

September 30, 2026

Scaling up the EMS value chain; Venturing into Next-Gen tech...

About the stock: Cyient DLM (CDLM) is an integrated Electronics Manufacturing Services (EMS) provider and Design-Led Manufacturing (DLM) provider. As a subsidiary of Cyient Limited, CDLM specializes in design-led manufacturing, printed circuit board assemblies (PCBA), box builds and mission-critical systems. It serves highly regulated sectors with a FY26 diversified revenue mix: aerospace & defence (52%), industrials (27%), medtech (19%), and others (2%).

Investment Rationale:

- Multi-year growth visibility improving aided by high growth emerging segments:** CDLM is venturing into new, emerging and high-growth segments including Semiconductor equipment, AI Data centers and Robotics during FY27E. We believe the semiconductor segment particularly has multi-year growth visibility with Government approving the next phase of the Semicon India Program (ISM 2.0), with an outlay of ~₹1,27,500 crore to accelerate the development of a resilient semiconductor and electronics ecosystem in India. The recently concluded Semicon India 2026 saw significant investments from multinational giants like Lam Research, Applied Materials, Fujifilm, Micron, etc., which will strengthen India's position in electronics supply chain and aid growth of EMS players like CDLM over the long term. On robotics side, CDLM will focus on high-reliability subsystems, control electronics and test assemblies. The outlook for AI Infrastructure & Data Centers is also strong, with India entering a significant data-center capacity expansion cycle. India's data-center capacity stood at ~1.6GW in mid-2026 and is expected to reach ~6GW by 2029, while globally, data-center capacity is expected to increase by ~100GW till 2030, driven by AI Data Centers and hyperscaler as per reports.
- Strong Order Book:** CDLM has a strong order book of ~₹2,599 crore as of Q1FY27, more than 2x its FY26 revenue. Recently, management highlighted an ~US\$1bn order pipeline for its design-led business for FY27–FY34, which shall aid management guidance of consistent 25-30% CAGR over medium term.
- Margins set to improve further:** CDLM has recorded double-digit EBITDA margins for four consecutive quarters, with significant room for further improvement as capacity utilization increases and the share of BTS rises (~6% of revenue in FY26). Management has indicated that margins could improve further from the current 10%+ level to 11–13% during FY27E–29E (expansion phase), as the company enters AI Data Centers and Robotics, and to ~13–18% post-FY30E (transformation phase), as complex, high-margin B2S products get executed.

Rating and Target Price:

We believe CDLM's business has entered in multi-year strong growth phase supported by healthy order inflows, improving execution and expanding to newer segments like AI data center, robotics, semiconductor equipment. The business remains focused on high margin low volume (HMLV) products which earn better margin and have complex offerings, enabling sustainable business growth. Considering the improving long-term growth outlook, we revise TP at ₹1,100 and maintain BUY rating, valuing the stock at PE of 60x FY28E EPS.

Key Financial Summary

(₹crore)	FY23	FY24	FY25	FY26	3 Year CAGR	FY27E	FY28E	2 Year CAGR
Net Sales	832	1,192	1,520	1,261	14.9	1,652	2,064	27.9
EBITDA	88	111	137	127	13.0	185	249	40.3
EBITDA margin	10.6	9.3	9.0	10.0		11.2	12.1	
Net Profit	32	61	68	73	32.1	99	145	40.8
EPS(₹)	6.0	7.7	8.6	9.2		12.5	18.3	
P/E(x)	151.6	117.9	106.0	98.6		72.8	49.8	
RoCE(%)	16.6	12.0	12.8	13.1		15.7	19.4	
RoE(%)	16.0	6.7	7.2	7.2		8.9	11.5	

Source: Company, ICICI Direct Research



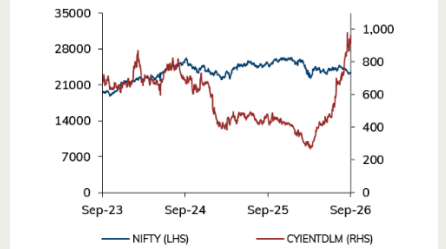
Particulars

Particular	Amount
Market Cap (₹ crore)	7226
Debt (FY26) - ₹ crore	172
Cash (FY26) - ₹ crore	126
EV (Rs crore)	7272
52 Week H/L (₹)	1010/265
Equity Capital (₹ crore)	79.4
Face Value (₹)	10

Shareholding pattern

	Sept-25	Dec-25	Mar-26	June-26
Promoters	52.1	52.1	52.1	52.1
FII	2.2	0.5	0.8	0.3
DIs	28.7	28.8	26.7	29.2
Others	16.9	18.6	20.4	18.5

Price Chart



Key risks

- (i) Customer concentration.
- (ii) Working capital management
- (iii) Geopolitical uncertainties

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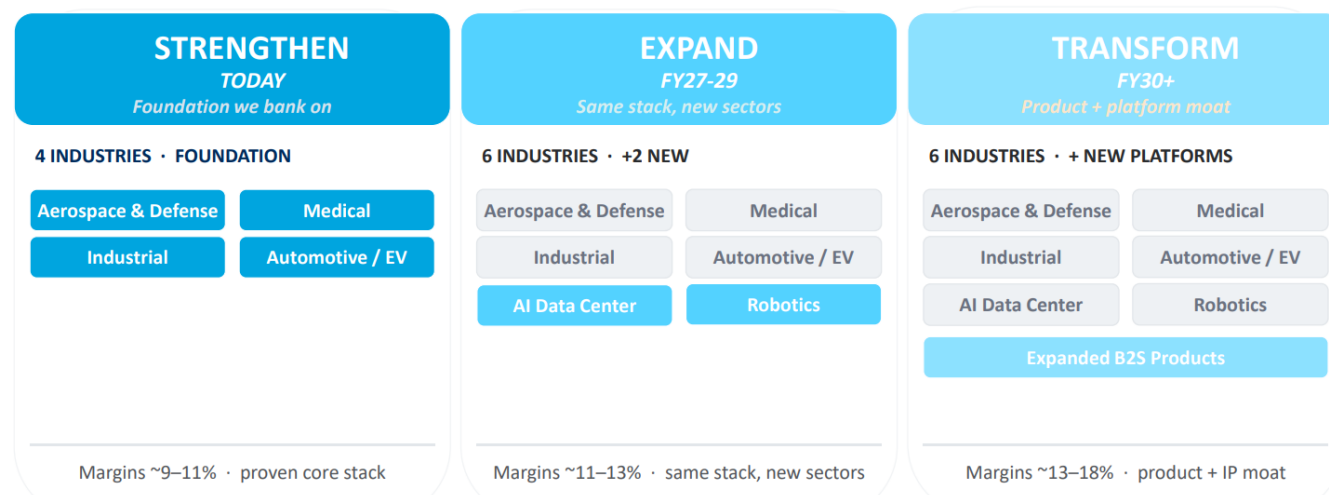
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Exhibit 1: Long term ambition

LONG TERM STRATEGIC PIVOT

Focus on widening industry coverage and elevating the value proposition



Source: Company, ICICI Direct Research

Exhibit 2: Key Strategic Initiatives

2026- 2027	2027- 2029	2027- 2032
Strengthen	Expand	Transform
- Focus on key markets - Focus on Domestic Market - Focus on Operational Excellence - Strengthen B2S	- Expand into Automotive and India defense - AI Infrastructure Market - M&A: Europe Defense - Vertical Integration	- Products/ Platforms Play
• Strengthen GTM structure across key Geographies • Strengthening the cross functional teams • GTM strategy with focus on large deals and new logos • Investing in Automation and Operational excellence • Strengthening B2S team and offerings	• Strengthened GTM for Automotive and India Defense • Exploring the AI Infrastructure Market • Continue to Explore M&A in Europe Defense • Focus on vertical integration through cables, sheet metal and machining	• Investing in product platforms • Strengthened the Product organization • Building technology partnerships and MoU's

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement

₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	1,520	1,261	1,652	2,064
% Growth	27.5	-17.0	30.9	24.9
Other income	26	36	19	20
Total Revenue	1,546	1,298	1,671	2,084
Employee Expenses	186	227	272	320
Other expenses	1,196	908	1,195	1,494
Total Operating Expenditure	1,382	1,135	1,467	1,814
Operating Profit (EBITDA)	137	127	185	249
% Growth	23.6	-7.6	45.8	35.0
Interest	38	27	23	23
PBDT	100	100	162	227
Depreciation	34	43	49	53
PBT before Exceptional Items	66	57	113	173
Total Tax	24	20	33	48
PAT before MI	68	73	99	145
% Growth	11.2	7.5	35.0	46.9
EPS	8.6	9.2	12.5	18.3

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet

₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	79	79	79	79
Reserve and Surplus	870	933	1,032	1,177
Total Shareholders funds	949	1,012	1,111	1,256
Minority Interest	-	-	0	0
Total Debt	301	172	182	197
Other liabilities	16	6	8	11
Total Liabilities	1,267	1,190	1,302	1,465
Gross Block	313	353	402	438
Acc: Depreciation	133	176	225	278
Net Block	180	176	177	160
Capital WIP	6	2	6	30
Total Fixed Assets	185	179	183	190
Non Curr. Assets (Incl. Intangible)	214	248	256	261
Inventory	571	647	776	850
Debtors	347	351	453	543
Other Current Assets	75	78	117	152
Cash	288	126	68	121
Total Current Assets	1,282	1,202	1,413	1,665
Current Liabilities	414	439	551	652
Net Current Assets (Ex Cash)	1,156	889	930	1,134
Total Assets	1,267	1,190	1,302	1,465

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement

₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	68	73	99	145
Depreciation	34	43	49	53
Interest	38	27	23	23
Cash Flow before WC changes	140	143	171	221
(Inc)/dec in Current Assets	-207	-106	-271	-202
Inc/(dec) in CL and Provisions	-66	15	114	104
Net CF from Operating activities	-134	52	14	122
(Purchase)/Sale of Fixed Assets	-127	-41	-54	-60
Others	-31	-6	-6	-2
Net CF from Investing activities	-159	-47	-60	-62
Dividend	-	-	-	-
Others	44	-167	-13	-8
Net CF from Financing Activities	44	-167	-13	-8
Net Cash flow	-249	-162	-58	53
Opening Cash/Cash Equivalent	537	288	126	68
Closing Cash/ Cash Equivalent	288	126	68	121

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
EPS	8.6	9.2	12.5	18.3
Cash per Share	36.3	15.9	8.5	15.2
BV	119.7	127.6	140.1	158.4
Dividend per share	-	-	-	-
Operating Ratios (%)				
EBITDA Margin	9.0	10.0	11.2	12.1
PAT Margin	4.5	5.8	6.0	7.0
Return Ratios (%)				
RoE	7.2	7.2	8.9	11.5
RoCE	12.8	13.1	15.7	19.4
Valuation Ratios (x)				
EV / EBITDA	52.7	57.3	39.7	29.2
P/E	106.0	98.6	72.8	49.8
Market Cap / Sales	4.7	5.6	4.3	3.5
Price to Book Value	7.6	7.1	6.5	5.7
Working Capital Ratios				
Inventory Days	134.9	182.1	169.5	148.8
Debtors Days	82.0	98.8	98.8	95.1
Creditors Days	59.0	76.9	78.7	75.9
Asset turnover	4.9	3.7	4.2	4.8
Solvency Ratios (x)				
Debt / Equity	0.3	0.2	0.2	0.2
Current Ratio	2.2	2.2	2.2	2.1
Quick Ratio	0.8	0.8	0.8	0.8

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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