

THIRD QUARTER FY2014-15 RESULTS

Financial Release, Hyderabad, India, January 15, 2015

- Quarterly Net Profit crossed ₹1 Bn+ milestone; Posted ₹1,008 Mn for the quarter, Up 45.3% YoY
 - Q3 Revenues in INR at ₹7,118 Mn, Up 23.1% YoY
 - Profit Before Tax for the quarter at ₹1,336 Mn; Up 50.4% YoY
 - Strong Free Cash Flow generation at ₹905 Mn; Highest in a quarter
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KEY HIGHLIGHTS: Q3 FY 2015

Financial Highlights

- Revenue Growth
 - In INR at ₹7,118 Mn; Up 5.9% QoQ and 23.1% YoY
 - In US\$ at \$114.7 Mn; Up 3.5% QoQ and 23.0% YoY
 - Constant Currency revenue up by 5.3% QoQ
- Operating Margin at 16.3% as against 16.1% in Q2; Up 19 bps
- Operating Profit at ₹1,157 Mn; Up 7.1% QoQ and 1.8% YoY
- Net Profit at ₹1,008 Mn; Up 11.8% QoQ and 45.3% YoY

Financial Metrics

- Business continues to generate strong Free Cash Flow (FCF)
 - Absolute FCF generated ₹905 Mn; **Highest ever in any quarter**
 - FCF as % of EBITDA for the quarter stands at 59%
 - FCF as % of EBITDA on YTD FY'15 basis is 52%; Up 38% on YTD FY'15 basis
- Total DSO for Q3 at 85 Days, improved 5 days QoQ; **Best ever;**
- Cash Balance, including liquid investments, is ₹8,003 Mn; **Highest ever;**

Business Highlights

- Strong growth across all Geographies between 4% and 6% in constant currency
- DNO business grew in double digit at 15.7% QoQ (including Softential) on constant currency basis. Strong growth of 7.1% QoQ even excluding Softential
- Employee gross addition for the quarter is 846 and net addition is 18
- 23 customers added during the quarter, 8 in ENGG and 15 in DNO

MESSAGE FROM THE MANAGEMENT

Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer, said "Q3 was another strong quarter for Cyient on all operating parameters including revenue, margin and free cash flow. While we faced a significant headwind with lower working days across all geographies, we witnessed good growth in demand, which translated to revenue growth, better utilization and ultimately better profitability.

Q3 also saw us finalize our five-year strategic plan for growth for the verticals we operate in. A number of actions from the strategic plan area are being currently implemented and one key aspect of this is the signing of an agreement to acquire the majority equity of Rangsons Electronics Private Limited. We expect to see a number of other actions and initiatives in the coming quarters based on the strategic plan.

I am proud that we were awarded the National Award for Excellence in Corporate Governance for 2014 by the Institute of Company Secretaries of India (ICSI). This award is a further validation of our corporate governance practices and the value we place on transparency and good governance."

Mr. Ajay Aggarwal, Chief Financial Officer, said that ""Q3 is a remarkable quarter on many dimensions. Our net profits continue to improve and crossed ₹1,000 mn+ milestone for the first time ever with net profit margin increase of 220 bps YoY. This is also aided by favorable other income which is a result of following a stable hedging policy despite significant currency volatility in recent past.

Helped by our strategy of higher focus on improving our collection cycle, we achieved our lowest ever total DSO of 85 days. We also generated free cash flow of ₹905 mn which is highest ever in a single quarter for the company. Our Free Cash Flow generation continues to be robust and we generated 38% more free cash flow in first 9 months of FY'15, as compared to first 9 months of last year. FCF stands at 52% as a percentage of Operating profit on YTD FY'15 basis.

Our recent acquisitions are spanning well and are tracking either in-line or better than the expectations, and focus on relevant acquisitions will continue. We continue to invest in growth along with optimization of our cost structure and improvement in cash generation."

FINANCIAL PERFORMANCE HIGHLIGHTS

In ₹ Million

	31 Dec 2014	30 Sep 2014	31 Dec 2013	Growth %	
				QoQ	YoY
Revenue	7,118.1	6,723.9	5,783.7	5.9	23.1
Operating Profit	1,157.4	1,080.7	1,136.1	7.1	1.8
Operating Margin	16.3%	16.1%	19.6%		
PAT	1,008.2	901.8	693.9	11.8	45.3

In USD Million

	31 Dec 2014	30 Sep 2014	31 Dec 2013	Growth %	
				QoQ	YoY
Revenue	114.7	110.8	93.3	3.5	23.0
Operating Profit	18.7	17.8	18.3	4.8	1.8
Operating Margin	16.3%	16.1%	19.6%		
PAT	16.3	14.9	11.2	9.3	45.2

Exchange Rate (USD/INR)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Quarter Average	62.04	60.67	62.00
Quarter Closing	63.33	61.61	61.90

QUARTERLY REVENUE GROWTH - CONSTANT CURRENCY

Operating Units

- Engineering (ENGG) revenue down by 0.4% QoQ
- Data Transformation, Network and Operations (DNO) revenue grew 15.7% QoQ including Softential and 7.1% QoQ excluding Softential

Geographies

- Americas revenue grew ~5% QoQ
- Europe, Middle East, Africa and India revenue grew ~6% QoQ
- Asia Pacific revenue grew ~4% QoQ

Overall constant currency growth for the company is at 5.3% QoQ.

BUSINESS UPDATE & OPERATIONAL HIGHLIGHTS

Engineering (ENGG)

During the quarter, Cyient was recognized by three of its major customers for innovation and productivity. Pratt & Whitney recognized us with its "Supplier Innovation Award" for the second consecutive year at an event in the USA. Rio Tinto recognized Cyient for innovation, continuous improvement and outstanding value creation with its "Strategic Partner" award for emerging markets in an event held in New Delhi, and Alstom recognized Cyient with the "Best Supplier" award in an event held in Chennai.

Our technology roadmap initiative, launched early in the financial year, renewed our focus on new technologies such as additive manufacturing, data analytics, and smart tooling, which was recognized by some of our leading customers. By effectively combining our domain expertise and data analytics expertise, we delivered successful projects in predictive health monitoring for a US-based off-highway OEM, aftermarket analytics for an aero engine OEM, and diagnostics analytics for an aerospace OEM. During the quarter, Cyient also completed product localization and value engineering projects on large consumer appliances, industrial automation products and medical devices.

As anticipated, we had challenges in QoQ growth for Q3 due to fewer working days and closure of projects at the end of the year. However, we have good visibility on the new projects to be launched.

Data Transformation, Network and Operations (DNO)

Our utilities business achieved robust, double-digit growth this quarter. We saw strong growth in NAM and Europe. APAC growth was soft but is expected to recover by next quarter. Our communications business posted double-digit growth in Europe. We expect a moderate growth rate in Q4 from both the NAM and APAC regions.

Our Data Transformation group was flat due to changes in customer priorities. We are working to cover the gap by identifying new opportunities with existing and new customers. We renewed a couple of major contracts in Q3.

From a long-term capability-enablement standpoint, we initiated key new services around SAED (Site Acquisition and Environmental Design). This includes site acquisition, property planning, structural, electrical, and electromagnetic-emission certifications from authorized agencies.

We also initiated additional services that are adjacencies to our core business and can help us in improving margins and high-value orders, such as integrated PBOF (plan, build, operate) and field engineering solution framework.

We did have some tailwinds with a project that was scheduled to complete in Q4 being completed in Q3, which further boosted the operating parameters.

OPERATIONAL HIGHLIGHTS

Acquisitions

- Cyient completed acquisition of a majority stake in Invati Insights Private Limited (Invati), a startup data sciences company, on 15th October 2014. The results are reflected in the financials for the quarter ending 31st December 2014.

Awards and Recognitions

- Cyient won 'The Institute of Company Secretaries of India (ICSI) National Award' for Excellence in Corporate Governance for 2014 in recognition of the highest levels of transparency and governance practices adopted by the company. Honorable Union Minister for Law and Justice, Mr. DV Sadananda Gowda, presented the award to Cyient's Founder & Executive Chairman, Dr. BVR Mohan Reddy, and Company Secretary, Sudheendra Putty in a ceremony held by ICSI in New Delhi on 19th December. The ICSI National Award for Excellence in Corporate Governance was instituted in 2001. The jury for 2014 comprised distinguished members headed by Honorable Justice MN Venkatachaliah, former Chief Justice of India.
- Cyient has been recognized as "Best Supplier in Services" by Alstom Transport
- Cyient won Supplier Innovation Award for second time in a row from Pratt & Whitney
- Cyient has been awarded by Rio Tinto as a "Strategic Partner" in emerging markets. The recognition is given basis Cyient's contribution to continuous business improvement, innovation capabilities and outstanding value creation.

REVENUE SEGMENTATION

By Geography (%)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Americas*	65.0	63.9	57.8
Europe, Middle East, Africa and India	26.8	27.4	31.0
Asia Pacific	8.2	8.7	11.2

*For Q3, Softential revenue of US\$ 9.0 Mn is added under Americas. In Q2, it was US\$ 5.3 Mn.

By Operating Unit (%)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Engineering	57.5	60.8	63.1
Data Transformation, Network & Operations*	41.6	38.3	35.7
Others	0.9	0.9	1.2

*For Q3, Softential revenue of US\$ 9.0 Mn is added under DNO. In Q2, it was US\$ 5.3 Mn.

By Industry (%)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Aerospace and Defense	31.2	33.3	33.2
Transportation	10.1	10.4	12.5
Off-highway Equipment	4.5	5.1	5.4
Semiconductor	5.9	6.1	6.1
Medical and Consumer Electronics	1.2	1.3	1.5
Utilities	12.1	10.9	11.0
Communications*	18.3	15.4	12.7
Energy and Natural Resources	6.9	7.1	7.0
Commercial and Geospatial	8.8	9.4	9.3
Others	0.9	1.0	1.2

*For Q3, Softential revenue of US\$ 9.0 Mn is added under Communications. In Q2, it was US\$ 5.3 mn

Onshore/Offshore Split (%)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Offshore	44.8	46.5	50.9
Onsite	55.2	53.5	49.1

The onsite – offshore split of revenue is 59:41 for ENGG and 46:54 for DNO.

Currency Mix (%)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
USD	65.0	63.0	64.0
EUR	15.0	15.0	16.6
GBP	8.0	8.0	6.5
AUD	8.0	11.0	10.3
OTHERS	4.0	3.0	2.6

OPERATIONAL METRICS

Utilization (%)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Overall Utilization	75.8	74.8	76.4
- ENGG	70.9	70.7	71.0
- DNO	80.6	78.8	81.4

Account Receivables (Number of Days)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
DSO (Total)	85	90	91
- Billed	70	66	73
- Unbilled	15	24	18

CLIENT METRICS

Top Clients: Revenue Contribution (%)

	31 Dec 2014	30 Sep 2014*	31 Dec 2013
Top 5	40.3	36.5	35.8
Top 10	50.1	51.5	49.8

*Note : Numbers for Q3 are restated to align with Top 5 and Top 10 clients for respective qtr.

Clients Added (in Number)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
ENGG	8	4	7
DNO	15	15	4
TOTAL	23	19	11

No. of Million Dollar Clients (in Number)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
20 Mn+	4	3	3
10 Mn+	9	9	6
5 Mn+	20	20	17
1 Mn+	56	54	54

EMPLOYEE METRICS

Manpower by Operating Units (in Number)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Engineering	5,608	5,447	5,113
DNO	6,308	6,480	5,906
IT Services	139	135	142
Support Functions	722	697	697
TOTAL	12,777	12,759	11,858

Manpower by Entity (in Number)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Cyient Limited	10,762	10,886	10,203
Cyient Europe Limited	84	83	61
Cyient, Inc.	1,429	1,328	1,158
Cyient GmbH	309	307	286
Infotech Geospatial (India) Pvt. Ltd.	3	3	4
Infotech Enterprises IT Services Pvt. Ltd.	139	135	134
Cyient K.K.	19	17	12
Cyient Insights	32	-	-
TOTAL	12,777	12,759	11,858

Voluntary Attrition – Quarterly Annualized (%)

	31 Dec 2014	30 Sep 2013	31 Dec 2013
Voluntary Attrition	22.7*	12.7	14.3
Involuntary Attrition	2.6	6.3	1.9

***Note :** Voluntary Attrition for Q3 is at 22.7%, of which 9.4% is an adjustment for clearing a backlog of associates who had voluntarily abandoned service (but had not been removed from our database). Real voluntary attrition without the backlog cleared is 13.3%. The exercise will continue in Q4 also and we expect to return back to our historical levels of 12% - 14% for voluntary attrition.

DETAILED FINANCIALS

Consolidated Income Statement (₹ Million) – FORMAT 1 (New format)*

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Operating Revenues	7,118.1	6,723.9	5,783.7
Cost of Revenues	4,358.0	4,159.0	3,320.3
Direct Salary and Related Costs	3,240.7	3,143.2	2,719.1
Direct Travel	198.5	198.3	179.6
Sub-Contractor and Others	648.6	541.5	181.9
Delivery Management	270.1	275.9	239.7
Gross Profit	2,760.1	2,564.9	2,463.8
Sales and Marketing	558.8	524.6	417.1
General and Administration	1,043.9	959.7	910.3
Operating Profit (EBITDA)	1,157.4	1,080.7	1,136.1
Depreciation & Amortization	173.5	180.6	183.0
Financial Expenses	13.9	12.0	6.9
Other Income	365.7	340.1	(58.0)
Profit Before Tax (PBT)	1,335.8	1,228.2	888.2
Tax	373.4	363.6	241.3
Share of Profits – IASI	37.1	37.2	47.0
Minority Interest – Invati*	(8.8)	-	-
PAT after Share of Profits from Associate Company	1,008.2	901.8	693.9
Basic EPS (₹)	9.0	8.0	6.2
* Cyient has a majority stake of 51% in Invati Insights			
Gross Margin	38.8%	38.1%	42.6%
Operating Margin	16.3%	16.1%	19.6%
Effective Tax Rate	28.0%	29.6%	27.2%
PAT Margin	14.2%	13.4%	12.0%

****Both new and old P&L formats will be continued till Mar'15. Post that, old P&L format will be discontinued.***

Consolidated Income Statement (₹ Million) – **FORMAT 2 (Old format)**

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Operating Revenues	7,118.1	6,723.9	5,783.7
Operating Expenditure	5,960.7	5,643.3	4,647.6
Salary Costs	4,131.1	4,037.7	3,441.6
Travel Expenditure	295.3	291.2	286.0
Purchases	568.0	434.3	130.8
Other Operating Costs	966.2	880.0	789.2
Operating Profit (EBITDA)	1,157.4	1,080.7	1,136.1
Depreciation & Amortization	173.5	180.6	183.0
Financial Expenses	13.9	12.0	6.9
Other Income	365.7	340.1	(58.0)
Profit Before Tax (PBT)	1,335.8	1,228.2	888.2
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Basic EPS (₹)	9.0	8.0	6.2
* Cyient has a majority stake of 51% in Invati Insights			
Operating Margin	16.3%	16.1%	19.6%
PBT Margin	18.8%	18.3%	15.4%
Effective Tax Rate	28.0%	29.6%	27.2%
PAT Margin	14.2%	13.4%	12.0%

Consolidated Balance Sheet (₹ Million)

	31 Dec 2014	30 Sep 2014
EQUITY AND LIABILITIES		
Shareholders' funds		
- Share capital	561.4	560.7
- Reserves and surplus	17,605.5	16,629.1
Total - Shareholders' funds	18,166.9	17,189.8
Share application money pending allotment	1.1	2.6
Non-current liabilities		
- Long-term borrowings	395.8	421.8
- Long-term provisions	556.6	465.5
- Deferred tax liabilities (net)	37.1	41.3
Total - Non-current liabilities	989.5	928.6
Current liabilities		
- Short-term borrowings	35.2	2.3
- Trade payables	1,930.8	2,965.5
- Other current liabilities	1,706.9	1,452.2
- Short-term provisions	329.6	305.9
Total - Current liabilities	4,002.6	4,725.9
TOTAL - EQUITY AND LIABILITIES	23,160.5	22,846.9
ASSETS		
Non-current assets		
- Fixed assets	3,388.0	3,383.7
- Goodwill on consolidation	1,512.5	1,413.2
- Non-current investments	646.8	609.8
- Deferred tax assets (net)	155.2	80.1
- Long-term loans and advances	806.5	925.2
- Other non-current assets	1.9	2.0
Total - Non-current assets	6,511.0	6,414.0
Current assets		
- Current investments	480.5	163.7
- Trade receivables	5,749.0	5,232.1
- Cash and cash equivalents	7,572.5	7,020.5
- Short-term loans and advances	1,194.0	1,102.6
- Other current assets	1,653.6	2,914.0
Total - Current assets	16,649.6	16,432.9
TOTAL ASSETS	23,160.5	22,846.9

Other Income (₹ Million)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Income from Investments	138.2	127.2	99.9
FX Gain/(Loss)	202.5	199.6	(158.9)
Others	25.0	13.4	1.0
TOTAL	365.7	340.1	(58.0)

Capital Expenditure (₹ Million)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Capital Expenditure	167	134	112

Cash Position (₹ Million)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Cash Including Liquid Investments	8,003	7,184	6,554

Outstanding Forward Contracts (Million in respective currencies)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
USD / INR	87.5	88.3	57.0
EURO / INR	24.0	24.0	13.5
GBP / INR	2.4	2.4	1.8
AUD / INR	7.2	7.2	4.5

PERFORMANCE BY COMPANY

Revenue (₹ Million)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Cyient Limited	3,282.6	3,237.0	3,174.8
Cyient Europe Limited*	738.0	437.1	334.5
Cyient Inc.	3,993.5	3,575.5	2,698.4
Cyient GmbH*	620.4	888.3	953.8
Infotech Geospatial (India) Pvt. Ltd.	12.0	2.3	0.6
Infotech HAL Limited	9.9	9.4	3.2
Cyient KK	50.9	55.2	43.7
Infotech Enterprises IT Services Pvt. Ltd.	60.8	62.4	82.4
Cyient Insights	4.1	-	-
Gross Revenues	8,772.1	8,267.2	7,291.4
Less: Intragroup Revenues	(1,654.1)	(1,543.3)	(1,507.7)
Net Revenues	7,118.1	6,723.9	5,783.7

Profit (₹ Million)

	31 Dec 2014	30 Sep 2014	31 Dec 2013
Cyient Limited	745.4	704.1	478.7
Cyient Europe Limited*	38.3	6.2	(6.2)
Cyient Inc.	222.8	187.9	73.1
Cyient GmbH*	69.7	(22.6)	41.0
Infotech Geospatial (India) Pvt. Ltd.	(2.0)	(4.0)	(4.8)
Infotech HAL Limited	1.0	1.3	(0.9)
Cyient KK	(12.1)	(23.9)	(0.4)
Infotech Enterprises IT Services Pvt. Ltd.	3.4	0.9	16.8
Cyient Insights	(17.9)	-	-
Gross Net Profit	1,048.6	849.9	597.3
Add / (Less): Others (Elimination)	(86.2)	14.7	49.6
Profit After Tax	962.3	864.6	646.9
Share of Profits from IASI	37.1	37.2	47.0
Minority Interest – Invati	(8.8)	-	-
Profit after Share of Profit from Associate Company	1,008.2	901.8	693.9

***Note:** Consequent to an internal reorganisation, the Bristol (UK) branch of Cyient GmbH was transferred to Cyient Europe Limited w.e.f November 1, 2014. There is no impact of this reorganization on Europe or on Group performance.

ABOUT US

Cyient is a global provider of engineering, data analytics, network and operations solutions. We collaborate with our clients to achieve more and shape a better tomorrow.

With decades of experience, Cyient is well positioned to solve problems. Our solutions include product development and life-cycle support, process and network engineering, and data transformation and analytics. We provide expertise in the aerospace, consumer, energy, medical, oil and gas, mining, heavy equipment, semiconductor, rail transportation, telecom and utilities industries.

Strong capabilities combined with a global network of more than 12,500 associates across 38 global locations enable us to deliver measurable and substantial benefits to major organizations worldwide.

For more information about Cyient, visit www.cyient.com.

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Disclaimer

This document contains certain forward-looking statements on our future prospects. Although Cyient believes that expectations contained in these statements are reasonable, their nature involves a number of risks and uncertainties that may lead to different results. These forward-looking statements represent only the current expectations and beliefs, and the company provides no assurance that such expectations will prove correct.

All the references to Cyient's financial results in this update pertain to the company's consolidated operations comprising wholly-owned subsidiaries Cyient Europe Limited; Cyient Inc.; Cyient GmbH; Infotech Enterprises IT Services Pvt. Ltd (IEITS); Cyient KK; Infotech Geospatial (India) Pvt. Ltd. (IGIL); Cyient Insights Private Limited (partly owned subsidiary) ; joint venture Infotech HAL Ltd (HAL JV) & associate company Infotech Aerospace Services Inc. (IASI).

The income statement provided is in the internal MIS format. MIS format is different from the income statement published as part of the financial results, which is as per the statutory requirement, in terms