



IDEA2ACT : Cyient Ltd

Reco Price	12-months Target Price
BUY @ ₹ 660-678	₹ 789

Cyient provides engineering, manufacturing, geospatial, network and operations management services to a diversified base of ~300 clients across eleven industries, which include aerospace & defence (A&D), communications, rail transportation, heavy equipment & industrial, navigation and semiconductors.

Consistent Earning Delivery - ReRating Possible!

Robust growth outlook for DLM; double-digit margins sustainable: Cyient announced a large deal win within DLM with a TCV of USD36mn, and is seeing healthy traction within the A&D and Medical segments. As a result, management expects the growth momentum to sustain over the next few quarters. DLM EBIT margins hit the double-digit mark in 3Q, with management indicating a boost of 300-400bps from reduced direct material costs, and better quality of revenues.

Strong earning visibility: We forecast robust revenue growth of 3.7% cc QoQ (+4.4% QoQ), with healthy growth in DLM and Communications offsetting weakness in Aerospace. We expect EBIT margins to expand 130bps aided by healthy operating leverage, improved profitability in DLM and focus on operational parameters

Valuations relatively attractive: Led by healthy margins and recovery in revenues in FY22ii/23ii, we forecast 19% EPS Cagr over FY21ii-23ii. Cyient trades at ~13.5x FY22ii P/E, at ~40% discount to mid-cap peers. With cash support and ~3% dividend yield, we see it as an attractive value play, especially for investors with a long-term horizon.

Technically, the stock is trading in a strong higher top higher bottom chart structure, indicating a positive bias according to the dow theory. The stock has given a flag pattern breakout on the daily chart and is showing positive signs on the ADX Index. **If the current impulse move accentuates the way it should, we expect Cyient to trend higher and test our immediate target price of Rs787 during the next 1-Year. We recommend a Buy Rating on the stock.**

You can also understand the stock by watching this video here: [Click here](#)

**Previous Recommendations:**

Date	Stock Name	Reco Price	Target Price	P & L %	Status
26-May-20	Emami Limited	205	241	18%	Target Achieved
2-Jul-20	ITC	201	235	17%	Target Achieved (₹225 + Dividend ₹10.15 exdate 6th Jul 2020)
2-Jul-20	NHPC	19.5	24	23%	Target Achieved
15-Jul-20	HCL Tech	610	695	14%	Target Achieved
30-Jul-20	INDIGO	920	1074	17%	Target Achieved
11-Aug-20	JB Chemicals & Pharmaceuticals	750	867	16%	Target Achieved
13-Aug-20	UPL	480	555	16%	Target Achieved
18-Aug-20	Crompton Consumer	256	299	17%	Target Achieved
28-Aug-20	Sudarshan Chemical	474	557	18%	Target Achieved
14-Sep-20	Apollo Tyres	114.5	138	21%	Target Achieved
1-Oct-20	Manappuram Finance Ltd	155.5	186	-1%	Open
16-Oct-20	Cyient Ltd	370	440	19%	Target Achieved
28-Oct-20	Amara Raja Batteries	770	898	17%	Target Achieved
2-Nov-20	SIS (I) Ltd	363	423	17%	Target Achieved
3-Dec-20	Bharat Electronics	112	139.0	24%	Target Achieved
16-Dec-20	RBL Bank	233	273	17%	Target Achieved
6-Jan-21	Alembic Pharmaceuticals	1075	1252	-10%	Open
15-Jan-21	Hindustan Petroleum Corporation Ltd	229	274	3%	Open
5-Feb-21	State Bank of India	351.5	429	0%	Open
1-Mar-21	Cummins India	772	914	18%	Target Achieved
10-Mar-21	HCL Tech	962	1140	7%	Open
10-Mar-21	Eicher Motors	2635	2940	-6%	Open



Idea2Act



Disclaimer:

Investments in securities market are subject to market risks, read all the related documents carefully before investing. There is no assurance or guarantee that the investment objectives shall be achieved. IIFL does not guarantee any assured returns on the investments recommended herein. Past performance of securities/ instruments is not indicative of their future performance. IIFL makes no representation/s or warranty/ies, express or implied, as to the accuracy, completeness or reliability of any information compiled herein, and hereby disclaims any liability with regard to the same, including, without limitation, any direct, indirect, incidental or consequential loss. You shall verify the veracity of the information on your own before using the information provided in the document. Investors are requested to review the prospectus carefully and obtain expert professional advice. IIFL group, associate and subsidiary companies are engaged in providing various financial services and for the said services (including the service for acquiring and sourcing the units of the fund) may earn fees or remuneration.

IIFL Group | IIFL Securities Ltd., IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400604. CIN: 99999MH1996PLC132983 Tel.: (91-22)2580 6650. Customer Service: 40071000. Stock Broker SEBI Regn: INZ000164132. NSE: 10975 BSE: 179 MCX: 55995 NCDEX: 01249 Depository: INDP1852016. MF Distributor ARN: 47791. PMS SEBI Regn.: INP000002213. Investment Adviser SEBI Regn. INA00000623. Research Analyst SEBI Regn: INH000000248. Loan products are offered by IIFL Finance Ltd. & IIFL Home Finance Ltd. Kindly refer to www.indiainfo.com for detailed disclaimer and risk factors.

