

Cyient Solutions and Systems Private Limited

(CIN: U72501TG2017PTC116600)

Balance Sheet as at March 31, 2020

(All amounts in ₹, except share and per share data and where otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non Current assets			
Property, plant and equipment	2	112,414	124,352
Intangible assets under development	3	-	163,067,461
Other non-current assets	4	25,474,298	62,180,909
Current assets			
Financial Assets			
Cash and cash equivalents	5	6,888,871	74,284,600
Other current assets	4	788,516	243,802
Total assets		33,264,099	299,901,124
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	6	200,000	200,000
Other equity	7	(322,744,439)	(40,958,278)
Total equity		(322,544,439)	(40,758,278)
LIABILITIES			
Non - Current liabilities			
Financial Liabilities			
Borrowings	8	310,652,097	281,692,213
Current liabilities			
Financial Liabilities			
(a) Trade payables	9	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		45,156,441	58,712,261
Other current Liabilities	10	-	254,928
Total liabilities		355,808,538	340,659,402
Total equity and liabilities		33,264,099	299,901,124
Corporate information and significant accounting policies Accompanying notes form an integral part of the financial statements	1		
As per our report of even date			
For S.R. Batliboi & Associates LLP		For and on behalf of the Board of Directors	
Chartered Accountants		Cyient Solutions and Systems Private Limited	
ICAI Firm registration number: 101049W/E300004			
Shankar Srinivasan		B. Ashok Reddy	Joseph NJ
Partner		Director	Managing Director and CEO
Membership number: 213271		(DIN-01848553)	(DIN - 07033585)
Place: Hyderabad		Place: Hyderabad	
Date: May 07, 2020		Date: May 07, 2020	

Cyient Solutions and Systems Private Limited
(CIN: U72501TG2017PTC116600)
Statement of Profit and Loss for the year ended March 31, 2020
(All amounts in ₹ , except share and per share data and where otherwise stated)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	11	-	100,566,996
Other income	12	261,600	(174,510)
Total income		261,600	100,392,486
EXPENSES			
Cost of materials consumed		-	93,068,739
Finance costs	13	28,425,255	23,020,763
Depreciation expense	2	11,938	18,444
Impairment of non-current assets	14	222,494,655	-
Other expenses	15	31,115,913	23,445,708
Total expenses		282,047,761	139,553,654
Loss before tax		(281,786,161)	(39,161,168)
Tax expense	18	-	-
Loss for the year		(281,786,161)	(39,161,168)
Total comprehensive income for the year		(281,786,161)	(39,161,168)
Earnings per equity share (par value of ₹ 10 each)			
Basic and Diluted (₹)	16	(14,089.31)	(1,958.06)
Corporate information and significant accounting policies	1		
Accompanying notes form an integral part of the financial statements			
As per our report of even date			
For S.R. Batliboi & Associates LLP		For and on behalf of the Board of Directors	
Chartered Accountants		Cyient Solutions and Systems Private Limited	
ICAI Firm registration number: 101049W/E300004			
Shankar Srinivasan	B. Ashok Reddy	Joseph NJ	
Partner	Director	Managing Director and CEO	
Membership number: 213271	(DIN-01848553)	(DIN - 07033585)	
Place: Hyderabad	Place: Hyderabad		
Date: May 07, 2020	Date: May 07, 2020		

Cyient Solutions and Systems Private Limited

(CIN: U72501TG2017PTC116600)

Statement of changes in equity for the year ended March 31, 2020

(All amounts in ₹, except share and per share data and where otherwise stated)

a. Equity share capital

Particulars	Note	Amount
Balance as at March 31, 2018		200,000
Issue of equity shares during the year		-
Balance as at March 31, 2019	6	200,000
Issue of equity shares during the year		-
Balance as at March 31, 2020		200,000

b. Other equity

Particulars	Notes	Reserves and surplus	Items of other comprehensive income	Total other equity
		Retained earnings		
Balance as at March 31, 2018		(1,797,110)		(1,797,110)
Loss for the year	7	(39,161,168)	-	(39,161,168)
Balance as at March 31, 2019		(40,958,278)		(40,958,278)
Loss for the year	7	(281,786,161)		(281,786,161)
Balance as at March 31, 2020		(322,744,439)		(322,744,439)

Accompanying notes form an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Shankar Srinivasan

Partner

Membership number: 213271

Place: Hyderabad

Date: May 07, 2020

For and on behalf of the Board of Directors

Cyient Solutions and Systems Private Limited

B. Ashok Reddy

Director

(DIN-01848553)

Place: Hyderabad

Date: May 07, 2020

Joseph NJ

Managing Director and CEO

(DIN - 07033585)

Cyient Solutions and Systems Private Limited

(CIN: U72501TG2017PTC116600)

Cash Flow Statement for the year ended March 31, 2020

(All amounts in ₹ , except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Loss for the year	(281,786,161)		(39,161,168)	
Adjustments for :				
Finance costs	28,425,255		23,020,763	
Depreciation and amortisation expense	11,938		18,444	
Impairment of non-current assets	222,494,655		-	
Operating loss before working capital changes		(30,854,313)		(16,121,961)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Other financial assets	-		1,956,000	
Other assets	(3,997,978)		(2,997,517)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(32,823,139)		58,661,261	
Other liabilities	(254,928)		254,928	
Cash (used in) / generated from operations		(67,930,358)		41,752,711
Income tax paid		-		-
Net cash flow (used in)/ from operating activities (A)		(67,930,358)		41,752,711
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment towards purchase of property, plant and equipment and intangible assets	-		(90,759,984)	
Advance received from holding Company	-		(136,500,000)	
Net cash used in investing activities (B)		-		(227,259,984)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Loan from holding Company	534,629		258,671,450	
Net cash flow from financing activities (C)		534,629		258,671,450
Net increase in Cash and cash equivalents (A+B+C)		(67,395,729)		73,164,177
Cash and cash equivalents at the beginning of the year		74,284,600		1,120,423
Cash and cash equivalents at the end of the year		6,888,871		74,284,600
Cash and cash equivalents comprises of: (refer note 5)				
Balances with Banks		6,888,871		74,284,600
in current accounts		6,888,871		74,284,600

Accompanying notes form an integral part of the financial statements

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors
Cyient Solutions and Systems Private Limited

Shankar Srinivasan
Partner
Membership number: 213271

B. Ashok Reddy
Director
(DIN-01848553)

Joseph NJ
Managing Director and CEO
(DIN - 07033585)

Place: Hyderabad
Date: May 07, 2020

Place: Hyderabad
Date: May 07, 2020

Cyient Solutions and Systems Private Limited
Notes forming part of the financial statements

(All amounts in ₹ , except share and per share data and where otherwise stated)

2. Property, plant and equipment

Particulars	As at	
	March 31, 2020	March 31, 2019
Carrying amounts of:		
Furniture and fixtures	48,543	53,698
Electrical installations	63,871	70,654
Total	112,414	124,352

Notes:

a. Movement in the carrying amounts of property, plant and equipment is as below:

Particulars	Furniture and fixtures	Electrical installations	Total
I. Cost			
Balance as at March 31, 2018	-	-	-
Additions	71,398	71,398	142,796
Balance as at March 31, 2019	71,398	71,398	142,796
Additions	-	-	-
Balance as at March 31, 2020	71,398	71,398	142,796
II. Accumulated depreciation			
Balance as at March 31, 2018	-	-	-
Depreciation for the year	17,700	744	18,444
Balance as at March 31, 2019	17,700	744	18,444
Depreciation for the year	5,155	6,783	11,938
Balance as at March 31, 2020	22,855	7,527	30,382
III. Carrying Amounts (I - II)			
Balance as at March 31, 2019	53,698	70,654	124,352
Balance as at March 31, 2020	48,543	63,871	112,414

3 Intangible assets under development

Particulars	As at	
	March 31, 2020	March 31, 2019
Intangible assets under development (refer note below)	-	163,067,461
	-	163,067,461

During the previous year, the Company entered into a collaboration agreement with a third party for the development of payload and customization of UAV system. As at March 31, 2019, ₹ 163,067,461 spent had been classified as 'intangible asset under development'.

During the year, the Company has recognised one-time charge of ₹ 163,067,461 relating to costs incurred on development of UAV systems in view of the potential delays in materialization of orders.(refer note 14).

Cyient Solutions and Systems Private Limited
Notes forming part of the financial statements

(All amounts in ₹ , except share and per share data and where otherwise stated)

4. Other assets

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current:		
Capital advances	40,159,875	40,159,875
Less: impairment (refer note 14)	(40,159,875)	-
Other receivables		
Considered doubtful	19,267,319	-
Less: impairment (refer note 14)	(19,267,319)	-
Balance with government authorities	25,474,298	22,021,034
Total other non current assets	25,474,298	62,180,909
Current:		
Prepaid expenses	77,366	243,802
Advances to suppliers and service providers	711,150	-
Total other current assets	788,516	243,802
Total other assets	26,262,814	62,424,711

5. Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
in current accounts	6,888,871	74,284,600
Total	6,888,871	74,284,600

Cyient Solutions and Systems Private Limited**Notes forming part of the financial statements**

(All amounts in ₹ , except share and per share data and where otherwise stated)

6. Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised share capital: 100,000 equity shares of ₹ 10 each	1,000,000	1,000,000
Issued and subscribed capital: 20,000 fully paid up equity shares of ₹ 10 each	200,000	200,000
Total	200,000	200,000

a. Reconciliation of the number of shares outstanding:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Opening balance	20,000	200,000	20,000	200,000
Issue of shares during the year	-	-	-	-
Closing balance	20,000	200,000	20,000	200,000

b. Details of shares held by each shareholder holding more than 5% shares

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid equity shares				
Cyient Limited	10,200	51.00%	10,200	51.00%
Bluebird Aero systems Limited*	9,800	49.00%	9,800	49.00%

* Effective April 11,2018, Bluebird Aerosystems Limited ("Bluebird") acquired 49% shareholding in the Company from Cyient Limited.

c. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

Cyient Solutions and Systems Private Limited
Notes forming part of the financial statements

(All amounts in ₹, except share and per share data and where otherwise stated)

7. Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings		
(i) Opening balance	(40,958,278)	(1,797,110)
(ii) Loss for the year	(281,786,161)	(39,161,168)
Total	(322,744,439)	(40,958,278)

Nature of reserves:

Retained earnings comprises of prior years' undistributed earnings after taxes along with current year loss.

8. Non-current borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Loan from Cyient Limited (refer note below)	310,652,097	281,692,213
Total	310,652,097	281,692,213

Note :

Unsecured loan availed from the holding company, Cyient Limited and repayable on or before by 31 March, 2023. The loan was availed @10% interest per annum.

9. Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 17)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	45,156,441	58,712,261
Total	45,156,441	58,712,261

* Includes amount payable to its related parties (refer note 19)

10. Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory remittances	-	254,928
Total	-	254,928

Cyient Solutions and Systems Private Limited**Notes forming part of the financial statements**

(All amounts in ₹ , except share and per share data and where otherwise stated)

11. Revenue from operations

Revenues for the year ended March 31, 2020 and March 31, 2019 are as follows:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Revenue from products	-	100,566,996
Total revenue from operations	-	100,566,996

The Company presents revenues net of indirect taxes in the statement of profit and loss.

(i). Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by contract type and geography. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected.

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Revenues by contract type		
Product Sale	-	100,566,996
Total	-	100,566,996
Revenues by Geography		
India	-	100,566,996
Total	-	100,566,996

Product sale:

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

The Company has applied practical expedient and has not disclosed information about remaining performance obligations in contracts, where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date. Consequently, disclosure related to transaction price allocated to remaining performance obligation is not material.

Cyient Solutions and Systems Private Limited
Notes forming part of the financial statements

(All amounts in ₹ , except share and per share data and where otherwise stated)

12. Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Foreign exchange gain / (loss) (net)	261,600	(174,510)
Total	261,600	(174,510)

13. Finance cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on loans from related party	28,425,255	23,020,763
Total	28,425,255	23,020,763

14. Impairment of non-current assets

During the previous year, the Company entered into a collaboration agreement with a third party for the development of payload and customization of UAV systems. As at March 31, 2019, ₹ 163,067,461 spent has been classified as 'intangible asset under development' and ₹ 59,427,194 under capital and other advances. During the year, the Company has recognised one-time impairment charge of ₹ 222,494,655 relating to costs incurred on development of UAV systems in view of the potential delays in materialization of orders and classified under 'impairment of non-current assets' (refer note 3).

15. Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	24,000	24,000
Rates and taxes	3,375,522	2,008,652
Printing and stationery	17,567	109,991
Travelling and conveyance	2,254,966	242,972
Repairs and maintenance		
- Machinery	17,800	158,480
- Others	255,662	8,250
Legal and professional charges	24,206,754	19,575,530
Marketing expenses	-	216,000
Auditor's remuneration	500,000	500,000
Miscellaneous expense	463,642	601,833
Total	31,115,913	23,445,708

Cyient Solutions and Systems Private Limited
Notes forming part of the financial statements
(All amounts in ₹ , except share and per share data and where otherwise stated)

16. Earnings per share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss after tax	(281,786,161)	(39,161,168)
Basic and Diluted*:		
Number of shares outstanding at the year end	20,000	20,000
Weighted average number of equity shares	20,000	20,000
Earnings per share (₹)	(14,089.31)	(1,958.06)

* There were no dilutive instruments outstanding during the year.

17. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

18. Tax expense

The Company has not recognised deferred tax asset ("DTA") on the business loss during the current and previous years. DTA will be recognised when it is probable that future taxable amounts will be available to utilise these losses.

Cyient Solutions and Systems Private Limited
Notes forming part of the financial statements

(All amounts in ₹ , except share and per share data and where otherwise stated)

19. Related Party Transactions

The list of related parties of the Company is given below:

Party Name	Nature of relationship
Cyient Limited	Holding Company
Cyient Inc.	Fellow subsidiary
Cyient Canada Inc.	Subsidiary of Fellow subsidiary
Cyient Defense Services Inc.	Subsidiary of Fellow subsidiary
B&F Design Inc.	Subsidiary of Fellow subsidiary
Cyient Insights Private Limited	Fellow subsidiary
Cyient Europe Limited	Fellow subsidiary
Cyient Benelux BV	Subsidiary of Fellow subsidiary
Cyient Schweiz GmbH	Subsidiary of Fellow subsidiary
Cyient SRO	Subsidiary of Fellow subsidiary
AnSem NV	Subsidiary of Fellow subsidiary
AnSem BV	Subsidiary of Fellow subsidiary
Cyient GmbH	Fellow subsidiary
Cyient AB	Subsidiary of Fellow subsidiary
Cyient KK	Fellow subsidiary
Cyient DLM Private Limited	Fellow subsidiary
Cyient Singapore Private Limited	Fellow subsidiary
Cyient Australia Pty Ltd	Fellow subsidiary
Cyient Israel India Limited	Fellow subsidiary
Infotech HAL Limited	Joint venture of Holding Company
Bluebird Aero systems Limited	Shareholder holding 49% share in the Company

Key Managerial Personnel (KMP):

Name	Designation
Joseph NJ	Managing Director & CEO
B. Ashok Reddy	Non-Executive director
Matheswaran Muthumanickam	Independent director
Ronen Nadir	Non-Executive director
Mordechay Shechter	Non-Executive director

Summary of the transactions and balances with the above related parties are as follows:

(a) Transactions during the year:

Nature of the transaction	Party Name	For the year ended March 31, 2020	For the year ended March 31, 2019
Advance (repaid)/ received	Cyient Limited	-	(136,500,000)
Corporate Guarantee (redeemed) / availed	Cyient Limited	(42,593,395)	3,152,929
Purchase of goods	Bluebird Aero systems Limited	-	88,671,584
Rental expenses	Cyient Limited	24,000	24,000
Interest expense	Cyient Limited	28,425,255	23,020,763
Reimbursement of expenses	Cyient Limited	26,109,130	18,738,313
	Cyient Inc.	89,226	315,585
Loan availed	Cyient Limited	28,959,884	281,692,213
Intangible assets under development (refer note 14)	Bluebird Aero systems Limited	-	163,067,461
Capital advances (refer note 14)	Bluebird Aero systems Limited	-	40,159,875

(b) Balances at the year-end:

Nature of the balance	Party Name	As at March 31, 2020	As at March 31, 2019
Corporate Guarantee outstanding	Cyient Limited	10,559,534	53,152,929
Trade payables	Cyient Limited	44,889,444	18,756,314
	Cyient Inc.	404,811	315,585
	Bluebird Aero systems Limited	-	34,866,073
Borrowings	Cyient Limited	310,652,097	281,692,213
Other receivables (refer note 14)	Bluebird Aero systems Limited	-	19,267,319

Cyient Solutions and Systems Private Limited**Notes forming part of the financial statements**

(All amounts in ₹ , except share and per share data and where otherwise stated)

20. Financial Instruments**20.1 Financial instruments by category:**

Particulars	Carrying value as at	
	March 31, 2020	March 31, 2019
Financial assets:		
Amortised cost		
Cash and cash equivalents	6,888,871	74,284,600
Total financial assets	6,888,871	74,284,600
Financial liabilities:		
Amortised cost		
Borrowings	310,652,097	281,692,213
Trade payables	45,156,441	58,712,261
Total financial liabilities	355,808,538	340,404,474

The management assessed that fair value of cash & cash equivalents, borrowings and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

20.2 Financial risk management**Financial risk factors**

The Company's activities expose it to foreign exchange risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Foreign exchange risk

The Company monitors and manages its financial risks by analysing its foreign exchange exposures.

Foreign currency exposure unhedged

The Company does not have any foreign currency risk from financial instruments as of March 31, 2020.

The following table analyses foreign currency risk from financial instruments as of March 31, 2019:

Particulars	US Dollars	Total
Trade Payables	54,448,977	54,448,977

Cyient Solutions and Systems Private Limited
Notes forming part of the financial statements

(All amounts in ₹ , except share and per share data and where otherwise stated)

Liquidity risk

The Company's principal sources of liquidity are cash & bank balances and loans and advances from holding company. Management regularly monitors the company's liquidity position. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	45,156,441	-	-
Total	45,356,441	-	-

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	58,712,261	-	-
Total	58,712,261	-	-

21. Segment information

The Company's operations are managed as a single business unit. It has only one reportable segment for financial reporting purposes being the financial results of the Company.

22. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors

Cyient Solutions and Systems Private Limited

Shankar Srinivasan

Partner

Membership number: 213271

B. Ashok Reddy

Director

(DIN-01848553)

Joseph NJ

Managing Director and CEO

(DIN - 07033585)

Place: Hyderabad

Date: May 07, 2020

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