C2C Advanced Systems

C2C Advanced Systems Limited
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Letter to shareholders

Pursuant to the **Board meeting** held on July 18, 2026, I have been offered the position of Chief executive officer reporting to the Board. I have accepted this offer.

I have functioned as the Chief Strategy Officer and we have been able to set the direction of the company.

C2C Advanced system is unique company and the team has achieved a number of milestones:

- Deep domain expertise in Defense, Homeland security, Critical infrastructure and Industry 5.0. Your company has become a dual use company
- MAGI-C5 ISR platform which integrates sensors seekers, data, communication in all military and civil domains is a significant achievement. This is truly indigenous and built ground up. This system is agnostic to any sensor- legacy or modern or emerging.
- Your company has delivered several significant systems in India and globally:
    - Combat management system for Royal Malaysian Navy
    - Counter drone systems to a Tier one Defense company India and globally.
    - Navigational platform where we are the sole vendor
    - A number of innovations are now accepted as one of few vendors- emerging as the sole Indian product which is part of Atmanirbharata philosophy.
    - A number industrial projects with our proprietary IIOT as the core to the architecture
    - Entering European markets through Romania.
    - Establishing bases in SE Asia, Mideast and USA

These accomplishments are no means easy and our team which I can rate as one of the best and most professionals are passionate and delivering results which will become apparent in the years to come.

We have embarked on building C2C innovation and research (CIRC) and the foundation has been laid to not only innovate internally but build an eco-system with other entrepreneurial innovators and institutions such as IIT's etc. This is a work in progress and our aim in 10 years to become India's leading innovation engine.

We have several challenges to overcome:

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- Audit report of 2025-26
  - There has been delays due to requirement of audited financials as per IFRS standards of our US branch office. Typically, this is not a requirement as US Audit practice. Our auditor in the US was unavailable for nearly 25 days due to indisposition and therefore delay. I have taken on the responsibility of publishing results as per our listing agreement.
  - As stated by the auditors several of our payments from overseas clients were delayed. C2C advanced systems built Decision support system which a proprietary product used in Air, water, land, autonomous applications.
  - We sold a license to north American market as a white labeled product along all the computing systems. This remains a major breakthrough for both company and India.
  - Delays in delivery for testing some of the hardware due to the tariff policy and the resulting disruption caused considerable delays. Some of the payment were received but client could only after testing and meeting the contractual conditions. The project also required considerable software upgrades needed to accommodate new generation of sensors.
  - We can confirm that post Mar 31, 2026 balance sheet the company has successfully completed most project deliveries, and the client has confirmed in writing that all payments will be honored.
  - As of writing this message we have collected some receivables and as of July 31 the incoming funds will be approximately 20 cr. In august we expect to collect about 60 to 75 Cr approximately as the bills have been processed and expect further amounts of approximately 50 Cr before Sept 30, 2026. There will some retention as is the standard clause in the contract to be paid post warranty.
  - We can confirm that two out of 6 major receivables have completed their payments and the balance will clear as stated above in August and September.
  - The reduced profit of about 5.5 Cr that is observed in the second half year, has been due to provision for interest payments on related party transactions.
  - The auditors have placed 14 Cr (approx) as provisions which we will be fully collected during this period. There are no bad debts and the entire amount is being received. But as the case may be and based on the IFRS framework, This 14 Cr has been arrived on Expected Credit Loss (ECL) . The management has accepted the recommendation to present a true and fair status of the affairs as on the reporting date.

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  - ECL relative to trade receivables is a forward-looking accounting framework that requires companies to estimate and provision for potential payment defaults from day one. Accounting standards IFRS 9 and Ind AS 109, replaces the older "incurred loss" model. Businesses must project and record expected shortfalls immediately at the time of the due. Based on this, the Company has made provision on industry standard and a comparable works out as under as 4-5% of various categories of dues. Thus, 14Cr provisions is as per industry practice based.
  - The impact of Audit qualification is Nil, table is already given & part of forming results.
  - This challenge has been solved by our team and the funds are being released on successful completion of very critical technology projects globally.
- It is our intent to publish every 20 days collection progress. It is also our intent to address the investors before August 31 and prior to AGM.
- As a matter of good practice we intend to hold investor calls every three months and after 2026-27 accounting year we are planning to release quarterly results.
- We will be intimating 27th July'2026 for investor meeting

We have also taken approval from the board to appoint Vasudeva and Vasudeva CA firm as the consulting auditors to streamline our processes and systems so that compliance is highest levels. This is in preparation of appointing a big 10 audit from year 2027-28 onwards.

I hope this clarifies our position of the annual accounts announced.

K. Chandra

Krishna Chandra

CEO

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