

Cyient Solutions and Systems Private Limited

(CIN: U72501TG2017PTC116600)

Balance Sheet as at March 31, 2022

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

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2	88,538	100,476
Other non-current assets	3	25,984,933	25,795,287
Current assets			
Financial assets			
Cash and cash equivalents	4	3,359,199	4,076,895
Other current assets	3	44	798,655
Total assets		29,432,714	30,771,313
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	5	200,000	200,000
Other equity	6	(291,480,697)	(289,622,681)
Total equity		(291,280,697)	(289,422,681)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	7	-	310,652,097
Current liabilities			
Financial Liabilities			
Borrowings	7	310,652,097	-
Trade payables	8	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		10,027,688	9,516,297
Other current liabilities	9	33,627	25,600
Total liabilities		320,713,411	320,193,994
Total equity and liabilities		29,432,714	30,771,313
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		Ajay Aggarwal	
Partner		Director	
Membership number: 213271		(DIN -02565242)	
		Joseph NJ	
		Managing Director and CEO	
		(DIN - 07033585)	
Place: Hyderabad		Place: Hyderabad	
Date: April 20, 2022		Date: April 20, 2022	

Cyient Solutions and Systems Private Limited

(CIN: U72501TG2017PTC116600)

Statement of Profit and Loss for the year ended March 31, 2022

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

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Other income	10	-	905
Total income		-	905
EXPENSES			
Finance costs	17	-	-
Depreciation expense	2	11,938	11,938
Impairment of non-current assets	11	-	(35,330,537)
Other expenses	12	1,846,078	2,197,746
Total expenses		1,858,016	(33,120,853)
(Loss) / Profit before tax		(1,858,016)	33,121,758
Tax expense	18	-	-
(Loss)/ Profit for the year		(1,858,016)	33,121,758
Total comprehensive income for the year		(1,858,016)	33,121,758
Earnings per equity share (par value of ₹ 10 each)			
Basic and Diluted (₹)	13	(93)	1,656
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		Ajay Aggarwal	
Partner		Director	
Membership number: 213271		(DIN -02565242)	
		Joseph NJ	
		Managing Director and CEO	
		(DIN - 07033585)	
Place: Hyderabad		Place: Hyderabad	
Date: April 20, 2022		Date: April 20, 2022	

Cyient Solutions and Systems Private Limited
(CIN: U72501TG2017PTC116600)
Cash Flow Statement for the year ended March 31, 2022
(All amounts in ₹, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
A. CASH FLOW FROM OPERATING ACTIVITIES				
(Loss)/Profit for the year	(1,858,016)		33,121,758	
<i>Adjustments for :</i>				
Depreciation and amortisation expense	11,938		11,938	
Impairment of non-current assets	-		(35,330,537)	
Operating loss before working capital changes		(1,846,078)		(2,196,841)
<u>Changes in working capital:</u>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Other financial assets	798,611		(10,139)	
Other assets	(189,647)		(320,989)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	511,391		(35,640,144)	
Other liabilities	8,027		25,600	
Cash used in from operations		(717,697)		(38,142,513)
Income tax paid		-		-
Net cash used in operating activities (A)		(717,697)		(38,142,513)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment towards purchase of property, plant and equipment and intangible assets (net of refund of capital advance) - refer note 11	-		35,330,537	
Net cash used in investing activities (B)		-		35,330,537
Net decrease in cash and cash equivalents (A+B)		(717,697)		(2,811,976)
Cash and cash equivalents at the beginning of the year		4,076,895		6,888,871
Cash and cash equivalents at the end of the year		3,359,198		4,076,895
Cash and cash equivalents comprises of: (refer note 3)				
Balances with banks in current accounts		3,359,199		4,076,895
		3,359,199		4,076,895
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		Ajay Aggarwal Director (DIN -02565242)	Joseph NJ Managing Director and CEO (DIN - 07033585)	
Place: Hyderabad Date: April 20, 2022		Place: Hyderabad Date: April 20, 2022		

Cyient Solutions and Systems Private Limited

(CIN: U72501TG2017PTC116600)

Statement of changes in equity for the year ended March 31, 2022

(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, 2020		200,000
Balance as at March 31, 2021	5	200,000
Balance as at March 31, 2022		200,000

b. Other equity

Particulars	Note	Reserves and surplus	Items of other comprehensive income	Total other equity
		Retained earnings		
Balance as at March 31, 2020		(322,744,439)	-	(322,744,439)
Profit for the year	6	33,121,758	-	33,121,758
Balance as at March 31, 2021		(289,622,681)	-	(289,622,681)
Loss for the year	6	(1,858,016)	-	(1,858,016)
Balance as at March 31, 2022		(291,480,697)	-	(291,480,697)

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

Ajay Aggarwal

Director

(DIN -02565242)

Joseph NJ

Managing Director and CEO

(DIN - 07033585)

Place: Hyderabad

Date: April 20, 2022

Place: Hyderabad

Date: April 20, 2022

1. Corporate information and significant accounting policies

a. Corporate information

Cyient Solutions and Systems Private Limited ('CSSPL' or 'the Company') is engaged in the business of manufacturing, assembling, integrating, testing and sale of unmanned aerial systems. CSSPL is incorporated as a private limited Company in India on April 19, 2017 as a wholly owned subsidiary of Cyient Limited ("Holding Company").

On April 11, 2018, Cyient Limited entered into a share purchase agreement with Bluebird Aero Systems Limited ("Bluebird"), wherein Bluebird acquired 49% shareholding in CSSPL.

The Holding Company's shares are listed on the BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is located at Plot No. 2, IT Park Nanakramguda, Gachibowli Hyderabad, Telangana, India – 500032.

The financial statements were authorised for issue in accordance with a resolution of the directors on April 20, 2022.

b. Significant accounting policies

i. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

ii. Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period and consistent with previous year. The financial statements are presented in INR.

The Company has accumulated losses as at March 31, 2022 and Cyient Limited, the holding company, continues to provide operational and financial support to the Company to enable it to carry on its business and meet the liabilities as they fall due.

Considering the above, the management believes that the Company will continue as a going concern and thereby realize its assets and discharge its liabilities in the normal course of its business.

iii. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

iv. Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenditure for the periods presented. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are reflected in the financial statements in the period in which results are known and, if material, are disclosed in the financial statements.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements such as:

- Useful lives of property, plant and equipment and intangible assets
- Impairment assessment Intangible assets under development

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements, has used internal and external sources of information. Based on the current estimates, expects the carrying amount of these asset will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

v. Foreign currency translation

Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional and presentation currency of the Company.

Transactions and translations

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign-currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Transaction gains or losses realised upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

vi. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to the acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income of the statement of profit and loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

vii. Intangible assets under development

Expenditure incurred towards development eligible for capitalization are carried as intangible assets under development where such assets are not yet ready for their intended use.

Research and development costs

Research costs are expensed as incurred. Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, availability of resources to complete the asset is established, the Company has intention and ability to complete and use the asset and the costs are reliably measured, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use.

Amortization and impairment of development cost

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

viii. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in Statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity, respectively.

The current income tax and deferred income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period where the Company operates and generate taxable income.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ix. Cash and cash equivalents

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three

months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction of non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

x. Provisions and contingent liabilities

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the consideration required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

Provisions for onerous contracts are recognised when the expected benefits to be desired by the company from a contract are lower than unavoidable costs of meeting to future obligations under the contract and are measured at the present value of lower than expected net cost of fulfilling the contract and expected cost of terminating the contract.

Contingencies

Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

xi. Revenue from contract with customer

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Sale of products

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.

Revenue from contract with customers is recognised by applying revenue recognition criteria specified in Ind AS 115 for each distinct performance obligation. The arrangement with customer specify services to be rendered which meet criteria of performance obligations. For allocation, transaction price, the Company measures the revenue in respect of each performance obligation of a contract at its relative standalone selling price.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services that are not distinct are accounted for on a cumulative catchup basis, while those that are distinct are accounted for prospective, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of existing contract and creation of a new contract if not priced at the standalone selling price.

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

xii. Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

xiii. Operating Segments

The Company's Chief Operating Decision maker is the Managing Director and Chief Executive Officer who evaluates Company's performance and allocates resources based on an analysis of various performance indicators by business verticals and geographical segmentation of customers. The Company has only one reportable business segment, which is rendering of Services. Segment information has been presented in the Consolidated Financial Statements in accordance with Ind AS 108 notified under the Companies (Indian Accounting Standards) Rules, 2015.

xiv. Financial instruments

(A) Initial recognition

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value and subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

(B) Subsequent measurement

a. Non-derivative financial instruments

i) Financial assets carried at amortised cost: A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual

cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial liabilities: Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in statement profit or loss and is included in the "Other income".

(C) De-recognition of financial assets and liabilities

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit or loss.

(D) Foreign exchange gains and losses

- For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognised in statement of profit or loss.

- For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.
- The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

xv. Determination of fair values

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset or liability of market participants when pricing the asset or liability at the measurement date.

xvi. Impairment of assets

a. Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit and loss.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

b. Non-financial assets

Property, plant and equipment, Intangible assets and intangible assets under development are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the

recoverable amount is determined for the CGU to which the asset belongs. Intangible assets under development are tested for impairment annually. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the CGUs to which the individual assets are allocated.

If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

xvii. New and amended standards

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, 2022	March 31, 2021
Carrying amounts of:		
Furniture and fixtures	38,232	43,387
Electrical installations	50,306	57,089
Total	88,538	100,476

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, 2020	71,398	71,398	142,796
Additions	-	-	-
Balance as at March 31, 2021	71,398	71,398	142,796
Balance as at March 31, 2022	71,398	71,398	142,796
II. Accumulated depreciation			
Balance as at March 31, 2020	22,855	7,527	30,382
Depreciation for the year	5,156	6,782	11,938
Balance as at March 31, 2021	28,011	14,309	42,320
Depreciation for the year	5,156	6,782	11,938
Balance as at March 31, 2022	33,167	21,091	54,258
III. Carrying Amounts (I - II)			
Balance as at March 31, 2021	43,387	57,089	100,476
Balance as at March 31, 2022	38,231	50,307	88,538

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)

3. Other assets

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current:		
Balance with government authorities	25,984,933	25,795,287
Total other non current assets	25,984,933	25,795,287
Current:		
Advances to suppliers and service providers	44	798,655
Total other current assets	44	798,655

4. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in current accounts	3,359,199	4,076,895
Total	3,359,199	4,076,895

Reconciliation of liabilities arising from financing activities:

(a) for the year end March 31, 2022:

Particulars	As at March 31, 2021	Proceeds	Interest accrued	As at March 31, 2022
Current borrowings	310,652,097	-	-	310,652,097
Total liabilities from financing activities	310,652,097	-	-	310,652,097

(b) for the year end March 31, 2021:

Particulars	As at March 31, 2020	Proceeds	Interest accrued	As at March 31, 2021
Non-current borrowings	310,652,097	-	-	310,652,097
Total liabilities from financing activities	310,652,097	-	-	310,652,097

Note: Interest on loan from related party for has been waived off for the current and previous year.

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)

5. Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital:		
100,000 equity shares of ₹ 10 each (March 31, 2020: 100,000 equity shares)	1,000,000	1,000,000
Issued and subscribed capital:		
20,000 fully paid up equity shares of ₹ 10 each (March 31, 2021: 20,000 equity shares)	200,000	200,000
Total	200,000	200,000

a. Reconciliation of the number of shares outstanding:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Opening balance	20,000	200,000	20,000	200,000
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, 2022		As at March 31, 2021	
	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%

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. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

6. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Retained earnings		
(i) Opening balance	(289,622,681)	(322,744,439)
(ii) (Loss)/profit for the year	(1,858,016)	33,121,758
Total	(291,480,697)	(289,622,681)

Nature of reserves:

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

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. Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current:		
Loan from Cyient Limited (refer note below)	-	310,652,097
Total non-current	-	310,652,097
Current:		
Loan from Cyient Limited (refer note below)	310,652,097	-
Total current	310,652,097	-
Total	310,652,097	310,652,097

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 for capital expenditure and working capital requirements.

8. Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises (refer note 14)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	10,027,688	9,516,297
Total	10,027,688	9,516,297

Notes:

(i) Includes amount payable to its related parties (refer note 15)

(ii) The Company normally settles trade payables in 30-60 days.

Ageing for trade payable	As at March 31, 2022					Total
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	1,151,050	11,390	347,579	8,154,670	362,999	10,027,688
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Balance at the end of the year	1,151,050	11,390.00	347,579	8,154,670	362,999.00	10,027,688

Ageing for trade payable	As at March 31, 2021					Total
	Unbilled	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	651,211	347,418	8,154,669	311,999	51,000	9,516,297
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Balance at the end of the year	651,211	347,418	8,154,669	311,999	51,000	9,516,297

9. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Other liabilities	33,627	25,600
Total	33,627	25,600

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)

10. Other Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Foreign exchange gain (net)	-	905
Total	-	905

11. Impairment of non-current assets

In the earlier years, 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 ended March, 2020, the Company has recognised one-time impairment charge of ₹ 222,494,655 relating to above 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'. Reversal of impairment of ₹ 35,330,537 for the year ended March 31, 2021 represents recoveries against the aforesaid impairment of non-current assets.

12. Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rates and taxes	41,027	62,758
Repairs and maintenance		
- Machinery	13,764	160,194
- Others	-	186,601
Legal and professional charges	565,400	1,035,600
Auditor's remuneration - Statutory audit fee	500,000	500,000
Power and Fuel	-	11,500
Miscellaneous expense	725,887	241,093
Total	1,846,078	2,197,746

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)

13. Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(loss) / Profit after tax	(1,858,016)	33,121,758
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 (₹)	(92.90)	1,656.09

* There were no dilutive instruments outstanding during the year.

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

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. Based on the information available with the management, there are no vendors registered as Micro, Small and Medium suppliers as defined under Micro, Small and Medium Enterprises Development Act, 2006.

15. 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
Bluebird Aero Systems Limited	Shareholder holding 49% in the Company

Key Managerial Personnel (KMP):

Name	Designation
Joseph NJ	Managing Director & CEO
Ronen Nadir	Non-Executive director
Mordechay Shechter	Non-Executive director
Ajay Aggarwal	Additional 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, 2022	For the year ended March 31, 2021
Interest expense*	Cyient Limited	-	-
Reimbursement of expenses	Cyient Limited	11,390	337,342
	Cyient Inc.	-	10,237
Recovery of Capital and other advances (refer note 13)	Bluebird Aero Systems Limited	-	35,330,537

* Interest on loan from related party for has been waived off for the current and previous years.

(b) Balances at the year-end:

Nature of the balance	Party Name	As at March 31, 2022	As at March 31, 2021
Corporate Guarantee outstanding	Cyient Limited	10,559,534	10,559,534
Trade payables	Cyient Limited	8,414,175	8,426,785
	Cyient Inc.	447,231	415,048
Borrowings	Cyient Limited	310,652,097	310,652,097

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. Financial Instruments

16.1 Financial instruments by category:

Particulars	Carrying value as at	
	March 31, 2022	March 31, 2021
Financial assets:		
Amortised cost		
Cash and cash equivalents	3,359,199	4,076,895
Total financial assets	3,359,199	4,076,895
Financial liabilities:		
Amortised cost		
Borrowings	-	310,652,097
Trade payables	10,027,688	9,516,297
Total financial liabilities	10,027,688	320,168,394

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.

16.2 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 following table analyses foreign currency risk from financial instruments as of March 31, 2022:

Particulars	US Dollars	INR Equivalent
Trade Payables	5,897	447,231

The following table analyses foreign currency risk from financial instruments as of March 31, 2021:

Particulars	US Dollars	INR Equivalent
Trade Payables	5,897	415,048

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, 2022:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	10,027,688	-	-
Total	10,027,688	-	-

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	9,516,297	-	-
Total	9,516,297	-	-

17. Interest on loan from related party for has been waived off for the current and previous year.

18. Tax expense

During the previous year, the Company has not recognised tax expense on its profit generated from operations as the company has carry forward business losses which have been offset against the previous year profit. Further, the Company has not recognised deferred tax on unused tax losses as there is no convincing evidence that sufficient future taxable profits will be available against which the unused tax losses can be utilised.

19. 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.

Cyient Limited**Notes forming part of the financial statements**

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

20. Ratios

Particulars	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance
(a) Current Ratio	Current Asset	Current Liabilities	0.09	3.21	-97%
(b) Debt-Equity Ratio	Total Debt	Shareholder's Equity	-	(1.07)	-100%
(c) Debt Service Coverage Ratio	Operating Profit	Repayment of Principal and Finance cost	NA	NA	NA
(d) Return on Equity Ratio	Net Profit	Total Equity	0.01	(0.11)	-106%
(e) Trade payables turnover ratio	Operating expenses	Average Trade Payable	0.19	0.08	135%
(f) Return on Capital employed	EBIT	Total Assets - Current Liability	(0.10)	1.56	-106%

Reasons for variance

(a) Current Ratio:

(b) Debt-Equity Ratio:

(c) Debt Service Coverage Ratio:

(d) Return on Equity Ratio

(e) Trade payables turnover ratio

(d) Return on Capital employed:

21. 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

Ajay Aggarwal

Director

(DIN -02565242)

Joseph NJ

Managing Director and CEO

(DIN - 07033585)

Place: Hyderabad

Date: April 20, 2022

Place: Hyderabad

Date: April 20, 2022