

FIRST QUARTER RESULTS FOR FY 2016

Financial Release, Hyderabad, India, July 16, 2015

- Q1 FY'16 Revenue at ₹7,263 Mn, grew by 16.8% over last year
 - Operating Profit up by 33bps QoQ despite wage hike
 - Net Profit for Q1 FY'16 at ₹748 Mn; Up by 9.2% YoY
 - 26 customers added during the quarter
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KEY HIGHLIGHTS: Q1 FY 2016

Financial Highlights

- Revenue
 - At ₹7,263 Mn; Up 16.8% YoY and down 0.5% QoQ
 - In US\$ at \$114.3 Mn; Up 9.9% YoY and down 2.6% QoQ
 - Constant Currency revenue up by 14.3% YoY and down 2.5% QoQ
- Operating Margin at 12.6% as against 14.1% last year and 12.3% in previous quarter.
- Operating Profit at ₹918 Mn; up by 4.7% YoY and 2.2% QoQ in spite of wage hike
- Net Profit at ₹748 Mn; Up 9.2% YoY and down 20.3% QoQ

Financial Metrics

- Cyient continues to generate strong Free Cash Flow (FCF)
 - Absolute FCF generated ₹374 Mn;
 - FCF as % of EBITDA for the quarter stands at 39.1%;
- Cash Balance, including liquid investments, is ₹6,261 Mn; Cash balance including Rangsons ₹ 6,614 Mn;

Business Highlights

- APAC continues to deliver robust performance and grew 14% QoQ and 27.8% YoY.
- Engineering business grew by 1.6% QoQ and 5% YoY in USD driven by Aerospace & defense and Heavy engineering.
- Employee gross addition for the quarter is 697 excluding Rangsons.
- 26 customers added during the quarter, 13 in ENGG, 11 in DNO and 2 in Rangsons.

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MESSAGE FROM THE MANAGEMENT

Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer, said “Financial performance in Q1 FY 16 was in line with expectations. Growth was muted in the services business and revenues were lower than expected in Rangsons . This was expected especially considering the seasonality in Softential & Rangsons. Business pipeline continues to remain strong and we are confident that revenue momentum will accelerate from Q2 onwards.

In Q1 we executed salary increases across the organization. Our salary increases have been in line with the industry and peer companies. Anticipating this headwind we took a number of initiatives around utilization and pyramid correction, resulting in 33 bps improvement in margins despite the headwinds. This puts us in a good position to improve margins over the next few quarters. This also gives us confidence to deliver margins better than last year.

Rangsons integration is going as per plan and we continue to see significant traction for the combined offering. Three leading OEMs qualified us for electronic manufacturing and system integration. While there was a push out on revenue in Q1 for Rangsons, the order & pipeline is strong and we continue to build on this.

Mr. Ajay Aggarwal, Chief Financial Officer, said “We were able to improve Operating margins during the quarter despite wage hike with operational improvements and this momentum on margin improvement continue to be the focus area during the year.

Our Free Cash Flow (FCF) to EBIDTA for Cyient for the quarter stands at 39.1% and will further improve during the year based on our strategy of DSO management, capex optimization and deployment of new business in special economic zones to improve tax position.

We are on track in integrating Rangsons. We will continue focusing on growth, improvement in operating margin and cash generation and thus providing better investor returns.

FINANCIAL PERFORMANCE HIGHLIGHTS

In ₹ Million

	30 June 2015	31 March 2015	30 June 2014	Growth %	
				QoQ	YoY
Revenue	7,262.9	7,300.3	6,217.0	(0.5%)	16.8%
Operating Profit	918.0	898.7	876.8	2.2%	4.7%
Operating Margin	12.6%	12.3%	14.1%		
PAT	748.1	938.3	685.1	(20.3%)	9.2%

In USD Million

	30 June 2015	31 March 2015	30 June 2014	Growth %	
				QoQ	YoY
Revenue	114.3	117.4	104.0	(2.6%)	9.9%
Operating Profit	14.4	14.4	14.7	0.0%	(1.5%)
Operating Margin	12.6%	12.3%	14.1%		
PAT	11.8	15.1	11.5	(21.9%)	2.8%

Exchange Rate (USD/INR)

	30 June 2015	31 March 2015	30 June 2014
Quarter Average	63.54	62.20	59.80
Quarter Closing	63.75	62.59	60.09

QUARTERLY REVENUE GROWTH - CONSTANT CURRENCY

Operating Units

- Engineering (ENGG) revenue up by 1.7% QoQ
- Data Transformation, Network and Operations (DNO) revenue is down 2.5% QoQ including Softential

Geographies

- Americas revenue up 0.8% QoQ
- Europe, Middle East, Africa and India revenue down by 5.8% QoQ
- Asia Pacific revenue up 13.4% QoQ

Overall constant currency revenue for the company is down 2.5% QoQ including Rangsons.

BUSINESS UPDATE – CYIENT (EXCLUDING PR)

Engineering (ENGG)

Engineering business unit delivered a revenue growth of 1.6% over Q4 FY15. This growth was led by growth in Aerospace & Defense and Heavy Engineering industries. Top 20 client's revenue had a robust growth over last quarter.

Cyient won an End-to End project in the Semiconductor industry, for the complete development of Semiconductor ICs along with Volume Manufacturing. Continued to see interest in data analytics space from clients. Expanded technical publication services to Medical devices. Cyient also filed 7 co-owned patents with its leading aerospace and consumer customers.

During this quarter, Cyient signed a collaborative engagement with Goodwin College, Hartford to develop Manufacturing Engineering talent in Connecticut. Cyient saw new customer additions in Semiconductor, Heavy Engineering and Aerospace segments which will help in growing these accounts in the next few quarters. Cyient also expecting to see good growth in Transportation business in the next quarters, based on new project starts.

Data Transformation, Network and Operations (DNO)

DNO business showed a marginal decline due to reduction in Service management and assurance work (erstwhile Softential). Excluding this, DNO showed 1.6% QoQ growth driven by strong performance from Communication vertical. Utilities business witnessed volatility due to a large project ramping down, however Cyient has a strong pipeline and expect growth in coming quarters. Cyient is continuously aiming at improving operational efficiencies. Driven by prudent pyramid mix and resource planning, the utilization has improved.

Cyient has further strengthened our Network Plan & Design (NP&D) services by building new capabilities. Cyient has also invested in building solution frameworks around Outage management for Utilities and End-to-end business process based network operations management. Cyient is working on positioning itself in the market for the above solutions, while continuing to further strengthen our capabilities on 3D Modelling and Indoor Mapping for solutions relating to Data Transformation business.

BUSINESS UPDATE – PRODUCT REALIZATION BUSINESS

Product Realization Services (PR)

Rangsons has been chosen as a Qualified Supplier by three of our customers. A large order from existing clients was deferred to next quarters resulting in drop in the revenues however with strong order backlog we are confident of recovery in revenue performance going forward. Significant interest generated in existing clients on our Design led product life cycle partnership proposition. A number of Cyient's existing clients visited and obtained a firsthand experience of the world class manufacturing facilities and appreciated for our value proposition.

Seamless integration of Rangsons into Cyient is proceeding as per plan and successfully completed 1st milestone of 100 days plan. As per the plan, we appointed couple of senior management personnel to strengthen the execution.

A fully functional prototype (design to build) we developed for a major customer and working level prototype was developed for an aerospace tier-1 customer. Establishment of a world class product realization lab is under progress and basic infrastructure and equipment is in place

OPERATIONAL HIGHLIGHTS

Other Highlights

- Cyient Foundation (the CSR arm of Cyient Ltd.) signed a memorandum of understanding with the Telangana state government to introduce the Swachh Telangana-Swachh Pathashala campaign
- Cyient has developed a market-leading mobile application called FOMS for managing field asset information.
- Cyient was awarded the Golden Trumpet Award by the Publicity Club of Chicago for our Rebranding Campaign in the category of International Public Relations
- Cyient rebranding initiative was awarded a "Skyline Award" in the Reputation and Brand Management category by the Public Relations Society of America (PRSA) Chicago Chapter.

CYIENT (EXCLUDING PR)

REVENUE SEGMENTATION

By Geography (%)

	30 June 2015	31 March 2015	30 June 2014
Americas*	64.0	63.7	60.9
Europe, Middle East, Africa & India	24.0	25.8	29.3
Asia Pacific	12.0	10.5	9.8

*Includes revenue of Softential of \$ 3.5 Mn in Q1 compared to % 5.2 Mn In Q4.

By Operating Unit (%)

	30 June 2015	31 March 2015	30 June 2014
Engineering	62.8	61.8	62.2
Data Transformation, Network & Operations*	36.4	37.4	36.9
Others	0.8	0.8	0.9

*Includes revenue of Softential of \$ 3.5 Mn in Q1 compared to % 5.2 Mn In Q4.

By Industry (%)

	30 June 2015	31 March 2015	30 June 2014
Aerospace and Defense	35.8	34.5	34.0
Transportation	10.4	10.4	11.2
Off-highway Equipment	5.2	5.0	4.8
Semiconductor	5.6	5.6	5.8
Medical and Cons. Electronics	1.4	1.5	1.7
Utilities	10.6	11.0	10.1
Communications*	16.2	16.4	14.2
Energy & Natural Resources	6.6	7.0	7.2
Commercial and Geospatial	7.3	7.8	10.1
Others	0.9	0.8	0.9

*Includes revenue of Softential of \$ 3.5 Mn in Q1 compared to % 5.2 Mn In Q4.

Onshore/Offshore Split (%)

	30 June 2015	31 March 2015	30 June 2014
Offshore	43.9	43.3	47.8
Onsite	56.1	56.7	52.2

The onsite – offshore split of revenue is 59:41 for ENGG and 49:51 for DNO.

Currency Mix (%)

	30 June 2015	31 March 2015	30 June 2014
USD	67.0	67.0	62.0
EUR	15.0	12.0	16.0
GBP	8.0	8.0	7.0
AUD	6.0	7.0	12.4
OTHERS	4.0	6.0	2.6

OPERATIONAL METRICS

Utilization (%)

	30 June 2015	31 March 2015	30 June 2014
Overall Utilization	75.4	73.8	74.3
- ENGG	72.5	72.4	72.3
- DNO	78.2	75.2	76.3

Account Receivables (Number of Days)

	30 June 2015	31 March 2015	30 June 2014
DSO (Total)	88	83	93
- Billed	69	63	70
- Unbilled	19	20	23

CLIENT METRICS

Top Clients: Revenue Contribution (%)

	30 June 2015	31 March 2015	30 June 2014
Top 5	35.7	34.9	36.2
Top 10	51.2	49.5	51.3

Clients Added (in Number)

	30 June 2015	31 March 2015	30 June 2014
ENGG	13	8	6
DNO	11	8	3
TOTAL	24	16	9

No. of Million Dollar Clients (in Number)

	30 June 2015	31 March 2015	30 June 2014
20 Mn+	4	4	3
10 Mn+	8	8	8
5 Mn+	22	20	19
1 Mn+	59	55	55

EMPLOYEE METRICS

Manpower by Operating Units (in Number)

	30 June 2015	31 March 2015	30 June 2014
Engineering	5,590	5,574*	5,377
DNO	5,917	5,955	6,302
IT Services	126	135	134
Support Functions	703	703	726
TOTAL	12,336	12,367	12,539

* For Q4, 15 people who were previously reported under Engineering are now moved to Product Realization.

Voluntary Attrition – Quarterly Annualized (%)

	30 June 2015	31 March 2015	30 June 2014
Voluntary Attrition	18.8	27.4*	15.3
Involuntary Attrition	2.6	2.4	2.2

***Note :** Voluntary Attrition for Q4 is at 27.4%. Of this 10.2% is an adjustment for clearing a backlog of associates who had voluntarily abandoned service (but had not been removed from our database). Voluntary attrition without the adjustment is 17.2%

PRODUCT REALIZATION BUSINESS

PRODUCT REALISATION INCOME STATEMENT - ABRIDGED (₹ MILLION)

	30 June 2015	31 Mar 2015
Revenue	384.0	573.3
Direct Salaries and Related Costs	38.4	29.6
Material and Mfg. Cost	294.7	488.3
Gross Profit	50.9	55.4
SG&A	42.6	36.5
Operating Profit	8.3	19.0
Others	32.9	11.8
Profit Before Tax	(24.7)	7.0

REVENUE BY SEGMENT AND KEY METRICS

Revenue - Geography Mix (%)

	30 June 2015	31 Mar 2015
Americas	44.6	29.1
Europe, Middle East, Africa & India	37.0	15.5
Asia Pacific	18.4	55.4

Revenue - Industry Mix (%)

	30 June 2015	31 Mar 2015
Aerospace and Defense	19.0	58.2
Industrial	39.0	24.7
Medical	20.3	13.1
Communication	15.3	2.6
Others	6.4	1.4

Key Operational Metrics (%)

	30 June 2015*	31 Mar 2015
Employee Headcount (in number)	602	562
Days Sales Outstanding (in Days)	96	64
Days Payables Outstanding (in Days)	107	80
Customer Advance (in Days)	58	36
Inventory (in Days)	137	96
Cash balance (₹ Million)	353	535

**PR metrics restated to align with that of Cyient's definitions*

CONSOLIDATED FINANCIALS

DETAILED FINANCIALS

Consolidated Income Statement (₹ Million) –

	30 June 2015	31 March 2015	30 June 2014
Operating Revenues	7,262.9	7,300.3	6,217.0
Cost of Revenues	4,694.9	4,726.4	3,881.3
Direct Salary and Related Costs	3,533.9	3,320.1	3,057.3
Direct Travel	190.5	213.4	188.4
Sub-Contractor and Others	463.3	493.5	381.7
Delivery Management	242.5	235.3	252.8
Material Cost	264.7	464.1	-
Gross Profit	2,568.0	2,573.9	2,335.8
Sales and Marketing	582.9	623.8	554.0
General and Administration	1,067.0	1,051.5	905.0
Operating Profit (EBITDA)	918.0	898.6	876.7
Depreciation & Amortization	182.8	186.0	172.9
Financial Expenses	44.8	43.1	11.0
Other Income	297.7	398.6	131.5
Profit Before Tax (PBT)	988.2	1,068.1	824.3
Tax	283.7	172.0	186.7
Share of Profits – IASI	40.5	28.6	25.9
Minority Interest – Invati and Rangsons*	(3.2)	(13.6)	-
Profit After Tax (PAT)	748.1	938.3	685.1
Basic EPS (₹)	6.7	8.4	6.1

* Cyient has a majority stake of 51% in Invati Insights and 74% in Rangsons

Gross Margin	35.4%	35.3%	37.6%
Operating Margin	12.6%	12.3%	14.1%
Effective Tax Rate	28.7%*	16.1%*	22.6%
PAT Margin	9.9%	12.9%	10.8%

***Note:** Q1 tax rate without one off 27.3% and Q4 Tax rate without one offs would have been ~25%

Other Income (₹ Million)

	30 June 2015	31 March 2015	30 June 2014
Income from Investments	87.0	105.9	129.3
FX Gain/(Loss)	172.5	203.7	4.7
Others	38.2	89.0	(2.5)
TOTAL	297.7	398.6	131.5

Capital Expenditure (₹ Million)

	30 June 2015	31 March 2015	30 June 2014
Capital Expenditure	170	214	219

Cash Position (₹ Million)

	30 June 2015	31 March 2015	30 June 2014
Cash Including Liquid Investments	6,614	6,565	7,358

Outstanding Forward Contracts (Million in respective currencies)

	30 June 2015	31 March 2015	30 June 2014
USD / INR	80.5	85.0	87.8
EURO / INR	24.0	24.0	24.0
GBP / INR	3.1	2.4	2.4
AUD / INR	7.2	7.2	6.9

Consolidated Balance Sheet (₹ Million)

Top

	30 June 2015	31 March 2015
EQUITY AND LIABILITIES		
Shareholders' funds		
- Share capital	561.8	561.8
- Reserves and surplus	17,107.9	18,001.1
Total - Shareholders' funds	17,669.7	18,562.9
Share application money pending allotment	12.1	
Non-current liabilities		
- Long-term borrowings and liabilities	853.3	469.9
- Long-term provisions	636.2	582.4
- Deferred tax liabilities (net)	47.8	50.5
Total - Non-current liabilities	1,537.3	1,102.8
Current liabilities		
- Short-term borrowings	1,081.1	812.9
- Trade payables	1,868.9	2,114.6
- Other current liabilities	1,711.5	1,597.7
- Short-term provisions	1,072.5	955.7
Total - Current liabilities	5,734.0	5,480.9
TOTAL - EQUITY AND LIABILITIES	24,953.3	25,146.6
ASSETS		
Non-current assets		
- Fixed assets	3,719.0	3,717.7
- Goodwill on consolidation	2,727.6	4,263.4
- Non-current investments	715.9	675.4
- Deferred tax assets (net)	71.0	65.2
- Long-term loans and advances	1,329.9	1,359.0
- Other non-current assets	1.8	1.8
Total - Non-current assets	8,565.2	10,082.5
Current assets		
- Inventories	818.9	606.1
- Current investments	340.8	336.1
- Trade receivables	5,850.2	4,696.9
- Cash and cash equivalents	6,296.5	6,228.5
- Short-term loans and advances	1,305.2	1,362.7
- Other current assets	1,776.5	1,833.8
Total - Current assets	16,388.1	15,064.1
TOTAL ASSETS	24,953.3	25,146.6

Effective 1st Apr'2015, Softential Inc. has been merged with Cyient Inc. The goodwill of Rs. 1,535 Mn was adjusted against the reserve of the group. Q4FY 15 number restated wherever required

PERFORMANCE BY COMPANY – SUBSIDIARIES

Revenue (₹ Million)

	30 June 2015	31 March 2015	30 June 2014
Cyient Limited	3,416.7	3,302.6	3,127.6
Cyient Europe Limited	768.6	805.5	412.8
Cyient Inc.	3,686.5	3,637.3	3,129.2
Cyient GmbH	385.7	429.6	915.9
Infotech Geospatial (India) Pvt. Ltd.	5.7	5.6	0.6
Infotech HAL Limited	9.0	4.8	5.9
Cyient KK	64.1	72.3	43.9
Infotech Enterprises IT Services Pvt. Ltd.	54.1	54.1	64.8
Cyient Insights Pvt. Ltd.	17.8	4.1	-
Rangsons Electronics Pvt. Ltd.	378.6	571.8	-
Gross Revenues	8,786.5	8,887.8	7,700.7
Less: Intragroup Revenues	(1,523.6)	(1,587.5)	(1,483.7)
Net Revenues	7,262.9	7,300.3	6,217.0

Profit (₹ Million)

	30 June 2015	31 March 2015	30 June 2014
Cyient Limited	696.7	757.1	544.3
Cyient Europe Limited	(3.8)	36.8	(2.5)
Cyient Inc.	108.1	40.7	80.3
Cyient GmbH*	(53.7)	15.2	5.5
Infotech Geospatial (India) Pvt. Ltd.	(2.7)	2.2	(4.1)
Infotech HAL Limited	1.5	0.2	0.9
Cyient KK	(0.3)	29.5	-
Infotech Enterprises IT Services Pvt. Ltd.	4.0	1.7	5.5
Cyient Insights Pvt. Ltd.	(21.6)	(28.3)	-
Rangsons Electronics Pvt. Ltd.	(12.3)	0.9	-
Gross Profit	715.9	855.9	630.1
Add / (Less): Others (Elimination)	(11.5)	40.2	7.6
Profit After Tax	704.4	896.1	637.7
Share of Profits – IASI	40.5	28.6	47.5
Minority Interest – Invati and Rangsons	(3.2)	(13.6)	-
Profit after Tax	748.2	938.3	685.1

Manpower by Entity (in Number)

	30 June 2015	31 March 2015	30 June 2014
Cyient Limited*	10,261	10,286	10,646
Cyient Europe Limited	183	94	73
Cyient, Inc.*	1,543	1,512	1,382
Cyient GmbH	165	282	290
Infotech Geospatial (India) Pvt. Ltd.	3	3	3
Infotech Enterprises IT Services Pvt. Ltd.	126	135	134
Cyient K.K.	19	19	11
Cyient Insights	54	51	-
Rangsons	584	547	-
TOTAL	12,938	12,929	12,539

*Headcount for Q4 FY15 and Q1 FY15 are restated for like to like comparison for

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 12,900 associates across 36 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; Cyient KK; Infotech Enterprises IT Services Pvt. Ltd (IEITS); Infotech Geospatial (India) Pvt. Ltd. (IGIPL); partly owned subsidiaries Cyient Insights Private Limited; Rangsons Electronics Private Limited; 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.