (Days)	88	69	69	69
Creditor (Days)	118	92	94	94
<b>Leverage Ratio (x)</b>				
Current Ratio	2.6	2.9	2.4	2.4
Interest Cover Ratio	2.6	3.0	6.2	9.6
Net Debt/Equity	-0.4	0.0	-0.1	-0.2

## Cash Flow (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	821	917	1,604	2,119
Depreciation	223	341	396	441
Interest & Finance Charges	344	375	249	204
Direct Taxes Paid	-195	-257	-401	-530
(Inc)/Dec in WC	-1,676	-1,976	1,002	-465
<b>CF from Operations</b>	<b>-483</b>	<b>-600</b>	<b>2,850</b>	<b>1,769</b>
Others	-222	-24	0	0
<b>CF from Operating incl EO</b>	<b>-705</b>	<b>-624</b>	<b>2,850</b>	<b>1,769</b>
(Inc)/Dec in FA	-338	-1,659	-1,456	-341
<b>Free Cash Flow</b>	<b>-1,043</b>	<b>-2,283</b>	<b>1,395</b>	<b>1,428</b>
(Pur)/Sale of Investments	533	5,499	0	0
Others	-4,472	-2,574	0	0
<b>CF from Investments</b>	<b>-4,277</b>	<b>1,267</b>	<b>-1,456</b>	<b>-341</b>
Issue of Shares	6,694	-4	0	0
Inc/(Dec) in Debt	-1,647	167	-500	-500
Interest Paid	-192	-644	-249	-204
Others	-65	-107	0	0
CF from Fin. Activity	4,790	-587	-749	-704
<b>Inc/Dec of Cash</b>	<b>-193</b>	<b>55</b>	<b>646</b>	<b>724</b>
<b>Opening Balance</b>	<b>612</b>	<b>417</b>	<b>471</b>	<b>1,117</b>
Other cash & cash equivalent	4,949	2,407	2,407	2,407
Exchange differences	-2	-1	-	-
<b>Closing Balance</b>	<b>5,366</b>	<b>2,878</b>	<b>3,524</b>	<b>4,248</b>

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