

## FIRST QUARTER FY2014-15 RESULTS

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### Financial Release, Hyderabad, India, July 17, 2014

- Quarterly Revenues crossed US\$100 Mn+ milestone; Posted US\$104 Mn for the quarter, Up 20.8% YoY
  - Quarterly Revenues in INR at ₹6,217 Mn, Up 28.5% YoY
  - Operating Profit for the quarter at ₹877 Mn; Up 9.3% YoY
  - Net Profit for the quarter at ₹685 Mn; Up 26.1% YoY
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### KEY HIGHLIGHTS: Q1 FY 2015

#### Financial Highlights

- Revenue Growth
  - In INR at ₹6,217 Mn; Up 4.5% QoQ and 28.5% YoY
  - In US\$ at \$104 Mn; Up 7.8% QoQ and 20.8% YoY. Excluding Softential acquisition, company grew 4.2% QoQ and 16.8% YoY
  - Constant Currency revenue up by 7.2% QoQ
- Operating Margin at 14.1% as against 18.1% in Q4; Down 397 bps mainly due to wage hike and adverse exchange impact
- Operating Profit at ₹877 Mn; Down 18.4% QoQ and Up 9.3% YoY
- Net Profit at ₹685 Mn; Down 1.9% QoQ and Up 26.1% YoY

#### Financial Metrics

- Business continues to generate strong Free Cash Flow (FCF)
  - FCF as % of EBITDA for the quarter stands at 48%
  - Absolute FCF generated ₹487 Mn
- Cash Balance, including liquid investments, is ₹7,358 Mn. *Highest ever;*

#### Business Highlights

- Broad based growth across all Operating Units and Geographies
- Asia Pacific grew in double digit at 12.3% QoQ
- Employee gross addition for the quarter is 1,014 and net addition is 445
- 9 customers added during the quarter, 6 in ENGG and 3 in DNO.



## MESSAGE FROM THE MANAGEMENT

**Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer, said** "For the first time in history of the company, we crossed revenue of US\$ 100 million in a single quarter – this we have achieved without taking into account the additional revenue due to the acquisition of Softential last quarter. For the third consecutive quarter, we have shown business momentum with robust QoQ growth in revenues for the company. This gives me confidence that we have put the challenges of last year behind us and are now on a continued growth momentum. This is further confirmed by the order pipeline and backlog that is in place. While margins declined on account of the appreciation of the rupee and salary increases, I am confident that we are actively working on the levers of margin to improve the same over the course of the year, starting in Q2. We have completed the roll out of most of the Information systems and we are in the process of ensuring they are in sync and working together. I am sure that we will see a significant amount of benefit from the same going forward.

I would also like to highlight that we have completed our brand roll out in Q1 including the name change for the company on May 7, 2014. I am happy to note that this has been very well received by all stakeholders and we are seeing benefits of the same."

**Mr. Ajay Aggarwal, Chief Financial Officer, said that** "As expected, due to wage hike and exchange impact, our operating margin moderated QoQ. However, positive other income and improved tax rate, helped us to regain this impact at Net Profit level. We are confident that driven by execution of our key margin levers, we'll be able to recover our operating margins in coming quarters. Our Free Cash Flow generation continues to be strong and stands at 48% as a percentage of Operating profit. We are confident of continuous financial improvement driven by focus on cost structure optimization, increased efficiency from investments and optimization of financial metrics."



## FINANCIAL PERFORMANCE HIGHLIGHTS

### In ₹ Million

	30 Jun	31 Mar	30 Jun	Growth %	
	2014	2014	2013	QoQ	YoY
Revenue	6,217.0	5,948.0	4839.3	4.5	28.5
Operating Profit	876.8	1,075.1	801.9	(18.4)	9.3
Operating Margin	14.1%	18.1%	16.6%		
PAT	685.1	698.3	543.1	(1.9)	26.1

### In USD Million

	30 Jun	31 Mar	30 Jun	Growth %	
	2014	2014	2013	QoQ	YoY
Revenue	104.0	96.4	86.0	7.8	20.8
Operating Profit	14.7	17.4	14.3	(15.9)	2.9
Operating Margin	14.1	18.1%	16.6%		
PAT	11.5	11.3	9.7	1.2	18.7

### Exchange Rate (USD/INR)

	30 Jun	31 Mar	30 Jun
	2014	2014	2013
Quarter Average	59.80	61.68	56.26
Quarter Closing	60.09	60.10	59.70

### QUARTER THAT WAS

#### Revenue Growth

- Engineering (ENGG) revenue grew 1.4% in INR and 4.6% in US\$, with an exchange rate impact of -2.8%.
- Data Transformation, Network and Operations (DNO) revenue grew 10.6% in INR and 14.1% in US\$, with an exchange rate impact of -2.3%.

**Overall INR revenue growth was 4.5% and US\$ was at 7.8%. It consists of an exchange rate impact of -2.5%.**

**Note :** As per new organization structure effective 1<sup>st</sup> April, 2014, Aero and HTH business units are grouped under Engineering Operating Unit (ENGG) and UT and DA business units are grouped under Data Transformation, Network & Operations Operating Unit (DNO).



## BUSINESS UPDATE & OPERATIONAL HIGHLIGHTS

### Engineering (ENGG)

The Engineering operating unit had a very good first quarter with a growth of 4.6% QoQ which was diversified among all geographies. APAC posted double-digit growth followed by strong growth in US and EMEA, driven by Aerospace & Defense, Energy & Natural Resources, Medical and Semiconductor business segments. This quarter, the company secured a multimillion dollar contract from a new customer in the Semiconductor business segment in the APAC region. The company has been selected as one of the top 3 service providers for supporting an off-highway client in embedded software and electronics.

The company's Dallas Engineering Center has been cleared by its customer IT security team and is fully operational with infrastructure and software licenses. The company expects to see growth in this development center in FY15 and beyond.

The company is seeing positive traction in business for services such as value engineering, should cost, localization and product realization. From industries perspective, the company is expecting good growth coming from Transportation, Medical devices and Semiconductor.

### Data Transformation, Network and Operations (DNO)

Utilities business maintained the same pace as last quarter. The opportunity pipeline is encouraging and the company foresees an increase in the business in Q2 FY15 and beyond. The major growth is expected from Americas and EMEA regions in the coming quarters.

Communications business showed a growth of 2% QoQ. The company has seen momentum in the consulting and OSS business segments. The general outlook is favorable for Q2 FY15.

The Data Transformation group had a very strong last quarter. Company saw growth of 9% QoQ in its DT group and all industries have shown revenue improvement. The company also foresees similar growth in the coming quarters. While the company leverages on its existing client group, it is also focusing on new customers in this business.

Overall at the DNO level, the mix of work should not change drastically. The company should focus on maintaining onsite/offshore mix as there is a favorable outlook for onsite revenues. The company is also focusing on improvement of utilization. In the long term, the company is confident of achieving good improvement.



## OPERATIONAL HIGHLIGHTS

### Acquisitions

- Cyient, through its subsidiary Cyient Inc., USA, has completed acquisition of US-based Softential, Inc. on 1<sup>st</sup> Apr 2014. The results have been reflected in the financials for the quarter ending 30<sup>th</sup> June 2014. The company has also taken a US\$ denominated loan of \$10 Mn via Cyient Inc to partly finance the acquisition. It shall give benefit of treasury yield arbitrage and bring down the cost of capital.

### New Name and Brand

- Effective 7<sup>th</sup> May 2014, after shareholder and board approval, the company officially changed its name from Infotech Enterprises Limited to Cyient Limited and has implemented a new brand entity.

### Awards and Recognitions

- The Greentech Foundation recognized Cyient with the Golden Award for its 'Innovation in Employee Retention Strategies'. The award ceremony was chaired by the Minister of Labour & Employment, Government of Karnataka, P.T. Parameshwar Naik and the Chairman & Managing Director of Canara Bank, R.K. Dubey.

### New Facility

- Our Dallas Engineering Center (DEC) is fully operational with infrastructure and software licenses.



## REVENUE SEGMENTATION

### By Geography (%)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Americas	60.9	59.2	58.4
Europe, Middle East, Africa and India	29.3	31.4	28.8
Asia Pacific	9.8	9.4	12.8

**Note :** From this quarter onwards, company will be reporting the geographies in-line with the new organization structure which came into effect from 1<sup>st</sup> April 2014. Accordingly, India revenue is grouped with EMEA which was earlier included in APAC as per the previous organization structure for all the periods.

### By Operating Unit (%)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Engineering	62.2	64.1	64.0
Data Transformation, Network & Operations	36.9	34.8	34.9
Others	0.9	1.1	1.1

**Note :** From this quarter onwards, company will be reporting the business units in-line with the new organization structure which came into effect from 1<sup>st</sup> April 2014. Accordingly, Aero and HTH business units are grouped under Engineering Operating Unit (ENGG) and UT and DA business units are grouped under Data Transformation, Network & Operations Operating Unit (DNO). Softentia revenue of US\$ 3.56 Mn is also added under DNO.

### Onshore/Offshore Split (%)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Offshore	47.1	49.3	48.3
Onsite	52.9	50.7	51.7

The onsite – offshore split of revenue is 57:43 for ENGG and 43:57 for DNO.

### Currency Mix (%)

	30 Jun 2014	31 Mar 2014
USD	62.0	63.5
EUR	16.0	16.2
GBP	7.0	6.4
AUD	12.4	10.5
OTHERS	2.6	3.4



## OPERATIONAL METRICS

### Utilization (%)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Overall Utilization	74.3	76.2	74.2
- ENGG	72.3	71.0	65.9
- DNO	76.3	81.1	82.7

### Account Receivables (Number of Days)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
DSO (Total)	93	87	95
- Billed	70	70	75
- Unbilled	23	17	20

## CLIENT METRICS

### Top Clients: Revenue Contribution (%)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Top 5	36.2	35.9	36.6
Top 10	51.3	50.7	49.3

### Clients Added (in Number)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
ENGG	6	3	5
DNO	3	4	5
<b>TOTAL</b>	<b>9</b>	<b>7</b>	<b>10</b>

### No. of Million Dollar Clients (in Number)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
20 Mn+	3	4	2
10 Mn+	8	8	8
5 Mn+	19	19	15
1 Mn+	55	54	55



## EMPLOYEE METRICS

### Manpower by Vertical (in Number)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Engineering	5,377	5,312	4,774
DNO	6,160	5,953	5,268
IT Services	134	140	120
Support Functions	726	689	653
<b>TOTAL</b>	<b>12,539</b>	<b>12,094</b>	<b>10,815</b>

### Manpower by Company (in Number)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Cyient Limited	10,720	10,360	9,282
Cyient Europe Limited	73	79	55
Cyient, Inc.	1,308	1,213	1,075
Cyient GmbH	290	293	276
Infotech Geospatial (India) Pvt. Ltd.	3	3	4
Infotech Enterprises IT Services Pvt. Ltd.	134	134	115
Cyient K.K.	11	12	8
<b>TOTAL</b>	<b>12,539</b>	<b>12,094</b>	<b>10,815</b>

### Voluntary Attrition (%)

	30 Jun 2014	31 Mar 2013	30 Jun 2013
Voluntary Attrition	15.3	15.5	12.2
Involuntary Attrition	2.2	2.5	3.3

**Note :** From this quarter onwards, as part of its continuous endeavor on improved disclosures, the company has started reporting both voluntary and involuntary attrition. Voluntary attrition comprise of all resignations due to personal, career, salary and are employee initiated including any voluntary abandonment; Involuntary attrition includes all redundancy, separation due to performance, discipline or breach of contract initiated by employer. In line with these revised definitions, the comparable numbers for previous periods have also been restated.





## DETAILED FINANCIALS

### Consolidated Income Statement (₹ Million)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
<b>Operating Revenues</b>	<b>6,217.0</b>	<b>5,948.0</b>	<b>4,839.3</b>
Operating Expenditure	5,340.3	4,872.9	4,037.4
Salary Costs	3,860.6	3,493.1	3,085.6
Travel Expenditure	308.3	278.2	221.1
Purchases	308.7	220.0	51.2
Other Operating Costs	862.8	881.6	679.5
<b>Operating Profits</b>	<b>876.7</b>	<b>1,075.1</b>	<b>801.9</b>
Depreciation & Amortization <sup>®</sup>	172.9	174.0	180.8
Financial Expenses	11.0	8.3	6.9
Other Income	131.5	(20.4)	182.1
<b>Profit Before Tax (PBT)</b>	<b>824.3</b>	<b>872.4</b>	<b>796.3</b>
Tax	186.7	213.8	294.5
Profit After Tax (PAT)	637.7	658.5	501.8
Share of Profits – IASl	47.5	39.8	41.3
<b>PAT after Share of Profits from Associate Company</b>	<b>685.1</b>	<b>698.3</b>	<b>543.1</b>
<b>Basic EPS (₹)</b>	<b>6.1</b>	<b>6.2</b>	<b>4.9</b>

<sup>®</sup>Note: The Company reassessed the useful lives of fixed assets as per the new Companies Act, 2013 and consequent impact has been taken in depreciation for the quarter."

Operating Margin	14.1%	18.1%	16.6%
PBT Margin	13.0%	14.7%	15.9%
Effective Tax Rate	22.6%*	24.5%*	37.0%*
PAT Margin	11.0%	11.7%	11.2%

\*Note: Effective Tax rate excluding one- offs

- Q1, FY'15 : 24.0% (deferred taxes and other one-time benefits)
- Q4, FY'14 : 26.0% (deferred taxes and other one-time benefits)
- Q1, FY'14 : 28.4% (dividend tax of ₹68 Mn on receipt of dividend of ₹400 Mn from overseas subsidiaries)



**Other Income (₹ Million)**

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Income from Investments	129.3	117.8	97.9
FX Gain/(Loss)	4.7	(147.5)	79.6
Others	(2.5)	9.3	4.6
<b>TOTAL</b>	<b>131.5</b>	<b>(20.4)</b>	<b>182.1</b>

**Capital Expenditure (₹ Million)**

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Capital Expenditure	219	189	138

**Cash Position (₹ Million)**

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Cash Including Liquid Investments	7,358*	7,260	6,099

\*Note: Total cash includes ₹108 Mn of cash available in balance sheet of Softential

**Outstanding Forward Contracts (Million in respective currencies)**

	30 Jun 2014	31 Mar 2014	30 Jun 2013
USD / INR	87.8	85.8	72.7
EURO / INR	24.0	24.0	17.7
GBP / INR	2.4	2.4	2.9
AUD / INR	6.9	6.6	5.4



## PERRFORMANCE BY COMPANY

### Revenue (₹ Million)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Cyient Limited	3,127.6	3,103.7	2,841.5
Cyient Europe Limited	412.8	370.5	213.2
Cyient Inc.	3,129.2	2,865.7	2,164.0
Cyient GmbH	915.9	951.3	761.8
Infotech Geospatial (India) Pvt. Ltd.	0.6	5.1	2.7
Infotech HAL Limited	5.9	0.6	4.5
Cyient KK	43.9	42.5	25.2
Infotech Enterprises IT Services Pvt. Ltd.	64.8	75.7	53.8
<b>Gross Revenues</b>	<b>7,700.7</b>	<b>7,415.1</b>	<b>6,066.7</b>
Less: Intragroup Revenues	(1,483.7)	(1,467.1)	(1,227.4)
<b>Net Revenues</b>	<b>6,217.0</b>	<b>5,948.0</b>	<b>4,839.3</b>

### Profit (₹ Million)

	30 Jun 2014	31 Mar 2014	30 Jun 2013
Cyient Limited	544.3	539.3	866.4
Cyient Europe Limited	(2.5)	3.6	(14.7)
Cyient Inc.	80.3	112.4	80.0
Cyient GmbH	5.5	(36.1)	(4.2)
Infotech Geospatial (India) Pvt. Ltd.	(4.1)	(5.4)	(4.5)
Infotech HAL Limited	0.9	(1.1)	0.9
Cyient KK	-	(4.8)	(3.8)
Infotech Enterprises IT Services Pvt. Ltd.	5.5	0.1	13.3
<b>Gross Net Profit</b>	<b>630.1</b>	<b>608.0</b>	<b>933.4</b>
Add / (Less): Others (Elimination)	7.6	50.5	(431.6)
<b>Profit After Tax</b>	<b>637.7</b>	<b>658.5</b>	<b>501.8</b>
Share of Profits from IASI	47.5	39.8	41.3
<b>Profit after Share of Profit from Associate Company</b>	<b>685.1</b>	<b>698.3</b>	<b>543.1</b>



## ABOUT US

We create and deliver services that enhance your business agility. Our leading-edge solutions enable major organizations worldwide to achieve measurable and substantial benefits. Solutions include product development and life-cycle support, process and network engineering, plus data transformation and analytics.

We utilize a global delivery model. And we have more than 12,500 associates across 38 global locations, with delivery centers in North America, Europe, the Middle East and Asia Pacific. We are experts in the aerospace, consumer, energy, medical, oil and gas, mining, heavy equipment, hi-tech, rail transportation, telecom and utilities industries.

This makes us your ideal partner. Whether you want to design innovative products faster, optimize R&D costs, improve time to market, enhance operational efficiency or maximize the return on investment in your networks. We help you make a difference for your customer. This might be a quieter flight, a longer-lasting toothbrush, more robust broadband connectivity, or more reliable GPS navigation.

We are proud of our robust internal processes. To ensure your IP security, solution quality and on-time delivery, we align with industry best practices and internationally renowned standards and frameworks. These include ISO 9001:2008, ISO 27001:2005 (information security), AS9100 C (aerospace), and ISO 13485 (medical devices).

Cyient is a public limited company and listed on the NSE/BSE stock exchange.

## CONTACT DETAILS

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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 overseas 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); 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 of grouping of cost elements. Previous period numbers are regrouped or reclassified, wherever necessary.

