

Estimate change	
TP change	
Rating change	

Bloomberg	CYIENTDL IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	29.1 / 0.3
52-Week Range (INR)	620 / 350
1, 6, 12 Rel. Per (%)	-10/-25/-47
12M Avg Val (INR M)	138

#### Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	13.6	17.3	21.6
EBITDA	1.5	2.1	2.7
Adj. PAT	0.7	1.2	1.7
EBITDA Margin (%)	11.2	12.0	12.5
Cons. Adj. EPS (INR)	9.2	15.2	21.3
EPS Gr. (%)	-1.3	65.7	39.6
BV/Sh. (INR)	131.0	146.2	167.5
<b>Ratios</b>			
Net D:E	-0.4	-0.4	-0.4
RoE (%)	7.3	11.0	13.6
RoCE (%)	8.3	11.2	13.9
<b>Valuations</b>			
P/E (x)	40	24	17
EV/EBITDA (x)	17	12	9

#### Shareholding pattern (%)

As on	Sep-25	Jun-25	Sep-24
Promoter	52.1	52.1	52.2
DII	28.7	28.2	27.8
FII	2.2	2.5	7.8
Others	17.0	17.2	12.3

Note: FII includes depository receipts

**CMP: INR366**

**TP: INR510 (+39%)**

**Buy**

#### Weak quarter amid a high base of domestic defense orders

##### Operating performance misses estimates

- Cyient DLM's (CYIENTDL) 3QFY26 consolidated revenue/EBITDA declined ~32%/19% YoY to INR3b/INR291m. This was led by a higher base of BEL orders and a 39% YoY decline in the Med Tech segment. Despite this, EBITDA margins expanded 210bp YoY, led by a better business mix (higher Aerospace mix of 37%).
- The order book rose 10% YoY/3% QoQ to INR23.5b, boosted by an order intake of ~INR3.9b. The company's book-to-bill ratio stood at ~1.6x for 9MFY26. Further, the company expects FY27 to be better than FY26, led by new client additions, improving order book, and high-margin orders.
- Factoring in the weak 3Q performance, we lower our FY26/FY27/FY28 earnings estimates by 5%/10%/11%. We reiterate our BUY rating on the stock with a TP of INR510 (24x FY28E EPS).

#### Increasing order inflow enhances growth visibility

- Consolidated revenue declined 32% YoY to INR3b (est. INR3.7b) in 3QFY26, impacted by the year-end holiday period across the globe and tariff uncertainties.
- The company's order backlog expanded 10% YoY to INR23.5b, driven by a strong order intake of ~INR3.9b. Aerospace/Industrial/Others grew 15%/58%/6x YoY, while Defense/Med Tech declined 88%/39% YoY.
- EBITDA margins expanded 210bp YoY to 10.2% (est. 9.7%). EBITDA declined 19% YoY to INR309m (est. INR359m). The EBITDA margin expansion was largely led by a favorable business mix. Gross margin expanded 14.5pp to 41.2%.
- Adjusted PAT declined 24% YoY to INR128m (est. INR157m), adjusted for INR16m/INR17.75m of provision from new labor codes/one-time M&A expenses. CYIENTDL reported a negative cash flow of INR521m.

#### Highlights from the management commentary

- **Outlook:** The book-to-bill ratio stood at ~1.6x for 9MFY26, and the company expects to sustain it above ~1x by the end of FY26. Additionally, the company anticipates YoY revenue growth in 4QFY26, primarily driven by sustained momentum in the industrial and automotive segments.
- **Order flows:** CYIENTDL secured two global logos in 3QFY26: 1) Medical product category, focusing on battery management systems serving medical infrastructure; 2) Industrial product category, focusing on electrical motors used in high-precision control applications within the industrial environment.
- **Build to specification (B2S):** B2S is expected to form 6-7% of the business in FY26. The company expects contribution from the B2S business to increase to double digits from FY27 onward. This change in the mix is expected to support margin expansion for the company.

### Valuation and view

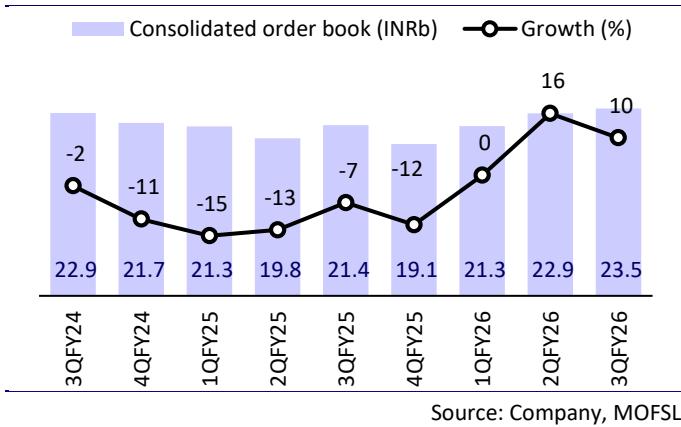
- We expect this to be the last quarter of decline (due to high base), and anticipate growth momentum to pick up from 4Q. Moreover, margins are expected to expand going ahead, driven by an improved product mix and increasing orders of box-build and build-to-spec. Macro tailwinds, such as increasing defense spending across regions and growth in AI, are expected to drive growth in the medium term.
- For CYIENTDL, we estimate a CAGR of 13%/23%/32% in revenue/EBITDA/adj. PAT over FY25-28. We reiterate our BUY rating on the stock with a TP of INR510 (24x FY28E EPS).

### Consolidated - Quarterly Earning Model

Y/E March	(INR m)											
	FY25				FY26E				FY25	FY26E	FY26E	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Gross Sales</b>	<b>2,579</b>	<b>3,895</b>	<b>4,442</b>	<b>4,281</b>	<b>2,784</b>	<b>3,106</b>	<b>3,033</b>	<b>4,709</b>	<b>15,196</b>	<b>13,633</b>	<b>3,687</b>	<b>-18</b>
YoY Change (%)	18.8	33.4	38.4	18.3	8.0	-20.2	-31.7	10.0	27.5	-10.3	-17.0	
<b>Total Expenditure</b>	<b>2,379</b>	<b>3,578</b>	<b>4,081</b>	<b>3,706</b>	<b>2,534</b>	<b>2,794</b>	<b>2,724</b>	<b>4,047</b>	<b>13,745</b>	<b>12,117</b>	<b>3,328</b>	
<b>EBITDA</b>	<b>200</b>	<b>316</b>	<b>361</b>	<b>574</b>	<b>251</b>	<b>312</b>	<b>309</b>	<b>661</b>	<b>1,452</b>	<b>1,515</b>	<b>359</b>	<b>-14</b>
Margins (%)	7.8	8.1	8.1	13.4	9.0	10.0	10.2	14.0	9.6	11.1	9.7	
Depreciation	67	69	100	105	105	106	108	110	341	429	109	
Interest	80	110	100	86	86	68	61	70	375	285	75	
Other Income	89	71	69	33	42	31	43	35	262	151	35	
<b>PBT before EO expense</b>	<b>142</b>	<b>209</b>	<b>230</b>	<b>417</b>	<b>101</b>	<b>169</b>	<b>183</b>	<b>516</b>	<b>997</b>	<b>952</b>	<b>210</b>	
Extra-Ord expense	0	0	80	0	0	-196	34	0	80	-179	0	
<b>PBT</b>	<b>142</b>	<b>209</b>	<b>150</b>	<b>417</b>	<b>101</b>	<b>365</b>	<b>149</b>	<b>516</b>	<b>917</b>	<b>1,131</b>	<b>210</b>	
Tax	36	54	40	106	26	43	37	134	236	240	52	
Rate (%)	25.2	26.0	26.8	25.5	26.1	11.9	24.6	25.9	25.8	21.2	25.0	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>106</b>	<b>155</b>	<b>110</b>	<b>310</b>	<b>75</b>	<b>321</b>	<b>112</b>	<b>383</b>	<b>681</b>	<b>891</b>	<b>157</b>	
<b>Adj PAT</b>	<b>106</b>	<b>155</b>	<b>168</b>	<b>310</b>	<b>75</b>	<b>126</b>	<b>147</b>	<b>383</b>	<b>739</b>	<b>712</b>	<b>157</b>	<b>-7</b>
YoY Change (%)	97.7	5.5	-8.7	36.5	-29.6	-18.7	-13.0	23.3	20.8	-3.7	-6.5	
Margins (%)	4.1	4.0	3.8	7.3	2.7	4.0	4.8	8.1	4.9	5.2	4.3	

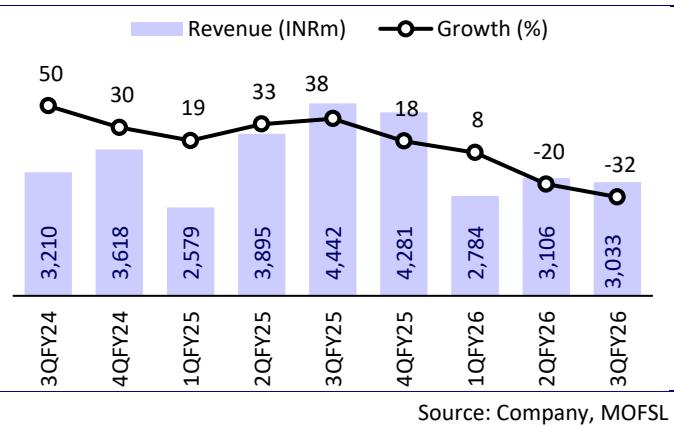
## Key Exhibits

### Exhibit 1: Consolidated order book trend



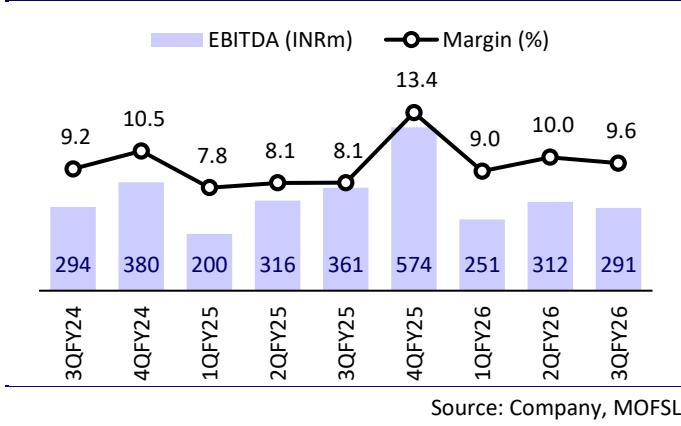
Source: Company, MOFSL

### Exhibit 2: Consolidated revenue trend



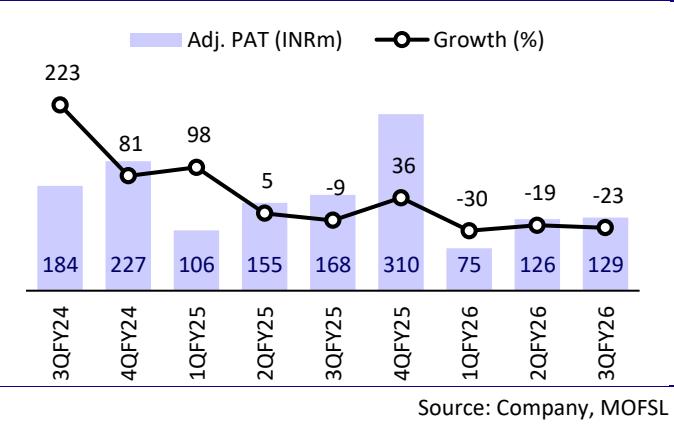
Source: Company, MOFSL

### Exhibit 3: Consolidated EBITDA trend



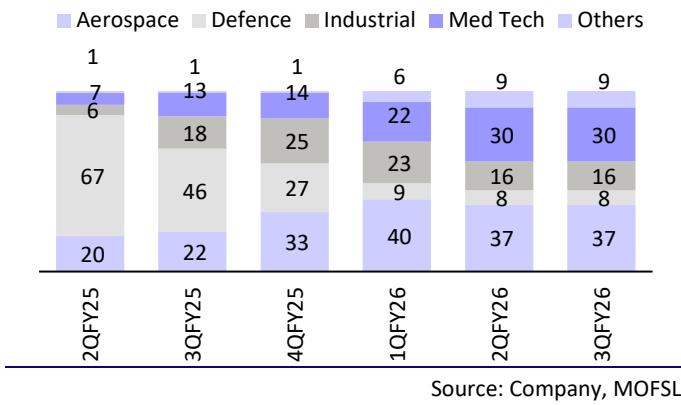
Source: Company, MOFSL

### Exhibit 4: Consolidated adj. PAT trend



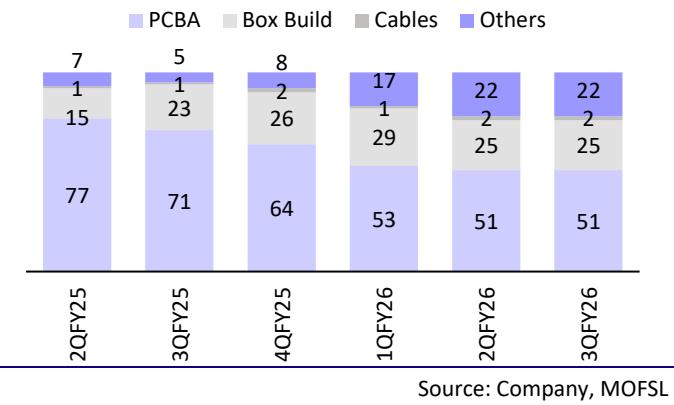
Source: Company, MOFSL

### Exhibit 5: Product-wise revenue mix



Source: Company, MOFSL

### Exhibit 6: End-user industry-wise revenue mix



Source: Company, MOFSL



## Highlights from the management commentary

### Build to specification (B2S)

- Contribution from B2S business is expected to increase to double digits from FY27 onward.
- As B2S orders have a longer gestation period, they generate revenue for the company over a longer period of time.
- B2S is expected to form 6-7% of the business in FY26.

### Operating performance

- Revenue remained soft in 3QFY26 due to the year-end holiday period across the globe and tariff uncertainties. However, the company doesn't expect a prolonged impact from the same.
- The company secured two global logos in 3QFY26: 1) Medical product category, focusing on battery management systems serving medical infrastructure; 2) industrial product category, focusing on electrical motors used in high precision control industrial environment.
- While revenue and EBITDA growth declined, EBITDA margin expanded meaningfully. Healthy EBITDA growth was supported by a favorable mix.
- The order book grew 10% YoY/3% QoQ to INR23.5b.
- Rest of the World (RoW) continues to account for a higher share of the business, with continued traction in NAM & Europe regions.
- PCBA share continues to be dominant. Box-build share has increased to 31% from 21% in 3QFY25.

### Financial and operational metrics

- The defense segment's growth moderated due to the completion of a large order.
- The company generated a negative cash flow of INR521m.
- Aerospace/Industrial/others grew 15%/58%/6x YoY, while defense/medical tech declined 88%/39% YoY.
- NWC increased predominantly due to higher DIOs. Inventory is expected to normalize in 4QFY26. Further, FCF is expected to turn positive on a full-year basis.

### Guidance and outlook

- The company aims to maintain a book-to-bill ratio of above 1x for FY26, with 9MFY26 ratio standing at ~1.6x (1.3x for 3QFY26).
- CYIENTDL expects growth in 4QFY26, mainly from the industrial and automotive segments. Further, margins are expected to strengthen sequentially.
- The company expects FY27 to be far better than FY26, with margins expected to expand due to an increased B2S mix and a better product mix.

## Others

- There were two one-off expenses: An M&A expense of INR17.75m for the deal that did not go through; and INR16m for a one-off expense due to new labor codes.
- The company has provided four options to its customers to reduce the impact of tariffs. Customers are expected to return in 4Q with these alternatives.
- The company expects to incur capex of 1-2% of revenue going forward. Further, if there is a specific capex requirement due to a customer – the company may incur that as well.
- The company is building a strong sales team in key markets across regions, focusing on acquiring new logos and building large deals pipeline.
- The company is actively looking for inorganic acquisition targets in Europe to strengthen capability in stack cables, sheet metals, etc.

## Valuation and view

- The revenue decline in 3Q was offset by margin expansion. We expect margin expansion to continue going ahead, driven by an improved product mix and increasing orders of box-build and build-to-spec. Macro tailwinds, such as the end of geopolitical tensions, increasing defense spend across regions, and growth in AI, are expected to drive growth in the medium term.
- For CYIENTDL, we estimate a CAGR of 12%/25%/34% in revenue/EBITDA/adj. PAT over FY25-28. We reiterate our BUY rating on the stock with a TP of INR510 (24x FY28E EPS).

### Exhibit 7: Revised estimates

Earnings change (INR m)	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	14,500	18,126	22,657	13,633	17,314	21,642	-6%	-4%	-4%
EBITDA	1,611	2,266	2,991	1,533	2,078	2,705	-5%	-8%	-10%
Adj. PAT	765	1,343	1,894	729	1,209	1,688	-5%	-10%	-11%

## Financials and valuations

Consolidated - Income Statement									
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(INR m) FY28E
<b>Total Income from Operations</b>	<b>4,571</b>	<b>6,280</b>	<b>7,205</b>	<b>8,320</b>	<b>11,919</b>	<b>15,196</b>	<b>13,633</b>	<b>17,314</b>	<b>21,642</b>
Change (%)	-4.9	37.4	14.7	15.5	43.2	27.5	-10.3	27.0	25.0
RM Cost	3,649	4,953	5,440	6,452	9,200	11,082	8,165	10,942	13,743
Employees Cost	441	469	517	647	1,174	1,862	2,300	2,441	2,922
Other Expenses	344	399	409	344	435	800	1,634	1,853	2,272
<b>Total Expenditure</b>	<b>4,434</b>	<b>5,821</b>	<b>6,365</b>	<b>7,442</b>	<b>10,809</b>	<b>13,745</b>	<b>12,100</b>	<b>15,236</b>	<b>18,937</b>
% of Sales	97.0	92.7	88.3	89.4	90.7	90.4	88.8	88.0	87.5
<b>EBITDA</b>	<b>137</b>	<b>460</b>	<b>840</b>	<b>878</b>	<b>1,110</b>	<b>1,452</b>	<b>1,533</b>	<b>2,078</b>	<b>2,705</b>
Margin (%)	3.0	7.3	11.7	10.6	9.3	9.6	11.2	12.0	12.5
Depreciation	106	185	193	194	223	341	429	443	469
<b>EBIT</b>	<b>31</b>	<b>275</b>	<b>647</b>	<b>684</b>	<b>887</b>	<b>1,111</b>	<b>1,104</b>	<b>1,635</b>	<b>2,237</b>
Int. and Finance Charges	182	208	220	315	344	375	285	200	180
Other Income	78	89	79	63	278	262	151	181	199
<b>PBT bef. EO Exp.</b>	<b>-72</b>	<b>156</b>	<b>507</b>	<b>432</b>	<b>821</b>	<b>997</b>	<b>970</b>	<b>1,616</b>	<b>2,255</b>
EO Items	0	0	0	0	0	80	-162	0	0
<b>PBT after EO Exp.</b>	<b>-72</b>	<b>156</b>	<b>507</b>	<b>432</b>	<b>821</b>	<b>917</b>	<b>1,131</b>	<b>1,616</b>	<b>2,255</b>
Total Tax	-5	38	109	114	209	236	240	407	568
Tax Rate (%)	7.2	24.2	21.6	26.5	25.5	25.8	21.2	25.2	25.2
Minority Interest	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>-67</b>	<b>118</b>	<b>398</b>	<b>317</b>	<b>612</b>	<b>681</b>	<b>891</b>	<b>1,209</b>	<b>1,688</b>
<b>Adjusted PAT</b>	<b>-67</b>	<b>118</b>	<b>398</b>	<b>317</b>	<b>612</b>	<b>739</b>	<b>729</b>	<b>1,209</b>	<b>1,688</b>
Change (%)	760.3	-276.3	236.0	-20.2	92.9	20.8	-1.3	65.7	39.6
Margin (%)	-1.5	1.9	5.5	3.8	5.1	4.9	5.4	7.0	7.8

Consolidated - Balance Sheet									
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(INRm) FY28E
Equity Share Capital	14	14	14	529	793	793	793	793	793
Total Reserves	243	363	757	1,450	8,297	8,701	9,592	10,801	12,489
<b>Net Worth</b>	<b>257</b>	<b>377</b>	<b>771</b>	<b>1,979</b>	<b>9,090</b>	<b>9,494</b>	<b>10,385</b>	<b>11,594</b>	<b>13,282</b>
Total Loans	3,080	2,790	3,369	3,145	1,336	2,438	1,438	938	438
Deferred Tax Liabilities	-62	-51	-39	0	0	0	0	0	0
<b>Capital Employed</b>	<b>3,275</b>	<b>3,116</b>	<b>4,101</b>	<b>5,123</b>	<b>10,425</b>	<b>11,932</b>	<b>11,823</b>	<b>12,532</b>	<b>13,720</b>
Gross Block	1,705	2,650	2,668	2,750	3,285	4,513	4,733	5,107	5,541
Less: Accum. Deprn.	674	824	977	1,171	1,394	1,734	2,163	2,606	3,074
<b>Net Fixed Assets</b>	<b>1,032</b>	<b>1,826</b>	<b>1,692</b>	<b>1,579</b>	<b>1,891</b>	<b>2,779</b>	<b>2,570</b>	<b>2,501</b>	<b>2,467</b>
Goodwill on Consolidation	30	30	30	30	30	681	681	681	681
Capital WIP	774	23	34	13	10	56	186	262	277
<b>Total Investments</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>895</b>	<b>662</b>	<b>309</b>	<b>309</b>	<b>309</b>	<b>309</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>4,034</b>	<b>4,517</b>	<b>5,971</b>	<b>8,529</b>	<b>13,440</b>	<b>13,115</b>	<b>12,625</b>	<b>14,701</b>	<b>17,405</b>
Inventory	2,226	1,555	2,696	4,251	4,642	5,713	3,803	4,647	5,459
Account Receivables	546	2,264	1,523	1,617	2,259	3,474	2,571	3,266	4,082
Cash and Bank Balance	661	342	1,218	1,676	5,366	2,878	5,160	5,404	6,132
Loans and Advances	601	357	534	985	1,173	1,050	1,091	1,385	1,731
<b>Curr. Liability &amp; Prov.</b>	<b>2,599</b>	<b>3,284</b>	<b>3,629</b>	<b>5,924</b>	<b>5,607</b>	<b>5,007</b>	<b>4,548</b>	<b>5,923</b>	<b>7,421</b>
Account Payables	1,205	1,928	1,932	2,853	3,200	2,499	2,100	2,814	3,534
Other Current Liabilities	1,330	1,262	1,564	2,973	2,297	2,326	2,318	2,943	3,679
Provisions	64	93	134	98	110	182	131	166	208
<b>Net Current Assets</b>	<b>1,435</b>	<b>1,233</b>	<b>2,342</b>	<b>2,605</b>	<b>7,832</b>	<b>8,107</b>	<b>8,077</b>	<b>8,778</b>	<b>9,985</b>
<b>Appl. of Funds</b>	<b>3,274</b>	<b>3,116</b>	<b>4,101</b>	<b>5,123</b>	<b>10,425</b>	<b>11,932</b>	<b>11,823</b>	<b>12,531</b>	<b>13,719</b>

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>									
EPS	<b>-0.8</b>	<b>1.5</b>	<b>5.0</b>	<b>4.0</b>	<b>7.7</b>	<b>9.3</b>	<b>9.2</b>	<b>15.2</b>	<b>21.3</b>
Cash EPS	0.5	3.8	7.4	6.4	10.5	13.6	14.6	20.8	27.2
BV/Share	3.2	4.7	9.7	25.0	114.6	119.7	131.0	146.2	167.5
<b>Valuation (x)</b>									
P/E	-433.5	245.9	73.2	91.7	47.5	39.3	39.9	24.1	17.2
Cash P/E	751.6	96.0	49.3	56.9	34.8	26.9	25.1	17.6	13.5
P/BV	113.1	77.3	37.7	14.7	3.2	3.1	2.8	2.5	2.2
EV/Sales	6.9	5.0	4.3	3.7	2.1	1.9	1.9	1.4	1.1
EV/EBITDA	229.6	68.6	37.2	34.8	22.6	19.7	16.5	11.8	8.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	-8.4	0.9	5.2	5.8	-13.2	-14.2	43.1	9.6	15.3
<b>Return Ratios (%)</b>									
RoE	-22.1	37.3	69.3	23.1	11.1	8.0	7.3	11.0	13.6
RoCE	3.8	8.5	15.6	11.9	11.2	9.1	8.3	11.2	13.9
RoIC	1.9	9.1	18.1	18.7	19.1	12.6	11.7	19.2	24.7
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	2.7	2.4	2.7	3.0	3.6	3.4	2.9	3.4	3.9
Asset Turnover (x)	1.4	2.0	1.8	1.6	1.1	1.3	1.2	1.4	1.6
Inventory (Days)	201	139	143	196	176	171	170	155	145
Debtor (Days)	70	82	96	69	59	69	69	69	69
Creditor (Days)	108	115	130	135	120	94	94	94	94
<b>Leverage Ratio (x)</b>									
Current Ratio	1.6	1.4	1.6	1.4	2.4	2.6	2.8	2.5	2.3
Interest Cover Ratio	0.2	1.3	2.9	2.2	2.6	3.0	3.9	8.2	12.4
Net Debt/Equity	9.4	6.5	2.8	0.7	-0.4	0.0	-0.4	-0.4	-0.4

### Consolidated - Cash Flow Statement

(INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-67	118	398	317	821	917	970	1,616	2,255
Depreciation	106	185	193	194	223	341	429	443	469
Interest & Finance Charges	133	171	175	267	344	375	135	19	-19
Direct Taxes Paid	3	1	-62	-168	-195	-257	-240	-407	-568
(Inc)/Dec in WC	-105	-200	-329	-229	-1,676	-1,976	2,313	-457	-478
<b>CF from Operations</b>	<b>69</b>	<b>275</b>	<b>375</b>	<b>381</b>	<b>-483</b>	<b>-600</b>	<b>3,605</b>	<b>1,214</b>	<b>1,660</b>
Others	93	74	111	158	-222	-24	162	0	0
<b>CF from Operating incl EO</b>	<b>163</b>	<b>349</b>	<b>486</b>	<b>539</b>	<b>-705</b>	<b>-624</b>	<b>3,767</b>	<b>1,214</b>	<b>1,660</b>
(Inc)/Dec in FA	-830	-274	-77	-76	-338	-500	-350	-450	-450
<b>Free Cash Flow</b>	<b>-667</b>	<b>75</b>	<b>409</b>	<b>463</b>	<b>-1,043</b>	<b>-1,124</b>	<b>3,417</b>	<b>764</b>	<b>1,210</b>
(Pur)/Sale of Investments	-3	0	0	-892	0	0	0	0	0
Others	-51	265	-247	-450	-3,940	1,767	151	181	199
<b>CF from Investments</b>	<b>-884</b>	<b>-9</b>	<b>-324</b>	<b>-1,418</b>	<b>-4,277</b>	<b>1,267</b>	<b>-199</b>	<b>-269</b>	<b>-251</b>
Issue of Shares	0	0	0	889	7,000	0	0	0	0
Inc/(Dec) in Debt	905	-336	534	-4	-1,647	323	-1,000	-500	-500
Interest Paid	-183	-92	-73	-145	-192	-644	-285	-200	-180
Dividend Paid	0	0	0	0	0	0	0	0	0
Others	0	-232	0	-19	-371	-266	0	0	0
<b>CF from Fin. Activity</b>	<b>723</b>	<b>-660</b>	<b>461</b>	<b>721</b>	<b>4,790</b>	<b>-587</b>	<b>-1,285</b>	<b>-700</b>	<b>-680</b>
<b>Inc/Dec of Cash</b>	<b>2</b>	<b>-320</b>	<b>622</b>	<b>-158</b>	<b>-193</b>	<b>55</b>	<b>2,282</b>	<b>244</b>	<b>728</b>
Opening Balance	596	662	342	1,218	1,676	5,366	2,878	5,160	5,404
Other cash & cash equivalent	64	0	254	616	3,883	-2,544	0	0	0
<b>Closing Balance</b>	<b>662</b>	<b>342</b>	<b>1,218</b>	<b>1,676</b>	<b>5,366</b>	<b>2,878</b>	<b>5,160</b>	<b>5,404</b>	<b>6,132</b>

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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