

**Execution-Led DET Turnaround with Structural Margin Upside**

**CMP: INR 1,139**

**Rating: BUY**

**Target Price: INR 1,553**

**Stock Info**

|                          |                          |
|--------------------------|--------------------------|
| BSE                      | 532175                   |
| NSE                      | CYIENT                   |
| Bloomberg                | CYIENT IN                |
| Reuters                  | CYIENT.BO                |
| Sector                   | IT Services & Consulting |
| Face Value (INR )        | 5                        |
| Equity Capital ( INR Mn) | 555                      |
| Mkt Cap (INR Mn)         | 1,26,090                 |
| 52w H/L (INR)            | 1,808/1,050              |
| Avg Yearly Vol (in 000') | 592                      |

**Shareholding Pattern %**

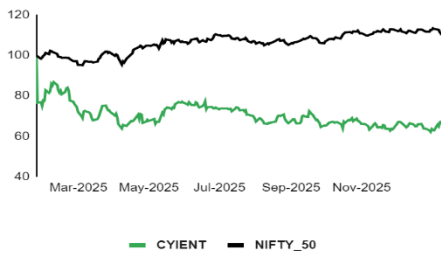
(As on DEC, 2025)

|                 |       |
|-----------------|-------|
| Promoters       | 23.29 |
| FII             | 15.28 |
| DII             | 39.50 |
| Public & Others | 21.94 |

**Stock Performance (%)**

|            | 1m   | 3m   | 12m   |
|------------|------|------|-------|
| Cyient Ltd | -2.3 | -4.7 | -33.6 |
| Nifty      | -3.3 | -2.3 | 8.9   |

**Cyient Vs Nifty 50**



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Cyient Ltd reported decent show on the DET front; consolidated CC revenue growth is down 10.3% YoY and Dollar-term Revenue growth -9% YoY to \$207.3 Mn. DET CC revenue growth +1.9% QoQ/-0.7% YoY and Dollar-term Revenue growth +1.5%QoQ/+0.9%YoY to \$167 Mn. Reported revenue of INR (up 3.79% QoQ/down by 4.04% YoY) to INR 18,485 Mn slightly below our estimates of INR 18,716 Mn. DET revenue came at INR 14,883 Mn against our estimate of INR 14,745 Mn, up by 6.49% YoY/3.46% QoQ in Q3FY26. EBIT (up by 13.98% QoQ/ down by 20.96% YoY) came at INR 1,671 Mn, below our estimate of INR 2,058 Mn. EBIT margin was up by 81 bps QoQ/ down by 193bps YoY at 9.04% below our estimates of 11.00%. EBIT was impacted due to labour code impact and one off M&A expense. Adjusted EBIT came at INR 1,749 Mn with EBIT margin of 9.5%. Consolidated PAT stood at INR 972 Mn, down by 23.88% YoY/-31.98% QoQ against our estimate of INR 1,476 Mn. (Exceptional of INR 423 Mn including labour code and one off for M&A expense of INR 80 Mn). DET Clients \$20M+ flat , \$10M+ flat, 5Mn+ reduced by 1 QoQ and 1Mn+ down by 5 QoQ. The Company has allotted 15,063 equity shares and 63,271 equity shares of face value INR 5 each pursuant to the exercise of stock options.

**Structural Turnaround in DET Execution:** DET business has exited a prolonged stabilization phase and entered a period of consistent, execution-led recovery. Q3 marked the third consecutive quarter of sequential QoQ growth in constant currency, despite furlough-related headwinds. Growth was broad-based across Transportation & Mobility and Network & Infrastructure, underscoring portfolio resilience. The resumption of headcount additions signals improved demand visibility and confidence. Management commentary suggests that forecasting predictability has materially improved, which we believe reduces historical earnings volatility and supports a more sustainable growth trajectory.

**Margin Expansion is structural and repeatable:** DET EBIT margin expanded 25 bps QoQ to 12.4% despite wage hikes, strong operating leverage. Margin gains are driven by structural levers such as delivery efficiency, utilisation, and mix improvement. Cost optimisation initiatives continue to offset inflationary pressures. AI-led productivity and monetisation of prior technology investments remain under-penetrated. The company maintains a medium-term target of ~15% EBIT margin exit. This support margin upside as revenue momentum strengthens.

**Semiconductor-Early-Stage Growth with Clear Path to Break-Even** Semiconductor continues to scale with strong revenue growth and improving order intake, while losses have stabilised. The strategy is focused on mature-node, power and analog semiconductors, avoiding capital-intensive leading-edge risks. The Kinetic Technologies acquisition strengthens IP ownership and product depth. Break-even is targeted by FY27 on an organic basis. Strategic involvement in India's SCL fab modernisation adds credibility. This provides meaningful long-term optionality without diluting core DET cash flows.

**Strong Balance Sheet Enables Growth and Optionality:** DET net cash of ~INR 1,434 cr, the highest in nine quarters. Cash conversion remains strong, with Q3 operating cash well above PAT. The company remains disciplined on capital allocation. Strong liquidity underpins confidence in medium-term growth and margin expansion plans.

### Outlook & Valuation

We expect continued sequential growth in the DET business, supported by improving execution, strong account mining, and a record large-deal pipeline. Q3 delivered ~1.9% QoQ constant-currency growth despite furlough headwinds, reinforcing confidence in underlying demand momentum into Q4. Growth is expected to remain broad-based, led by Transportation & Mobility and Network & Infrastructure, while margins expanded to 12.4% (+25 bps QoQ) and are guided to ~15%+ exit levels by Q4 FY27, driven by structural levers such as scale, operational efficiency, and technology-led productivity rather than forex. Headcount additions signal improved demand visibility, while macro volatility is expected to have a limited impact given portfolio resilience. The semiconductor business is likely to remain loss-making in Q4FY26, with organic break-even targeted in FY27, and overall management confidence is underpinned by improved predictability and disciplined execution.

Cyient DLM is going through a tough phase due to tariff-related issues, and management is optimistic about positive growth on a YoY basis in Q4FY26E, supported by delayed shipments set for delivery in Q4FY26E. EBITDA margins are expected to be double digits, supported by high-margin orders and operational efficiencies. Designed programs such as B2S and BTS allow the company to participate earlier in the customer's design cycle, which increases customer "stickiness" and supports revenue growth and margin expansion in the coming years. The stock price correction already reflected due to de-growth of revenue. The U.S business share accounts nearly 40%, and any further changes in tariffs would impact the revenue and profitability.

*We expect Cyient revenue, EBITDA, and PAT to grow at a CAGR of 6.9%, 12.6%, and 14.6%, respectively, over FY26E-28E. The stock is trading at EV/EBITDA of 10.01x based on FY28 EBITDA. At the CMP of INR 1,139 per share, we maintain our "BUY" rating in the stock with a TP of INR 1,553 per share, valued at an SOTP, implying an upside of 36.4%.*

#### Exhibit 1: SOTP

| SOTP                       |                  |        |          |        |              |
|----------------------------|------------------|--------|----------|--------|--------------|
| INR ( Mn)                  | Valuation Method |        | Mutliple | Stake  | EV           |
| DET                        | EV/EBITDA        | 12,209 | 11       | 100    | 134,297      |
| DLM                        | DCF              | 53,396 |          | 52.20% | 27,873       |
| Discount To Listed Company |                  |        |          | 20.00% | 22,298       |
| Semiconductor              | MarketCap/Sales  | 4,003  | 2        |        | 8,006        |
| Total                      |                  |        |          |        | 164,601      |
| Net Debt                   |                  |        |          |        | -7,819       |
| Market Cap                 |                  |        |          |        | 172,420      |
| No. Of Shares              |                  |        |          |        | 111          |
| <b>TP</b>                  |                  |        |          |        | <b>1,553</b> |
| <b>CMP</b>                 |                  |        |          |        | <b>1139</b>  |
| <b>Upside</b>              |                  |        |          |        | <b>36.4%</b> |

#### Exhibit 2: Financials (Consolidated INR Mn)

| Year-end March |           |        |       |           |                   |           |         |
|----------------|-----------|--------|-------|-----------|-------------------|-----------|---------|
| (INR Mn)       | Net Sales | EBITDA | PAT   | EPS (INR) | EBITDA Margin (%) | EV/EBITDA | P/E (x) |
| FY23           | 60,159    | 10,031 | 5,144 | 46.5      | 16.7%             | 12.8      | 24.5    |
| FY24           | 71,472    | 13,028 | 7,028 | 63.3      | 18.2%             | 9.3       | 18.0    |
| FY25           | 73,604    | 11,433 | 6,483 | 58.4      | 15.5%             | 10.1      | 19.5    |
| FY26E          | 73,574    | 9,297  | 5,366 | 48.3      | 12.6%             | 12.4      | 23.6    |
| FY27E          | 76,950    | 10,265 | 6,152 | 55.4      | 13.3%             | 11.3      | 20.6    |
| FY28E          | 84,071    | 11,804 | 7,052 | 63.5      | 14.0%             | 10.0      | 17.9    |

Source: Arianth Research, Company filings

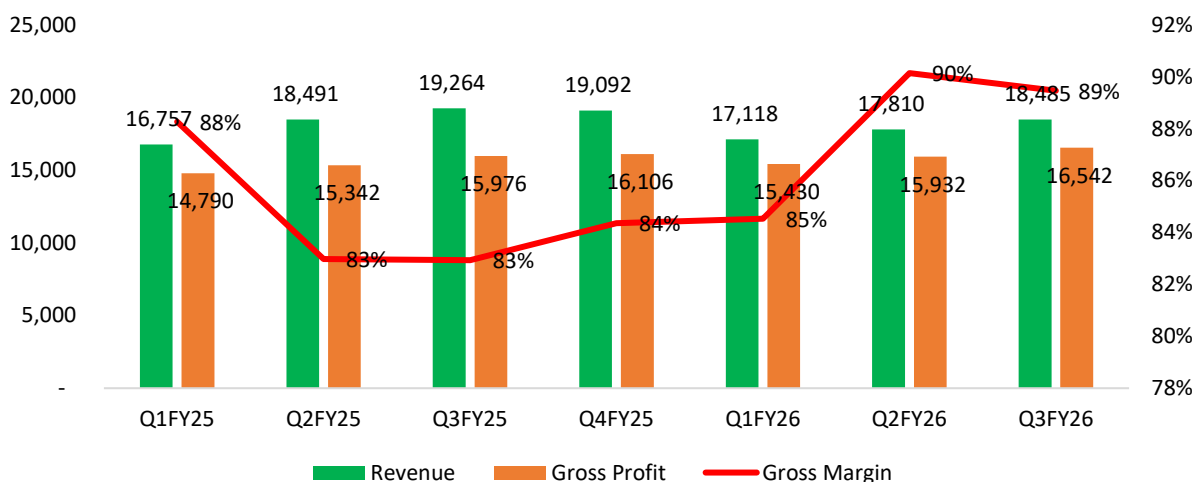
**Exhibit 2: Q3FY26 - Quarterly Performance (Consolidated)**

| INR Mn (Consolidated)      | Q3FY26          | Q2FY26          | Q3FY25          | Q-o-Q          | Y-o-Y          |
|----------------------------|-----------------|-----------------|-----------------|----------------|----------------|
| <b>Sales (\$ Mn)</b>       | <b>207.39</b>   | <b>203.73</b>   | <b>227.95</b>   | <b>1.8%</b>    | <b>-9.0%</b>   |
| <b>Net Sales</b>           | <b>18485.00</b> | <b>17810.00</b> | <b>19264.00</b> | <b>3.8%</b>    | <b>-4.0%</b>   |
| Material Cost              | 1981.00         | 1872.00         | 3391.00         | 5.8%           | -41.6%         |
| Change in Inventory        | -38.00          | 6.00            | -103.00         | Na             | -63.1%         |
| <b>Gross Profit</b>        | <b>16542.00</b> | <b>15932.00</b> | <b>15976.00</b> | <b>3.8%</b>    | <b>3.5%</b>    |
| <b>Gross Margin %</b>      | <b>89%</b>      | <b>89%</b>      | <b>83%</b>      | <b>3.34</b>    | <b>655.69</b>  |
| Employee Benefit Expenses  | 10210.00        | 10057.00        | 9506.00         | 1.5%           | 7.4%           |
| Other Expenses             | 3960.00         | 3687.00         | 3681.00         | 7.4%           | 7.6%           |
| <b>EBITDA</b>              | <b>2372.00</b>  | <b>2188.00</b>  | <b>2789.00</b>  | <b>8.4%</b>    | <b>-15.0%</b>  |
| <b>EBITDA margin %</b>     | <b>12.83%</b>   | <b>12.29%</b>   | <b>14.48%</b>   | <b>54.68</b>   | <b>-164.58</b> |
| Depreciation               | 701.00          | 722.00          | 675.00          | -2.9%          | 3.9%           |
| <b>EBIT</b>                | <b>1671.00</b>  | <b>1466.00</b>  | <b>2114.00</b>  | <b>14.0%</b>   | <b>-21.0%</b>  |
| <b>EBIT Margin %</b>       | <b>9.04%</b>    | <b>8.23%</b>    | <b>10.97%</b>   | <b>80.84</b>   | <b>-193.41</b> |
| Other Income               | 309.00          | 500.00          | -166.00         | -38.2%         | -286.1%        |
| Finance cost               | 141.00          | 159.00          | 205.00          | -11.3%         | -31.2%         |
| PBT                        | 1416.00         | 2014.00         | 1743.00         | -29.7%         | -18.8%         |
| Tax-Total                  | 421.00          | 537.00          | 459.00          | -21.6%         | -8.3%          |
| Tax Rate (%) - Total       | 0.30            | 0.27            | 0.26            | 11.5%          | 12.9%          |
| <b>Reported Net Profit</b> | <b>972.00</b>   | <b>1429.00</b>  | <b>1277.00</b>  | <b>-32.0%</b>  | <b>-23.9%</b>  |
| <b>PAT Margin %</b>        | <b>5.26%</b>    | <b>8.02%</b>    | <b>6.63%</b>    | <b>-276.53</b> | <b>-137.06</b> |
| <b>Reported EPS (INR)</b>  | <b>8.76</b>     | <b>11.55</b>    | <b>11.11</b>    | <b>-24.2%</b>  | <b>-21.2%</b>  |

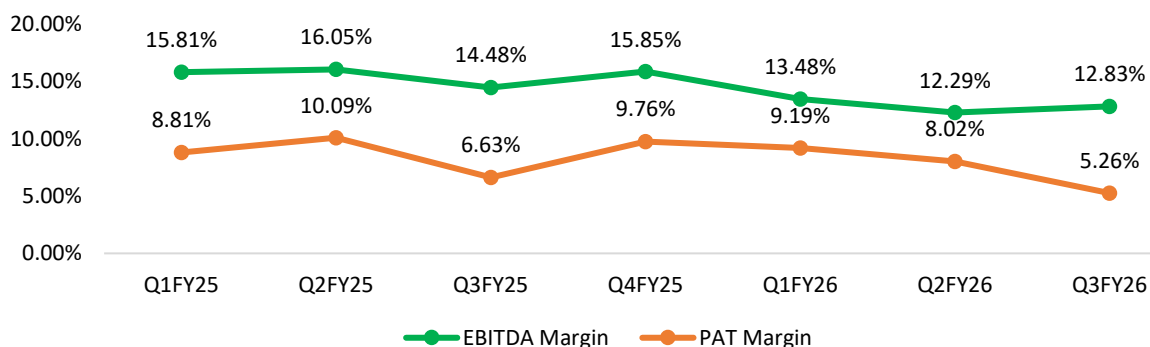
  

|                        | Q3FY26 | Q2FY26 | Q3FY25 | Q-o-Q   | Y-o-Y   |
|------------------------|--------|--------|--------|---------|---------|
| RMC/Sales (%)          | 10.51  | 10.54  | 17.07  | -3.34   | -655.69 |
| Employee exp/Sales (%) | 55.23  | 56.47  | 49.35  | -123.43 | 588.80  |
| Other exp/Sales (%)    | 21.42  | 20.70  | 19.11  | 72.09   | 231.46  |

**Exhibit 3: DET level better growth**



**Exhibit 4: Margin impacted due to labour code impact and one off M&A expense**



Source: Arianth Research, Company Filings

## Cyient – Q3FY26 Concall KTAs

### Improving fundamentals

DET segment has exited the stabilization phase and entered a phase of consistent growth. Q3 marked the third consecutive quarter of sequential growth in constant currency, validating that the operational and GTM resets undertaken over the last year are now translating into results. Management's assertion that FY26 is following the expected trajectory of stabilization followed by growth.

### Margin

DET EBIT margin expanded by 25 bps QoQ to 12.4% despite the impact of wage hikes. Management categorically clarified that margin improvement is structural in nature, driven by operational efficiencies, better execution, cost optimization, and scale benefits. There was no meaningful contribution from FX or one-off items, which improves confidence in the durability of margins going forward.

Management reiterated its medium-term ambition of achieving ~15% EBIT margin by Q4 FY27 for the DET business. The margin expansion roadmap is anchored on three key levers: sustained revenue momentum, AI-led productivity and automation (both internal and client-facing), and monetisation of prior technology investments. Offshoring remains an optional upside lever rather than a prerequisite for margin delivery.

### Aerospace and Transportation & Mobility

Growth in aerospace is broad-based and not concentrated in a single sub-segment. Key drivers include strong aftermarket and MRO demand, production ramp-ups at global OEMs, and increasing digital programs across manufacturing, supply chain, certification, and documentation. Transportation and mobility remains the most visible and strongest growth vertical, supported by focused account mining and lifecycle-led engagement.

### Deal

Management highlighted that Cyient's large-deal pipeline is currently the highest in the company's history. The qualified pipeline is growing in double digits, with a sharp focus on execution-ready opportunities rather than headline deal volumes. This shift materially improves growth predictability, which has been a historical concern for investors.

Top accounts Continue to outperform, delivering ~5% QoQ growth and ~15.5% YoY growth. This momentum is driven by deeper penetration across the customer value chain and focused account mining efforts. Management emphasized that this demonstrates Cyient's ability to scale organically without excessive dependence on new logo additions.

### Differentiated and Credible AI Strategy

Cyient reiterated its "Embracing Intelligence" philosophy, positioning AI as an amplifier of human-led domain expertise rather than a standalone solution. Management emphasized that assured systems in regulated and mission-critical industries require human accountability, explainability, and domain depth. This approach is resonating with clients and is translating into tangible deal wins across verification, autonomous systems, asset management, and lifecycle support.

**Semiconductor Business**

The semiconductor business will continue to incur losses in Q4 FY26, with no near-term upside from recent deal wins or inorganic actions. Management reiterated that break-even is targeted in FY27 on an organic basis, excluding any incremental benefit from future acquisitions. The strategic focus remains on mature-node, power-related semiconductors, which management believes is a capital-efficient and scalable entry point into the chip ecosystem.

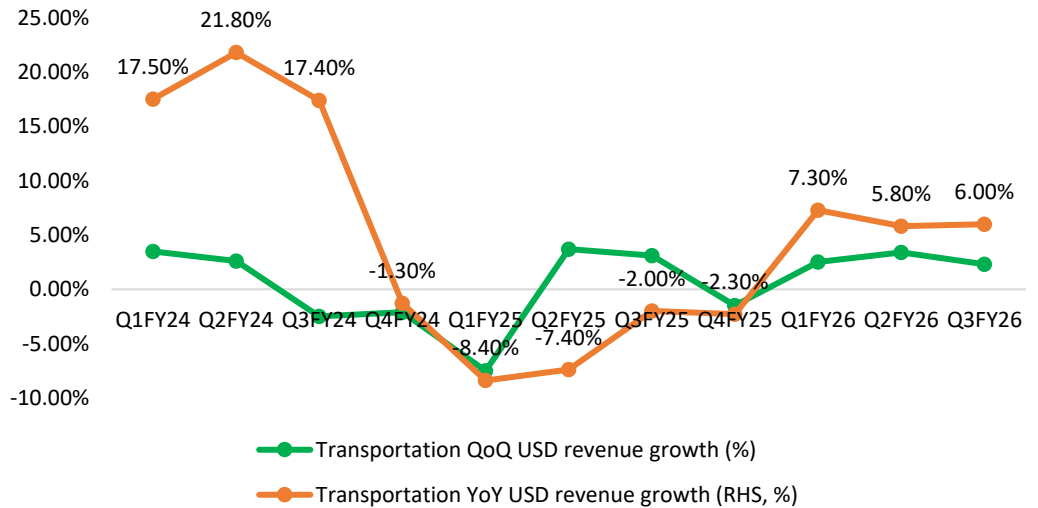
**DLM**

DLM revenue declined due to customer-specific pushouts, year-end holidays, and tariff-related uncertainties. However, EBIT margins expanded to double digits, reflecting better execution and a higher-value program mix. The auto order book remains strong, with a book-to-bill ratio >1 for three consecutive quarters. Management expects revenue momentum to resume from Q4, with margins sustaining at healthy levels.

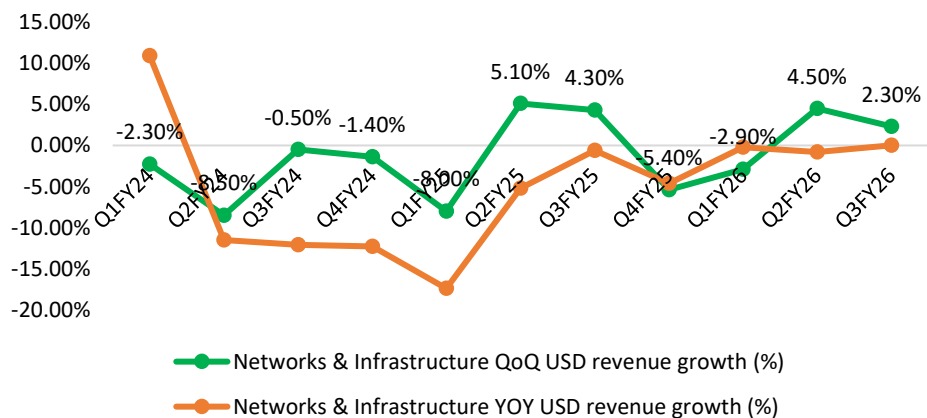
**Cash**

DET net cash stood at INR 1,434 cr at the end of Q3, the highest level in the last nine quarters. Cash conversion remained strong at ~158% of normalized PAT, underscoring disciplined working capital management. Management highlighted that the strong balance sheet provides flexibility to invest in growth initiatives and pursue selective inorganic opportunities.

**Exhibit 5: Transportation revenue growth**

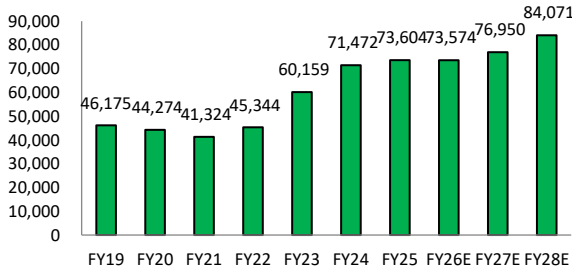


**Exhibit 6: Network Infrastructure revenue growth**

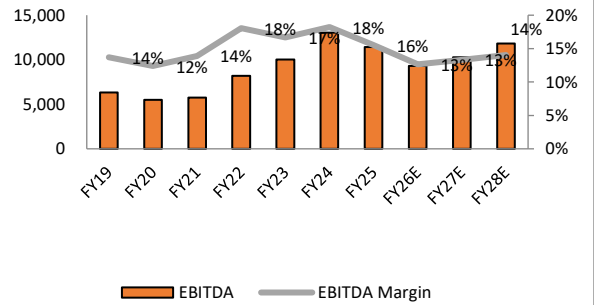


Financials Analysis.... (Consolidated INR Mn)

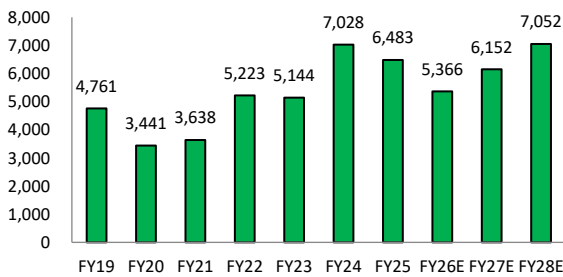
**Exhibit 7: Steady revenue growth expected as Cyient scales core businesses. Assumes mid-single digit annual growth from deal wins**



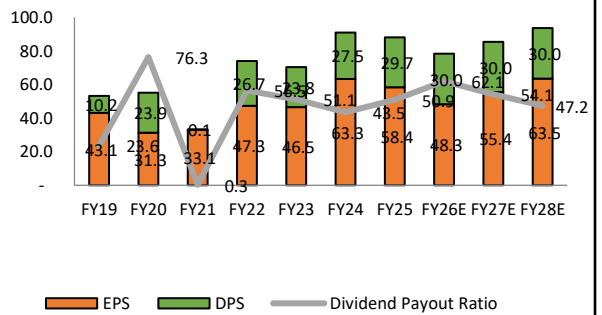
**Exhibit 8: Margins expand with operating leverage. Assumes better utilization and cost control**



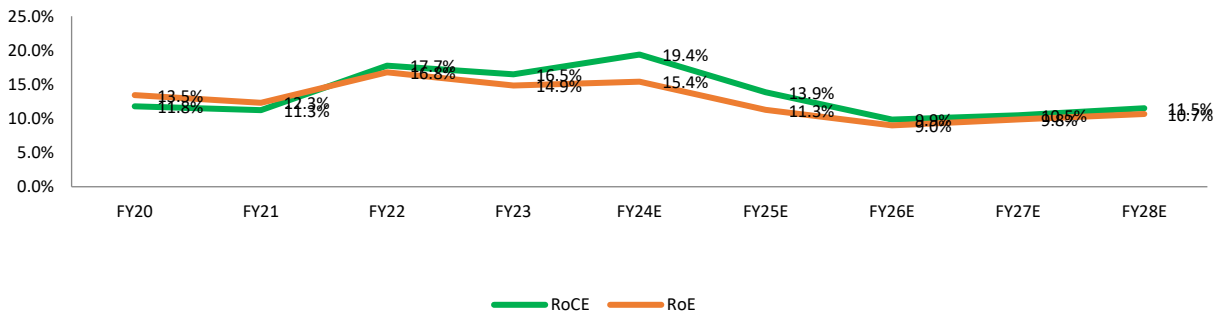
**Exhibit 9: Profits rise steadily post-restructuring. Assumes one-offs behind, leverage ahead**



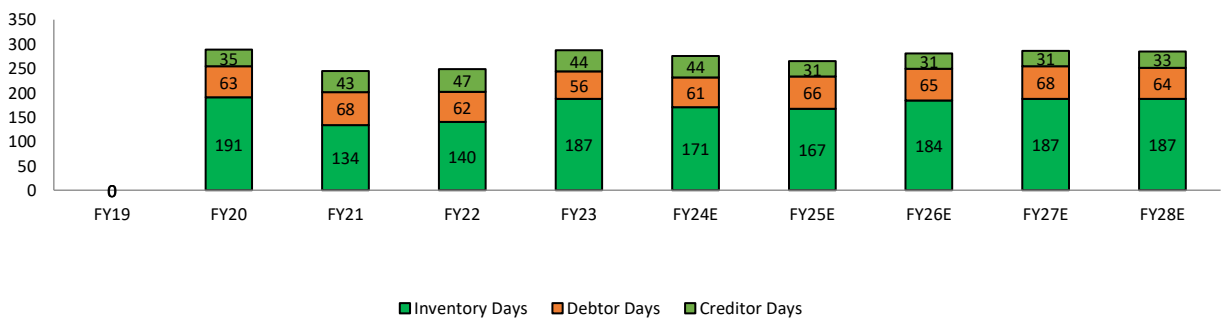
**Exhibit 10: Earnings and dividends both trend higher. Assumes stable payout, strong cash flows.**



**Exhibit 11: Returns dip then recover. Assumes investments start paying off**



**Exhibit 12: Days stay manageable. Assumes tight receivables control.**



Source: Company, Arianth Research

## Exhibit 13:Key Financials (Consolidated)

| Income statement (INR mn)                   |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Year End-March                              | FY23             | FY24             | FY25             | FY26E            | FY27E            | FY28E            |
| <b>Revenue (\$ Mn)</b>                      | <b>746.30</b>    | <b>863.19</b>    | <b>870.02</b>    | <b>840.27</b>    | <b>874.43</b>    | <b>955.35</b>    |
| Gross Sales                                 | 60,159.00        | 71,472.00        | 73,604.00        | 73,573.74        | 76,949.84        | 84,071.02        |
| <b>Net Sales</b>                            | <b>60,159.00</b> | <b>71,472.00</b> | <b>73,604.00</b> | <b>73,573.74</b> | <b>76,949.84</b> | <b>84,071.02</b> |
| YoY (%)                                     | 32.67%           | 18.81%           | 2.98%            | -0.04%           | 4.59%            | 9.25%            |
| <b>Adjusted COGS</b>                        | <b>6,964.00</b>  | <b>9,658.00</b>  | <b>11,390.00</b> | <b>8,621.83</b>  | <b>8,770.98</b>  | <b>9,328.13</b>  |
| YoY (%)                                     | 22.05%           | 38.68%           | 17.93%           | -24.30%          | 1.73%            | 6.35%            |
| <b>Personnel/ Employee benefit expenses</b> | <b>30,260.00</b> | <b>35,120.00</b> | <b>36,899.00</b> | <b>40,457.42</b> | <b>42,175.43</b> | <b>45,912.50</b> |
| YoY (%)                                     | 33.51%           | 16.06%           | 5.07%            | 9.64%            | 4.25%            | 8.86%            |
| <i>Manufacturing &amp; Other Expenses</i>   | <i>12,904.00</i> | <i>13,666.00</i> | <i>13,882.00</i> | <i>15,197.15</i> | <i>15,738.47</i> | <i>17,026.68</i> |
| YoY (%)                                     | 46.72%           | 5.91%            | 1.58%            | 9.47%            | 3.56%            | 8.19%            |
| <b>Total Expenditure</b>                    | <b>50,128.00</b> | <b>58,444.00</b> | <b>62,171.00</b> | <b>64,276.40</b> | <b>66,684.88</b> | <b>72,267.31</b> |
| YoY (%)                                     | 22.66%           | 29.88%           | -12.24%          | -18.68%          | 10.41%           | 14.99%           |
| <b>EBITDA</b>                               | <b>10,031.00</b> | <b>13,028.00</b> | <b>11,433.00</b> | <b>9,297.34</b>  | <b>10,264.97</b> | <b>11,803.72</b> |
| YoY (%)                                     | 22.66%           | 29.88%           | -12.24%          | -18.68%          | 10.41%           | 14.99%           |
| <b>EBITDA Margin (%)</b>                    | <b>16.67%</b>    | <b>18.23%</b>    | <b>15.53%</b>    | <b>12.64%</b>    | <b>13.34%</b>    | <b>14.04%</b>    |
| Depreciation                                | 2,566.00         | 2,667.00         | 2,672.00         | 2,861.09         | 3,090.83         | 3,501.94         |
| % of Gross Block                            | 11.42%           | 12.07%           | 13.16%           | 11.18%           | 10.23%           | 9.72%            |
| <b>EBIT</b>                                 | <b>7,465.00</b>  | <b>10,361.00</b> | <b>8,761.00</b>  | <b>6,436.25</b>  | <b>7,174.14</b>  | <b>8,301.77</b>  |
| EBIT Margin (%)                             | 12.41%           | 14.50%           | 11.90%           | 8.75%            | 9.32%            | 9.87%            |
| Interest Expenses                           | 1,000.00         | 1,160.00         | 928.00           | 617.26           | 685.50           | 761.79           |
| Non-operating/ Other income                 | 814.00           | 659.00           | 966.00           | 1,843.01         | 1,939.00         | 2,119.80         |
| <b>PBT</b>                                  | <b>6,812.00</b>  | <b>9,184.00</b>  | <b>8,750.00</b>  | <b>7,350.00</b>  | <b>8,427.63</b>  | <b>9,659.79</b>  |
| Tax-Total                                   | 1,668.00         | 2,156.00         | 2,267.00         | 1,983.75         | 2,275.46         | 2,608.14         |
| <b>Adj. Net Profit</b>                      | <b>5,144.00</b>  | <b>7,028.00</b>  | <b>6,483.00</b>  | <b>5,366.25</b>  | <b>6,152.17</b>  | <b>7,051.65</b>  |
| <b>Reported Profit</b>                      | <b>5,144.00</b>  | <b>7,028.00</b>  | <b>6,483.00</b>  | <b>5,366.25</b>  | <b>6,152.17</b>  | <b>7,051.65</b>  |
| PAT Margin                                  | 8.55%            | 9.83%            | 8.81%            | 7.29%            | 8.00%            | 8.39%            |
| Shares o/s/ paid up equity sh capital       | 110.60           | 111.00           | 111.00           | 111.00           | 111.00           | 111.00           |
| Adj EPS                                     | 46.51            | 63.32            | 58.41            | 48.34            | 55.42            | 63.53            |
| Dividend payment                            | 2,630.00         | 3,058.00         | 3,297.00         | 3,330.00         | 3,330.00         | 3,330.00         |
| Dividend payout (%)                         | 51.13%           | 43.51%           | 50.86%           | 62.05%           | 54.13%           | 47.22%           |
| <b>Retained earnings</b>                    | <b>2,514.00</b>  | <b>3,970.00</b>  | <b>3,186.00</b>  | <b>2,036.25</b>  | <b>2,822.17</b>  | <b>3,721.65</b>  |

| Balance sheet                                  |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Year-end March                                 | FY23              | FY24              | FY25              | FY26E             | FY27E             | FY28E             |
| <b>Sources of Funds</b>                        |                   |                   |                   |                   |                   |                   |
| Equity Share Capital                           | 553.00            | 555.00            | 555.00            | 555.00            | 555.00            | 555.00            |
| Reserves & Surplus/ Other Equity               | 34,082.00         | 45,014.00         | 57,049.00         | 59,085.25         | 61,907.42         | 65,629.07         |
| <b>Networth</b>                                | <b>34,635.00</b>  | <b>45,569.00</b>  | <b>57,604.00</b>  | <b>59,640.25</b>  | <b>62,462.42</b>  | <b>66,184.07</b>  |
| Unsecured Loans/ Borrowings/ Lease Liabilities | 10,218.00         | 5,411.00          | 3,062.00          | 3,220.90          | 3,403.06          | 3,610.42          |
| Other Liabilities                              | 3,230.00          | 2,469.00          | 2,179.00          | 2,279.20          | 2,507.12          | 2,757.83          |
| <b>Total Liabilities</b>                       | <b>65,481.00</b>  | <b>70,036.00</b>  | <b>76,946.00</b>  | <b>80,943.70</b>  | <b>86,136.96</b>  | <b>92,210.11</b>  |
| <b>Total Funds Employed</b>                    | <b>120,347.00</b> | <b>132,186.00</b> | <b>148,251.00</b> | <b>156,195.29</b> | <b>166,400.54</b> | <b>178,340.45</b> |
| <b>Application of Funds</b>                    |                   |                   |                   |                   |                   |                   |
| <b>Net Fixed Assets</b>                        | <b>28,246.00</b>  | <b>28,264.00</b>  | <b>29,287.00</b>  | <b>32,763.88</b>  | <b>35,312.59</b>  | <b>38,639.39</b>  |
| Capital WIP                                    | 27.00             | 16.00             | 75.00             | 75.00             | 75.00             | 75.00             |
| <b>Current assets</b>                          | <b>31,913.00</b>  | <b>35,591.00</b>  | <b>41,455.00</b>  | <b>40,526.62</b>  | <b>41,020.26</b>  | <b>40,564.12</b>  |
| Inventory                                      | 4,358.00          | 4,676.00          | 5,766.00          | 5,060.23          | 4,426.20          | 4,640.80          |
| <b>Days</b>                                    | <b>187.32</b>     | <b>170.71</b>     | <b>167.31</b>     | <b>184.34</b>     | <b>187.18</b>     | <b>187.18</b>     |
| Debtors  | 11,271.00         | 12,617.00         | 14,067.00         | 13,602.58         | 14,249.97         | 14,749.30         |
| <b>Days</b>                                    | <b>56.44</b>      | <b>61.00</b>      | <b>66.16</b>      | <b>65.18</b>      | <b>67.59</b>      | <b>64.04</b>      |
| Other Current Assets                           | 2,845.00          | 2,930.00          | 2,481.00          | 2,729.10          | 3,002.01          | 3,302.21          |
| Cash and Cash equivalent                       | 6,215.00          | 4,848.00          | 10,706.00         | 10,347.47         | 10,065.24         | 8,308.85          |
| <b>Current Liabilities/Provisions</b>          | <b>20,231.00</b>  | <b>16,581.00</b>  | <b>13,701.00</b>  | <b>15,611.34</b>  | <b>17,801.16</b>  | <b>19,946.26</b>  |
| Creditors / Trade Payables                     | 7,142.00          | 6,878.00          | 3,934.00          | 4,683.69          | 5,539.38          | 6,147.54          |
| <b>Days</b>                                    | <b>43.78</b>      | <b>43.54</b>      | <b>31.19</b>      | <b>31.20</b>      | <b>31.20</b>      | <b>33.49</b>      |
| Liabilities                                    | 6,673.00          | 5,931.00          | 6,332.00          | 7,216.90          | 8,251.09          | 9,461.66          |
| <b>Net Current Assets</b>                      | <b>11,682.00</b>  | <b>19,010.00</b>  | <b>27,754.00</b>  | <b>24,915.28</b>  | <b>23,219.10</b>  | <b>20,617.86</b>  |
| <b>Total Asset</b>                             | <b>65,481.00</b>  | <b>70,036.00</b>  | <b>76,946.00</b>  | <b>80,943.70</b>  | <b>86,136.96</b>  | <b>92,210.11</b>  |
| <b>Total Capital Employed</b>                  | <b>53,799.00</b>  | <b>51,026.00</b>  | <b>49,192.00</b>  | <b>56,028.41</b>  | <b>62,917.85</b>  | <b>71,592.25</b>  |

Source: Arianth Research, Company Filings

## Exhibit 14:Key Financials (Consolidated)

| Cash Flow Statement   |                    |                   |                   |                   |                   |                    |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Year End-March  | FY23               | FY24              | FY25              | FY26E             | FY27E             | FY28E              |
| <b>Profit before tax</b>  | <b>5,144.00</b>    | <b>7,028.00</b>   | <b>6,483.00</b>   | <b>5,366.25</b>   | <b>6,152.17</b>   | <b>7,051.65</b>    |
| <b>Adjustments: Add</b>   |                    |                   |                   |                   |                   |                    |
| Depreciation and amortisation   | 2,566.00           | 2,667.00          | 2,672.00          | 2,861.09          | 3,090.83          | 3,501.94           |
| Interest adjustment   | 186.00             | 501.00            | (38.00)           | (1,225.75)        | (1,253.50)        | (1,358.02)         |
| <b>Change in assets and liabilities</b>   | <b>10,526.00</b>   | <b>13,254.00</b>  | <b>12,414.00</b>  | <b>10,331.59</b>  | <b>11,319.50</b>  | <b>12,525.57</b>   |
| Inventories   | (1,568.00)         | (318.00)          | (1,090.00)        | 705.77            | 634.03            | (214.60)           |
| Trade receivables   | (3,938.00)         | (1,346.00)        | (1,450.00)        | 464.42            | (647.39)          | (499.33)           |
| Trade payables  | 1,883.00           | (264.00)          | (2,944.00)        | 749.69            | 855.69            | 608.16             |
| Other Liabilities and provisions  | 5,641.00           | (3,302.00)        | (554.00)          | 1,207.70          | 1,389.27          | 1,601.16           |
| Other Assets  | (2,047.00)         | (431.00)          | 908.00            | (682.60)          | (750.86)          | (825.95)           |
| Taxes   | (7.00)             | 184.00            | 10.00             | 0.00              | 0.00              | 0.00               |
| <b>Net cash from operating activities</b>                                       | <b>10,975.00</b>   | <b>7,786.00</b>   | <b>7,189.00</b>   | <b>12,776.57</b>  | <b>12,800.24</b>  | <b>13,195.02</b>   |
| Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress | (17,256.00)        | (2,674.00)        | (3,754.00)        | (6,337.97)        | (5,639.54)        | (6,828.74)         |
| Net Sale/(Purchase) of investments  | (38.00)            | 1,619.00          | 70.00             | 1,843.69          | 1,863.13          | 1,959.78           |
| Others  | (234.00)           | (270.00)          | (109.00)          | (43.05)           | (45.20)           | (47.46)            |
| <b>Net cash (used) in investing activities</b>                                  | <b>(17,946.00)</b> | <b>(1,465.00)</b> | <b>(4,512.00)</b> | <b>(4,544.47)</b> | <b>(3,828.82)</b> | <b>(4,923.70)</b>  |
| Interest expense  | 4,847.00           | (242.00)          | (207.00)          | (1,905.21)        | (2,657.87)        | (3,767.35)         |
| Dividend paid   | 2,952.00           | 2,630.00          | 3,297.00          | 3,330.00          | 3,330.00          | 3,330.00           |
| Other financing activities  | (1,643.00)         | 886.00            | 4,031.00          | (3,330.00)        | (3,330.00)        | (3,330.00)         |
| <b>Net cash (used) in financing activities</b>                                  | <b>1,499.00</b>    | <b>(3,680.00)</b> | <b>630.00</b>     | <b>(8,672.21)</b> | <b>(9,317.87)</b> | <b>(10,427.35)</b> |
| <b>Closing Balance</b>  | <b>7,194.00</b>    | <b>9,835.00</b>   | <b>13,142.00</b>  | <b>12,701.89</b>  | <b>12,355.44</b>  | <b>10,199.41</b>   |
| <b>FCF</b>  | <b>8,468.00</b>    | <b>5,138.00</b>   | <b>4,234.00</b>   | <b>9,697.82</b>   | <b>9,445.74</b>   | <b>9,408.05</b>    |
| Capex ( % of sales )  | 2,507.00           | 2,648.00          | 2,955.00          | 2,795.80          | 2,770.19          | 2,942.49           |

| Key Ratios                        |        |        |        |        |        |        |
|-----------------------------------|--------|--------|--------|--------|--------|--------|
| Year-end March                    | FY23   | FY24   | FY25   | FY26E  | FY27E  | FY28E  |
| <b>Solvency Ratios</b>            |        |        |        |        |        |        |
| Debt / Equity                     | 0.27   | 0.10   | 0.04   | 0.04   | 0.04   | 0.04   |
| Net Debt / Equity                 | 0.06   | -0.12  | -0.19  | -0.18  | -0.16  | -0.12  |
| Debt / EBITDA                     | 0.93   | 0.35   | 0.19   | 0.24   | 0.22   | 0.20   |
| Current Ratio                     | 0.21   | -0.41  | -0.96  | -1.13  | -0.98  | -0.66  |
| <b>DuPont Analysis</b>            |        |        |        |        |        |        |
| Sales/Assets                      | 0.92   | 1.02   | 0.96   | 0.91   | 0.89   | 0.91   |
| Assets/Equity                     | 1.89   | 1.54   | 1.34   | 1.36   | 1.38   | 1.39   |
| RoE                               | 14.85% | 15.42% | 11.25% | 9.00%  | 9.85%  | 10.65% |
| <b>Per share ratios</b>           |        |        |        |        |        |        |
| Reported EPS                      | 46.51  | 63.32  | 58.41  | 48.34  | 55.42  | 63.53  |
| Dividend per share                | 23.78  | 27.55  | 29.70  | 30.00  | 30.00  | 30.00  |
| BV per share                      | 313.16 | 410.53 | 518.95 | 537.30 | 562.72 | 596.25 |
| Cash per Share                    | 56.19  | 43.68  | 96.45  | 93.22  | 90.68  | 74.85  |
| Revenue per Share                 | 543.93 | 643.89 | 663.10 | 662.83 | 693.24 | 757.40 |
| <b>Profitability ratios</b>       |        |        |        |        |        |        |
| Net Profit Margin (PAT/Net sales) | 11.52% | 8.55%  | 9.83%  | 8.81%  | 7.29%  | 8.00%  |
| Gross Profit / Net Sales          | 88.42% | 86.49% | 84.53% | 88.28% | 88.60% | 88.90% |
| EBITDA / Net Sales                | 16.67% | 18.23% | 15.53% | 12.64% | 13.34% | 14.04% |
| EBIT / Net Sales                  | 12.41% | 14.50% | 11.90% | 8.75%  | 9.32%  | 9.87%  |
| ROCE (%)                          | 16.50% | 19.38% | 13.85% | 9.85%  | 10.50% | 11.49% |
| <b>Activity ratios</b>            |        |        |        |        |        |        |
| Inventory Days                    | 187.32 | 170.71 | 167.31 | 184.34 | 187.18 | 187.18 |
| Debtor Days                       | 56.44  | 61.00  | 66.16  | 65.18  | 67.59  | 64.04  |
| Creditor Days                     | 43.78  | 43.54  | 31.19  | 31.20  | 31.20  | 33.49  |
| <b>Leverage ratios</b>            |        |        |        |        |        |        |
| Interest coverage                 | 7.47   | 8.93   | 9.44   | 10.43  | 10.47  | 10.90  |
| Debt / Asset                      | 0.14   | 0.06   | 0.03   | 0.03   | 0.03   | 0.03   |
| <b>Valuation ratios</b>           |        |        |        |        |        |        |
| EV / EBITDA                       | 12.77  | 9.26   | 10.06  | 12.42  | 11.29  | 10.01  |
| PE (x)                            | 24.49  | 17.99  | 19.50  | 23.56  | 20.55  | 17.93  |

Source: Company reports, Arianth Capital Research

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| Stock Rating Scale | Absolute Return |
|--------------------|-----------------|
| BUY                | >20%            |
| ACCUMULATE         | 12% to 20%      |
| HOLD               | 5% to 12%       |
| NEUTRAL            | -5% to 5%       |
| REDUCE             | -5% to -12%     |
| SELL               | <-12%           |

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