

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016  
FOR  
CYIENT EUROPE LIMITED**

Mehta & Tengra  
Chartered Accountants  
Registered Auditors  
24 Bedford Row  
London  
WC1R 4TQ

**CYIENT EUROPE LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2016**

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**CYIENT EUROPE LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2016**

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**DIRECTORS:**

J P Renard  
A Aggarwal  
A R Bodanapu

**SECRETARY:**

A Devalia

**REGISTERED OFFICE:**

Second Floor South  
52-54 High Holborn House  
London  
WC1V 6RL

**REGISTERED NUMBER:**

02743776 (England and Wales)

**AUDITORS:**

Mehta & Tengra  
Chartered Accountants  
Registered Auditors  
24 Bedford Row  
London  
WC1R 4TQ

**BANKERS:**

HSBC Bank  
Canary Wharf  
Canada Place  
London  
E14 5AH

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their strategic report of the company and the group for the year ended 31 March 2016.

**REVIEW OF BUSINESS**

The business has continued to build on the success it had in the previous twelve months. We have seen another year of top line sales growth and improved gross profit margins leading to better overall profitability. The company has been able to benefit from the acquisition it made last year of Cyient GMBH's UK operations and as a result it has maintained a balanced portfolio of marquee clients across a range of industries. In the UK we relocated the old Cyient GMBH UK operations to a new office in Portishead and also opened a new office, focused around our content and geospatial activities, in Reading.

As well as strong performance of our UK business, both of our overseas subsidiaries grew their top line sales and traded profitably during the period. During the period we also incorporated a new subsidiary in the Czech Republic.

The initial focus for this business will be product engineering, although we expect that it will grow to support other markets in due course.

As with previous years, we have been very focused on reducing our days outstanding and improving our cash collection. I am pleased to report that we again saw a year on year improvement in this figure.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Cyient Europe Limited and the group undertake periodic audits to track and manage risks that are associated with the business. These risks include:

- Business portfolio risks
- Financial risks
- Competition risks
- Internal process risks

The group's business covers several industry verticals and geographic markets which suitably de-risks it from dependence on a single customer, market or service. During the financial year, the company continued to build annuity business with some of its strategic customers, specifically in the Aerospace, Rail and Government sectors. It rolled out a number of new service offerings, including solutions based around big data and analytics that it believes will be a good basis for growth in the coming years.

The group remains aware of the business risks and uncertainties related to its markets and customers. Its mitigation plan focuses on generating new customer accounts, delivering new services and entering new geographic markets, such as the Czech Republic.

In terms of financial risk, the company earns a part of its revenues from customers who pay in Euros. It is hence exposed to exchange rate volatility particularly around the Euro and Indian Rupee. The company maintains a liquid balance sheet and ensured a significant level of cash collection during the year.

The group's focus on engineering, data, network and operations provides the basis to both differentiate and enhance its value for its customers and markets and manage competitive pressure.

During 2015/2016, the group was successfully audited and re-certified to ISO 9001 and ISO 27001 standards. It continues to work to standard operating procedures that support sales, delivery, finance, security, environmental issues and health & safety.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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**KEY PERFORMANCE INDICATORS**

The company's annual operating plan sets objectives and metrics for sales, operations and financial performance. These include revenue, profitability, orders intake, on time delivery and day sales outstanding which are periodically tracked and measured. This gives the basis to understand variances from budget , measure performance on an ongoing basis and ensure cost control.

Operational performance is tracked and managed through the Project Management Office and e3 software, where the focus is on ensuring deliverables adhere to quality, schedule and budget. The PMO improves transparency on project performance and supports greater management control. The company continued to track operational performance through periodic customer satisfaction audits.

The quality of financial management and internal controls has substantially improved through the SAP based finance and accounting system that has now been fully operational for the last couple of years. The company leverages extensively Salesforce.com as a CRM tool to support sales and business development and has implemented Concur to manage all travel related expenses.

**ON BEHALF OF THE BOARD:**



Director

19 April 2016

## **CYIENT EUROPE LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their report with the financial statements of the company and the group for the year ended 31 March 2016.

#### **PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the provision of engineering, data, network and operations services to customers in the United Kingdom, Benelux, DACH and Middle East markets. The company expanded its focus to include the aerospace and rail engineering sectors, as well as the utilities, telecom, government and commercial sectors in the EMEA market.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2016.

#### **FUTURE DEVELOPMENTS**

Building on the work done in previous years, we will continue to leverage synergies and cost optimisation opportunities with our sister company in Europe, namely Cyient GMBH. We will also build on the success we have had using our finance and HR shared services offshore that has enabled us to support the business growth without the corresponding increases in indirect costs. A major focus for us during this period has been on risk and compliance. We appointed a risk and compliance officer who has started the process of making sure we have the necessary systems and checks in place and that we are fully aligned with the rest of the Cyient Group of companies and that we leverage company-wide solutions wherever possible.

An exciting development for us is in the incorporation of a new subsidiary in the Czech Republic. We see this as a strategic initiative that should underpin some good growth in the coming years. Our initial target is to grow the Engineering Centre, based in Prague, to over one hundred employees.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

J P Renard  
A Aggarwal  
A R Bodanapu

#### **FINANCIAL INSTRUMENTS**

The company's and group's financial instruments include bank balances, trade creditors and inter-company financing. Day to day operations continue to be funded through cashflow and from reserves within the business.

#### **RELATED PARTY TRANSACTIONS**

Other than transactions between members of the group headed by the parent company, for which exemption under FRS 102 section 33.1A was adopted, there were no related party transactions.

#### **GROUP'S POLICY ON PAYMENT OF CREDITORS**

The company's and group's current policy concerning the payment of trade creditors is to:

- pay in accordance with the company's and group's contractual and other legal obligations;
  - agree in specific cases payment terms with a supplier that reflect the particular nature of a client contract;
  - ensure that regular suppliers are aware of our standard payment terms and that these are respected and acted upon.
  - copies of the standard policy can be obtained from the company's registered office.
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**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



J P Renard - Director

19 April 2016

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CYIENT EUROPE LIMITED**

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We have audited the financial statements of Cyient Europe Limited for the year ended 31 March 2016 on pages eight to thirty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
CYIENT EUROPE LIMITED

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



P Tengra (Senior Statutory Auditor)  
for and on behalf of Mehta & Tengra  
Chartered Accountants  
Registered Auditors  
24 Bedford Row  
London  
WC1R 4TQ

Date: .....19 April 2016.....

*subject to Bad Party confusions*

**CYIENT EUROPE LIMITED**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

|  | Notes | 2016<br>£    | 2015<br>£    |
|--|-------|--------------|--------------|
| <b>REVENUE</b>   | 2     | 35,631,092   | 24,360,566   |
| Cost of sales  |       | (25,566,042) | (19,602,104) |
| <b>GROSS PROFIT</b>                                      |       | 10,065,050   | 4,758,462    |
| Administrative expenses                                  |       | (6,492,327)  | (3,383,604)  |
|  |       | 3,572,723    | 1,374,858    |
| Other operating income                                   | 3     | 52,420       | 6,461        |
| <b>OPERATING PROFIT</b>                                  | 5     | 3,625,143    | 1,381,319    |
| Interest receivable and similar income                   | 6     | 9,648        | 925          |
|  |       | 3,634,791    | 1,382,244    |
| Interest payable and similar charges                     | 7     | (148,597)    | (78,669)     |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |       | 3,486,194    | 1,303,575    |
| Tax on profit on ordinary activities                     | 8     | (661,771)    | (173,580)    |
| <b>PROFIT FOR THE FINANCIAL<br/>YEAR FOR THE GROUP</b>   |       | 2,824,423    | 1,129,995    |
| Profit attributable to:<br>Owners of the parent          |       | 2,824,423    | 1,129,995    |

The notes form part of these financial statements

**CYIENT EUROPE LIMITED**

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

|   | Notes | 2016<br>£        | 2015<br>£        |
|---|-------|------------------|------------------|
| <b>PROFIT FOR THE YEAR</b>  |       | <b>2,824,423</b> | <b>1,129,995</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>   |       |                  |                  |
| Translation Reserve   |       | 103,840          | (133,940)        |
| Income tax relating to  |       | -                | -                |
| <b>OTHER COMPREHENSIVE<br/>INCOME FOR THE YEAR, NET OF<br/>INCOME TAX</b> |       | <b>103,840</b>   | <b>(133,940)</b> |
| <b>TOTAL COMPREHENSIVE<br/>INCOME FOR THE YEAR</b>                        |       | <b>2,928,263</b> | <b>996,055</b>   |
| Total comprehensive income attributable to:<br>Owners of the parent       |       | <b>2,928,263</b> | <b>996,055</b>   |

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**31 MARCH 2016**

|  | Notes | 2016<br>£               | 2015<br>£               |
|--|-------|-------------------------|-------------------------|
| <b>FIXED ASSETS</b>                          |       |                         |                         |
| Intangible assets                            | 10    | 710,948                 | 818,940                 |
| Property, plant and equipment                | 11    | 434,716                 | 386,338                 |
| Investments                                  | 12    | 1,949                   | 1,949                   |
|  |       | <u>1,147,613</u>        | <u>1,207,227</u>        |
| <b>CURRENT ASSETS</b>                        |       |                         |                         |
| Debtors                                      | 13    | 16,061,278              | 14,691,948              |
| Cash at bank and in hand                     |       | 4,930,717               | 3,294,853               |
|  |       | <u>20,991,995</u>       | <u>17,986,801</u>       |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due within one year          | 14    | (11,913,094)            | (10,957,263)            |
| <b>NET CURRENT ASSETS</b>                    |       | <u>9,078,901</u>        | <u>7,029,538</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>10,226,514</u>       | <u>8,236,765</u>        |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due after more than one year | 15    | (4,310,109)             | (5,200,928)             |
| <b>PROVISIONS FOR LIABILITIES</b>            | 20    | (11,249)                | (58,944)                |
| <b>NET ASSETS</b>                            |       | <u><u>5,905,156</u></u> | <u><u>2,976,893</u></u> |

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET - continued**  
**31 MARCH 2016**

|                             | Notes | 2016<br>£        | 2015<br>£        |
|-----------------------------|-------|------------------|------------------|
| <b>CAPITAL AND RESERVES</b> |       |                  |                  |
| Called up share capital     | 21    | 1,850,000        | 1,850,000        |
| Share premium               | 22    | 552,427          | 552,427          |
| Translation reserves        | 22    | (61,988)         | (165,828)        |
| Retained earnings           | 22    | 3,564,717        | 740,294          |
| <b>SHAREHOLDERS' FUNDS</b>  |       | <b>5,905,156</b> | <b>2,976,893</b> |

The financial statements were approved by the Board of Directors on 19 April 2016 and were signed on its behalf by:



J P Renard - Director

The notes form part of these financial statements

**COMPANY BALANCE SHEET**  
**31 MARCH 2016**

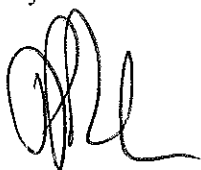
|  | Notes | 2016<br>£               | 2015<br>£               |
|--|-------|-------------------------|-------------------------|
| <b>FIXED ASSETS</b>                          |       |                         |                         |
| Intangible assets                            | 10    | 710,949                 | 818,941                 |
| Property, plant and equipment                | 11    | 433,385                 | 384,598                 |
| Investments                                  | 12    | 295,256                 | 50,798                  |
|  |       | <u>1,439,590</u>        | <u>1,254,337</u>        |
| <b>CURRENT ASSETS</b>                        |       |                         |                         |
| Debtors                                      | 13    | 13,846,790              | 12,369,442              |
| Cash at bank and in hand                     |       | 3,655,630               | 2,665,322               |
|  |       | <u>17,502,420</u>       | <u>15,034,764</u>       |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due within one year          | 14    | (10,489,726)            | (9,273,541)             |
| <b>NET CURRENT ASSETS</b>                    |       | <u>7,012,694</u>        | <u>5,761,223</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>8,452,284</u>        | <u>7,015,560</u>        |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due after more than one year | 15    | (4,310,109)             | (5,200,928)             |
| <b>PROVISIONS FOR LIABILITIES</b>            | 20    | (11,249)                | (58,944)                |
| <b>NET ASSETS</b>                            |       | <u><u>4,130,926</u></u> | <u><u>1,755,688</u></u> |

The notes form part of these financial statements

**COMPANY BALANCE SHEET - continued**  
**31 MARCH 2016**

|                             | Notes | 2016<br>£        | 2015<br>£        |
|-----------------------------|-------|------------------|------------------|
| <b>CAPITAL AND RESERVES</b> |       |                  |                  |
| Called up share capital     | 21    | 1,850,000        | 1,850,000        |
| Share premium               | 22    | 552,427          | 552,427          |
| Retained earnings           | 22    | 1,728,499        | (646,739)        |
| <b>SHAREHOLDERS' FUNDS</b>  |       | <b>4,130,926</b> | <b>1,755,688</b> |

The financial statements were approved by the Board of Directors on 19 April 2016 and were signed on its behalf by:



J P Renard - Director

The notes form part of these financial statements

**CYIENT EUROPE LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

|                                 | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Share<br/>premium<br/>£</b> | <b>Translation<br/>reserves<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|---------------------------------|--|------------------------------------|--------------------------------|---------------------------------------|-------------------------------|
| <b>Balance at 1 April 2014</b>  | 1,850,000                                    | (389,701)                          | 552,427                        | (31,888)                              | 1,980,838                     |
| <b>Changes in equity</b>        |  |                                    |                                |                                       |                               |
| Total comprehensive income      | -  | 1,129,995                          | -                              | (133,940)                             | 996,055                       |
| <b>Balance at 31 March 2015</b> | <u>1,850,000</u>                             | <u>740,294</u>                     | <u>552,427</u>                 | <u>(165,828)</u>                      | <u>2,976,893</u>              |
| <b>Changes in equity</b>        |  |                                    |                                |                                       |                               |
| Total comprehensive income      | -  | 2,824,423                          | -                              | 103,840                               | 2,928,263                     |
| <b>Balance at 31 March 2016</b> | <u><u>1,850,000</u></u>                      | <u><u>3,564,717</u></u>            | <u><u>552,427</u></u>          | <u><u>(61,988)</u></u>                | <u><u>5,905,156</u></u>       |

The notes form part of these financial statements



**CYIENT EUROPE LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

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|                                 | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Share<br/>premium<br/>£</b> | <b>Translation<br/>reserves<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|---------------------------------|--|------------------------------------|--------------------------------|---------------------------------------|-------------------------------|
| <b>Balance at 1 April 2014</b>  | 1,850,000                                    | (1,410,215)                        | 552,427                        | (4,954)                               | 987,258                       |
| <b>Changes in equity</b>        |  |                                    |                                |                                       |                               |
| Total comprehensive income      | -  | 763,476                            | -                              | 4,954                                 | 768,430                       |
|                                 | <hr/>  | <hr/>                              | <hr/>                          | <hr/>                                 | <hr/>                         |
| <b>Balance at 31 March 2015</b> | 1,850,000                                    | (646,739)                          | 552,427                        | -                                     | 1,755,688                     |
|                                 | <hr/>  | <hr/>                              | <hr/>                          | <hr/>                                 | <hr/>                         |
| <b>Changes in equity</b>        |  |                                    |                                |                                       |                               |
| Total comprehensive income      | -  | 2,375,238                          | -                              | -                                     | 2,375,238                     |
|                                 | <hr/>  | <hr/>                              | <hr/>                          | <hr/>                                 | <hr/>                         |
| <b>Balance at 31 March 2016</b> | 1,850,000                                    | 1,728,499                          | 552,427                        | -                                     | 4,130,926                     |
|                                 | <hr/>  | <hr/>                              | <hr/>                          | <hr/>                                 | <hr/>                         |

The notes form part of these financial statements

**CYIENT EUROPE LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

|   | Notes | 2016<br>£               | 2015<br>£               |
|---|-------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>           |       |                         |                         |
| Cash generated from operations                        | 1     | 2,841,706               | (1,297,106)             |
| Interest paid   |       | (148,597)               | (78,669)                |
| Tax paid  |       | (115,312)               | (142,071)               |
| Net cash from operating activities                    |       | <u>2,577,797</u>        | <u>(1,517,846)</u>      |
| <b>Cash flows from investing activities</b>           |       |                         |                         |
| Purchase of intangible fixed assets                   |       | -                       | (863,937)               |
| Purchase of tangible fixed assets                     |       | (164,639)               | (331,571)               |
| Interest received                                     |       | 9,648                   | 925                     |
| Net cash from investing activities                    |       | <u>(154,991)</u>        | <u>(1,194,583)</u>      |
| <b>Cash flows from financing activities</b>           |       |                         |                         |
| New loans in year                                     |       | -                       | 5,200,928               |
| Loan repayments in year                               |       | (890,819)               | -                       |
| Net cash from financing activities                    |       | <u>(890,819)</u>        | <u>5,200,928</u>        |
| <b>Increase in cash and cash equivalents</b>          |       | <u>1,531,987</u>        | <u>2,488,499</u>        |
| <b>Cash and cash equivalents at beginning of year</b> | 2     | 3,294,853               | 940,294                 |
| Effect of foreign exchange rate changes               |       | 103,840                 | (133,940)               |
| <b>Cash and cash equivalents at end of year</b>       | 2     | <u><u>4,930,680</u></u> | <u><u>3,294,853</u></u> |

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

|                                       | 2016             | 2015               |
|---------------------------------------|------------------|--------------------|
|                                       | £                | £                  |
| Profit before taxation                | 3,486,194        | 1,303,575          |
| Depreciation charges                  | 224,310          | 99,084             |
| Finance costs                         | 148,597          | 78,669             |
| Finance income                        | (9,648)          | (925)              |
|                                       | <b>3,849,453</b> | <b>1,480,403</b>   |
| Increase in trade and other debtors   | (1,373,544)      | (10,150,828)       |
| Increase in trade and other creditors | 365,797          | 7,373,319          |
| <b>Cash generated from operations</b> | <b>2,841,706</b> | <b>(1,297,106)</b> |

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2016**

|                           | 31.3.16          | 1.4.15           |
|---------------------------|------------------|------------------|
|                           | £                | £                |
| Cash and cash equivalents | 4,930,717        | 3,294,853        |
| Bank overdrafts           | (37)             | -                |
|                           | <b>4,930,680</b> | <b>3,294,853</b> |

**Year ended 31 March 2015**

|                           | 31.3.15   | 1.4.14  |
|---------------------------|-----------|---------|
|                           | £         | £       |
| Cash and cash equivalents | 3,294,853 | 940,294 |

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to Reconciliation of Equity & Reconciliation of Profit for an explanation of the transition.

The financial statements are presented in £ Sterling and prepared on a going concern basis.

The group financial statements consolidate the financial statements of Cyient Europe Limited and all its subsidiary undertakings drawn up to 31 March each year.

The parent company has been taken advantage of section 408 of the Company Act 2006 and has not included its own Profit and Loss Account in these financial statements.

The parent company's profit for the year was £2,375,238 (2015 - profit £763,476).

**Basis of consolidation**

The Group financial statements comprise of the consolidated results of Cyient Europe Ltd, Cyient BV, Cyient Schweiz GMB and Cyient SRO

Intergroup balances and income and expenses arising from intergroup transactions are eliminated when preparing the consolidated financial statements.

**Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

**Revenue recognition**

Licence revenues are recognised when risk of ownership transfers to customers which is deemed to occur on acceptance by customers.

Training related revenues are recorded once the training has been provided.

Maintenance and support revenues are recognised on a straight line basis over the contract.

Professional service revenues provided to customers on a fixed price basis are recorded on a percentage of completion. Revenue for such services are recognised based on completion of specified "milestones" as per the terms of the contract.

The cost of work supplied and recognised by Cyient Ltd (India) is also recognised by the company together with its corresponding revenue and costs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**Goodwill**

Goodwill represents the excess of the consideration paid over the fair value of net assets acquired, less any provision for impairment. Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

Goodwill acquired on the purchase of the Bristol trade is amortised over 8 years.

The directors conduct an annual review on goodwill and any impairment to the value of goodwill is adjusted in the financial statements.

**Patents and licences**

Patents and licences are valued at cost less accumulated amortisation and any provision for impairment. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                                  |                     |
|----------------------------------|---------------------|
| Plant and machinery              | - 33 1/3% on cost   |
| Fixtures, fittings and equipment | - 15% - 20% on cost |

Fixtures, fittings and equipment purchased for the new leased premises are being depreciated over 5 years. Furniture and equipment transferred from the old leased premises, still in use, continue to be depreciated over 7 years.

**Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those asset have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax asset and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax asset and deferred tax liabilities relate to income taxes levied by the same taxation

authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Research and development**

Research and development costs were calculated for earlier periods and additional tax relief was claimed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of the historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Long term monetary items are translated at the year end rate.

The assets and liabilities of foreign operations arising on consolidation are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign subsidiaries whose affairs are so closely linked with those of the holding company are taken to the profit and loss account.

Exchange differences arising from the translation of foreign subsidiaries whose activities are not integral to the operations of the holding or investing company are taken directly to the translation reserve.

**Leasing commitments**

Rental payable under operating lease are charged to profit or loss on straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amount owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

**Work in progress**

Work in progress is recognised on completion of specified tasks.

The cost of the work is included in trade creditors and the sales included in trade debtors.

**Related party transactions**

The company has taken advantage of Section 33.1A of FRS 102 and not disclosed transactions entered into between members of the group headed by the parent company Cyient Ltd.

**Investments**

Fixed asset investments are measured at fair value. Changes in fair value are recognised in the profit and loss account.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**2. REVENUE**

The revenue and profit before taxation are attributable to the one principal activity of the group.

An analysis of revenue by geographical market is given below:

|                   | 2016              | 2015              |
|-------------------|-------------------|-------------------|
|                   | £                 | £                 |
| United Kingdom    | 26,142,231        | 16,562,408        |
| Europe            | 9,488,861         | 7,527,982         |
| Rest of the World | -                 | 270,176           |
|                   | <u>35,631,092</u> | <u>24,360,566</u> |

**3. OTHER OPERATING INCOME**

|              | 2016          | 2015         |
|--------------|---------------|--------------|
|              | £             | £            |
| Other income | <u>52,420</u> | <u>6,461</u> |

**4. STAFF COSTS**

|                       | 2016              | 2015             |
|-----------------------|-------------------|------------------|
|                       | £                 | £                |
| Wages and salaries    | 10,070,839        | 7,035,596        |
| Social security costs | 786,225           | 773,162          |
| Other pension costs   | 129,020           | 104,243          |
|                       | <u>10,986,084</u> | <u>7,913,001</u> |

The average monthly number of employees during the year was as follows:

|                      | 2016       | 2015       |
|----------------------|------------|------------|
| Administrative staff | 10         | 8          |
| Others               | <u>220</u> | <u>123</u> |
|                      | <u>230</u> | <u>131</u> |

Directors and employees also receive share options in the ultimate holding company Cyient Limited, details of which are reflected in the financial statements of Cyient Limited.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | £              | £              |
| Hire of plant and machinery                                | 4,270          | 13,654         |
| Depreciation - owned assets                                | 116,261        | 55,095         |
| Goodwill amortisation                                      | 107,992        | 44,997         |
| Auditors' remuneration                                     | 11,000         | 10,000         |
| Auditors' remuneration for non audit work                  | 25,000         | 25,917         |
| Foreign exchange differences                               | 720,505        | (780,903)      |
| Operating lease on buildings                               | 161,045        | 114,385        |
| Hire of Motor vehicles                                     | 42,602         | 25,031         |
|  | <u>292,661</u> | <u>267,960</u> |
| Directors' remuneration                                    | 14,844         | 19,978         |
| Directors' pension contributions to money purchase schemes | <u>14,844</u>  | <u>19,978</u>  |

The number of directors to whom retirement benefits were accruing was as follows:

|                        |          |          |
|------------------------|----------|----------|
| Money purchase schemes | <u>1</u> | <u>1</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows:

|   | 2016          | 2015          |
|---|---------------|---------------|
|   | £             | £             |
| Emoluments etc                                  | 292,661       | 267,960       |
| Pension contributions to money purchase schemes | <u>14,844</u> | <u>19,978</u> |

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

|                | 2016         | 2015       |
|----------------|--------------|------------|
|                | £            | £          |
| Bank interest  | 1,809        | 925        |
| Other interest | 7,839        | -          |
|                | <u>9,648</u> | <u>925</u> |

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

|                | 2016           | 2015          |
|----------------|----------------|---------------|
|                | £              | £             |
| Other interest | 338            | 78,669        |
| Loan interest  | 148,259        | -             |
|                | <u>148,597</u> | <u>78,669</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**8. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

|   | 2016<br>£ | 2015<br>£ |
|---|-----------|-----------|
| Current tax:                                    |           |           |
| UK corporation tax                              | 554,751   | 62        |
| Swiss corporate tax                             | 47,411    | 35,313    |
| Dutch corporate tax                             | 107,304   | 79,261    |
| Total current tax                               | 709,466   | 114,636   |
| Deferred tax: origination of timing differences | (47,695)  | 58,944    |
| Tax on profit on ordinary activities            | 661,771   | 173,580   |

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| Profit on ordinary activities before tax   | 3,486,194 | 1,303,575 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%) | 697,239   | 260,715   |
| Effects of:  |           |           |
| Expenses not deductible for tax purposes   | 800       | 1,196     |
| Capital allowances   | (23,100)  | (22,112)  |
| Depreciation   | 44,680    | 10,627    |
| Non UK tax adjustment  | (120,780) | (96,218)  |
| FRS 102 adjustment   | (13,681)  | -         |
| Losses brought forward   | (30,407)  | (154,146) |
| Dutch Corporate tax  | 107,304   | 79,261    |
| Swiss Corporate tax  | 47,411    | 35,313    |
| Deferred tax   | (47,695)  | 58,944    |
| Total tax charge   | 661,771   | 173,580   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**8. TAXATION - continued****Tax effects relating to effects of other comprehensive income**

|                     | <b>Gross<br/>£</b> | <b>2016<br/>Tax<br/>£</b> | <b>Net<br/>£</b> |
|---------------------|--------------------|---------------------------|------------------|
| Translation Reserve | 103,840            | -                         | 103,840          |
|                     | <u>103,840</u>     | <u>-</u>                  | <u>103,840</u>   |

|                     | <b>Gross<br/>£</b> | <b>2015<br/>Tax<br/>£</b> | <b>Net<br/>£</b> |
|---------------------|--------------------|---------------------------|------------------|
| Translation Reserve | (133,940)          | -                         | (133,940)        |
|                     | <u>(133,940)</u>   | <u>-</u>                  | <u>(133,940)</u> |

**9. PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £2,375,238 (2015 - £763,476).

**10. INTANGIBLE FIXED ASSETS****Group**

|                                      | <b>Goodwill<br/>£</b> | <b>Patents<br/>and<br/>licences<br/>£</b> | <b>Totals<br/>£</b> |
|--------------------------------------|-----------------------|---|---------------------|
| <b>COST</b>                          |                       |   |                     |
| At 1 April 2015<br>and 31 March 2016 | 867,087               | 551                                       | 867,638             |
| <b>AMORTISATION</b>                  |                       |   |                     |
| At 1 April 2015                      | 48,147                | 551                                       | 48,698              |
| Amortisation for year                | 107,992               | -   | 107,992             |
| At 31 March 2016                     | 156,139               | 551                                       | 156,690             |
| <b>NET BOOK VALUE</b>                |                       |   |                     |
| At 31 March 2016                     | 710,948               | -   | 710,948             |
| At 31 March 2015                     | 818,940               | -   | 818,940             |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**10. INTANGIBLE FIXED ASSETS - continued**

**Group**

Goodwill represents the excess of consideration paid over the fair value of net assets acquired.

Goodwill of £3,150 (2015: £3,150) on the acquisition of Cyient B V has been fully amortised.

Goodwill of £863,937 on the acquisition of the Bristol trade on 1 November 2014 is being amortised over 8 years.

**Company**

|                                      | <b>Goodwill<br/>£</b> | <b>Patents<br/>and<br/>licences<br/>£</b> | <b>Totals<br/>£</b> |
|--------------------------------------|-----------------------|---|---------------------|
| <b>COST</b>                          |                       |   |                     |
| At 1 April 2015<br>and 31 March 2016 | <b>863,938</b>        | <b>551</b>                                | <b>864,489</b>      |
| <b>AMORTISATION</b>                  |                       |   |                     |
| At 1 April 2015                      | <b>44,997</b>         | <b>551</b>                                | <b>45,548</b>       |
| Amortisation for year                | <b>107,992</b>        | <b>-</b>                                  | <b>107,992</b>      |
| At 31 March 2016                     | <b>152,989</b>        | <b>551</b>                                | <b>153,540</b>      |
| <b>NET BOOK VALUE</b>                |                       |   |                     |
| At 31 March 2016                     | <b>710,949</b>        | <b>-</b>                                  | <b>710,949</b>      |
| At 31 March 2015                     | <b>818,941</b>        | <b>-</b>                                  | <b>818,941</b>      |

Goodwill represents the excess of consideration paid over the fair value of net assets acquired.

Goodwill of £3,150 (2015: £3,150) on the acquisition of Cyient B V has been fully amortised.

Goodwill of £863,937 on the acquisition of the Bristol trade on 1 November 2014 is being amortised over 8 years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**11. PROPERTY, PLANT AND EQUIPMENT**

**Group**

|                       | <b>Plant and<br/>machinery<br/>£</b> | <b>Fixtures,<br/>fittings<br/>and<br/>equipment<br/>£</b> | <b>Totals<br/>£</b> |
|-----------------------|--------------------------------------|---|---------------------|
| <b>COST</b>           |                                      |   |                     |
| At 1 April 2015       | 298,949                              | 255,219   | 554,168             |
| Additions             | 105,556                              | 59,083  | 164,639             |
| At 31 March 2016      | 404,505                              | 314,302   | 718,807             |
| <b>DEPRECIATION</b>   |                                      |   |                     |
| At 1 April 2015       | 83,355                               | 84,475  | 167,830             |
| Charge for year       | 87,870                               | 28,391  | 116,261             |
| At 31 March 2016      | 171,225                              | 112,866   | 284,091             |
| <b>NET BOOK VALUE</b> |                                      |   |                     |
| At 31 March 2016      | 233,280                              | 201,436   | 434,716             |
| At 31 March 2015      | 215,594                              | 170,744   | 386,338             |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**11. PROPERTY, PLANT AND EQUIPMENT - continued****Company**

|                       | <b>Plant and<br/>machinery<br/>£</b> | <b>Fixtures,<br/>fittings<br/>and<br/>equipment<br/>£</b> | <b>Totals<br/>£</b> |
|-----------------------|--------------------------------------|---|---------------------|
| <b>COST</b>           |                                      |   |                     |
| At 1 April 2015       | 295,115                              | 255,219   | 550,334             |
| Additions             | 105,069                              | 59,083  | 164,152             |
| At 31 March 2016      | 400,184                              | 314,302   | 714,486             |
| <b>DEPRECIATION</b>   |                                      |   |                     |
| At 1 April 2015       | 81,261                               | 84,475  | 165,736             |
| Charge for year       | 86,974                               | 28,391  | 115,365             |
| At 31 March 2016      | 168,235                              | 112,866   | 281,101             |
| <b>NET BOOK VALUE</b> |                                      |   |                     |
| At 31 March 2016      | 231,949                              | 201,436   | 433,385             |
| At 31 March 2015      | 213,854                              | 170,744   | 384,598             |

**12. FIXED ASSET INVESTMENTS****Group**

|                                      | <b>Listed<br/>investments<br/>£</b> |
|--------------------------------------|-------------------------------------|
| <b>COST</b>                          |                                     |
| At 1 April 2015<br>and 31 March 2016 | 100,000                             |
| <b>PROVISIONS</b>                    |                                     |
| At 1 April 2015<br>and 31 March 2016 | 98,051                              |
| <b>NET BOOK VALUE</b>                |                                     |
| At 31 March 2016                     | 1,949                               |
| At 31 March 2015                     | 1,949                               |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**12. FIXED ASSET INVESTMENTS - continued**

| Company                              | Shares in<br>group<br>undertakings<br>£ | Listed<br>investments<br>£ | Totals<br>£ |
|--------------------------------------|---|----------------------------|-------------|
| <b>COST</b>                          |   |                            |             |
| At 1 April 2015                      | 48,849                                  | 100,000                    | 148,849     |
| Additions                            | 244,458                                 | -                          | 244,458     |
| At 31 March 2016                     | 293,307                                 | 100,000                    | 393,307     |
| <b>PROVISIONS</b>                    |   |                            |             |
| At 1 April 2015<br>and 31 March 2016 | -                                       | 98,051                     | 98,051      |
| <b>NET BOOK VALUE</b>                |   |                            |             |
| At 31 March 2016                     | 293,307                                 | 1,949                      | 295,256     |
| At 31 March 2015                     | 48,849                                  | 1,949                      | 50,798      |

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**Cyient B.V**

Country of incorporation: The Netherlands

Nature of business: Geographical information services

|                                | %<br>holding | 2016<br>£ | 2015<br>£ |
|--------------------------------|--------------|-----------|-----------|
| Class of shares:               |              |           |           |
| Ordinary                       | 100.00       |           |           |
| Aggregate capital and reserves |              | 1,504,082 | 1,033,680 |
| Profit for the year            |              | 393,722   | 260,789   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**12. FIXED ASSET INVESTMENTS - continued**

**Cyient Schweiz GMBH**

Country of incorporation: Switzerland

Nature of business: Geographical information services

|                                | %<br>holding | 2016<br>£ | 2015<br>£ |
|--------------------------------|--------------|-----------|-----------|
| Class of shares:               |              |           |           |
| Ordinary                       | 100.00       |           |           |
| Aggregate capital and reserves |              | 483,481   | 274,858   |
| Profit for the year            |              | 189,961   | 139,745   |

**Cyient SRO**

Country of incorporation: Czech Republic

Nature of business: Geographical information services

|                                | %<br>holding | 2016<br>£ |
|--------------------------------|--------------|-----------|
| Class of shares:               |              |           |
| Ordinary                       | 100.00       |           |
| Aggregate capital and reserves |              | 79,973    |
| Loss for the year              |              | (173,467) |

Cyient SRO was incorporated on 30 September 2015.

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                | Group      |            | Company    |            |
|--------------------------------|------------|------------|------------|------------|
|                                | 2016<br>£  | 2015<br>£  | 2016<br>£  | 2015<br>£  |
| Trade debtors                  | 10,120,921 | 7,659,744  | 8,237,051  | 5,691,525  |
| Other debtors                  | 13,280     | 480,136    | 12,987     | 462,532    |
| Guarantees & deposits          | 155,978    | 17,833     | 67,949     | -          |
| Due from related companies     | 4,060,886  | 4,927,064  | 4,021,917  | 4,927,064  |
| Due from subsidiary companies  | -          | -          | 181,035    | 236,335    |
| Due from parent company        | 1,560,967  | -          | 1,261,831  | -          |
| Other taxes recoverable        | 7,814      | -          | -          | -          |
| Dutch corporate tax            | -          | 11,971     | -          | -          |
| Prepayments and accrued income | 141,432    | 1,595,200  | 64,020     | 1,051,986  |
|                                | 16,061,278 | 14,691,948 | 13,846,790 | 12,369,442 |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | Group             |                   | Company           |                  |
|---|-------------------|-------------------|-------------------|------------------|
|   | 2016              | 2015              | 2016              | 2015             |
|   | £                 | £                 | £                 | £                |
| Bank loans and overdrafts (see note 16) | 37                | -                 | 37                | -                |
| Trade creditors                         | 2,039,315         | 301,070           | 1,653,755         | 290,393          |
| Corporation tax                         | 554,781           | 62                | 554,781           | 62               |
| Swiss corporate tax                     | 73,347            | 60,341            | -                 | -                |
| Dutch corporate tax                     | 22,272            | -                 | -                 | -                |
| Social security and other taxes         | 1,394,764         | 1,129,502         | 1,244,557         | 1,003,414        |
| Other creditors                         | 119,607           | 154,844           | 83,160            | 42,576           |
| Due to related companies                | 2,371,922         | 28,683            | 2,297,420         | -                |
| Due to subsidiary companies             | -                 | -                 | 315,718           | 51,479           |
| Due to parent company                   | 4,162,423         | 7,096,847         | 3,414,400         | 6,186,246        |
| Accruals and deferred income            | 1,174,626         | 2,185,914         | 925,898           | 1,699,371        |
|   | <u>11,913,094</u> | <u>10,957,263</u> | <u>10,489,726</u> | <u>9,273,541</u> |

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                           | Group            |                  | Company          |                  |
|---------------------------|------------------|------------------|------------------|------------------|
|                           | 2016             | 2015             | 2016             | 2015             |
|                           | £                | £                | £                | £                |
| Other loans (see note 16) | <u>4,310,109</u> | <u>5,200,928</u> | <u>4,310,109</u> | <u>5,200,928</u> |

**16. LOANS**

An analysis of the maturity of loans is given below:

|   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2016             | 2015             | 2016             | 2015             |
|   | £                | £                | £                | £                |
| Amounts falling due within one year or on demand: |                  |                  |                  |                  |
| Bank overdrafts                                   | <u>37</u>        | <u>-</u>         | <u>37</u>        | <u>-</u>         |
| Amounts falling due in more than five years:      |                  |                  |                  |                  |
| Repayable by instalments                          |                  |                  |                  |                  |
| Other loans more 5yrs instal                      | <u>4,310,109</u> | <u>5,200,928</u> | <u>4,310,109</u> | <u>5,200,928</u> |

The other loan represents a ten year loan from Cyient GMBH for Euro 7,100,000 with interest charged at 3% per annum.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**17. LEASING AGREEMENTS****Group**

|                            | <b>Non-cancellable<br/>operating leases</b> |                       |
|----------------------------|---|-----------------------|
|                            | <b>2016</b>                                 | <b>2015</b>           |
|                            | <b>£</b>                                    | <b>£</b>              |
| Between one and five years | <b>285,755</b>                              | <b>285,755</b>        |
| In more than five years    | <b>210,732</b>                              | <b>41,316</b>         |
|                            | <b><u>496,487</u></b>                       | <b><u>327,071</u></b> |

**Company**

|                            | <b>2016</b>           | <b>2015</b>           |
|----------------------------|-----------------------|-----------------------|
|                            | <b>£</b>              | <b>£</b>              |
| Between one and five years | <b>275,235</b>        | <b>275,235</b>        |
| In more than five years    | <b>41,316</b>         | <b>41,316</b>         |
|                            | <b><u>316,551</u></b> | <b><u>316,551</u></b> |

**18. SECURED DEBTS**

Assets held as security and formally charged to HSBC are :

- (i) Debenture including fixed charge over all present freehold and leasehold property.
- (ii) First fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future.
- (iii) First floating charge over all assets and undertaking both present and future dated 24 June 2013.

**19. LOANS AND OVERDRAFTS**

- (i) The bank has granted the following facilities:

-Overdraft facility of £1,000,000.

- (ii) The subsidiary company's bankers have provided guarantees for the sum of Euro 46,560.

- (iii) The bank has also given a guarantee dated 11 July 2013 in favour of E.On Bayern Ag for €266,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016

## 20. PROVISIONS FOR LIABILITIES

|                                | Group         |               | Company       |               |
|--------------------------------|---------------|---------------|---------------|---------------|
|                                | 2016          | 2015          | 2016          | 2015          |
|                                | £             | £             | £             | £             |
| Deferred tax                   |               |               |               |               |
| Accelerated capital allowances | <u>11,249</u> | <u>58,944</u> | <u>11,249</u> | <u>58,944</u> |

**Group**

|  | Deferred tax<br>£ |
|--|-------------------|
| Balance at 1 April 2015                | 58,944            |
| Credit to Income Statement during year | (47,695)          |
| Balance at 31 March 2016               | <u>11,249</u>     |

**Company**

|  | Deferred tax<br>£ |
|--|-------------------|
| Balance at 1 April 2015                | 58,944            |
| Credit to Income Statement during year | (47,695)          |
| Balance at 31 March 2016               | <u>11,249</u>     |

## 21. CALLED UP SHARE CAPITAL

|                                  |                 |                |                  |                  |
|----------------------------------|-----------------|----------------|------------------|------------------|
| Allotted, issued and fully paid: |                 |                |                  |                  |
| Number:                          | Class:          | Nominal value: | 2016<br>£        | 2015<br>£        |
| 18,500,000                       | Ordinary shares | £0.01          | <u>1,850,000</u> | <u>1,850,000</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**22. RESERVES****Group**

|  | <b>Retained<br/>earnings<br/>£</b> | <b>Share<br/>premium<br/>£</b> | <b>Translation<br/>reserves<br/>£</b> | <b>Totals<br/>£</b> |
|--|------------------------------------|--------------------------------|---------------------------------------|---------------------|
| At 1 April 2015                              | 740,294                            | 552,427                        | (165,828)                             | 1,126,893           |
| Profit for the year                          | 2,824,423                          |                                |                                       | 2,824,423           |
| Foreign exchange difference on consolidation | -                                  | -                              | 103,840                               | 103,840             |
| At 31 March 2016                             | <u>3,564,717</u>                   | <u>552,427</u>                 | <u>(61,988)</u>                       | <u>4,055,156</u>    |

**Company**

|                     | <b>Retained<br/>earnings<br/>£</b> | <b>Share<br/>premium<br/>£</b> | <b>Totals<br/>£</b> |
|---------------------|------------------------------------|--------------------------------|---------------------|
| At 1 April 2015     | (646,739)                          | 552,427                        | (94,312)            |
| Profit for the year | 2,375,238                          |                                | 2,375,238           |
| At 31 March 2016    | <u>1,728,499</u>                   | <u>552,427</u>                 | <u>2,280,926</u>    |

**Translation reserves**

Translation reserves comprise of foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries on consolidation whose activities are not integral to the operations of the holding or investing company.

**23. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the group to the fund and amounted to £129,020 (2015:£104,243). The contributions that were payable to the fund at the year end and are included in creditors amounted to be £22,668 (2015: £34,957 ).

**24. ULTIMATE PARENT COMPANY**

The company is wholly owned by Cyient Limited, a company incorporated in India.

The parent company's address is 11 Software Units Layouts, Infocity, Madhapur, Hyderabad, India, where copies of the group financial statements can be publicly obtained.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

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**25. RELATED PARTY DISCLOSURES**

Other than transactions between members of the group headed by the parent company for which exemption under FRS102 section 33.1A was adopted, there were no related party transactions.

**26. GOING CONCERN**

The Financial Statements have been prepared on a going concern basis as the holding company Cyient Ltd continues to support the UK entity as its largest supplier and delivery partner. In this context, operations and work is conducted in India as part of the deliverables to the UK entity's customers and this work is charged to the UK entity at arm's length. The same model has been followed since 2000.

**CYIENT EUROPE LIMITED**

**RECONCILIATION OF EQUITY**

**1 APRIL 2014**

**(DATE OF TRANSITION TO FRS 102)**

|  | Notes | UK<br>GAAP<br>£  | Effect of<br>transition<br>to FRS 102<br>£ | FRS 102<br>£     |
|--|-------|------------------|--|------------------|
| <b>FIXED ASSETS</b>                              |       |                  |  |                  |
| Property, plant and equipment                    |       | 109,862          | -  | 109,862          |
| Investments                                      |       | 1,949            | -  | 1,949            |
|  |       | <u>111,811</u>   | <u>-</u>                                   | <u>111,811</u>   |
| <b>CURRENT ASSETS</b>                            |       |                  |  |                  |
| Debtors  |       | 4,529,149        | -  | 4,529,149        |
| Cash at bank and in hand                         |       | 940,294          | -  | 940,294          |
|  |       | <u>5,469,443</u> | <u>-</u>                                   | <u>5,469,443</u> |
| <b>CREDITORS</b>                                 |       |                  |  |                  |
| Amounts falling due within one year              |       | (3,600,416)      | (88,516)                                   | (3,688,932)      |
| <b>NET CURRENT ASSETS</b>                        |       | <u>1,869,027</u> | <u>(88,516)</u>                            | <u>1,780,511</u> |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b> |       | <u>1,980,838</u> | <u>(88,516)</u>                            | <u>1,892,322</u> |
| <b>NET ASSETS</b>                                |       | <u>1,980,838</u> | <u>(88,516)</u>                            | <u>1,892,322</u> |
| <b>CAPITAL AND RESERVES</b>                      |       |                  |  |                  |
| Called up share capital                          |       | 1,850,000        | -  | 1,850,000        |
| Share premium                                    |       | 552,427          | -  | 552,427          |
| Translation reserves                             |       | (31,888)         | -  | (31,888)         |
| Retained earnings                                |       | (389,701)        | (88,516)                                   | (478,217)        |
| <b>SHAREHOLDERS' FUNDS</b>                       |       | <u>1,980,838</u> | <u>(88,516)</u>                            | <u>1,892,322</u> |

The notes form part of these financial statements

**CYIENT EUROPE LIMITED**

**RECONCILIATION OF EQUITY - continued**  
**31 MARCH 2015**

|  | Notes | UK<br>GAAP<br>£   | Effect of<br>transition<br>to FRS 102<br>£ | FRS 102<br>£      |
|--|-------|-------------------|--|-------------------|
| <b>FIXED ASSETS</b>                          |       |                   |  |                   |
| Intangible assets                            |       | 818,940           | -  | 818,940           |
| Property, plant and equipment                |       | 386,338           | -  | 386,338           |
| Investments                                  |       | 1,949             | -  | 1,949             |
|  |       | <u>1,207,227</u>  | <u>-</u>                                   | <u>1,207,227</u>  |
| <b>CURRENT ASSETS</b>                        |       |                   |  |                   |
| Debtors                                      |       | 14,691,948        | -  | 14,691,948        |
| Cash at bank and in hand                     |       | 3,294,853         | -  | 3,294,853         |
|  |       | <u>17,986,801</u> | <u>-</u>                                   | <u>17,986,801</u> |
| <b>CREDITORS</b>                             |       |                   |  |                   |
| Amounts falling due within one year          |       | (10,850,057)      | (107,206)                                  | (10,957,263)      |
| <b>NET CURRENT ASSETS</b>                    |       |                   |  |                   |
|  |       | <u>7,136,744</u>  | <u>(107,206)</u>                           | <u>7,029,538</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                   |  |                   |
|  |       | 8,343,971         | (107,206)                                  | 8,236,765         |
| <b>CREDITORS</b>                             |       |                   |  |                   |
| Amounts falling due after more than one year |       | (5,200,928)       | -  | (5,200,928)       |
| <b>PROVISIONS FOR LIABILITIES</b>            |       |                   |  |                   |
|  |       | <u>(58,944)</u>   | <u>-</u>                                   | <u>(58,944)</u>   |
| <b>NET ASSETS</b>                            |       |                   |  |                   |
|  |       | <u>3,084,099</u>  | <u>(107,206)</u>                           | <u>2,976,893</u>  |
| <b>CAPITAL AND RESERVES</b>                  |       |                   |  |                   |
| Called up share capital                      |       | 1,850,000         | -  | 1,850,000         |
| Share premium                                |       | 552,427           | -  | 552,427           |
| Translation reserves                         |       | (165,828)         | -  | (165,828)         |
| Retained earnings                            |       | 847,500           | (107,206)                                  | 740,294           |
| <b>SHAREHOLDERS' FUNDS</b>                   |       |                   |  |                   |
|  |       | <u>3,084,099</u>  | <u>(107,206)</u>                           | <u>2,976,893</u>  |

The notes form part of these financial statements

**CYIENT EUROPE LIMITED**

**RECONCILIATION OF PROFIT  
FOR THE YEAR ENDED 31 MARCH 2015**

|  | <b>UK<br/>GAAP<br/>£</b> | <b>Effect of<br/>transition<br/>to FRS 102<br/>£</b> | <b>FRS 102<br/>£</b> |
|--|--------------------------|--|----------------------|
| <b>REVENUE</b>   | 24,360,566               | -  | 24,360,566           |
| Cost of sales  | (19,602,104)             | -  | (19,602,104)         |
| <b>GROSS PROFIT</b>                                      | 4,758,462                | -  | 4,758,462            |
| Administrative expenses                                  | (3,276,398)              | (107,206)  | (3,383,604)          |
| Other operating income                                   | 6,461                    | -  | 6,461                |
| <b>OPERATING PROFIT</b>                                  | 1,488,525                | (107,206)  | 1,381,319            |
| Interest receivable and similar income                   | 925                      | -  | 925                  |
| Interest payable and similar charges                     | (78,669)                 | -  | (78,669)             |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> | 1,410,781                | (107,206)  | 1,303,575            |
| Tax on profit on ordinary activities                     | (173,580)                | -  | (173,580)            |
| <b>PROFIT FOR THE FINANCIAL<br/>YEAR</b>                 | 1,237,201                | (107,206)  | 1,129,995            |
| Profit attributable to:<br>Owners of the parent          | 1,237,201                | (107,206)  | 1,129,995            |

The notes form part of these financial statements



## CYIENT EUROPE LIMITED

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2016**

|                                     | 2016       |            | 2015       |            |
|-------------------------------------|------------|------------|------------|------------|
|                                     | £          | £          | £          | £          |
| <b>Turnover</b>                     |            |            |            |            |
| United Kingdom                      | 26,142,231 |            | 16,562,408 |            |
| Europe                              | 9,488,861  |            | 7,527,982  |            |
| Rest of world                       | -          |            | 270,176    |            |
|                                     |            | 35,631,092 |            | 24,360,566 |
| <b>Cost of sales</b>                |            |            |            |            |
| Purchases                           | 18,090,388 |            | 14,114,200 |            |
| Salaries                            | 6,586,778  |            | 4,541,692  |            |
| Social security                     | 543,801    |            | 489,883    |            |
| Staff pension costs                 | 80,227     |            | 82,090     |            |
| Other staff expenses                | 192,681    |            | 268,240    |            |
| Sub contractors                     | -          |            | 105,999    |            |
| Travelling & Subsistence            | 72,167     |            | -          |            |
|                                     |            | 25,566,042 |            | 19,602,104 |
| <b>GROSS PROFIT</b>                 |            | 10,065,050 |            | 4,758,462  |
| <b>Other income</b>                 |            |            |            |            |
| Other income                        | 52,420     |            | 6,461      |            |
| Bank interest                       | 1,809      |            | 925        |            |
| Other interest                      | 7,839      |            | -          |            |
|                                     |            | 62,068     |            | 7,386      |
|                                     |            | 10,127,118 |            | 4,765,848  |
| <b>Expenditure</b>                  |            |            |            |            |
| Rent, rates, services & electricity | 284,779    |            | 230,409    |            |
| Insurance                           | 53,465     |            | 34,498     |            |
| Directors' salaries                 | 292,661    |            | 267,960    |            |
| Directors' social security          | 39,628     |            | 36,331     |            |
| Directors' pension contributions    | 14,844     |            | 19,978     |            |
| Salaries - Sales & administration   | 3,191,400  |            | 2,225,944  |            |
| Social security -                   |            |            |            |            |
| Administration                      | 202,796    |            | 246,948    |            |
| Pensions                            | 33,949     |            | 2,175      |            |
| Hire of plant and machinery         | 4,270      |            | 13,654     |            |
| Telephone & communications          | 109,442    |            | 83,037     |            |
| Printing, stationery & postage      | 34,099     |            | 43,855     |            |
| Hire of motor vehicles              | 711        |            | 25,031     |            |
| Subscriptions                       | 1,454      |            | 1,443      |            |
| Repairs & maintenance               | 48,374     |            | 85,950     |            |
|                                     |            |            |            |            |
| Carried forward                     | 4,311,872  | 10,127,118 | 3,317,213  | 4,765,848  |

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**CYIENT EUROPE LIMITED**

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2016**

|   | 2016      |            | 2015      |           |
|---|-----------|------------|-----------|-----------|
|   | £         | £          | £         | £         |
| Brought forward                           | 4,311,872 | 10,127,118 | 3,317,213 | 4,765,848 |
| Penalty                                   | 4,000     |            | 10,000    |           |
| Office cleaning                           | 227       |            | 316       |           |
| Travelling & sustenance                   | 306,485   |            | 193,181   |           |
| Visa application expenses                 | -         |            | 17,426    |           |
| Sundry expenses                           | 20,611    |            | 10,843    |           |
| Staff expenses - staff welfare            | 53,032    |            | 22,062    |           |
| Staff expenses - benefits                 | 16,861    |            | 10,174    |           |
| Accountancy                               | -         |            | 28,862    |           |
| Staff recruitment cost                    | 35,668    |            | -         |           |
| Compensation for loss of office           | -         |            | 2,119     |           |
| Legal & professional                      | 388,451   |            | 194,573   |           |
| Auditors' remuneration                    | 11,000    |            | 10,000    |           |
| Auditors' remuneration for non audit work | 25,000    |            | 25,917    |           |
| Donations                                 | 500       |            | -         |           |
| Foreign exchange (gain)/ loss             | 720,505   |            | (780,903) |           |
| Amortisation of intangible fixed assets   |           |            |           |           |
| Goodwill                                  | 107,992   |            | 44,997    |           |
| Depreciation of tangible fixed assets     |           |            |           |           |
| Plant and machinery                       | 87,928    |            | 41,142    |           |
| Furniture, fittings & equipment           | 28,390    |            | 12,945    |           |
| Marketing and advertising                 | 382,619   |            | 147,148   |           |
| Entertainment                             | 5,232     |            | 6,608     |           |
| Bad debts                                 | (37,018)  |            | 36,343    |           |
|   |           | 6,469,355  |           | 3,350,966 |
|   |           | 3,657,763  |           | 1,414,882 |
| <b>Finance costs</b>                      |           |            |           |           |
| Bank charges                              | 22,972    |            | 32,638    |           |
| Other interest                            | 338       |            | 78,669    |           |
| Loan interest                             | 148,259   |            | -         |           |
|   |           | 171,569    |           | 111,307   |
| <b>NET PROFIT</b>                         |           | 3,486,194  |           | 1,303,575 |

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