

Weak Performance; Moderate Outlook

Est. Vs. Actual for Q4FY26: Revenue – **INLINE**; EBIT Margin – **MISS**; PAT – **MISS**

Change in Estimates YoY post Q4FY26:

FY27E/FY28E: Revenue: 3%/7%; EBIT: 6%/3%, PAT: 3%/3%

Recommendation Rationale

- Deal Wins/Pipeline:** During the quarter, order intake grew 23% YoY, led by multi-year deals in aerospace, rail, and connectivity. A large deal pipeline is expanding, especially in healthcare and connectivity. However, despite a strong pipeline, revenue conversion remains slow due to delays in project initiation. Three key clients postponed routine programs, impacting growth visibility. These delays are expected to extend into Q1FY27 as well.
- Semiconductor Business to Witness Growth:** Semiconductor revenue stood at \$7.2 Mn, up 5% QoQ, marking the fourth straight quarter of growth. Management also informed that the acquisition of a 74% stake in Kinetic Technologies has been completed, and the board is also evaluating a 10-12% equity raise to create an independent valuation benchmark for the business. Management is targeting \$100 Mn revenue by FY27 and believes this is a high-value asset that is currently not reflected in the company's market valuation.
- AI Implementation:** The focus remains on moving beyond traditional services to AI-enabled engineering and product lifecycle solutions, reducing reliance on effort-based billing. The company is building platforms like Cyient Engineering Intelligence to drive data-led design, predictive maintenance, and automation use cases. AI is also a margin lever, improving productivity and cost efficiency.

Sector Outlook: Cautiously Optimistic

Company Outlook & Guidance: The management has indicated growing confidence towards returning to a phase of stable, consistent growth.

Current Valuation: 15x FY28E P/E (Earlier Valuation: 13x FY28E P/E)

Current TP: Rs 1,010/share (Earlier TP: Rs 880/share)

Recommendation: We maintain our HOLD rating on the stock.

Financial Performance

In Q4FY26, Cyient reported revenue of Rs 1,927 Cr vs Rs 1,909 Cr in Q4FY25, up 1% YoY and 4.2% QoQ. EBIT stood at Rs 156 Cr vs Rs 235 Cr in Q4FY25, a decline of 33.6% YoY and 6.8% QoQ. EBIT margins during the quarter stood at 8.1%, reflecting a decline of 421 bps YoY and 95 bps QoQ (excluding other income). The company reported an exceptional charge of Rs 71 Cr related to due diligence expenses for Project Astro, a large-scale M&A transaction that has been put on hold due to geopolitical uncertainties and AI-related industry shifts. Thus, Net income came in at Rs 66 Cr vs Rs 186 Cr in Q4FY25, down 65% YoY and 33% QoQ.

Valuation & Recommendation

The company remains confident about upcoming growth, backed by the quality of the deal pipeline and improved execution after earlier setbacks. However, core DET business is showing signs of margin improvement, but revenue growth remains inconsistent due to delays in deal conversions and project ramp-ups. Notably, the semiconductor business offers long-term optionality, but continues to be loss-making, which limits the near-term growth outlook. On the valuation front, we value the company at 15x FY28 EPS and **maintain our HOLD rating on the stock** with a target price of Rs 1,010/share, implying an upside potential of 8% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	1,927	4.2	0.9	1,967	(2.0)
EBIT	156	-6.8	(33.6)	189	(17.5)
EBIT Margin	8.1	-95bps	-421bps	9.6	-152bps
Net Profit	66	(32.6)	(64.9)	157	(58.2)
EPS (Rs)	5.9	(32.6)	(64.3)	14.1	(58.2)

Source: Company, Axis Securities Research

(CMP as of 23rd April, 2026)

CMP (Rs)	935
Upside /Downside (%)	8%
High/Low (Rs)	1,377/750
Market cap (Cr)	10,396
Avg. daily vol. (6m) Shrs.	4,14,510
No. of shares (Cr)	11

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	23.3	23.3	23.3
FII	17.6	15.3	15.3
MFs/UTI	31.7	32.0	33.3
Banks/FIs	0	0	0
Others	27.5	29.4	28.1

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	7,269	7,998	8,798
EBIT	633	872	931
Net Profit	568	702	754
EPS (Rs)	51	63	68
PER (x)	18.3	14.8	13.8
P/BV (x)	1.8	1.7	1.5
EV/EBITDA (x)	9.7	7.1	6.1
ROE (%)	10.3	11.8	11.6

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	3%	7%
EBIT	6%	3%
PAT	3%	3%

Relative Performance



Source: AceEquity, Axis Securities Research

Results Gallery

[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)

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Outlook

From a long-term perspective, Cyient remains a strong ER&D player with an improved outlook and better deal momentum. The recent recovery is expected to sustain over the next two to three years. However, rising uncertainties in large economies and supply-side constraints could weigh on the company's growth prospects.

Key highlights

- **Financial Performance:** At the group level, revenue declined 4.3% YoY in constant currency to \$821 Mn. EBIT margin stood lower at 9.5%, largely due to continued investments in the semiconductor business. These investments are strategic but currently dilutive to profitability. Core business remains relatively stable. Overall, revenue softness was driven by delays from key clients and project pushouts, especially impacting Q4 and Q1FY27. However, West Asia exposure is limited, but indirect exposure via EPC clients could lead to delays.
- **Deal Wins & Pipeline:** In Q4FY26, order intake grew 23% YoY, led by multi-year deals in aerospace, rail, and connectivity. A large deal pipeline is expanding, especially in healthcare and connectivity. However, despite a strong pipeline, revenue conversion remains slow due to delays in project initiation. Three major clients postponed routine programs, impacting growth visibility. These delays are expected to extend into Q1FY27 as well.
- **Transport & Mobility and Network & Infra Segment:** The segment reported a growth of 4.5% QoQ and 13.2% YoY CC in FY26. Growth was driven by strong aerospace volumes, key wins in rail signalling, and rising demand for end-to-end product engineering services. The Network & Infra segment declined 3.6% QoQ and 1.6% YoY, impacted by near-term softness. However, outlook remains positive as spending shifts toward larger AI-led programs, with North America and EMEA fibre build-outs expected to drive growth over the next 3–5 years
- **Semiconductor Outlook:** In Q4FY26, semiconductor revenue stood at \$7.2 Mn, up 5% QoQ, marking the fourth straight quarter of growth. Management also informed that the acquisition of a 74% stake in Kinetic Technologies has been completed, and the board is also evaluating a 10–12% equity raise to create an independent valuation benchmark for the business. Management is targeting \$100 Mn revenue by FY27 and believes this is a high-value asset that is currently not reflected in the company's market valuation.
- **Buyback Approval:** The Board has approved a share buyback of up to 6.4 Mn shares (roughly 5.76% of total equity) at Rs 1,125 per share, totalling Rs 720 Cr. Management noted that the current market price does not reflect the company's true intrinsic value.

Key Risks to our Estimates and TP

- The demand environment is uncertain because of the potential threat of recession from the world's largest economies.
- The rising subcontracting cost and cross-currency headwinds may impact operating margins negatively.

Change in Estimates

	New		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	7,998	8,798	7,745	8,256	3%	7%
EBIT	872	931	820	900	6%	3%
PAT	702	754	680	730	3%	3%

Source: Company, Axis Securities Research

Results Review

(Rs Cr)

Y/E March	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)
Net sales	1,927	1,849	4.2	1,909	0.9
Total Expenditure	1,703	1,611	5.7	1,607	6.0
EBITDA	224	237	(5.7)	303	(26.1)
EBITDA margin (%)	11.6%	12.8%	-122bps	15.9%	-425bps
Depreciation	68	70	(3.1)	68	-
EBIT	156	167	(6.8)	235	(33.6)
EBIT margin (%)	8.1%	9.0%	-95bps	12.3%	-421bps
Interest cost	15	14	2.8	19	(24.1)
Other income	27	31	(13.9)	41	(35.1)
Exceptional item	-71	-42	68.3	NA	NA
PBT	95	142	(31.8)	257	(63)
Tax	30	42	(29.9)	66	(55.4)
Share of JV	-2	-2	(26.1)	-4	(59.5)
Profit after tax	66	97	(32.6)	186	(64.9)
Reported EPS	5.9	8.8	(32.6)	16.5	(64.3)
Adj. PAT	137	140	(2.0)	186	(26.7)
Adj. EPS	12.3	12.6	(2.0)	16.5	(25.5)

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Net sales	7,147	7,360	7,269	7,998	8,798
Change (YoY, %)	19	3	(1)	10	10
Operating expenses	5,844	6,217	6,358	6,822	7,542
EBITDA	1,303	1,143	911	1,176	1,256
Change (YoY, %)	30	(12)	(20)	29	7
Margin (%)	18	16	13	15	14
Depreciation	267	267	278	304	325
EBIT	1,036	876	633	872	931
Interest paid	116	93	61	79	83
Other income	66	97	177	144	158
Pre-tax profit	986	880	749	936	1,006
Tax	216	227	182	234	251
Effective tax rate (%)	22	26	24	25	25
Net profit	770	653	568	702	754
Exceptional items	-	-	-	-	-
Adjusted net profit	770	653	568	702	754
Change (YoY, %)	37	(15)	(13)	24	7
Adj. EPS	79	61	51	63	68
Dividend per share	30	26	16	16	16
Dividend Payout (%)	38	43	31	25	64

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Share capital	56	56	56	56	56
Reserves & surplus	4,203	5,254	5,643	6,168	6,744
Shareholders' funds	4,258	5,310	5,699	6,223	6,800
Total Debt	453	214	204	184	164
Other liabilities	510	466	466	466	466
Current Liabilities & Provisions	1,658	1,370	1,367	1,394	1,424
Current liabilities	1,369	1,119	1,109	1,148	1,190
Provisions	114	136	136	136	136
Total liabilities	2,447	1,934	1,914	1,933	1,955
Total equity & liabilities	7,004	7,695	8,064	8,607	9,206
Net fixed assets	446	475	575	371	146
Investments	360	280	280	280	280
Other non-current assets	2,639	2,795	2,795	2,795	2,795
Current assets	3,559	4,146	4,415	5,162	5,985
Inventories	468	577	545	600	660
Sundry Debtors	1,262	1,407	1,413	1,555	1,711
Cash & Liquid	983	1,314	1,609	2,159	2,767
Other Current Assets	847	848	848	848	848
Total assets	7,004	7,695	8,064	8,607	9,206

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Pre tax	838	648	568	702	754
Depreciation	267	267	278	304	325
Change in working capital.	(469)	(543)	22	(170)	(185)
Other operating activities	50	(4)	(116)	(65)	(75)
Cash flow from operations (a)	686	368	751	772	819
Capital expenditure	40	(121)	(100)	(100)	(100)
Chg in investments	(33)	(135)	-	-	-
Other investing activities	9	155	177	144	158
Cash flow from investing (b)	16	(101)	77	44	58
Equity raised/(repaid)	302	152	-	-	-
Debt raised/(repaid)	(273)	(225)	(17)	(8)	(8)
Dividend (incl. tax)	(320)	(277)	(178)	(178)	(486)
Chg in minorities	302	152	-	-	-
Other financing activities	(148)	413	(340)	(79)	225
Cash flow from financing (c)	(438)	64	(534)	(265)	(269)
Net change in cash (a+b+c)	264	331	294	550	608
Opening cash balance	719	983	1,314	1,609	2,159
Closing cash balance	983	1,314	1,609	2,159	2,767

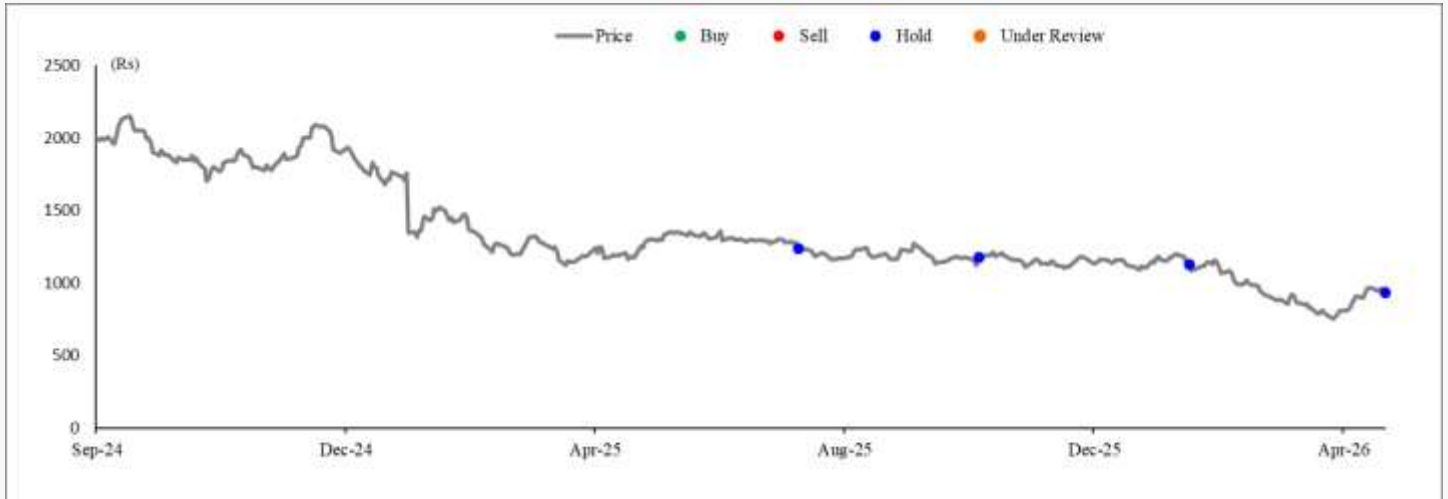
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Book Value (Rs)	399	498	513	560	612
Adj EPS (Rs)	79	61	51	63	68
Adj EPS growth (%)	41	-23	-16	24	7
EBITDA margin (%)	18.2	15.5	12.5	14.7	14.3
Pre-tax margin (%)	13.8	12.0	10.3	11.7	11.4
Debt/Equity (x)	0.1	0.0	0.0	0.0	0.0
ROCE (%)	17	12	9	11	11
ROE (%)	22	14	10	12	12
Financial leverage ratios					
Debt / Equity (x)	0.1	0.0	0.0	0.0	0.0
Interest Coverage (x)	11.2	12.3	15.0	14.8	15.1
Interest / Debt (%)	0.3	0.5	0.7	1.0	1.2
Working Capital & Liquidity Ratio					
Inventory days	24	28	27	27	27
Receivable days	64	70	70	70	70
Payable days	25	19	19	19	19
Valuation ratio					
PER (x)	11.9	15.4	18.3	14.8	13.8
Adjusted PER (x)	11.9	15.4	18.3	14.8	13.8
P/BV (x)	2.3	1.9	1.8	1.7	1.5
EV/EBITDA (x)	7.1	7.7	9.7	7.1	6.1
Market Cap. / Sales (x)	1.4	1.4	1.4	1.3	1.2

Source: Company, Axis Securities Research

Cyient Price Chart and Recommendation History



Date	Reco	TP	Research
25-Jul-25	HOLD	1,315	Result Update
17-Oct-25	HOLD	1,280	Result Update
23-Jan-2026	HOLD	1,230	Result Update
20-Mar-2026	HOLD	880	Sector Update
24-Apr-2026	HOLD	1,010	Result Update

Source: Axis Securities Research

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