01 February 2025

BSE Limited
PJ Towers, 25th Floor
Dalal Street
Mumbai 400001
Scrip Code: 532175

National Stock Exchange of India Ltd
Exchange Plaza
Bandra-Kurla Complex, Bandra (E)
Mumbai-400 051
Scrip Code: CYIENT

Dear Sir/Madam,

Sub: : Transcript of the additional updates to Q3 FY Conference Call

Please find enclosed the transcript of the additional updates to Q3 FY Conference Call conducted on 27 January 2025.

This information will also be hosted on the Company's website at www.cyient.com

This is for your information and records.

Thanking you
For Cyient Limited

Ravi Kumar Nukala Digitally signed by Ravi Kumar Nukala
Date: 2025.02.01 12:09:33 +05'30'

Ravi Kumar Nukala
Dy. Company Secretary

# "Cyient Limited - Additional Clarifications to the Q3 FY25 Earnings Conference Call"

**January 27, 2025**

**MANAGEMENT: MR. KRISHNA BODANAPU – EXECUTIVE VICE CHAIRMAN & MANAGING DIRECTOR, CYIENT LIMITED**
**MR. PRABHAKAR ATLA – PRESIDENT & CHIEF FINANCIAL OFFICER, CYIENT LIMITED**

**Moderator:** Ladies and gentlemen good day and welcome to Cyient Limited Conference Call.

As a reminder, all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Krishna Bodanapu – Executive Vice Chairman and Managing Director at Cyient Limited. Thank you and over to you Mr. Bodanapu.

**Krishna Bodanapu:** Thank you very much and good morning, ladies and gentlemen. I am Krishna Bodanapu – Executive Vice Chairman and Managing Director and present with me on this call is Mr. Prabhakar Atla – President and Chief Financial Officer.

Firstly, I want to thank you very much for taking this time on Monday morning and we are having this call because we have received numerous requests for clarification on few of the statements made in the Q3 FY25 Conference Call which was held Thursday last week. We decided that it was best to address them in an open forum which is the purpose of this call. I would like to mention that some of the statements made in today's discussions may be forward looking in nature and may involve risks and uncertainties. A detailed statement in this regard is available in our investor website which is also posted on our corporate website.

I will make the Opening Remarks and then open the floor for Q&A.

The first thing that I really want to reiterate is to say that, from an operational perspective and the business perspective the business is stronger than it has ever been. You saw the order intake number for Q3 which is the highest it has ever been. But I also want to reiterate that the pipeline is the highest it has ever been. The order intake was the highest it's ever been and the large deals, there were 13 large deals in the quarter itself and those are also the highest they've ever been. So, I am very proud to say that from a business perspective we are in a very strong footing, and I just want to reiterate that there is no further update that I can provide from a business perspective other than to say that things are going well, we are setting ourselves well for a strong growth Q4. I want to reiterate Q4 will be a decent growth quarter and then I will request my colleague Prabhakar to give a little bit of color on FY26. But again, please from a business perspective, I do want to reiterate that we are in a very strong wicket and I am very proud, incredibly proud of the work that the team has done to get us here which will only serve well going forward.

Now, I do want to address the issue of transition:

As you know, Karthik Natarajan was an extraordinary leader who has served us exceptionally well. I also want to reiterate one thing that the separation or the transition that is being planned, because the transition is not done, and I will explain that in a minute. The transition is being planned in line with what Karthik and I have agreed. Karthik has been extraordinarily supportive of the transition and has also only stepped down as the CEO of the company. He continues to remain an employee of Cyient Limited and he continues to be an advisor to me through the transition period and he will only step off from the employment of Cyient at a future date which is to be decided. I want to again thank him and I perhaps didn't do a good job on Thursday because of various things that were going on and various things that needed to focus on. But I just want to, in front of everybody, reiterate to you that Karthik has been a thorough professional who has really helped with the transition and who is acting with the utmost integrity and the utmost interest of the company and for which I will always be grateful to him and many of you may have also seen the heartfelt post that he put on LinkedIn the other day and we continue to remain great friends. And I want to say that there is nothing to this beyond the fact that Karthik and I over the last few weeks have sat down and had numerous discussions and came to the conclusion that the transition was the best thing for him and the company. Now, the reason why it was announced, when it was, is because now both the company and Karthik have to plan for the next steps. And once we start planning those next steps a lot of things start to emerge, a lot of people find out things, and these are customers and employees and potentially whatever Karthik's next steps in his career are. So, taking all that into account we thought it was best to be transparent and announce this transition as it is, rather than try to hide under things or hide things and therefore, we announced it when we did. Of course, there's always lessons learned and, on a lighter vein, I'd say I hope I never use these lessons ever but there's always lessons learned. We could have done things a little bit differently but the reality is that the Board decided that this was the best way and we believe that we will be able to manage this transition very well.

In terms of what happens next; personally, I want to say that this is not the role that I want to discharge, from any long-term perspective. I am very proud of where Cyient has evolved, with Cyeint DLM, and what is happening with Cyeint DLM, and the opportunity that presents with Cyient Semiconductor, which you will recall, we announced last quarter, as being spun off as a different company. We now have the leadership starting to fall in place and formally signed Semiconductor will start operating from the 1st of April. With all that is going on, I believe that I can add a lot more value in managing these various parts of Cyient and various pieces of Cyient. And that's where I would like to focus on, because that's where I can add most value. For that to happen, obviously there has to be a strong leadership in DET and I have agreed with the Board and the LNR Committee or the Nominations Committee, also, is fully involved in the conversations on what is the transition. And I want to reassure you that my taking on this role is only interim. And I want to reassure you that we are very confident as a Board that we will have a clear plan presented to you, no later than the end of this quarter. There's a number of things going on, on evaluations with both internal candidates and external candidates. A large global search firm has already been appointed. They are also working on evaluating and giving us a good assessment of both internal and external candidates.

And I will say that from my personal perspective, nothing will make me happier than to see a strong CEO in place because I can, then, move on to doing things where I believe I add most value to Cyient, both from a strategy perspective and a governance perspective and not in the strategy just for the DET or the engineering business but for the strategy for the group. Because there's a lot of things that are happening in the technological world where Cyient is uniquely positioned and that positioning is what I want to build on. And if I may, I think that's what I am really good at, and that's where I can add most value. So, in that context, I want to reassure you that this is only an interim step. No later than the end of the quarter, again, I would say, we will present to you a solid sustainable way forward and a lot of work is identified on this. And our LNR Committee is fully involved, and I also thank them for the amount of effort they've put in, in the last couple of weeks, on just helping me think through this transition.

So, net-net, I will again say that it was a bit sudden to have this call because I wanted to make sure that we have an open forum and an open conversation and not give out any selective information. But I also wanted to do two things, one is to reiterate that the business and the financials of the company are absolutely solid and I feel very confident where we are going with them and that we will deliver some good results for Q4 FY25 and for FY26 and Prabhakar will just give a little bit of color on that and that also to say that the transition has been planned has been agreed with Karthik. I want to thank Karthik for being an absolute professional and an absolute friend in helping me take through the transition. A lot of what is happening is also based on his advice and also for executing it in a seamless manner such that we are really protecting the interests of our shareholders, interests of our customers and the alignment of our employees.

I will just say that, yes, it seemed a bit sudden on Thursday but it's something that's been very well thought through. I am on top of things for now. Again, I want to say - for now, because this is an interim arrangement that we have come to. But I am very confident that by end of the quarter we will have a more solid long-term arrangement in place and I assure you that you will hear a fully executed plan by the end of this quarter. With that, I am going to hand it over to Prabhakar for a few minutes, just so he can highlight some of the numbers, just to substantiate what is happening in Q4 and FY26 before we take it or pass it over for Q&A. Prabhakar, over to you.

**Prabhakar Atla:** Thank you Krishna. Hello everyone. Thank you for your time today. I'd like to address two topics today which perhaps were not adequately addressed in the previous earnings call and my comments in this call are specific to DET and DET only. These two topics would be - What is our current outlook for Q4 FY25 and for FY25 in all and the second would be - What is our outlook for FY26 and where does our confidence arise from.

In terms of the outlook for FY25 and Q4 FY25; here is where we stand in terms of revenue. As you all know, we had a very strong Q3 with 2.4% revenue growth quarter-on-quarter in constant currency with two large and important verticals, Communications and Transportation leading the growth. As Krishna pointed out earlier, we had a very strong order book in Q3, which is the highest ever, which is up by 5% year-on-year and adjusting for tenure of purchase orders which is shorter this year compared to what they were last year, this growth would be much more than 5% in like-to-like terms. But these orders came in Q3 which doesn't leave us with enough runway to execute fully in Q4. Hence, we have taken a conservative view of how much we can execute in Q4 and fine-tuned our guidance now for the full year as a final update to the guidance we had provided previously at the end of Q1. Even with this conservative view, we do not see Q4 as a degrowth quarter in constant currency. We do expect FX to be headwind, but currency adjusted, we do not see Q4 as a degrowth quarter for revenue, and like previously commented at the end of Q1, H2 will definitely be stronger than H1 in the range of 3% HOH growth in constant currency. And we do have and we will have growth momentum with us as we execute or as we exit FY25 with three consecutive growth quarters. We grew the business in Q2, we grew the business in Q3 and we expect marginal growth in Q4 and therefore we expect that the growth momentum will behind us as we exit the year in terms of revenue.

On the margin front; our margin is absolute and not in constant currency. We did have a headwind to our margin in Q3 due to FX and we are not currently sure of how much impact currency will have on margin for Q4. So, at the moment, we are guiding for 13.5% as the Q4 exit margin, on which we have a very good degree of control, and we will work on what best we can execute on the top of that basis the levers we currently have in hand.

So, in summary as we exit FY25, here is how we see our business; on the back of the 12.6% growth in revenue we had in FY24 which was a very good year, we expect a revenue degrowth in the current year in the range we had provided previously in the previous call. But we will also exit the current financial year with very strong financial metrics, especially around debt, around cash and FCF. If you look at our debt, as you all know, 2 years ago, we had $90 million of debt in DET business and as things stand today at the end of Q3, we were able to clear all the long-term debt that we have and as things stand today, we do not have any debt on our books, long term debt. Our cash in hand is extremely strong at $134 million, an equivalent of about 1,100 crores which gives us the required dry powder to execute growth plans that we currently have in hand for FY26 and going forward. Our FCF continues to be extremely strong over the past several quarters hovering at or above 100% every quarter. So, therefore, we believe we are going to exit FY25 with very strong financials as a good platform to drive the growth that we plan for in FY26.

Now, moving on to the second question that I wanted to address, what is the FY26 outlook we have as a company for DET and from where does our confidence arise from? Krishna talked about this before. We are looking at the following three objective metrics for a view on FY26. First, the sales pipeline that we currently are looking at is the highest ever we had for DET business. It has improved significantly year-on-year and quarter-on-quarter. We spoke extensively about order intake for Q3 being the highest ever. We also spoke about the large deal momentum, 13 large deals won in Q3 alone. So, a combination of these three objective metrics that we track, plus as a result of various conversations we have been having in the last quarter and in the last one month, we see the client spend sentiment in key verticals has improved significantly compared to the previous quarter and compared to the previous year. Basis the above and basis the exercise that we are currently going through to fix the budgets that we will run for FY26, we are confident that FY26 will be a year of revenue growth once again and unlike FY25 growth will be spread throughout the year and will be from H1 onwards and not back ended like we had in FY25.

We also expect EBIT margin expansion in FY26 coming from three areas, one is obviously the revenue growth. The second is as you all know, in FY24, we run a very structured cost optimization program in the company because of which we were able to bring significant control on the margins that we delivered in that year taking them all the way to 16%. And we are now embarking on executing the Phase II of the same program which is already in place since Q3 of FY25 and we will execute through Q4 also, benefits of which will flow into FY26. The expectation is that this program that we are running right now will give us a margin expansion assurance of about 100 if not 150 bps for FY26 on EBIT.

And the third lever we are working on currently consistently is the offshoring percentage. As you all know given the nature of business that is global for us, given the recent acquisitions that we made across various countries in the globe, our offshoring percentage is very modest and moderate. We have been working diligently in the past few quarters to work on enhancing that and we believe that will be a very important lever for us and the lever that we currently have in hand to improve the EBIT margins in FY26. And as you all know as a company; we have demonstrated significant discipline in terms of how we can control our margins which we have shown in FY24 and we have also not stopped any investments in FY25 given the order backlog, given the order pipeline that we have and we will continue to make those as we speak. Basis all these things, we see the following outlook for FY26: One, we see it to be year of revenue growth, we also see it as a year of margin expansion and we also see that the growth that we expect in FY26 will be throughout the year and not back ended. That's the summary of the comments I wanted to make on Q4 and FY25 and also the outlook we have in FY26. With this thank you for your time. I will hand out the call back to the moderator for opening up the floor for Q&A. Thank you.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question comes from the line of Sulabh Govila with Morgan Stanley.

**Sulabh Govila:** I just wanted to confirm if my understanding is correct. So, what we have said is that there is a plan in place and in the next 2 to 3 months we will have a longer-term transition plan with probably a new candidate in place and till that time Karthik is available for the transition. Is that understanding correct?

**Krishna Bodanapu:** You are absolutely right. Till the end of the quarter, at least till the end of the quarter. That's when we said we will review it again. At least, till the end of the quarter he is available as an advisor to the company to help with any transition, be it any employee related issues, any customer related issues etc. So, you are right. He will be available till the end of the quarter. And like I said and what you summarize, by the end of the quarter a full-time plan will be in place or a long-term plan, not full-time, long-term plan will be in place for the new CEO.

**Sulabh Govila:** The second is our question based on the comment that we made last week in the last call. So, we sort of said that there are some of the areas where we find opportunities to fix in the company. So, I just wanted to understand that what are these specific areas that we are looking to fix and how much time in our opinion we think that this could take irrespective of the transition plan that is there?

**Krishna Bodanapu:** Sulabh, as Prabhakar said, a number of these ideas, or a number of these issues have been identified and we are working on them already. So, I will say there are a couple of things, one is just on terms of the sales pipeline and order intake because I think that's the first element of what we need to do is focus on getting our order intake up, again obviously no secret in our business that the order intake converts to revenue. So, we need to make sure that our order intake is up. So, sales efficiency is one big piece that we are working on very aggressively. And I think a lot of the sales team is now aligned to what needs to be done and we are starting to see the results because what happened in Q3 is the first reflection of that. And of course, that will only continue going forward. The second element is some of the cost and the efficiency elements. Like Prabhakar also mentioned that we did this whole exercise last year and we got our margins up to 16%. Now some of that continuing margin was premised on growth because again as you know in our business there is always going to be cost increased pressures with salary increases etc. So, to negate that we needed to have the growth, which once the growth didn't come obviously the margins also are under pressure and therefore, we have also identified certain costs both from an operating perspective and from SG&A perspective that can be optimized. So, I will say, all of these are already in play because what will happen is we are looking at a sort of linear growth, not just the second half growth for next year. Which means that as some of these initiatives kick in and growth comes back, we have a good margin trajectory. So, I will say, broadly the two categories that we are focused on are sales and increasing order intake. Again, various things including closure rates, capabilities, sales efficiency and, on the other hand, in terms of the operational costs and some of the operational costs that we need to address. The last thing that I will also say is on forecast accuracy and forecast improvement, there's a few things that we did but one of the things that I have also come to realize is there is a part of our business which is hunt and execute which is we don't necessarily have the view even at the beginning of the quarter of how many feet of fiber that we will deliver in that quarter or how many repair sheets that we will deliver to an airline customer that quarter because that is a very operationally dependent thing. Those areas of forecasting, I think, we have been unnecessarily very aggressive on, again this is not a huge part of our revenue, but this is the quarter-on-quarter 1%-2%-3% that makes the difference which is really the difference that we are still struggling with. So, we have also taken a view on how to forecast some of these things a lot more prudently rather than aggressively. And we believe that this is the other element that will really help with the forecast increase. Sorry for the long answer but those are the few things that we have identified in the last couple of quarters and I will also give credit to Karthik for some of these because I think a lot of these were done in the last 6 months or so but we are now diligently executing towards these.

**Prabhakar Atla:** Sulabh, just I will add one more thing to what Krishna just said. As we spoke in various calls earlier, we made significant investments in technology-based solutions for the last several years. Many of them have very effectively been in very good POC stages. The focus for FY26 also is to convert those investments into revenue and margin streams.

**Moderator:** Next question comes from the line of Sandeep Shah with Equal Securities.

**Sandeep Shah:** Krishna, is it fair to assume by when we report the quarter result which could be a full year result and may come at end of April or May, we could have identified the next candidate who will take over as a DET CEO?

**Krishna Bodanapu:** Yes, absolutely. That's my commitment, but certainly before the results. My commitment is actually by the end of the quarter. But certainly, before we announce results which will be the third week of April we will have identified. Again, I just want to reiterate that we are looking at both internal and external options and the search agency is looking at both. But we will identify a new candidate who will be the CEO. And I will also say that I am also committed to making sure that there's enough room to operate because my objective is really to operate or to also focus on the other two businesses and therefore there will be more than enough room for the new candidate to operate. So, with all sort of due modesty, I want to say this is not something that I really would like to do on a long-term basis. So, it's as much in my best interest because I think I can really add value looking at an overall comprehensive technology picture for Cyient rather than just the engineering business.

**Sandeep Shah:** And in that process, you are saying at least till the search is on which may complete by end of Q4, Mr. Karthik would be there in the company as an employee or advisor?

**Krishna Bodanapu:** Yes, absolutely. That is correct.

**Sandeep Shah:** And just a second question. You have also mentioned that we want to increase the sales efficiency to drive better growth and margin in FY26. So, can you give us 3-4 concrete measures which you have taken in terms of improving the sales efficiency, so we can actually compensate the seasonal factors which generally affects the engineering R&D business or project completion. So, in terms of review process, in terms of going aggressive behind large deals, what all these concrete measures you have taken now?

**Krishna Bodanapu:** Prabhakar, may I ask you. Prabhakar has been leading this initiative quite aggressively over the last few months. Even 6 months ago we started this. I will let Prabhakar answer that and then I will add to it.

**Prabhakar Atla:** Sandeep, thank you for the question. There has been quite some work that we have been doing on this front. As you know we invested significantly in sales to drive the revenue growth for the company and in FY25, we have not been able to monetize the investments we made in sales. So, for the past several months we have been working very diligently on this expense exercise. A number of things we are doing but I will just call out a couple of them. The first is the strength and the differentiation of the proposition that we take to the market by marrying the investments we made in technology and differentiating our offering with latest technologies that are coming out to disrupt engineering as a segment. The first is the propositional clarity and differentiating it from what we were doing in the past and what we will do in the future. That was the first area that we were focusing on. The second area we were focusing on is to move from a relationship-based selling to a value-based selling. Because the props we sell today which are very technology intensive are different from what we used to sell in the past, based on relationships. So, we have been focusing on training and tools to enable our current sales force to adapt more of concentrated selling than we were doing in the past. The third is, we now set a very clear objective framework for tracking the sales efficiency at an individual level. There are expectations clearly laid out for the revenue, the margin or the OI that every role has to generate and a very clear performance evaluation framework that hinges more on rewarding incremental revenue growth than continuing to maintain the current revenue streams even if they're growing. So, there are at least 7 new different items we are working on. I only called out the top 3 which is the proposition clarity and differentiation by infusing technology into that. Second is approach towards consultative selling as against the traditional relationship-based selling. And third is a clear expectation setting and performance management framework which hinges more on rewarding performers for driving the revenue and margin growth than to continue the status quo business.

**Sandeep Shah:** Just a last follow up. Are we also creating a large deal function separately within the company which would be responsible to work across horizontal and verticals?

**Prabhakar Atla:** Yes, we did create one. Because if you also look at it, we have built a very balanced yet diverse portfolio. And in each of these portfolios, our proposition also is relatively specific to that portfolio to that industry, like for aerospace or for communications or for energy what have you. But at the same time to carve out a large deal is also a structured exercise. We now have a large steel team working supporting the current sales leaders and sales managers to construct a deal from what we were doing previously, especially as we move towards the selling of technology in a consultative model. Our team will now help the sales leaders and sales managers to carve out larger deals from the current proportions we are currently tabling to the customers. It's also being done. That's one of the 7 things that I didn't talk completely about. That's one aspect. And the 13 large deals that we have signed in Q3 is also probably it is a little bit early to take it as a trend but also is a good reflection of the focus that we were able to bring into that discipline and to carve out larger deals than what we were doing before.

**Krishna Bodanapu:** I will just add one thing that while we have always tried to push on how we are selling, sell more, sell relationships. I think what we were missing is what we are selling also because the market needs really a lot more technology driven solutions. And I think our ability to articulate and really strengthen the technology team was something that we were missing, because what we were selling wasn't necessarily what the market always wanted. I mean there's a lot of what traditionally we sold that still worked well but we also had to change to Prabhakar's point on how we sold to go from a relationship-based sale to a value-based sale which is essentially what is the problem that we are solving.

**Moderator:** Next question comes from the line of Sudheer Guntupalli with Kotak Mahindra AMC.

**Sudheer Guntupalli:** Firstly, Krishna on your thoughts on the tradeoff between an external and internal candidate. Any external candidate may mean hitting a refresh button on strategy, go-to-market, growth and margin targets, both in the near term and medium term. So, how are you thinking on the strategy and go-to-market continuity?

**Krishna Bodanapu:** When we are talking to candidates, I would look at who can also, I want to say it cannot be somebody who will continue the status quo because that's not fair to the new candidate even an internal or an external candidate. So, when I am talking to people, I am looking at who would really take the positive momentum that we have created, the positive trajectory, but really build on it, what are the changes or what are the tweaks they would make, not necessarily wholesale changes because a new person who comes in and makes wholesale changes will disrupt the organization which might not be the right thing at least in the short term. Because all said and done you know we have built back some very good momentum, things are looking quite good. So, it's really okay. How do we use this platform to. sort of, ride the wave before you try to do something very different or very dramatic. So, the way I am looking at it is things are going okay, whoever comes in has to look at it as, let me make the tweaks and continue this growth momentum and then. over a period of time. of course, it's up to that individual to decide how they want to run the business. So, the LNR Committee and, of course, me are very conscious about a good transition because I think we have some great people. And again, Karthik has done a great job along with his leadership team including Prabhakar who's on the call here. So, we need to ride that momentum at least in the short term because there is good momentum. I mean we are not in any position of weakness in the short term. So, it's not that something has to dramatically change. And I would look at an individual who would look at it also from that perspective that there's a good thing going, how do we make it great, rather than saying there's a bad thing going and we have to now change everything. So, it's that balance and really my role in the new transition would be to just make sure that individual understands the balance so they can take their decisions after that.

**Sudheer Guntupalli:** And we have a very strong cash balance sheet and we are a very strong cash generating company. So, any thoughts of let's say in terms of capital allocation, looking around something, sort of, a buyback because the stock also seems to have corrected quite a bit and at least the market sentiment is that it's available at very attractive valuations?

**Krishna Bodanapu:** The Board will take that decision obviously because that's a Board decision. But, the Board is open to considering all the options on the table, obviously with buyback now there is another consideration on tax also, with I guess, buyback also being taxed at marginal rates etc. So, the Board is looking at all the options and we will keep you posted. But I just want to say the Board did talk about it and they've agreed to, during the course of the quarter, they will look at the option and see if that's a viable option. I will just say one thing that I also want to thank Prabhakar and the finance team for where we are on that. We are zero debt, in spite of being very aggressive in terms of acquisitions much of it was done with debt. We are now to zero debt with more than 1,000 crores of cash in the bank. So, that puts us in a very good position, and I think it's just a good time to acknowledge the finance team and Prabhakar for the work they've done there.

**Sudheer Guntupalli:** One last question to Prabhakar. That we understand that our business is not as linear and predictable as IT services and forecasting anyways is the job of analysts and not that of company management. And then it's a truth that 80% to 90% of the time even analysts get their forecast wrong. And probably we are one of the few mid-sized companies which still have this guidance phenomenon. My question is what is your upside as a management team to give guidance which is an extra data point which nobody is asking for and be accused of, rather unfairly accused of misleading investors when you get the forecast wrong like anybody can get the forecast wrong?

**Prabhakar Atla:** No absolutely, Sudheer. It's a very relevant and a very important point for discussion as we stand here today. A couple of things, three things I will say. Firstly, as a result of conscious choice and a result of a lot of hard work from the entire organization, we have built a balanced portfolio of businesses in the last 5 years. The intent of building the balanced portfolio was that we would like to have a sustainable existence and growth as a company over the next decades and not just for the quarter or for the year. So, we have built a balanced portfolio. But having come this far, the second thing I'd say is that building a balanced portfolio is one part of the business. But if you look at our business today, it is fairly diversified into multiple segments and each segment having its own cycles its own specific propositions and some businesses operate in a program centric model like in Aerospace and some business operate in a project centric model which for example is Energy and some businesses can also be quasi-T&M. So, now we have come to a point of diversification where the previous guidance frameworks that we were using to provide a view of how we see the following year are not applicable to how we can forecast the business for the following years. So, to your point you are absolutely right. The previous guidance framework are not working for us which is what we have very clearly seen in FY25. We don't ever want to be here once again. So, we are working through what is the reframed or refreshed guidance framework that we can use for FY26 and that we will present to you all in the earnings call we will have for FY25 in terms of how we look at FY26, what those parameters will be and what that framework of guidance will be. I can assure you it will not be the similar framework we have used in the past because that doesn't serve the nature of business that we have evolved into consciously over the last several years.

**Moderator:** Next question comes from the line of Bhavik Mehta with JP Morgan.

**Bhavik Mehta:** Obviously Krishna you've given some soft targets or guidance for next year in terms of growth being linear over the four quarters as well as the margin expansion. But the risk over here is you know whenever the new person takes over a CEO in April or May, then wouldn't he want to come up with his own strategy which might again derail some growth or margin momentum in the short term and again, you might have to go back on whatever the sort of targets you are giving right now?

**Krishna Bodanapu:** Fair question but I will say two things on it. One is I think this is the steady state. I mean at the end of the day; the steady state continues in the sense that this is the base case that I am talking about. Whatever the new person does really needs to add to the base case not replace the base case so to speak. And I think there is enough sort of spend in the system for us to repurpose. Like if there is a change in strategy from a certain type of technology to another type of technology, for example there's already enough technology spend that it's really only a repurposing. So, it won't hit margins, it's only a repurposing of spend rather than coming up with new spend. Similarly, I will say that if you look at again within the revenue growth that technology is still not a huge part. Which means that even if the technology spend gets delayed by a quarter or two or because the new person wants a different strategy, the base case growth would still be there. So, I am quite confident on the base case and really what I would look from the new person is really how to accelerate the base case. Because if it's only the base case then that doesn't really serve our purpose of how do we really get back to the growth numbers that we would like to see. That's one point I made. The second thing is I think we also want to make sure that the transition is relatively, at least in the initial days, the transition is linear change and only once the person understands the business, it's a step change which means that it can be managed in such a way that the base case growth is there before we see any significant changes. So, in that context, I am quite confident that whoever the new person is, the base will remain quite solid because that's built on some existing capabilities what our existing customers are telling us, the order intake that you've seen etc.

**Moderator:** Next question comes from the line of Mihir Manohar with Carnelian Asset Management.

**Mihir Manohar:** Largely wanted to understand on the I mean an outlook that we are looking for FY26. I mean when we had started FY25, at that point in time we were expecting deal wins to pipeline to flow into deal and then to flow into revenue and that was resulting into a high single digit kind of a growth. What part of the confidence now is coming from this particular part of the framework for FY26? I just want to get a broader understanding around that. And second question was on the I mean the top 3 verticals that we are having. Even if we can give some color around the conversations that we are having with some of the top two customers in each of these verticals with respect to the budget spends that they are going to do with us for CY25 that will be really helpful here.

**Krishna Bodanapu:** Prabhakar do you want to give a quick answer? I think we have about two minutes before the markets open. So, would you just give a quick answer, and I will do a quick summary.

**Prabhakar Atla:** So, Mihir a lot more details on the second part you asked. Can I request that we have a separate parallel conversation on the specifics. But very broadly on the first question that you said, for us at the end of Q1 FY25 we did have execution movements within the quarter in Q1 FY25. Therefore, we had a revenue degrowth in Q1 of FY25 which led to the knock-on effect that we are currently seeing in the current year because we could not recover all of that in the current year. But that said like I commented before, the three metrics that we talked about, the sales pipeline being the highest ever, the order intake in Q3 being the highest ever despite of having the shorter duration runway as compared to the previous year's order intake runway that we have had and the large deal momentum, combined with the fact that the risk profile of the execution ecosystem today is much different and much more healthier compared to what we have seen at the end of FY24 is what gives us the confidence that we are looking at a stronger base to look at how FY26 will look like compared to how we were looking at FY25 then. But more details we can discuss in the conversation later today Mihir if you are available. Krishna with this I will hand it back to you.

**Krishna Bodanapu:** Thank you Prabhakar. And I think considering the markets open in a few minutes we should just do a quick wrap up. I just want to say thank you very much to everybody for taking this time on a Monday morning. I certainly don't want to be a Monday morning headache. I am sorry if this call was a bit sudden but I thought we should give you a bit of a color or a bit of an oversight of what happened and why certain decisions were taken and how they've come out. I just want to say you know from a people perspective we are in good shape, we have a good team, we are working on it. We will like I said have a new CEO, internal or external, by the end of the quarter, for sure, and I will keep you posted. Hopefully it will be much before that but I will keep you posted.

The second thing is I also wanted to just clarify Karthik's position, he's available. He's still engaged with me on helping me think through and sort out the transition. So, that is also going on quite well. And he's been a thorough professional especially when it comes to customers and some of the customer transitions. The third thing as we talked about on the numbers, things look fine. We don't really believe that we have a significant challenge. Yes, there are things that we need to do better. There are things that are still uncertain because of the nature of our business and because of the nature of how we work. But net-net, the business, I want to assure you, is in a better shape than it's ever been. And we will make sure at least in the interim I will make sure that things only get better. So, the new CEO starts off from a point of strength and a base of strength and we can really build on that strength for FY26 and beyond. In the interim Q4 will be a growth quarter and we are making sure much of that growth has been secured. So, thank you very much again for your time on a Monday morning. I want to assure you I don't want to be a headache. I will make sure that we do a good transition and we are quite confident on where things stand and how things will evolve. With that thank you very much.

**Moderator:** Thank you. On behalf of Cyient Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.