

1. BASIS OF ISSUE PRICE

Date: June 6, 2023

To,  
The Board of Directors,  
**Cyient DLM Limited**  
3rd floor, Plot No. 11,  
Software Layout Units, Infocity  
Hyderabad, Telangana, 500081

**Re: Proposed initial public offering of its equity shares having face value ₹ 10 each (“Equity Shares”) by Cyient DLM Limited (the “Company”) and such offering (the “Issue”)**

We, N B T and Co, Chartered Accountants, have been informed that the Company, in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”), (i) proposes to file a Red Herring Prospectus with the Securities and Exchange Board of India (“SEBI”), the BSE Limited and National Stock Exchange of India Limited (collectively, the “Stock Exchanges”) and the Registrar of Companies, Telangana at Hyderabad (“Registrar of Companies” and such Red Herring Prospectus, the “RHP”); (ii) proposes to file a Prospectus with the SEBI, the Stock Exchanges and the Registrar of Companies (the “Prospectus”); and (iii) issue any other documents or materials in relation to the Issue (such documents or materials collectively with the RHP and Prospectus, the “Issue Documents”).

We also consent to be named as an “expert” in terms of Section 2(38) and Section 26 and any other applicable provisions of the Companies Act, 2013, as amended, in the Issue Documents in relation to the certificates delivered by us in connection with the Issue.

We certify that, in connection with calculation of the basis of issue price of the Equity Shares in the Issue and disclosures on other financial information appearing in the Issue Documents, we have verified the information mentioned in the Annexures with respect to the Company.

The agreed-upon-procedures and data provided for the KPIs and the definitions and assumptions in relation to these KPIs have been mentioned in the Annexures, as outlined in the below table:

Annexure	Key Performance Indicator
1	Financial KPIs
2	Revenue and customer related KPIs

We have also verified the quantitative factors (as detailed in **Schedule I**) which may form the basis for computing the Issue Price at the request of the Company which has been extracted from the (“Restated Summary Statements”) of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021

We have carried out our work on the basis of Restated Summary Statements and other documents, public domain and information made available to us by the Company, which has formed substantial basis for this certification. We were not appointed as the statutory auditor and have not audited the Company or its financial statements. Accordingly, we do not express any form of opinion on the financial statements. While we use reasonable efforts to furnish accurate and up-to-date information, we do not warrant that any information contained in or made available through company or public domain is accurate, complete, reliable, current or error-free. Any change in the information made available to us by the Company which forms substantial basis of our verification, subsequent to the issuance of this certificate has not been considered.

We have conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (“Guidance Note”) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have also complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We confirm that the information above is true, fair, correct, accurate, not misleading and without omission of any matter that is



likely to mislead.

This certificate is issued for the sole purpose of the Issue, and can be used, in full or part, for inclusion in the Issue documents, and for the submission of this certificate as may be necessary, to any regulatory/statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the BRLMs in connection with the Issue and in accordance with applicable law, and for the purpose of any defense the BRLMs may wish to advance in any claim or proceeding in connection with the contents of the issue documents.

This certificate may be relied on by Book Running Lead Managers, their affiliates and legal counsel appointed in relation to the Issue.

We also consent to the inclusion of this letter as a part of "Material Contracts and Documents for Inspection" in connection with this Issue, which will be available for public for inspection from date of the filing of the RHP until the Bid/ Issue Closing Date including through online means on the website of the Company.

We confirm that on receipt of any written communication from Company of any changes in the information, we will immediately communicate any changes in writing in the above information to the Book Running Lead Managers until the date when the Equity Shares that are allotted and transferred in the Issue commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Book Running Lead Managers and the legal advisors, each to the Company and the Book Running Lead Managers, can assume that there is no change to the above information.

Yours faithfully,

For N B T and Co  
Chartered Accountants  
ICAI Firm Registration Number: 140489W



CA Ashutosh Biyani  
Partner  
Membership No.: 165017  
Place: Mumbai  
UDIN: 23165017BGXEXW8315



Cc:

Book Running Lead Managers		
<b>Axis Capital Limited</b> Corporate Office: 1st Floor, Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai- 400025, Maharashtra, India	<b>JM Financial Limited</b> 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai – 400 025	
Domestic Legal Counsel to the Company		
<b>Cyril Amarchand Mangaldas</b> 3rd Floor, Prestige Falcon Towers 19, Brunton Road, Off M.G. Road Bengaluru 560 025	Domestic Legal Counsel to the BRLMs	
	<b>IndusLaw</b> 2nd Floor, Block D The MIRA, Mathura Road New Delhi 110 065	



**Schedule I**

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

**A. Basic and Diluted Earnings Per Equity Share ("EPS") (face value of each Equity Share is ₹10):**

Fiscal Ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2023	7.75	7.75	3
March 31, 2022	16.17	16.17	2
March 31, 2021	4.80	4.80	1
<b>Weighted Average</b>	<b>10.07</b>	<b>10.07</b>	

Notes:

- Basic and diluted earnings per share (EPS) = Restated profit for the year attributable to equity shareholders of the Company divided by total weighted average number of equity shares outstanding at the end of the year.
- Earnings Per Equity Share (Basic and Diluted) are computed in accordance with Ind AS 33 - Earnings Per Share notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended)
- Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weight factor.
- The Weighted average number of Equity Shares outstanding during the year are adjusted for the bonus issue.
- The Weighted average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by the total aggregate weight.

**B. Industry Peer Group P/E ratio**

Particulars	P/E Ratio
Highest	71.45
Lowest	26.33
Industry Composite	49.75

Notes:

- The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section.
- The industry P/E ratio mentioned above is computed based on the closing market price of equity shares on NSE on June 2, 2023 divided by the Diluted EPS as on financial year ended March 31, 2023.

**C. Return on Net worth ("RoNW")**

Fiscal Ended	RoNW (%)	Weight
March 31, 2023	16.03%	3
March 31, 2022	51.61%	2
March 31, 2021	31.38%	1
<b>Weighted Average</b>	<b>30.45%</b>	

Notes:

- Return on net worth % = Restated profit for the year attributable to equity shareholders of the Company divided by net worth of the Company as at the end of the year.
- Net worth = Aggregate value of equity share capital and other equity created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, derived from the Restated Summary Statement, but does not include reserves created out of revaluation of assets and write-back of depreciation.
- Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights (RoNW x Weight) for each year/Total of weights.

**D. Net Asset Value ("NAV") per Equity Share**

Particulars	Amount (₹)
As on March 31, 2023	48.33

Notes:

- Net assets value per share = Net asset value per share is calculated by dividing net worth by weighted average number of equity shares outstanding at the end of the year.

**Comparison with Listed Industry Peers**

There are no listed companies globally that are of comparable size from the same industry as that of the Company.







Name of Company	Face Value (₹ Per Share)	Closing price on June 2, 2023 (₹)	Total Income, for Fiscal 2023 (in ₹ million)	EPS (₹)		EV / EBITDA	P/E	NAV(₹ per share)	RONW (%)
				Basic	Diluted				
Cyient DLM Limited*	10.00	NA	8,383.44	7.75	7.75	NA	NA	48.33	16.03%
<b>Peer Group**</b>									
Syrma SGS Technology Limited	10.00	386.05	20,921.37	7.59	7.50	26.32	51.47	87.13	11.60%
Kaynes Technology India Limited	10.00	1401.15	11,375.12	19.84	19.61	33.90	71.45	164.95	13.14%
DCX Systems Limited	10.00	222.25	12,831.82	8.44	8.44	22.74	26.33	58.59	15.13%

Source:

\* All the financial information for the Company above is sourced from the Restated Summary Statement.

\*\* Information for the industry peers mentioned above is on a consolidated basis and is sourced/derived from the respective annual results for the year ended March 31, 2023 of such industry peers available on the website of stock exchanges.

Notes:

- Basic and diluted EPS= Restated profit for the year attributable to equity shareholders of the Company divided by total weighted average number of equity shares outstanding at the end of the year
- P/E Ratio: P/E Ratio has been computed based on the closing market price of equity shares on NSE on June 2, 2023 divided by the Diluted EPS.
- EV/EBITDA: EV/EBITDA Ratio has been computed as :  
Enterprise Value = (closing market price of equity shares on NSE multiply number of outstanding shares as on March 31, 2023) + total debts – cash  
EBITDA is calculated as profit before tax minus other income plus finance costs, and depreciation and amortisation expense.
- Net Asset Value: Net Asset Value is computed as the Net Worth as of March 31, 2023 divided by the weighted average equity shares outstanding as on March 31, 2023.
- Return on net worth %: Return on Net Worth (%) is calculated as profit for the year ended on March 31, 2023 as a percentage of Net Worth as of March 31, 2023.
- Listed peers are as identified by the management and relied upon by us, based on the following reasoning:
  - Similar to the Company, Kaynes Technology India Limited provides electronic manufacturing services to Aerospace, Defence, Medical, and Industrial industries.
  - Similar to the Company, Syrma SGS Technology Limited provides electronic manufacturing services to Industrial and Medical industries.
  - Similar to the Company, DCX Systems Limited provides electronic manufacturing services to Aerospace and Defence industries.

The table below sets forth a comparison of the Company with certain of the Company's industry peers as at and for the year ended March 31, 2022 and March 31, 2023, as applicable, in terms of the financial parameters disclosed below:

Financial Parameters	Kaynes Technology India Limited*	Syrma SGS Technology Ltd*	DCX Systems Limited*	Cyient DLM Limited
<b>As at and for the year ended March 31, 2022</b>				
Revenue from operations (₹ in million)	7,062.49	12,666.48	11,022.73	7,205.33
Domestic Revenue from operations (%)	19.99	45.23	78.57	55.02
International Revenue from operations (%)	80.01	54.77	21.43	44.98
<b>As at and for the year ended March 31, 2023</b>				
Revenue from operations (₹ in million)	11,261.14	20,483.88	12,536.34	8,320.33
Domestic Revenue from operations (%)	Not available	Not available	Not available	40.29
International Revenue from operations (%)	Not available	Not available	Not available	59.71
EBITDA (₹ in million)	1,683.18	1,877.69	836.73	877.80
EBITDA margin (%)	14.95%	9.17%	6.67%	10.55%
Profit for the year (₹ in million)	951.96	1,230.76	716.81	317.27
Profit margin for the year (%)	8.45%	6.01%	5.72%	3.81%
RONW (%)	13.14%	11.60%	15.13%	16.03%
ROCE (%)	14.45%	10.46%	10.35%	13.48%
Inventory Turnover (times)***	2.44	3.51	8.73	1.86
EPS Basic (₹)	19.84	7.59	8.44	7.75
EPS Diluted (₹)	19.61	7.50	8.44	7.75

Source:

\*The financial parameters for the industry peers mentioned above is on a consolidated basis and is sourced/derived from the respective annual results for the year ended March 31, 2023 of such industry peers available on the website of stock exchanges.

\*\* Qualitative parameters have been sourced from the Frost & Sullivan Report.

\*\*\* Inventory Turnover has been calculated as Cost of Goods sold divided by average inventory. Cost of Goods sold comprises of Cost of materials consumed, purchases of stock-in-trade and changes in inventories of finished goods and work-in-progress





**Annexure A**

**Financial KPIs**

All the Financial KPIs presented below has been either extracted from restated summary statements/accounting/financial records of the Company, or arrived at basis the amounts/figures presented restated summary statements/accounting/financial records of the Company, other financial of the Company as per definition provided of each Financial KPI below (with suitable references via footnotes):

Particulars	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Revenue from operations <sup>(1)</sup> (₹ in million)	8,320.33	7,205.33	6,280.28
Revenue Growth <sup>(2)</sup> (year on year) (%)	15.47%	14.73%	37.40%
Gross Profit <sup>(3)</sup> (₹ in million)	1,293.87	1,130.27	790.30
Gross Profit Margin <sup>(4)</sup> (in %)	15.55%	15.69%	12.58%
EBITDA <sup>(5)</sup> (₹ in million)	877.80	840.40	459.44
EBITDA Margin <sup>(6)</sup> (in %)	10.55%	11.66%	7.32%
EBIT (₹ in million) <sup>(7)</sup>	683.65	647.54	274.82
EBIT Margin (in %) <sup>(8)</sup>	8.22%	8.99%	4.38%
Profit before tax for <sup>(9)</sup> (₹ in million)	431.60	507.30	155.95
Profit for the year <sup>(10)</sup> (₹ in million)	317.27	397.95	118.14
Profit margin <sup>(11)</sup> (in %)	3.81%	5.52%	1.88%
Asset Turnover ratio <sup>(12)</sup>	0.88	1.01	1.01
Free cash flow <sup>(13)</sup> (₹ in million)	444.85	408.29	75.41
Total cash <sup>(14)</sup> (₹ in million)	1,676.01	1,218.08	341.76
Return on Capital Employed (ROCE) <sup>(15)</sup> (%)	13.48%	17.56%	11.48%

**Notes:**

- (1) Revenue from operations is total revenue generated by the Company from the sale of good and rendering of services.
- (2) Revenue growth represents the growth in revenue from operations for the year of the Company.
- (3) Gross profit is calculated as revenue from operations minus cost of materials consumed, changes in inventories of finished goods and work-in-progress, and other direct costs.
- (4) Gross profit margin is calculated as gross profit as a percentage of revenue from operations.
- (5) EBITDA is calculated as profit before tax minus other income plus finance costs, and depreciation and amortisation expense.
- (6) EBITDA Margin is calculated as EBITDA as a percentage of revenue from operations.
- (7) EBIT is calculated as EBITDA minus depreciation and amortisation expenses.
- (8) EBIT Margin is calculated as EBIT as a percentage of revenue from operations.
- (9) Profit before tax is calculated as total income minus total expenses of the Company for the year.
- (10) Profit for the year is calculated as profit before tax minus tax expense for the year.
- (11) Profit margin is calculated as profit after tax as a percentage of revenue from operations.
- (12) Asset Turnover ratio is calculated as Revenue from operations divided by average total assets.
- (13) Free cash flow is calculated as net cash flow from operating activities less payment towards purchase of property, plant and equipment and intangibles, net of proceeds from sale of property, plant and equipment and intangible assets.
- (14) Total cash is calculated as cash and cash equivalents plus other bank balances as at the end of year.
- (15) Return on Capital Employed (ROCE) is calculated as (EBIT plus other income) divided by capital employed, which is defined as shareholders' equity plus total borrowings {current & non-current} and lease liabilities {current & non-current}.





**Annexure B**

**Revenue and customer related KPIs**

All the Revenue related KPIs presented below has been either extracted from restated summary statements/accounting/financial records such as Sales Register of the Company, or arrived at basis the amounts/figures presented restated summary statements/accounting/financial records of the Company, other financial of the Company as per definition provided of each Revenue related KPI below (with suitable references via footnotes):

Further customer related KPIs have also been defined with suitable references via footnotes below. Procedure performed to verify such customer related KPIs has been provided in the **Annexure B1** below:

Particulars	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Number of customers <sup>(1)*^</sup>	35	50	47
Number of new customers acquired <sup>(2)*</sup>	1	3	1
Customer concentration (Top 5) <sup>(3)*</sup> (in %)	67.53%	65.35	66.29
Customer concentration (Top 10) <sup>(4)*</sup> (in %)	91.08%	93.24	90.83
Order book <sup>(5)#</sup> (in ₹ million)	24,325.47	12,029.76	9,061.18
Days sales outstanding (DSO) <sup>(6)</sup> (in days)	71	77	132
Days payables outstanding <sup>(7)</sup> (in days)	125	98	110
Days of inventory outstanding <sup>(8)</sup> (in days)	186	137	90
Customer advance days <sup>(9)</sup>	89	57	66

Notes:

- (1) Number of customers indicate the count of customers who contributed to revenue from operations for year.
- (2) Number of new customers acquired indicates the count of new customers generating revenue for the first time in the respective year.
- (3) Customer concentration (Top 5) % indicates total revenue from top five customers in terms of descending order of revenue generation for a year shown as percent of revenue from operations for that year /.
- (4) Customer concentration (Top 10) % indicates total revenue from top ten customers in terms of descending order of revenue generation for a year shown as percent of revenue from operations for that year .
- (5) Order book (in ₹ million) indicates the executable work orders from its customers as the end of the year.
- (6) Days sales outstanding (DSO) is calculated as trade receivables / revenue from operations multiplied by number of days for the year.
- (7) Days payables outstanding is calculated as trade payables/ revenue from operations multiplied by number of days for the year.
- (8) Days of inventory outstanding is calculated as inventory/revenue from operations multiplied by number of days for the year.
- (9) Customer advance days is calculated as customer advances/ revenue from operations multiplied by number of days for the year.

^ The decrease in customers between Fiscal 2021 and Fiscal 2023 is due to the exit of one-time customers and customers who approached the Company for job work and due to dropping low margin customers and due to dropping low margin customers.

# The increase in the Company's order book between Fiscal 2021 and Fiscal 2023 is due to the receipt of a large order from one of the Company's key customers and multi-year orders from the Company's other key customers.

\* Customers include affiliates or group entities of the Company's customers, as applicable.

**Break-up of industry-wise revenue from operations**

(₹ in million, unless otherwise specified)

Industry	Financial year ended March 31, 2023		Financial year ended March 31, 2022		Financial year ended March 31, 2021	
	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations
Aerospace (I)	1,667.00	20.04	1,018.29	14.13	952.29	15.16
Defence (II)	3,131.56	37.64	3,371.25	46.79	2,638.96	42.02
Medical Technology (III)	1,352.87	16.26	1,615.56	22.42	1,853.22	29.51
Industrial (IV)	2,086.79	25.08	1,040.55	14.44	714.25	11.37
Others (V)	82.10	0.99	159.68	2.22	121.57	1.94
<b>Revenue from operations (I+II+III+IV+V)</b>	<b>8,320.33</b>	<b>100.00</b>	<b>7,205.33</b>	<b>100.00</b>	<b>6,280.28</b>	<b>100.00</b>

Note:

1. The above table showcases the Company's revenue distribution among the industries of Aerospace, Defence, Medical Technology, Industrial, and Others.





**Annexure B1**

**1. Number of customers:**

**Definition:** Number of customers indicate the count of customers who contributed to revenue from operations for year. A Customer include affiliates or group entities of a customer, as applicable

**Procedure Performed:** For arriving at the number of customers who contributed to revenue from operations for year, we relied on the sales register provided by the Company which has been extracted from the accounting systems of the Company i.e. SAP. The sales register comprises of customer name, customer sub-group and customer group.

As explained by the Company, a customer clubbed with its affiliates or group entities has been considered as one customer (customer group) for the purpose of arriving at the number of customer who contributed to revenue from operations for year. The Company observes each customer group as distinct customer and based on it enumerates customer list in a particular year. As and when new customers are billed they are assembled under respective existing customer group or new customer group and sub-group is created for the same.

Below is the KPI Details for Number of customers

Particulars	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Number of customers <sup>(1)*</sup>	35	50	47

<sup>(1)</sup> Number of customers indicate the count of customers who contributed to revenue from operations for year.

\*Customers include affiliates or group entities of the customers, as applicable.

**2. Number of new customers acquired:**

**Definition:** Number of new customers acquired indicates the count of new customers generating revenue for the first time in the respective year. A Customer include affiliates or group entities of a customer, as applicable

**Procedure Performed:** For arriving at the number of customers acquired in a particular year, we relied on the screen shot of SAP ID creation and sales register provided by the Company which has been extracted from the accounting systems of the Company i.e. SAP.

As explained by the Company, a customer is considered as new customer acquired in a particular year once some revenue is generated from them. Also, when a purchase order is received from new customers their SAP ID is created on the system under their respective existing customer group, if any or new customer group is created. We also verified the screenshots of SAP ID Creation date of all new customers which they have declared along with their first purchase order invoices.

In case the new customer entity is part of an existing customer group, it is not considered to be a new customer. With the help of sales register, we verified new customer in the period when revenue was booked from those customers for the first time as provided in the sales register.

Below is the KPI Details for Number of new customers acquired

Particulars	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Number of new customers acquired <sup>(2)*</sup>	1	3	1

<sup>(2)</sup> Number of new customers acquired indicates the count of new customers generating revenue for the first time in the respective year

\*Customers include affiliates or group entities of the customers, as applicable.

**3. Industry wise revenue from operations**

**Definition:** Industry wise revenue from operation of the Company is, revenue from operations of the Company generated from customer belonging to a specific industry.

**Procedure Performed:** For arriving at the Industry wise revenue from operation of the Company in particular year, we relied on the sales register provided by the Company which has been extracted from the accounting systems of the Company i.e. SAP. The sales register comprises of customer name, customer sub-group and customer group and the industry which customer belongs to.

The Company has listed out various industries which attributes to total revenue from operations of the Company, owing to allegiance of the customer to such industry. As explained to us by the Company, as and when a new customer is created in SAP along with customer group it is further tagged to/classified into the major industry it operates in.

We verified the total revenue from operations with sales register with a further bifurcation of industries.



Below is the break-up of industry-wise revenue from operations

(₹ in million, unless otherwise specified)

Industry	Financial year ended March 31, 2023		Financial year ended March 31, 2022		Financial year ended March 31, 2021	
	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations	Revenue from operations	% of Revenue from operations
Aerospace (I)	1,667.00	20.04	1,018.29	14.13	952.29	15.16
Defence (II)	3,131.56	37.64	3,371.25	46.79	2,638.96	42.02
Medical Technology (III)	1,352.87	16.26	1,615.56	22.42	1,853.22	29.51
Industrial (IV)	2,086.79	25.08	1,040.55	14.44	714.25	11.37
Others (V)	82.10	0.99	159.68	2.22	121.57	1.94
<b>Revenue from operations (I+II+III+IV+V)</b>	<b>8,320.33</b>	<b>100.00</b>	<b>7,205.33</b>	<b>100.00</b>	<b>6,280.28</b>	<b>100.00</b>

Note:

The above table showcases the Company's revenue distribution among the industries of Aerospace, Defence, Medical Technology, Industrial, and Others.

