

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting (“AGM”) of the members of the company will be held on Thursday, 20 April 2023 at 4:00 P.M (IST) at the registered office of the company situated at 3rd Floor, ‘A’ Wing, Plot No.11, Software Units Layout, Infocity, Madhapur, Hyderabad – 500081 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited standalone financial statements of the company for the financial year ended 31 March 2023, together with the reports of the Board of Directors and the auditors thereon;
2. To appoint a director in place of Mr. Krishna Bodanapu (DIN 00605187), who retires by rotation and being eligible, offers himself for re-appointment as a Director liable to retire by rotation.

By **Order of the Board of
Cyient DLM Limited**
Parvati K R
Company Secretary
M.No. A23584

Place: Hyderabad
Date: 17 April 2023

Registered Office

3rd Floor, 'A' Wing, Plot No.11,
Software Units Layout, Infocity,
Madhapur, Hyderabad
Telangana 500 081.
CIN: U31909TG1993PLC141346
Email: company.secretary@cyientdlm.com
Website: www.cyientdlm.com

NOTES:

1. The relevant details as required by Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI(LODR) Regulations, 2015) and Secretarial Standard on General Meetings (SS 2) issued by The Institute of Company Secretaries of India, of directors seeking appointments/re-appointments is annexed hereto.
2. A member, entitled to attend and vote at General Meeting, is entitled to a proxy to attend and vote instead of himself/herself on a poll and a proxy need not be a member of the company. The instrument of proxy in order to be valid, duly completed and signed must be deposited at the registered office of the company at least 48 hours before the commencement of the Annual General Meeting.
3. Proxy form and attendance slip are annexed to this notice.

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LODR) REGULATIONS AND APPLICABLE SECRETARIAL STANDARDS

S. No	Particulars	Ganesh Venkat Krishna Bodanapu
1.	Director Identification Number (DIN)	00605187
2.	Nationality	Indian
3.	Date of Birth and Age	28th August 1976; 46 years
4.	Qualification	Master's in Business Administration
5.	A brief resume of the Director	Krishna Bodanapu is Chairman, Non-Executive and Non- Independent Director at Cyient DLM, Managing director and CEO at Cyient Limited and a member of the company's board of directors. He holds a bachelor's degree of science in electrical engineering from Purdue University and a master's degree in business administration from the J.L Kellogg School of Management, Northwestern University. He has been associated with our Promoter since 2003 and currently is the managing director and chief executive officer of our Promoter. He was appointed to our Board of Directors with effect from February 4, 2015.
6.	Nature of expertise in specific functional areas	Strategy & leadership
7.	Disclosure of relationships between directors inter-se;	Relative of Mr. Venkat Rama Mohan Reddy Bodanapu Non- executive, Non- Independent Director
8.	1. Names of listed entities in which the person holds the directorship; 2. Names of listed entities in which the person holds the membership of Committees of the board;	Cyient Limited Stakeholder Engagement Committee of Cyient Limited

	3. Names of listed entities from which the person has resigned/retired in the past three years	Nil
9.	Date of first appointment on the Board of the Company	04 February 2015
10.	Shareholding in the Company including shareholding as a beneficial owner	18 Equity Shares are held as nominee of Cyient Limited to maintain the minimum number of members.

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BOARD'S REPORT

Dear Members,

Your Directors take immense pleasure in presenting the Thirtieth (30th) Board's Report on the Business and operations of the Company (Cyient DLM) along with audited Financial Statements for the Financial Year ended 31st March 2023.

1. Financial Highlights

The financial results for the year ended 31st March 2023 and the corresponding figures of last year
(All amounts are in ₹, millions)

Particulars	2022-2023	2021-2022
Income		
Revenue	8320.33	7205.33
Other Income	63.11	79.51
Total Income	8383.44	7284.84
Expenses		
Cost of materials consumed	6341.53	5,552.88
Changes in inventories of finished goods and work-in-progress	110.61	(113.26)
Employee benefits expense	646.94	516.52
Finance costs	315.16	219.75
Depreciation and amortisation expense	194.15	192.86
Other expenses	343.45	408.79
Total expenses	7951.84	6,777.54
Profit/loss before tax	431.60	507.30
Tax Expenses/benefits		
Current tax	129.71	96.35
Deferred tax	(15.38)	13.00
Total tax expenses	114.33	109.35
Profit/Loss for the year	317.27	397.95
Other comprehensive income		
Remeasurements of net defined benefit liability	2.28	(4.47)
Income tax relating to items that will not be reclassified as Profit/Loss	(0.57)	1.12
Total comprehensive income	1.71	(3.35)
Total comprehensive income for the Year	318.98	394.60
Earning per Equity share (par value of ₹ 10)	7.75	16.17

2. Company's Performance

Cyient DLM is focusing on the products specific to local Indian market as well as global market in various segments. The Company has proved its credentials in various segments including Aerospace & Defense, Medical, Industrial, Transportation & Telecom segment. The company has already delivered high reliability products characterized by high-mix/high-tech, flexible volume requirements to various customers. In its endeavour to offer one-stop-shop solutions and to cater to the high standards of the Aerospace & Defense markets, the Company is at the forefront, creating partnerships and bringing proven competencies from across the world in critical applications and processes which operate on an Offset-compliant model.

There has been no change in the nature of business of the company during the Financial Year 2023

The Summary of your company's performance is as below:

SL. No	Particulars	FY2023	FY2022	% of increase or decrease YoY
	Revenue from operations	8320.33	7205.33	15.47
	Profit for the year	317.27	397.95	-20.30
	The profit for the year attributable to the shareholders (EPS)	7.75	16.17	-52

3. Outlook

We are one of the leading integrated Electronic Manufacturing Services ("EMS") and solutions providers with strong capabilities across the value chain and the entire life cycle of a product. With over two decades of experience in developing high mix, low-to-medium volume highly complex systems, we are a qualified supplier to global OEMs in the aerospace and defence, medical technology and industrial sectors. We are one of the few EMS companies in India catering to highly regulated industries and the largest supplier of EMS services to the aerospace and defense industry by value in India.

We leverage the design capabilities of our Promoter, Cyient Limited, a leading engineering services provider with over three decades of domain expertise providing engineering and design solutions globally with a focus on multiple industries. Our Electronic Manufacturing Services are provided as Build to Print ("B2P") and Build to Specification ("B2S") services to our clients. Our B2P solutions involve our client providing the design for the product for which we provide agile and flexible manufacturing services. Our B2S services involve utilising our Promoter's design capabilities to design the relevant product based on the specifications provided by the client and manufacturing the product. Our solutions primarily comprise: (i) printed circuit board ("PCB") assembly ("PCBA"), (ii) cable harnesses, and (iii) box builds which are used in safety critical systems such as cockpits, inflight systems, landing systems, and medical diagnostic equipment. The EMS market is witnessing strong tailwinds. India's EMS industry is the fastest growing among all countries at a CAGR of 32.3% and is expected to contribute 7.0% (USD 80 billion) of the global EMS market in 2026. There continues to be a strong push from the government to make India an

ideal location for electronics manufacturing in the region. With clear benefits in terms of production efficiency, reduced overhead, labour costs, and faster new product introductions, OEMs today continue to collaborate with EMSs to develop their products.

In addition, OEMs are also increasingly moving product design and development processes, to EMS partners. We are well positioned to take advantage of these tailwinds on the back of our solutions-oriented approach, client-focused service and track record of reliability. Being a wholly-owned subsidiary of Cyient Limited, our relationship with our Promoter allows us to benefit from its reputation, customer relationships, global salesforce, network and technical expertise, making us one of the industry's leading integrated EMS and solutions providers in India.

Our manufacturing infrastructure comprises three facilities spread across two states in India, at Mysuru, Hyderabad and Bengaluru, with a total manufacturing area of 229,061 sq. ft. Our Mysuru facility has a manufacturing area of 65,929 sq. ft. and is primarily engaged in the manufacture of PCBA, cable harnesses and box builds for clients in the aerospace and defence industries.

4. Initial Public Offering

The Board of Directors of the company at their meeting held on December 13, 2022 approved the proposal of the initial public issue of equity shares of up to ₹ 7,400.00 million by our Company. The Issue is being made pursuant to Regulation 6(2) of the SEBI ICDR Regulations.

For the purpose of the IPO, company has engaged book running lead managers to the Issue, namely, Axis Capital Limited and JM Financial Limited; Legal Counsel to the company namely Cyril Amarchand Mangaldas and Legal Counsel to BRLM being Indus Law.

The Draft Red Herring Prospectus (DRHP) was filed with SEBI on January 10, 2023 and the Company received SEBI approval for DRHP on March 29, 2023.

As on date of this report, the Company is under the process of filing the uDRHP with SEBI and subsequently after approval of SEBI, RHP with ROC.

5. Dividend

The Company has not paid any dividend during the Financial Year ended 31 March, 2023. In terms of 43A of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015, the company has formulated and uploaded the Dividend Distribution Policy on its Website: <https://www.cyientdlm.com/investors/corporate-governance>

6. Earnings Per Share

The basic EPS of the Company stood at ₹ 7.75 for the FY ended 31 March, 2023.

7. Covid 19

The FY 2023 being the third year of the COVID-19 pandemic, the Company has considered internal and external sources of information up to date of approval of these financial statements in evaluating possible effects that may result from the pandemic relating to COVID-19 on the

carrying amounts of trade and unbilled receivables, investments, goodwill and intangible assets. The Company is confident about the recoverability of these assets.

8. Transfer to Reserve

An amount of ₹ 318.98 was transferred to reserves for the FY 2023.

9. Public Deposits

The Company has not accepted any deposits from public or members under the Companies act 2013 within the meaning of Chapter V of the Companies act 2013, for the year ended 31 March 2023.

10. Share Capital

The paid-up equity share capital of the Company as on March 31, 2023 stood ₹52, 86, 60, 000 consisting of 5, 28, 66, 000 shares of ₹10 (Indian Rupees ten only) each.

The details of the share capital are as follows:

The Company has one class of equity shares of ₹ 10/- each fully paid-up. Each shareholder is eligible for one vote per every equity share held. As on April 01, 2022 the paid-up equity share capital of the Company was ₹1,36,70,000/-

Change in the authorized, issued, subscribed and paid-up share capital

Particulars	March 31, 2023		March 31, 2022	
	No. of Shares	₹	No. of Shares	₹
Share Capital				
Authorised Equity shares of ₹ 10/- each	8,50,00,000	85,00,00,000	47,50,000	4,75,00,000
Issued, Subscribed and fully paid-up equity share of ₹ 10/- each fully paid-up	5,28,66,000	52,86,60,000	13,67,000	1,36,70,000

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	March 31, 2023		March 31, 2022	
	No. of Shares	₹	No. of Shares	₹
Equity shares				
Shares outstanding at the beginning of the year	13,67,000	1,36,70,000	13,67,000	1,36,70,000
Add: Issued and allotted during the year				
Issue of shares in the current year under Rights Issue	15,70,000	1,57,00,000	0	
Issue of Bonus shares in the current year	4,99,29,000	49,90,29,000	0	
Shares outstanding at the end of the year	5,28,66,000	52,86,60,000	13,67,000	1,36,70,000

Rights Issue

The Board at its meeting held on September 09, 2022 approved the allotment of equity shares of 1,570,000 of ₹10 each at premium of Rs. 556/- per Equity Shares on Right Issue basis as per the letter of offer issued on August 01, 2022 to the existing shareholders of the company.

Issue of Bonus shares

The Shareholders at their meeting held on December 14, 2022 approved the issue of bonus shares of 4,99,29,000 of face value of ₹10 to the existing equity shareholders of the company at the proportion of 17 shares for every one share held.

The Board at its meeting held on December 27, 2022 approved the allotment of bonus shares of 4,99,29,000 to the existing shareholders of the Company.

11. Subsidiaries and Joint Ventures (JV)

The company has no subsidiary/JV. Form AOC – 1 is not applicable for the period under review.
BRR

12. Corporate Social Responsibility

Your company believes in giving back to society in some measure that is proportionate to its success in business. Corporate Social Responsibility (CSR) aims at balancing the needs of all stakeholders. The company's CSR initiative goes beyond charity and believes that as a responsible company it should take into account its impact on society as much as creating business impact. The CSR initiatives are conducted through Cyient Foundation. The CSR Annual Report is enclosed as **ANNEXURE 1**.

13. Board of Directors and key Managerial Personnel

The Company has a duly constituted board with none of the directors being disqualified under the provisions of the Companies act 2013 or under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Declarations by Independent Directors.

The Company has received necessary declarations from each of the Independent Directors under section 149(7) of the Companies act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The certificate on Non – Disqualification of Directors pursuant to regulation 34(3) and schedule V para C clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is published along with the Corporate Governance report.

Appointments/Re-appointments, Induction and Change in Designation

Mr. BVR Mohan Reddy (DIN 00058215) was appointed as Non- Executive and Non – Independent Director w.e.f 27 December 2022 as an additional director and his appointment was ratified in the EGM held on 06th January 2023.

Mr. Krishna Bodanapu (DIN 00605187) was appointed as Chairman w.e.f 27 December 2022 and his appointment was ratified in the EGM held on 06^t January 2023.

Mr. Jehangir Ardeshir (DIN 02344835) was appointed as an Independent Director w.e.f 13 December 2022 and his appointment was ratified in the EGM held on 06 January 2023 for a period of 3 years w.e.f 13 December 2022.

Ms. Vanitha Datla (DIN 00480422) was appointed as an Independent Director w.e.f 13 December 2022 and her appointment was ratified in the EGM held on 06 January 2023 for a period of 3 years w.e.f 13 December 2022.

Mr. Pillutla Madan Mohan (DIN 09280818) was appointed as an Independent Director w.e.f 27 December 2022 and his appointment was ratified in the EGM held on 06 January 2023 for a period of 3 years w.e.f 27 December 2022.

Change in designation

During the year, the designation of Mr. Rajendra Velagapudi (DIN 06507627) was changed from Managing Director and CEO to Managing Director with effect from 02 January 2023 and his appointment was ratified in the EGM held on 06 January 2023.

Resignation

Ms. Suchitra Royroth resigned as executive director w.e.f 10 October 2022.

Mr. Ajay Aggarwal resigned as Non- Executive Director w.e.f 13 December 2022.

Key Managerial Personnel

During the year, Mr. Anthony Montalbano, was appointed as the Chief Executive Officer of the Company w.e.f 02 January 2023 and Mr. Shrinivas Kulkarni, was appointed as Chief Financial Officer of the Company w.e.f 02 January 2023.

As on March 31, 2023, following are the Key Managerial Personnel of the Company in accordance with the provisions of Section 2(51) and 203 of the Companies act 2013, read with the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014

- | | |
|------------------------|-------------------------|
| 1. Rajendra Velagapudi | Managing Director |
| 2. Anthony Montalbano | Chief Executive Officer |
| 3. Shrinivas Kulkarni | Chief Finance Officer |
| 4. Parvati K R | Company Secretary |

14. Policy on Director's appointment and Remuneration

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act have been disclosed in the corporate governance report, which forms part of the Board's report.

15. Board Evaluation and Assessment

The Board undertook an assessment and evaluation process during 2022-23. The board evaluation was performed after seeking inputs from all the directors and included criteria such as the board composition and structure, effectiveness of board processes, information and functioning.

16. Number of meetings held during the year

During the Financial Year 2023, 14 (Fourteen) meetings of the board were held, the details of the same are provided below. The maximum interval between any two meetings did not exceed 120 days as prescribed by the Companies act, 2013.

Quarter	Date of the board meeting
Quarter 1 (April-June)	20 th April 2022
Quarter 2 (July- September)	20 th July 2022
	01 st August 2022
	08 th September 2022
	09 th September 2022
Quarter 3 (October-December)	10 th October 2022
	30 th October 2022
	24 th November 2022
	25 th November 2022
	13 th December 2022
	27 th December 2022
Quarter 4 (January- March)	05 th January 2023
	09 th January 2023
	30 th March 2023

17. Committee of the Board

As required under the provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulation 2015. The Board has the following committees as on 31 March, 2023.

- Audit Committee
- Nomination and remuneration Committee
- Risk Management Committee
- Shareholders/Investor Grievances Committee
- Corporate Social Responsibility Committee

During the year all the recommendations made by the committees were approved by the Board. The details of the Committees are provided in the Corporate Governance Report which forms part of this Report.

18. Adequacy of internal control

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

19. Directors Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;
- c. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. They have prepared the annual accounts on a going concern basis;
- e. They have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively;
- f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. Auditors

a. Statutory Auditors

At 26 Annual General Meeting (the 'AGM') held on 17 July 2019, the members approved the appointment of S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E-300004) as Statutory Auditors of the company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 31 AGM.

b. Secretarial Auditors

The Board has appointed Mr. S. Chidambaram as the Secretarial Auditors for the financial year ended March 31, 2023. The Secretarial Audit Report for the financial year ended March 31, 2023 is annexed as **ANNEXURE 2** to this report.

21. Auditors' Report and Secretarial Auditors' Report

The Auditors' Report for fiscal 2023 does not contain any qualification, reservation or adverse remark. The Report is enclosed with the financial statements in this Annual Report.

The Secretarial Auditors' Report for fiscal 2023 does not contain any qualification, reservation or adverse remark. During the FY 2023, the statutory auditors and secretarial auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act.

22. Vigil Mechanism

The Company has put in place a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements), 2015 for employees and others to report concerns about unethical behavior. It also provides for adequate safeguards against the victimisation of employees who avail of mechanism. No person has been denied access to the Chairman of the audit committee.

The whistle blower policy is available on the website of the company <https://www.cyientdlm.com/investors/corporate-governance/>

23. Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Companies Act, 2013 are provided in **ANNEXURE 3** to the report.

24. Particulars Relating to The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013 (POSH)

The Company has duly formulated the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Company also has the well-defined policy on Prevention of Sexual Harassment.

List of initiatives under POSH 2022-23:

- Conducted awareness sessions for the blue collar, white collar and contract employees at all our facilities.
- For the Associates, we have a training module on our online Platform (D-Cafe) and made mandatory to complete the training annually.
- Training was given by the well experienced external consultant as well as from the in-house experts.

No cases were registered during the year. There are no pending cases at the beginning of the year and at the end of the Financial Year.

25. Board Effectiveness

An effective board is a key feature of the governance journey to building a successful company. The duty of the board is to represent and protect the interests of all the stakeholders. The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risks to be assessed and managed. An effective board develops and promotes its collective vision of the company's purpose, its culture, its values and the behavior it wishes to promote in conducting its business. In particular, it:

1. provides direction for management;
2. lays down strategy and vision;

3. demonstrates ethical leadership, displaying - and promoting throughout the company - behavior consistent with the culture and values it has defined for the company;
4. creates a performance culture that drives value creation without exposing the company to excessive risk of value destruction;
5. makes well informed and high-quality decisions based on a clear line of sight into the business;
6. creates the right framework for helping directors meet their statutory duties under the relevant statutory and regulatory regimes;
7. is accountable, particularly to those that provide the company's capital; and
8. Implements its governance arrangements and embraces evaluation of their effectiveness. The board's effectiveness is measured by the way in which the members of the board, as a whole work together under the chairman, whose role in corporate governance is fundamental and its collective ability

The board's effectiveness is measured by the way in which the members of the board, as a whole work together under the chairman, whose role in corporate governance is fundamental and its collective ability to provide both the leadership and the checks and balances which effective governance demands.

26. Particulars of employees

The Company had 633 regular employees and 393 contract employees as of March 31, 2023. The Company affirms that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

27. Risk Management

The company pursues a comprehensive risk management programme as an essential element of sound corporate governance and is committed to continuously embedding risk management in its daily culture.

This process is followed in five steps:

- Identify risks and opportunities
- assess risk and performance for key processes
- evaluate the risk impact across business operations
- develop mitigation plan for the risks identified and
- monitor the risks at regular intervals and report to the Risk Management Committee

The company has classified the risks into five categories:

Strategic

- ii. Reputational
- iii. Operational
- iv. Financial
- v. Compliance/Litigation.

Each identified risk is assessed according to its probability and impact on the company. The Board of Directors has formed an internal risk management committee to identify, evaluate, mitigate and monitor the risk management in the company. The committee comprises cross-functional membership from the senior management of the company. The primary objectives of the Committee are to assist the Board in the following:

- To provide an oversight for all categories of risk and promulgate risk culture in the organization.
- To adopt leading risk management practices in the industry and manage risk proactively at organizational level.
- Help to develop a culture of the enterprise that all levels of people understand risks.
- Provide input to management of risk appetite and tolerance and monitor the organization's risk on an ongoing basis.
- Approve and review risk management plan which includes company's risk management structure, framework, methodologies adopted, guidelines and details of assurance and review of the risk management process.
- Monitor risks and risk management capabilities and mitigation plans.

28. Corporate Governance

The Company will continue to uphold the true spirit of Corporate Governance and implement the best governance practices. A report on Corporate Governance pursuant to the provisions of Corporate Governance Code stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

The report on corporate governance is annexed to this report.

29. Disclosure Requirement

Policy on training and familiarization of Independent Director:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy for determining materiality for disclosure of events or information:

<https://www.cyientdlm.com/investors/corporate-governance/>

Prevention of sexual harassment policy:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy on Dividend distribution:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy on Board diversity:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy on Corporate Governance:

<https://www.cyientdlm.com/investors/corporate-governance/>

Code of conduct for the board and senior management:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy on Corporate Social Responsibility:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy on insider trading:

<https://www.cyientdlm.com/investors/corporate-governance/>

Nomination and remuneration committee policy:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy on preservation and archival of documents:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy on Board evaluation:

<https://www.cyientdlm.com/investors/corporate-governance/>

Policy on related party transaction:

<https://www.cyientdlm.com/investors/corporate-governance/>

Whistle blower policy:

<https://www.cyientdlm.com/investors/corporate-governance/>

30. Significant and material orders

There are no orders passed by the Regulators, Courts or tribunals impacting the going concern status of the company and the operations in the future.

31. CEO's Declaration

Pursuant to the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration by the Managing Director & CEO of the company declaring that all the members of the board and the senior management personnel of the company have affirmed compliance with the Code of Conduct of the company is enclosed as **ANNEXURE 5**.

The CEO/CFO certification to the board pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **ANNEXURE 6**.

32. Material changes and commitments

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which the financial statement relates to on the date of this report.

33. Application under Insolvency and Bankruptcy Code, 2016

The Company has not made any application under the Insolvency and Bankruptcy Code, 2016 during the FY 2023.

34. Cost records and cost audit

The Company has maintained the cost records and complied with the requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 as applicable for the business activities carried out by the Company.

35. Particulars of loans, Guarantees and Investments

The Company has made investment of ₹89.2 Crores (No of shares 2,342,869) in Innovation Communications Systems Private Limited. Particulars of investments made are provided in the financial statements. There are no Loans/Guarantees provided during the year.

36. Related party transactions

The Company has complied with the provisions of section 188(1) of the act dealing with related party transactions. Information on transactions with related parties pursuant to section 134(3)(h) of the act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in form AOC-2 and is enclosed as **ANNEXURE 7**. Reference is also made in the financial statements.

37. Holding Company

Cyient DLM Limited is the 100% subsidiary of Cyient Limited, Hyderabad.

38. Annual Return

In accordance with the Companies Act, 2013, a copy of the annual return in the prescribed format as on 31 March 2023 will be uploaded on the Company's website.

39. Acknowledgements

The Board of Directors place on record their deep sense of appreciation for continuous support from company's customers, shareholders, vendors and bankers for their support to the company during the year.

We also express our sincere appreciation to the contribution made by employees at all levels. Our consistent growth was made possible by their hard work, cooperation and support.

Your directors would like to make a special mention of the support extended by the various Departments of the Central and State Governments, particularly the Development Commissioners - SEZ, Department of Communication and Information Technology, the Direct and Indirect tax authorities, the Ministry of Commerce, the Reserve Bank of India, Ministry of Corporate Affairs/Registrar of Companies, Securities and Exchange Board of India, the Stock Exchanges and others and look forward to their support in all future endeavors.

For Cyient DLM Limited

Krishna Bodanapu
Chairman
DIN: 00605187

Place: Hyderabad
Date: 17 April 2023

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

(Pursuant to section 135 of the Companies act 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, as amended)

1. Brief outline of the Company's CSR policy

Objectives

The Company will endeavour to enhance value creation in society and in the wider community, through its services, conduct and initiatives, so as to promote sustained growth, in fulfilment of its role as a socially responsible corporate.

In view of this, the Company's CSR agenda aims to extend beyond charity and enhance social impact

Company's Vision

The Company's CSR vision is:

- To help underprivileged children access quality education and IT/Digital Literacy.
- To help unemployed youth and women to gain skills and sustainable livelihood.
- To participate in projects with business aligned social innovation and preventive healthcare.

Company's Mission

The Company's CSR mission focuses on:

Achieving long-term, holistic development of the community around us by being committed to create and support programs that bring about sustainable changes through education, literacy, skill development, environment, and healthcare systems.

Undertaking CSR Activities

Cyient DLM will undertake its CSR activities, approved by the CSR Committee through the Cyient Foundation or such other entity/organization as approved by the CSR Committee.

The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.

2. The Composition of CSR Committee

The Company has constituted a Corporate Social responsibility Committee in line with the requirement of provisions of Section 135 of the Companies Act 2013.

The Committee met once during the year on 10 October, 2022. Board of Directors in their meeting held on 27 December 2022, decided to re-constitute the Constitute the Corporate Social Responsibility Committee. The details of the members of the committee upon reconstitution is as follows:

SL. No	Name of the Director	Designation	Number of meetings held during the year	Number of meetings attended
1	Prof. Pillutla Madan Mohan*	Director & Chairman of the Committee	1	0
2	BVR Mohan Reddy*	Director & member of the Committee	1	0
3	Rajendra Velagapudi	Director & member of the Committee	1	1
4	Suchitra R C [#]	Director & member of the Committee	1	1
5	Ajay Aggarwal [@]	Director & member of the Committee	1	1

*Appointed w.e.f 27 December, 2022

[#]Resigned w.e.f 10 October, 2022

[@]Resigned w.e.f 13 October, 2022

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://www.cyientdlm.com/investors/corporate-governance/>
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014: Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set-off for the financial year: Not Applicable
6. Average Net profit of the Company as per section 135(5) of the Companies act 2013.

Particulars	FY 2019 - 20	FY 2020 - 21	FY 2021 - 22
Net profit for deciding the CSR criteria	11,630,938	164,630,000	494,150,000
Average Profit for preceding 3years	14,080,469	64,263,646	223,470,313
CSR @ 2%			4,469,406

7. A. Two percent of average net profit of the company as per section 135(5): ₹ 4,469,406
- B. Surplus arising out of the CSR projects or programs or activities of the previous financial years: ₹ 0
- C. Amount required to be set off for the financial year, if any **NA**

D. Total CSR obligation for the financial year (7a+7b-7c): ₹ 4,469,406

8. A. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year 22-23. (in ₹)	Amount unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Amount	Name of fund	Date of transfer
Rs. 45,00,000.00	NA	NA	NA	NA	NA

B. Details of CSR amount spent against ongoing projects for the Financial Year:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the project	Item form the list of activities in schedule VII of the Act	Local Area (yes/no)	state	district	Location of the project	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation – Direct (Yes/No).	Mode of Implementation – Through Implementing Agency
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

C. Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the project	Item form the list of activities in schedule VII of the Act	Local Area (yes/no)	state	district	Location of the project	Amount spent for the project (in Rs.)	Mode of implementation – Direct (Yes/No).	Mode of implementation – Through implementing agency.
1	Promoting Gender Equality and Women	(iii) Promoting gender equality,	Yes	Telangana	Shamshabad	Telangana -	2,953,505.00	Yes	Cyient Foundation CSR00004617

	empowerment	empowering women and measures for reducing inequalities faced by socially and economically backward groups.		Mahabubnagar				
2	Education and Skills Initiatives	(ii) promoting education, including special education and employment enhancing vocation skills especially among children, youth, women and elderly, livelihood enhancement projects.	Yes	Karnataka – Mysore Telangana – Shamshabad	1,476,042.00	Yes	Cyient Foundation	CSR00004617
	Total				4,429,547.00			

E. Amount spent in Administrative Overheads: ₹ 53,492.00

F. Amount spent on Impact Assessment, if applicable: ₹ 13,500.00

G. Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 4,496,539.00

H. Details of excess amount for set off, if any

Sl. No	Particulars	Amount (in ₹)
1	Two percent of average net profit of the Company as per section 135(5)	₹ 4,469,406
2	Total amount spent for the Financial Year	NA
3	Excess amount spent for the Financial year	NA
4	Surplus arising out of the CSR projects or programs or activities of the previous Financial year, if any	NA
5	Amount available for set off in succeeding financial year	NA

9. A. Details of unspent CSR amount for the preceding three Financial Years

Sl. No	Preceding FY	Amount transferred to unspent CSR account under Section 135(6) (in ₹)	Amount spent in the reporting FY	Amount transferred to any fund specified under schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding FY (in ₹)
				Name of fund	Amount (in ₹)	Date of transfer	
NA	NA	NA	NA	NA	NA	NA	NA

B. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year

											Mode of implementation through agency	
Sl. No	Name of the project	Year of commencement of the project	Local area (Y/N)	State	District	Project duration	Project cost	expenditure	Cumulative expenditure	status	name	CSR reg number

N	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
A												

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

(a) Date of creation or acquisition of the capital asset(s): **NA**

(b) Amount of CSR spent for creation or acquisition of capital asset: **NA**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **NA**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **NA**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **NA**

Prof. Pillutla Madan Mohan
Chairman of the Committee
09280818

Rajendra Velagapudi
Managing Director
06507627



S. CHIDAMBARAM

B.Com., LL.B., F.C.S., A.C.M.A

Company Secretary in Practice

#6-3-855/10/A, Flat No .4A, Sampathji Apartments,

Near Niraj Public School,

Lane Opp.to Green Park Hotel,

Ameerpet, Hyderabad - 500 016 (India)

Mobile: 98490 56652 | Email: schid285@gmail.com

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
CYIENT DLM LIMITED
(CIN: U31909TG1993PLC141346)
Cyient Limited, 3rd Floor, Plot No. 11,
Software Layout Units, Infocity
Hyderabad - 500081.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CYIENT DLM LIMITED. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided and declarations made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



- (iv) Employees' State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;
- (v) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and The Employees' Provident Funds Scheme, 1952;
- (vi) The Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
- (vii) The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
- (viii) Income Tax Act, 1961 and rules made thereunder;
- (ix) Central Goods and Services Tax Act, 2017 and rules made thereunder;
- (x) The Information and Technologies Act, 2000.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;

The Following Acts, Rules and Regulations, Guidelines are not applicable to the Company during the Audit Period:

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) SEBI (Share based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and



- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

I further report that subject to my observations, The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



Majority decision is carried through and no members has dissented any of the Resolutions.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

However, During the Financial Year, there were delay in filing Forms with Registrar of Companies, Ministry of Corporate Affairs and paid the Additional Fees for the delay filing.

Place: Hyderabad

Date: 17.04.2023



S. Chidambaram
Practicing Company Secretary:
FCS No. 3935
C P No: 2286
UDIN: F003935E000112791

To

The Members

CYIENT DLM LIMITED

(CIN: U31909TG1993PLC141346)

My Secretarial Audit Report of even date is to be read along with this letter.

- 1 The maintenance of Secretarial records is the responsibility of the Management of the Company. Further, the Company is also responsible for devising proper systems and process to ensure the compliance of the various statutory requirements and Governance systems.
- 2 It is the responsibility of the Management of the Company to ensure that the systems and process devised for operating effectively and efficiently.
- 3 My responsibility is to express an opinion on these secretarial records based on my audit.
- 4 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed provide a reasonable basis for my opinion.
- 5 Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.
- 6 The Compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
- 7 The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad

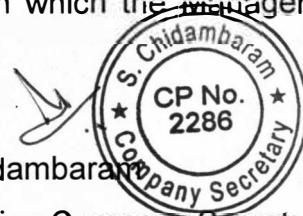
Date: 17.04.2023

S. Chidambaram
Practicing Company Secretary:

FCS No. 3935

C P No: 2286

UDIN: F003935E000112791



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS & OUTGO

1. Conservation of energy

The Company accords highest priority for Energy Conservation and takes pro-active measures to implement best optimization techniques in the areas of Energy Conservation. As energy conservation is an ongoing process, we at Cyient DLM have been making continuous endeavors to implement the best practices in areas of energy conservation. At all our locations as part of energy conservation. We have implemented energy savings practices across the organization and continue to develop and improve on the same on a year-on-year basis. Some of the major contributions implemented during the year towards energy conservation are as follows:

- 1 MW solar power with PPA agreement with third party to provide renewable energy for Mysore facility to reduce the carbon foot print in addition to cost savings.
- The Company creates awareness to associates on a regular basis through various channels of communication on importance of Energy conservation plan and involve them to participate in various energy conservation measures
- As part of cost savings Installed 10nos of solar street lights.
- 150nos of LED lights at shop floor working table replaced from florescent tube.

2. Research and development benefits thereon

Not Applicable

3. Technology absorption, adaptation and innovation

Not Applicable

4. Foreign exchange earnings and outgo

Details of the foreign exchange earnings and outgo are as follows:

In ₹	
Particulars	Year ended 31 March 2023
Foreign exchange earning	6,919,920,975.24
Foreign exchange outgo	6,319,097,684.86

Place: Hyderabad
Date: 17 April 2023

Krishna Bodanapu
Chairman



REPORT ON CORPORATE GOVERNANCE

Our corporate governance reflects our value system, encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices and performance, and ensure that we gain and retain the trust of our stakeholders at all times.

Corporate governance is an ethically-driven business process that is committed to values aimed at enhancing an organization's wealth-generating capacity. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. At Cyient DLM, it is imperative that our Company affairs are managed in a fair and transparent manner.

Our corporate governance is reinforced through the Company's Code of Conduct and Ethics, corporate governance guidelines and committee charters. Our Board and Management processes, audits and internal control systems reflect the corporate governance framework principles.

Board of directors

The primary role of the Board is that of trusteeship – to protect and enhance shareholder value. As trustees, the Board has a fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth.

The role of the board includes responsibilities for entrepreneurial leadership, risk management, strategy, Securing the necessary financial and human resources and performance review. The board also sets the company's values and standards, and ensures it meets its obligations to shareholders and others.

Independent directors

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") define an 'independent director' as a person who, including his / her relatives, is or was not a promoter or employee or key managerial personnel of the company or its subsidiaries. Further, the person and his / her relatives should not have a material pecuniary relationship or transactions with the company or its subsidiaries, during the three immediately preceding financial years or during the current financial year, apart from receiving remuneration as an independent director.

Based on the disclosures received from all independent directors and in the opinion of the Board, the independent directors fulfill the conditions specified in the Companies Act, 2013, the Listing Regulations.

Board Diversity

The company has a truly diverse Board that includes and makes good use of diversity in the skills, regional and industry experience, background, race, gender, ethnicity and other distinctions among directors. This diversity is considered in determining the optimum composition of the Board. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

Training of Board members

All new non-executive directors inducted to the Board are introduced to our Company culture through orientation sessions. Executive directors and senior management provide an overview of operations, and familiarize the new non-executive directors on matters related to our values and commitments. They are also introduced to the organization structure, services, Group structure and subsidiaries, constitution, Board procedures, matters reserved for the Board, major risks and risk management strategy.

Role of the Board of Directors

The primary role of the Board is that of trusteeship – to protect and enhance shareholder value. As trustees, the Board has a fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth.

Further, the Board is also responsible for:

- Exercising appropriate control to ensure that the Company is managed efficiently to fulfill stakeholders' aspirations and societal expectations.
- Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- Providing strategic guidance to the Company and ensuring effective monitoring of the Management.
- Exercising independent judgment on corporate affairs Assigning sufficient non-executive members of the Board to tasks where there is a potential for conflict of interest, to be able to exercise independent judgment.
- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.

Board composition

The Board of Directors of the Company comprise of 2 Non-Executive, Non-Independent Directors; 3 Independent Directors and 1 Executive Director.

The Company recognizes and embraces the importance of a diverse Board in its success. We believe that a truly diverse Board will leverage differences in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge and skills, including expertise in financial, global business, leadership, information technology, mergers & acquisitions (M&A), board service and governance, which will ensure that Cyient DLM retains its competitive advantage. Further, Mr. Anthony Montalbano acts as Chief Executive Officer of the Company w.e.f 02 January, 2023.

I. Composition of Board of Directors as on March 31, 2023

Title (Mr./ Ms.)	Name of the Director	DIN	Category (Chairperson/ Executive/ Non-Executive/Independent/ Nominee)	Tenure	Attendance in Board Meetings	Attendance in General Meeting	
						EGM	AGM
Mr.	Rajendra Velagapudi	06507627	Managing Director	5 years	14		
Mr.	Ganesh Venkat Krishna Bodanapu	00605187	Chairman, Non- Executive & Non-Independent Director	Liable to retire by rotation	14	Yes	
Mr.	Venkat Rama Mohan Reddy Bodanapu [#]	00058215	Non-Executive, Non-Independent Director	Liable to retire by rotation	2	NA	
Ms.	Vanitha Datla [*]	00480422	Independent Director	3 years	2	NA	
Mr.	Jehangir Ardeshir [*]	02344835	Independent Director	3 years	2	NA	
Mr.	Pillutla Madan Mohan [#]	09280818	Independent Director	3 years	2	NA	
Mr.	Ajay Aggarwal [@]		Non-Executive, Non-Independent Director	NA	10	Yes	
Ms.	Suchitra Royroth [§]		Executive Directors	NA	6	Yes	

NOTES

[#]Mr. BVR Mohan Reddy (DIN 00058215) was appointed as additional director, Non-Executive Director w.e.f 27 December 2022 and his appointment was ratified in the EGM held on 06th January 2023.

^{*}Mr. Jehangir Ardeshir (DIN 02344835) was appointed as an Independent Director w.e.f 13 December 2022 and his appointment was ratified in the EGM held on 06 January 2023 for a period of 3 years w.e.f 13 December 2022.

^{*}Ms. Vanitha Datla (DIN 00480422) was appointed as an Independent Director w.e.f 13 December 2022 and her appointment was ratified in the EGM held on 06 January 2023 for a period of 3 years w.e.f 13 December 2022.

[#]Mr. Pillutla Madan Mohan (DIN 09280818) was appointed as an Independent Director w.e.f 27 December 2022 and his appointment was ratified in the EGM held on 06 January 2023 for a period of 3 years w.e.f 27 December 2022.

[@]Mr. Krishna Bodanapu who retires by rotation and being eligible offers himself for reappointment.

[§]Ms. Suchitra Royroth resigned as executive director w.e.f 10 October 2022.

[@]Mr. Ajay Aggarwal resigned as Non- Executive Director w.e.f 13 December 2022.

Each director informs the company on an annual basis about the board and board committee positions he/she occupies in other companies including Chairmanships and notifies changes as and when they occur during the term of their directorship in the company. None of the directors on the board is a member of more than ten committees or chairperson of more than five committees across all the public companies in which they are Directors.

II. Details of skills / expertise / competence of the Board of Directors as on March 31, 2023

Sl No.	Name of the Director	Existing skills/expertise/competence
1	Mr. Rajendra Velagapudi	Holds a bachelor's degree in technology (Mechanical) from Faculty of Engineering, Nagarjuna University, a master's degree of engineering in automobile engineering from Anna University, Madras and degree of master of science in design of rotating mechanics from School of Mechanical Engineering, Cranfield University. Prior to joining our Company, he worked with Ford Truck Manufacturing Division, Simpsons Co. Ltd. for a period of two years, Bajaj Tempo Limited and Bharat Earth Movers Limited for a period of over eight years.
2	Mr. Ganesh Venkat Krishna Bodanapu	Holds a bachelor's degree of science in electrical engineering from Purdue University and a master's degree in business administration from the J.L Kellogg School of Management, Northwestern University.
3	Mr. Venkat Rama Mohan Reddy Bodanapu	Holder bachelor's degree in engineering from Faculty of Engineering, Andhra University and degree of master of technology from Indian Institute of Technology, Kanpur. He also holds a master's degree of science from University of Michigan and a degree of doctor of philosophy from Jawaharlal Nehru Technological University. Previously, he has been associated with HCL Limited and Electronic Industries Association of Andhra Pradesh
4	Ms. Vanitha Datla	Holds a bachelor's degree of arts from Faculty of Arts, Osmania University and post graduate diploma in business administration from ICFAI Business School. She has also completed the CFA program of the Institute of Chartered Financial Analysts of India. She is currently working with Elico Limited, Elico Healthcare Services Limited. Eliscription Private Limited and Elico Mechoptronix Private Limited
5	Mr. Jehangir Ardeshir	Holds a bachelor's degree of technology in agricultural engineering from Indian Institute of Technology, Kharagpur and post graduate diploma in management in agricultural and rural management from Indian Institute of Management, Bangalore. He has in the past been associated with Tata Iron & Steel Co. Limited, Tata Sons Limited, Tata Teleservices Limited, Terex India Private Limited and Forbes Marshall Private Limited
6	Mr. Pillutla Madan Mohan	Holds a bachelor's degree of engineering (honours) from The Birla Institute of Technology & Science and a master's degree of science from University of Illinois and diploma honours in personnel management and industrial relations from XLRI, Jamshedpur. He also holds a doctorate of philosophy from the University of British Columbia, Vancouver Canada.

III. The number of directorships, committee chairmanships/memberships held in other listed companies by each of the Directors is tabled below

Sl. No	Name of the director	Number of other Directorship/Committee membership*/Chairmanship in other Listed Companies					
		Board				Committee*	
		Chairmanship		Directorship		Chairmanship	Membership
1	Mr. Rajendra Velagapudi	Nil	Nil	Nil	Nil	Nil	Nil
2	Mr. Ganesh Venkat Krishna Bodanapu	Nil	Nil	1	3	Nil	1
3	Mr. Venkat Rama Mohan Reddy Bodanapu	1	Nil	2	6	Nil	1
4	Mr. Vanitha Datla	Nil	Nil	3	3	1	2
5	Mr. Jehangir Ardeshir	Nil	Nil	1	2	Nil	2
6	Mr. Pillutla Madan Mohan	Nil	Nil	Nil	3	Nil	Nil

* Committee membership as per Regulation 17(A) of SEBI LODR, Regulations.

IV. Meetings of The Boards

The board meets regularly to discharge its duties and directors allocate adequate time to board meeting preparation and attendance. Board members are aware of the business, its operations and senior management well enough to contribute effectively to board discussions and decisions. The board demonstrates that it has the necessary governance policies, processes and systems in place and as such generates trust and support among its stakeholders. It maintains robust governance arrangements to ensure it always acts in a way that will generate sustainable value for the company.

A. During the FY 2023, the board duly met 14 times on the following dates

Quarter	Date of the Board Meeting
Quarter 1 (April-June)	20 th April 2022
Quarter 2 (July- September)	20 th July 2022
	01 st August 2022
	08 th September 2022
	09 th September 2022
Quarter 3 (October-December)	10 th October 2022
	30 th October 2022
	24 th November 2022
	25 th November 2022
	13 th December 2022
	27 th December 2022
Quarter 4 (January- March)	05 th January 2023
	09 th January 2023
	30 th March 2023

- A. The necessary quorum was present at all the meeting;
 B. No Resolutions passed by circulation during the year.

V. Code of conduct

The company has adopted a code of conduct for all board members and Designated Senior Management. The duties of Independent Directors as laid down in the Companies Act, 2013, are incorporated in the Code of Conduct. The Code of Conduct is available on the website of the Company i.e. <https://www.cyientdlm.com/investors/corporate-governance/>

All Board members and senior management personnel have affirmed compliance with the code of conduct.

Role of Independent Director

The independent directors bring an element of objectivity to the board processes; they bring in an objective view in the board deliberations. They provide a valuable outside perspective to the deliberations of the board and contribute significantly to the decision-making process. Independent directors play a pivotal role in maintaining a transparent working environment in the company.

Declaration by Independent Director

All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 read with Section 149(6) of the Act. During the financial year 2022-23, information as mentioned in Schedule II Part A of the SEBI (Listing Obligations and Disclosure Requirements), 2015, has been placed before the Board for its consideration. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company at <https://www.cyientdlm.com/investors/corporate-governance/>

Committees of the Board

The Board Committees focus on specific areas and make informed decisions within the authority delegated. The committees also make specific recommendations to the board on various matters, within the scope delegated to them, whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

Board Decided to reconstitute the existing committees and constitute the new committees of the board to ensure compliances of the Companies Act 2013, as amended and the Corporate Governance requirements of SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 as amended. Details of the newly constituted committees is provided below

A. Audit Committee

The management is responsible for the company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audit of the company's financial statements in accordance with generally accepted auditing practices and for issuing report based on such audit. The Board of Directors has constituted and entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The constitution of the Audit Committee also meets with the requirements of Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Audit Committee comprises entirely of Independent Directors. All members of the Audit Committee are financially literate and bring in expertise in the fields of finance, economics, strategy and management.

Meetings of Audit Committee

During the Financial Year 2022-2023, the committee met eight times. All the members of the audit

committee are financially literate. The particulars of composition of the audit committee and the details of attendance is as follows:

Name of the director	Designation	Attendance in the meeting held on							
		20/04/2022	20/07/2022	01/08/2022	08/09/2022	10/10/2022	27/12/2022	05/01/2023	09/01/2023
Mr. Jehangir Ardeshir	Chairman, Independent Director	NA	NA	NA	NA	NA	Y	Y	Y
Ms. Vanitha Datla	Member, Independent Director	NA	NA	NA	NA	NA	Y	Y	Y
Mr. Krishna Bodanapu	Member, Chairman & Non- Executive Director	Y	Y	Y	Y	Y	Y	Y	Y
Rajendra*									
Ajay*									

*

The role of the Audit Committee shall, inter alia, include the following:

- (a) Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval
- (e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (f) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- (i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

- (j) Scrutiny of inter-corporate loans and investments;
- (k) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (l) Evaluation of internal financial controls and risk management systems;
- (m) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (n) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (o) Discussion with internal auditors of any significant findings and follow up there on;
- (p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (s) To review the functioning of the whistle blower mechanism;
- (t) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (u) Carrying out any other function as is mentioned in the terms of reference of the audit committee;
- (v) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision; and
- (w) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

B. Nomination and Remuneration Committee

During the Financial Year 2022-2023, the committee met 4 times. The particulars of composition of the nomination and remuneration committee and the details of attendance is as follows:

Sl. No	Name of the director	Designation	Attendance in the meeting held on			
			20/07/2022	01/08/2022	13/12/2022	27/12/2022
1	Prof. Madan Mohan	Chairman, Independent Director	NA	NA	NA	Leave of absence
2	Ms. Vanitha Datla	Member, Independent Director	NA	NA	Present	Present
3	Mr. BVR Mohan Reddy	Member, Non-Executive Director Non independent Director	NA	NA	NA	Present

Role of Nomination and Remuneration Committee:

- (a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (the “Board” or “Board of Directors”) a policy relating to the remuneration of the directors, key managerial personnel and other employees
- (b) Formulation of criteria for evaluation of performance of independent directors and the Board;
- (c) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - i. use the services of an external agencies, if required;
 - ii. Consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. Consider the time commitments of the candidates.
- (d) Devising a policy on Board diversity;
- (e) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director’s performance (including independent director);
- (f) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (g) Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- (h) Carrying out any other activities as may be delegated by the Board of Directors and functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.”

C. Stakeholders Relationship Committee

The particulars of composition of the nomination and remuneration committee and the details of attendance is as follows:

Sl. No	Name of the director	Designation
1	Ms. Vanitha Datla	Chairman, Independent Director
2	Mr. BVR Mohan Reddy	Member, Non- Executive & Non-Independent Director
3	Mr. Krishna Bodanapu	Member, Chairman & Non- Executive Director

The terms of reference of the Stakeholders Relationship Committee shall. Inter alia, include the following:

- a. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- b. Review of measures taken for effective exercise of voting rights by shareholders.
- c. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
- e. Carrying out any other functions required to be carried out by the Stakeholders' Relationship Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

D. Corporate Social Responsibility Committee

The Company has constituted a Corporate Social responsibility Committee in line with the requirement of provisions of Section 135 of the Companies Act 2013.

The Committee met once during the year on 10 October, 2022. Board of Directors in their meeting held on 27 December 2022, decided to re- constitute the Constitute the Corporate Social Responsibility Committee.

The details of the members of the committee upon reconstitution is as follows:

SL. No	Name of the Director	Designation	Number of meetings held during the year	Number of meetings attended
1	Prof. Pillutla Madan Mohan*	Director & Chairman of the Committee	1	0
2	BVR Mohan Reddy*	Director & member of the Committee	1	0
3	Rajendra Velagapudi	Director & member of the Committee	1	1
4	Suchitra R C#	Director & member of the Committee	1	1
5	Ajay Aggarwal@	Director & member of the Committee	1	1

- E. *Appointed w.e.f 27 December, 2022
- F. #Resigned w.e.f 10 October, 2022
- G. @Resigned w.e.f 13 October, 2022

The terms of reference of the corporate social responsibility committee [in supersession of the previous terms of reference of the corporate social responsibility committee], which shall include the following:

- a. formulate and recommend to the Board, a “Corporate Social Responsibility Policy” which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, as amended;
- b. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- c. Monitor the corporate social responsibility policy of the Company and its implementation from time to time; and
- d. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time and/or as may be required under applicable law, as and when amended from time to time.”

H. Risk Management Committee

The Company has constituted a Risk Management Committee on 27 December, 2022 with the below mentioned members:

Sl. No	Name of the director	Designation
1	Ms. Jehangir Ardeshir	Chairman, Independent Director
2	Mr. BVR Mohan Reddy	Member, Non- Executive & Non-Independent Director
3	Mr. Krishna Bodanapu	Member, Chairman & Non- Executive Director

The terms of reference of the risk management committee [in supersession of the previous terms of reference of the risk management committee], which shall, inter alia, include the following:

- a. To formulate a detailed risk management policy which shall include:
 - i. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii. Business continuity plan.
- b. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

- e. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- g. Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Statutory and Regulatory Disclosures

Disclosure on Materially significant Related Party Transactions:

The Company's major related party transactions are generally with its subsidiaries and associates. All the contracts / arrangements / transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on arm's length basis.

The Company's policy on Materiality of Related Party transactions and on dealing with Related Party Transactions is put up on the Company's website and can be accessed at <https://www.cyientdlm.com/investors/corporate-governance/>

General Body Meeting

a. Annual General meeting

Year	Date of AGM	Time	Venue	No. of Special resolution passed
2021-22	28 July 2022	10:00 AM	Registered Office	1
2020-21	30 November 2021	04:00 PM	Registered Office	Nil
2019-20				

b. Extra- Ordinary General Meeting

Date of EGM	Time	Venue	No. of special resolutions passed
09 September 2022	04:00 PM	Registered Office	1
25 November 2022	02:00 PM	Registered Office	4
14 December 2022	03.30 PM	Registered Office	2
06 January 2023	03:30 PM	Registered Office	7

c. Disclosures

- A. The Managing Director & CEO and Chief Financial Officer have given a Certificate to the Board as contemplated in SEBI (LODR) Regulations, 2015. This is published elsewhere in the Annual Report.
- B. There are no materially significant related party transactions

- C. There were no pecuniary transactions with any of the Non-Executive Directors.
- D. A compliance report of all applicable laws and regulations duly signed by the Managing Director, Chief Financial Officer and the Company Secretary is placed at periodic intervals for review by the Board. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.
- E. The board considers materially important show cause/demand notices received from statutory authorities and the steps/action taken by the company in this regard. A status report of material legal cases and disputed liabilities pending before the various courts/judicial forums is also put up to the board on a quarterly basis. During the year the company received no such notices.
- F. The board of directors has laid-down a 'Code of Conduct' (Code) for all the board members and senior management personnel of the company and this Code is posted on the website of the Company. Annual declaration is obtained from every associate covered by the Code. The declaration of the Managing Director & CEO, as required under SEBI (LODR) Regulations, 2015, is published elsewhere in the Annual Report.
- G. The board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.
- H. The senior management have affirmed to the board of directors that there are no material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company.
- I. Mr. Krishna Bodanapu is the son of Mr. B.V.R. Mohan Reddy. There are no inter-se relationships between and among any other directors.
- J. The company is preparing its financial statements in line with the accounting standards prescribed under section 133 of the Companies Act, 2013.
- K. The board has accepted all recommendations made by the respective committees, as applicable.

d. Whistle blower policy

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit committee.

The Whistleblower Policy is available on the website of the Company i.e. <https://www.cyientdlm.com/investors/corporate-governance/>

e. Subsidiary Company

There company has no subsidiary.

f. Holding Company

Cyient DLM is the 100% Subsidiary of Cyient Limited.

g. Secretarial Audit

Secretarial audit for the financial year 2022-23 was performed by Mr. S. Chidambaram, a Company Secretary in practice. It, inter alia, includes audit of compliances with the Companies Act, 2013, and the rules made under the Act and Foreign Exchange Management Act, 1999 and Secretarial

Standard issued by the Institute of the Company Secretaries of India. The Secretarial Audit forms part of the Annual Report

h. Remuneration

The Non-Executive Directors shall not be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the board / committee meetings and commission. The independent directors of the company shall not be entitled to participate in the Stock Option Scheme of the company. The aggregate commission paid to the Independent Directors is within the statutory limit of 1% of the net profits of the company.

i. Executive Directors

The remuneration paid/payable to the Executive Directors is given below:

Director	Designation	Salary		Total
		Fixed	Variable	
Rajendra Velagapudi	Managing Director	8.64	7.73	16.37
Suchitra Royroth*	Executive Director	6.25	1.53	7.78

*resigned w.e.f 10 October 2022

ii. Non-Executive Directors

The company does not pay any remuneration to the Non-Executive Directors. Independent Directors are eligible for commission of 1% of the net profits of the company.

i. SCORES

The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web-based complaints redressal system. The system processes complaints in a centralized web-based mechanism. The company is in compliance with this system.

j. Registrar and Share Transfer Agent

Kfin Technologies Limited Unit: Cyient Limited Karvy Selenium Tower B, Plot 31&32, Financial District, Gachibowli, Nanakramguda, Hyderabad – 500 032, Telangana. Contact Person: Mr. Mohd Mohsin Uddin, Manager – Corporate Registry, Ph: 040- 6716 1562, Email: mohsin.mohd@kfintech.com

CEO's DECLARATION

I, Anthony Montalbano, CEO do hereby declare that pursuant to the provisions of Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the members of the Board and Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company, for the financial year ended 31 March 2023.

Place: Hyderabad

Date:17 April 2023

For Cyient DLM Limited

Anthony Montalbano
Chief Executive Office

CEO/CFO CERTIFICATION PURSUANT TO REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Date:

The Board of Directors
Cyient DLM Limited

Dear members of the Board,

We, Anthony Montalbano- Chief Executive Officer and Shrinivas Kulkarni- Chief Financial Officer of the Company hereby certify that:

1. We have reviewed financial statements including the cash flow statement for the year 2022-23 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and
4. We have indicated to the statutory auditors and the Audit committee that:
 - a. there are no significant changes in internal control over financial reporting during the year;
 - b. there are no significant changes in accounting policies during the year ; and
 - c. there are no instances of significant fraud of which we have become aware and the involvement therein.

Anthony Montalbano
Chief Executive Officer

Shrinivas Kulkarni
Chief Financial Officer

FORM NO. AOC-2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contract/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies act 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangement or transactions not at arm's length basis

The Company has not entered into any contract or arrangements or transactions with related parties which is not at arm's length during financial year 2022-23.

2. Details of material contracts or arrangements or transactions at arm's length basis

a. Name of the related parties and the nature of relationship

SL. No	Entity	Relationship
1	Cyient Limited	Holding Company
2	Cyient Inc.	Fellow subsidiary
3	Cyient GmbH	Fellow subsidiary
4	Cyient Singapore	Fellow subsidiary
5	Cyient Israel India Limited	Fellow subsidiary

b. Nature of Contracts or arrangements or transactions

(₹ in million)

Nature of the transaction	Party name	For the year ended March 31, 2023
Revenue from contract with customers - Sale of Goods	Cyient Limited	1.16
	Cyient Inc.	11.77
Marketing expenses	Cyient Israel India Limited	17.52
Purchases of goods	Cyient Limited	-
Rent Payable	Cyient Limited	0.05
Reimbursement of expenses	Cyient Limited	90.33
	Cyient GmbH	8.14
	Cyient Schweiz GmbH	16.56
	Cyient Singapore	12.95

	Cyient Inc.	128.35
Term loans received	Cyient Limited	-
Working capital loan received	Cyient Limited	210.00
Working capital loan paid	Cyient Limited	210.00
Corporate guarantee received	Cyient Limited	750.00
Purchase of investment	Cyient Limited	892.00
Right issue of shares	Cyient Limited	888.62
Interest on loan from holding company	Cyient Limited	92.14

c. **Duration of the Contracts or arrangements or transactions**

As per the Inter-company agreements entered into as amended and ongoing.

d. **Salient terms of the Contracts or arrangements or transactions**

As per the Inter-company agreements entered into as amended and ongoing.

e. **Date(s) of the approval by the board, if any**

Not applicable as these transactions are at arm's length basis and in the ordinary course of business.

f. **Amount to be paid as advances, if any: NIL**

INDEPENDENT AUDITOR'S REPORT

To the Members of Cyient DLM Limited (previously known as Cyient DLM Private Limited)

Report on the Audit of the Financial Statements**Opinion**

We have audited the accompanying financial statements of Cyient DLM Limited (previously known as Cyient DLM Private Limited) ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information .

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

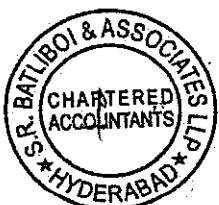
We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section 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 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 financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.

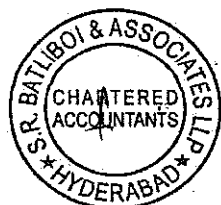
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- 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 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.



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Chartered Accountants

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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, including any significant deficiencies in internal control that we identify during our audit.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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Chartered Accountants

- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 37 to the financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
3. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Shankar Srinivasan

Partner

Membership Number: 213271

UDIN: 23213271BGSEHR2845

Place of Signature: Hyderabad

Date: April 17, 2023



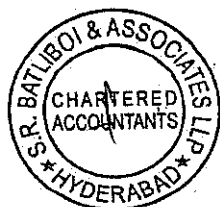
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Annexure 1 referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date on the Financial Statements of Cyient DLM Limited (previously known as Cyient DLM Private Limited) (“the Company”)

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (a) (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There are no immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company and hence not commented upon.
- (d) The Company has not revalued its property, plant and equipment including right of use assets or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. There were no discrepancies of 10% or more in aggregate for each class of inventory.
- (b) As disclosed in note 14 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company. The Company has not been sanctioned working capital limits from financial institutions during any point of time of the year.
- (iii) a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a), 3(iii)(c), 3(iii)(d), 3(iii)(e), 3(iii)(f) of the Order is not applicable to the Company.
- b) During the year the investments made is not prejudicial to the Company's interest.
- (iv) Investments in respect of which provisions of section 186 of the Act are applicable have been complied with by the Company. There are no loans, guarantees and securities given in respect of which provisions of section 185 and 186 of the Act are applicable.



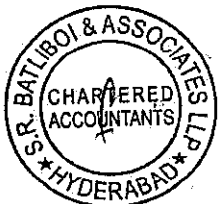
S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of electronic manufacturing solutions, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs and other statutory dues applicable to it. The provisions relating to sales tax, service tax, value added tax, duty of excise and cess are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (Rs. In Mn)
Income Tax Act, 1961	Income tax	CIT (Appeals)	FY 2016-17	5.11
			FY 2017-18	12.00

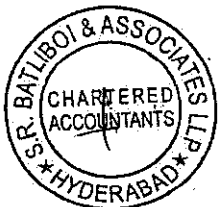
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.



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- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix) (f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.



S.R. BATLIBOI & ASSOCIATES LLP

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- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-1A of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 35 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



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- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 27 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 27 to the Standalone Financial Statements.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Shankar Srinivasan

Partner

Membership Number: 213271

UDIN: 23213271BGSEHR2845

Place of Signature: Hyderabad

Date: April 17, 2023



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CYIENT DLM LIMITED (PREVIOUSLY KNOWN AS CYIENT DLM PRIVATE LIMITED)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Cyient DLM Limited (previously known as Cyient DLM Private Limited) ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

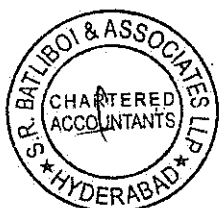
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Shankar Srinivasan

Partner

Membership Number: 213271

UDIN: 23213271BGSEHR2845

Place of Signature: Hyderabad

Date: April 17, 2023



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)

(CIN No.: U31909TG1993PLC141346)

Balance Sheet as at March 31, 2023

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

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,217.50	1,294.83
Right of use assets	3B	345.28	382.86
Capital work-in-progress	3C	13.34	33.91
Goodwill	4	30.30	30.30
Other intangible assets	5	16.46	14.12
Financial assets			
(a) Investments	6	895.22	3.22
(b) Other financial assets	7	34.97	38.80
Deferred tax assets (net)	17.2	53.79	38.98
Income tax assets	17.3	5.03	5.03
Other non-current assets	8	38.41	8.11
Total non-current assets		2,650.30	1,850.16
Current assets			
Inventories	9	4,250.83	2,695.62
Financial assets			
(a) Trade receivables	10	1,617.48	1,523.25
(b) Cash and cash equivalents	11A	773.41	768.59
(c) Other bank balances	11B	902.60	449.49
(d) Other financial assets	7	54.66	22.33
Other current assets	8	797.90	459.70
Total current assets		8,396.88	5,918.98
Total assets		11,047.18	7,769.14
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	528.66	13.67
Other equity	13	1,450.06	757.45
Total equity		1,978.72	771.12
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(a) Borrowings	14	995.63	995.63
(b) Lease liabilities	3B	362.56	377.19
(c) Other financial liabilities	15	166.32	113.10
Provisions	16	95.27	59.61
Other non-current liabilities	18	-	260.83
Total non-current liabilities		1,619.78	1,806.36
Current liabilities			
Financial liabilities			
(a) Borrowings	14	2,149.11	1,936.30
(b) Lease liabilities	3B	53.21	59.71
(c) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	19	69.17	32.06
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	2,783.45	1,892.79
(d) Other financial liabilities	15	76.49	41.33
Income tax liabilities (net)	17.3	21.90	60.63
Provisions	16	2.99	13.36
Other current liabilities	18	2,292.36	1,155.48
Total current liabilities		7,448.68	5,191.66
Total liabilities		9,068.46	6,998.02
Total equity and liabilities		11,047.18	7,769.14

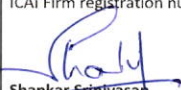
Corporate information and significant accounting policies

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



Place: Hyderabad
Date: April 17, 2023

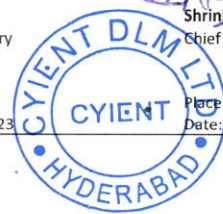
For and on behalf of the Board of Directors
Cyient DLM Limited


Krishna Bodanapu
Non - Executive Chairman
(DIN - 00605187)


Rajendra Velagapudi
Managing Director
(DIN - 06507627)


Parvati K R
Company Secretary
(M.No. - A23584)


Shrinivas Kulkarni
Chief Financial Officer



Place: Hyderabad
Date: April 17, 2023

Place: Hyderabad
Date: April 17, 2023

Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)

(CIN No.: U31909TG1993PLC141346)

Statement of Profit and Loss for the year ended March 31, 2023

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

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from operations	20	8,320.33	7,205.33
Other income	21	63.11	79.51
Total income		8,383.44	7,284.84
EXPENSES			
Cost of materials consumed	22	6,341.53	5,552.88
Changes in inventories of finished goods and work-in-progress	23	110.61	(113.26)
Employee benefits expense	24	646.94	516.52
Finance costs	25	315.16	219.75
Depreciation and amortisation expense	26	194.15	192.86
Other expenses	27	343.45	408.79
Total expenses		7,951.84	6,777.54
Profit before tax		431.60	507.30
Tax expense / (benefit)			
(a) Current tax	17.1 (A)	129.71	96.35
(b) Deferred tax	17.1 (A)	(15.38)	13.00
Total tax expense / (benefit)		114.33	109.35
Profit for the year		317.27	397.95
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to statement of profit or loss:			
(i) Remeasurement gains/(losses) of net defined benefit liability	29	2.28	(4.47)
(ii) Income tax relating to items that will not be reclassified to profit or loss	17.1 (B)	(0.57)	1.12
Total other comprehensive income/(loss) for the year, net of tax		1.71	(3.35)
Total comprehensive income for the year, net of tax		318.98	394.60
Earnings per equity share (face value of ₹ 10 each)	31		
Basic and diluted (₹)*		7.75	16.17
Corporate information and significant accounting policies	1 & 2		

Accompanying notes form an integral part of the financial statements

* Refer note 31 for adjustment made towards bonus issue.

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: April 17, 2023

For and on behalf of the Board of Directors

Cyient DLM Limited

Krishna Bodanapu

Non - Executive Chairman
(DIN - 00605187)

Parvati K R

Company Secretary
(M.No. - A23584)

Place: Hyderabad

Date: April 17, 2023

Rajendra Velagapudi

Managing Director
(DIN - 06507627)

Shrinivas Kulkarni

Chief Financial Officer

Place: Hyderabad

Date: April 17, 2023



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)
(CIN No.: U31909TG1993PLC141346)
Statement of Cash Flow for the year ended March 31, 2023
(All amounts in ₹ millions, except share and per share data and where otherwise stated)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) for the year	317.27	397.95
Adjustments for:		
Tax expense	114.33	109.35
Depreciation and amortisation expense	194.15	192.86
Loss/ (Profit) on sale of Property, Plant and Equipment (net)	5.56	(0.94)
Net unrealised exchange loss/(gain)	6.47	15.45
Finance costs	296.59	190.61
Interest income	(30.01)	(16.09)
Expected credit loss allowance, net	13.89	(13.15)
Operating profit before working capital changes	918.25	876.04
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(106.57)	758.78
Inventories	(1,555.21)	(1,141.15)
Other assets and other financial assets	(352.61)	(181.92)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	913.80	7.65
Provisions, other liabilities and other financial liabilities	871.83	228.01
Cash generated from operations	689.49	547.41
Income taxes received/(paid), net	(168.44)	(62.04)
Net cash flow from operating activities (A)	521.05	485.37
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in equity instruments	(892.00)	-
Payment towards purchase of property, plant and equipment and intangible assets	(76.20)	(84.14)
Proceeds from sale of property, plant and equipment	-	7.06
Investment in deposits	(2,413.61)	(323.00)
Proceeds from maturity / withdrawal of Deposits	1,960.50	68.58
Interest received	2.90	7.36
Net cash flow used in investing activities (B)	(1,418.41)	(324.14)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from rights issue of shares (Note 12)	888.62	-
Proceeds from current borrowings	3,950.00	2,551.91
Repayments of current borrowings	(3,893.07)	(1,961.18)
Repayment of lease liabilities (including interest)	(60.58)	(56.96)
Interest paid	(144.62)	(73.10)
Net cash flow from/(used in) financing activities (C)	740.35	460.67
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(157.01)	621.90
Cash and cash equivalents at the beginning of the year	768.59	146.69
Cash and cash equivalents at the end of the year (refer note (i) below)	611.58	768.59
Notes :		
(i) Cash and cash equivalents comprises of: (refer note 11A)		
Balances with banks		
in current accounts	582.56	707.29
Remittances in transit	190.84	61.29
Cash on hand	0.01	0.01
	773.41	768.59
Bank overdraft account balances	(161.83)	-
	611.58	768.59

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


Shanker Srinivasan
Partner
Membership No.: 213271



Place: Hyderabad
Date: April 17, 2023

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

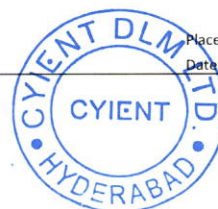

Krishna Bodanapu
Non - Executive Chairman
(DIN - 00605187)


Rajendra Velagapudi
Managing Director
(DIN - 06507627)


Parvati K R
Company Secretary
(M.No. - A23584)


Shrinivas Kulkarni
Chief Financial Officer

Place: Hyderabad
Date: April 17, 2023



Place: Hyderabad
Date: April 17, 2023

Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)
(CIN No.: U31909TG1993PLC141346)
Statement of changes in equity for the year ended March 31, 2023
(All amounts in ₹ millions, except share and per share data and where otherwise stated)

A. Equity share capital

Particulars	Note	No's	Amount
Balance as at April 01, 2021	12	1,367,000	13.67
Balance as at March 31, 2022	12	1,367,000	13.67
Add: Issue of equity shares during the year	12	1,570,000	15.70
Add: Issue of bonus shares during the year	12	49,929,000	499.29
Balance as at March 31, 2023	12	52,866,000	528.66

i. On September 9, 2022, the Company allotted 1,570,000 fully paid-up equity shares of face value of ₹ 10/- each at issue price of ₹ 566 per share, pursuant to a rights issue. (Refer Note 12 for details)

ii. On December 14, 2022, the Company allotted 4,99,29,000 fully paid-up equity shares of face value of ₹ 10/- each, pursuant to a bonus issue. (Refer Note 12 for details)

B. Other Equity

Particulars	Note	Reserves and Surplus			Total
		Securities premium	General reserve	Retained earnings	
Balance as at April 1, 2021		92.09	3.72	267.04	362.85
Profit for the year	13	-	-	397.95	397.95
Other comprehensive Income	13	-	-	(3.35)	(3.35)
Balance as at March 31, 2022		92.09	3.72	661.64	757.45
Profit for the year	13	-	-	317.27	317.27
Other comprehensive Income	13	-	-	1.71	1.71
Right issue of shares	12	872.92	-	-	872.92
Utilization for bonus shares	12	(499.29)	-	-	(499.29)
Balance as at March 31, 2023		465.72	3.72	980.62	1,450.06

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



Place: Hyderabad
Date: April 17, 2023

For and on behalf of the Board of Directors

Cyient DLM Limited


Krishna Bodanapu
Non - Executive Chairman
(DIN - 00605187)


Parvati K R
Company Secretary
(M.No. - A23584)

Place: Hyderabad
Date: April 17, 2023


Rajendra Velagapudi

Managing Director
(DIN - 06507627)


Shrinivas Kulkarni
Chief Financial Officer

Place: Hyderabad
Date: April 17, 2023



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)

CIN No.: U31909TG1993PLC141346

Significant accounting policies and other explanatory information forming part of financial statements

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

1. Corporate information:

The financial statements comprise financials statements of Cyient DLM Limited (formerly known as 'Cyient DLM Private Limited') (the 'Company') for the year ended March 31, 2023. The company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, applicable in India and is subsidiary of Cyient Limited (Ultimate Holding Company). The registered office of the Company is at 3rd floor, Plot No. 11, Software Layout Units, Infocity, Hyderabad, Telangana - 500081.

The Company is principally engaged in providing total electronic manufacturing solutions in the fields of medical, industrial, automotive, telecommunication, defense and aerospace applications and machining of components for aerospace, automotive and defense industries. The Financial statements was approved for issue in accordance with a resolution of the directors on April 17, 2023.

2. Significant accounting policies

2.1 Basis of preparation & presentation:

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

These financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and consistent with previous year subject to changes in accounting policies. The financial statements are presented in INR, and all values are rounded to the nearest millions, except when otherwise indicated.

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 realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realized 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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



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Significant accounting policies and other explanatory information forming part of financial statements

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

Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non - current classification of assets and liabilities.

2.3 Significant accounting judgement, estimates and assumptions:

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported balances of revenue, expenses, assets and liabilities, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- **Determining the lease term of contracts with renewal and termination options – Company as lessee**
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company. Refer Note 4 of Financial statements for details on impairment evaluation of goodwill.



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Significant accounting policies and other explanatory information forming part of financial statements

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

• **Provision for expected credit losses of trade receivables**

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.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer note 10 of financial statements for details on ECL.

• **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer Note 17 of financial statements for details on Recognition of deferred tax assets, availability of future taxable profit against which tax losses carried forward can be used.

• **Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 29 of financial statements for Measurement of defined benefit obligations, key actuarial assumptions. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

• **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 32 for of financial statements for further details.



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Significant accounting policies and other explanatory information forming part of financial statements

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

2.4 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

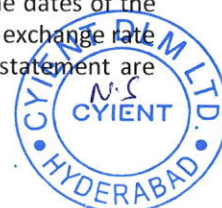
2.5 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

In preparing the Financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized 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 recognized in the statement of profit and loss.



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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 realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

2.6 Property, plant and equipment

Property, plant and equipment are initially recognized at cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates.

The cost of property, plant and equipment includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and accumulated impairment losses, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

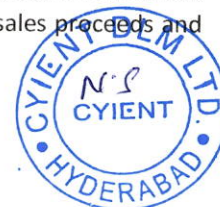
The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support.

Type of asset	Useful life of the Company	As per Schedule II of Act
Buildings	Refer Note 1 below	
Plant & Machinery	5-15 Years (refer note 2 below)	15 years
Tools & Equipment	5 Years (refer note 2 below)	10 years
Furniture & Fixtures	10 Years	10 years
Electrical Installations	10 Years	10 Years
Vehicles	10 Years	10 Years
Computers	3-5 Years	3 Years
Office Equipment	5 Years	5 Years

Notes:

- Buildings constructed over leasehold land are depreciated over remaining lease term of land or life as specified under Schedule II of the Act, whichever is lower
- The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of Plant & Machinery, Computers and Tools & Equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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



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

On transition to Ind AS (i.e. 1 April 2016), the Company has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.

2.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment. Intangible assets are amortized over their estimated useful life on a straight-line basis as follows:

Type of asset	Useful life
Computer software	3 years

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in 'other income' of statement of profit and loss when the asset is de-recognized.

On transition to Ind AS (i.e. 1 April 2016), the Company has elected to continue with the carrying value of all intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Amortization methods and useful lives are reviewed periodically at each financial year end.

2.8 Leases

Company as lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.



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

i) Right-of-use assets

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The right-of-use assets are also subject to impairment.

ROU asset	Useful lives
Leasehold land	19 years
Buildings	3-10 years

ii) Lease liabilities

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made or a change in the assessment of extension or termination options. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

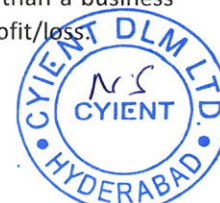
2.9 Income taxes:

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

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

The current tax and deferred tax calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India.

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit/loss.



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

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

Minimum Alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. MAT credit is recognized in accordance with tax laws in India as a deferred tax asset only to the extent that is probable that the Company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

In the situations where one or more units in the Company are entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where they operate, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

2.10 Inventories:

Inventories are valued at the lower of cost and net realizable value.

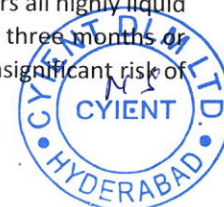
Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Inventories are valued in accordance with the below method of valuation.

- (i) Raw materials & consumables: Valued at cost or net realizable value whichever is less. Cost includes purchase costs and other costs incurred in bringing the inventories to their present location and condition.
- (ii) Stores and spares: Valued at cost. Cost includes purchase costs and other costs incurred in bringing the inventories to their present location and condition.
- (iii) Work in progress & finished Goods: Valued at cost or net realizable value whichever is less. Costs includes direct material costs, wages and applicable overheads.

2.11 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.



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Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction of taxes, 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.

Provisions and contingent liabilities

2.11.1 Provisions

Provisions are recognized 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 expenditure 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 recognized as an interest expense. Provisions are not recognized for future operating losses.

Provisions for onerous contracts are recognized 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.

2.11.2 Contingencies

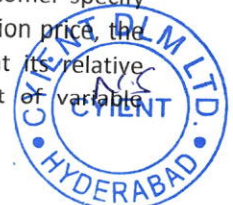
Contingent liability is disclosed for all possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company (or) present obligations arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made. Contingent liabilities are not recognized in the Financial statements but discloses its existence in the Financial statements unless the probability of outflow of resources is remote. A contingent asset is neither recognized nor disclosed in the Financial statements.

2.12 Revenue recognition

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 the principal as it typically controls the goods or services before transferring them to the customer.

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 from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The arrangement with customer specify services to be rendered which meet criteria of performance obligations. For allocation, transaction price, the Company measures the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The transaction price of goods sold and services rendered is net of variable



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consideration. 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.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2.19 Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Generally, the Company receives advances from few of its customers. If there is manufacturing lead time of more than 1 year after signing the contract and receipt of payment, then there is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the goods. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.13 Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Government grants/incentives

Government grants are recognized when there is a reasonable assurance that:

- a) The Company will comply with the conditions attached to them; and
- b) The grant will be received.

Export entitlements from government authorities are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. Grants are recognized net of attributable expenses.



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2.14 Employee benefit plans

Employee benefits include provided fund, employee's state insurance scheme, gratuity fund and compensated absences.

Post-employment obligations:

Defined contribution plans:

Contributions in respect of Employees Provident Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Defined benefit plans

Gratuity:

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognized in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plant assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

Compensated absences:

The employees of the Company are entitled to compensate absences. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.



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Share based payments

The Company recognizes compensation expense relating to share based payments in the statement of profit and loss, using fair value in accordance with Ind AS 102, Share based payments.

The Stock options are measured at the fair value of the equity instruments at the grant date, based on option valuation model (Black Scholes model). The fair value determined at the grant date of the stock options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the equity instruments that will eventually vest, with a corresponding increase in share-based payments reserve in equity.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve in equity. The equity settlement component is not remeasured at each reporting date. The cash settlement component is remeasured at each reporting date and at settlement date based on the fair value of the liability with any changes in the fair value recognised in the statement of profit and loss.

Other short-term employee benefits

Other short-term employee benefits and performance incentives expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders service.

2.15 Operating Segments

The Company's Chief operating decision maker is the Managing Director and Chief Executive Officer who evaluates Company's performance and allocates resources based on an analysis of various performance indicators by business verticals and geographical segmentation of customers.

The company is engaged in providing total electronic manufacturing solutions single operating segment "Total electronic manufacturing solutions" which is considered as the primary business segment.

2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.17 Financial instruments

a) Initial recognition:

Financial assets and financial liabilities are recognized when a Company entity becomes a party to the contractual provisions of the instruments.



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Financial assets and financial liabilities are initially measured at fair value except trade receivable. 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 financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 2.13 Revenue recognition.

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.



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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.

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 recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.



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For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

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 amortized cost of the instruments and are recognized in 'Other income'

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. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

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 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.

2.18 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.



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Fair value for measurement and/or disclosure purposes in these Financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.19 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 statement of profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in statement of profit and loss.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be 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.

Non-financial assets

Intangible assets, Intangible assets under development, property, plant and equipment and ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. Intangible assets under development are tested for impairment annually. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.



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If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been

determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.20 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.

2.21 New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The Company has evaluated the amendments and impact is not expected to material.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107. The Company has evaluated the amendments and impact is not expected to material.



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(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023. The Company has evaluated the amendments and impact is not expected to material.



3A. Property, plant and equipment

Particulars	As at	
	March 31, 2023	March 31, 2022
Carrying amount of:		
Buildings	753.73	797.34
Computers	33.44	27.77
Plant and equipment	300.45	352.67
Office equipment	11.69	8.22
Furniture and fixtures	55.59	62.37
Electrical installations	15.19	15.66
Vehicles	0.01	0.01
Tools and equipment	47.40	30.79
Total	1,217.50	1,294.83

Notes :

Movement in the carrying amount of property, plant and equipment is as below:

Particulars	Buildings	Computers	Plant and equipment	Office equipment	Furniture and fixtures	Electrical installations	Vehicles	Tools and equipment	Total	CWIP
I. Gross carrying value										
Balance as at April 1, 2021	894.69	85.17	832.49	28.72	140.00	37.54	0.27	119.29	2,138.17	23.16
Additions	7.50	8.94	17.03	0.33	5.52	2.90	-	6.47	48.69	59.44
Disposals	(0.73)	(2.00)	(4.21)	(0.86)	(1.23)	-	-	(0.08)	(9.11)	(48.69)
Balance as at March 31, 2022	901.46	92.11	845.31	28.19	144.29	40.44	0.27	125.68	2,177.75	33.91
Additions	6.14	17.79	9.19	6.91	4.34	2.05	-	28.60	75.02	54.45
Disposals	-	(1.87)	(70.85)	-	(3.19)	(0.08)	-	-	(75.99)	(75.02)
Balance as at March 31, 2023	907.60	108.03	783.65	35.10	145.44	42.41	0.27	154.28	2,176.78	13.34
II. Accumulated depreciation										
Balance as at April 1, 2021	55.91	47.47	437.32	18.10	71.73	22.41	0.26	84.08	737.28	-
Depreciation for the year	48.67	17.32	55.99	2.46	11.00	2.37	-	10.83	148.64	-
Disposals	(0.46)	(0.45)	(0.67)	(0.59)	(0.81)	-	-	(0.02)	(3.00)	-
Balance as at March 31, 2022	104.12	64.34	492.64	19.97	81.92	24.78	0.26	94.89	882.92	-
Depreciation for the year	49.75	12.04	56.12	3.44	10.95	2.50	-	11.99	146.79	-
Disposals	-	(1.79)	(65.56)	-	(3.02)	(0.06)	-	-	(70.43)	-
Balance as at March 31, 2023	153.87	74.59	483.20	23.41	89.85	27.22	0.26	106.88	959.28	-
III. Carrying Amounts (I-II)										
Balance as at March 31, 2022	797.34	27.77	352.67	8.22	62.37	15.66	0.01	30.79	1,294.83	33.91
Balance as at March 31, 2023	753.73	33.44	300.45	11.69	55.59	15.19	0.01	47.40	1,217.50	13.34



3B. Leases

(a) Right of use assets:

Particulars	Leasehold land	Buildings	Total
Balance as at April 1, 2021	383.08	37.03	420.11
Additions	-	-	-
Deletions	-	-	-
Depreciation (refer note 26)	(22.21)	(15.04)	(37.25)
Balance as at March 31, 2022	360.87	21.99	382.86
Additions	-	-	-
Deletions	-	-	-
Depreciation (refer note 26)	(22.54)	(15.04)	(37.58)
Balance as at March 31, 2023	338.33	6.95	345.28

b) Current and non-current lease liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	53.21	59.71
Non-current lease liabilities	362.56	377.19
Total	415.77	436.90

The following is the movement in lease liabilities during the year ended:

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	436.90	452.54
Additions	-	-
Deletions	-	-
Finance cost accrued during the period (refer note 25)	39.45	41.32
Finance cost transferred to CWIP	-	-
Payment of lease liabilities	(60.58)	(56.96)
Balance at the end of the year	415.77	436.90

The table below provides details regarding contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	51.86	62.11
One to five years	169.07	177.50
More than five years	560.75	604.18
Total	781.68	843.79

The Company does not face a significant liquidity risk with regard to its lease liabilities, as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

3C. Capital work-in-progress ageing schedule

(i) Ageing of capital work-in-progress:

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Balance as at March 31, 2023					
Projects in progress	13.34	-	-	-	13.34
Total	13.34	-	-	-	13.34
Balance as at March 31, 2022					
Projects in progress	20.52	7.67	5.72	-	33.91
Total	20.52	7.67	5.72	-	33.91

Note 1: Projects in progress are not overdue and not exceeded the cost.



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4. Goodwill

Particulars	As at	
	March 31, 2023	March 31, 2022
Balance at beginning of year	30.30	30.30
Balance at end of the year*	30.30	30.30

*Represents Goodwill acquired on acquisition of Techno Tools, which is tested for impairment on an annual basis. The estimated value-in-use is based on future cash flows (discounted @ 14%) for a forecast period of 5 years and a nil terminal growth rate. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of Goodwill would decrease below its carrying amount.

5. Other intangible assets

Particulars	As at	
	March 31, 2023	March 31, 2022
Carrying amount of:		
Computer software	16.46	14.12
Total	16.46	14.12

Movement in the carrying amount of intangible assets is as below:

Particulars	Computer software	Total
I. Gross carrying amount		
Balance as at April 1, 2021	91.59	91.59
Additions	16.15	16.15
Disposals	-	-
Balance as at March 31, 2022	107.74	107.74
Additions	12.12	12.12
Disposals	-	-
Balance as at March 31, 2023	119.86	119.86
II. Accumulated amortisation		
Balance as at April 1, 2021	86.65	86.65
Amortisation for the year	6.97	6.97
Disposals	-	-
Balance as at March 31, 2022	93.62	93.62
Amortisation for the period	9.78	9.78
Disposals	-	-
Balance as at March 31, 2023	103.40	103.40
III. Carrying amounts (I-II)		
Balance as at March 31, 2022	14.12	14.12
Balance as at March 31, 2023	16.46	16.46

6. Investments

Particulars	As at	
	March 31, 2023	March 31, 2022
Investments carried at fair value through other comprehensive income (unquoted), Full paid up		
Equity instruments of other entities (Unquoted)	895.22	3.22
Total	895.22	3.22

Note: Investments at fair value through OCI (fully paid) reflect investment in unquoted equity securities. These equity shares are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the company. Thus, disclosing their fair value fluctuation in profit or loss will not reflect the purpose of holding.

Note (a) Details of investments

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Equity instruments of other entities (unquoted)				
Mysore ESDM Cluster	3,193,237	3.22	3,193,237	3.22
Innovation Communications Systems Private Limited	2,342,869	892.00	-	-

Note (b): Carrying value of investments:

Particulars	As at	
	March 31, 2023	March 31, 2022
Aggregate amount of Investments carried at fair value through other comprehensive income	895.22	3.22



7. Other financial assets

Particulars	As at	
	March 31, 2023	March 31, 2022
Non-current (at amortised cost) Unsecured, considered good		
Security deposits	34.97	38.80
Total	34.97	38.80
Current (at amortised cost) Unsecured, considered good		
Security deposits	5.00	-
Interest accrued on deposit accounts	48.30	21.19
Advance to employees	1.36	1.14
Total	54.66	22.33
Total other financial assets	89.63	61.13

8. Other assets (Unsecured, considered good)

Particulars	As at	
	March 31, 2023	March 31, 2022
8A: Non-current :		
Capital advances	22.63	5.35
Prepaid expenses	15.78	2.76
Total	38.41	8.11
8B: Current :		
Prepaid expenses	35.11	20.76
Advance to suppliers	340.62	277.87
Balances with government authorities	346.61	134.65
Deferred contract costs	-	14.53
Share Issue expenses (Refer note 1 and 2 below)	61.93	-
Other current assets	13.63	11.89
Total	797.90	459.70
Total other assets	836.31	467.81

Note 1: During the year ended 31 March 2023, the Company has incurred share issue expenses in connection with proposed public offer of equity shares of which Rs. 61.93 is accounted for various services received for Initial Public Offering (IPO) which will be adjusted with equity on issue of shares.

Note 2: Share issue expenses includes auditor remuneration in relation to proposed IPO of Rs. 10 (March 31, 2022: Rs. Nil)

9. Inventories (Valued at lower of cost or net realisable value)

Particulars	As at	
	March 31, 2023	March 31, 2022
Raw materials	3,896.08	2,219.90
Work-in-progress	235.97	291.94
Finished goods	99.35	153.99
Consumables & stores	19.43	29.79
Total	4,250.83	2,695.62



10. Trade receivables (at amortised cost)

Particulars	As at	
	March 31, 2023	March 31, 2022
Trade receivables		
Unsecured, considered good*	1,698.85	1,599.78
Less: Allowance for expected credit loss	(81.38)	(76.53)
	1,617.48	1,523.25
Trade receivables - credit impaired - unsecured	43.71	47.47
Less: Allowance for credit impairment	(43.71)	(47.47)
Total	1,617.48	1,523.25

* includes amount receivable from related parties (refer note 30)

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.

As a practical expedient (Ind AS 109 B5.5.35), 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. Accordingly, the Company creates provision for past due receivables less than 270 days ranging between 1%-30% and 100% for the receivables due beyond 270 days. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.

Ageing for receivables	As at March 31, 2023							Total
	Not Due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 year		
Undisputed Trade Receivables								
Considered good	1,108.02	504.07	39.17	14.86	19.99	12.75	1,698.85	
Disputed Trade Receivables								
Credit impaired	-	-	-	-	-	43.71	43.71	
Total	1,108.02	504.07	39.17	14.86	19.99	56.46	1,742.56	
Less: Allowance for credit impairment and expected credit loss							(125.08)	
Balance at the end of the year							1,617.48	

Ageing for receivables	As at March 31, 2022							Total
	Not Due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 year		
Undisputed Trade Receivables								
Considered good	1,273.92	191.07	72.21	22.76	3.57	36.25	1,599.78	
Disputed Trade Receivables								
Credit impaired	-	-	-	-	11.38	36.09	47.47	
Total	1,273.92	191.07	72.21	22.76	14.95	72.34	1,647.25	
Less: Allowance for credit impairment and expected credit loss							(124.00)	
Balance at the end of the year							1,523.25	

Movement in the expected credit loss allowance	As at	
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	124.00	137.15
Provision made during the year (net of reversals) (refer note 27)	13.89	(13.15)
Bad debts written off	(12.81)	
Balance at the end of the year	125.08	124.00



11: Cash and Bank Balances

11A. Cash and cash equivalents

Particulars	As at	
	March 31, 2023	March 31, 2022
Balances with banks		
in current accounts	582.56	707.29
Cash on hand	0.01	0.01
Remittances in transit	190.84	61.29
Total	773.41	768.59

11B. Other bank balances

Particulars	As at	
	March 31, 2023	March 31, 2022
Deposits held as margin money/security for bank guarantees	902.60	449.49
Total	902.60	449.49

Deposits held as margin money is towards non-fund based limits sanctioned by the bank for establishment of bank guarantee and letter of credits.

Note :

Reconciliation of liabilities arising from financing activities:

For the year ended March 31, 2023:

Particulars	As at March 31, 2022	Additions	Proceeds	Repayment	Foreign exchange	As at March 31, 2023
Non-current borrowings (including current portion)	995.63	-	-	-	-	995.63
Current borrowings (net)	1,936.30	-	4,111.83	(3,893.07)	(5.95)	2,149.11
Lease liabilities	436.90	39.45	-	(60.58)	-	415.77
Total liabilities from financing activities	3,368.83	39.45	4,111.83	(3,953.65)	(5.95)	3,560.51

For the year end March 31, 2022:

Particulars	As at March 31, 2021	Additions	Proceeds	Repayment	Foreign exchange	As at March 31, 2022
Non-current borrowings (including current portion)	995.63	-	-	-	-	995.63
Current borrowings (net)	1,342.02	-	2,551.91	(1,961.18)	3.55	1,936.30
Lease liabilities	452.54	41.32	-	(56.96)	-	436.90
Total liabilities from financing activities	2,790.19	41.32	2,551.91	(2,018.14)	3.55	3,368.83



12. Equity share capital

Particulars	As at	
	March 31, 2023	March 31, 2022
Authorised share capital: 85,000,000 (March 31, 2022 : 4,750,000, March 31, 2021 : 4,750,000) equity shares of ₹ 10 each	100.00	47.50
Issued and subscribed capital: 52,866,000 (March 31, 2022: 1,367,000, March 31, 2021: 1,367,000) fully paid up equity shares of ₹ 10 each	528.66	13.67
Total	528.66	13.67

- i. On September 9, 2022, the Company allotted 1,570,000 fully paid-up equity shares of face value of ₹ 10/- each at issue price of ₹ 566 per share, pursuant to a rights issue.
ii. On December 14, 2022, the Company allotted 4,99,29,000 fully paid-up equity shares of face value of ₹ 10/- each, pursuant to a bonus issue.
iii. The Company has neither issued any shares with differential voting rights nor issued any sweat equity shares during the year ended March 31, 2023 and March 31, 2022.

Note:

(A) Reconciliation of Equity shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No of shares held	Amount	No of shares held	Amount
Balance as at beginning of the year	1,367,000	13.67	1,367,000	13.67
Add: Issue of shares in the current year	1,570,000	15.70	-	-
Add: Issue of Bonus shares in the current year	49,929,000	499.29	-	-
Balance as at end of the year	52,866,000	528.66	1,367,000	13.67

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

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid up equity shares Cyient Limited (Holding company)	52,866,000	100.00%	1,367,000	100.00%

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

(C) Details of Shares held by promoters at the end of the year

Name of the promoter	Number of shares			% of Holding of equity shares	% Change during the Year
	March 31, 2022	Change	March 31, 2023		
Cyient Limited (Holding company)	1,367,000	51,499,000	52,866,000	100.00%	3767%

Name of the promoter	Number of shares			% of Holding of equity shares	% Change during the Year
	March 31, 2021	Change	March 31, 2022		
Cyient Limited (Holding company)	1,367,000	-	1,367,000	100.00%	0%

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

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

(E) Equity shares movement during the five years preceding March 31, 2023:

Pursuant to resolution passed by the Directors of the Company on December 13, 2022 and approved by the extraordinary general meeting held on December 14, 2022, the Company has allotted 49,929,000 fully paid-up equity shares of face value of ₹ 10 each by way of bonus issue to its shareholders bonus shares in the ratio of 1:17.

13. Other equity

Particulars	As at	
	March 31, 2023	March 31, 2022
(a) General reserve	3.72	3.72
(b) Securities premium		
(i) As at beginning of the year	92.09	92.09
(ii) Premium on right issue of shares	872.92	-
(iii) Utilization for bonus shares	(499.29)	-
(iv) As at end of the year	465.72	92.09
(c) Retained earnings		
(i) As at beginning of the year	661.64	267.04
(ii) Profit for the year	317.27	397.95
(iii) Other comprehensive Income	1.71	(3.35)
(iv) As at end of the year	980.62	661.64
Total	1,450.06	757.45

Nature and Purpose :

a) General reserve:

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

b) Securities premium:

Amounts received on issue of shares in excess of the par value has been classified as securities premium. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(c) Retained earnings

- (i) Retained earnings comprises of prior years' undistributed earnings after taxes along with current year profit.
(ii) Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are presented within retained earnings.



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)**Notes forming part of the financial statements**

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

14. Borrowings - at amortised cost

Particulars	As at	
	March 31, 2023	March 31, 2022
Non-current		
Unsecured		
Term loan from related party (refer note 30)	995.63	995.63
Total	995.63	995.63
Current		
Unsecured		
Term Loan from related party - Current maturities of non-current borrowings	-	-
Working capital loan from related party (refer note 30)	540.00	540.00
Secured		
Working capital loans from banks	1,609.11	1,396.30
Total	2,149.11	1,936.30
Total borrowings	3,144.74	2,931.93

Details of the borrowings along with their terms and conditions:**a. Term loan from related party:**

The Company has obtained term loan of ₹ 1,000.00 from Cyient Limited for capital expenditure purpose, which is availed in various tranches starting from February 2019 repayable in 16 quarterly instalments starting from the June 2023 for each tranche. During the current year, the Company has renewed the term loan agreement with Cyient Limited. As per the renewal agreement, loan will repaid in 16 quarterly instalments starting from June 2024 and accrued interest on term loan as at March 31, 2023 will be repaid proportionately along with the repayment of principal amount. Outstanding balance of the term loan as at March 31, 2023 was ₹ 995.63, March 31, 2022 was ₹ 995.63, March 31, 2021: ₹ 995.63 (ROI - 6.00% p.a). There is no default in the repayment of principal loan and interest amount.

b. Working capital loan from related party:

The Company has availed working capital loan repayable on demand from Cyient Limited whose outstanding balance as at March 31, 2023 is ₹ 540.00 (ROI - 6.00% p.a.), March 31, 2022 is ₹ 540.00 (ROI - 6.00% p.a.). This loan is repayable on demand.

c. Working capital loans from banks:

i. The Company has availed working capital loans (repayable on demand) from various banks:

	March 31, 2023	March 31, 2022
HDFC Bank		
Loan outstanding	324.15	449.41
Range of interest	7.58% to 9.00%	6.00% to 8.15%
State Bank of India		
Loan outstanding	580.86	200.00
Range of interest	8.45% to 8.65%	6.8%
Federal Bank		
Loan outstanding	525.00	557.29
Range of interest	7.85%	6.00% to 7.00%
Axis Bank		
Loan outstanding	108.99	-
Range of interest	7.6% to 8.55%	-

ii. The Company has availed Packing credit facility from various banks:

	March 31, 2023	March 31, 2022
HDFC Bank		
Loan outstanding	70.11	189.60
Range of interest	6.08%	1.6% to 1.9%

Security terms for working capital loans from banks:

- First pari-passu charge on present and future current assets including stock and book debts of the Company.
- Second pari-passu charge on all existing and future movable fixed assets of the Company.
- Corporate guarantee from Cyient Limited.
- The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)**Notes forming part of the financial statements**

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

15. Other financial liabilities (at Amortised cost)

Particulars	As at	
	March 31, 2023	March 31, 2022
Non-Current		
Interest accrued but not due on borrowings*	166.32	113.10
Total	166.32	113.10
Current		
Capital creditors	14.64	6.99
Interest accrued but not due on borrowings*	61.85	34.34
Total	76.49	41.33

* includes amount payable to related parties (refer note 14 & 30 for details)

16. Provisions

Particulars	As at	
	March 31, 2023	March 31, 2022
Gratuity (refer note 29)	74.45	50.92
Compensated absences (refer note 29)	23.81	22.05
Total provisions	98.26	72.97
Non-current:		
Gratuity	74.45	40.28
Compensated absences	20.82	19.33
Total	95.27	59.61
Current:		
Gratuity	-	10.64
Compensated absences	2.99	2.72
Total	2.99	13.36



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)
Notes forming part of the financial statements
(All amounts in ₹ millions, except share and per share data and where otherwise stated)

17. Income taxes

17.1 Tax Expense

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax		
In respect of current period	129.71	96.35
Minimum Alternate Tax (MAT) credit availed/created	-	-
	129.71	96.35
Deferred tax expense/(benefit):		
In respect of the current period	(15.38)	(11.51)
In respect of prior period	-	24.51
	(15.38)	13.00
Total	114.33	109.35

Note: Presently, the Company has opted for the application of lower tax rate of 22% (excluding surcharge and cess thereon) under the provisions of section 115BAA of Income Tax Act, 1961.

B. Income tax benefit recognised in other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income tax benefit recognised directly in equity consists of:		
Tax effect on remeasurements of the net defined benefit liability	(0.57)	1.12
Total	(0.57)	1.12
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	(0.57)	1.12
Items that may be reclassified to profit or loss	-	-

C. Reconciliation of effective tax rate

The following is the reconciliation of the company's effective tax rate:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	431.60	507.30
Enacted rate in India	25.17%	25.17%
Computed expected tax expense	108.63	127.69
Tax effect of adjustments to reconcile expected tax expense:		
Deferred tax asset not recognised earlier/ (deferred tax liability reversing) during tax holiday period	-	(14.58)
Others	5.70	(3.76)
Income tax expense	114.33	109.35

17.2. Deferred tax assets and liabilities

A. The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at	
	March 31, 2023	March 31, 2022
Deferred tax assets		
Allowance for expected credit loss	31.48	31.21
Section 43B disallowances	28.64	22.80
MAT Credit Entitlement	-	-
Right of use assets/lease liabilities (refer note 3B)	17.74	13.60
Others	3.90	-
Total (A)	81.76	67.61
Deferred tax liabilities		
Property, plant and equipment and Intangible assets	(27.97)	(28.63)
Total (B)	(27.97)	(28.63)
Deferred tax asset, net (A+B)	53.79	38.98

Deferred tax assets have been recognised considering the utilisation plan against future taxable profits which are supported by existing and future sale orders.

B. Movement in deferred tax assets and liabilities

Particulars	Property, plant and equipment and Intangible assets	Provision for employee benefits	Right of use assets/lease liabilities (refer note 3C)	Provision for doubtful debts	MAT credit entitlement	Others	Total
Balance as at April 1, 2021	(24.05)	20.03	(4.15)	34.52	24.51	-	50.86
Recognised in P&L during the year	(4.58)	1.65	17.75	(3.31)	(24.51)	-	(13.00)
Recognised in OCI during the year	-	1.12	-	-	-	-	1.12
Balance as at March 31, 2022	(28.63)	22.80	13.60	31.21	-	-	38.98
Recognised in P&L during the year	0.66	6.41	4.14	0.27	-	3.90	15.38
Recognised in OCI during the year	-	(0.57)	-	-	-	-	(0.57)
Balance as at March 31, 2023	(27.97)	28.64	17.74	31.48	-	3.90	53.79

17.3. Income tax assets and liabilities

The following is the analysis of income tax assets/(liabilities) presented in the Company balance sheet:	As at	
	March 31, 2023	March 31, 2022
Income tax assets, net		
Advances income taxes	5.03	5.03
Income tax liabilities, net		
Income tax payable	21.90	60.63



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)
Notes forming part of the financial statements
 (All amounts in ₹ millions, except share and per share data and where otherwise stated)

18. Other liabilities	Particulars	As at	
		March 31, 2023	March 31, 2022
Non-Current			
	Advance from customers	-	260.83
	Total	-	260.83
Current			
	Advance from customers	2,022.84	1,134.83
	Unearned revenues	254.15	-
	Statutory remittances	8.94	7.57
	Other current liabilities	6.43	13.08
	Total	2,292.36	1,155.48

19. Trade Payables	Particulars	As at	
		March 31, 2023	March 31, 2022
(at amortised cost)			
	(i) total outstanding dues of micro enterprises and small enterprises (MSME) (refer note 34)	69.17	32.06
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises *	2,783.45	1,892.79
	Total	2,852.62	1,924.85

* includes amount payable to related parties (refer note 30)
 Trade payables are non-interest bearing and are normally settled on 60-day terms

Ageing for trade payable	As at March 31, 2023						Total
	Unbilled	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Dues to MSME	-	24.05	45.12	-	-	-	69.17
Dues to other than MSME	613.08	723.77	1,012.64	433.96	-	-	2,783.45
Disputed dues - Dues to MSME	-	-	-	-	-	-	-
Disputed dues - Dues to other than MSME	-	-	-	-	-	-	-
Balance at the end of the year	613.08	747.82	1,057.76	433.96	-	-	2,852.62

Ageing for trade payable	As at March 31, 2022						Total
	Unbilled	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Dues to MSME	-	32.06	-	-	-	-	32.06
Dues to other than MSME	716.40	672.58	503.81	-	-	-	1,892.79
Disputed dues - Dues to MSME	-	-	-	-	-	-	-
Disputed dues - Dues to other than MSME	-	-	-	-	-	-	-
Balance at the end of the year	716.40	704.64	503.81	-	-	-	1,924.85



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)

Notes forming part of the financial statements

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

20. Revenue from contract with customers

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of goods	8,176.09	7,155.57
Rendering of services	144.24	49.76
Total	8,320.33	7,205.33

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

1. Disaggregated revenue information

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Type of goods or service		
Sale of printed circuit boards and related products	8,176.09	7,155.57
Job work charges	144.24	49.76
Total	8,320.33	7,205.33
Based on geographical location of customers		
Within India	3,352.30	3,964.10
Outside India	4,968.03	3,241.23
Total	8,320.33	7,205.33
Timing of revenue recognition		
Goods transferred at a point in time	8,176.09	7,155.57
Services transferred over time	144.24	49.76
Total	8,320.33	7,205.33

2. Trade receivables and contract balances

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables	1,617.48	1,523.25
Unearned revenue (Contract liabilities)	254.15	-
Advance from customers (Contract liabilities)	2,022.84	1,395.66

The Company classifies the right to consideration in exchange for deliverables as trade receivable. A trade receivable is a right to consideration that is unconditional upon passage of time. Refer note 10 in Annexure V for details on expected credit loss.

Contract Liabilities

Advance from customers represents the amounts received from customers, which are adjusted against the future supplies against each customer order upon delivery. Unearned revenues represents invoicing in excess of revenue.

Amount of revenue recognised from:

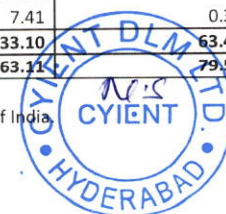
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Unearned revenue (Contract liabilities)	-	-
Advance from customers (Contract liabilities)	782.02	675.54

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

21. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income on financial assets carried at amortised cost		
Bank deposits	30.01	16.09
	30.01	16.09
Other non-operating income		
Export incentives (refer note (i) below)	3.63	45.28
Reversal of expected credit loss allowance (net) (refer note 10)	-	13.15
Bad debts recovered	-	3.49
Profit on sale of property, plant and equipment	(5.56)	0.94
Foreign exchange gain (net)	27.62	0.23
Miscellaneous income	7.41	0.33
	33.10	63.42
Total	63.11	79.51

Note: (i) Recognised upon satisfying the specified conditions under the applicable scheme defined by the Government of India



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)

Notes forming part of the financial statements

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

22. Cost of materials consumed

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening stock	2,219.90	1,190.73
Add: Purchases	8,017.71	6,582.05
Less: Closing stock	(3,896.08)	(2,219.90)
Cost of materials consumed	6,341.53	5,552.88

23. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock:		
Finished goods	153.99	225.70
Work-in-progress	291.94	106.97
	445.93	332.67
Closing Stock:		
Finished goods	99.35	153.99
Work-in-progress	235.97	291.94
	335.32	445.93
Net Decrease / (Increase)	110.61	(113.26)

24. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages, including bonus	568.73	477.28
Contribution to provident and other funds (refer note 29)	38.53	5.99
Share based expenses from Holding Company (refer note 36)	5.42	0.78
Staff welfare expenses	34.26	32.47
Total	646.94	516.52

25. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense -		
Interest on borrowings from banks	144.62	67.65
Interest on borrowings from related parties (refer note 30)	92.14	81.64
Interest on others	20.38	-
Interest on lease liabilities (refer note 3B)	39.45	41.32
Other borrowing costs	18.57	29.14
Total	315.16	219.75



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Notes forming part of the financial statements

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

26. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (refer note 3A)	146.79	148.64
Depreciation of right-of-use assets (refer note 3B)	37.58	37.25
Amortisation of intangible assets (refer note 5)	9.78	6.97
Total	194.15	192.86

27. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rates and taxes	27.24	5.32
Insurance	24.88	17.18
Stores and spares consumed	46.81	29.05
Freight outwards	55.88	133.14
Travelling and conveyance	3.68	3.77
Communication	3.39	2.31
Printing and stationery	1.49	1.10
Power and fuel	37.97	33.48
Marketing expenses	17.81	68.98
Repairs and maintenance		
- Machinery	3.96	28.22
- Others	41.45	3.69
Legal and professional charges	11.03	29.76
Expenditure for Corporate Social Responsibility	4.47	1.30
Foreign exchange loss (net)	-	-
Expected credit loss allowance (net) (refer note 10)	13.89	-
Auditors' remuneration*		
-For statutory audit	1.60	1.55
-For reimbursement of expenses	-	0.01
Training and development	1.57	2.88
Miscellaneous expenses	46.33	47.05
Total	343.45	408.79

* Exclusive of applicable taxes. Also refer note 8.

Notes:

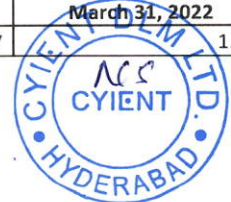
i. Expenditure for Corporate Social Responsibility:

The Company contributes towards Corporate Social Responsibility (CSR) activities through Cyient Foundation and Cyient Urban Micro Skill Centre Foundation. The Company has formed CSR committee as per Section 135 of the Companies Act, 2013 to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified by law. The areas for CSR activities are promoting education, adoption of schools, facilitating skill development, medical and other social projects. Expenses incurred on CSR activities through Cyient Foundation and contributions towards other charitable institutions are charged to the statement of profit and loss under 'Other Expenses': April 2022 to March 2023 - ₹ 4.47, April 2021 to March 2022 - ₹ 1.30

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gross amount required to be spent by the Company	4.47	1.29
Amount approved by the board to be spent during the year	4.47	1.29
Actual amount spent		
1. Construction / acquisition of any asset	-	-
2. On purposes other than (1) above (in cash)	4.47	1.30
Shortfall/ (excess)	-	(0.01)

Heads of CSR Expenditure:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Promotion of education	4.47	1.30



28. Contingent liabilities and Commitments

	As at	
	March 31, 2023	March 31, 2022
(A) Contingent liabilities:		
Claims against the Company not acknowledged as debt:	-	-
(B) Commitments:		
(i) Contracts remaining to be executed on capital account and not provided for (net of capital advances)	51.71	44.06
Total	51.71	44.06

The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required in respect of these matters.

29. Employee benefits:

The employee benefit schemes are as under:

1 Defined contribution plans

i. Provident fund:

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the statement of profit and loss in the period they are incurred.

Total expense recognised during the year ended as follows:

i. Year ended March 2023 : ₹ 19.96

ii. Year ended March 2022 : ₹ 18.65 (Additionally, a provision reversal was made for ₹ 18.10 (Mar '15-Feb '18), pursuant to final order from Assistant PF Commissioner)

2 Defined Benefit Plans

i. Gratuity:

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by the Company's own trust which has subscribed to the "Group Gratuity Scheme" of Life Insurance Corporation of India.

The present value of the defined benefit obligation (DBO), and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate (%)	7.43%	7.46%
Salary increase rate (%)	10.00%	10.00%
Attrition (%)	8.00%	8.00%
Mortality table	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Retirement age	58 years	58 years

The following table sets out the defined benefit costs as per actuarial valuation for the Company.

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	14.76	5.08
Net interest cost		
Interest expense on defined benefit obligation	5.88	2.44
Interest income on plan assets	(2.06)	(2.08)
Defined benefit cost included in P&L	18.58	5.44

Remeasurement effects recognised in Other Comprehensive Income	For the year ended March 31, 2023	For the year ended March 31, 2022
Actuarial (Gain) / Loss due to demographic assumptions change in defined benefit obligation	-	-
Actuarial (Gain) / Loss due to Financial assumptions change in defined benefit obligation	0.24	0.98
Actuarial (Gain) / Loss due to Experience on defined benefit obligation	(2.23)	2.71
Return on plan assets (Greater)/Less than discount rate	(0.29)	0.78
Components of defined benefit costs recognised in Other Comprehensive Income	(2.28)	4.47

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Present value of funded defined benefit obligation	102.77	79.85
Fair value of plan assets	(28.32)	(28.93)
Net liability arising from defined benefit obligation	74.45	50.92



Movement in the present value of the defined benefit obligation	For the year ended March 31, 2023	For the year ended March 31, 2022
Projected benefit obligation at the beginning of the year	79.85	72.85
Current service cost	14.76	5.08
Interest cost	5.88	2.44
Acquisition	7.23	-
Actuarial loss/(gain)	(1.99)	3.69
Benefits paid	(2.96)	(4.21)
Defined benefit obligation at the end of the year	102.77	79.85

Change in Plan assets	For the year ended March 31, 2023	For the year ended March 31, 2022
Plan assets at the beginning of the year	28.93	31.83
Return on plan assets	2.06	2.08
Employer contribution	-	0.01
Benefits paid	(2.96)	(4.21)
Asset (loss)/Gain	0.29	(0.78)
Plan Assets at the end of the year	28.32	28.93

The average rate of increase in compensation levels is determined by the Company, considering factors such as, the Company's past compensation revision trends and management's estimate of future salary increases.

Composition of plan assets

Plan assets comprise of 100% insurer managed funds. Fund is managed by Life Insurance Corporation of India as per Insurance Regulatory and Development Authority of India (IRDA) guidelines, category wise composition of the plan assets is not available.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(7.41)	8.46	(7.48)	8.71
Future salary growth (1% movement)	7.92	(7.15)	8.08	(7.14)

Maturity profile of defined benefit obligation (discounted cash flows):

Particulars	As at March 31, 2023	As at March 31, 2022
Within 1 year	9.55	4.02
1-2 year	9.23	3.72
2-3 year	7.76	4.94
3-4 year	9.37	3.14
4-5 year	10.54	4.01
5-10 year	45.86	17.35
Payouts above 10 years	119.36	42.67

ii. Assumptions for compensated absences:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate (%)	7.43%	7.46%
Salary increase rate (%)	10.00%	10.00%
Attrition (%)	8.00%	8.00%
Leave availment ratio	5.00%	5.00%
Mortality table	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Retirement age	58 years	58 years

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.48 years (31 March 2022: 12.62 years).

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

The average rate of increase in compensation levels is determined by the Company, considering factors such as, the Company's past compensation revision trends and management's estimate of future salary increases.



30. 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 Inc.	Fellow subsidiary
Cyient GmbH	Fellow subsidiary
Cyient Schweiz GmbH	Fellow subsidiary
Cyient Singapore	Fellow subsidiary
Cyient Israel India Limited	Fellow subsidiary
Key Managerial Personnel:	
BVR Mohan Reddy (w.e.f December 27, 2022)	Non-Executive Director, Non-Independent Director
Ganesh Venkat Krishna Bodanapu	Chairman, Non-Executive Director, Non Independent Director
Ajay Aggarwal (resigned w.e.f December 13, 2022)	Director
Rajendra Velagapudi	Managing Director
Jehangir Ardeshir (w.e.f December 13, 2022)	Independent Director
Vanitha Datla (w.e.f December 13, 2022)	Independent Director
Medan Pillutla (w.e.f December 27, 2022)	Independent Director
Shrinivas Kulkarni (w.e.f January 02, 2023)	Chief Financial officer (CFO)
Anthony Montalbano (w.e.f January 02, 2023)	Chief Executive officer (CEO)
Suchitra R C (resigned w.e.f October 10, 2022)	Additional Director & Vice President Operations
Parvati Ramachandra	Company Secretary

Nature of the transaction	Party name	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from contract with customers - Sale of Goods	Cyient Limited	1.16	10.95
	Cyient Inc.	11.77	1.24
Marketing expenses	Cyient Israel India Limited	17.52	15.01
Rent Payable	Cyient Limited	0.05	-
	Cyient Limited	90.33	37.38
	Cyient GmbH	8.14	3.29
	Cyient Schweiz GmbH	16.56	-
	Cyient Singapore	12.95	6.81
	Cyient Inc.	128.35	45.84
Working capital loan received	Cyient Limited	210.00	825.00
Working capital loan paid	Cyient Limited	210.00	600.00
Corporate guarantee received	Cyient Limited	750.00	-
Purchase of investment	Cyient Limited	892.00	-
Right issue of shares (Note 12)	Cyient Limited	888.62	-
Interest on loan from holding company	Cyient Limited	92.14	81.64
	Parvati Ramachandra	1.67	1.58
	Rajendra Velagapudi (Note 2)	16.37	16.15
	Shrinivas Kulkarni (Note 2)	3.98	-
	Anthony Montalbano (Note 3)	36.14	-
	Suchitra R C	7.78	7.43

Note 1 : The above figures do not include provisions for leave encashment, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

Note 2 : Remuneration paid by Cyient Limited, Holding Company and is recharged to the Company.

Note 3 : Remuneration paid by Cyient Inc, fellow subsidiary and is recharged to the Company. The above figures includes compensation which is being amortized over the contractual period.

Note 4 : During the current year, the Company has allotted 49,929,000 equity shares of face value of ₹ 10 each by way of bonus issue to its Cyient Limited in the ratio of 1:17 by way of capitalization of free reserves amounting to Rs. 499.29.

(iii) Balances at the year-end:

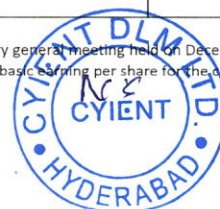
Nature of the transaction	Party name	As at March 31, 2023	As at March 31, 2022
Trade Receivables	Cyient Limited	29.96	11.84
	Cyient Inc.	16.37	2.98
	Cyient GmbH	0.38	-
	Cyient Limited	363.55	254.96
	Cyient GmbH	11.51	3.03
	Cyient Schweiz GmbH	16.56	-
	Cyient Singapore	19.77	6.83
	Cyient Israel India Limited	35.13	46.03
	Cyient Inc.	197.74	69.39
Advance from customer	Cyient Limited	-	7.20
Corporate guarantee outstanding	Cyient Limited	4,470.00	3,720.00
Terms Loans Outstanding	Cyient Limited	995.63	995.63
Working capital Loan outstanding	Cyient Limited	540.00	540.00
Interest on loans outstanding	Cyient Limited	228.17	145.47

31. Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/(loss) for the year	317.27	397.95
Basic and diluted:		
Number of equity shares outstanding at the year end (refer note 12)	52,866,000	1,367,000
Weighted average number of equity shares at the year end (A)	2,274,589	1,367,000
Impact on account of Bonus Issue (refer Note below) (B)	38,668,014	23,239,000
Weighted average number of equity shares after Bonus Issue (A+B)	40,942,603	24,606,000
Earnings per share (₹)	7.75	16.17

*There were no dilutive instruments outstanding during the year.

Note : Pursuant to resolution passed by the Directors of the Company on December 13, 2022 and approved by the extraordinary general meeting held on December 14, 2022, the Company has allotted equity shares of face value of ₹ 10 each by way of bonus issue to its shareholders bonus shares in the ratio of 1:17. Accordingly, basic earnings per share for the current year and for earlier year have been calculated after considering the above bonus issue in terms of Ind AS-33 "Earnings Per Share"



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)

Notes forming part of the financial statements

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

32. Financial Instruments

32.1 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. In order to optimise the Company's position with regards to its borrowings, interest income and interest expense, treasury team performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

32.1.1 Gearing ratio

The gearing ratio at end of the reporting period is as follows.

Particulars	As at	
	March 31, 2023	March 31, 2022
Borrowings*	3,144.74	2,931.93
Less: Cash and bank balances	(1,676.01)	(1,218.08)
Net debt	1,468.73	1,713.85
Total equity (refer note 12)	1,978.72	771.12
Net debt to equity	74%	222%

* Includes current, non-current and current maturities of non-current borrowings (refer note 14)

There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023, March 31, 2022.

32.1.2 : Financial Instruments by category

Particulars	Carrying value as at	
	March 31, 2023	March 31, 2022
Financial assets:		
Amortised cost		
Trade receivables	1,617.48	1,523.25
Cash and cash equivalents	773.41	768.59
Other bank balances	902.60	449.49
Other financial assets	89.63	61.13
Fair value through other comprehensive income		
Investments in other equity instruments (unquoted)	895.22	3.22
Total financial assets	4,278.34	2,805.68
Financial liabilities:		
Amortised cost		
Borrowings*	3,144.74	2,931.93
Trade payables	2,852.62	1,924.85
Lease liabilities	415.77	436.90
Other financial liabilities	242.81	154.43
Total financial liabilities	6,655.94	5,448.11

* Includes current, non-current and current maturities of non-current borrowings from banks (refer note 14)

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022

The management assessed that fair value of cash and cash equivalents and other bank balances, trade receivables, other financial assets, loans and deposits, trade payables, and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost. Carrying value of unquoted instruments, loans from banks, other non-current financial assets and non-current financial liabilities represents fair value which is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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.

Investments in other equity instruments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

32.1.3 Fair value hierarchy

Valuation technique and key inputs

Level 1 - Quoted prices (unadjusted) in an active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Quantitative disclosures of fair value measurement hierarchy for financial instruments

Fair value measurement at the end of year	As at	
	March 31, 2023	March 31, 2022
Level 3		
Investments in other equity instruments (unquoted)	895.22	3.22

The fair values of the unquoted equity instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, and probabilities of the various estimates within the range used in management's estimate of fair value for these unquoted equity investments.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.



32.1.4 Fair value measurements using significant unobservable inputs (level 3)

The following table presents changes in level 3 items for the year ended

Fair value measurement at the end of year	Investments in other equity instruments (unquoted)	
	March 31, 2023	March 31, 2022
Level 3		
Opening balance	3.22	3.22
Investment (refer note 6)	892.00	-
Closing balance	895.22	3.22

Valuation inputs and relationships to fair value:

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Investments in other equity instruments (unquoted)		Significant unobservable inputs		Sensitivity of the inputs to fair value
As at	Fair value			
March 31, 2023	895.22	Earnings growth rate	Earnings growth factor for unquoted equity shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	Any increase in the earnings growth rate would result in a increase in fair value.
March 31, 2022	3.22	Discount rate	Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and risk specific to that asset.	Any increase in the discount rate would result in a decrease in the fair value.

32.2 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk and interest rate 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 rupee 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 rupee appreciates/ depreciates against these currencies. The Company monitors and manages its financial risks by analysing its foreign exchange exposures.

Sensitivity analysis:

Every 5% increase / decrease of the respective foreign currencies compared to functional currency of the Company would impact profit before tax by ₹ 18.82 for the year ended March 31, 2023 and ₹ 29.25 for the year ended March 31, 2022

Interest Risk

There is no material interest risk relating to the Company's financial liabilities which are detailed in note 14.

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. 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 and impairment that represents its estimate of expected losses in respect of trade receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of percentage of total receivables from top five customers and others:

Particulars	As at	
	March 31, 2023	March 31, 2022
Receivable from top 5 customers	58%	79%
Others	42%	21%

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The Company had unutilized credit limits from banks as of March 31, 2023 ₹ 579, March 31, 2022 ₹ 427.94

The Company had working capital of ₹ 948.23 (₹ 727.32 - as at March 31, 2022) and cash and bank balance of 1,676.01 (₹ 1218.08 - as at March 31, 2022)

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding borrowings and lease liabilities) as at March 31, 2023:

Particulars	Less than 1 year	1-2 years	2 years and more
Trade payables	2,852.62	-	-
Other financial liabilities	76.49	41.58	124.74
Total	2,929.11	41.58	124.74

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding borrowings and lease liabilities) as at March 31, 2022:

Particulars	Less than 1 year	1-2 years	2 years and more
Trade and other payables	1,924.85	-	-
Other financial liabilities	41.33	28.28	84.82
Total	1,966.18	28.28	84.82

The Company's obligation towards payment of borrowings has been included in note 14.

The Company's obligation towards payment of lease liabilities has been included in note 3B.



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)**Notes forming part of the financial statements**

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

33. Segment information

The Company's operations fall within a single operating segment "Electronic manufacturing solutions" which is considered as the primary reportable business segment. The reporting of geographical segments is based on the location of customers i.e., Domestic (Within India) and Overseas (Outside India).

Geographical segment information

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenue from operations	3,352.30	4,968.03	8,320.33	3,964.10	3,241.23	7,205.33
Non-current assets*	1,661.29	-	1,661.29	1,764.13	-	1,764.13

*Geographical non-current assets (property, plant and equipment, right of use assets, capital work-in-progress, goodwill, intangible assets and other non-current assets) are allocated based on location of assets.

Information about major customers

Particulars	For Year ended			
	March 31, 2023	Percentage	March 31, 2022	Percentage
Revenue from top customers (*)	3,451.47	53.17%	3,527.80	48.96%
Others	4,868.86	46.83%	3,677.53	51.04%
Total Revenue	8,320.33	100.00%	7,205.33	100.00%

*Includes revenue from customers individually amounting to 10% or more of the Company's revenues.

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

Particulars	As at	
	March 31, 2023	March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	69.17	32.06
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)

Notes forming part of the financial statements

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

35. Ratio Analysis and its elements

Ratios	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reasons
Current ratio	Current Assets	Current Liabilities	1.13	1.14	(1.12)%	NA
Debt- Equity Ratio	Total Debt	Shareholder's Equity	1.80	4.37	(58.81)%	Note 1(c)
Debt Service Coverage ratio	Earning for Debt Service **	Debt service = Interest & Lease Payments + Principal Repayments	0.19	0.36	(45.86)%	Note 1 (d)
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.23	0.69	(66.73)%	Note 1 (c) and Note 1(f)
Inventory Turnover ratio	Cost of goods sold	Average Inventory	1.86	2.56	(27.43)%	Note 1 (e)
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	5.30	3.81	39.24%	Note 1 (a)
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	3.36	3.44	(2.47)%	NA
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	8.77	9.91	(11.42)%	NA
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.04	0.06	(30.96)%	Note 1 (f)
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt*	0.13	0.18	(23.24)%	NA
Return on Investment#	Interest (Finance Income)	Investment	-	-	-	-

The Company does not have any income generated on investments

*Debt represents Borrowings and lease liabilities

**Net profit after taxes + Non-cash operating expenses like depreciation and amortizations + Interest + other adjustments like expected credit loss (net)

Note 1 : Improvement in ratio is due to:

- Higher efficiency resulting in improved working capital
- Issue of right shares and Bonus shares during the year ended March 2023.
- Increase in repayment of working capital loan.
- Increase in closing inventory on account of future orders
- Decrease is on account of increase in finance cost and decrease in other income

36. Employee Share based expenses

(i) Cyient Limited ("Holding Company") of the Company instituted Associate stock option plan 2015 (ASOP 2015) in July 2015 and earmarked 1,200,000 equity shares of ₹ 5 each for issue to the employees of the Holding Company and its subsidiaries. Under ASOP 2015, options will be issued to employees at an exercise price, which shall not be less than the market price of the Holding Company on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year. Share based expenses incurred by Holding Company are recharged to respective group companies. In this regard, the Company has accounted for share based expenses in the statement of profit and loss and a corresponding liability towards amount payable to Holding Company.

Movements in stock options during the year

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Options	Weighted average exercise price	No. of Shares	Weighted average exercise price
Options outstanding at the beginning of the year	9,953	473	-	-
Granted	-	-	11,840	473
Forfeited	-	-	-	-
Exercised	(3,753)	473	(1,887)	473
Options outstanding at the end of the year	6,200	473	9,953	473

The fair value of options granted in the year was March 31, 2023 ₹ Nil, March 31, 2022 ₹ 112 to 129, March 31, 2021 ₹ Nil. The fair value of options were priced using Black Scholes pricing model. Grant date share price - ₹ 455 - ₹ 678 Dividend yield (%) - 1.7 - 2.9, Expected volatility (%) - 29.8 - 41.60, Risk-free interest (%) - 4.49 - 7.9, Expected term (in years) - 3 - 4.



Cyient DLM Limited (Formerly known as Cyient DLM Private Limited)**Notes forming part of the financial statements**

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

(ii) Cyient Limited ("Holding Company") of the Company instituted the ARSU's 2020 plan earmarking 1,050,000 shares of ₹ 5 each which provided for grant of RSUs to eligible associates of the Company and its subsidiaries. The Board of Directors recommended the establishment of the plan on January 16, 2020 and the shareholders approved the recommendation of Board of Directors on March 5, 2020 through a postal ballot. The RSUs will vest over a period of three years from the date of grant. Share based expenses incurred by Holding Company are recharged to respective group companies. In this regard, the Company has accounted for share based expenses in the statement of profit and loss and a corresponding liability towards amount payable to Holding Company.

Movements in stock options during the year

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Options	Weighted average exercise price	No. of Shares	Weighted average exercise price
Options outstanding at the beginning of the year	10,240	5	-	-
Granted	440	5	10,240	5
Forfeited	-	-	-	-
Exercised	(312)	5	-	-
Options outstanding at the end of the year	10,368	15	10,240	5

The fair value of RSUs granted in the year was March 31, 2023 ₹ 726 to 745, March 31, 2022 ₹ 714 to 792, March 31, 2021 ₹ Nil. The fair value of options were priced using Black Scholes pricing model. Grant date share price - ₹ 811 - ₹ 874 Dividend yield (%) - 2.6 - 2.9, Expected volatility (%) - 38.73 - 41.90, Risk-free interest (%) - 4.96 - 6.8, Expected term (in years) - 3.

The total charge for the year relating to employee share based payment plans was March 31, 2023 5.42, March 31, 2022 0.78

37. Other Statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

(v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or

(a) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries other than Issue proceeds raised through Right's Issue aggregating to Rs. 888 Mn during the year from Cyient Limited, Holding Company for acquiring Investment in ICS (refer note 6) during the year ended March 2023.

(viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961 (Such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

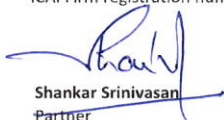
38. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

Accompanying notes form an integral part of the financial statements

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****Cyient DLM Limited**


Krishna Bodanapu
Non - Executive Chairman
(DIN - 00605187)



Rajendra Velagapudi
Managing Director
(DIN - 06507627)



Parvati K R
Company Secretary
(M.No. - A23584)



Shrinivas Kulkarni
Chief Financial Officer

Place: Hyderabad
Date: April 17, 2023

Place: Hyderabad
Date: April 17, 2023

Place: Hyderabad
Date: April 17, 2023

