

SECOND QUARTER RESULTS FOR FY 2016

Financial Release, Hyderabad, India, Oct 15, 2015

- Q2 FY 16 Revenue at ₹7,717 Mn, grew 6.2% QoQ
- Operating Profit at 15.1% up 244bps QoQ
- Net Profit for Q2 FY 16 at ₹985 Mn; up 31.7% QoQ
- FCF generated continues to be robust
- Declared interim dividend of 60% i.e. ₹3.0/Share , of face value of ₹ 5 each

KEY HIGHLIGHTS: Q2 FY 2016

Financial Highlights

- Revenue
 - At ₹7,717 Mn; Up 14.8% YoY and up 6.2% QoQ
 - In US\$ at \$118.4 Mn; Up 6.9% YoY and 3.6% QoQ
 - Constant Currency revenue up ~12.0% YoY and up 4.2% QoQ
- Operating Margin at 15.1% as against 16.1% last year and 12.6% in previous quarter.
- Operating Profit at ₹1,164 Mn; up by 7.7% YoY and 26.7% QoQ
- Net Profit at ₹985 Mn; Up 9.3% YoY and 31.7% QoQ

Financial Metrics

- Cyient continues to generate strong Free Cash Flow (FCF)
 - Absolute FCF generated (Excluding Rangsons) ₹887 Mn;
 - FCF as % of EBITDA (Excluding Rangsons) for the quarter stands at 63.5%;
- Cash Balance, including liquid investments, is ₹6,331 Mn; Cash balance including Rangsons ₹ 6,523 Mn;

Business Highlights

- PR business grew by 67.8% QoQ in USD driven by Aerospace and defense clients.
- Onsite delivery center in Australia was established to further strengthen communication vertical.
- Acquired Aerospace aftermarket services business of Pratt & Whitney Singapore (GSE Asia).
- Added 20 new clients: 10 in DNO, 7 in ENGG and 3 in PR (including Rangsons).

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MESSAGE FROM THE MANAGEMENT

Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer, said “I am happy to report good growth momentum in the overall business. Budget cuts at couple of large customers impacted some growth. But, with strong business pipeline across our services business and Rangsons and we are confident that revenue momentum will continue in Q3 and beyond.

Our operational efficiency improvement initiatives are showing good results. Operating margins improved by 244 bps. At Rangsons volume growth helped us to improve margins. We continue to focus on these initiatives and expect to continue to improve margins for the rest of the year.

This quarter also saw Pratt & Whitney, Global Services Engineering Asia got officially inducted into Cyient starting 1st Sep 2015 as Cyient Singapore. The facility will expand our existing Aftermarket capabilities to further strengthen our growing Aerospace Services Portfolio.

Mr. Ajay Aggarwal, Chief Financial Officer, said “It is gratifying to see growth on track with significant margin improvement and increase in cash generation. Both Softential and Rangsons have picked up and are on the growth track.

Our continuous focus on operational efficiency and increased margin awareness has resulted in margin improvement quarter on quarter. We will further work towards improving collection days to sustain cash generation.

We are on track in integrating Rangsons and same will reflect in unified and improved financial metrics going forward.

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 Sep 2015	30 June 2015	30 Sep 2014	Growth % QoQ	YoY
Revenue	7,716.6	7,262.9	6,723.9	6.2%	14.8%
Operating Profit	1,163.6	918.0	1,080.7	26.7%	7.7%
Operating Margin	15.1%	12.6%	16.1%		
PAT	985.3	748.1	901.8	31.7%	9.3%

In USD Million

	30 Sep 2015	30 June 2015	30 Sep 2014	Growth % QoQ	YoY
Revenue	118.4	114.3	110.8	3.6%	6.9%
Operating Profit	17.9	14.4	17.8	23.6%	0.3%
Operating Margin	15.1%	12.6%	16.1%		
PAT	15.1	11.8	14.9	28.5%	1.8%

Exchange Rate (USD/INR)

	30 Sep 2015	30 June 2015	30 Sep 2014
Quarter Average	65.15	63.54	60.67
Quarter Closing	65.74	63.75	61.61

QUARTERLY REVENUE GROWTH - CONSTANT CURRENCY

Operating Units

- DNO revenue is up 0.1% QoQ including Softential .Constant currency growth stood at 1.3%
- Engineering revenue flat QoQ

Geographies

- Americas revenue up 0.2% QoQ
- Europe, Middle East, Africa and India flat QoQ
- Asia Pacific revenue up 6.2% QoQ

Overall constant currency revenue for the company is 4.2% QoQ including Rangsons.

BUSINESS UPDATE – CYIENT (EXCLUDING PR)

Engineering (ENGG)

Engineering has seen continued traction in revenue growth in Aerospace & Defense, Rail Transportation and Medical industries. The recent acquisition of Pratt & Whitney GSE Singapore, got inducted into Cyient as Cyient Singapore on Sep 01, 2015. This acquisition will expand Cyient's Aerospace Aftermarket capabilities in the areas of repair development and validation, as well support Cyient's growth strategy in Asia Pacific region.

During last quarter, engineering team extended reliability engineering services to Medical industry with one of the world's largest Health Care Company. Cyient has also made inroads into new areas of engagement within our existing customers in Heavy engineering and Aerospace industries.

During Last quarter, Cyient had an important milestone as part of our S3 journey by becoming Pratt & Whitney America qualified supplier - with this approval Cyient is qualified to supply parts to Pratt & Whitney America

Cyient's investments in technology as part of our technology roadmap are fructifying. Couple of projects on design concessions and Internet of Things are in the final stages of completion and would give us competitive edge. Also, Cyient has added one more lab to Cyient Experience Center – Lego Lab, where associates can give shape to their concepts and validate their ideas.

Data Transformation, Network and Operations (DNO)

Cyient's Communications business witnessed double digit growth on Q-o-Q basis. The growth came from both Service Management / Assurance business and from network plan & design services. There was positive momentum from all three regions i.e. APAC, NAM and EMEA. Cyient's expects the trend to continue in coming quarters as well. Utilities business successfully executed & completed two large projects in the current quarter. DNO's pipeline within the IT – Systems business looks strong & expects good traction going forward. Data Transformation business had a flat quarter due to budget constraints on customer end.

Cyient is working in strengthening capabilities in Network Plan and Design by building new service offering around wideband design, wireless engineering and Hybrid Fibre Coaxial. Cyient will continue to further strengthen core services related to stereoscopic photogrammetry and 3D Modelling. Cyient's continued focus on improving the operational efficiencies has started yielding results. Driven by prudent pyramid mix, resource planning & deployment, our utilization for the quarter has improved Q-o-Q basis further driving operational improvement.

BUSINESS UPDATE – PRODUCT REALIZATION BUSINESS

Product Realization Services (PR)

Product Realization business continue to develop traction for our design to build proposition with existing clients. There are some significant wins in this quarter and built strong order pipeline with Cyient's existing as well as new clients. PR business is confident of delivering increased revenues going forward.

Integration between Rangsons and Cyient is completed. Rangsons management team is further strengthened with the addition of Dr. Venkatesh Padmanabhan, who joins as CEO of PR business unit.

Mr. Pavan Ranga, the CEO of Rangsons Electronics, will move into the role of Non-executive Director as part of this transition. Mr. Ranga will continue to provide guidance on strategy, operations and business growth as we continue to operationalize our strategy for integrated offerings.

OPERATIONAL HIGHLIGHTS

Other Highlights

- Cyient Foundation (the CSR arm of Cyient Ltd.) launched a Digital Library initiative at the Akshara Vidyalaya School in Nellore and a National Digital Literacy Mission (NDLM) Centre in Rangareddy district with the aim of helping underprivileged students gain access to repositories of high-quality educational resources
- Cyient has been rated as “High Performer” by leading Industry analyst firm in its Blueprint Report on Engineering Services Outsourcing. Additionally, the analyst firm recognized Cyient as a “Leader” in engineering services in the following four categories: Aerospace, Railways, Energy & Utilities, and Telecom and Hi-tech.
- In line with its strategy of enhancing the geographical footprint and to have delivery presence in Eastern Europe, Cyient has set up a step down subsidiary through Cyient Europe in Czech Republic. The facility will be fully functional in coming quarters.

CYIENT (EXCLUDING PR)

REVENUE SEGMENTATION

By Geography (%)

	30 Sep 2015	30 June 2015	30 Sep 2014
Americas*	64.1	64.0	63.9
Europe, Middle East, Africa & India	24.1	24.0	27.4
Asia Pacific**	11.8	12.0	8.7

*Includes revenue of Softential of \$4.5 Mn in Q2 compared to \$3.5 Mn in Q1

** Includes revenue of Pratt & Whitney Global Service Engineering of \$ 0.6 Mn in Q2.

By Operating Unit (%)

	30 Sep 2015	30 June 2015	30 Sep 2014
Engineering*	62.8	62.8	60.8
Data Transformation, Network & Operations**	36.4	36.4	38.3
Others	0.8	0.8	0.9

* Includes revenue of Pratt & Whitney Global Service Engineering of \$ 0.6 Mn in Q2.

**Includes revenue of Softential of \$4.5 Mn in Q2 compared to \$3.5 Mn in Q1.

By Industry (%)

	30 Sep 2015	30 June 2015	30 Sep 2014
Aerospace and Defense*	36.2	35.8	33.3
Transportation	10.6	10.4	10.4
Off-highway Equipment	5.2	5.2	5.1
Semiconductor	5.3	5.6	6.1
Medical and Cons. Electronics	1.5	1.4	1.3
Utilities	9.1	10.6	10.9
Communications**	18.4	16.2	15.4
Energy & Natural Resources	6.2	6.6	7.1
Commercial and Geospatial	6.7	7.3	9.4
Others	0.8	0.9	1.0

* Includes revenue of Pratt & Whitney Global Service Engineering of \$ 0.6 Mn in Q2.

**Includes revenue of Softential of \$4.5 Mn in Q2 compared to \$3.5 Mn in Q1.

Onshore/Offshore Split (%)

	30 Sep 2015	30 June 2015	30 Sep 2014
Offshore	43.7	43.9	46.5
Onsite	56.3	56.1	53.5

The onsite – offshore split of revenue is 59.0:41.0 for ENGG and 49.2:50.8 for DNO.

Currency Mix (%)

	30 Sep 2015	30 June 2015	30 Sep 2014
USD	67.5	67.0	63.0
EUR	14.4	15.0	15.0
GBP	8.5	8.0	8.0
AUD	7.0	6.0	11.0
OTHERS	2.6	4.0	3.0

OPERATIONAL METRICS

Utilization (%)

	30 Sep 2015	30 June 2015	30 Sep 2014
Overall Utilization	76.1	75.4	74.8
- ENGG	73.3	72.5	70.7
- DNO	78.9	78.2	78.8

Account Receivables (Number of Days)

	30 Sep 2015	30 June 2015	30 Sep 2014
DSO (Total)	89	88	90
- Billed	67	69	66
- Unbilled	22	19	24

CLIENT METRICS

Top Clients: Revenue Contribution (%)

	30 Sep 2015	30 June 2015	30 Sep 2014
Top 5	35.3	35.7	36.5
Top 10	50.1	51.2	51.5

Clients Added (in Number)

	30 Sep 2015	30 June 2015	30 Sep 2014
ENGG	7	13	4
DNO	10	11	15
TOTAL	17	24	19

No. of Million Dollar Clients (in Number)

	30 Sep 2015	30 June 2015	30 Sep 2014
20 Mn+	4	4	3
10 Mn+	9	8	9
5 Mn+	21	22	20
1 Mn+	60	59	54

EMPLOYEE METRICS

Manpower by Operating Units (in Number)

	30 Sep 2015	30 June 2015	30 Sep 2014
Engineering*	5,649	5,590	5,447
DNO	5,662	5,917	6,480
IT Services**	0	126	135
Support Functions	715	703	697
TOTAL	12,026	12,336	12,759

*Includes headcount of 89 of Aerospace after-market services of Pratt & Whitney

** Divestment of IT services business.

Voluntary Attrition – Quarterly Annualized (%)

	30 Sep 2015	30 June 2015	30 Sep 2014
Voluntary Attrition	21.6	18.8	12.7
Involuntary Attrition	3.2	2.6	6.3

PRODUCT REALIZATION BUSINESS

PRODUCT REALISATION INCOME STATEMENT - ABRIDGED (₹ MILLION)

	30 Sep 2015	30 June 2015
Revenue	664.7	384.0
Direct Salaries and Related Costs	43.0	38.4
Material and Mfg. Cost	540.6	294.7
Gross Profit	81.1	50.9
SG&A	51.5	42.6
Operating Profit	29.6	8.3
Others	40.7	32.9
Profit Before Tax	(11.1)	(24.7)

REVENUE BY SEGMENT AND KEY METRICS

Revenue - Geography Mix (%)

	30 Sep 2015	30 Jun 2015
Americas	23.5	44.6
Europe, Middle East, Africa & India	28.7	37.0
Asia Pacific	47.8	18.4

Revenue - Industry Mix (%)

	30 Sep 2015	30 Jun 2015
Aerospace and Defense	49.5	19.0
Industrial	22.4	39.0
Medical	11.0	20.3
Communication	16.1	15.3
Others	1.1	6.4

Key Operational Metrics (%)

	30 Sep 2015	30 Jun 2015
Employee Headcount (in number)	598	602
Days Sales Outstanding (in Days)	85	96
Days Payables Outstanding (in Days)	53	107
Customer Advance (in Days)	29	58
Inventory (in Days)	95	137
Cash balance (₹ Million)	192	353

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

CONSOLIDATED FINANCIALS

DETAILED FINANCIALS

Consolidated Income Statement (₹ Million) –

	30 Sep 2015	30 June 2015	30 Sep 2014
Operating Revenues	7,716.6	7,262.9	6,723.9
Cost of Revenues	4,889.5	4,694.9	4,159.0
Direct Salary and Related Costs	3,467.2	3,533.9	3,143.2
Direct Travel	173.6	190.5	198.3
Sub-Contractor and Others	482.5	463.3	541.5
Delivery Management	260.0	242.5	275.9
Material Cost	506.2	264.7	-
Gross Profit	2,827.0	2,568.0	2,564.9
Sales and Marketing	586.8	582.9	524.6
General and Administration	1,076.6	1,067.0	959.7
Operating Profit (EBITDA)	1,163.6	918.0	1,080.7
Depreciation & Amortization	193.5	182.8	180.6
Financial Expenses	58.8	44.8	12.0
Other Income	299.3	297.7	340.1
Profit Before Tax (PBT)	1,210.7	988.2	1,228.2
Tax	284.8	283.7	363.6
Share of Profits – IASI	60.4	40.5	37.2
Minority Interest – Invati and Rangsons*	(1.0)	(3.2)	-
Profit After Tax (PAT)	985.3	748.1	901.8
Basic EPS (₹)	8.8	6.7	8.0
* Cyient has a majority stake of 51% in Invati Insights and 74% in Rangsons			
Gross Margin	36.6%	35.4%	38.1%
Operating Margin	15.1%	12.6%	16.1%
Effective Tax Rate	23.5%	28.7%*	29.6%
PAT Margin	12.3%	9.9%	13.4%

***Note:** Q2 tax rate without one off is 24.5% and Q1 Tax rate without one offs would have been ~27.5%

Other Income (₹ Million)

	30 Sep 2015	30 June 2015	30 Sep 2014
Income from Investments	78.4	87.0	127.2
FX Gain/(Loss)	174.7	172.5	199.6
Others	46.2	38.2	13.4
TOTAL	299.3	297.7	340.1

Capital Expenditure (₹ Million)

	30 Sep 2015	30 June 2015	30 Sep 2014
Capital Expenditure	179	170	134

Cash Position (₹ Million)

	30 Sep 2015	30 June 2015	30 Sep 2014
Cash Including Liquid Investments	6,523	6,614	7,184

Outstanding Forward Contracts (Million in respective currencies)

	30 Sep 2015	30 June 2015	30 Sep 2014
USD / INR	77.5	80.5	88.3
EURO / INR	24.0	24.0	24.0
GBP / INR	4.0	3.1	2.4
AUD / INR	7.2	7.2	7.2

Consolidated Balance Sheet (₹ Million)

	30 Sep 2015	30 June 2015
EQUITY AND LIABILITIES		
Shareholders' funds		
- Share capital	562.4	561.8
- Reserves and surplus	18,001.9	17,107.9
Total - Shareholders' funds	18,564.3	17,669.7
Share application money pending allotment	-	12.1
Non-current liabilities		
- Long-term borrowings and liabilities	995.7	853.3
- Long-term provisions	640.1	636.2
- Deferred tax liabilities (net)	47.2	47.8
Total - Non-current liabilities	1,683.0	1,537.3
Current liabilities		
- Short-term borrowings	1,029.4	1,081.1
- Trade payables	2,080.7	1,868.9
- Other current liabilities	2,012.5	1,711.5
- Short-term provisions	387.6	1,072.5
Total - Current liabilities	5,510.2	5,734.0
TOTAL - EQUITY AND LIABILITIES	25,757.5	24,953.3
ASSETS		
Non-current assets		
- Fixed assets	4,224.1	3,719.0
- Goodwill on consolidation	2,726.9	2,727.6
- Non-current investments	776.4	715.9
- Deferred tax assets (net)	73.4	71.0
- Long-term loans and advances	1,325.8	1,329.9
- Other non-current assets	1.9	1.8
Total - Non-current assets	9,128.5	8,565.2
Current assets		
- Inventories	710.1	818.9
- Current investments	558.8	340.8
- Trade receivables	6,215.4	5,850.2
- Cash and cash equivalents	5,978.2	6,296.5
- Short-term loans and advances	1,049.0	1,305.2
- Other current assets	2,117.5	1,776.5
Total - Current assets	16,629.0	16,388.1
TOTAL ASSETS	25,757.5	24,953.3

PERFORMANCE BY COMPANY – SUBSIDIARIES

Revenue (₹ Million)

	30 Sep 2015	30 June 2015	30 Sep 2014
Cyient Limited	3,227.1	3,416.7	3,237.0
Cyient Europe Limited	862.9	768.6	437.1
Cyient Inc.	3,830.0	3,686.5	3,575.5
Cyient GmbH	420.9	385.7	888.3
Infotech Geospatial (India) Pvt. Ltd.	3.7	5.7	2.3
Infotech HAL Limited	9.7	9.0	9.4
Cyient KK	70.1	64.1	55.2
Infotech Enterprises IT Services Pvt. Ltd.	40.0	54.1	62.4
Cyient Insights Pvt. Ltd.	9.5	17.8	-
Rangsons Electronics Pvt. Ltd.	664.2	378.6	-
Australia Pty Ltd.	296.4	-	-
Singapore Pte Ltd.	41.7	-	-
Gross Revenues	9,476.3	8,786.5	8,267.2
Less: Intragroup Revenues	(1,759.7)	(1,523.6)	(1,543.3)
Net Revenues	7,716.6	7,262.9	6,723.9

Profit (₹ Million)

	30 Sep 2015	30 June 2015	30 Sep 2014
Cyient Limited	780.7	696.7	704.1
Cyient Europe Limited	35.2	(3.8)	6.2
Cyient Inc.	107.5	108.1	187.9
Cyient GmbH*	34.9	(53.7)	(22.6)
Infotech Geospatial (India) Pvt. Ltd.	(2.9)	(2.7)	(4.0)
Infotech HAL Limited	1.6	1.5	1.3
Cyient KK	2.7	(0.3)	(23.9)
Infotech Enterprises IT Services Pvt. Ltd.	4.5	4.0	0.9
Cyient Insights Pvt. Ltd.	(26.3)	(21.6)	-
Rangsons Electronics Pvt. Ltd.	3.9	(12.3)	-
Australia Pty Ltd.	89.2	-	-
Singapore Pte. Ltd	(45.2)	-	-
Gross Profit	985.6	715.9	849.9
Add / (Less): Others (Elimination)	(59.8)	(11.5)	14.7
Profit After Tax	925.8	704.4	864.6
Share of Profits – IASI	60.4	40.5	37.2
Minority Interest – Invati and Rangsons	(1.0)	3.2	-
Profit after Tax	985.3	748.2	901.8

Manpower by Entity (in Number)

	30 Sep 2015	30 June 2015	30 Sep 2014
Cyient Limited*	10,047	10,261	10,886
Cyient Europe Limited	189	183	83
Cyient, Inc.	1,574	1,543	1,328
Cyient GmbH	164	165	307
Infotech Geospatial (India) Pvt. Ltd.	3	3	3
Infotech Enterprises IT Services Pvt. Ltd.**	0	126	135
Cyient K.K.	18	19	17
Cyient Insights	51	54	-
Rangsons	578	584	-
TOTAL	12,624	12,938	12,759

** Includes headcount of Pratt & Whitney Global Service Engineering of 89 in Q2.

** Divestment of IT services business.

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 12,600+ 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; Cyient KK; 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.