

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Cyient Limited

**Report on Special Purpose Financial Statements of Cyient Israel India Limited****Opinion**

We have audited the accompanying Special Purpose Financial Statements of Cyient Israel India Limited (hereinafter referred to as the "Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'Special Purpose Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

**Emphasis of matter**

We draw attention to note 2.1 to the accompanying Special Purpose Financial Statements, which describes that the Board of Directors of the Company in their meeting held on October 06, 2021 has granted approval for the closure and winding up of the Company. Accordingly, these Special Purpose Financial Statements have been prepared on liquidation basis of accounting, considering that the Company will not be able to continue as a going concern. Hence, all the assets and liabilities have been stated at their estimated/realizable values as at March 31, 2021 and provisions has been made in the books of accounts for the losses arising or likely to arise on account of such planned closure to the extent ascertained by the management at the time of preparing the Special Purpose Financial Statements. Our opinion is not qualified in respect of this matter.

**Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements**

The Board of Directors of Cyient Limited is responsible for the preparation of these Special Purpose Financial Statements in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other



# **S.R. BATLIBOI & ASSOCIATES LLP**

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irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, Cyient Limited's (the parent of the Company hereinafter referred to as the 'Holding Company') Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Holding Company's Board of Directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.



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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

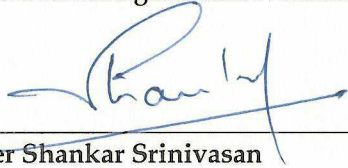
## **Restriction on distribution and use**

The Special Purpose Financial Statements are prepared, and this report thereon issued solely to enable, Cyient Limited, 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 and should be read in that context. Our report is intended solely for this purpose and should not be used for any other purpose or provided to other parties. Our opinion is not modified in respect of this matter.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Shankar Srinivasan**

Partner

Membership Number: 213271

UDIN: 22213271AGBZLA7887

Place of Signature: Hyderabad

Date: March 30, 2022



Cyient Israel India Limited Special purpose Balance Sheet as at March 31, 2021 (All amounts in ILS, unless otherwise stated)			
Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets			
(a) Loans and deposits	3	-	15,000
Income tax assets	10	-	38,530
<b>Total non-current assets</b>		-	<b>53,530</b>
<b>Current assets</b>			
Financial assets			
(a) Trade receivables	4	1,664,878	2,553,742
(b) Cash and cash equivalents	5	443,951	371,905
(c) Loans and deposits	3	15,000	-
Income tax assets	10	202,748	-
Other current assets	6	290,825	-
<b>Total current assets</b>		<b>2,617,402</b>	<b>2,925,647</b>
<b>Total assets</b>		<b>2,617,402</b>	<b>2,979,177</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	7	1,817,100	1,817,100
Other equity	8	148,336	106,218
<b>Total equity</b>		<b>1,965,436</b>	<b>1,923,318</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	9	638,445	723,823
Other current liabilities	11	13,521	332,036
<b>Total current liabilities</b>		<b>651,966</b>	<b>1,055,859</b>
<b>Total liabilities</b>		<b>651,966</b>	<b>1,055,859</b>
<b>Total equity and liabilities</b>		<b>2,617,402</b>	<b>2,979,177</b>
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


  
**Shankar Srinivasan**  
Partner  
Membership No.: 213271



Place: Hyderabad  
Date: March 30, 2022

For and on behalf of the Board of Directors of  
**Cyient Limited**

  
**Krishna Bodanapu**  
Managing Director and CEO  
(DIN-00605187)

  
**Ajay Aggarwal**  
Executive Director and CFO  
(DIN-02565242)

Place: Hyderabad  
Date: March 30, 2022

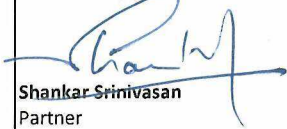


**Cyient Israel India Limited**  
**Special purpose Statement of Profit and Loss for the Year ended March 31, 2021**  
 (All amounts in ILS, unless otherwise stated)

Particulars	Note	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>INCOME</b>			
Revenue from operations	12	919,879	1,667,594
Other income	13	38,585	227,377
<b>Total income</b>		<b>958,464</b>	<b>1,894,971</b>
<b>EXPENSES</b>			
Purchase of traded goods		115,732	752,800
Employee benefits expense	14	620,263	691,889
Other expenses	15	180,351	354,213
<b>Total expenses</b>		<b>916,346</b>	<b>1,798,902</b>
<b>Profit before tax</b>		<b>42,118</b>	<b>96,069</b>
<b>Tax expense</b>			
Current tax	10	-	10,976
<b>Total tax expense</b>		<b>-</b>	<b>10,976</b>
<b>Profit for the year</b>		<b>42,118</b>	<b>85,093</b>
<b>Other comprehensive income (OCI)</b>		<b>-</b>	<b>-</b>
<b>Total other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>42,118</b>	<b>85,093</b>
<b>Earnings per equity share (par value of ILS 1 each)</b>			
Basic and diluted	21	0.02	0.05
Corporate information and significant accounting policies	1 & 2		

Accompanying notes form an integral part of the financial statements  
 As per our report of even date

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

  
**Shankar Srinivasan**  
 Partner  
 Membership No.: 213271



For and on behalf of the Board of Directors of  
**Cyient Limited**

  
**Krishna Bodanapu**  
 Managing Director and CEO  
 (DIN-00605187)

  
**Ajay Aggarwal**  
 Executive Director and CFO  
 (DIN-02565242)

Place: Hyderabad  
 Date: March 30, 2022

Place: Hyderabad  
 Date: March 30, 2022



**Cyient Israel India Limited**

**Special purpose Cash flow statement for the year ended March 31,2021**

(All amounts in ILS, unless otherwise stated)

Particulars	Year ended	
	March 31, 2021	March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	42,118	85,093
Adjustments for:		
Net unrealised exchange (gain)/loss	27,181	(15,079)
Tax expense	-	10,976
Expected credit loss allowance	-	221,784
<b>Operating profit before working capital changes</b>	<b>69,299</b>	<b>302,774</b>
<b>Changes in working capital</b>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	861,683	(820,184)
Other assets	(290,825)	7,636
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(85,378)	(396,431)
Other current liabilities	(318,515)	332,036
<b>Cash generated from operations</b>	<b>236,264</b>	<b>(574,169)</b>
Net income taxes paid (net)	(164,218)	(49,506)
<b>Net cash flow from operating activities</b>	<b>72,046</b>	<b>(623,675)</b>
<b>Net increase in cash and cash equivalents</b>	<b>72,046</b>	<b>(623,675)</b>
Cash and cash equivalents at the beginning of the year	371,905	995,580
<b>Cash and cash equivalents at the end of the year (refer note (i) below)</b>	<b>443,951</b>	<b>371,905</b>
<b>Notes :</b>		
<b>(i) Cash and cash equivalents comprises of:</b>		
in current accounts (refer note 5)	443,951	371,905
	<b>443,951</b>	<b>371,905</b>

Accompanying notes form an integral part of the financial statements  
As per our report of even date

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

  
**Shankar Srinivasan**

Partner

Membership No.: 213271



Place: Hyderabad

Date: March 30, 2022

For and on behalf of the Board of Directors of

**Cyient Limited**

  
**Krishna Bodanapu**  
Managing Director and CEO  
(DIN-00605187)

Place: Hyderabad

Date: March 30, 2022

  
**Ajay Aggarwal**  
Executive Director and CFO  
(DIN-02565242)



**Cyient Israel India Limited**

**Special purpose Statement of changes in equity for the year ended March 31, 2021**

(All amounts in ILS, unless otherwise stated)

**A. Equity share capital**

Particulars	Note	Amount
Balance as at March 31, 2019		1,817,100
Balance as at March 31, 2020	7	1,817,100
Balance as at March 31, 2021	7	1,817,100

**B. Other Equity**

Particulars	Note	Retained earnings	Total
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
Profit for the year	8	42,118	42,118
Balance as at March 31, 2021		148,336	148,336

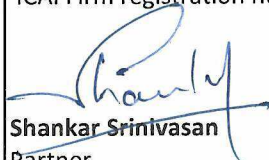
Accompanying notes form an integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

  
Shankar Srinivasan

Partner

Membership No.: 213271



Place: Hyderabad

Date: March 30, 2022

**For and on behalf of the Board of Directors of**

**Cyient Limited**



Krishna Bodanapu

Managing Director and CEO

(DIN-00605187)

Place: Hyderabad

Date: March 30, 2022



Ajay Aggarwal

Executive Director and CFO

(DIN-02565242)



## Cyient Israel India Limited

### Notes forming part of the Special Purpose Financial Statements for the year ended March 31, 2021

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#### 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 March 30, 2022.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation:

These Special Purpose Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), 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.

In view of the approval granted by the Board of Directors of the Company in their meeting held on October 14, 2021 for the closure and winding up of the Company, the going concern assumption in the preparation of these Special Purpose Financial Statements is no longer valid and accordingly these Special Purpose Financial Statements have been prepared on liquidation basis of accounting. Hence, all the assets and liabilities have been stated at their estimated/realizable values as at March 31, 2021 and provisions has been made in the books of accounts for the losses arising or likely to arise on account of such planned closure to the extent ascertained by the management at the time of preparing the Special Purpose Financial Statements.

The Company will continue to incur operating costs till the liquidation of the Company. On a regular basis, management evaluate assumptions, judgment and estimates that can have a significant impact on reported net liabilities in liquidation based on the most recent information available. Actual costs may differ from estimates which might increase the net liabilities in liquidation.

##### 2.2 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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

##### 2.3 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. 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.





## Cyient Israel India Limited

### Notes forming part of the Special Purpose Financial Statements for the year ended March 31, 2021

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#### 2.4 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.

#### 2.5 Income taxes:

The income tax expense or credit for the year is the tax payable on the current year'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.

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.

#### 2.6 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. 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.

#### 2.7 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

#### 2.8 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.

#### 2.9 Other Income

Other Income is recognised when it is received or when the right to receive payment is established.



## Cyient Israel India Limited

### Notes forming part of the Special Purpose Financial Statements for the year ended March 31, 2021

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#### 2.10 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.

#### 2.11 Operating Segments

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.

#### 2.12 Financial instruments

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

##### Financial assets:

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.

##### Financial liabilities:

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

##### Foreign exchange gains and losses:

For foreign currency denominated financial assets and liabilities measured at amortized cost and FVTPL, the exchange differences are recognised in statement of profit or loss.

#### 2.13 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.

