

Cyient Israel India Limited**Special purpose Balance Sheet as at March 31, 2020**

(All amounts in ILS, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Financial assets			
(a) Loans and deposits	3	15,000	15,000
Income tax assets	10	38,530	-
Total non-current assets		53,530	15,000
Current assets			
Financial assets			
(a) Trade receivables	4	2,553,742	1,955,342
(b) Cash and cash equivalents	5	371,905	995,580
Other current assets	6	-	7,636
Total current assets		2,925,647	2,958,558
Total assets		2,979,177	2,973,558
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	7	1,817,100	1,817,100
Other equity	8	106,218	21,125
Total equity		1,923,318	1,838,225
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	9	723,823	1,135,333
Other current liabilities	11	332,036	-
Total current liabilities		1,055,859	1,135,333
Total liabilities		1,055,859	1,135,333
Total equity and liabilities		2,979,177	2,973,558
Corporate information and significant accounting policies Accompanying notes form an integral part of the financial statements	1 & 2		

As per our report of even date

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

SD/-

Shankar Srinivasan

Partner

Membership No.: 213271

Place: Hyderabad

Date: November 27, 2020

For and on behalf of the Board of Directors

Cyient Limited

SD/-

Krishna Bodanapu

Managing Director and CEO

DIN-00605187

SD/-

Ajay Aggarwal

President and CFO

Place: Hyderabad

Date: November 27, 2020

Cyient Israel India Limited
Special purpose Statement of Profit and Loss for the Year ended March 31, 2020

(All amounts in ILS, unless otherwise stated)

Particulars	Note	For the Year ended March 31, 2020	For the Year ended March 31, 2019
INCOME			
Revenue from operations	12	1,667,594	1,479,830
Other income	13	227,377	457
Total income		1,894,971	1,480,287
EXPENSES			
Purchase of traded goods		752,800	-
Employee benefits expense	14	691,889	667,298
Other expenses	15	354,213	755,706
Total expenses		1,798,902	1,423,004
Profit before tax		96,069	57,283
Tax expense			
Current tax	10	10,976	-
Total tax expense		10,976	-
Profit for the year		85,093	57,283
Other comprehensive income (OCI)		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		85,093	57,283
Earnings per equity share (par value of ILS 1 each)			
Basic and diluted	21	0.05	0.03
Corporate information and significant accounting policies Accompanying notes form an integral part of the financial statements	1 & 2		

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

SD/-
Shankar Srinivasan
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Managing Director and CEO
DIN-00605187

SD/-
Ajay Aggarwal
President and CFO

Place: Hyderabad
Date: November 27, 2020

Cyient Israel India Limited		
Special purpose Cash flow statement for the year ended March 31,2020		
(All amounts in ILS, unless otherwise stated)		
Particulars	Year ended	
	March 31, 2020	March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	85,093	57,283
Adjustments for:		
Net unrealised exchange (gain)/loss	-15,079	-
Tax expense	10,976	-
Expected credit loss allowance	221,784	-
Operating profit before working capital changes	302,774	57,283
Changes in working capital		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	-820,184	-801,756
Other assets	7,636	-22,636
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	-396,431	687,810
Other current liabilities	332,036	97,434
Cash generated from operations	-574,169	18,135
Net income taxes paid (net)	-49,506	-
Net cash flow from operating activities	-623,675	18,135
Net increase in cash and cash equivalents	-623,675	18,135
Cash and cash equivalents at the beginning of the year	995,580	977,445
Cash and cash equivalents at the end of the year (refer note (i) below)	371,905	995,580
Notes :		
(i) Cash and cash equivalents comprises of:		
in current accounts (refer note 5)	371,905	995,580
	371,905	995,580
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 Limited	
SD/- Shankar Srinivasan Partner Membership No.: 213271	SD/- Krishna Bodanapu Managing Director and CEO DIN-00605187	SD/- Ajay Aggarwal President and CFO
Place: Hyderabad Date: November 27, 2020	Place: Hyderabad Date: November 27, 2020	

Cyient Israel India Limited

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

(All amounts in ILS, unless otherwise stated)

A. Equity share capital

Particulars	Note	Amount
Balance as at March 31, 2018		1,817,100
Balance as at March 31, 2019	7	1,817,100
Balance as at March 31, 2020	7	1,817,100

B. Other Equity

Particulars	Note	Reserves and Surplus	Total
		Retained earnings	
Balance as at March 31, 2018		(36,158)	(36,158)
Profit for the year	8	57,283	57,283
Balance as at March 31, 2019		21,125	21,125
Profit for the year	8	85,093	85,093
Balance as at March 31, 2020		106,218	106,218

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

SD/-

Shankar Srinivasan

Partner

Membership No.: 213271

Place: Hyderabad

Date: November 27, 2020

For and on behalf of the Board of Directors

Cyient Limited

SD/-

Krishna Bodanapu

Managing Director and CEO

DIN-00605187

Place: Hyderabad

Date: November 27, 2020

SD/-

Ajay Aggarwal

President and CFO

Cyient Israel India Limited
Notes forming part of the financial statements
Year ended March 31, 2020

1. Corporate information:

Cyient Israel India Limited (“the Company”) was incorporated in July 2016 in Israel with the Registered office of the Company located at 2 BSR towers, 1 Ben Gurion road, Bnei Brak, Israel. The Company is a wholly owned subsidiary of Cyient Limited, a listed Company in India. The Company is principally engaged in the business of providing marketing support services and related sourcing of electronic components to Cyient Group by engaging with number of leading defense original equipment manufacturers (OEMs) in Israel.

The Special purpose financial statements were authorised for issue in accordance with a resolution of the directors on November 27, 2020

2. Significant accounting policies

2.1 Basis of preparation:

The Special purpose 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), solely for internal use and for the purpose of submission of Annual Performance Report to Reserve Bank of India under Notification No. FEMA 120/RB-2004 dated July 7, 2004, Regulation 15(iii) as amended from time to time.

The Special purpose 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.

2.2 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.

Cyient Israel India Limited
Notes forming part of the financial statements
Year ended March 31, 2020

2.3 Use of estimates:

The preparation of the Special purpose 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 Special purpose 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 Special purpose 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 Special purpose financial statements in the period in which results are known and, if material, are disclosed in the Special purpose 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 Special purpose financial statements such as:

- Allowance for credit losses on receivables
- Fair Value measurement of financial instruments

2.4 Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. 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 Special purpose financial statements, has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and, based on the current estimates, expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's Special purpose financial statements may differ from that estimated as at the date of approval of these Special purpose financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Special purpose financial statements are presented in Israeli New Shekel (ILS), which is the functional and presentation currency of the Company.

Transactions and translations

In preparing the Special purpose 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.

Cyient Israel India Limited
Notes forming part of the financial statements
Year ended March 31, 2020

2.6 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.

Current 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 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.

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 realize the asset and settle the liability simultaneously.

2.7 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.

2.8 Provisions and contingent liabilities

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 Special purpose financial statements. A contingent asset is neither recognised nor disclosed in the Special purpose financial statements.

Cyient Israel India Limited
Notes forming part of the financial statements
Year ended March 31, 2020

2.9 Revenue from contract with customers

Revenue from contracts with customers is recognised, on the basis of approved contracts, when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. The Company is generally the principal as it typically controls the goods or services before transferring them to the customer.

Revenue from services is recognised on accrual basis for services rendered and billed as per the terms of specific contract, which is on the basis of cost expended plus an agreed profit margin. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally upon delivery of the goods.

Revenue is measured at the fair value of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional. Variable consideration includes incentives, volume rebates, discounts etc., which is estimated at contract inception considering the terms of various schemes with customers and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.

2.10 Other Income

Foreign currency gains and losses are reported on net basis. This includes the changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss. Other revenue is recognised when it is received or when the right to receive payment is established

2.11 Employee Benefit Expenses

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

2.12 Operating Segments

The Company's Chief operating decision maker is the Managing Director and Chief Executive Officer of Cyient Group 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's operations fall within a single operating segment, marketing support services and related sourcing of electronic components to Cyient group by engaging closely with Israeli defense OEMs which is considered as the primary reportable business segment.

2.13 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

Cyient Israel India Limited
Notes forming part of the financial statements
Year ended March 31, 2020

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 or loss.

b) Subsequent Measurement:

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Classification of financial assets:

Financial assets carried at amortized cost:

A financial asset is subsequently measured at amortized 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.

Financial assets at fair value through other comprehensive income:

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

Financial assets at fair value through profit or loss:

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(ii) Financial liability:

All financial liabilities are subsequently measured at amortized cost using the effective interest method. 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.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Cyient Israel India Limited
Notes forming part of the financial statements
Year ended March 31, 2020

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Financial Liability subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item

c) Foreign exchange gains and losses:

For foreign currency denominated financial assets measured at amortized cost and FVTPL, 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 amortized 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 statement of profit or 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.

d) De-recognition of financial assets and liabilities:

Financial assets

The Company derecognizes 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 risk and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes 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 recognized in

Cyient Israel India Limited
Notes forming part of the financial statements
Year ended March 31, 2020

other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

Financial liabilities

The Company derecognizes 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 derecognized and the consideration paid and payable is recognized in statement of profit and loss.

2.14 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 considers the characteristics of asset or liability of market participants when pricing the asset or liability at the measurement date.

2.15 Impairment of assets

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. The Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized 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 recognized in the statement of profit and loss.

2.16 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 during the year.

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.

Cyient Israel India Limited

Notes forming part of the Special purpose financial statements

(All amounts in ILS, unless otherwise stated)

3. Loans and deposits

Particulars	As at	
	March 31, 2020	March 31, 2019
Non-current (at amortised cost)		
Security Deposits - Unsecured, considered good	15,000	15,000
Total loans and deposits	15,000	15,000

4. Trade receivables

Particulars	As at	
	March 31, 2020	March 31, 2019
Trade receivables		
Unsecured, considered good *	2,553,742	1,955,342
Trade receivables - significant increase in credit risk	221,784	-
Less: Expected credit loss allowance	(221,784)	-
Total	2,553,742	1,955,342

* Includes amount receivable from related parties (refer note 16).

Note:

Expected Credit Loss(ECL):

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. The average credit period is between 60-90 days. Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits for each customer. Limits and scoring attributed to customers are reviewed once a year.

5. Cash and cash equivalents

Particulars	As at	
	March 31, 2020	March 31, 2019
Balances with banks in current accounts	371,905	995,580
Total	371,905	995,580

6. Other assets

Particulars	As at	
	March 31, 2020	March 31, 2019
Current :		
Balances with government authorities	-	7,636
Total other current assets	-	7,636

7. Equity share capital

Particulars	As at	
	March 31, 2020	March 31, 2019
Issued and subscribed capital:		
1,817,100 (March 31, 2019 : 1,817,000) fully paid up equity shares of ILS 1/- each	1,817,100	1,817,100
Total	1,817,100	1,817,100

(A) Reconciliation of the number of shares outstanding:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	Amount	Number of shares held	Amount
Opening Balance	1,817,100	1,817,100	1,817,100	1,817,100
Closing Balance	1,817,100	1,817,100	1,817,100	1,817,100

(B) Details of shares held by each shareholder holding more than 5% shares

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Cyient Limited (Holding company)	1,817,100	100.00%	1,817,100	100.00%

As per records of the Company, including its register of shareholders and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(C) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ILS.1 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.

8. Other equity

Particulars	As at	
	March 31, 2020	March 31, 2019
Retained earnings		
Opening balance	21,125	(36,158)
Profit for the year	85,093	57,283
Closing balance	106,218	21,125

Cyient Israel India Limited

Notes forming part of the Special purpose financial statements

(All amounts in ILS, unless otherwise stated)

9. Trade Payables

Particulars	As at	
	March 31, 2020	March 31, 2019
Total outstanding dues*	723,823	1,135,333
Total	723,823	1,135,333

*Trade payables are non-interest bearing and are normally settled on 0-30 days and includes amount payable to its related parties (refer note 16).

10. Income Taxes

10.1 Tax Expense

A. Income tax expense/(benefit) recognised in the statement of profit and loss

Particulars	As at	
	March 31, 2020	March 31, 2019
Current Tax		
In respect of current year	10,976	-
Total	10,976	-

B. Reconciliation of effective tax rate

The following is the reconciliation of the Company's effective tax rate for the year ended March 31, 2020 and 2019

Particulars	As at	
	March 31, 2020	March 31, 2019
Profit before tax	96,069	57,283
Enacted Tax Rate	23.0%	23.0%
Computed expected tax expense	22,096	13,175
Effect of expenses that are not deductible in determining taxable profit	(11,120)	(13,175)
Income tax expense	10,976	-
Effective tax rate	11.4%	0.0%

10.2 Income tax assets and liabilities

Particulars	As at	
	March 31, 2020	March 31, 2019
Income tax assets, net		
Income tax asset	49,506	-
Less: Income tax payable	(10,976)	-
Total	38,530	-

11. Other liabilities

Particulars	As at	
	March 31, 2020	March 31, 2019
Current		
Advance from customers*	319,048	-
Statutory Dues	12,988	-
Total	332,036	-

* Includes advances from related parties (refer note 16).

Cyient Israel India Limited**Notes forming part of the Special purpose financial statements**

(All amounts in ILS, unless otherwise stated)

12. Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from services	856,110	1,479,830
Revenue from traded goods	811,484	-
Total	1,667,594	1,479,830

13. Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Foreign exchange gain (net)	3,443	457
Liabilities no longer required, written back	223,934	-
Total	227,377	457

14. Employee benefits expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages, including bonus	691,889	667,298
Total	691,889	667,298

15. Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sub-Contracting charges	-	466,898
Legal and professional charges	43,743	75,680
Expected credit loss allowance (net) (refer note 4)	221,784	-
Miscellaneous expenses	88,686	213,128
Total	354,213	755,706

Cyient Israel India Limited
Notes forming part of the Special purpose financial statements
 (All amounts in ILS, unless otherwise stated)

16. Related Party Transactions

(i) The list of related parties of the Company is given below:

Name of the related party	Nature of relationship
Cyient Limited	Holding company
Cyient DLM	Fellow subsidiary

Key Managerial Personnel:

Krishna Bodanapu	Managing Director and CEO, Cyient Limited
Ajay Aggarwal	President and CFO, Cyient Limited
Alex Milner	Director
NJ Joseph	Director
Zack Zadik	Key Managerial Personnel

(ii) Summary of the transactions with the above related parties are as follows:

Nature of the transaction	Party name	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	Cyient DLM Private Limited	1,667,594	1,002,791
Sub-Contracting charges	Cyient Limited	-	466,898
Reimbursement of expenses	Cyient DLM Private Limited	189,641	242,681
Remuneration to Key Managerial personnel	Alex Milner	70,472	70,472
	Zack Zadik	621,417	596,826

(iii) Balances at the year-end:

Nature of the transaction	Party name	As at March 31, 2020	As at March 31, 2019
Trade Receivables	Cyient DLM Private Limited	2,553,743	1,478,303
Trade Payables	Cyient Limited	466,898	466,898
Trade Payables	Cyient DLM Private Limited	5,686	-
Advance from customer	Cyient DLM Private Limited	319,048	-

Cyient Israel India Limited**Notes forming part of the Special purpose financial statements**

(All amounts in ILS, unless otherwise stated)

17. Financial Instruments**17.1 Capital management**

The Company manages its capital to ensure that it maximises the return to stakeholders through the optimisation of the capital structure. The Company monitors the return on capital as well as the expected dividend on its equity shares. The Company is equity financed which is evident from the capital structure. Further the Company has always been positive on its net cash position with cash and bank balances.

17.1.1 : Financial Instruments by category

Particulars	Carrying value as at	
	March 31, 2020	March 31, 2019
Financial assets:		
Amortised cost		
Loans and deposits	15,000	15,000
Trade receivables	2,553,742	1,955,342
Cash and cash equivalents	371,905	995,580
Total financial assets	2,940,647	2,965,922
Financial liabilities:		
Amortised cost		
Trade payables	723,823	1,135,333
Total financial liabilities	723,823	1,135,333

The management assessed that fair value of cash and cash equivalents, loans and deposits, trade receivables 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.

17.2 Financial risk management**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and other price risks. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The liquidity risk is measured by the company's inability to meet its financial obligations as they become due.

Foreign exchange risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies. The exchange rate between the ILS and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the ILS appreciates/ depreciates against these currencies. The Company monitors and manages its financial risks by analysing its foreign exchange exposures.

Foreign currency exposure unhedged

The following table analyses Foreign currency exposure unhedged risk from financial instruments

Particulars	As at March 31, 2020	As at March 31, 2019
	US Dollars	US Dollars
Cash and cash equivalents	89,953	887
Trade payables	128,210	126,569
Net assets/(liabilities)	(38,257)	(125,682)

Liquidity risk

The Company principal sources of liquidity are cash & bank balances and cash generated from operations. The Company believes that working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

Cyient Israel India Limited**Notes forming part of the Special purpose financial statements**

(All amounts in ILS, unless otherwise stated)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts that represents its estimate of expected losses in respect of trade and other receivables.

18. Segment information

The company's operations fall within a single operating segment, marketing support services and related sourcing of electronic components to Cyient group by engaging closely with Israeli defense OEMs which is considered as the primary reportable business segment.

19. Contingent liabilities

There are no contingent liabilities as at March 31, 2020 and March 31, 2019.

20. Capital and other commitments

There are no capital and other commitments as at March 31, 2020 and March 31, 2019.

21. Earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax	85,093	57,283
Basic and Diluted*:		
Number of shares outstanding at the year end	1,817,100	1,817,100
Weighted average number of equity shares	1,817,100	1,817,100
Earnings per share	0.05	0.03

* There were no dilutive instruments outstanding during the year.

22. As per the transfer pricing rules prescribed under the Income Tax Act, 1961, the Company is examining the transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions involved.

23. 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

SD/-

Shankar Srinivasan

Partner

Membership No.: 213271

For and on behalf of the Board of Directors

Cyient Limited

SD/-

Krishna Bodanapu

Managing Director and CEO

DIN-00605187

SD/-

Ajay Aggarwal

President and CFO

Place: Hyderabad

Date: November 27, 2020

Place: Hyderabad

Date: November 27, 2020