



CYIENT

AUGUST 18, 2016

SECTOR SOFTWARE AND IT SERVICES RECOMMENDATION

Buy @ 495, Target 600

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Entry: 495

Target: 600

FY16 P/E 17.23

CYIENT - Designing Tomorrow Together

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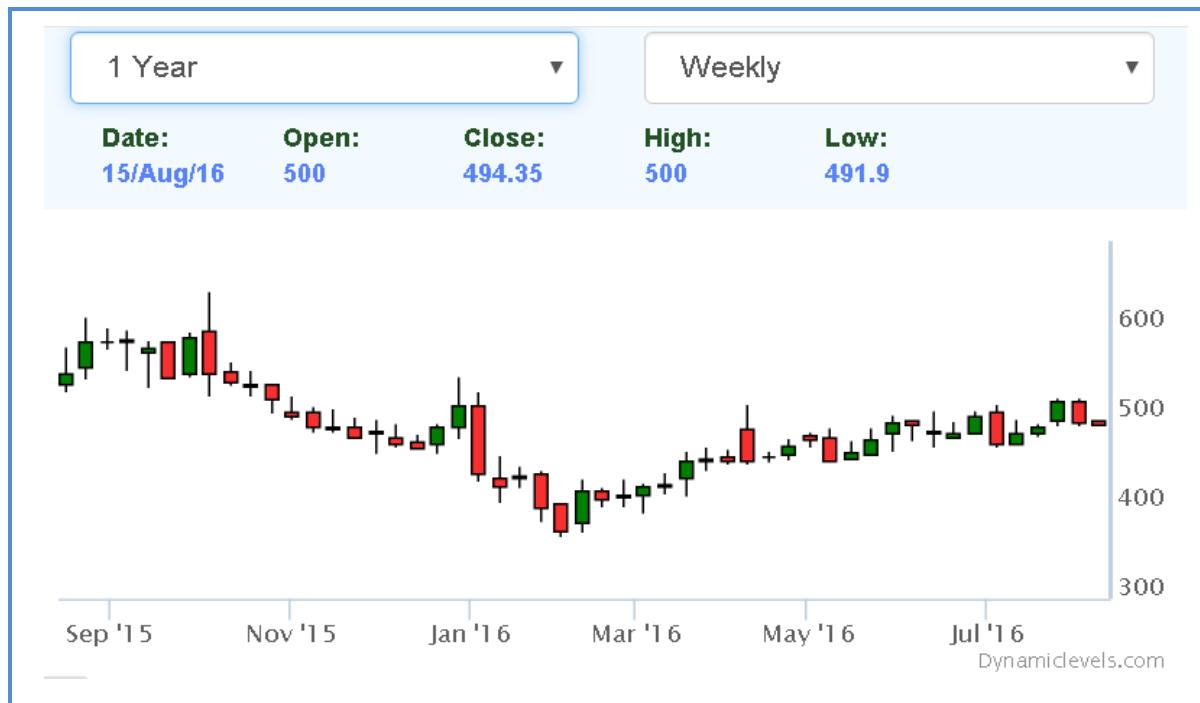
Company's Overview and Stock Price

Cyient is an acknowledged leader in Engineering design services, Design-led manufacturing Networks and Operations Data transformation Analytics.

They collaborate with their clients to help them achieve more and together shape a better future. They call it Designing Tomorrow Together.

The company's industry focus includes aerospace, defense, rail transportation, off-highway & industrial, power generation, mining, oil & gas, communications, utilities, geospatial, semiconductor and medical technology.

EXCHANGE SYMBOL	CYIENT
Current Price * (Rs.)	495.05
Face Value (Rs.)	5.00
52 Week High (Rs.)	642.75 (15-Oct-15)
52 Week Low (Rs.)	369.25 (12-Feb-16)
Life Time high (Rs.)	642.75 (15-Oct-15)
Life Time low (Rs.)	4.44 (12-Apr-01)
Avg Daily Movement	17.45
Avg Volume [20 days]	35620
1 Month Return (%)	4.44
P/E Ratio (x)	17.07
Book Value	192.87
Market Cap	5563.02 (Cr)
% of Promoter pledged	0.00





Product Overview

Mechanical Engineering

The mechanical engineering industry has been at the forefront of margin pressures and rising costs. Although industry players have traditionally embraced outsourcing, they are now forced to look beyond traditional approaches to stay ahead in a highly competitive global business environment.

Here are some ways in which Cyient delivered business impact to their clients:

Contributed to 27% of engineering effort with more than 100 design concepts for a large aero engine program, improving fuel efficiency by 14% and reducing engine noise by 50%.

Cyient supported end-to-end product development including structures, booms, decking, hydraulics and engine integration for emission compliance of a heavy duty truck crane, and meeting the roadability requirements of all the states in the US. The company has also helped reduce the product development time from 14 to 11 months through a collaborative right shoring model.

Collaborated with a rail OEM for the concept design of a new engine frame including design of interfaces and creation of complete CAD models and manufacturing drawings. This enabled the customer to create reliable and robust products in a shorter timeframe thereby increasing their time-to-market for product launch.

A leading mining OEM acquired a new entity whose equipment was designed in SolidWorks. The company helped migrate the platform to Unigraphics (customer's incumbent software tool) for over 3,000 components that required re-mastering. Cyient developed new methodologies, and leveraged their robust processes and checking mechanisms to ensure 99% first-time acceptance (FTA). This enabled their client to streamline the change management and smooth transition of the acquired entity into the client's ecosystem

Achieved 20% reduction in engineering cost through alternate material selection for the water management system of a wide-body, long-range aircraft program. They identified superior alternate material and redesigned existing parts to optimize the weight.



Plant Engineering

Cyient employ state-of-the-art technologies and tools with rigorous process compliance across various industries, operators, geography specific standards, codes and regulations. Their engineers are experienced in various plant engineering projects and work in tandem with client teams, meeting project and end customer expectations.

Cyient helped clients to win prestigious engineering procurement construction management (EPCM) work for a Greenfield solid to liquid processing plant by acting as an integral partner for their client's project engineering requirements. The Company provided the client with resource flexibility and scalability to build a competitive proposition for the project. They enabled their customer to factor a cost estimate that was 30% lower than the estimate using client's own resources during the bid phase, thereby enhancing their competitiveness.

The company is working with a leading nuclear technology company on engineering and upgrade of new plants including licensing studies. They are the only engineering service provider in India with a 10CFR810 approval (Department of Energy) working on nuclear plant engineering including safety-critical aspects. This enabled their client to avail cost-effective services without compromising on the safety aspect of the process.

Delivered cost savings to the tune of \$2.4M annually to one of world's leading rig operator. They achieved this by acting as an integral engineering and design partner for their client's rig upgrades and conversions across their fleet of rigs.

The Cyient group consists of:

- Cyient, Inc
- Cyient Canada Inc
- Cyient Europe Ltd
- Cyient GmbH
- Cyient K.K
- Rangsons Electronics Private Ltd
- Techno Tools
- Cyient Insight Private Ltd

Joint Ventures

- Infotech Aerospace Services Inc
- Infotech HAL Ltd

Aftermarket

Cyient's aftermarket services have been instrumental in helping clients grow their business, reduce operational costs, and provide superior business outcomes.

Increased equipment availability by 10% for a mining client, through the optimization and standardization of the maintenance strategy for over 400 heavy mobile equipment (HMEs). They also helped the client to migrate from time-based to condition-based maintenance of HMEs.

The Company achieved 10% reduction in efforts for a major aerospace OEM through the development of a library of reusable illustration files. They analyzed the client's illustration work, identified reusable content and recreated the content to suit a reusable format.

Cyient eliminated five year change directives (CHD) backlog for an aerospace client. The Company also developed instructions for continued airworthiness (ICA) changes (concurrent and online), with 10-15 days aging. The client presented us the 'Transformation of the Decade Award', in recognition of their efforts.

Developed computer- and web-based training modules (CBT/WBT) for a major rail client, resulting in significant cost savings

Manufacturing Engineering

Company service addresses key challenges faced in manufacturing processes. Their clients have been able to optimize their total cost of ownership, increase manufacturing output, reduce process lags, and realize operational goals with the help of their services. Here's a snapshot of instances where they have contributed significant value to clients through their manufacturing engineering services:



The company supported the design and manufacture of drill jigs for various components of multirole light fighter jets for a defense company. They also developed a single stand to mount all jig plates with different setups to drill more than 40 components. This enhanced the operational efficiencies in the process of mounting jig plates

Performed should-cost analysis and generated cost estimation models with the design for manufacturing and assembly (DFMA) tool for over 300 components for a leading agricultural OEM. The client realized considerable cost savings leveraging their services and also used the findings from should-cost analysis for fact-based negotiation with its end-customers

Conducted end-to-end vendor management, right from studying manufacturing drawings to packaging and shipping 18 CNC machine parts for an aero-structures company

Enabled an aero engine manufacturer to streamline their assembly process plan and fix assembly issues. During this process, they addressed over 800 discrepancy resolution (DRs) requests for various engine models.

The Company has supported the prototype development of a 100-ton truck mounted crane for a construction OEM in North America. They also facilitated the integration of major subsystems, sourcing, and vendor development. Their contribution enabled their customer to develop the product in a short timeframe of 11 months.

“ Cyient took the road less traveled, differentiated itself right at the outset, and focused on white spaces. It anticipated the demand for mobility and pioneered GIS (Geographical Information Systems) as a service offering in India. Cyient grew in high-end engineering research & design services- across industries such as aerospace, transportation, utilities, and semiconductors using a hybrid growth strategy - a mix of organic and inorganic, helping add capabilities, and target new markets – a role model for niche firms aiming to scale up. Besides focusing on international markets, it has also remained focused on Indian domestic market – a crucial pillar in India's infrastructure growth story- examples include Delhi Metro, upcoming Hyderabad Metro. It is already onboard the digital highway with emphasis on end to end solution capabilities around product design, and analytics. The leadership led by Mr. Reddy has always focused on expanding the industry, working closely with NASSCOM and key members. Mr. Reddy was the founder of the NASSCOM Engineering Forum and helped ideate the first strategy report for the sector. As Chairman NASSCOM, Mr. Reddy has been closely involved across the entire spectrum of NASSCOM activities and is widely respected across the industry. ”



Embedded Software & Electronics

Cyient has a team of over 1000 embedded software and electronics engineers use their extensive experience in designing various classes of embedded software and systems to provide hardware engineering, application development, and embedded software and testing.

The company has developed a Line Replaceable Unit (LRU) product to support two separate series of aircrafts with the safety criticality at Level A for airborne systems. They helped the customer reduce NRE/RE cost and enabled the system/product to qualify for Design Assurance Level A.

Designed and developed a modular control platform for an entire range of cold storage products. Their redesign approach allowed the customer to use 75% of the code while reducing PCB parts. This helped reduce the LRU cost development by 40%.

Developed and certified an entire USB device stack and HID class driver that enabled USB functionality in the client's SOC. They validated the USB IP using an FPGA platform, developed the USB device stack, and integrated the USB device with a firmware base. In addition, they developed algorithms for real-time acquisitions of finger data and applied the algorithms for various gestures. This approach helped their customer outperform its competitors and gain significant market share.

RANGSONS ELECTRONICS A CYIENT COMPANY

Rangsons Electronics Private Limited

Rangsons is the Electronic Systems Design and Manufacturing (ESDM) arm of Cyient providing a range of services from design-to-production to end-of-life support.

TECHNO TOOLS A CYIENT COMPANY

Techno Tools

A subsidiary of Rangsons Electronics, Techno tools is a high-precision manufacturer doing some of the very complex mechanical parts and assemblies.

Electrical Engineering

Cyient electrical systems conform to global standards such as IEC, IEEE, ANSI, UL, cUL, NEMA, NEC, BS, ISO, AS/NZ, DIN, EN, JEM, GOST, MIL, and GB. From reducing costs to optimizing designs.

Designed the complete electrical system and optimized the component/equipment rating, as part of the new product development (NPD) of a freezing and refrigeration system, for a medical equipment client. This resulted in significant cost savings for the client.

Designed end-to-end electrical systems and instrumentation/control systems, and offered complete panel engineering for a concentrate dryer in a nuclear waste management system. This enabled the customer to complete the electrical system design in time, thereby aiding to accelerate the product launch while complying with the IEEE standards

Designed power plant packaging for a defense company's generators mounted onto a 40FT trailer. This ensured compliance with the military standards such as EMC/EMI, NEMA, NEC, etc.

The company supported major rail OEMs on key projects that include electrical systems schematics, electrical installations, electro-mechanical packaging, and wiring/harness, cabinets, enclosure, and cable tray design. These projects resulted in significant cost savings for the clients.



Cyient Insights Private Limited

Cyient Insights is the data science arm of Cyient. With its proven data science and analytics credentials,

Cyient Insights complements Cyient's engineering capabilities.



Mechanical Manufacturing Services

Cyient delivers high-precision machining and casting services to leading companies around the globe. With their world-class facilities, they specialize in production of complex components to exacting tolerances. Investing in the latest technology, Cyient's range of machinery includes:

- CNC milling and turning
- Jig boring
- Precision grinding/polishing
- Advanced metrology labs
- 3D printing (metal and plastic)
- EDM (wire and plunge)

Cyient offers the flexibility of creating components in various materials, such as:

- Aluminum
- Beryllium Copper
- Invar
- Magnesium
- Molybdenum
- Nimonic
- Stainless steel
- Titanium

The company offer additive manufacturing (3D printing) for proof of concept, design verification, and functional testing. Cyient's variety of qualifications and capabilities testing include chrome plating, anodizing, and hardness testing. Following industry best practices to ensure quality control, they are accredited to ISO 9001:2008, AS9100C, and Nadcap.

Cyient's manufacturing plant supports multiple industries including aerospace, defense, medical technology, consumer products, transportation, and heavy equipment. Their experience includes manufacturing single parts, package components, complete structures, and assemblies with intricate welding and fabrication. Currently, there are 300,000 Cyient-manufactured SKUs on aircrafts and 3,000 SKUs in outer space.

Cyient's depth of experience, versatility, and proven ability to deliver quality products, makes us a preferred manufacturing partner.



Electronic Manufacturing Services

Cyient delivers end-to-end build to print services, specializing in manufacturing the following:

- PCBAs
- Complex wire and cable harnesses
- Product assemblies (box builds)

Cyient's facilities are equipped with surface mount technology (SMT) lines and plated through holes (PTH) lines, as well as dedicated lines for new product introduction (NPI) and prototyping. Cyient offers various soldering techniques such as:

- Wave soldering
- Convection reflow
- Vapor phase reflow
- Robotic soldering
- Selective soldering

Cyient offers various PCBA processing techniques such as conformal coating (silicone rubber, polyurethane, acrylic, or epoxy), potting (thermo-setting plastics or silicone rubber gels), and sputtering (metals or carbon).

Cyient delivers complete product assembly, ensuring that your boards get properly mounted inside an enclosure with wiring and instrumentation.

As part of their quality practices, testing and inspection are essential to guarantee that every unit leaving the factory performs as intended. The company offer highly adaptable, flexible, and tailor-made testing for each component's specific requirements. Their test methods focus on cost-effective investments in fixtures and set up, high performance in terms of fault coverage, increased reliability, and optimized yields. Some of their testing methods include:

In line automated optical inspection (AOI)

- In circuit test (ICT)
- Flying probe test (FPT)
- Ionic contamination testing
- Highly accelerated stress screen (HASS)
- Highly accelerated life test (HALT)
- Vibration testing
- Environmental stress screening (ESS)
- Sonoscan inspection services
- 2D and 3D solder paste inspection (SPI)
- Automated 3D X-ray inspection (AXI)
- Modular wiring test analyzer (cable harness tester)
- J tag tester

All assemblies are as per J-STD 001 and inspections conform to IPC 610E Class III/Class II standards.

Whether you need a single production run or are looking for a long-term manufacturing partner, Cyient's best practices and state-of-the-art equipment ensure that you receive a quality product within your required timeline.

Industry Outlook

India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67 per cent of the US\$ 124-130 billion market. The industry employs about 10 million workforces. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. India's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be the mainstay of its Unique Selling Proposition (USP) in the global sourcing market. However, India is also gaining prominence in terms of intellectual capital with several global IT firms setting up their innovation centres in India.

The IT industry has also created significant demand in the Indian education sector, especially for engineering and computer science. The Indian IT and ITeS industry is divided into four major segments - IT services, Business Process Management (BPM), software products and engineering services, and hardware.

The IT-BPM sector which is currently valued at US\$ 143 billion is expected to grow at a Compound Annual Growth Rate (CAGR) of 8.3 per cent year-on-year to US\$ 143 billion for 2015-16. The sector is expected to contribute 9.5 per cent of India's Gross Domestic Product (GDP) and more than 45 per cent in total services export in 2015-16.

Market Size

The Indian IT sector is expected to grow at a rate of 12-14 per cent for FY2016-17 in constant currency terms. The sector is also expected triple its current annual revenue to reach US\$ 350 billion by FY 2025[#].

India ranks third among global start-up ecosystems with more than 4,200 start-ups^{##}.

India's internet economy is expected to touch Rs 10 trillion (US\$ 146.72 billion) by 2018, accounting for 5 per cent of the country's GDP. India's internet user base reached over 400 million by May 2016, the third largest in the world, while the number of social media users grew to 143 million by April 2015 and smartphones grew to 160 million.

Public cloud services revenue in India is expected to reach US\$ 1.26 billion in 2016, growing by 30.4 per cent year-on-year (y-o-y)[^]. The public cloud market alone in the country was estimated to treble to US\$ 1.9 billion by 2018 from US\$ 638 million in 2014[^]. Increased penetration of internet (including in rural areas) and rapid emergence of e-commerce are the main drivers for continued growth of data centre co-location and hosting market in India. The Indian Healthcare Information Technology (IT) market is valued at US\$ 1 billion currently and is expected to grow 1.5 times by 2020^{^^}. India's business to business (B2B) e-commerce market is expected to reach US\$ 700 billion by 2020 whereas the business to consumer (B2C) e-commerce market is expected to reach US\$ 102 billion by 2020^{^^^}.



Road Ahead

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Social, Mobility, Analytics and Cloud (SMAC) are collectively expected to offer a US\$ 1 trillion opportunity. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30 per cent to around US\$ 650-700 billion by 2020. The social media is the second most lucrative segment for IT firms, offering a US\$ 250 billion market opportunity by 2020. The Indian e-commerce segment is US\$ 12 billion in size and is witnessing strong growth and thereby offers another attractive avenue for IT companies to develop products and services to cater to the high growth consumer segment.

Digital India

Digital India is an umbrella programme that covers multiple Government Ministries and Departments. It weaves together a large number of ideas and thoughts into a single, comprehensive vision so that each of them can be implemented as part of a larger goal. Each individual element stands on its own, but is also part of the larger picture. Digital India is to be implemented by the entire Government with overall coordination being done by the Department of Electronics and Information Technology (DeitY). Digital India aims to provide the much needed thrust to the nine pillars of growth areas, namely Broadband Highways, Universal Access to Mobile Connectivity, Public Internet Access Programme, e-Governance: Reforming Government through Technology, e-Kranti - Electronic Delivery of Services, Information for All, Electronics Manufacturing, IT for Jobs and Early Harvest Programmes. Each of these areas is a complex programme in itself and cuts across multiple Ministries and Departments.

All the initiatives, including establishing and expanding core ICT infrastructure, delivery of services etc under the Digital India programme have definitive completion time targets. Majority of the initiatives are planned to be realized within the next three years. The initiatives planned for early completion ("Early Harvest Programmes") and citizen communication initiatives ("Information for All") have already started going live and are being completed.



The Digital India programme aims at pulling together many existing schemes. These schemes will be restructured, revamped and re-focused and will be implemented in a synchronized manner. Many elements are only process improvements with minimal cost implications. The common branding of programmes as Digital India highlights their transformative impact. While implementing this programme, there would be wider consultations across government, industry, civil society, and citizens to discuss various issues to arrive at innovative solutions for achieving the desired outcomes of Digital India. DeitY has already launched a digital platform named as "myGov" (<http://mygov.in/> (link is external)) to facilitate collaborative and participative governance. Moreover, several consultations and workshops have been organized to discuss the implementation approach of the vision areas of Digital India.

Company Financials

In Cr	Jun'16	Mar'16	Jun'15	% Growth QoQ	% Growth YoY
	Quarterly	Quarterly	Quarterly		
Net Sales/Income from operations	830.57	815.84	726.31	1.81%	14.35%
Total Income From Operations	830.57	815.84	726.31	1.81%	14.35%
Increase/Decrease in Stocks	-4.82	0.98	-17.52		
Consumption of Raw Materials	53.25	61.9	42.11	-13.97%	26.45%
Employees Cost	486.81	466.75	451.09	4.30%	7.92%
Depreciation	22.32	29.52	18.28		
Other Expenses	185.78	184.41	158.42		
Total Expenditure	743.34	743.56	652.38	-0.03%	13.94%
Operating Profit	87.23	72.28	73.93	20.68%	17.99%
Other Income	10.63	25.84	28.92		
P/L Before Int., Excpt. Items & Tax	97.86	98.12	102.85		
Interest	4.94	4.91	4.02	0.61%	22.89%
P/L Before Exceptional Items & Tax	92.92	93.21	98.83	-0.31%	-5.98%
Exceptional Item	--	-8.71	--		
P/L Before Tax	92.92	84.5	98.83	9.96%	-5.98%
Tax	23.68	19.03	28.37		
PAT	69.24	65.47	70.46	5.76%	-1.73%
Minority Interest	0.96	-0.58	0.32		
Net Profit/(Loss) For the Period	73.97	66.06	74.83	11.97%	-1.15%
EPS (Rs.) [After Extraordinary items]	6.58	5.88	6.66	11.90%	-1.20%

- Company's revenue has jumped by 14.35% YoY from Rs. 726.31 crs to Rs.830.57 crs
- Company's operating profit jumped by 17.99% YoY.
- Company has given jump of 1.81% QoQ in its revenue, were Net profit was up by 5.76% QoQ.
- Net profit margin was at 8.33% for June 16 Quarter.
- Company has an Operating profit margin of 10.50% for June quarter 2016.

Balance sheet

In Cr	15-Mar	14-Mar	13-Mar	12-Mar	11-Mar
	Annual	Annual	Annual	Annual	Annual
EQUITIES AND LIABILITIES					
SHAREHOLDERS FUNDS					
Equity Share Capital	56.18	55.98	55.8	55.71	55.64
Total Share Capital	56.18	55.98	55.8	55.71	55.64
Reserves and Surplus	1,524.43	1,329.83	1,110.83	979.23	852.31
Total Reserves and Surplus	1,524.43	1,329.83	1,110.83	979.23	852.31
Total Share holders' Funds	1,580.61	1,385.81	1,166.63	1,034.94	907.95
Equity Share Application Money	0	0.14	0.39	0	0
NON-CURRENT LIABILITIES					
Other Long Term Liabilities	0	0	0	0	0.42
Long Term Provisions	47.26	34.66	33.49	38.64	32.34
Total Non-Current Liabilities	47.26	34.66	33.49	38.64	32.76
CURRENT LIABILITIES					
Trade Payables	85.05	100.35	83.21	58.41	40.7
Other Current Liabilities	50.22	48.85	60.65	25.65	21.08
Short Term Provisions	77.72	48.25	39.66	39.44	20.76
Total Current Liabilities	212.98	197.46	183.51	123.5	82.54
Total Capital And Liabilities	1,840.85	1,618.07	1,384.03	1,197.09	1,023.25
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	264.77	268.77	280.38	264.82	252.65
Intangible Assets	43.84	44.16	31.47	22.98	17.59
Capital Work-In-Progress	2.38	2.6	21.86	10.84	1.29
Intangible Assets Under Development	0.9	0.9	0.9	6.55	4.47
Fixed Assets	311.89	316.43	334.6	305.19	276
Non-Current Investments	446.03	144.7	144.7	144.7	145.92
Deferred Tax Assets [Net]	0.59	1.22	1.49	8.64	1.42
Long Term Loans And Advances	110.44	101.96	96.69	71.24	67.12
Other Non-Current Assets	0	0	0	0	0.69
Total Non-Current Assets	868.95	564.3	577.49	529.77	491.15
CURRENT ASSETS					
Current Investments	33.61	40.04	60.98	22.25	33.41
Trade Receivables	298.39	266.45	180.26	181.3	142.46
Cash And Cash Equivalents	442.46	580.79	424.81	390.83	293.86
Short Term Loans And Advances	84.25	74.25	59.09	25.19	33.04
Other Current Assets	113.2	92.24	81.41	47.75	29.33
Total Current Assets	971.9	1,053.77	806.54	667.32	532.1
Total Assets	1,840.85	1,618.07	1,384.03	1,197.09	1,023.25



Cash Flow

In Cr	15-Mar	14-Mar	13-Mar	12-Mar	11-Mar
	Annual	Annual	Annual	Annual	Annual
Net Profit/Loss Before Extraordinary Items And Tax	343.05	331.5	261.4	222.84	131.43
Net CashFlow From Operating Activities	213.75	144	142.91	111.55	56.75
Net Cash Used In Investing Activities	-303.27	33.28	-86.79	1.09	55.48
Net Cash Used From Financing Activities	-72.38	-47.23	-39.36	-31.27	-10.62
Foreign Exchange Gains / Losses	23.03	25.68	18.37	13.89	4.83
Adjustments on Amalgamation / Merger / Demerger / Others	0	0	0	0	0
Net Inc/Dec In Cash And Cash Equivalents	-138.87	155.73	35.12	95.26	106.45
Cash And Cash Equivalents Begin of Year	578.45	422.72	387.6	292.34	185.89
Cash And Cash Equivalents End Of Year	439.58	578.45	422.72	387.6	292.34

Ratio Analysis	15-Mar	14-Mar	13-Mar	12-Mar	11-Mar
Per Share Ratios					
Basic EPS (Rs.)	24.17	22.81	16.53	14.24	10.6
Diluted EPS (Rs.)	24.09	22.71	16.5	14.24	10.58
Cash EPS (Rs.)	29.63	28.56	21.56	17.93	13.97
Book Value	140.67	123.77	104.53	92.89	81.59
Dividend / Share(Rs.)	8	5	4.5	2.5	1.25
Revenue from Operations/Share (Rs.)	115.17	109.36	94.22	77.53	58.2
PBDIT/Share (Rs.)	36.08	35.43	28.64	23.75	14.99
PBT/Share (Rs.)	30.53	29.61	23.42	20	11.81
Net Profit/Share (Rs.)	24.13	22.77	16.52	14.23	10.59
Profitability Ratios					
PBDIT Margin (%)	31.32	32.39	30.39	30.62	25.74
PBIT Margin (%)	26.54	27.1	25.03	25.86	19.95
PBT Margin (%)	26.51	27.07	24.85	25.79	20.29
Net Profit Margin (%)	20.95	20.81	17.53	18.36	18.2
Return on Networth / Equity (%)	17.15	18.39	15.8	15.32	12.98
Return on Assets (%)	14.73	15.75	13.31	13.24	11.52
Liquidity Ratios					
Current Ratio (X)	4.56	5.34	4.39	5.4	6.45
Quick Ratio (X)	4.56	5.34	4.39	5.4	6.45
Dividend Payout Ratio (NP) (%)	32.85	21.93	27.22	17.56	11.79
Earnings Retention Ratio (%)	67.15	78.07	72.78	82.44	88.21
Valuation Ratios					
Enterprise Value (Cr.)	5,216.05	3,080.45	1,463.52	1,273.71	1,495.46
EV/Net Operating Revenue (X)	4.03	2.52	1.39	1.47	2.31
EV/EBITDA (X)	12.87	7.76	4.58	4.81	8.97
Market Cap/Net Operating Revenue (X)	4.37	2.99	1.8	1.93	2.76
Price/BV (X)	3.58	2.64	1.62	1.61	1.97



Peer Comparison

INSTRUMENT	Price	Avg. Volume	Market Cap (Rs. in Cr)
VAKRANGEET	185.85	900110	9412
HEXaware	217.05	1023111	6524
ECLERX	1583.50	19123	6350
CYIENT	502.80	32695	5556
PERSISTENT	668.05	73613	5406
TATA ELXSI	1642.10	323632	5109
ZENSAR	1065.10	72749	4759
FSL	44.80	3938506	2977
NIIT TECH	414.30	245843	2500

Cyient has huge volume and market cap which gives liquidity to the stock.

INSTRUMENT	Price	% FII Holding	P/E Ratio (X)
VAKRANGEET	185.85	6.47	23.84
HEXaware	217.05	6.76	16.50
ECLERX	1583.50	27.16	17.49
CYIENT	502.80	41.42	17.04
PERSISTENT	668.05	22.56	17.78
TATA ELXSI	1642.10	12.48	50.03
ZENSAR	1065.10	3.41	15.39
FSL	44.80	9.15	10.57
NIIT TECH	414.30	31.8	17.46

Cyient has huge FII holding and trading at PE ratio of 17.16 the valuation is in line with the industry PE ratio.

INSTRUMENT	Price	PAT JUN' 16	PAT MAR' 16	PAT DEC' 15	PAT JUN' 15
VAKRANGEET	185.85	NA	110.80	102.84	84.94
HEXaware	217.05	100	84.19	99.36	98.89
ECLERX	1583.50	NA	108.28	88.66	73.39
CYIENT	502.80	69.24	65.47	86.29	70.46
PERSISTENT	668.05	73.29	80.81	77.49	67.22
TATA ELXSI	1642.10	41.93	41.09	39.9	35.72
ZENSAR	1065.10	76.46	70.67	72.51	76.27
FSL	44.80	73.36	79.63	67.22	56.57
NIIT TECH	414.30	21.40	31.48	49.07	72.27

INSTRUMENT	1M%	3M%	6M%	1Y%	% Chg Post Budget
FSL	-10.27	19.03	40.22	42.95	46.27
ZENSAR	5.07	4.23	24.07	14.55	28.84
CYIENT	0.89	3.65	17.39	-8.34	20.09
ECLERX	6.01	9.31	17.46	-11.99	16.94
PERSISTENT	5.00	-7.99	4.61	-10.10	8.96
TATA ELXSI	-0.64	-14.53	-14.60	-23.14	-2.47
NIIT TECH	-13.73	-14.88	-14.87	-21.63	-4.15
HEXaware	-1.03	-1.10	-5.71	-22.28	-8.76
VAKRANGEET	-9.26	1.92	-12.63	15.26	-16.54

Cyient has surged 20.09% post budget being a 4th top performer in its segment.

Shareholding Pattern

Shareholding Pattern	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15
Promoter and Promoter Group (%)	22.19	22.20	22.18	22.18	22.21
Indian	22.19	22.20	22.18	22.18	22.21
Foreign	NIL	NIL	NIL	NIL	NIL
Institutions (%)	64.49	64.63	64.53	49.78	49.61
FII	41.42	39.62	39.07	38.68	37.31
DII	23.07	25.01	25.46	11.11	12.30
Non Institutions (%)	13.32	13.17	13.28	28.04	28.18
Bodies Corporate	NIL	NIL	NIL	4.59	4.61
Others	13.32	13.17	13.28	23.45	23.57
Custodians	NIL	NIL	NIL	NIL	NIL
Total no. of shares (cr.)	11.25	11.25	11.25	11.25	11.24

Institutions hold 64.49% in the Company.

Dividend				
#	Announcement Date	Ex-Date	Amount	Interim/Final
1	14-Mar-2016	28-Mar-2016	4.00	Interim
2	15-Oct-2015	27-Oct-2015	3.00	Interim
3	23-Apr-2015	09-Jul-2015	5.00	Final
4	11-Sep-2014	22-Sep-2014	3.00	Interim
5	25-Apr-2014	10-Jul-2014	3.00	Final
6	17-Oct-2013	29-Oct-2013	2.00	Interim
7	25-Apr-2013	11-Jul-2013	2.50	Final
8	07-Nov-2012	20-Nov-2012	2.00	Interim
9	18-Apr-2012	11-Jul-2012	1.25	Final
10	28-Oct-2011	08-Nov-2011	1.25	Interim
11	20-Apr-2011	11-Jul-2011	1.25	Final
12	21-Apr-2010	06-May-2010	2.00	Final
13	27-Apr-2009	22-Jun-2009	1.50	Final
14	21-Apr-2008	14-Jul-2008	1.20	Final
15	18-Apr-2007	09-Jul-2007	1.13	Final



COMPANY PROFILE OF CYIENT, NSE, INDIA	
Date of Incorporation	28-Aug-1991
Date of Listing	30-Sep-1998
Management	
Name	Designation
John Wiedemer	Alternate Director
B V R Mohan Reddy	Executive Chairman
Andrea Bierce	Independent Director
Som Mittal	Independent Director
M M Murugappan	Independent Director
K Ramachandran	Independent Director
John Paterson	Independent Director
Harsh Manglik	Independent Director
Krishna Bodanapu	Managing Director & CEO
Thomas Prete	Non Executive Director
Alain De Taeye	Non Executive Director
Registered Office Address	
4th Floor, A Wing, Plot No. 11, Software Units Layout, Infocity, Madhapur, 500081, Hyderabad, Telangana, India	
Website	
http://www.cyient.com	



Investment Rationale

- Cyient has 310 total clients which includes 29 fortune 500 clients and associates across 38 global locations and 21 nationalities
- Company's guiding principle: Fairness, Integrity, Respect, Sincerity, Transparency
- Comprehensive Service Portfolio Engineering, Design Led Manufacturing, Data Analytics, Geospatial, and Networks and Operations
- Company has expertise across 10 industries
- Company's revenue has jumped by 14.35% YoY from Rs. 726.31 crs to Rs.830.57 crs
- Company's operating profit jumped by 17.99% YoY.
- Company has given jump of 1.81% QoQ in its revenue, were Net profit was up by 5.76% QoQ.
- Net profit margin was at 8.33% for June 16 Quarter.
- Company has an Operating profit margin of 10.50% for June quarter 2016.
- Ranked by Zinnov as a leader among global engineering service providers for the fifth consecutive year
- Acquired majority stake in Rangsons Electronics, strengthening end-to-end capabilities in integrated engineering, design, and production
- Secured the prestigious Pratt & Whitney 2014 Engineering Services Supplier Innovation award for the third time

We recommend BUY in CYIENT @ 495 with the target of 600



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