

Cyient (CYL) – BUY

Result Update

Current Market Price (CMP)

Rs.1,810

Target Price

Rs.2,275

Rationale:

- Weak growth outlook and steady profitability.
- Miss on revenues, margins better.
- Weak demand translates to disappointment on FY25E revenue growth outlook.
- Mgt has done reasonably well to diversify revenue mix, improve profitability sustainably & enhance capabilities.
- Our Fair value for Cyient is Rs2,275, implying 24x Jun'26E EPS for DET segment and recommend BUY.
- Valuations are reasonable for DET segment.

Q4FY24 Earnings update:

Positives:

- EBIT margin was flat qoq at 16% and higher than our estimate of 15.6%.
- Net profit for DET segment up 16.6% yoy.
- Consolidated group net profit up 14.6% yoy.
- EBIT margin guidance stands at 16%, consistent with our expectation.

Negatives:

- Cyient DET revenues were below expectations and declined 0.5% c/c qoq.

CC: Constant Currency. EBIT: Earnings before Interest and Tax. DET: Digital, Engineering & Technology.

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For detailed report dated 25th April 2024. Note: CMP & valuation may differ due to difference in dates.



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