

**AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

Registered office: Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024

CIN: L72200KA1990PLC084435

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**MEETING OF THE SECURED CREDITORS  
OF AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

(To be convened pursuant to Order dated June 15, 2018 passed by the National Company Law Tribunal,  
Bengaluru Bench)

**NOTICE TO SECURED CREDITORS**

Day	: Friday
Date	: August 3, 2018
Time	: 2.00 P.M.
Venue	: Chairman's Club (Chairman's Club & Resort), No 14/1, Kodigehalli Main Road, Sahakar Nagar, Hebbal, Near Twin Tower, Bengaluru 560092.

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**FORM NO. CAA2**

[Pursuant to Section 230(3) and Rule 6]

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENGALURU BENCH AT BENGALURU  
ORIGINAL JURISDICTION  
IN THE MATTER OF COMPANIES ACT, 2013  
AND  
IN THE MATTER OF SECTIONS 230 AND 232 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 2013  
AND  
IN THE MATTER OF AXISCADES ENGINEERING TECHNOLOGIES LIMITED  
AND  
IN THE MATTER OF THE SCHEME OF AMALGAMATION OF EXPLOSOFT TECH SOLUTIONS  
PRIVATE LIMITED WITH AXISCADES ENGINEERING TECHNOLOGIES LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS  
CA (CAA) NO. 34 OF 2018**

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**AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

Registered office: Block C, Second Floor,  
Kirloskar Business Park,  
Bengaluru - 560 024

**... APPLICANT COMPANY/ TRANSFEREE COMPANY**

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**NOTICE CONVENING THE MEETING OF THE SECURED CREDITORS OF AXISCADES ENGINEERING TECHNOLOGIES LIMITED, THE APPLICANT COMPANY PURSUANT TO THE ORDER DATED JUNE 15, 2018 BY THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**

To,

**The Secured Creditors of AXISCADES Engineering Technologies Limited,**

**NOTICE** is hereby given that pursuant to the Order dated June 15, 2018, in the above mentioned Company Application, the Hon'ble National Company Law Tribunal, Bengaluru Bench ("**Hon'ble Tribunal**"), has directed separate meetings to be held of Equity Shareholders, Secured Creditors and Unsecured Creditors of AXISCADES Engineering Technologies Limited, for the purpose of considering, and if thought fit, approving with or without modification proposed in the matter of the Scheme of Amalgamation of Explosoft Tech Solutions Private Limited ("**Explosoft**") with AXISCADES Engineering Technologies Limited ("**ACETL**" or "**Company**") and their respective shareholders ("**Scheme**") under Sections 230 to 232 other applicable provisions of the Companies Act, 2013.

**TAKE FURTHER NOTICE** that in pursuance of the Order and as directed therein, a Meeting of the Secured Creditors of the Company, will be held at Chairman's Club (Chairman's Club & Resort), No. 14/1, Kodigehalli Main Road, Sahakar Nagar, Hebbal, Near Twin Tower, Bengaluru - 560 092, on

August 3, 2018 at 2.00 P.M., (**'the Meeting'**) at which place, day, date and time you are requested to attend.

**TAKE FURTHER NOTICE** that you may attend and vote at the Meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorized representative, is deposited at the Registered Office of the Company at Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560 024, not later than 48 hours before the scheduled time of the Meeting.

**TAKE FURTHER NOTICE** that copy of the Scheme and the Explanatory Statement under Section 230(3) and Section 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with Form of Proxy, Attendance Slip and other annexures as stated in the Index are enclosed herewith. Copies of the Scheme and the Explanatory Statement under Section 230 of the Companies Act, 2013 can be obtained free of charge at the registered office of the Company.

The Hon'ble Tribunal has appointed Mr. Joby Chacko, Advocate to be the Chairperson of the Meeting.

The above Scheme, if approved by the Secured Creditors, will be subject to the subsequent approval of the Hon'ble Tribunal.

The Audit Committee and the Board of Directors of the Company at their respective Meetings, both held on November 6, 2017, have approved the Scheme, subject to approval by the requisite majority of the Secured Creditors of the Company as may be required, and subject to the sanction of the Hon'ble Tribunal and of such other authorities as may be necessary.

To consider and if thought fit to pass, with or without modification(s), and with requisite majority, the following resolutions under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force):

**"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013, to the extent applicable, Companies (Compromise, Arrangements and Amalgamation) Rules, 2016, (including any modification/ amendment and re-enactment thereof), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and enabling provisions of the Memorandum of Association and Articles of Association of the Company and subject to the sanction of the National Company Law Tribunal, Bengaluru Bench and Mumbai Bench ("NCLTs"), Securities and Exchange Board of India, concerned Stock Exchange(s) and approvals from jurisdictional Registrar of Companies, Regional Director, Official Liquidator, Income-tax department (collectively referred as "Regulatory Authorities") and subject to all such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as

may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the proposed Scheme of Amalgamation Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited and their respective shareholders (herein after referred to as "Scheme", or "this Scheme" or "the Scheme") placed before this Meeting and initialed by the Chairperson of the Meeting for the purpose of identification, be and is hereby approved.

**RESOLVED FURTHER THAT** any of the Director and/or Mr. Kaushik Sarkar, CFO and /or Ms. Shweta Agrawal, Company Secretary, be and are hereby jointly and/ or severally authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

**By order of the National Company Law Tribunal**  
**Sd/-**  
**Joby Chacko, Advocate**  
**Chairman appointed for the meeting**

**Dated this 27<sup>th</sup> day of June, 2018**

**Place: Bengaluru**

**Registered Office:**

AXISCADES Engineering Technologies Limited,

Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024

Website: [www.axiscades.com](http://www.axiscades.com)

E-mail: [investor.relations@axiscades.com](mailto:investor.relations@axiscades.com)

**Notes:**

1. All alterations made in the Form of Proxy should be initialed. The form of proxy can be obtained free of charge from the registered office of the Company or can be downloaded from the website of the Company [www.axiscades.com](http://www.axiscades.com).
2. Only Secured Creditors of the Company may attend and vote (either in person or by proxy or by authorized representative under Sections 113 of the Companies Act, 2013) at the Secured Creditors' Meeting of the Company. The authorized representative of a body corporate which is a Secured Creditor of the Company may attend and vote at the Secured Creditors' Meeting provided a certified true copy of the resolution of the Board of Directors under Section 113 of the Companies Act, 2013 or other governing body of the body corporate authorizing such representative to attend and vote at the Secured Creditors' Meeting is deposited at the Registered Office of the Company not later than 48 hours before the Meeting.
3. **A SECURED CREDITOR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A SECURED CREDITOR OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
4. A Secured Creditor or his/her Proxy is requested to bring the copy of the notice to the Meeting and produce the attendance slip, duly completed and signed, at the entrance of the Meeting venue.
5. The Company shall provide the facility of poll paper at the venue of the Meeting.
6. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the Secured Creditors , of the Company, voting in person or by proxy agree to the Scheme.
7. As directed by Hon'ble Tribunal, Mr. Pattabhi, Chartered Accountant (Membership No. 210278) and in case of inconvenience, Mr. Parimal, Chartered Accountant (Membership No. 209074), both having their office at Unit No. 101, 1<sup>st</sup> Floor, # 12, JJ Vertical, RV Road Bye Lane, Near South end Circle, Namma Metro Station, Bengaluru – 560 004 shall act as Scrutinizer to scrutinize votes cast through Poll at the venue of the Meeting. The scrutinizer's decision on the validity of the vote shall be final. The scrutinizer will submit his report to the Chairperson of the Meeting or to the person so authorised by him after completion of the scrutiny of the votes cast by the Secured Creditors. The result of the voting shall be announced within 3 days from the date of the conclusion of the meeting and same shall be displayed on the notice board and website of the Company at [www.axiscades.com](http://www.axiscades.com) besides being sent to BSE Limited and National Stock Exchange of India Limited on the said date.

8. The notice convening the Meeting will be published through an advertisement in the "Business Standard" in the English language and "Kannada Prabha" in the Kannada language, both having circulation in Bengaluru.
9. The voting rights of the Secured Creditors of the Company shall be in proportion to the value of sum outstanding to the Secured Creditor as on the cut-off date i.e. April 30, 2018.
10. All relevant documents referred to in the above Notice and other documents required to be open for inspection are open for inspection by the Secured Creditors of the Company at the Registered Office of the Company at Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024 between 9.00 A.M. to 5.00 P.M. on all working days (except Saturdays, Sundays and Holidays) up to the date of the Meeting.

*Encl: As above*

**FORM NO. CAA2**

[Pursuant to Section 230(3) and Rule 6]

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENGALURU BENCH AT BENGALURU  
ORIGINAL JURISDICTION**

**IN THE MATTER OF COMPANIES ACT, 2013**

**AND**

**IN THE MATTER OF SECTIONS 230 AND 232 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 2013**

**AND**

**IN THE MATTER OF AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

**AND**

**IN THE MATTER OF THE SCHEME OF AMALGAMATION OF EXPLOSOFT TECH SOLUTIONS  
PRIVATE LIMITED WITH AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**CA (CAA) NO. 34 OF 2018**

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**AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

Registered office: Block C, Second Floor,  
Kirloskar Business Park,  
Bengaluru - 560 024

**... APPLICANT COMPANY/ TRANSFEREE COMPANY**

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**EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1) AND (2) AND 102 OF THE  
COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES,  
ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

1. This is a statement accompanying the Notice convening the Meeting of the Secured Creditors of the Company, pursuant to an Order dated June 15, 2018 passed by the Hon'ble National Company Law Tribunal, Bengaluru Bench in the Company Application No. 34 of 2018, to be held at Chairman's Club (Chairman's Club & Resort), No 14/1, Kodigehalli Main Road, Sahakar Nagar, Hebbal, Near Twin Tower, Bengaluru – 560 092 on Friday August 3, 2018 at 2.00 P.M. for the purpose of considering and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation of Explosoft Tech Solutions Private Limited (“**Explosoft**” or “**Transferor Company**”) with AXISCADES Engineering Technologies Limited ( “**ACETL**” or “**Applicant Company**” or “**Transferee Company**” or “**Company**”) and their respective shareholders (“**Scheme**”) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.
2. A copy of the Scheme is enclosed herewith as **Annexure A**. The proposed Scheme is envisaged to be effective from the Appointed Date (i.e., December 1, 2017) but shall be made operative from the Effective Date (as defined in the Scheme).



3. Pursuant to the Order made on June 15, 2018 passed by the Hon'ble National Company Law Tribunal, Bengaluru Bench in Company Application No. 34 of 2018, a Meeting of the Secured Creditors of the Company is being convened and held for the purpose of considering and if thought fit, approving, with or without modification(s), the Scheme. Secured Creditors would be entitled to vote in the said meeting either in person or through proxy.
4. NCLT, by its Order, has not stated any cut-off date, therefore the Company proposes to adopt the value and number of the Secured Creditors of the Company in accordance with the books of account of the Company as on April 30, 2018, this would enable the Company to align the value and number of the Secured Creditors with the list of Secured Creditors presented in Company Application No. 34 of 2018.
5. The said Order is available for inspection at the Registered Office of the Company at Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024 from 9.00 A.M. to 5.00 P.M., on any working day of the Company up to the date of the Meeting.

6. **Background of Companies**

- 6.1 The Company, AXISCADES Engineering Technologies Limited was incorporated on August 24, 1990 under the provisions of the Companies Act, 1956 under the name of "I. T. AND T ENTERPRISES PRIVATE LIMITED" with the Registrar of Companies, NCT of Delhi and Haryana. Subsequently, it was converted to a deemed public company in accordance with Section 43A of the Companies Act, 1956 and the name changed to "I T & T LIMITED" and a fresh Certificate of Incorporation was issued on January 7, 1998, consequent to the change of name. Subsequently on conversion to a public limited company, the name of the company was changed to "AXIS – IT&T LIMITED" and a fresh Certificate of Incorporation was issued on May 12, 2005, consequent to the change of name. The name was further changed to "AXISCADES Engineering Technologies Limited" and a fresh Certificate of Incorporation was issued on August 1, 2014 consequent to the change of name. Further, the registered office of the Applicant Company was shifted from Delhi to State of Karnataka and a Certificate of Registration of Regional Director order for change of State was issued on December 2, 2015. There has been no change in the registered office of the Company since 2015. The PAN and CIN of the Company are AAACI2831G and L72200KA1990PLC084435 respectively. The e-mail address of the Company is [investor.relations@axiscades.com](mailto:investor.relations@axiscades.com). The present registered office of the Company is Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560 024.
- 6.2 The authorised, issued, subscribed and paid-up share capital of the Applicant Company as on March 31, 2017, was as follows:

<b>Authorised Share Capital</b>	<b>Amount (INR)</b>
20,40,00,000 Equity Shares of INR 5/- each	1,02,00,00,000
1,00,000 Preference Shares of INR 100/- each	1,00,00,000
<b>Total</b>	<b>1,03,00,00,000</b>
<b>Issued Share Capital</b>	<b>Amount (INR)</b>
3,78,10,630 Equity Shares of INR 5/- each fully paid-up	18,90,53,150
<b>Total</b>	<b>18,90,53,150</b>
<b>Subscribed and Paid-up Share Capital</b>	<b>Amount (INR)</b>
3,77,59,530 Equity Shares of INR 5/- each fully paid-up	18,87,97,650
Add: Forfeited Shares (amount originally paid INR 3 per share on 51,100 Equity Shares)	1,53,300
<b>Total</b>	<b>18,89,50,950</b>

Subsequent to March 31, 2017, there has been no change in the authorized, issued, subscribed and paid-up capital of the Applicant Company.

6.3 The Company is a public limited company and its equity shares are listed on the BSE Limited and the National Stock Exchange of India Ltd. The Company is engaged in the business of providing software solutions to the aerospace, heavy engineering, automotive and industrial sectors.

6.4 The details of Directors and Promoters of the Company along with their addresses are mentioned herein below:

<b>Sl. No</b>	<b>Name of Promoter / Director</b>	<b>Capacity</b>	<b>Address</b>
<b>Promoter Details</b>			
1	Indian Aero Ventures Private Limited	Promoter Group	Jupiter Innovision Centre No. 54, Richmond Road, Bangalore – 560 025
2	Jupiter Capital Private Limited	Promoter Group	No.54 Richmond Road, Jupiter Innovation Centre, Bangalore – 560 025
3	Tayana Digital Private Limited	Promoter	1-B, Ground Floor, Gold Coin Premises, Opposite Sobo Central, 35/23A Tardeo Road, Tardeo, Mumbai – 400 034
<b>Director Details</b>			
1	Rohitasava Chand	Director	B-19, Defence Colony, New Delhi - 110 024
2	Srinath Batni	Director	884, 11 <sup>th</sup> Cross, 22 <sup>nd</sup> Main, J P Nagar, 2 <sup>nd</sup> Phase, Bengaluru - 560 078

3	Kailash Mohan Rustagi	Director	96, Vardan Apartments, Plot 64 I.P. Extn., Delhi – 110 092
4	Pradeep Dadlani	Director	H 22, Jangpura Extension, New Delhi - 110 014
5	Sudhakar Gande	Vice Chairman & Executive Director	Attur Terrace 802, 8 <sup>th</sup> Floor, Cuffe Parade, Mumbai – 400 005
6	Mritunjay Kumar Singh	CEO & Executive Director	A1/1, Plot No 164, Harmony Society DP Road, Aundh, Pune – 411 007
7	Vivek Mansingh	Director	# A 7, Epsilon Villas, Yemalur Road Next To CGI Office, Marathahalli Colony, Bengaluru – 560 035
8	Sidhartha Mehra	Director	No. A 1002, Mantri Espana Apartments, Devarabisanahalli, Outer Ring Road, Bengaluru - 560 103
9	Mariam Mathew	Director	Flat 117 118 Villa Heights, Brahmanawadi, 1-10-351 to 356 Begumpet Railway Station, Begumpet, Hyderabad – 500 016

6.5 As on April 30, 2018 the amount due to the secured creditors and unsecured creditors of the Company are INR. 64.79 crores and INR. 48.34 crores respectively.

6.6 The main objects of the Company as set out in the Memorandum of Association are as follows:

*III. The objects for which the Applicant Company is established are:*

*(A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:-*

- 1. To carry on anywhere in India or abroad the business as consultants assemblers, job-workers, makers, designers, developers, importers, exporters, agents and dealers in any electronic and electrical items, gadgets, equipment and accessories particularly those pertaining to telecommunications, computers, computer hardware and software, undertake development of markets of any new products, explore new avenues and potentials of existing markets of existing products, develop and explore new marketing techniques for any client concerns, undertake research programs and business surveys, act as data banks offer any business or other marketing or technical consultancy services*

*in any traditional or non-traditional fields and provide such business and other utility services as may be required by any client concerns.*

2. *To design, set-up, invent, develop, improve, purchase and otherwise deal in any machines intended to be installed and offer any consultancy services for the business as referred to in item number one.*

6.7 Explosoft Tech Solutions Private Limited, the Transferor Company was incorporated on November 26, 2014 under the provisions of the Companies Act, 2013 under the name “Explore India Leisure & Hospitality Private Limited”. Thereafter, the name was changed to “Explosoft Tech Solutions Private Limited” with effect from November 28, 2017. The PAN and CIN of the Transferor Company are AADCE8274A and U74110MH2014PTC259722 respectively. The present registered office of Explosoft is Office No.1, 1st Floor, Fine Mansion, 203, D.N Road, Fort, Mumbai – 400 001.

6.8 The authorised, issued, subscribed and paid-up share capital of the Transferor Company as on March 31, 2017, was as follows:

<b>Authorized Capital</b>	<b>Amount (INR)</b>
50,000 Equity Shares of INR 10/- each	5,00,000
<b>Issued, Subscribed and Paid-up Capital</b>	<b>Amount (INR)</b>
10,000 Equity Shares of INR 10/- each fully paid-up	1,00,000

Subsequent to March 31, 2017, Explosoft has increased the authorised share capital to INR 25,00,00,000 and has issued/allotted 2,41,81,364 Equity Shares of INR 10/- each, amounting to INR 24,18,13,640. Post this issue the authorized, issued, subscribed and paid-up share capital of Explosoft is as follows:

<b>Authorized Capital</b>	<b>Amount (INR)</b>
2,50,00,000 Equity Shares of INR 10/- each	25,00,00,000
<b>Issued, Subscribed and Paid-up Capital</b>	<b>Amount (INR)</b>
2,41,91,364 Equity Shares of INR 10/- each fully paid-up	24,19,13,640

6.9 Explosoft is a private limited company currently, *inter alia*, engaged in rendering end-to-end services for product design and development in the embedded space.

6.10 The details of Directors and Promoters of Explosoft along with their addresses are mentioned herein below:

Sl. No	Name of Promoter / Director	Capacity	Address
<b>Promoter Details</b>			
1	Anees Ahmed	Promoter	# A-8, Epsilon Villas, Behind HAL Airport, Yemlur, Bengaluru - 560 037
2	Rajeev Ramachandra	Promoter	NO.3373/A, HAL II Stage, Bengaluru - 560 038
<b>Director Details</b>			
1	Anees Ahmed	Director	# A-8, Epsilon Villas, Behind HAL Airport, Yemlur, Bengaluru - 560 037
2	Rajeev Ramachandra	Director	NO.3373/A, HAL II Stage, Bengaluru - 560 038

6.11 As on May 10, 2018 the amount due to the secured creditors and unsecured creditors of Explosoft are NIL and INR. 36.34 crores respectively.

6.12 The main objects of the Transferor Company as set out in the Memorandum of Association are as follows:

III. *The objects for which Explosoft is established are:*

(A) *THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:*

1. *To carry on all or any business of designing and developing, producing, processing, implementing, marketing, buying, selling, importing, exporting, exchanging, altering, granting, license, publishing rights and/or otherwise dealing IT and ITES and Computer Software of all kinds and description including specialised application and dedicated software, computer software techniques, prototype, CD ROMS, System Design analysis and development of programs and software packages for the users of computers in all fields including telecom, networking, datacom, real time systems, defence, R&D, scientific, medical, internet, web based applications, biomedical, research and commercial and to undertake and provide value added services related to any of the aforementioned fields and such other services and to provide system engineering and to acquire and protect intellectual rights, copyright, patents, trademarks, in respect of products/ services of the company.*
2. *To establish, maintain, conduct, provide, procure or make available services of every kind including commercial, financial, engineering, data processing, communication and other services and to set-up institutions for conducting courses on computer education, training, development and usage of Computer software, maintenance of Computer hardware and*

*to impart training in development and usage of Computer Software, maintenance of computer hardware and to impart training in developing and usage of computer software and to undertake studies programs and projects in Human Resource Development in Computer Software, telecommunication and other Engineering Industries.*

3. *To carry on anywhere in India or abroad the business of Computer Software in all its branches and without limiting generality of designing and engineering consultancy services and provide technical know-how and system engineering to operate, run, maintain plants, equipment, systems for designing and development of Computer Software and to establish and carry on the business of manufacturing, buying, selling, importing, exporting, letting on hire and otherwise dealing in all kinds of Computer hardware, telecommunication equipments, data and voice mail systems.*
4. *To carry on all or any of the business of manufacturing, fabricating, processing, repairing, reconditioning, assembling, buying, selling, importing, exporting, exchanging, altering, hiring, letting on hire, improving, stocking, distribution acting as consignees, consignors, indenting agents, mercantile agents and/ or otherwise deal in computers, monitors, printers, keyboards, floppies, microprocessors, computer hard disc, memory systems computer peripherals, attachments to computers, computer hardware, assemblies, sub-assemblies and accessories and other data processing equipment's.*

## **7. Rationale of the Scheme**

7.1 The management of the Company proposes to achieve the amalgamation of Explosoft with ACETL pursuant to a Scheme under Sections 230 to 232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Companies Act, 2013, in the manner set out herein.

7.2 The rationale of the Scheme is as follows:

1. To facilitate Transferee Company to acquire and consolidate Mistral Solutions Private Limited.
2. The amalgamation will result in expanding the existing business operations of the Transferee Company by combining the business interests of both companies into one corporate entity. This will lead in operational synergies, centralisation, simplification, streamlining and facilitating efficient administration.
3. Creating value for shareholders by acquiring Mistral Solutions Private Limited – A company with niche capability and ability to spearhead itself into Embedded Product Engineering Services and Electronics and thereby add to the value chain of the Transferee Company.

4. Create strong technical and infrastructural capabilities to effectively meet future challenges in the rigorously competitive Embedded Product Engineering Services and Electronics.
5. The Transferor Company is the Shareholder Company of Mistral Solutions Private Limited. The amalgamation will result in reducing the shareholding layers and facilitate direct control of Mistral Solutions Private Limited.
6. General and administrative cost reduction and productivity gains by pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Parties.

8. **Relationship subsisting amongst the Company and the Transferor Company**

8.1 The Scheme envisages amalgamation of Explosoft with ACETL. Explosoft is a shareholder company of Mistral Solutions Private Limited ("MSPL"). ACETL proposes to acquire MSPL in a phased manner.

8.2 The Board of the Transferee Company on November 6, 2017 ("Relevant Date") approved the acquisition of MSPL in phased manner and accordingly post the Phase 1 acquisition of 16,32,718 equity shares of face value INR 5/- each of MSPL, the Transferee Company acquired 43.38% of the paid-up capital of MSPL (based on the paid-up capital of MSPL as on the Relevant Date) and the Transferor Company held 44.62% of the paid-up capital of MSPL (based on the paid-up capital of MSPL as on the Relevant Date). Prior to the above acquisition of MSPL, the Transferee Company was not related to the Transferor Company and they didn't fall under the same group/management. Further, pursuant to the Scheme, the Transferee Company would acquire additional stake in MSPL aggregating to approximately 87.22% of the paid-up capital of MSPL as on December 31, 2017.

9. **Salient features of the Scheme**

The material provisions of the proposed Scheme are detailed hereunder:

**"4. AMALGAMATION OF EXPLOSOFT WITH ACETL**

4.1 *Upon the Scheme becoming effective but with effect from Appointed Date, the Transferor Company, pursuant to Sections 230 to 232 of the Act and any other relevant provisions of the Act (as may be applicable) and without any further act, instrument, deed, matter, or thing, be transferred to and vested in the Transferee Company by way of amalgamation.*

4.2 *Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertaking(s) of the Transferor Company including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws of the Transferor Company of every description and also including, without*

*limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Company comprising, amongst others, all freehold land, leasehold land, building, plants, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, instruments and equipments, machineries, T.V sets, cameras, software, products, portals, inventories, merchandising rights, websites, office equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, product licenses, marketing authorisations or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the applicable provisions of the Act and pursuant to the order of the Tribunal(s) sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, debts, liabilities, duties and obligations, business and undertaking(s) of the Transferee Company.*

- 4.3 *With effect from the Appointed Date all debts, liabilities, duties, Explosoft Debentures and obligations of the Transferor Company as on the Appointed Date whether provided for or not in the books of account of the Transferor Company and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.*
- 4.4 *With effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.*
- 4.5 *Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.*
- 4.6 *All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the*



*Appointed Date and those created by the Transferor Company after the Appointed Date, over the assets comprised in the business and undertaking(s) or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the Transferor Company the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of the Transferee Company, provided however that no encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.*

- 4.7 *The existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.*
- 4.8 *It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.*
- 4.9 *With effect from the Appointed Date, all statutory licences, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits, tax refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Transferor Company special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date shall stand vested in or transferred to the Transferee Company, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the business and undertaking(s) of the Transferor Company pursuant to this Scheme.*
- 4.10 *The amalgamation of the Transferor Company into the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income tax Act, 1961. This Scheme has been drawn up to comply with the conditions relating to “amalgamation” as specified under Section 2(1B) of the Income-tax Act, 1961. At a later date, if any term or provision of the Scheme is found or interpreted to be inconsistent with any provision thereof, including resulting from an amendment of law or for any reason whatsoever, the Scheme shall stand modified to the extent determined*

necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.

## **5. CONSIDERATION**

5.1 Upon this Scheme becoming effective and in consideration for the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot equity shares credited as fully paid-up, to the extent indicated below, to the members of the Transferor Company, holding fully paid-up equity shares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of the Transferor Company in the following proportion:

*“10 (Ten) fully paid-up Equity Shares of INR 5/- each of ACETL shall be issued and allotted for 69 (Sixty Nine) fully paid-up Equity Shares of INR 10/- each held in Explosoft (herein after referred to as “New Equity Shares”).”*

5.2 The New Equity Shares to be issued to the members of the Transferor Company pursuant to Clause 5.1 shall be in multiples of 1. Any fractional equity shares shall be rounded-off to the next higher multiple of 1.

5.3 The New Equity Shares to be issued to the members of the Transferor Company pursuant to Clause 5.1 read with Clause 5.2 shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank *pari passu* with the existing equity shares of the Transferee Company in all respects.

5.4 The Equity Shares of the Transferee Company shall be issued and allotted in dematerialized form to those equity shareholders who hold equity shares in demat form of the Transferor Company. If such details are not provided by the Board of Transferor Company, the New Equity Shares shall be issued in the physical form.

5.5 New Equity Shares of the Transferee Company to be issued and allotted to the equity shareholders of the Transferor Company pursuant to Clause 5.1 of this Scheme will be listed and admitted to trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed and traded in accordance with the applicable laws. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws, SEBI Listing Regulations for complying with the formalities of the said Stock Exchanges. The new Equity Shares allotted

*pursuant to Clause 5.1 of this Scheme shall remain frozen in the depositories system until relevant directions in relation to listing and/ or trading are provided by the relevant Stock Exchanges.*

- 5.6 *The Transferee Company shall, prior to the Scheme becoming effective, take necessary actions including but not limited to passing necessary resolutions; making relevant filings with Ministry of Corporate Affairs, Registrar of Companies, Karnataka; and payment of necessary stamp duty and filing related fees as may be payable under applicable law and regulations for increase in the authorized share capital for issuance of equity shares under the Scheme and consequent amendments to the memorandum and articles of association of the Transferee Company.*
- 5.7 *Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be due compliance of the provisions of Sections 42, 62 and the other relevant provisions of the Act, SEBI Listing Regulations and all applicable laws for the issue, allotment and listing of equity shares by the Transferee Company, as provided in this Scheme.*

## **6. ISSUE AND ALLOTMENT OF DEBENTURES**

- 6.1 *Upon this Scheme becoming effective, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot such number of Debentures credited as fully paid-up equivalent to the extent of the principal amount along with accumulated interest recorded by the Transferor Company in its books of accounts upto the Effective Date, to the debenture holders of the Transferor Company, holding fully paid-up Explosoft Debentures in the Transferor Company, as per the terms and subject to the conditions set out in Annexure 1 and whose names appear in the Register of Debentures Holders of the Transferor Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of the Transferor Company.*
- 6.2 *The Debentures of the Transferee Company to be issued and allotted to the Explosoft Debenture holders pursuant to Clause 6.1 of this Scheme will -not be listed and hence not be admitted for trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed.*
- 6.3 *Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be due compliance of the provisions of Sections 42, 62, 71 and the other relevant provisions of the Act.*

## **7. STAFF, WORKMEN & EMPLOYEES**

7.1 *On the Scheme becoming effective, all staff, workmen and employees of the Transferor Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the later of Appointed Date or the actual date of joining, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company (i.e. cost to company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Company on the Effective Date.*

7.2 *It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall become trusts/funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such funds/trusts or in relation to the obligation to make contributions to the said funds/trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such funds/trusts shall become those of the Transferee Company. It is clarified that, for the purpose of the said funds/trusts, the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous with the Transferee Company from the date of employment as reflected in the records of the Transferor Company.*

## **8. LEGAL PROCEEDINGS**

8.1 *If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company is pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this arrangement or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.*

## **9. CONTRACTS, DEEDS, ETC. AND POWER TO GIVE EFFECT TO THIS PART**

9.1 *Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, registrations, licenses, permissions, approvals, consents, entitlements, sanctions, permits benefits, rights arising from contracts, deeds, licenses, instruments and agreements, if any, of whatsoever nature to which the Transferor Company is party to and subsisting or having effect*

*on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments etc.*

9.2 *The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.*

## **10. TAXATION MATTERS**

10.1 *All taxes (including, without limitation, income tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) paid or payable by the Transferor Company in respect of the operations or profits and assets of the Transferor Company before the Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to any tax payment (including, without limitation, income tax, minimum alternate tax, dividend distribution tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of its profits or activities or operation or assets with effect from the Appointed Date, the same be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt with accordingly.*

10.2 *Any refund under the tax laws due to the Transferor Company consequent to the assessment made on the Transferor Company and for which no credit is taken in accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.*

10.3 *The Transferee Company shall be entitled to revise and file income tax returns, sales tax / value added tax return, service tax returns and any other returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. The Transferee Company shall be entitled to such tax benefits, including but not limited to, minimum alternate tax paid under Section 115JA/115JB of the Income-tax Act, 1961 and the right to claim credit in accordance with Section 115JAA of the Income-tax Act, 1961, including the benefit of brought forward losses or depreciation as admissible under the provisions of the Income tax Act, 1961 to the extent applicable, of the Transferor Company from the taxable profits of the Transferee Company with effect from the Appointed Date. Further, all existing and future benefits/ claim/ relief under the provisions of Income-tax Act, 1961 shall be available to the Transferee Company in the same manner and to the extent as those were available otherwise to the Transferor Company upon fulfilment of the*

*prescribed conditions. The Transferee Company shall continue to enjoy the tax benefits and concessions provided to the Transferor Company by the concerned authorities.*

- 10.4 *Any refund/ credit/ claim benefits/ incentives under any tax laws due to the Transferor Company (including but not limited to advance tax, self-assessment tax, regular assessment tax, service tax, CENVAT, minimum alternative tax, value added tax, central sales tax central sales tax, GST, etc.) shall belong to and be received by the Transferee Company. Without prejudice to the generality of the aforesaid provision, all the benefits under the various incentive schemes and policies that the Transferor Company is entitled to, in relation to its operations, shall upon the Scheme becoming effective and with effect from the Appointed Date be transferred to and vested in the Transferee Company and all the benefits, entitlements and incentives of any nature whatsoever, including minimum alternate tax credit entitlement, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentives schemes and/ or policies.*
- 10.5 *The Transferee Company shall be deemed to be authorized under this Scheme to execute any pleadings, submissions, applications, forms, etc., as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.*

## **11. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY**

- 11.1 *Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for amalgamation of Transferor Company in its books of account in accordance with the method prescribed under the Indian Accounting Standard notified under Section 133 of the Act, as amended from time to time.*
- 11.2 *The amount of any inter-company balances amongst the Transferor Company and between the Transferor Company and the Transferee Company, if any, shall stand cancelled without any further act or deed, upon the Scheme becoming effective.*
- 11.3 *The Transferee Company shall credit to equity in its books of account, the difference between the fair value and face value of the equity shares issued as per Clause 5.1 by the Transferee Company pursuant to this Scheme.*
- 11.4 *In case of any differences in accounting policies between the Transferee Company and the Transferor Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the Financial Statements reflect the financial position on the basis of consistent accounting policies.*

## **12. REORGANISATION OF AUTHORIZED CAPITAL OF THE TRANSFEREE COMPANY**

12.1 *Upon the Scheme becoming effective, the authorized share capital of the Transferor Company shall stand combined with the authorized share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorized share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorized share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorized share capital.*

12.2 *Clause 5 of the Memorandum of Association of the Transferee Company and any other Clause(s) of the Memorandum of Association and Articles of Association as may be applicable shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act by deleting the existing Clause and replacing it with the following:*

*“The Authorized Share Capital of the Company is INR 128,00,00,000/- (Rupees One Hundred Twenty Eight Crores only) divided into 25,40,00,000/- (Twenty Five Crore Forty Lakh only) Equity Shares of INR 5/- each and 1,00,000 (One Lakh only) Preference Shares of INR 100/- each.”*

## **13. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE**

*During the period from the Appointed Date to the Effective Date:*

13.1 *The Transferor Company shall carry on and be deemed to have carried on its businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of its entire businesses and undertaking(s) for and on account of and in trust for the Transferee Company.*

13.2 *The Transferor Company shall carry on its business and activities in the ordinary course of business with reasonable diligence and business prudence.*

13.3 *All the profits or income accruing or arising to the Transferor Company or expenditure or losses incurred or arising to the Transferor Company, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company.*

13.4 *The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to Government Authority concerned as are necessary under any law for such consents, approvals*

*and sanctions which the Transferee Company may require to carry on the business of the Transferor Company.*

#### **14. SAVING OF CONCLUDED TRANSACTIONS**

14.1 *Subject to the terms of this Scheme, the transfer and vesting of the assets and liabilities of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.*

**Note: The Secured Creditors are requested to read the entire text of the Scheme attached herewith to get better acquainted with the provisions thereof. What is stated hereinabove are brief salient features.**

10. Disclosure about the effect of the arrangement on:
- (a) key managerial personnel; (b) directors; (c) promoters; (d) non-promoter members; (e) depositors; (f) creditors; (g) debenture holders; (h) deposit trustee and debenture trustee; (i) employees of the company

The Directors of ACETL and Explosoft may be deemed to be concerned and/ or interested in the proposed Scheme to the extent of the shares that may be held by them or by the companies, firms, institutions, trusts of which they are Directors, Partners, Members or Trustees in ACETL and Explosoft. Additionally the Scheme does not have any effect on the Directors/Key Managerial Personnel /Promoters/ Non-promoter Members, if any/ Creditors/ Debenture holders, if any/Debenture Trustee, if any/Employees of the ACETL and Explosoft.

11. Disclosure about effect of Arrangement on material interests of directors, Key Managerial Personnel:

None of the Directors and the Key Managerial Personnel of the Company and Explosoft have any material interest in the Scheme except as shareholders to the extent, which will appear from the Register of Director's Shareholding maintained by ACETL and the Register of Director's shareholding maintained by Explosoft.

12. **Fairness Opinion and Approvals:**

- 12.1 A Valuation Report dated November 5, 2017 has been prepared by SSPA & Co, recommending the Share Exchange Ratio to the Board of Directors of the Company and the Transferor Company. A copy of the said report is annexed herewith and marked as **Annexure B** and is also available for inspection



at the registered office of the Company.

- 12.2 In terms of the SEBI Circular, Fortress Capital Management Services Private Limited, a Category-I Merchant Banker, vide its letter dated November 5, 2017, has submitted to the Board of Directors of the Company, a fairness opinion, stating that the Valuation Report is fair and reasonable. A copy of the said certificate is annexed herewith and marked as **Annexure C**.
- 12.3 A certificate has been issued by the statutory auditors of the Company and the Transferor Company stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
- 12.4 The Audit Committee of the Company, at its meeting held on November 6, 2017 has reviewed and recommended the Scheme for consideration by the Board of Directors of the Company. The Board of Directors of the Company, at its board meeting held on November 6, 2017, has by resolution approved the Scheme, as detailed below:

<b>Name of the Director</b>	<b>Voted in favor / against / did not participate or vote</b>
Mr. Vivek Mansingh	Favor
Mr. Sudhakhar Gande	Favor
Mr. Kailash M. Rustagi	Favor
Mr. Srinath Batni	Favor
Mr. Pradeep Dadlani	Favor
Mr. Sidhartha Mehra	Favor
Mr. Rohitsava Chand	Favor

- 12.5 The Board of Directors of the Transferor Company, at its board meeting held on November 6, 2017, has by resolution approved the Scheme, as detailed below:

<b>Name of the Director</b>	<b>Voted in favor / against / did not participate or vote</b>
Mr. Anees Ahmed	Favor
Mr. Rajeev Ramachandra	Favor

13. The Scheme is conditional and subject to necessary sanctions and approvals as set out in the Scheme.
14. Pursuant to the SEBI Circular read with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI LODR Regulations"), the Company has applied to BSE Limited and National Stock Exchange India Limited for their "No Objection/Observation Letter" to file the Scheme for sanction. Both BSE Limited and National Stock Exchange India Limited by their respective letter dated April 26, 2018 have given their Observation Letter to file the Scheme. The same are annexed herewith and marked as **Annexures D and Annexure E** respectively.

15. The Scheme along with related documents was hosted on the website of the Company, BSE Limited and National Stock Exchange India Limited and was open for complaints / comments. The Company has not received any complaints from the shareholder. A Complaint Report was filed with BSE Limited and National Stock Exchange India Limited on January 29, 2018 and March 14, 2018 respectively and copy of the same are annexed herewith and marked as **Annexure F and Annexure G** respectively. Further, as on the date of filing the Company Scheme Application, the Company has not received any complaints.
16. In compliance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the Company and the Transferor Company, in their respective meetings held on June 26, 2018 and June 22, 2018, have adopted a report, *inter alia*, explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. Copy of the report adopted by the Board of Directors of the Company and the Transferor Company is annexed herewith and marked as **Annexure H and Annexure I** respectively.
17. In terms of the SEBI Circular, the applicable information of the Transferor Company in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is annexed herewith and marked as **Annexure J**.
18. The unaudited financial statements for the period ended December 31, 2017 of the Company is annexed herewith and marked as **Annexure K**.
19. The Company will make a Petition under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 to the Hon'ble National Company Law Tribunal, Bengaluru Bench, at Bengaluru for sanctioning of the Scheme. The Transferor Company will make a Petition under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 to the Hon'ble National Company Law Tribunal, Mumbai Bench, at Mumbai for sanctioning of the Scheme.
20. No investigation proceedings have been instituted or are pending under the provisions of Chapter XIV of the Companies Act, 2013 against ACETL and Explosoft.
21. Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed Scheme:

The copies of the Scheme are being filed simultaneously along with the dispatch of this notice with the following regulatory and governmental authorities:

1. Registrar of Companies, Karnataka;
2. Central Government through Regional Director, South East Region;

3. Income-tax Department, Government of India; and
4. BSE Limited and National Stock Exchange India Limited.

Approvals, sanctions or no-objection(s), if any, from the aforesaid regulatory or any other governmental authorities shall be obtained within the prescribed period.

22. No winding up petition is pending against the Company and the Transferor Company.
23. Details of capital or debt restructuring, if any:

23.1 **ACETL:**

As per Clause 5 of the Scheme, ACETL will allot equity shares as follows:

Sl. No.	Shares to be allotted pursuant to merger	No. of shares
<b>A</b>	<b>Equity shares</b>	
	Equity share to be allotted to equity shareholders of Explosoft	35,05,991

As per Clause 6 of the Scheme, ACETL will allot debentures as follows:

Sl. No.	Debentures to be allotted pursuant to merger	No. of debentures*
<b>A</b>	<b>Debentures</b>	
	Debenture to be allotted to debenture holders of Explosoft	3,50,00,000

\* Note: The additional number of Debentures that would be allotted on account of accumulated interest in the books of Explosoft as on the Effective Date cannot be readily quantifiable and accordingly it has not been included in the table above.

23.2 **Explosoft:**

On the Scheme becoming effective, Explosoft would be amalgamated with ACETL pursuant to which Explosoft would stand dissolved without being wound up.

24. In the event that the Scheme is terminated or withdrawn in the manner set out herein, the Scheme shall stand revoked, cancelled and be of no effect and null and void and in such event each party hereto shall bear and pay respective costs, charges and expenses for and / or in connection with the Scheme.

25. As far as the shareholders of Explosoft are concerned, they shall receive equity shares of the Company as per the share entitlement ratio as detailed in Clause 5 of the Scheme and upon issue of such shares, they shall be classified as 'Public Shareholders' of the Company, other than to the extent held by Promoters of the Company.
26. As far as the debenture holders of Explosoft are concerned, they shall receive debentures of the Company as per the debenture entitlement ratio as detailed in Clause 6 of the Scheme. Further the Company reserves right of conversion of such debentures into its equity shares at a later point of time (refer Annexure 1 of the Scheme for complete details).
27. Pursuant to SEBI Circular and the SEBI LODR Regulations, the pre scheme and post scheme (indicative) capital structure and shareholding pattern of the Company and the Transferor Company are given herein below:

**27.1 Pre & Post Scheme Capital Structure as on March 31, 2018**

Upon the Scheme becoming effective, the Company shall issue and allot equity shares to the shareholders of Explosoft in the manner as provided in the Scheme and Explosoft would stand dissolved without being wound up.

Pre and Post Amalgamation Capital Structure of Explosoft as on March 31, 2018 would be as under:

<b>Particulars</b>	<b>Pre</b>	<b>Post</b>
<b>Authorized Capital</b>	<b>Amount (INR)</b>	<b>Amount (INR)</b>
2,50,00,000 Equity Shares of INR 10/- each	25,00,00,000	Nil
<b>Issued, Subscribed and Paid-up Capital</b>	<b>Amount (INR)</b>	<b>Amount (INR)</b>
2,41,91,364 Equity Shares of INR 10/- each fully paid-up	24,19,13,640	Nil

On the Scheme becoming effective, Explosoft would be amalgamated with ACETL pursuant to which Explosoft would stand dissolved without being wound up.

Pre Amalgamation Capital Structure of ACETL as on March 31, 2018 is as under:

<b>Particulars</b>	<b>Pre</b>
<b>Authorised Share Capital</b>	<b>Amount (INR)</b>
20,40,00,000 Equity Shares of INR 5/- each	1,02,00,00,000
1,00,000 Preference Shares of INR 100/- each	1,00,00,000
<b>Total</b>	<b>1,03,00,00,000</b>
<b>Issued Share Capital</b>	<b>Amount (INR)</b>
3,78,10,630 Equity Shares of INR 5/- each fully paid-up	18,90,53,150
<b>Total</b>	<b>18,90,53,150</b>
<b>Subscribed and Paid-up Share Capital</b>	<b>Amount (INR)</b>
3,77,59,530 Equity Shares of INR 5/- each fully paid-up	18,87,97,650
Add: Forfeited Shares (amount originally paid INR 3 per share on 51,100 Equity Shares)	1,53,300
<b>Total</b>	<b>18,89,50,950</b>

Post Amalgamation Capital Structure of ACETL as on March 31, 2018 would be as under:

<b>Particulars</b>	<b>Post</b>
<b>Authorised Share Capital**</b>	<b>Amount (INR)</b>
20,40,00,000 Equity Shares of INR 5/- each	1,02,00,00,000
1,00,000 Preference Shares of INR 100/- each	1,00,00,000
<b>Total</b>	<b>1,03,00,00,000</b>
<b>Issued Share Capital</b>	<b>Amount (INR)</b>
4,13,16,621 Equity Shares of INR 5/- each fully paid-up	20,65,83,105
<b>Total</b>	<b>20,65,83,105</b>
<b>Subscribed and Paid-up Share Capital</b>	<b>Amount (INR)</b>
4,12,65,521 Equity Shares of INR 5/- each fully paid-up	20,63,27,605
Add: Forfeited Shares (amount originally paid INR 3 per share on 51,100 Equity Shares)	1,53,300
<b>Total</b>	<b>20,64,80,905</b>

\*\* The treatment prescribed in Clause 12 of the Scheme for increase in Authorised Share Capital of the Transferee Company has not been considered in the above illustrative Capital Structure.

27.2 **Pre & Post Scheme Shareholding Pattern as on March 31, 2018**

Upon the Scheme becoming effective, the Company shall issue and allot equity shares to the shareholders of Explosoft in the manner as provided in the Scheme and Explosoft would stand dissolved without being wound up. The below shareholding pattern is prepared assuming there is no conversion of Cumulative Optionally Convertible Redeemable Debentures.

Pre and Post Scheme Shareholding Pattern of Explosoft as on March 31, 2018 is as under:

SI No.	Name of the Equity Shareholders	Pre		Post	
		No. of shares	%	No. of shares	%
1	Akhila D S	38,330	0.16	<b>Nil</b> - As the Transferor Company would be wound-up pursuant to the approval of the Scheme	
2	Amanullah Khan	71,275	0.29		
3	Anees Ahmed	1,04,91,333	43.37		
4	Anoop Agarwal	2,81,687	1.16		
5	Arun Kumar M	47,588	0.20		
6	Ashish Singh	2,48,382	1.03		
7	Joanne Ahmed	8,40,498	3.47		
8	Jupiter Capital	10	0.00		
9	Mujahid Alam	13,16,068	5.44		
10	Pawan Vashisht	2,50,542	1.04		
11	Raja Subramanian N	46,796	0.19		
12	Rajeev Ramachandra	75,10,346	31.05		
13	Rajesh Chakkingal	57,596	0.24		
14	Rakhi Chari	17,80,969	7.36		
15	Ramanan J V	1,22,391	0.51		
16	Sachidananda K	68,395	0.28		
17	Selvaraj Kaliyappan	3,87,333	1.60		
18	Sridhar TS	32,397	0.13		
19	Srinivas P R	4,44,929	1.84		
20	Sunil Kottarathil Nair	43,916	0.18		
21	Vijaya Bharat S	31,389	0.13		
22	Zubair Ahmed	79,194	0.33		
	<b>Total</b>	<b>2,41,91,364</b>	<b>100</b>		

Pre and Post Scheme Shareholding Pattern of ACETL as on March 31, 2018 is as under:

Sl No	Description	Name/Category	Pre		Post	
			No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family		-	-	-	-
(b)	Central Government/ State Government(s)					
(c)	Bodies Corporate	Indian Aero Ventures Private Limited	61,54,219	16.30	61,54,219	14.91
		Jupiter Capital Private Limited	66,48,952	17.61	66,48,953	16.11
		Tayana Digital Private Limited	1,21,42,100	32.15	1,21,42,100	29.42
(d)	Financial Institutions/ Banks					
(e)	Any Others					
	<b>Sub Total(A)(1)</b>		<b>2,49,45,271</b>	<b>66.06</b>	<b>2,49,45,272</b>	<b>60.45</b>
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)					
(b)	Bodies Corporate					
(c)	Institutions					
(d)	Any Others					
	<b>Sub Total(A)(2)</b>					
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>2,49,45,271</b>	<b>66.06</b>	<b>2,49,45,272</b>	<b>60.45</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI					
(b)	Financial Institutions / Banks		93,618	0.25	93,618	0.23
(c)	Central Government/ State Government(s)					
(d)	Venture Capital Funds					

(e)	Insurance Companies					
(f)	Foreign Institutional Investors/Foreign Portfolio Investors		58,686	0.16	58,686	0.14
(g)	Foreign Venture Capital Investors					
(h)	Any Other					
	<b>Sub-Total (B)(1)</b>		<b>1,52,304</b>	<b>0.41</b>	<b>1,52,304</b>	<b>0.37</b>
<b>2</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate					
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh		58,74,018	15.56	59,66,665	14.46
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.		42,66,387	11.30	76,79,730	18.61
(c)	Any Other					
		NBFCs Registered with RBI	15,800	0.04	15,800	0.04
		MGT	5,250	0.01	5,250	0.01
		Trusts	1,500	0.00	1,500	0.00
		Alternative Investment Fund	2,93,009	0.78	2,93,009	0.71
		Non Resident Indians	2,02,435	0.54	2,02,435	0.49
		Clearing Members	76,588	0.20	76,588	0.19
		Non-resident Indian Non-repatriable	1,12,610	0.30	1,12,610	0.27
		Bodies Corporates	18,14,330	4.80	18,14,330	4.40
		Foreign Nationals	28	0.00	28	0.00
	<b>Sub-Total (B)(2)</b>		<b>1,26,61,955</b>	<b>33.53</b>	<b>1,61,67,945</b>	<b>39.18</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>1,28,14,259</b>	<b>33.94</b>	<b>1,63,20,249</b>	<b>39.55</b>
	<b>TOTAL (A)+(B)</b>		<b>3,77,59,530</b>	<b>100.00</b>	<b>4,12,65,521</b>	<b>100.00</b>
<b>(C)</b>	Shares held by Custodians and against which DRs have been issued					
	<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>3,77,59,530</b>	<b>100.00</b>	<b>4,12,65,521</b>	<b>100.00</b>



28. The following documents are available for obtaining extract from or for making or obtaining copies of or for inspection by the Secured Creditors of the Company at the Registered Office of the Company, between 9.00 A.M. to 5.00 P.M., one day prior to the date of the Meeting on all working days (except Saturdays, Sundays and public holidays):
- a. Copy of the Order of the National Company Law Tribunal, Bengaluru Bench, dated June 15, 2018 passed in Company Application No. 34 of 2018 directing the Company, to convene the Meeting of its Equity Shareholders, Secured Creditors and Unsecured Creditors.
  - b. Memorandum of Association and Articles of Association of the Company and of the Transferor Company.
  - c. Audited Financial Statements of the Transferee Company for the year ended March 31, 2017.
  - d. Audited Financial Statements of the Transferor Company for the year ended March 31, 2017.
  - e. Unaudited Financial Statements of the Transferee Company for the period ended December 31, 2017.
  - f. Unaudited Financial Statements of the Transferor Company for the period ended December 31, 2017.
  - g. Copy of the Scheme of Amalgamation of the Transferor Company with the Company and their respective shareholders.
  - h. Observation letter dated April 26, 2018 issued by BSE Limited and observation letter dated April 26, 2018 issued by National Stock Exchange India Limited.
  - i. Complaints reports dated January 29, 2018 and March 14, 2018 submitted by the Company to BSE Limited and National Stock Exchange India Limited respectively.
  - j. Copies of the resolution passed by the respective Board of Directors of the Company and the Transferor Company dated November 6, 2017 approving the Scheme.
  - k. Certificate issued by the Statutory Auditors of the Company and of the Transferor Company stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
  - l. Copy of the valuation report dated November 5, 2017 issued by SSPA & Co.
  - m. Copy of the Fairness Opinion dated November 5, 2017 of Fortress Capital Management Services Private Limited, a category -1 Merchant Banker.
  - n. Copy of Audit Committee Report dated November 6, 2017 of the Transferee Company.

- o. Copy of the Reports adopted by the Board of Directors of the Transferor Company and the Transferee Company, respectively pursuant to the provision of Section 230-232 of the Companies Act, 2013
- p. Copy of the Register of Director's shareholding of the Company;
- q. Such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the Scheme.

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**By order of the National Company Law Tribunal**  
**Sd/-**  
**Joby Chacko, Advocate**  
**Chairman appointed for the meeting**

**Dated this 27<sup>th</sup> day of June, 2018**

**Place: Bengaluru**

**Registered Office:**

AXISCADES Engineering Technologies Limited,

Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024

Website: [www.axiscades.com](http://www.axiscades.com)

E-mail: [investor.relations@axiscades.com](mailto:investor.relations@axiscades.com)

**SCHEME OF AMALGAMATION**

**OF**

**EXPLOSOFT TECH SOLUTIONS PRIVATE LIMITED**

**WITH**

**AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**(UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 2013)**

## **GENERAL**

### **I. Purpose of Scheme**

This Scheme of Amalgamation (“Scheme”) is presented for amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited pursuant to the provisions of Sections 230 to 232 and all other applicable provisions of the Act (defined herein after).

### **II. Rationale for the Scheme**

The rationale for the amalgamation of Explosoft Tech Solutions Private Limited (“Explosoft” or “Transferor Company”) with AXISCADES Engineering Technologies Limited (“ACETL” or “Transferee Company”) is, inter alia, as follows:

1. To facilitate Transferee Company to acquire and consolidate Mistral Solutions Private Limited.
2. The amalgamation will result in expanding the existing business operations of the Transferee Company by combining the business interests of both companies into one corporate entity. This will lead in operational synergies, centralisation, simplification, streamlining and facilitating efficient administration.
3. Creating value for shareholders by acquiring Mistral Solutions Private Limited – A company with niche capability and ability to spearhead itself into Embedded Product Engineering Services and Electronics and thereby add to the value chain of the Transferee Company.
4. Create strong technical and infrastructural capabilities to effectively meet future challenges in the rigorously competitive Embedded Product Engineering Services and Electronics.
5. The Transferor Company is the Shareholder Company of Mistral Solutions Private Limited. The amalgamation will result in reducing the shareholding layers and facilitate direct control of Mistral Solutions Private Limited.
6. General and administrative cost reduction and productivity gains by pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Parties.

### III. Parts of the Scheme

The Scheme is divided into the following parts:

1. **Part A** – dealing with definitions of the terms used in this Scheme and sets out the share capital of Explosoft Tech Solutions Private Limited and AXISCADES Engineering Technologies Limited;
2. **Part B** – dealing with amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited; and
3. **Part C** – dealing with winding-up, the general terms and other conditions applicable to this Scheme and other matters consequential and integrally connected thereto.

## PART A

### 1. DEFINITIONS

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

- 1.1 **“ACETL”** or **“Transferee Company”** means AXISCADES Engineering Technologies Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024.
- 1.2 **“Act”** means the Companies Act, 2013 and shall include rules, any statutory modification, re-enactment or amendments thereof from time to time.
- 1.3 **“Appointed Date”** means December 01, 2017 or any other the date on which ACETL acquires control of Mistral Solutions Private Limited through Board and majority voting power of Mistral Solutions Private Limited or such other date as the Tribunal(s) or such other authorities may direct/ fix.
- 1.4 **“Board of Directors”** or **“Board”** means the board of directors of any of Explosoft and / or ACETL, as the case may be, and shall include a duly constituted committee thereof.
- 1.5 **“Debentures”** means 12% Optionally Convertible Redeemable Debentures proposed to be issued by the Transferee Company pursuant to Clause 6.1 of the Scheme
- 1.6 **“Effective Date”** or **“Upon the Scheme becoming effective”** or **“On the Scheme becoming effective”** means the last of the dates on which the certified true copies of the order of the Tribunal(s) sanctioning the Scheme are filed with the Registrar of Companies, Mumbai by Explosoft and with the Registrar of Companies, Karnataka by ACETL, who are parties to this Scheme.

- 1.7 **“Explosoft” or “Transferor Company”** means Explosoft Tech Solutions Private Limited, (Formerly known as Explore India Leisure & Hospitality Private Limited) a company incorporated under the Companies Act, 2013, and having its registered office at Office No. 1, 1<sup>st</sup> Floor, Fine Mansion, 203, D.N. Road, Fort, Mumbai – 400 001.
- 1.8 **“Explosoft Debentures”** means 13% Cumulative Optionally Convertible Redeemable Debentures issued and allotted by Explosoft.
- 1.9 **“Government Authority”** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.
- 1.10 **“Minimum Public Shareholding” shall have the meaning given to such term in Rule 19(2) and Rule 19A of Securities Contracts (Regulation) Rules, 1957** in a manner as specified by SEBI (defined herein after) from time to time. Presently, a listed company is required to maintain public shareholding of atleast 25% (Twenty five percent).
- 1.11 **"People Acting in Concert"** shall have the meaning given to it in clause q of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011.
- 1.12 **"Promoter" or Promoters "** shall have the meaning given to it in clauses (za) and (zb) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- 1.13 **“Record Date”** means the date to be fixed by the Board of Directors of ACETL and Explosoft for the purpose of determining the shareholders and debenture holders of Explosoft who shall be entitled to receive equity shares of ACETL as per Clause 5.1 of the Scheme and Debentures of ACETL as per Clause 6.1 of the Scheme.
- 1.14 **“Sale Shares”** means Phase 1 acquisition of 16,32,718 equity shares of face value INR 5/- each of Mistral Solutions Private Limited, by ACETL for cash.

- 1.15 “**SCRA**” means the Securities Contracts (Regulation) Act, 1956 and shall include rules, any statutory modification, re-enactment or amendments thereof from time to time.
- 1.16 “**SCRR**” means the Securities Contracts (Regulation) Rules, 1957 and shall include rules, any statutory modification, re-enactment or amendments thereof from time to time.
- 1.17 “**SEBI**” means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.
- 1.18 “**SEBI Act**” means Securities and Exchange Board of India Act, 1992 and shall include rules, any statutory modification, re-enactment or amendments thereof from time to time.
- 1.19 “**SEBI Circular**” means, together, the circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017 and the circular no. CFD/DIL3/CIR/2017/26 dated 23 March 2017, each issued by the SEBI or any other circulars issued by SEBI applicable to schemes of arrangement from time to time.
- 1.20 “**SEBI Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.21 “**Scheme**” or “**the Scheme**” or “**this Scheme**” means this Scheme in its present form or with any modification(s) made under Clause 18 of this Scheme, as approved or directed by the Tribunal(s) (defined herein after).
- 1.22 “**Stock Exchanges**” means the BSE Limited and the National Stock Exchange of India Limited collectively.
- 1.23 “**Tribunal(s)**” means the National Company Law Tribunal Bench at Bengaluru having jurisdiction over ACETL and the National Company Law Tribunal Bench at Mumbai having jurisdiction over Explosoft.



All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996, the Income-tax Act, 1961 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modifications or re-enactments thereof from time to time.

## 2. SHARE CAPITAL

2.1 The authorized, issued, subscribed and paid-up share capital of Explosoft as on March 31, 2017, was as follows:

<b>Authorized Capital</b>	<b>Amount (INR)</b>
50,000 Equity Shares of INR 10/- each	5,00,000
<b>Issued, Subscribed and Paid-up Capital</b>	<b>Amount (INR)</b>
10,000 Equity Shares of INR 10/- each fully Paid-up	1,00,000

Subsequent to March 31, 2017, Explosoft increased its Authorized Capital and allotted equity shares. Post this, the Authorized, Issued, Subscribed and Paid-up share capital of Explosoft is as follows:

<b>Authorized Capital</b>	<b>Amount (INR)</b>
2,50,00,000 Equity Shares of INR 10/- each	25,00,00,000
<b>Issued, Subscribed and Paid-up Capital<sup>##</sup></b>	<b>Amount (INR)</b>
2,41,91,364 Equity Shares of INR 10/- each fully Paid-up	24,19,13,640

- 2.2 The authorized, issued, subscribed and paid-up share capital of ACETL as on March 31, 2017, was as follows:

<b>Authorized Capital</b>	<b>Amount (INR)</b>
20,40,00,000 Equity Shares of INR 5/- each	1,02,00,00,000
1,00,000 Preference Shares of INR 100/- each	1,00,00,000
<b>Total</b>	<b>1,03,00,00,000</b>
<b>Issued Capital</b>	<b>Amount (INR)</b>
3,78,10,630 Equity Shares of INR 5/- each fully paid up	18,90,53,150
<b>Total</b>	<b>18,90,53,150</b>
<b>Subscribed and Paid-up Capital</b>	<b>Amount (INR)</b>
3,77,59,530 Equity Shares of INR 5/- each fully paid up	18,87,97,650
<b>Add:</b> Forfeited shares (amount originally paid INR 3/- per share on 51,100 Equity Shares)	1,53,300
<b>Total</b>	<b>18,89,50,950</b>

Subsequent to March 31, 2017, there has been no change in the share capital of ACETL.

### 3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Tribunal(s) shall be effective from the Appointed Date mentioned herein, but shall be operative from the Effective Date.

## **PART B**

### **AMALGAMATION OF EXPLOSOFT WITH ACETL**

#### **4. AMALGAMATION OF EXPLOSOFT WITH ACETL**

4.1 Upon the Scheme becoming effective but with effect from Appointed Date, the Transferor Company, pursuant to Sections 230 to 232 of the Act and any other relevant provisions of the Act (as may be applicable) and without any further act, instrument, deed, matter, or thing, be transferred to and vested in the Transferee Company by way of amalgamation.

4.2 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertaking(s) of the Transferor Company including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws of the Transferor Company of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Company comprising, amongst others, all freehold land, leasehold land, building, plants, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, instruments and equipments, machineries, T.V sets, cameras, software, products, portals, inventories, merchandising rights, websites, office equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, product licenses, marketing authorisations or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the applicable provisions of the Act and pursuant to the order of the Tribunal(s) sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, debts, liabilities, duties and obligations, business and undertaking(s) of the Transferee Company.

- 4.3 With effect from the Appointed Date all debts, liabilities, duties, Explosoft Debentures and obligations of the Transferor Company as on the Appointed Date whether provided for or not in the books of account of the Transferor Company and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.
- 4.4 With effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.
- 4.5 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.
- 4.6 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and those created by the Transferor Company after the Appointed Date, over the assets comprised in the business and undertaking(s) or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the Transferor Company the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of the Transferee Company, provided however that no encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

- 4.7 The existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.
- 4.8 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 4.9 With effect from the Appointed Date, all statutory licences, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits, tax refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Transferor Company special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date shall stand vested in or transferred to the Transferee Company, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the business and undertaking(s) of the Transferor Company pursuant to this Scheme.
- 4.10 The amalgamation of the Transferor Company into the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income-tax Act, 1961. This Scheme has been drawn up to comply with the conditions relating to “amalgamation” as specified under Section 2(1B) of the Income-tax Act, 1961. At a later date, if any term or provision of the Scheme is found or interpreted to be inconsistent with any provision thereof, including resulting from an amendment of law or for any reason whatsoever, the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.

## 5. CONSIDERATION

5.1 Upon this Scheme becoming effective and in consideration for the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot equity shares credited as fully paid-up, to the extent indicated below, to the members of the Transferor Company, holding fully paid-up equity shares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of the Transferor Company in the following proportion:

*“10 (Ten) fully paid-up Equity Shares of INR 5/- each of ACETL shall be issued and allotted for 69 (Sixty Nine) fully paid-up Equity Shares of INR 10/- each held in Explosoft (herein after referred to as “New Equity Shares”).”*

5.2 The New Equity Shares to be issued to the members of the Transferor Company pursuant to Clause 5.1 shall be in multiples of 1. Any fractional equity shares shall be rounded-off to the next higher multiple of 1.

5.3 The New Equity Shares to be issued to the members of the Transferor Company pursuant to Clause 5.1 read with Clause 5.2 shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu with the existing equity shares of the Transferee Company in all respects.

5.4 The Equity Shares of the Transferee Company shall be issued and allotted in dematerialized form to those equity shareholders who hold equity shares in demat form of the Transferor Company. If such details are not provided by the Board of Transferor Company, the New Equity Shares shall be issued in the physical form.

5.5 New Equity Shares of the Transferee Company to be issued and allotted to the equity shareholders of the Transferor Company pursuant to Clause 5.1 of this Scheme will be listed and admitted to trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed and traded in accordance with the applicable laws. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the

applicable laws, SEBI Listing Regulations for complying with the formalities of the said Stock Exchanges. The new Equity Shares allotted pursuant to Clause 5.1 of this Scheme shall remain frozen in the depositories system until relevant directions in relation to listing and/ or trading are provided by the relevant Stock Exchanges.

- 5.6 The Transferee Company shall, prior to the Scheme becoming effective, take necessary actions including but not limited to passing necessary resolutions; making relevant filings with Ministry of Corporate Affairs, Registrar of Companies, Karnataka; and payment of necessary stamp duty and filing related fees as may be payable under applicable law and regulations for increase in the authorized share capital for issuance of equity shares under the Scheme and consequent amendments to the memorandum and articles of association of the Transferee Company.
- 5.7 Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be due compliance of the provisions of Sections 42, 62 and the other relevant provisions of the Act, SEBI Listing Regulations and all applicable laws for the issue, allotment and listing of equity shares by the Transferee Company, as provided in this Scheme.

## **6. ISSUE AND ALLOTMENT OF DEBENTURES**

- 6.1 Upon this Scheme becoming effective, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot such number of Debentures credited as fully paid-up equivalent to the extent of the principal amount along with accumulated interest recorded by the Transferor Company in its books of accounts upto the Effective Date, to the debenture holders of the Transferor Company, holding fully paid-up Explosoft Debentures in the Transferor Company, as per the terms and subject to the conditions set out in Annexure 1 and whose names appear in the Register of Debentures Holders of the Transferor Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of Directors of the Transferor Company.
- 6.2 The Debentures of the Transferee Company to be issued and allotted to the Explosoft Debenture holders pursuant to Clause 6.1 of this Scheme will be not be listed and hence not be admitted for trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed.



- 6.3 Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be due compliance of the provisions of Sections 42, 62, 71 and the other relevant provisions of the Act.

## **7. STAFF, WORKMEN & EMPLOYEES**

- 7.1 On the Scheme becoming effective, all staff, workmen and employees of the Transferor Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the later of Appointed Date or the actual date of joining, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company (i.e. cost to company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Company on the Effective Date.

- 7.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall become trusts/ funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such funds/trusts or in relation to the obligation to make contributions to the said funds/trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such funds/trusts shall become those of the Transferee Company. It is clarified that, for the purpose of the said funds/trusts, the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous with the Transferee Company from the date of employment as reflected in the records of the Transferor Company.

## **8. LEGAL PROCEEDINGS**

- 8.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company is pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this arrangement or by anything contained in this Scheme, but

the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.

## **9. CONTRACTS, DEEDS, ETC. AND POWER TO GIVE EFFECT TO THIS PART**

9.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, registrations, licenses, permissions, approvals, consents, entitlements, sanctions, permits benefits, rights arising from contracts, deeds, licenses, instruments and agreements, if any, of whatsoever nature to which the Transferor Company is party to and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments etc.

9.2 The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

## **10. TAXATION MATTERS**

10.1 All taxes (including, without limitation, income tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) paid or payable by the Transferor Company in respect of the operations or profits and assets of the Transferor Company before the Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to any tax payment (including, without limitation, income tax, minimum alternate tax, dividend distribution tax, wealth tax, sales tax, custom duty, service tax, value added tax, central sales tax, GST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of its profits or activities or operation or assets with effect from the Appointed Date, the same be deemed to be the corresponding item

paid by the Transferee Company and shall in all proceedings be dealt with accordingly.

- 10.2 Any refund under the tax laws due to the Transferor Company consequent to the assessment made on the Transferor Company and for which no credit is taken in accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 10.3 The Transferee Company shall be entitled to revise and file income tax returns, sales tax / value added tax return, service tax returns and any other returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. The Transferee Company shall be entitled to such tax benefits, including but not limited to, minimum alternate tax paid under Section 115JA/115JB of the Income-tax Act, 1961 and the right to claim credit in accordance with Section 115JAA of the Income-tax Act, 1961, including the benefit of brought forward losses or depreciation as admissible under the provisions of the Income-tax Act, 1961 to the extent applicable, of the Transferor Company from the taxable profits of the Transferee Company with effect from the Appointed Date. Further, all existing and future benefits/ claim/ relief under the provisions of Income-tax Act, 1961 shall be available to the Transferee Company in the same manner and to the extent as those were available otherwise to the Transferor Company upon fulfilment of the prescribed conditions. The Transferee Company shall continue to enjoy the tax benefits and concessions provided to the Transferor Company by the concerned authorities.
- 10.4 Any refund/ credit/ claim benefits/ incentives under any tax laws due to the Transferor Company (including but not limited to advance tax, self-assessment tax, regular assessment tax, service tax, CENVAT, minimum alternative tax, value added tax, central sales tax central sales tax, GST, etc.) shall belong to and be received by the Transferee Company. Without prejudice to the generality of the aforesaid provision, all the benefits under the various incentive schemes and policies that the Transferor Company is entitled to, in relation to its operations, shall upon the Scheme becoming effective and with effect from the Appointed Date be transferred to and vested in the Transferee Company and all the benefits, entitlements and incentives of any nature whatsoever, including minimum alternate tax credit entitlement, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the

Transferee Company was originally entitled to all benefits under such incentives schemes and/ or policies.

- 10.5 The Transferee Company shall be deemed to be authorized under this Scheme to execute any pleadings, submissions, applications, forms, etc., as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.

## **11. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY**

- 11.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for amalgamation of Transferor Company in its books of account in accordance with the method prescribed under the Indian Accounting Standard notified under Section 133 of the Act, as amended from time to time.
- 11.2 The amount of any inter-company balances amongst the Transferor Company and between the Transferor Company and the Transferee Company, if any, shall stand cancelled without any further act or deed, upon the Scheme becoming effective.
- 11.3 The Transferee Company shall credit to equity in its books of account, the difference between the fair value and face value of the equity shares issued as per Clause 5.1 by the Transferee Company pursuant to this Scheme.
- 11.4 In case of any differences in accounting policies between the Transferee Company and the Transferor Company , the accounting policies followed by the Transferee Company shall prevail to ensure that the Financial Statements reflect the financial position on the basis of consistent accounting policies.

## **12. REORGANISATION OF AUTHORIZED CAPITAL OF THE TRANSFEREE COMPANY**

- 12.1 Upon the Scheme becoming effective, the authorized share capital of the Transferor Company shall stand combined with the authorized share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorized share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorized share capital and accordingly,

the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorized share capital.

- 12.2 Clause 5 of the Memorandum of Association of the Transferee Company and any other Clause(s) of the Memorandum of Association and Articles of Association as may be applicable shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act by deleting the existing Clause and replacing it with the following:

*“The Authorized Share Capital of the Company is INR 128,00,00,000/- (Rupees One Hundred Twenty Eight Crores only) divided into 25,40,00,000/- (Twenty Five Crore Forty Lakh only) Equity Shares of INR 5/- each and 1,00,000 (One Lakh only) Preference Shares of INR 100/- each.”*

### **13. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE**

During the period from the Appointed Date to the Effective Date:

- 13.1 The Transferor Company shall carry on and be deemed to have carried on its businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of its entire businesses and undertaking(s) for and on account of and in trust for the Transferee Company.
- 13.2 The Transferor Company shall carry on its business and activities in the ordinary course of business with reasonable diligence and business prudence.
- 13.3 All the profits or income accruing or arising to the Transferor Company or expenditure or losses incurred or arising to the Transferor Company, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company.
- 13.4 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to Government Authority concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Company.

#### **14. SAVING OF CONCLUDED TRANSACTIONS**

- 14.1 Subject to the terms of this Scheme, the transfer and vesting of the assets and liabilities of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

## **PART C**

### **WINDING-UP, THE GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME AND OTHER MATTERS CONSEQUENTIAL AND INTEGRALLY CONNECTED THERETO**

#### **15. WINDING-UP**

- 15.1 On the Scheme becoming effective, the Transferor Company shall stand dissolved, without being wound-up.

#### **16. CONDITIONALITY OF THE SCHEME**

- 16.1 This Scheme is and shall be conditional upon and subject to:
- i. The requisite consent, approval or permission of the Central Government or any Government Authorities, which by law may be necessary for the implementation of this Scheme;
  - ii. The approval by the requisite majority of the members / creditors of the Transferor Company and the Transferee Company as may be directed by the Tribunal(s) and requisite approval from public shareholders of the Transferee Company through e-voting;
  - iii. Receipt of approvals of the relevant Stock Exchanges where the equity shares of ACETL are listed and traded and SEBI in terms of the SEBI Circular, as applicable.
  - iv. The sanction of the Tribunal(s) being obtained under Sections 230 to 232 and any other applicable provisions of the Act, on behalf of the Transferor Company and the Transferee Company;
  - v. The certified copies of the orders of the Tribunal(s) sanctioning the Scheme are filed with the jurisdictional Registrar of Companies; and
  - vi. Compliance with such other conditions as may be imposed by the Tribunal(s).

**17. APPLICATION TO TRIBUNAL(S)**

17.1 The Transferor Company and the Transferee Company shall, with all reasonable despatch, make and file applications/ petitions under Sections 230 to 232 and other applicable provisions of the Act to the Tribunal(s) within whose jurisdiction the registered offices of the Transferor Company and the Transferee Company for seeking approval of the Scheme and for such other orders as the Tribunal(s) may deem fit for bringing the Scheme into effect and all matters ancillary or incidental thereto and for dissolution of the Transferor Company without being wound-up.

**18. MODIFICATION OR AMENDMENTS TO THE SCHEME**

18.1 The Transferor Company and the Transferee Company by their respective Board of Directors may make and / or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the Tribunal(s) or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors). The Transferor Company and the Transferee Company by their respective Board of Directors shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or order of any authority or otherwise, however arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

**19. EFFECT OF NON-RECEIPT OF APPROVALS**

19.1 In the event any of the approvals or conditions enumerated in the Scheme are not obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferor Company and the Transferee Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the Tribunal(s), the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.



**20. MINIMUM PUBLIC SHAREHOLDING**

20.1 In the event the Debentures issued by the Transferee Company pursuant to Clause 6.1 of this Scheme are converted by the Transferee Company in accordance with terms and conditions as detailed under Annexure 1 and such conversion results in breaching the Minimum Public Shareholding limits as may be prescribed by SEBI, then the maximum number of equity shares that may be converted by the Transferee Company would be limited to such number whereby the total number of equity shares post conversion i.e. sum total of existing number of equity shares held by the Promoters and People Acting in Concert along with the additional number of equity shares to be allotted pursuant to conversion would not exceed the limits prescribed under the applicable SEBI Act, SCRA, SCRR, Act or any other law, act, rules, regulations as may be applicable on the date of conversion of Debentures into equity shares of the Transferee Company.

**21. COSTS, CHARGES AND EXPENSES**

21.1 All costs, charges, expenses, taxes including duties, levies and all other expenses, if any arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be accounted in the books of the Transferor Company (for and on behalf of the Transferee Company) and in the books of the Transferee Company, as the case maybe prior or post making the Scheme Effective and the same shall be discharged, borne, settled by the Transferee Company.

## ANNEXURE 1

### TERMS OF THE OPTIONALLY CONVERTIBLE REDEEMABLE DEBENTURES

Instrument	Optionally Convertible Redeemable Debentures
Nature of Debentures	Unsecured Debenture
Principal Amount	INR 35,00,00,000/- (Rupees Thirty Five Crores only)
Nominal value of Debentures	INR 10/- (Rupees Ten only)
Allotment Value	At par i.e. INR 10/- (Rupees Ten only)
Interest on Debentures	12% (Twelve Percent) per annum
Tenure of Debentures	18 (Eighteen) months from Effective Date
Conversion Rights	Transferee Company
Conversion Price	INR 207/- (Rupees Two Hundred and Seven only) i.e. fair value of equity share of ACETL
Conversion Terms	The Debentures may be converted into equity shares of the Transferee Company at any time at the sole discretion of the Board of the Transferee Company post making the Scheme Effective however within a period of 18 (Eighteen) months from the Effective Date

Conversion Amount	INR 35,00,00,000/- crore (Rupees Thirty Five Crores) + Interest Accumulated and recorded in the books of the Transferor Company till the Effective Date
Voting Rights	Debentures will not carry any voting rights
Listing of Debentures	Debentures issued by the Transferee Company as per Clause 6.1 of this Scheme will be unlisted throughout its tenure
Redemption Terms	Within 15 (Fifteen) working days, from end of 18 (Eighteen) months from Effective Date, provided such Debentures, either fully or partly (as per the limitations detailed in Clause 20.1 of this Scheme) have not converted into equity shares of the Transferee Company

**STRICTLY PRIVATE & CONFIDENTIAL**

November 05, 2017

**The Board of Directors****AXISCADES Engineering Technologies Limited**Kirloskar Business Park, Block 'C', 2nd Floor,  
Hebbal, Bengaluru – 560 024.**The Board of Directors****Explore India Leisure & Hospitality Private Limited**Office No. 1, 1<sup>st</sup> Floor, Fine Mansion, 203,  
D. N. Road, Fort, Mumbai – 400 001.

**Re: Recommendation of fair equity share exchange ratio for the purpose of proposed amalgamation of Explore India Leisure & Hospitality Private Limited with AXISCADES Engineering Technologies Limited**

Dear Madam(s) / Sir(s),

As requested by the management of AXISCADES Engineering Technologies Limited (hereinafter referred to as "ACETL") and Explore India Leisure & Hospitality Private Limited (hereinafter referred to as "Explore India"), we have undertaken valuation exercise of equity shares of ACETL and Explore India to recommend fair share exchange ratio for the proposed amalgamation of Explore India with ACETL.

**1. PURPOSE OF VALUATION**

- 1.1 As mentioned earlier, the management of the Companies (hereinafter collectively referred to as "the Management") are considering a proposal for the amalgamation of Explore India with ACETL (hereinafter referred to as the "Amalgamation"), pursuant to the Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Scheme') and subject to necessary approvals, Explore India would be amalgamated with ACETL with effect from the appointed date (hereinafter referred to as the "appointed date"). In consideration



for the Amalgamation, equity shares of ACETL would be issued to the shareholders of Explore India.

- 1.2 In this regards, SSPA & Co., Chartered Accountants (“SSPA”) have been appointed to carry out the relative valuation of equity shares of the Companies and recommend the fair share exchange ratio for the proposed amalgamation for consideration of the Boards of ACETL and Explore India.

## **2. BRIEF BACKGROUND**

### **2.1 AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

2.1.1 ACETL is India’s leading product engineering solution’s company catering to the futuristic needs of aerospace, defense, heavy engineering, automotive, energy, medical & healthcare sectors. ACETL has proven technology products and services, coupled with industry best practices, enable global OEMs to create innovative, sustainable and safer products.

2.1.2 ACETL offers solutions in mechanical engineering, embedded software and hardware, system integration, manufacturing and aftermarket solutions across domains addressing every stage of product lifecycle development.

2.1.3 The shares of ACETL are listed on BSE Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’).

2.1.4 AXISCADES Aerospace & Technologies Limited (hereinafter referred to as “ACAT”), a wholly owned subsidiary of ACETL, is a niche player providing strategic technologies to aerospace, defence & homeland security sectors. ACAT has built capabilities in system integration, design & development of solutions & platforms in the areas of automatic test equipment & test solutions, software & simulations, avionics, electronic warfare systems and paramilitary training solutions. ACAT has a proven track record, successfully executing offset programs for its marquee clientele comprising of global OEM’s and the Ministry of Defence, India.

### **2.2 EXPLORE INDIA LEISURE & HOSPITALITY PRIVATE LIMITED**

2.2.1 Explore India currently does not have any business operations. Explore India is holding 16,79,359 number of equity shares of Mistral Solutions Private Limited.

2.2.2 We have been informed that Explore India is in process of changing its name.



- 2.2.3 Mistral Solutions Private Limited (hereinafter referred to as "MSPL"), along with its subsidiaries, is engaged in product design and system engineering, providing end-to-end services for product development and deployment in the embedded space covering hardware and software, customizable product designs & IPs and system integration.
- 2.2.4 MSPL's products and services provide latest technologies across verticals such as Defense and Aerospace, Consumer Electronics, Semiconductor, Medical Electronics, Wireless, Automotive Electronics, Industrial Applications and Homeland Security.
- 2.3 We have been informed that the appointed date shall be the date on which ACETL has completed acquisition of equity shares from certain shareholder(s) of MSPL and is the lawful owner of such equity shares or such other date as the Tribunal(s) or such other authorities may direct/fix.
- 2.4 ACETL, Explore India and MSPL are hereinafter collectively referred to as the "Companies".

### **3. SOURCES OF INFORMATION**

For the purposes of our valuation exercise, we have relied upon the following sources of information as provided to us by the management of the Companies:

- (a) Consolidated Audited Financial Statements of ACETL and MSPL for the financial year (FY) ended March 31, 2017.
- (b) Provisional Financial Statements of Explore India for FY ended March 31, 2017.
- (c) Provisional Balance Sheet of Explore India as on November 4, 2017 as provided by the Management of Explore India.
- (d) Consolidated financial projections of ACETL and MSPL for FY 2017-18 to FY 2020-21 as provided by the management of ACETL and MSPL.
- (e) Discussions with the Management on various issues relevant for the valuation including the prospects and outlook for the industry, expected growth rate and other relevant information relating to future expected profitability of the business, etc.
- (f) Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain.



**4. EXCLUSIONS AND LIMITATIONS**

- 4.1 Our report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 4.2 Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While SSPA has provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.
- 4.3 No investigation of the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 4.4 Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report is as per agreed terms of our engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 4.5 A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Companies have drawn our attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair value of shares of the Companies for the purpose of the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the report date. We have no



responsibility to update this report for events and circumstances occurring after the date of this report.

- 4.6 In the course of the valuation, we were provided with both written and verbal information. We have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Public information, industry and statistical information relied in this report have been obtained from the sources considered to be reliable. However, we have not independently verified such information and make no representation as to the accuracy or completeness of such information from or provided by such sources. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the management of the Companies. We assume no responsibility for any errors in the above information furnished by the Management and consequential impact on the present exercise.
- 4.7 Our recommendation is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.
- 4.8 Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.
- 4.9 This report has been prepared for the Board of Directors of ACETL and Explore India, solely for the purpose of recommending the fair share exchange ratio for the Amalgamation as stated in para 1 to the Report.
- 4.10 Any person/party, intending to provide finance/invest in the shares/business of the Companies or for any other reason whatsoever, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.





- 4.11 It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed amalgamation as aforesaid, can be done only with our prior permission in writing.
- 4.12 SSPA, nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

## **5. VALUATION APPROACH**

- 5.1 For the purpose of valuation for amalgamation, generally the following approaches are adopted:
- (a) the "Underlying Asset" approach
  - (b) the "Income" approach; and
  - (c) the "Market" approach
- 5.2 Considering that Explore India does not have any operations of its own and is holding investment in MSPL, the value of Explore India under Underlying Assets Approach captures value of its investment in MSPL as per Net Assets Value Method.

## **6. VALUATION AS PER INCOME APPROACH**

- 6.1 Under the "Income" approach, the equity shares have been valued using Discounted Cash Flow ('DCF') Method.
- 6.2 Under the DCF method the projected free cash flows from business operations after considering fund requirements for projected capital expenditure and incremental working capital are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.
- 6.3 The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to profit before tax, (i) depreciation and amortizations (non-cash charge), (ii) interest on loans, if any and (iii) any non-operating item. The cash flow is adjusted for outflows on account of capital expenditure, tax and change in working capital requirements.



- 6.4 WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is the weighted average of the company's cost of equity and debt. Considering an appropriate mix between debt and equity, we have arrived at the WACC to be used for discounting the Free Cash Flows.
- 6.5 Appropriate adjustments have been made for loan funds, cash and cash equivalents, contingent liabilities and other adjustments after considering the tax impact wherever applicable to arrive at the Equity value.
- 6.6 The value as arrived above is divided by the outstanding/diluted number of equity shares to arrive at the value per share.
- 6.7 Considering that Explore India does not have any operations of its own, the value of Explore India under Income Approach captures value of its investment in MSPL as per Income Method.

## **7. VALUATION AS PER MARKET APPROACH**

### **7.1 MARKET PRICE METHOD**

- 7.1.1 The market price of an equity share as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.
- 7.1.2 Since the equity shares of Explore India and MSPL are not listed on any recognized stock exchanges, value under market approach is disclosed based on Comparable Companies Multiple Method.

## **8. RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO**

- 8.1 The fair basis of amalgamation of Explore India with ACETL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above approaches, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of the Companies. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company. Our exercise is to work out relative value of



shares of the Companies to facilitate the determination of a ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

- 8.2 As stated earlier, shares of Explore India and MSPL are not listed on stock exchanges. Thus there is no market price available for the shares of Explore India and MSPL. Considering the nature of business of the Companies and being relative valuation, we have thought fit to give weightage only to values determined under Income Approach using Discounted Cash Flow Method.

Valuation Approach	ACET		EILH	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Underlying Assets *	76.40	0	11.52	0
Income	207.01	1	29.99	1
Market *	140.58	0	29.42	0
<b>Relative value per Share</b>	<b>207.01</b>		<b>29.99</b>	
<b>Fair Share Exchange Ratio (Rounded Off)</b>			<b>6.90</b>	

\* Note: As mentioned earlier, we have not adopted the 'Underlying Asset' approach and 'Market' approach for the present valuation exercise. However, we have computed the value per share as per 'Underlying Asset' approach and 'Market' approach for information purpose only, as required by BSE Limited and National Stock Exchange of India Limited vide their circular No. LIST/COMP/02/2017-18 dated May 29, 2017 and NSE/CML/2017/12 dated June 01, 2017 respectively.

- 8.3 The share exchange ratio has been arrived on the basis of a relative valuation of the shares of the Companies based on the approaches explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.
- 8.4 In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast



Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

*'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'*

8.5 In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this report, in our opinion, a fair ratio of exchange in the event of amalgamation of Explore India with ACETL would be as under:

**10 (Ten) equity shares of ACETL of INR 5/- each fully paid for every 69 (Sixty Nine) equity share of Explore India of INR 10/- each fully paid.**

Thank you,  
Yours faithfully,

*SSPA & Co*



**SSPA & CO.**  
**Chartered Accountants**  
Firm registration number: 128851W

Signed by **Parag Ved, Partner**  
Membership No. 102432

Place: Mumbai



**STRICTLY PRIVATE & CONFIDENTIAL**

November 05, 2017

To,

**The Board of Directors**

**AXISCADES Engineering Technologies Limited**

Kirloskar Business Park, Block 'C', 2nd Floor,

Hebbal, Bengaluru – 560 024.

**The Board of Directors**

**Explore India Leisure & Hospitality Private Limited**

Office No. 1, 1st Floor, Fine Mansion,

203, D. N. Road, Fort, Mumbai – 400 001.

**Sub: Fairness Opinion on equity share exchange ratio in connection with the proposed amalgamation of Explore India Leisure & Hospitality Pvt Ltd. with AXISCADES Engineering Technologies Limited under a Scheme of Amalgamation.**

Dear Sir(s),

We refer to our discussion wherein the management of AXISCADES Engineering Technologies Limited (hereinafter referred to as "ACETL" or "Company"), Explore India Leisure & Hospitality Pvt Ltd (hereinafter referred to as "EILH") has requested Fortress Capital Management Services Private Limited, a SEBI Registered Category I Merchant Banker to give a fairness opinion on the Equity Share Exchange Ratio recommended by SSPA & Co., Chartered Accountant (hereinafter referred to as "Valuer") in connection with the proposed amalgamation of EILH with ACETL under a Scheme of Amalgamation.

**1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT**

- 1.1 We have been given to understand that companies are concedering the proposal of amalgamation of EILH with ACETL (hereinafter referred to as the "Amalgamation") in accordance with the provisions of sections 230 to 232 and other applicable provisions of

Page 1 of 6



CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002 INDIA

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax : +91 (22) 2203 609 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in

the Companies Act, 2013 (hereinafter referred to as the 'Scheme'). Subject to necessary approvals, EILH would amalgamate with ACETL, with effect Appointed Date as mentioned in the Scheme. In consideration for the Amalgamation, equity shares of ACETL would be issued to the shareholders of EILH.

## 1.2 AXISCADES ENGINEERING TECHNOLOGIES LIMITED

1.2.1 AXISCADES is India's leading product engineering solutions company catering to the futuristic needs of aerospace, defense, heavy engineering, automotive, energy, medical & healthcare sectors. ACETL has proven technology products and services, coupled with industry best practices, enable global OEMs to create innovative, sustainable, safer products.

1.2.2 ACETL offers solutions in mechanical engineering, embedded software and hardware, system integration, manufacturing and aftermarket solutions across domains addressing every stage of product lifecycle development.

1.2.3 Shares of ACETL are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE').

## 1.3 Explore India Leisure & Hospitality Pvt Ltd.

1.3.1 EILH currently does not have any business operations. EILH is holding 16,79,359 equity Shares of Mistral Solutions Private Limited.

1.3.2 We have been informed that EILH is in process of changing its name.

1.3.3 Mistral Solutions Private Limited (hereinafter referred to as "MSPL"), along with its subsidiaries, is engaged in product design and system engineering, providing end-to-end services for product development and deployment in the embedded space covering hardware and software, customizable product designs & IPs and system integration.



- 1.3.4 MSPL's products and services provide latest technologies across verticals such as Defense and Aerospace, Consumer Electronics, Semiconductor, Medical Electronics, Wireless, Automotive Electronics, Industrial Applications and Homeland Security.
- 1.3.5 We have been informed that the appointed date shall be the date on which ACETL has completed acquisition of equity shares from certain shareholder(s) of MSPL and is the lawful owner of such equity shares or such other date as the Tribunal(s) or such other authority may direct / fix
- 1.3.6 ACETL, EILH and MSPL are hereinafter collectively referred to as the "Companies".
- 1.4 In this regard Valuer was appointed to recommend the share exchange ratio in connection with the proposed amalgamation of EILH with ACETL
- 1.5 Accordingly, we have been appointed to give a fairness opinion on the share exchange ratio recommended by Valuer in connection with the proposed amalgamation of EILH with ACETL under the Scheme.
- 1.6 The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

## 2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Draft Scheme of Amalgamation between ACETL and EILH under section 230 to 232 of the Companies Act, 2013.
- (b) Consolidated Audited Financial Statements of ACETL and MSPL for the financial year (FY) ended March 31, 2017.
- (c) Provisional Financial Statements of EILH for FY ended March 31, 2017.
- (d) Provisional Balance Sheet of EILH as on the November 4, 2017, as provided by management of EILH.



- (e) Consolidated financial projections of ACETL and MSPL for FY 2017-18 to FY 2020-21 as provided by the management of ACETL and MSPL.
- (f) Report dated November 05, 2017 issued by Valuer.
- (g) Discussions with the Management on various issues relevant for the valuation including the prospects and outlook for the industry, expected growth rate and other relevant information relating to future expected profitability of the business, etc.
- (h) Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain.
- (i) Such other information and explanations as we required and which have been provided by the management of ACETL, EILH, MSPL and Valuer.

### 3. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 3.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 3.3 Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.





- 3.5 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with ACETL.
- 3.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed demerger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.7 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 3.8 We do not express any opinion as to the price at which shares of the Resulting Company may trade at any time, including subsequent to the date of this opinion.
- 3.9 Any person/party intending to provide finance/invest in the shares/businesses of any of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed demerger as aforesaid, can be done only with our prior permission in writing.
- 3.10 This certificate has been issued for the sole purpose to facilitate the Company to comply with SEBI (Listing Obligations and disclosure requirements) Regulations, 2015 and SEBI Circular No CFD/DIL3/CIR/2017/21 dated March 10, 2017 it shall not be valid for any other purpose.
- 3.11 Fortress Capital Management Services Private Limited, nor its directors, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the fairness opinion is given. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the opinion.



#### 4. BASIS FOR SHARE EXCHANGE RATIO

For the purposes Valuation of Companies and recommending the exchange ratio, the Valuer has adopted "Discounted Cashflow Method" under Income approach for ACETL, EILH and MSPL. Valuer has also computed and disclosed the Values as per the "Underlying Asset" approach and "Market" approach for information purpose as required by BSE and NSE.

#### 5. CONCLUSION

5.1 We have reviewed the Scheme of Amalgamation and methodology as mentioned above used by the Valuer for arriving at the valuation of the equity shares of the Companies and also reviewed the working and underlying assumptions adopted to arrive at the values under above approaches, for the purposes of recommending Share Exchange Ratio.

5.2 On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the Share Exchange Ratio of **10 (Ten) Equity Shares of ACETL of INR 5 each fully paid up for every 69 (Sixty Nine) Equity shares of EILH of INR 10 each fully paid up** recommended by Valuer is fair and reasonable.

Thanking you,  
Yours faithfully,

**For Fortress Capital Management Services Pvt. Ltd.**

*Hitesh M. Joshi*

**Authorized Signatory**



Place: Mumbai

SEBI Registration No.: INM000011146

April 26, 2018

DCS/AMAL/SV/R37/1108/2017-18

The Company Secretary  
**AXISCADES Engineering Technologies Ltd**  
 Block C, Second Floor,  
 Kirloskar Business Park,  
 Bengaluru- 560024, Karnataka

Sir,

**Sub: Observation letter regarding the Draft Scheme of Amalgamation between AXISCADES Engineering Technologies Limited and Explosoft Tech Solutions Private Limited.**

We are in receipt of Draft Scheme of Amalgamation between AXISCADES Engineering Technologies Limited and Explosoft Tech Solutions Private Limited and their respective shareholders and Creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated April 26, 2018, has inter alia given the following comment(s) on the draft scheme of arrangement:

- “Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company.”
- “Company shall duly comply with various provisions of the Circulars.”
- “Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”
- “It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.


Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

  
**Nitin Pujari**  
Sr. Manager

  
**Sabah Vaze**  
Assoc. Manager

Ref: NSE/LIST/14709

April 26, 2018

The Company Secretary  
Axiscades Engineering Technologies Limited  
D-30, Sector-III  
Noida – 201301

**Kind Attn.: Ms. Shweta Agrawal**

Dear Madam,

**Sub: Observation Letter for Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with Axiscades Engineering Technologies Limited and their respective shareholders.**

We are in receipt of the scheme of Amalgamation of Explosoft Tech Solutions Private Limited (Transferor Company) and Axiscades Engineering Technologies (Transferee Company) and their respective shareholders vide application dated January 02, 2018.

Based on our letter reference no Ref: NSE/LIST/39963 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated April 26, 2018, has given following comments:

- a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the receipt of this letter is displayed on the website of the listed company.*
- b. *The Company shall duly comply with various provisions of the Circulars.*
- c. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- d. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

This Document is Digitally Signed



The validity of this “Observation Letter” shall be six months from April 26, 2018, within which the scheme shall be submitted to NCLT.

Yours faithfully,  
For **National Stock Exchange of India Ltd.**

Divya Poojari  
Sr. Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL [http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)

Dated: January 29, 2018

The Manager  
 Listing Department  
 BSE Limited  
 Phiroze Jeejeebhoy Towers  
 Dalal Street  
 Mumbai - 400 001  
 BSE Scrip Code: 532395  
 Fax: 022- 22723121/ 22723719

Dear Sirs,

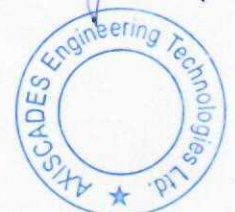
Sub: Filing of Complaints Report under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017

Ref: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited and their respective shareholders

This is with reference to online submission made to your good office on December 29, 2017, submitting the application for obtaining in principle approval to Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited and their respective shareholders ("Scheme"). We hereby submit the following:

1. In accordance with Para 1(A)(6) of Annexure-I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, we have not receive any complaints on the Draft Scheme directly either at our Registered Office or through e-mail. Further, our Register and Transfer Agent, Karvy Computershare Private Limited have also not received any complaints in this regard.
2. We have not been forwarded any complaints by BSE Limited, National Stock Exchange of India Limited or the Securities and Exchange Board of India in this regard.
3. Please refer the annexed Complaints Report in **Annexure 1** indicating NIL complaints received on the Draft Scheme submitted to the Stock Exchanges and hosted on the websites of the Stock Exchanges and the Company.
4. The Complaints Report is being uploaded on the website of the company at [www.axiscales.com](http://www.axiscales.com) as required under SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

*Shweta Agrawal*



**AXISCADES Engineering Technologies Limited**

(formerly Axis IT&T Limited)

CIN No.: L72200KA1990PLC084435

D-30, Sector - 3, Noida - 201 301, Uttar Pradesh INDIA Ph: +91 120 451 8200 / 8300 Fax: +91 120 244 2921

Reg. Office : Block C, Second Floor, Kirloskar Bus 7<sup>th</sup> Park, Bengaluru - 560 024 Karnataka INDIA

Ph: +91 80 4193 9000 Fax: +91 80 4193 9099 | Email: info@axiscales.com | www.axiscales.com

We request you to take the above on record and provide your Observation Letter/ No-objection to the Scheme at the earliest.

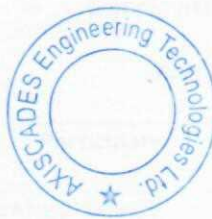
Thanking you,

Yours faithfully,

For **AXISCADES Engineering Technologies Limited**



Shweta Agrawal  
Company Secretary  
Encl: As above







**AXISCADES**

Inspired Solutions. By Design

AXISCADES Engineering Technologies Limited

ANNEXURE - 1

Complaints Report

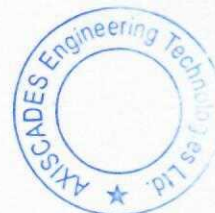
Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
	Not Applicable		

*Shweta Agrawal*



Dated: March 14, 2018

The Manager  
Listing Department  
The National Stock Exchange of India Limited  
Exchange Plaza, 5 Floor, Plot C/1, G Block  
Bandra - Kurla Complex, Bandra East  
Mumbai - 400 051  
NSE Symbol: AXISCADES

Dear Sirs,

**Sub:** Filing of Complaints Report (30 December 2017 to 14 March 2018) under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017

**Ref:** Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited and their respective shareholders

This is with reference to online submission made to your good office on January 2, 2018, submitting the application for obtaining in principle approval to Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited and their respective shareholders ("Scheme") and subsequent additional filings as required. Basis the confirmation from your good office on February 19, 2018 on uploading of all the documents on the website of the Stock Exchange, we hereby submit the following:

1. In accordance with Para 1(A)(6) of Annexure-I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, we have not receive any complaints on the Draft Scheme directly either at our Registered Office or through e-mail. Further, our Register and Transfer Agent, Karvy Computershare Private Limited have also not received any complaints in this regard.
2. We have not been forwarded any complaints by BSE Limited, National Stock Exchange of India Limited or the Securities and Exchange Board of India in this regard.
3. Please refer the annexed Complaints Report in **Annexure 1** indicating NIL complaints received on the Draft Scheme submitted to the Stock Exchanges and hosted on the websites of the Stock Exchanges and the Company.
4. The Complaints Report is being uploaded on the website of the company at [www.axiscades.com](http://www.axiscades.com) as required under SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.


**AXISCADES Engineering Technologies Limited**

CIN No.: L72200KA1990PLC084435

We request you to take the above on record and provide your Observation Letter/ No-objection to the Scheme at the earliest.

Thanking you,

Yours faithfully,

For **AXISCADES Engineering Technologies Limited**



**Shweta Agrawal**  
**Company Secretary**  
Encl: As above



**ANNEXURE - 1**
**Complaints Report from 30 December 2017 to 14 March 2018**
**Part A**

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

**Part B**

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
	Not Applicable		

*Shweta Agrawal*



**AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

CIN: L72200KA1990PLC084435

Registered office: Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024

Telephone Number: +91 80 4193 9000 | Fax: +91 80 4193 9099

Website: [www.axiscaedes.com](http://www.axiscaedes.com)

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF AXISCADES ENGINEERING TECHNOLOGIES LIMITED AT THEIR MEETING HELD ON JUNE 26, 2018 AT BLOCK C, SECOND FLOOR, KIRLOSKAR BUSINESS PARK, BENGALURU – 560 024, PURSUANT TO THE PROVISIONS OF SECTION 232(2) (c) OF THE COMPANIES ACT, 2013, EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTERS SHAREHOLDERS**

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**1. BACKGROUND**

- 1.1 The proposed Scheme of Amalgamation of Explosoft Tech Solutions Private Limited (“Explosoft” or “Transferor Company”) with AXISCADES Engineering Technologies Limited (“ACETL” or “Company”) and their respective shareholders (“Scheme”) under Sections 230 to 232 other applicable provisions of the Companies Act, 2013 was approved by the Board of Directors of the Company (“Board”) vide resolution dated November 6, 2017.
- 1.2 This Scheme is presented for the amalgamation of Explosoft with ACETL.
- 1.3 As per the provisions of Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors of the Company explaining the effect of arrangement on each class of shareholders, key managerial personnel (“KMP”), promoters and non-promoter shareholders of the Company laying out in the particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated as part of the notice to the meeting held for the purpose of approving the Scheme.
- 1.4 This report of the Board is accordingly being made in pursuance to the requirement of Section 232(2)(c) of the Companies Act, 2013.
- 1.5 The following documents were circulated to the Board:
- 1.5.1 Scheme duly initialled for the purpose of identification;
  - 1.5.2 Valuation Report dated November 5, 2017 issued by SSPA & Co., describing the methodology adopted by them in arriving at share exchange ratio;
  - 1.5.3 Fairness Opinion dated November 5, 2017 of Fortress Capital Management Services Private Limited, a category -I Merchant Banker, stating that the Valuation Report is fair and reasonable;
  - 1.5.4 Certificate from the statutory auditors of the Company confirming that the Scheme is in compliance with applicable accounting treatment notified under the Companies Act, 2013 and other generally accepted principles; and
  - 1.5.5 Report of the Audit Committee dated November 6, 2017.



## **AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

CIN: L72200KA1990PLC084435

Registered office: Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024

Telephone Number: +91 80 4193 9000 | Fax: +91 80 4193 9099

Website: [www.axiscades.com](http://www.axiscades.com)

## **2. VALUATION REPORT**

- 2.1 A Valuation Report dated November 5, 2017 has been prepared by SSPA & Co, recommending the Share Exchange Ratio to the Board of Directors of the Company and the Transferor Company.
- 2.2 The Valuer has arrived at the value per share under Income Approach using Discounted Cash Flow approach. As per the Valuation Report, the relative value per share of ACETL and Explosoft is INR 207.01 and INR 29.99 respectively. The share exchange ratio would be as under:  
*“10 (Ten) equity shares of ACETL of INR 5/- each fully paid for every 69 (Sixty Nine) equity share of Explosoft of INR 10/- each fully paid.”*
- 2.3 The Valuer has reported that no special valuation difficulties were reported during the exercise.

## **3. EFFECT OF THE SCHEME OF AMALGAMATION ON EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER SHAREHOLDERS) AND KMP OF THE COMPANY:**

- 3.1 None of the shareholders of the Company (promoters and non-promoters) have any interest in the Scheme except to the extent of the shares held by them, (if any) in Explosoft. As far as the shareholders of Explosoft are concerned, they shall receive equity shares of the Company as per the share entitlement ratio as detailed in Clause 5 of the Scheme and upon issue of such shares, they shall be classified as ‘Public Shareholders’ of the Company, other than to the extent held by Promoters of the Company.
- 3.2 As far as the debenture holders of Explosoft are concerned, they shall receive debentures of the Company as per the debenture entitlement ratio as detailed in Clause 6 of the Scheme. Further the Company reserves right of conversion of such debentures into its equity shares at a later point of time (refer Annexure 1 of the Scheme for complete details).
- 3.3 There is no impact of the Scheme on the KMPs of the Company. Further, none of the KMPs have any interest in the Scheme except to the extent of the equity shares (if any) held by them in Explosoft.

For and on behalf of the Board

**AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

Sd/-

Shweta Agrawal

Company Secretary

**EXPLOSOFT TECH SOLUTIONS PRIVATE LIMITED**  
**(ERSTWHILE EXPLORE INDIA LEISURE & HOSPITALITY PRIVATE LIMITED)**  
**Office No.1, 1st Floor, Fine Mansion, 203, D.N. Road, Fort, Mumbai-400001**  
**CIN NO: U74110MH2014PTC259722**

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF EXPLOSOFT TECH SOLUTIONS PRIVATE LIMITED AT THEIR MEETING HELD ON JUNE 22, 2018 AT # 60, ADARSH REGENT, 100 FEET RING ROAD, DOMLUR, BENGALURU – 560 071 PURSUANT TO THE PROVISIONS OF SECTION 232(2)(c) OF THE COMPANIES ACT, 2013, EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTERS SHAREHOLDERS**

---

**1. BACKGROUND**

- 1.1 The proposed Scheme of Amalgamation of Explosoft Tech Solutions Private Limited (“Explosoft” or “Company”) with AXISCADES Engineering Technologies Limited (“ACETL”) and their respective shareholders (“Scheme”) under Sections 230 to 232 other applicable provisions of the Companies Act, 2013 was approved by the Board of Directors of the Company (“Board”) vide resolution dated November 6, 2017.
- 1.2 This Scheme is presented for the amalgamation of Explosoft with ACETL.
- 1.3 As per the provisions of Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors of the Company explaining the effect of arrangement on each class of shareholders, key managerial personnel (“KMP”), promoters and non-promoter shareholders of the Company laying out in the particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated as part of the notice to the meeting held for the purpose of approving the Scheme.
- 1.4 This report of the Board is accordingly being made in pursuance to the requirement of Section 232(2)(c) of the Companies Act, 2013.
- 1.5 The following documents were circulated to the Board:
- 1.5.1 Scheme duly initialled by the Directors for the purpose of identification;
  - 1.5.2 Valuation Report dated November 5, 2017 issued by SSPA & Co., describing the methodology adopted by them in arriving at share exchange ratio;
  - 1.5.3 Fairness Opinion dated November 5, 2017 of Fortress Capital Management Services Private Limited, a category -I Merchant Banker, stating that the Valuation Report is fair and reasonable; and
  - 1.5.4 Certificate from the statutory auditors of the Company confirming that the Scheme is in compliance with applicable accounting treatment notified under the Companies Act, 2013 and other generally accepted principles;

**EXPLOSOFT TECH SOLUTIONS PRIVATE LIMITED**  
**(ERSTWHILE EXPLORE INDIA LEISURE & HOSPITALITY PRIVATE LIMITED)**  
**Office No.1, 1st Floor, Fine Mansion, 203, D.N. Road, Fort, Mumbai-400001**  
**CIN NO: U74110MH2014PTC259722**

**2. VALUATION REPORT**

- 2.1 A Valuation Report dated November 5, 2017 has been prepared by SSPA & Co, recommending the Share Exchange Ratio to the Board of Directors of the Company and the Transferor Company.
- 2.2 The Valuer has arrived at the value per share under Income Approach using Discounted Cash Flow approach. As per the Valuation Report, the relative value per share of ACETL and Explosoft is INR 207.01 and INR 29.99 respectively. The share exchange ratio would be as under:  
*“10 (Ten) equity shares of ACETL of INR 5/- each fully paid for every 69 (Sixty Nine) equity share of Explosoft of INR 10/- each fully paid.”*
- 2.3 The Valuer has reported that no special valuation difficulties were reported during the exercise.

**3. EFFECT OF THE SCHEME OF AMALGAMATION ON EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER SHAREHOLDERS) AND KMP OF THE COMPANY:**

- 3.1 As far as the shareholders of Explosoft are concerned, they shall receive equity shares of ACETL as per the share entitlement ratio as detailed in Clause 5 of the Scheme and upon issue of such shares, they shall be classified as ‘Public Shareholders’ of ACETL, other than to the extent held by Promoters of ACETL.
- 3.2 As far as the debenture holders of Explosoft are concerned, they shall receive debentures of ACETL as per the debenture entitlement ratio as detailed in Clause 6 of the Scheme. Further ACETL reserves right of conversion of such debentures into its equity shares at a later point of time (refer Annexure 1 of the Scheme for complete details).
- 3.3 There is no impact of the Scheme on the KMPs of the Company. Further, none of the KMPs have any interest in the Scheme except to the extent of the equity shares (if any) held by them in Explosoft.

For and on behalf of the Board

**EXPLOSOFT TECH SOLUTIONS PRIVATE LIMITED**

Sd/-

Rajeev Ramachandra

Director

DIN: 00178796





**CERTIFICATE FOR ABRIDGED PROSPECTUS OF THE TRANSFEROR COMPANY**

To

The Board of Directors and Shareholders,  
 AXISCADES Engineering Technologies Limited  
 Kirloskar Business Park,  
 Block 'C',  
 2<sup>nd</sup> Floor, Hebbal,  
 Bangalore,  
 Karnataka – 560024.

**Sub: Certificate on adequacy and accuracy of disclosures of information pertaining to Explosoft Tech Solutions Private Limited in relation to the proposed Scheme of Amalgamation between Explosoft Tech Solutions Private Limited and AXISCADES Engineering Technologies Limited and their respective shareholders ("Scheme")**

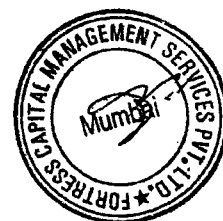
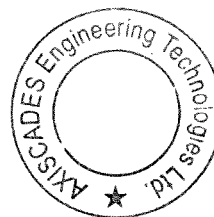
Dear Sirs,

We, Fortress Capital Management Services Private Limited (hereinafter referred to as "FCMS" or "We"), SEBI registered Merchant Banker, having SEBI Registration No. INM000011146 have been appointed by the management of AXISCADES Engineering Technologies Limited ("AXISCADES" or the "Transferee Company") for the purpose of certifying the adequacy and accuracy of disclosure of information pertaining to Explosoft Tech Solutions Private Limited ("Explosoft" or the "Transferor Company") pursuant to the proposed Scheme of Amalgamation between the Transferor Company and the Transferee Company, in accordance with the terms mentioned in the Scheme pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

**Regulatory Requirement**

SEBI vide its Circular No. CFD/DJL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular") prescribed requirements to be fulfilled by the listed entities when they propose a Scheme of Arrangement. The SEBI Circular, amongst other things, provide that in the event a listed entity enters into a scheme of arrangement with an unlisted entity, the listed entity shall disclose to its shareholders applicable information pertaining to the unlisted entity in the format specified for Abridged Prospectus as provided in Part D of Schedule VIII of SEBI (ICDR) Regulations, 2009.

Further, the adequacy and accuracy of such disclosure of information pertaining to the unlisted entity is required to be certified by a SEBI registered Merchant Banker.



CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharashtra Karve Road, Marine Lines, Mumbai - 400 002. INDIA

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax : +91 (22) 2203 1609 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in



**Disclaimer and Limitations:**

1. This Certificate is a specific purpose certificate issued in terms of and compliance with SEBI Circular and hence it should not be used for any other purpose or transaction.
2. This Certificate contains the certification on adequacy and accuracy of disclosure of information pertaining to the unlisted entity viz. the Transferor Company and is not an opinion on the proposed Scheme or its success.
3. This Certificate is issued on the basis of examination of information and documents provided by the Transferor Company, explanations provided by the management of the Transferor Company and information which is available in the public domain and wherever required, the appropriate representations from the Transferor Company and Transferee Company have also been obtained.
4. We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this report.
5. Our Certificate is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme with the provisions of any law including companies, taxation and capital market related or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

**Certification:**

We state and confirm as follows:

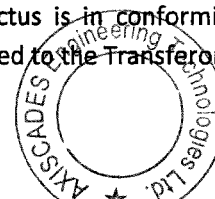
1. We have examined various documents and other materials in connection with finalization of disclosure of information pertaining to the Transferor Company ("Abridged Prospectus") which will be circulated to the members of the Transferee Company at the time of seeking their consent to the proposed Scheme as a part of the Explanatory Statement to the notice;
2. On the basis of such examination and the discussion with the management of the Transferor Company, its directors and on independent verification of contents documents furnished to us, WE CONFIRM that:
  - (a) The information contained in the Abridged Prospectus is in conformity with the relevant documents, materials and other papers related to the Transferor Company;

CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002. INDIA

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax : +91 (22) 2203 1609 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in





- (b) The Abridged Prospectus contains applicable information pertaining to the Transferor Company as required in terms of SEBI Circular which, in our view are fair, adequate and accurate to enable the members to make a well informed decision on the proposed Scheme.

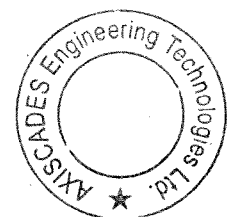
FOR FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.

*Hitesh M. Joshi*

Authorised Signatory

Date: February 7, 2018

Place: Mumbai



CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharashtra Karve Road, Marine Lines, Mumbai - 400 002. INDIA

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax : +91 (22) 2203 1609 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in

**For the Shareholders of AXISCADES Engineering Technologies Limited**

**This Document consists of 14 printed pages**

**February 6, 2018**

**Applicable Information in the format specified for Abridged Prospectus  
(as provided in Part D of Schedule VIII of the SEBI (ICDR) Regulations, 2009).**

This document contains information pertaining to unlisted entity involved in the proposed Scheme of Amalgamation between Explosoft Tech Solutions Private Limited ("Explosoft" or the "Transferor Company") and AXISCADES Engineering Technologies Limited ("AXISCADES" or the "Transferee Company") and their respective shareholders ("Scheme") in terms of requirements specified in SEBI Circular CFD/DIL3/CIR/2017/21 dated 10th March, 2017 ("SEBI Circular"). Equity shares of the Transferee Company are already listed on BSE Limited and National Stock Exchange of India Ltd. ("Stock Exchanges"). Pursuant to the Scheme there is no issue of equity shares to public at large except to the existing shareholders of the Transferor Company. The equity shares to be issued would be listed Stock Exchanges under Regulation 19 of Securities Contracts (Regulation) Rules, 1957. Therefore the requirement of GID (General Information Document) is not applicable and this abridged prospectus be read accordingly.

### **EXPLOSOFT TECH SOLUTIONS PRIVATE LIMITED**

(Formerly known as Explore India Leisure & Hospitality Private Limited)

**Registered Office:** 1st Floor, Fine Mansion, 203, D.N. Road, Fort, Mumbai – 400001

**Corporate Office:** #60, Adarsh Regent, 100 Feet Ring Road, Domlur, Bengaluru, Karnataka – 560 071

**Contact Person:** Mr. Rajeev Ramachandra Tel: 080 – 30912600 E-mail: rajeev@mistralsolutions.com

**CIN:** U74110MH2014PTC259722

### **PROMOTERS OF THE TRANSFEROR COMPANY Mr. ANEES AHMED AND Mr. RAJEEV RAMACHANDRA**

#### **DETAILS OF THE SCHEME**

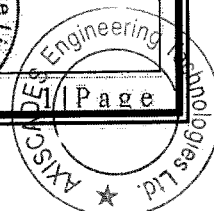
**(i) Relationship between the companies under the Scheme.**

Prior to the proposed acquisition of Mistral Solutions Private Limited ("MSPL"), the Transferee Company was not related to the Transferor Company and they didn't fall under the same group/management. The Board of the Transferee Company on November 6, 2017 ("Relevant Date") approved the acquisition of MSPL in phased manner and accordingly post the Phase 1 acquisition of 16,32,718 equity shares of face value INR 5/- each of MSPL, the Transferee Company acquired 43.38% of the paid-up capital of MSPL (based on the paid-up capital of MSPL as on the Relevant Date) and the Transferor Company held 44.62% of the paid-up capital of MSPL (based on the paid-up capital of MSPL as on the Relevant Date).

**(ii) Brief Particulars of the Scheme.**

In terms of the Scheme, it is proposed to merge Explosoft with AXISCADES. Pursuant to the Scheme, the Transferee Company would acquire additional stake in MSPL aggregating to approximately 87.22% of the paid-up capital of MSPL as on December 31, 2017.

The details with respect to meeting of the shareholders (including Postal Ballot and e-Voting) of the Transferee Company as convened in accordance with Sections 230 to 232 of the Companies Act, 2013 and Postal Ballot/ e-Voting required as per SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 where the Scheme would be placed before the shareholders will be published in two newspapers as may be directed by the National Company Law Tribunal ("NCLT"), Bengaluru Bench having jurisdiction over the Transferee Company.



DETAILS ABOUT THE BASIS FOR THE SWAP RATIO FOR THE PROPOSED SCHEME IS PROVIDED IN THE VALUATION REPORT ON FAIRNESS OPINION WILL BE AVAILABLE ON THE WEBSITES OF THE TRANSFEREE COMPANY AND THE STOCK EXCHANGES

### ELIGIBILITY

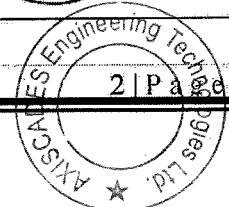
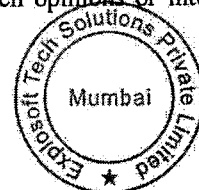
- In compliance with SEBI Circular No. CFD/DIL3/CIR/CIR/2017/21 dated March 10, 2017 and in accordance with the Abridged Prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, to the extent applicable;
- The equity shares sought to be listed are proposed to be allotted by the Transferee Company to the shareholders of the Transferor Company, pursuant to a Scheme to be sanctioned by the jurisdictional NCLT(s) under Sections 230 to 232 of the Companies Act, 2013;
- The percentage of shareholding of pre-scheme public shareholders of the listed entity (Transferee Company in the present case) and the Qualified Institutional Buyers (QIBs) of the unlisted entity (Transferor Company in the present case), in the post scheme shareholding pattern of the "merged" company shall not be less than 25%.
- The merged entity i.e. the Transferee Company will not issue/reissue any shares not covered under the Draft Scheme;
- As on date of application, there are no outstanding, warrants/instruments/agreements which gives right to any person to acquire equity shares in the Transferee Company at any future date. To the extent such convertible instruments are stipulated in the Scheme, the percentage referred above shall be computed after giving effect to the consequent increase of capital on account of conversion outstanding as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised; and
- The shares of the Transferee Company issued in lieu of the locked-in shares of the Transferor Company will be subject to lock-in for the remaining period, if any.

### INDICATIVE TIMETABLE

This Abridged Prospectus is filed pursuant to the Scheme, and is not an offer to public at large. Given that the Scheme requires approval of various regulatory authorities including and primarily, the jurisdictional NCLT(s), the time frame cannot be established with certainty. However in general, it may take 5 to 6 months after the Shareholders meeting.

### COMPANY'S ABSOLUTE RESPONSIBILITY

The Transferor Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Abridged Prospectus contains all information with regard to the Transferor Company and the Transferee Company and the Scheme, which is material in the context of this Scheme, that the information contained in the Abridged Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Abridged Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.



## GENERAL RISKS

Not Applicable as the proposed offer is not for public at large.

## LISTING

The Equity Shares offered through the Scheme are proposed to be listed on the BSE Limited, ("BSE") and the National Stock Exchange of India Limited, ("NSE"). For the purposes of the Scheme, the Designated Stock Exchange is BSE.

## PRICE INFORMATION OF BRLM'S\*

Not Applicable

Since the proposed issue is not to public shareholders but to the shareholders of the Transferor Company pursuant to Scheme between the Transferor Company and the Transferee Company

Names of Lead Manager and contact details:

**Fortress Capital Management Services Pvt. Ltd.**

Daryanagar House 2<sup>nd</sup> Floor,

69, Maharishi Karve Road,  
Marine Lines,

Mumbai 400002.

hiteshdoshi@fortress.co.in

+ 91 22 43407907

Name of Statutory Auditor:

**Kothari Rathi & Co.,**

**Chartered Accountant**

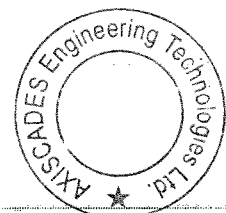
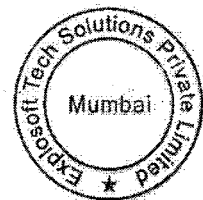
B-505, Morya House,

Veera Industrial Estate,

New Link Road, Andheri (W),

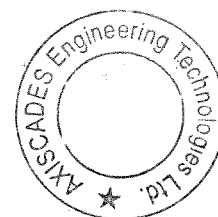
Mumbai, Maharashtra – 400 053

Registration No.: 415937



## INDEX

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2	Business Model/Business Overview and Strategy	5 – 8
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8	Internal Risk Factors	12
9	Other Regulatory and Statutory Disclosures	13
10	Summary of Outstanding Litigation, Claims, Regulatory Action of the Transferor Company	13
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## PROMOTERS OF THE TRANSFEROR COMPANY

**Mr. Anees Ahmed**, aged about 50 years, is a Promoter and Director of Explosoft. He is a resident Indian National. He holds a Bachelor's Degree in Computer Science Engineering from BIT, Bengaluru and is a graduate from MIT's "Birthing of Giants" Executive program, attended by fast-growth CEOs selected from around the world. He has over 25 years of Sales, Strategy and Business Development experience and with his astute business acumen and exemplary vision, is actively involved in strategic planning and new business initiatives of the company. An entrepreneur since the age of 23, Anees, has played a guiding role in molding a company started with a team of enthusiastic engineers to become one of the most respected global players in the technology domain. He co-founded the MSPL along with Rajeev Ramachandra, in 1999, positioning it as a niche technology company offering end-to-end embedded solutions. Under his leadership, MSPL which started with a small team of 16 employees has grown to become an INR 130+ crore company with 300+ employees. Prior to setting up MSPL, Anees had a successful career at Pertech Computers Limited and Cranes Software.

**Mr. Rajeev Ramachandra**, aged about 51 years, is a Promoter and Director of Explosoft. He is a resident Indian National. He holds a Bachelor's Degree in Computer Science Engineering from Bangalore University. With over 28 years of management and technology experience, Rajeev started his career at Wipro R&D, and thereafter moved on to Cranes Software, as Technical Director. He is credited with the setting up MSPL's Research & Development unit and guiding its growth into a full-fledged design services outfit. He currently works closely with the Talent Management Group at MSPL, in employee mentoring, developing HR strategies, technology skills and people engagement initiatives. He drives all the key R&D initiatives at MSPL. He also is the customer face for technology and delivery aspects of all MSPL projects. His technical expertise has played a pivotal role in catapulting MSPL to the elite league of the most respected technology companies. MSPL today is a leading embedded engineering company with skills in Electronics, Very Large Scale Integration VLSI, Software and Mechanical design for Defense, Homeland and Product Engineering Service Domains.

## BUSINESS MODEL/ BUSINESS OVERVIEW AND STRATEGY

- The Transferor Company was originally incorporated as Explore India Leisure & Hospitality Private Limited pursuant to the certificate of incorporation dated November 26, 2014, issued by the Registrar of Companies, Mumbai. Subsequently, the name of the company was changed to Explosoft Tech Solutions Private Limited. A fresh certificate of incorporation dated November 28, 2017 consequent to the change in name was issued by Registrar of Companies, Mumbai.
- The Transferor Company proposes to engage in rendering end-to end services for product design and development in the embedded space. Currently, the Transferor Company is the Shareholder Company of MSPL.

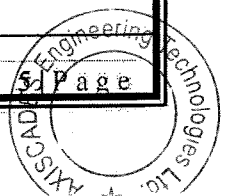
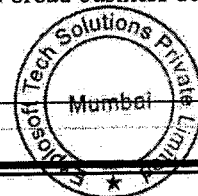
### SUBSIDIARIES / JOINT VENTURES / ASSOCIATE COMPANIES:

- **Total number of Associate Companies (to be indicated): 1**
- **Transferor Company has one Associate Company, MSPL, in which it holds 44.62% stake as on Relevant Date.** Brief background of MSPL is detailed below:

MSPL, founded in 1999, prior to the proposed acquisition by the Transferee Company, it was a privately held product design and systems engineering company with focus in the embedded domain. MSPL is headquartered in Bengaluru, India with regional offices in Delhi and Hyderabad in India and also has presence overseas through a subsidiary.

MSPL is primarily a product designing and system engineering company providing end-to-end services for product development and deployment. MSPL offers these services in two broad business domains:

- Product Engineering Services
- Defence and Homeland Security Solutions





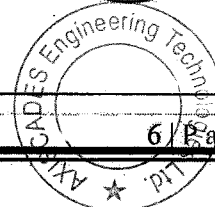
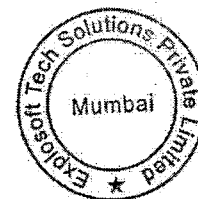
➤ Shareholding of MSPL as on December 31, 2017

SR. NO.	PARTICULARS	Equity Shareholding		Compulsorily Convertible Preference holding	
		NO OF SHARES	%	NO OF SHARES	%
<b>A</b>	<b>Equity Shares</b>				
1	Anees Ahmed	2,90,945	7.66%	24,600	64.74%
2	Rajeev Ramachandra	1,42,796	3.76%	13,400	35.26%
3	AXISCADES Engineering Technologies Limited	16,32,718	43.00%	~	~
4	Explosoft Tech Solutions Private Limited	16,79,359	44.22%	~	~
5	Others	51,552	1.36%	~	~
	<b>Total</b>	<b>37,97,370</b>	<b>100.00%</b>	<b>38,35,370</b>	<b>100.00%</b>

➤ Capital Structure of MSPL:

The details of the Authorized, Issued, Subscribed and Paid-up share capital of MSPL as on December 31, 2017, is as under:

PARTICULARS	AMT. IN RUPEES
<b>Authorized Capital</b>	
60,00,000 Equity Shares of INR 5/- each	3,00,00,000
10,00,000 Fully Convertible Cumulative Participative Preference Shares of INR 5/- each	50,00,000
<b>Total</b>	<b>3,50,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
37,97,370 Equity Shares of INR5/- each fully paid-up	1,89,86,850
38,000 Fully Convertible Cumulative Participative Preference Shares of INR 5/- each	1,90,000
<b>Total</b>	<b>1,91,76,850</b>



➤ **Board of Directors of MSPL:**

Sr. No.	Name of the Director	Designation	DIN
1	Mr. Anees Ahmed	Managing Director	00225648
2	Mr. Kaushik Sarkar	Additional Director	06965356
3	Mr. A. Srinivas	Additional Director	05355507

➤ **Key Managerial Person of MSPL:**

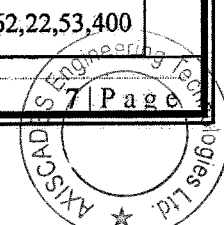
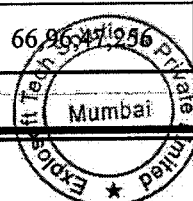
Sr. No.	Name of the Director/KMP	Designation	PAN/DIN
1	Mr. Anees Ahmed	President & Managing Director	00225648
2	Mr. Rajeev Ramachandra	Chief Technology Officer	00178796
3	Mr. Mujahid Alam	Chief Executive Officer	02651595
4	Mr. Anoop Agarwal	Chief Financial Officer	ADUPA9184C

➤ **List of Promoters of MSPL:**

Sr. No.	Promoter
1	Mr. Anees Ahmed
2	Mr. Rajeev Ramachandra

➤ **Financial Snapshot of MSPL (Standalone):**

	UNAUDITED	AUDITED		
	As on September 30, 2017	FY2017	FY2016	FY2015
Revenue	31,48,98,646	88,03,24,663	89,24,10,417	85,11,61,517
Net Profit/ (Loss) before tax and extraordinary items	21,28,068	17,68,54,579	6,57,20,579	7,40,78,199
Net Profit/ (Loss) after tax and extraordinary items	15,32,168	11,54,89,658	4,37,94,532	5,00,79,199
Equity share capital	1,86,27,850	1,86,27,850	2,28,03,940	2,26,49,065
Reserves & Surplus	59,55,65,878	59,37,01,652	64,68,43,316	59,96,04,335
Net worth	61,43,83,728	61,25,19,502	66,96,47,956	62,22,53,400



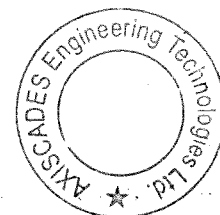
Basic earnings per share (INR)	0.37	25.98	9.74	11.14
Diluted earnings per share (INR)	0.32	24.14	8.98	10.46
Return on net worth (%)	0.25	18.85	6.54	8.05
Net asset value/Book value per share (INR)	164.91	164.41	165.52	155.00

#### DIRECTORS OF THE TRANSFEROR COMPANY

Sr. No.	Name of the Director & DIN	Designation	Date of Appointment	Date of expiration of current term	Experience including current / past position held in other firms
1	Mr. Anees Ahmed (00225648)	Promoter & Director	31/08/2017	~	Refer the details as mentioned in the details of the Promoters of the Transferor Company
2	Mr. Rajeev Ramachandra (00178796)	Promoter & Director	31/08/2017	~	Refer the details as mentioned in the details of the Promoters of the Transferor Company

Change in Board of Directors in past 3 years is provided below:

Sr. No	Name of the Director & DIN	Date of Appointment	Date of Cessation	Reason
1	Mr. Devendra Gopikishan Daga (02861030)	26/11/2014	18/09/2017	Personal reasons
2	Mr. Santhosh Sudhakar Acharya (06841119)	26/11/2014	18/09/2017	Personal reasons

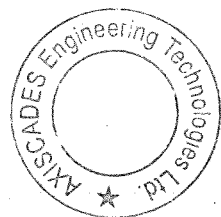
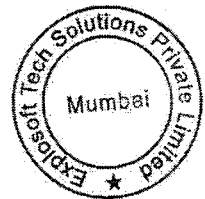


## RATIONALE OF THE SCHEME

The Scheme envisages amalgamation of the Transferor Company with the Transferee Company.

The rationale for the amalgamation as provided for in the Scheme are as follows:

1. To facilitate the Transferee Company to acquire and consolidate stake in MSPL.
2. The amalgamation will result in expanding the existing business operations of the Transferee Company by combining the business interests of both companies into one corporate entity. This will lead in operational synergies, centralization, simplification, streamlining and facilitating efficient administration.
3. Creating value for shareholders by acquiring MSPL – A company with niche capability and ability to spearhead itself into defense electronics and thereby add to the value chain of the Transferee Company.
4. Create strong technical and infrastructural capabilities to effectively meet future challenges in the rigorously competitive defense business.
5. The Transferor Company is the Shareholder Company of MSPL. The amalgamation will result in reducing the shareholding layers and facilitate direct control of MSPL.
6. General and administrative cost reduction and productivity gains by pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Parties.



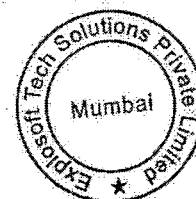
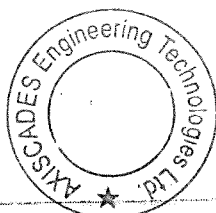
## SHAREHOLDING PATTERN OF THE TRANSFEROR COMPANY

➤ Shareholding Pattern as on December 31, 2017

Sr. No.	Particulars	Pre-Amalgamation Share Capital	% Holding	Post-Amalgamation Share Capital	% Holding
1	Akhila D S	38,330	0.16%	NIL	NIL
2	Amanullah Khan	71,275	0.29%	NIL	NIL
3	Anees Ahmed	1,04,91,333	43.37%	NIL	NIL
4	Anoop Agarwal	2,81,687	1.16%	NIL	NIL
5	Arun Kumar M	47,588	0.20%	NIL	NIL
6	Ashish Singh	2,48,382	1.03%	NIL	NIL
7	Joanne Ahmed	8,40,498	3.47%	NIL	NIL
8	Jupiter Capital	10	0.00%	NIL	NIL
9	Mujahid Alam	13,16,068	5.44%	NIL	NIL
10	Pawan Vashisht	2,50,542	1.04%	NIL	NIL
11	Raja Subramanian N	46,796	0.19%	NIL	NIL
12	Rajeev Ramachandra	75,10,346	31.05%	NIL	NIL
13	Rajesh Chakkingal	57,596	0.24%	NIL	NIL
14	Rakhi Chari	17,80,969	7.36%	NIL	NIL
15	Ramanan J V	1,22,391	0.51%	NIL	NIL
16	Sachidananda K	68,395	0.28%	NIL	NIL
17	Selvaraj Kaliyappan	3,87,333	1.60%	NIL	NIL
18	Sridhar TS	32,397	0.13%	NIL	NIL
19	Srinivas P R	4,44,929	1.84%	NIL	NIL
20	Sunil Kottarathil Nair	43,916	0.18%	NIL	NIL
21	Vijaya Bharat S	31,389	0.13%	NIL	NIL
22	Zubair Ahmed	79,194	0.33%	NIL	NIL
	<b>Total</b>	<b>2,41,91,364</b>	<b>100.00%</b>	<b>NIL</b>	<b>NIL</b>

➤ Sale or Purchase/Subscription of Transferor Company's securities by Promoter(s)/Promoter group/Director(s) within three years immediately preceding the date of registering the offer document with the Registrar of Companies which in aggregate is equal to or greater than 1% of pre-issue capital of the Transferor Company:

Sr. No.	Particulars	No of Equity Shares Acquired	No of Equity Shares Transferred
1	Mr. Anees Ahmed	1,04,91,343	10
2	Mr. Rajeev Ramachandra	75,10,346	NIL

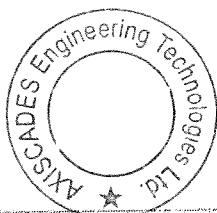


## FINANCIAL SNAPSHOT OF THE TRANSFEROR COMPANY

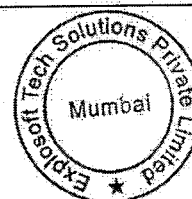
STANDALONE	UNAUDITED	AUDITED		
	As on Dec 31, 2017	FY2017	FY2016	FY2015
Revenue from operations (net)	-	-	-	-
Net Profit/ (Loss) before tax and extraordinary items	(36,43,198)	(72,820)	(40,721)	(1,369)
Net Profit/ (Loss) after tax and extraordinary items	(36,43,198)	(72,820)	(40,721)	(1,369)
Equity share capital	24,19,13,640	1,00,000	1,00,000	1,00,000
Reserves & Surplus	(37,58,108)	(1,14,910)	(42,090)	(1,369)
Net worth	23,81,55,532	(14,910)	57,910	98,631
Basic earnings per share (INR)	(0.15)	(7.28)	(4.07)	(0.14)
Diluted earnings per share (INR)	(0.15)	(7.28)	(4.07)	(0.14)
Return on net worth (%)	(1.53)	(488.40)	(70.32)	(1.39)
Net asset value/Book value per share (INR)	9.84	(1.49)	5.79	9.86

**Notes:**

1. Net worth has been determined in accordance with Section 2(57) of the Companies Act, 2013. As per the provision, net worth means the aggregate value of the paid-up share capital in all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, right/back of depreciation and amalgamation.
2. Audited financial statements for the period ended March 31, 2014 and March 31, 2013 is not applicable as the Transferor Company was incorporated on November 26, 2014.



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## BASIS OF ISSUE PRICE

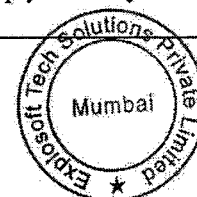
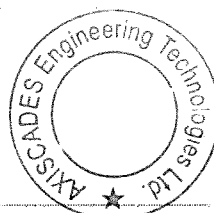
The Board of Directors of the Transferee Company approved the proposed Scheme which envisages amalgamation of the Transferor Company with itself under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, as may be applicable, as a result of which the shareholders of the Transferor Company shall hold shares in the Transferee Company.

SSPA & Co., Chartered Accountants ("SSPA" or the "Valuer") has issued a valuation report ("Valuation Report") and recommend a fair equity share entitlement ratio for the proposed amalgamation of the Transferor Company into the Transferee Company. As per the Valuation Report dated 5<sup>th</sup> November, 2017, the Valuer has recommended a fair equity share entitlement ratio as follows:

*10 fully paid up equity shares of the face value of INR 5 each of the Transferee Company for every 69 fully paid up shares of the face value of INR 10 each shall be issued and allotted as fully paid up to the equity shareholders of the Transferor Company (hereinafter referred to as the "Share Entitlement Ratio").*

## INTERNAL RISK FACTORS

- (i) The Transferor Company is purely an investment company hence, political instability or a change in economic liberalization and derogation policies could seriously harm business and economic conditions in India generally and business of the Associate Company.
- (ii) The Scheme is subject to (i) receipt of Observation Letter/ No-objection Letter from the Stock Exchange(s) on the draft Scheme; (ii) approval of shareholders of the Transferor Company and the Transferee Company; (iii) approval from the applicable Regulatory Authorities; (iv) sanction by the jurisdictional NCLT(s) in accordance with Section 230 to 232 of the Companies Act, 2013; and (iv) receipt of in-principle and final approvals from the Stock Exchanges for listing and trading of the Equity Shares issued by the Transferee Company pursuant to the Scheme. In case, any of these approvals or sanctions are not received, the proposed Scheme will not be Effective, which will adversely impact the Transferee Company's ability to acquire additional stake of MSPL.
- (iii) Pursuant to the Scheme, the Transferee Company cannot assure that it will successfully foray in or continue to be profitable in its business. Any inability to effectively develop and operate its business may have an adverse impact on the Transferee Company's financial condition and results of operation.
- (iv) The efforts of Transferee Company in relation to integrating MSPL, pursuant to the Scheme becoming Effective, is based on prevailing market conditions and it may not yield timely or effective results at all, which may affect its financial condition and results of operations. The Transferee Company's failure to derive anticipated synergies could expose it to potential risks. Transferee Company's inability to generate sufficient revenue to offset the costs of acquisition could significantly disrupt and adversely affect its financial condition and results/ operations.
- (v) Changes in regulatory environment in which the Transferee Company operates could have a material adverse effect on its business, financial condition, result of operations, prospects as the same is an evolving matter and subject to changes. Such changes may adversely affect its business, results of operations and prospects, to the extent that the Transferee Company is unable to suitably respond to and comply with any changes in applicable law and policy.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the issue - The Scheme was approved by the Board of Directors of the Company in their meeting held on November 6, 2017. The same is subject to the approval from the SEBI, Shareholders, Stock Exchanges, applicable Regulatory Authorities and jurisdictional NCLT(s).

Expert opinion obtained, if any - **Valuation Report and Fairness Opinion**

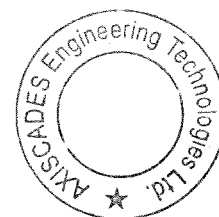
Material Contracts and Documents for Inspection:

1. Memorandum and Articles of Association of the Transferor Company
2. Financial statements and shareholding pattern of the Transferor Company
3. Scheme of Amalgamation
4. Valuation Report and Fairness Opinion for the proposed Scheme
5. Networth Certificate of the Transferor Company pre and post Scheme

Time and Place of Inspection of material contracts - Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Transferor Company situated at 1st Floor, Fine Mansion, 203, D.N. Road, Fort, Mumbai - 400001 and the Corporate Office of the Transferor Company situated at #60, Adarsh Regent, 100 Feet Ring Road, Domlur, Bengaluru - 560 071 between 10 a.m. and 5 p.m. on all working days from the date of this Abridged Prospectus until the listing approval.

## SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION OF TRANSFEROR COMPANY

(A) Total number of outstanding litigations against the Transferor Company and amount involved	NIL
(B) Brief details of top 5 material outstanding litigations against the Transferor Company and amount involved	NIL
(C) Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters / Group companies of the Transferor Company in last 5 financial years including outstanding action, if any	NIL
(D) Brief details of outstanding criminal proceedings against Promoters of Transferor Company	NIL



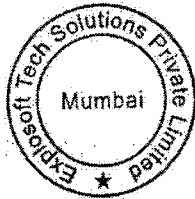
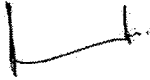


## DECLARATION BY THE TRANSFEROR COMPANY

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Abridged Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Abridged Prospectus are true and correct.

Based on the undertaking provided by the Transferee Company, we undertake that at any given time, there shall be only one denomination for the equity shares of the Transferee Company and the Transferee Company shall comply with such disclosure and accounting norms specified by the Board from time to time.

For **EXPLOSOFT TECH SOLUTIONS PRIVATE LIMITED**



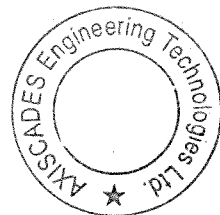
**DIRECTOR**

Rajeev Ramachandra

DIN ; 00178796

Place: Bengaluru

Date: February 6, 2018



(All amounts in ₹ lakhs, unless otherwise stated)

	Note	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	1,192.02	1,482.53	1,560.62
Intangible assets	4	1,256.86	1,466.34	1,339.40
Intangible assets under development	5	-	-	111.63
<i>Financial assets</i>				
Investments	6	38,446.38	14,232.41	12,713.54
Trade receivables	7	10.46	9.76	8.57
Loans	8	844.46	550.03	1,896.72
Other financial assets	9	252.99	72.90	150.42
Deferred tax assets, net	35	302.45	204.18	163.11
Non-current tax asset, net	10	895.43	696.95	546.08
Other non-current assets	11	-	24.05	42.86
		<b>43,201.05</b>	<b>18,739.15</b>	<b>18,532.95</b>
<b>Current assets</b>				
<i>Financial assets</i>				
Trade receivables	7	7,178.57	4,548.01	6,170.28
Cash and cash equivalents	12	923.80	1,913.88	940.36
Bank balances other than cash and cash equivalents	13	231.23	366.10	277.29
Loans	8	109.61	368.24	79.58
Other financial assets	9	2,283.90	2,713.76	3,254.88
Other current assets	11	1,595.84	948.24	531.23
		<b>12,322.95</b>	<b>10,858.23</b>	<b>11,253.62</b>
		<b>55,524.00</b>	<b>29,597.38</b>	<b>29,786.57</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	14	1,889.51	1,889.51	1,889.51
Other equity	15	21,601.93	22,186.06	20,829.62
		<b>23,491.94</b>	<b>24,075.57</b>	<b>22,719.13</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<i>Financial liabilities</i>				
Borrowings	16	3,117.00	73.00	55.64
Other financial liabilities	17	9,988.12	-	-
Provisions	18	411.74	372.88	292.10
Other non-current liabilities	19	-	27.82	27.82
		<b>13,516.86</b>	<b>473.70</b>	<b>375.56</b>
<b>Current liabilities</b>				
<i>Financial liabilities</i>				
Borrowings	16	3,497.00	2,399.03	2,440.37
Trade payables	20	2,269.84	903.38	1,682.08
Other financial liabilities	17	11,539.12	852.79	1,180.52
Provisions	18	277.98	226.89	183.44
Current tax liability	21	-	-	284.78
Other current liabilities	19	930.76	666.02	920.69
		<b>18,514.70</b>	<b>5,048.11</b>	<b>6,691.88</b>
		<b>55,524.00</b>	<b>29,597.38</b>	<b>29,786.57</b>

Summary of significant accounting policies

1 - 33

**For AXISCADES Engineering Technologies Limited**  
**Sd/-**  
**Chief Financial Officer**

**AXISCADES Engineering Technologies Limited**  
**Statement of Profit and Loss for the year ending 31 December 2017**

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	Period ended 31 December 2017	Year ended 31 March 2017
<b>Income</b>			
Revenue from operations	21	17,691.11	23,486.04
Other income	22	359.96	647.65
<b>Total income</b>		<b>18,051.07</b>	<b>24,133.69</b>
<b>Expenses</b>			
Employee benefits expense	23	10,850.95	13,812.47
Finance cost	24	281.19	170.15
Depreciation and amortisation expense	25	1,022.77	992.97
Other expenses	26	5,952.47	7,143.62
<b>Total expenses</b>		<b>18,107.38</b>	<b>22,119.21</b>
<b>(Loss) / profit before tax and exceptional items</b>		<b>(56.31)</b>	<b>2,014.48</b>
Less: Exceptional item	27	298.69	45.33
<b>(Loss) / profit before tax</b>		<b>(355.00)</b>	<b>1,969.15</b>
<b>Tax expense:</b>			
Current tax		134.67	753.72
Deferred tax		(189.88)	(75.66)
<b>(Loss) / profit after tax</b>		<b>(299.79)</b>	<b>1,291.09</b>
<b>Other Comprehensive Income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Remeasurement (losses)/gains in defined benefit plans		-	(41.81)
Income tax effect		-	14.47
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>-</b>	<b>(27.34)</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Gain on cash flow hedges		(191.75)	141.75
Income tax effect		66.36	(49.06)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>(125.39)</b>	<b>92.69</b>
<b>Total other comprehensive income, net of tax</b>		<b>(125.39)</b>	<b>65.35</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(425.18)</b>	<b>1,356.44</b>
<b>(Loss) / earning per share in ₹ [nominal value of Shares ₹ 10 (31 March 2017 : ₹ 10)]</b>			
Basic and diluted		<b>(1.10)</b>	<b>4.75</b>
Summary of significant accounting policies and other explanatory information	1 - 33		

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer

**AXISCADES Engineering Technologies Limited**  
**Statement of Changes in Equity for the year ended 31 December 2017**

(All amounts in ₹ lakhs, unless otherwise stated)

**A. Equity share capital**

Equity shares of ₹ 10 each, fully paid-up	Equity shares	
	Number	Amount
As at 1 April 2016	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
As at 31 March 2017	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
As at 31 December 2017	377.60	1,889.51

**B. Other equity**

For the year ended 31 December 2018

	Reserves and Surplus			Items of OCI		Total
	Securities premium account	Surplus in the Statement of Profit and Loss	Capital reserve	Hedge reserve	Other items of other comprehensive income / (loss)	
<b>Balance as at 1 April 2016 (refer note 40)</b>	<b>10,077.23</b>	<b>6,462.56</b>	<b>4,227.97</b>	<b>54.26</b>	<b>7.60</b>	<b>20,829.62</b>
Profit for the year	-	1,291.09	-	-	-	1,291.09
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	92.69	-	92.69
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	(27.34)	(27.34)
<b>Total comprehensive income</b>	<b>-</b>	<b>1,291.09</b>	<b>-</b>	<b>92.69</b>	<b>(27.34)</b>	<b>1,356.44</b>
<b>Balance as at 31 March 2017</b>	<b>10,077.23</b>	<b>7,753.65</b>	<b>4,227.97</b>	<b>146.95</b>	<b>(19.74)</b>	<b>22,186.06</b>
Profit for the year	-	(450.16)	-	-	-	(450.16)
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	(133.97)	-	(133.97)
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>(450.16)</b>	<b>-</b>	<b>(133.97)</b>	<b>-</b>	<b>(584.13)</b>
<b>Balance as at 31 December 2017</b>	<b>10,077.23</b>	<b>7,303.49</b>	<b>4,227.97</b>	<b>12.98</b>	<b>(19.74)</b>	<b>21,601.93</b>

As required under the ind as compliant Schedule III, the company has recognised remeasurement gains / (losses) of the defined benefit plan (net of taxes) of ₹ (0.02) lakhs [31 March 2017 : ₹ (27.34) lakhs] as part of retained earnings

Summary of significant accounting policies

1 - 33

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer

## **AXISCADES Engineering Technologies Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017.**

(All amounts in ₹ lakhs, unless otherwise stated)

#### **1. General Information:**

AXISCADES Engineering Technologies Limited ('the Company/ 'AXISCADES'), a public limited company, operates in the business of Engineering Design Services. The Company's shares are listed for trading on the National Stock Exchange of India Limited and BSE Limited in India. On 1 August 2014, the Company received the approval from the Registrar of Companies, New Delhi to change its name from Axis IT&T Limited and Subsequent to the approval, the Company is now known as AXISCADES Engineering Technologies Limited.

The Registered Office was changed To "Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560024, Karnataka" from "A-264, Defence Colony, New Delhi - 110024" w.e.f. 2 December 2015.

#### **2. Summary of significant accounting policies**

##### **a) Basis of accounting and preparation**

Financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 31 May 2018.

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS financial statements of the Company. The date of transition to Ind AS is 1 April 2016. Refer note 40 for the details of first-time adoption exemptions availed by the Company, reconciliations and descriptions of the effect of the transition.

The financial statements are presented in INR and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

##### **b) Use of estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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.

#### **Significant management judgements**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

##### **Classification of leases**

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

The Company bases its estimates and assumptions 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.

#### **For AXISCADES Engineering Technologies Limited**

**Sd/-**

**Chief Financial Officer**

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## AXISCADES Engineering Technologies Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

#### b) Use of estimates (Cont'd)

##### **Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

##### **Capitalisation of internally developed intangible assets**

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

##### **Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

##### **Recoverability of advances / receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

##### **Useful lives of depreciable / amortisable assets**

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

##### **Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

##### **Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

##### **Decommissioning liability**

The estimated valuation of decommissioning liability are based on management's historical experience and best estimate of restoring the premises on lease in its original condition. Assumptions and judgments made by management when assessing an decommissioning liability include i) the existence of a legal obligation; ii) estimated probabilities, amounts, and timing of settlements; iii) the credit-adjusted risk-free rate to be used.

#### c) 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.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

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

#### d) Property, plant and equipment

The Company has elected to fair value all of its property, plant and equipment as at 1 April 2016 and consider the fair value as deemed cost as at the transition date i.e., 1 April 2016.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of respective asset if the recognition criteria for a provision are met.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

## AXISCADES Engineering Technologies Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

#### d) Property, plant and equipment (cont'd)

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

	Useful lives (in years)
Computers	3
Furniture and fixtures *	7
Office equipment *	7
Electrical installations *	7
Office buildings *	61
Vehicles *	5

\* Based on an internal assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16, Property, plant and equipment, and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

Leasehold improvements are depreciated over its lease period including renewable period or estimated useful life, whichever is shorter.

#### e) Intangible assets

The Company has elected to continue with the carrying value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Process manuals are amortised over the remaining project term or the useful life of the process manual, whichever is shorter. Softwares are amortised over the period of 3 years.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### *Intangibles under development*

Capitalised costs that are directly attributable to the development phase are recognised as intangible assets provided that they meet the following recognition requirements:

- demonstration of technical feasibility of the prospective product or processes for sale;
- the intangible asset will generate probable economic benefits through sale;
- sufficient technical, financial and other resources are available for completion; and
- the intangible asset can be reliably measured.

Intangible assets represent cost incurred for the creation of engineering and design manuals ('process manuals').

#### f) Impairment of property, plant and equipment and intangible assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

## For AXISCADES Engineering Technologies Limited

Sd/-

Chief Financial Officer

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## **AXISCADES Engineering Technologies Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)**

(All amounts in ₹ lakhs, unless otherwise stated)

#### **g) Revenue recognition**

Revenue from contracts with customers is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

##### *Sale of services*

The Company derives its revenues primarily from engineering design services. Service income comprises of income from time-and-material and fixed-price contracts. Revenue from time-and-material contracts is recognised in accordance with the terms of the contracts with clients. Revenue from fixed-price contracts is recognised using the percentage of completion method, calculated as the proportion of the efforts incurred up to the reporting date to the estimated total efforts. Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' represent revenues recognised on services rendered as per contractual terms, for which amounts are to be billed in subsequent periods. The related billings are expected to be performed as per milestones provided in the contracts.

'Unearned revenues' included in other liabilities represent billings in excess of revenues recognised. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

##### *Interest income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in revenue in the Statement of Profit and Loss due to its operating nature.

#### **h) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

##### *Defined contribution plan*

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### *Overseas social security*

The Company contributes to social security charges of countries to which the Company deutes its employees on employment or has permanent employees. The plans are defined contribution plan and contributions paid or payable is recognised as an expense in these periods in which the employee renders services in those respective countries.

##### *Defined benefit plan*

###### *Gratuity*

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

##### *Compensated absences*

The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The present value of the defined benefit obligation denominated in ₹ 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.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to Statement of Profit and Loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

##### *Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**For AXISCADES Engineering Technologies Limited**

**Sd/-**

**Chief Financial Officer**

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## **AXISCADES Engineering Technologies Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)**

(All amounts in ₹ lakhs, unless otherwise stated)

#### **i) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

##### *Finance Lease*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset.

##### *Operating Lease*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### **j) Foreign currency transactions**

##### *Functional and presentation currency*

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees (₹).

##### *Transactions and balances*

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

#### **k) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **l) Investments in subsidiaries**

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

**For AXISCADES Engineering Technologies Limited**

**Sd/-**

**Chief Financial Officer**

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## **AXISCADES Engineering Technologies Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)**

(All amounts in ₹ lakhs, unless otherwise stated)

#### **m) Income taxes**

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **n) Provisions and contingencies**

##### *Provisions*

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

##### *Contingent liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

##### *Contingent assets*

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

##### *Onerous contracts*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

## **For AXISCADES Engineering Technologies Limited**

**Sd/-**

**Chief Financial Officer**

*This space has been intentionally left blank.*

## AXISCADES Engineering Technologies Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

#### o) Financial instruments

##### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost;
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

##### *i. Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

##### *ii. Debt instrument at FVTOCI*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

##### *iii. Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

##### *iv. Equity investments*

All equity investments in scope of Ind AS 109, Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

#### De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

For AXISCADES Engineering Technologies Limited

Sd/-

Chief Financial Officer

## **AXISCADES Engineering Technologies Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)**

(All amounts in ₹ lakhs, unless otherwise stated)

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109, Financial Instruments.

###### *Gains or losses on liabilities held for trading are recognised in the profit or loss.*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss. The Company has not designated any financial liability as at fair value through profit and loss.

###### *Loans and borrowings*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### **Derivative financial instruments and Hedge accounting**

###### *Initial recognition and subsequent measurement*

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted sales. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item.

**For AXISCADES Engineering Technologies Limited**

**Sd/-**

**Chief Financial Officer**

## AXISCADES Engineering Technologies Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

#### p) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

#### Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

#### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

#### q) Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## For AXISCADES Engineering Technologies Limited

Sd/-

Chief Financial Officer

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## **AXISCADES Engineering Technologies Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (Cont'd)**

(All amounts in ₹ lakhs, unless otherwise stated)

#### **r) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **s) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the engineering design service, which constitutes its single reportable segment.

#### **t) Earnings per Share (EPS)**

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

#### **u) Business combinations**

Business combinations between entities under common control is accounted for at carrying value under the provisions of Ind AS 103, Business Combinations

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

#### **v) Standards issued but not yet effective**

##### **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the consolidated financial statements and the impact is not material.

##### **Ind AS 115, Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- a) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

## **For AXISCADES Engineering Technologies Limited**

**Sd/-**

**Chief Financial Officer**

*This space has been intentionally left blank.*

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 6 Investments

	As at 31 Dec 2017	As at 31 March 2017	As at 31 March 2016
<b>Unquoted Investments carried at cost</b>			
Investment in equity shares of subsidiaries:			
Axis Inc. 19,725 (31 March 2017: 19,725) equity shares	1,489.06	1,489.06	1,489.06
Cades Studec Technologies (India) Private Limited 475,000 equity shares (31 March 2017: 475,000) of 10 each	719.66	719.66	719.66
AXISCADES Technology Canada Inc. (formerly Cades Technology Canada Inc.) 100 equity shares (31 March 2017: 100) of CAN\$ 1 each	0.05	0.05	0.05
Axis Mechanical Engineering Design (Wuxi) Co., Ltd. 72,800 equity shares of USD 1 each	42.68	42.68	42.68
AXISCADES GmbH 1 equity share (31 March 2016: Nil) of no par value	18.87	18.87	-
AXISCADES Aerospace & Technologies Private 16,838,512 equity shares (31 March 2017: Nil) of ₹ 10 each	11,962.04	11,962.04	10,462.04
Mistral Solutions Pvt. Limited 8,20,218 equity shares (31 March 2017: Nil) of ₹ 5 each	24,213.97	-	-
	<b>38,446.33</b>	<b>14,232.36</b>	<b>12,713.49</b>
<b>At FVTPL:</b>			
Axis Cogent Global Limited 946,822 (31 March 2017: 946,822) equity shares of ₹ 10 each fully paid up	-	-	-
Datum Technology Limited 50,000 (31 March 2017: 50,000) equity shares of ₹ 10 each	-	-	-
<b>At Amortised Cost:</b>			
National Savings Certificates	0.05	0.05	0.05
	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
	<b>38,446.38</b>	<b>14,232.41</b>	<b>12,713.54</b>

For AXISCADES Engineering Technologies Limited

Sd/-

Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 7 Trade receivables

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>Non-current</b>			
<i>Unsecured</i>			
Considered good	10.46	9.76	8.57
	<b>10.46</b>	<b>9.76</b>	<b>8.57</b>
<b>Current</b>			
(Unsecured)			
Considered good	7,178.57	4,548.01	6,170.28
Considered doubtful	2.57	3.21	3.21
	<b>7,181.14</b>	<b>4,551.22</b>	<b>6,173.49</b>
Less: Allowance for doubtful receivables	2.57	3.21	3.21
	<b>7,178.57</b>	<b>4,548.01</b>	<b>6,170.28</b>

### 8 Loans

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>Non-current</b>			
(Unsecured, considered good)			
Advances to subsidiaries	-	-	1,375.00
Security deposits	844.46	550.03	521.72
	<b>844.46</b>	<b>550.03</b>	<b>1,896.72</b>
<b>Current</b>			
(Unsecured, considered good)			
Advances to subsidiaries [refer note (a) below]	59.11	368.24	79.58
Security deposits	-	-	-
Loans and advances to employees	50.50	-	-
	<b>109.61</b>	<b>368.24</b>	<b>79.58</b>

### 9 Other financial assets

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>Non-current</b>			
(Unsecured, considered good)			
Margin money deposits with banks against	252.99	72.90	150.42
	<b>252.99</b>	<b>72.90</b>	<b>150.42</b>
<b>Current</b>			
(Unsecured, considered good)			
Hedge asset	32.98	224.73	82.98
Interest accrued on fixed deposits	7.41	28.46	17.06
Interest accrued on advances to subsidiaries	-	140.84	32.21
Unbilled revenue	2,243.51	2,319.73	3,122.63
	<b>2,283.90</b>	<b>2,713.76</b>	<b>3,254.88</b>
(Unsecured, considered doubtful)			
Unbilled revenue	104.97	104.97	104.97
	<b>104.97</b>	<b>104.97</b>	<b>104.97</b>
Less:			
Allowance for unbilled revenue	104.97	104.97	104.97
	<b>104.97</b>	<b>104.97</b>	<b>104.97</b>
	<b>2,283.90</b>	<b>2,713.76</b>	<b>3,254.88</b>

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer



# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>10 Non-current tax asset, net</b>			
Advance income tax (net of provision for tax ₹ 664.94 lakhs) (31 March 2017: ₹ 3,247.73 lakhs 1 April 2016: ₹ 1,106.27 lakhs)	895.43	696.95	546.08
	<b>895.43</b>	<b>696.95</b>	<b>546.08</b>
<b>11 Other assets</b>			
<b>Non-current</b> (Unsecured, considered good)			
Prepaid expenses	-	24.05	42.86
	<b>-</b>	<b>24.05</b>	<b>42.86</b>
<b>Current</b> (Unsecured, considered good)			
Duties and taxes recoverable	993.62	554.79	237.93
Prepaid expenses	421.34	321.66	250.46
Advance to suppliers	180.88	11.28	0.62
Advance to employees	0.00	60.51	42.22
	<b>1,595.84</b>	<b>948.24</b>	<b>531.23</b>
Unsecured, considered doubtful			
Duties and taxes recoverable	-	-	14.49
	<b>-</b>	<b>-</b>	<b>14.49</b>
Less: Allowance for duties and taxes recoverable	-	-	14.49
	<b>-</b>	<b>-</b>	<b>14.49</b>
	<b>1,595.84</b>	<b>948.24</b>	<b>531.23</b>
<b>12 Cash and cash equivalents</b>			
<i>Cash and cash equivalents</i>			
Cash on hand	0.39	0.63	1.74
Balances with banks			
- on current accounts	923.41	1,913.25	938.61
Deposits with original maturity of less than three months	-	-	-
	<b>923.80</b>	<b>1,913.88</b>	<b>940.36</b>
<b>Notes:</b>			
<b>a) For the purpose of statement of cash flows, cash and cash equivalents comprises the following:</b>			
Cash and cash equivalents and bank balances other than cash and cash equivalents	923.80	1,913.88	940.36
Less: Bank overdraft	-	-	(101.92)
	<b>923.80</b>	<b>1,913.88</b>	<b>838.44</b>
<b>13 Bank balances other than cash and cash equivalents</b>			
Margin money deposits with banks	231.23	439.00	427.71
	<b>231.23</b>	<b>439.00</b>	<b>427.71</b>
Less : Amounts disclosed as other financial assets (refer note 6)	-	(72.90)	(150.42)
	<b>231.23</b>	<b>366.10</b>	<b>277.29</b>
<b>Breakup of financial assets carried at amortised cost</b>			
	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
Investment in National Savings Certificate	0.05	0.05	0.05
Security deposits	844.46	550.03	521.72
Advances to subsidiaries	59.11	368.24	1,454.58
Trade receivables	7,189.02	4,557.77	6,178.85
Margin money deposits with banks against bank	252.99	72.90	150.42
Hedge asset	32.98	224.73	82.98
Interest accrued on fixed deposits and advances to subsidiaries	7.41	169.30	49.27
Unbilled revenue	2,243.51	2,319.73	3,122.63
Cash and cash equivalents	923.80	1,913.88	940.36
Bank balances other than cash and cash equivalents	231.23	366.10	277.29
	<b>11,784.51</b>	<b>10,542.68</b>	<b>12,778.10</b>

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 14 Equity share capital

	As at 31 Dec 2017		As at 31 March 2017		As at 1 April 2016	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Authorised</b>						
Equity shares of ₹ 5 each	2,040.00	10,200.00	2,040.00	10,200.00	1,080.00	5,400.00
Preference shares of ₹ 100 each	1.00	100.00	1.00	100.00	1.00	100.00
	<b>2,041.00</b>	<b>10,300.00</b>	<b>2,041.00</b>	<b>10,300.00</b>	<b>1,081.00</b>	<b>5,500.00</b>
<b>Issued share capital</b>						
Equity shares of ₹ 5 each, fully paid-up	378.11	1,890.53	378.11	1,890.53	378.11	1,890.53
<b>Subscribed and paid-up</b>						
Equity shares of ₹ 5 each, fully paid-up	377.60	1,887.98	377.60	1,887.98	377.60	1,887.98
Add: Forfeited shares (amount originally paid ₹ 3 per share on 51,100 equity shares)	-	1.53	-	1.53	-	1.53
	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

#### (a) Reconciliation of the number of shares

##### Equity shares of ₹ 5 each, par value

Balances as at the beginning of the year	377.60	1,889.51	377.60	1,889.51	377.60	1,889.51
Add: Issued and subscribed during the year	-	-	-	-	-	-
Balance at the end of the year	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

#### (b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian rupees. In the event of liquidation of the company, the shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (c) Details of shares held by the holding company and subsidiary of holding company

	As at 31 Dec 2017		As at 31 March 2017		As at 1 April 2016	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Holding Company:</b>						
Jupiter Capital Private Limited (refer note 29)	66.49	332.45	66.49	332.45	83.48	417.41
<b>Subsidiaries of Holding Company:</b>						
Tayana Digital Private Limited	121.42	607.11	121.42	607.11	121.42	607.11
Indian Aero Ventures Private Limited	61.54	307.71	61.54	307.71	61.54	307.71

#### (c) Details of shareholders holding more than 5% shares:

	As at 31 Dec 2017		As at 31 March 2017		As at 1 April 2016	
	Number (in lakhs)	Percentage	Number (in lakhs)	Percentage	Number (in lakhs)	Percentage
<b>Equity shares of ₹ 5 each, par value</b>						
Tayana Digital Private Limited	121.42	32.16%	121.42	32.16%	121.42	32.16%
Jupiter Capital Private Limited	66.49	17.61%	66.49	17.61%	83.48	22.11%
Indian Aero Ventures Private Limited	61.54	16.30%	61.54	16.30%	61.54	16.30%

(e) In the period of five years immediately preceding the Balance Sheet date, the Company has not issued any bonus shares or has bought back any shares.

Details of shares allotted for consideration other than cash (within five years preceding the Balance Sheet date)

Particulars	2017 - 18	2016 - 17*	2015 - 16	2014 - 15	2013 - 14
<b>Equity shares:</b>					
Allotted as fully paid up under Scheme of Arrangement	-	105.70	-	72.29	-

The Company had 271.90 lakhs equity shares of ₹ 5 each amounting to ₹ 1,361.01 lakhs that were subscribed and paid-up as at 1 April 2016. During the previous year, the group had issued 105.70 lakhs equity shares of ₹ 5 each amounting to ₹ 528.50 lakhs pursuant to scheme of amalgamation ("scheme") (refer note 29) entered by the Company. In accordance with Appendix C, Business Combinations of entities under common control, of Ind AS 103, Business Combinations, the financial information in the financial statements in respect of prior periods have been restated as if the business combination had occurred from the beginning of the first period presented in the financial statements, irrespective of the actual date of combination. Consequent to the above, the opening balance of share capital and related disclosures have been restated.

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer

**AXISCADES Engineering Technologies Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)****15 Other equity**

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
Securities premium	10,077.23	10,077.23	10,077.23
Hedge reserve	12.98	146.95	54.26
Surplus in the Statement of Profit and Loss	7,303.49	7,753.65	6,462.56
Capital reserve (reserve created pursuant to the Scheme [refer note 29])	4,227.97	4,227.97	4,227.97
Other reserves	(19.74)	(19.74)	7.60
	<b>21,601.93</b>	<b>22,186.06</b>	<b>20,829.62</b>

**Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Act.

**Capital reserve**

Capital reserve is created pursuant to the common control business combination. The reserve will be utilised in accordance with the provisions of the Act (also refer note 29).

**16 Borrowings**

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>Non current</b>			
<i>Secured</i>			
Term loan from banks	2,944.00	-	-
<i>Unsecured</i>			
Intercorporate deposit from holding Company [refer note (iii) below]	73.00	73.00	55.64
Intercorporate deposit from subsidiary	100.00	-	-
	<b>3,117.00</b>	<b>73.00</b>	<b>55.64</b>
<b>Current</b>			
<i>Secured</i>			
Working capital loan	3,497.00	2,399.03	2,345.38
Buyer's credit [refer note (ii) below]	-	-	94.99
	<b>3,497.00</b>	<b>2,399.03</b>	<b>2,440.37</b>

**Details of security for borrowings**

(i) Packing credit facility in foreign currency ("PCFC") is from a bank are secured by first exclusive charge on current assets, exclusive charge on movable assets and second exclusive equitable mortgage on land and building of the Company situated at D-30, Sector 3, Noida, UP. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained if PCFC availment exceeds ₹ 100 million.

(ii) Buyer's Credit from a bank is secured by exclusive charge on both movable and immovable assets of the Company; first charge on land and building of the Company situated at D-30 Sector 3, Noida, UP.

(iii) Term loan from banks are secured by first exclusive charge on mortgage property situated at D-30, sector 3, Noida UP.

**Terms of borrowings and rate of interest**

(i) Packing credit in foreign currency from bank bearing an interest rate of 3% - 5% (31 March 2017 and 1 April 2016: 3% - 5%) are repayable over a maximum tenure of 180 days from the date of respective availment. Bank overdraft bears an interest rate of 12.75 % p.a. (31 March 2017 and 1 April 2016: 12.75 %).

(ii) Buyer's credit bearing an interest rate of 1.39% p.a. has been repaid during the previous year 2016-17

(iii) Intercorporate deposits from Jupiter Capital Private Limited for ₹ Nil (31 March 2017: ₹ 73.00 lakhs; 1 April 2016: ₹ 55.64 lakhs) carrying rate of interest at 12% per annum (31 March 2017: 12% per annum; 1 April 2016: 14% per annum) repayable on 30 May 2019.

(iv) During the year the Company has availed Intercorporate deposits from Cades Studec Technologies (India) Private Limited for ₹ 250.00 lakhs carrying rate of interest at 12% per annum.

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>Current</b>			
First charge			
Financial assets	10,727.11	9,909.99	10,722.39
Other current assets	1,595.84	948.24	531.23
<b>Non-current</b>			
First charge			
Property, plant and equipment	416.82	528.16	592.37
Land	815.88	815.88	815.88
Building	129.78	133.23	136.19

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>17 Other financial liabilities</b>			
<b>Non-current</b>			
Purchase consideration payable on acquisition of subsidiary	9,988.12	-	-
	<b>9,988.12</b>	<b>-</b>	<b>-</b>
<b>Current</b>			
Dues to holding company	47.12	12.35	-
Creditors for capital goods	48.45	16.83	107.93
Hedge liability	-	-	-
Purchase consideration payable on acquisition of subsidiary	10,799.08	-	-
Dues to employees	644.47	823.61	1,072.59
	<b>11,539.12</b>	<b>852.79</b>	<b>1,180.52</b>
<b>18 Provisions</b>			
<b>Non-current</b>			
Employee defined benefits liability			
- Gratuity (refer note 38)	388.88673	350.04	271.93
Provision for lease payments	0.00612	-	-
Asset retirement obligation	22.83769	22.84	20.18
	<b>411.74</b>	<b>372.88</b>	<b>292.10</b>
<b>Current</b>			
Employee defined benefits liability			
- Gratuity	32.83	18.52	11.24
- Provision for compensated absences	245.16	208.37	172.20
	<b>277.98</b>	<b>226.89</b>	<b>183.44</b>
<b>Asset retirement obligation</b>			
The Company has recognised a provision for asset retirement obligation associated with premises taken on lease. In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost to dismantle and remove furnitures and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2017 was ₹ 22.84 lakhs (1 April 2016 : ₹ 20.18 lakhs). The Company estimates the costs would be realised within 4 - 5 years time upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:			
1) Estimated range of cost : 15 days lease rental			
2) Discount rate : 12 percent per annum (31 March 2017: 14 percent per annum)			
			<b>Asset retirement obligation</b>
As 1 April 2016			20.18
Unwinding of discount			2.66
<b>As 31 March 2017</b>			<b>22.84</b>
Unwinding of discount			-
Impact on account of extension of lease agreement			(5.51)
<b>As 31 March 2018</b>			<b>17.33</b>
	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
<b>19 Other liabilities</b>			
<b>Non-current</b>			
Advances from related party	-	27.82	27.82
	<b>-</b>	<b>27.82</b>	<b>27.82</b>
<b>Current</b>			
Advances received from customers	8.14	8.14	121.80
Duties and taxes payable	922.62	657.88	798.89
Interest accrued	-	-	-
	<b>930.76</b>	<b>666.02</b>	<b>920.69</b>
<b>20 Trade payables</b>			
Dues to Micro, Small and Medium Enterprises	-	-	-
Dues to others	2,269.84	903.38	1,682.08
	<b>2,269.84</b>	<b>903.38</b>	<b>1,682.08</b>

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer

**AXISCADES Engineering Technologies Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)**

(All amounts in ₹ lakhs, unless otherwise stated)

	<b>As at 31 Dec 2017</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
<b>21 Current tax liability</b>			
Current tax liability [net of advance tax ₹ Nil] (31 March 2017: ₹ Nil; 1 April 2016: ₹ 1,102.96 lakhs)	-	-	284.78
	<b>-</b>	<b>-</b>	<b>284.78</b>
<b>Breakup of financial liabilities carried at amortised cost</b>			
Borrowings	6,614.00	2,472.03	2,496.02
Purchase consideration payable on acquisition of subsidiary	20,787.20	-	-
Dues to holding company	47.12	12.35	-
Creditors for capital goods	48.45	16.83	107.93
Hedge liability	-	-	-
Dues to employees	644.47	823.61	1,072.59
Trade payables	2,269.84	903.38	1,682.08
	<b>30,411.08</b>	<b>4,228.20</b>	<b>5,358.62</b>

**For AXISCADES Engineering Technologies Limited**  
**Sd/-**  
**Chief Financial Officer**

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**Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)**

(All amounts in ₹ lakhs, unless otherwise stated)

	Period ended 31 December 2017	Year ended 31 March 2017
<b>22 Revenue from operations (gross)</b>		
<b>Sale of services</b>		
Engineering design services	17,691.11	23,486.04
	<b>17,691.11</b>	<b>23,486.04</b>
<b>23 Other income</b>		
Miscellaneous income	2.40	6.23
Net gain on foreign currency transaction and translation	153.18	-
- from fixed deposits	87.68	37.24
- from financial assets carried at amortised cost	-	248.26
- from income tax refund	-	25.50
- from trade receivables	1.03	-
Provision no longer required, written back	115.67	329.26
Profit on sale of fixed assets	-	1.16
	<b>359.96</b>	<b>647.65</b>
<b>24 Employee benefits expense</b>		
Salaries, wages and bonus	9,545.04	12,253.14
Contribution to provident and other funds	270.29	345.06
Contribution to overseas social security	681.61	845.71
Provision for gratuity	94.44	61.75
Provision for compensated absences	45.26	38.03
Staff welfare expense	214.31	268.78
	<b>10,850.95</b>	<b>13,812.47</b>
<b>25 Finance costs</b>		
Interest expense		
- on loan from bank	172.23	91.25
- on Inter corporate deposit	6.75	9.42
Other borrowing cost (processing fees)	102.21	31.62
Net interest expense on defined benefit liability	-	35.20
Unwinding of discount on asset retirement obligation	-	2.66
	<b>281.19</b>	<b>170.15</b>
<b>26 Depreciation and amortisation expense</b>		
Depreciation on PPE (refer note 2)	1,022.77	303.34
Amortisation on intangible assets (refer note 3)	-	689.63
	<b>1,022.77</b>	<b>992.97</b>
<b>27 Other expenses</b>		
Rent	856.97	933.55
Power and fuel	190.44	240.05
Travelling and conveyance	1,240.17	1,344.15
Legal and professional charges	333.28	313.91
Repairs and maintenance	-	-
- Building	183.82	203.87
- Others	54.64	64.56
Auditor's remuneration	31.68	41.90
Equipment hire charges	71.39	67.38
Recruitment and training expenses	87.25	140.00
Marketing and advertising expenses	163.42	228.83
Communication expenses <sup>1</sup>	210.77	313.68
Software subscription charges	678.05	748.98
Printing and stationery	21.50	25.86
Security charges	41.61	50.74
Rates and taxes	78.43	79.87
Project consultancy charges	1,529.56	1,998.26
Insurance expenses	26.15	10.01
Bank charges	26.62	20.69
Postage and courier charges	12.62	11.81
Bad debts written off	10.99	-
Directors sitting fees	62.90	69.60
Sales commission	-	1.21
Corporate social responsibility expenses	38.15	45.00
Net loss on foreign currency transaction and translation	-	186.00
Miscellaneous expenses	2.05	3.71
	<b>5,952.46</b>	<b>7,143.62</b>

For AXISCADES Engineering Technologies Limited  
 Sd/-  
 Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 Dec 2017	Year ended 31 March 2017
<b>28 Exceptional expense</b>		
Expenses relating to the Scheme	298.69	45.33
	<b>298.69</b>	<b>45.33</b>

### 29 Scheme of Amalgamation (Scheme)

(a) The Board of Directors of the Company at its meeting held on 14 August 2015, had approved the acquisition of AXISCADES Aerospace & Technologies Private Limited ("ACAT"), an aerospace, defence and homeland security technologies company by way of a Scheme of Amalgamation of India Aviation Training Institute Private Limited ("IAT") with ACETL. ACAT is a 100% subsidiary of IAT. The appointed date of the Scheme was 1 April 2016 and was subject to the approval of the majority of the shareholders and creditors of ACETL and IAT, the Hon'ble High Court and the permission and approval of any other statutory or regulatory authorities, as applicable.

(b) Consequent to the approval of the Scheme of Amalgamation u/s 391 to 394 of the Companies Act, 1956 for the amalgamation of IAT with the Company, by the Hon'ble High Court of Karnataka on 4 November 2016, and effected on 5 December 2016 (effective date), being the date of filing with the Registrar of Companies, all the assets, liabilities and reserves of IAT were transferred to and vested in the Company with effect from 1 April 2016, the appointed date.

(c) Pursuant to the Scheme, the shareholders of IAT are eligible to receive 10 equity shares of the Company of par value of ₹ 5 each fully paid up for every 45 equity shares held in IAT of par value of ₹ 10 each fully paid up ('Swap ratio'), with record date being 20 December 2016 as fixed by the Board of Directors of the Company. The Board of Directors of the Company at its meeting held on 30 December 2016, in terms of the said Scheme of Amalgamation has issued and allotted 10,569,937 new equity shares of the Company to the shareholders of IAT.

(d) In accordance with Part B of the Scheme, all the assets and liabilities of IAT were transferred to the Company with effect from the appointed date at the respective book values in the financial statements of IAT. Since, both the Company and IAT are under the common control of Jupiter Capital Private Limited, the holding Company, this transaction has been accounted in accordance with the Pooling of Interests Method outlined in IND AS 103 "Business Combination", and the surplus of the net assets acquired over the consideration issued has been credited to Capital Reserve determined as follows:

		IAT As at 1 April 2016
<b>NON-CURRENT ASSETS</b>		
Non-current investments		10,462.04
<b>CURRENT ASSETS</b>		
Cash and bank balance		0.78
<b>TOTAL</b>	<b>A</b>	<b>10,462.82</b>
<b>RESERVE AND SURPLUS</b>		
Securities Premium		5,706.57
Deficit in the Statement of Profit and Loss		(90.36)
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings		57.00
Other long-term liabilities		27.82
<b>CURRENT LIABILITIES</b>		
Trade payables		0.44
Other current liabilities		4.89
<b>TOTAL</b>	<b>B</b>	<b>5,706.35</b>
<b>Net value of assets transferred pursuant to Scheme</b>	<b>C = A-B</b>	<b>4,756.47</b>
Equity shares issued by ACETL to IAT (105.70 lakh equity shares of ₹5 each, fully paid up)	<b>D</b>	<b>528.50</b>
<b>Surplus credited to Capital reserve</b>	<b>E = C-D</b>	<b>4,227.97</b>

(e) Consequent to the above, ACAT has become wholly owned subsidiary of the Company and ceases to be a fellow subsidiary of the Company. On account of which AXISCADES Aerospace Infrastructure Private Limited ('AAIPL') and Enertec Controls Limited ('Enertec'), subsidiaries of ACAT, have become step-down subsidiaries of the Company.

(f) In accordance with Appendix C, Business combinations of entities under common control, to Ind AS 103, Business combinations, the financial information in the financial statements in respect of prior periods have been restated as if the business combination had occurred from the beginning of the first period presented in the financial statements, irrespective of the actual date of combination. Therefore, the accounting for the scheme is effective from 1 April 2016 (also refer section C6 - 6 under note 40).

### 30 Earnings per share (EPS) (basic and diluted)

	Year Ended 31 March 2017
a) Profit after tax attributable to equity shareholders (₹)	1,292.16
b) Weighted average number of shares outstanding (in lakhs)	377.60
c) Nominal value of shares (₹)	5.00
d) Basic earning per share (₹)	3.42
e) Number of equity shares used to compute diluted earnings per share	377.60
f) Diluted earnings per share (₹)	3.42
g) Equity shares issued during the reporting period as part of the consideration for the scheme of amalgamation is included in the computation of weighted average number of shares from the beginning of the reporting period i.e. 1 April 2016, which is also the appointed date. This effect is given	

For AXISCADES Engineering Technologies Limited

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Sd/-

Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 31 Fair value measurements

#### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 December 2017 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Investment in National Savings Certificate	0.05	-	-	0.05	0.05
Cash and cash equivalents	923.80	-	-	923.80	923.80
Bank balances other than cash and cash equivalents	231.23	-	-	231.23	231.23
Trade receivable	7,189.02	-	-	7,189.02	7,189.02
Loans					
Advances to subsidiary	59.11	-	-	59.11	59.11
Security deposits	844.46	-	-	844.46	844.46
Other financial assets					
Unbilled revenue	2,243.51	-	-	2,243.51	2,243.51
Accrued Interest	7.41	-	-	7.41	7.41
Margin money deposits	252.99	-	-	252.99	252.99
<b>Total</b>	<b>11,751.58</b>	<b>-</b>	<b>-</b>	<b>11,751.58</b>	<b>11,751.58</b>
<b>Liabilities:</b>					
Borrowings	6,614.00	-	-	6,614.00	6,614.00
Trade payable	2,269.84	-	-	2,269.84	2,269.84
Other financial liabilities	21,527.23	-	-	21,527.23	21,527.23
<b>Total</b>	<b>30,411.08</b>	<b>-</b>	<b>-</b>	<b>30,411.08</b>	<b>30,411.08</b>

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Investment in National Savings Certificate	0.05	-	-	0.05	0.05
Cash and cash equivalents	1,913.88	-	-	1,913.88	1,913.88
Bank balances other than cash and cash equivalents	366.10	-	-	366.10	366.10
Trade receivable	4,557.77	-	-	4,557.77	4,557.77
Loans					
Advances to subsidiary	368.24	-	-	368.24	368.24
Security deposits	550.03	-	-	550.03	550.03
Other financial assets					
Unbilled revenue	2,319.73	-	-	2,319.73	2,319.73
Hedge asset	-	-	224.73	224.73	224.73
Accrued Interest	169.30	-	-	169.30	169.30
Margin money deposits	72.90	-	-	72.90	72.90
<b>Total</b>	<b>10,318.00</b>	<b>-</b>	<b>224.73</b>	<b>10,542.73</b>	<b>10,542.73</b>
<b>Liabilities:</b>					
Borrowings	2,472.03	-	-	2,472.03	2,472.03
Trade payable	903.38	-	-	903.38	903.38
Other financial liabilities	852.79	-	-	852.79	852.79
<b>Total</b>	<b>4,228.20</b>	<b>-</b>	<b>-</b>	<b>4,228.20</b>	<b>4,228.20</b>

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer



# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 31 Fair value measurements (cont'd)

#### (i) Financial instruments by category (cont'd)

The carrying value and fair value of financial instruments by categories as of 1 April 2016 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Investment in National Savings Certificate	0.05	-	-	0.05	0.05
Cash and cash equivalents	940.36	-	-	940.36	940.36
Bank balances other than cash and cash equivalents	277.29	-	-	277.29	277.29
Trade receivable	6,178.85	-	-	6,178.85	6,178.85
Loans					
Advances to subsidiary	1,454.58	-	-	1,454.58	1,454.58
Security deposits	521.72	-	-	521.72	521.72
Other financial assets					
Unbilled revenue	3,122.63	-	-	3,122.63	3,122.63
Hedge asset	-	-	82.98	82.98	82.98
Accrued Interest	49.27	-	-	49.27	49.27
Margin money deposits	150.42	-	-	150.42	150.42
<b>Total</b>	<b>12,695.17</b>	<b>-</b>	<b>82.98</b>	<b>12,778.15</b>	<b>12,778.15</b>
<b>Liabilities:</b>					
Borrowings	2,496.01	-	-	2,496.01	2,496.01
Trade payable	1,682.08	-	-	1,682.08	1,682.08
Other financial liabilities	1,180.52	-	-	1,180.52	1,180.52
<b>Total</b>	<b>5,358.61</b>	<b>-</b>	<b>-</b>	<b>5,358.61</b>	<b>5,358.61</b>

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and working capital loans approximate the carrying amount largely due to short-term maturity of this instruments.

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.

#### (ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

#### (ii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Quantative disclosure fair value measurement hierarchy as at 31 December 2017

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed</b>					
Investment in National Savings Certificate	31 March 2018	0.05	-	-	0.05
Cash and cash equivalents	31 March 2018	923.80	-	-	923.80
Bank balances other than cash and cash equivalents	31 March 2018	231.23	-	-	231.23
Trade receivable	31 March 2018	7,189.02	-	-	7,189.02
Loans					
Advances to subsidiary	31 March 2018	59.11	-	-	59.11
Security deposits	31 March 2018	844.46	-	-	844.46
Other financial assets					
Unbilled revenue	31 March 2018	2,243.51	-	-	2,243.51
Accrued Interest	31 March 2018	7.41	-	-	7.41
Margin money deposits	31 March 2018	252.99	-	-	252.99

For AXISCADES Engineering Technologies Limited

Sd/-  
Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 31 Fair value measurements (cont'd)

#### (ii) Fair value hierarchy (cont'd)

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities carried at amortised cost for which fair value are disclosed</b>					
Borrowings	31 March 2018	6,614.00	-	-	6,614
Trade payable	31 March 2018	2,269.84	-	-	2,270
Other financial liabilities	31 March 2018	21,527.23	-	-	21,527
Foreign exchange forward contracts [refer note (1) below]	31 March 2018	-	-	-	-

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

Quantitative disclosure fair value measurement hierarchy as at 31 March 2017

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost, FVTPL and FVTOCI for which fair values are disclosed</b>					
Investment in National Savings Certificate	31 March 2017	0.05	-	-	0.05
Cash and cash equivalents	31 March 2017	1,913.88	-	-	1,913.88
Bank balances other than cash and cash equivalents	31 March 2017	366.10	-	-	366.10
Trade receivable	31 March 2017	4,557.77	-	-	4,557.77
Loans					
Advances to subsidiary	31 March 2017	368.24	-	-	368.24
Security deposits	31 March 2017	550.03	-	-	550.03
Other financial assets					
Unbilled revenue	31 March 2017	2,319.73	-	-	2,319.73
Foreign exchange forward contracts [refer note (1) below]	31 March 2017	224.73	-	224.73	-
Accrued Interest	31 March 2017	169.30	-	-	169.30
Margin money deposits	31 March 2017	72.90	-	-	72.90

#### Liabilities carried at amortised cost for which fair value are disclosed

Borrowings	31 March 2017	2,472.03	-	-	2,472.03
Trade payable	31 March 2017	903.38	-	-	903.38
Other financial liabilities	31 March 2017	852.79	-	-	852.79

Quantitative disclosure fair value measurement hierarchy as at 1 April 2016

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost, FVTPL and FVTOCI for which fair values are disclosed</b>					
Investment in National Savings Certificate	1 April 2016	0.05	-	-	0.05
Cash and cash equivalents	1 April 2016	940.36	-	-	940.36
Bank balances other than cash and cash equivalents	1 April 2016	277.29	-	-	277.29
Trade receivable	1 April 2016	6,178.85	-	-	6,178.85
Loans					
Advances to subsidiary	1 April 2016	1,454.58	-	-	1,454.58
Security deposits	1 April 2016	521.72	-	-	521.72
Other financial assets					
Unbilled revenue	1 April 2016	3,122.63	-	-	3,122.63
Foreign exchange forward contracts [refer note (1) below]	1 April 2016	82.98	-	82.98	-
Accrued Interest	1 April 2016	49.27	-	-	49.27
Margin money deposits	1 April 2016	150.42	-	-	150.42

#### Liabilities carried at amortised cost for which fair value are disclosed

Borrowings	1 April 2016	2,496.01	-	-	2,496.01
Trade payable	1 April 2016	1,682.08	-	-	1,682.08
Other financial liabilities	1 April 2016	1,180.52	-	-	1,180.52

1) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The valuation techniques uses the exchange rates provided by "Foreign Exchange Dealers' Association of India" for revaluation of balance in forward contracts as on

For AXISCADES Engineering Technologies Limited

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Sd/-  
Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 32 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's 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 exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

#### (A) Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 6,015.83 lakhs as of 31 March 2018 [31 March 2017: 4,557.77 lakhs; 1 April 2016: ₹ 6,178.85 lakhs].

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and Europe. Credit risk has always been managed by the Company 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. On account of adoption of Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors including the credit ratings of the various customers and Company's historical experience for customers.

#### Assets under credit risk

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
Trade receivable	7,189.02	4,557.77	6,178.85
Advances to subsidiary	59.11	368.24	1,454.58
Security deposit	844.46	550.03	521.72
Other financial assets	260.40	140.84	32.21
Unbilled revenue	2,243.51	2,319.73	3,122.63
<b>Total</b>	<b>10,596.50</b>	<b>7,936.61</b>	<b>11,309.99</b>

#### Credit risk exposure

The allowance for life time expected credit loss on customer balances for the year ended 31 March 2018, 31 March 2017 and as at 1 April 2016 was ₹ 2.57 lakhs, ₹ 3.21 lakhs and ₹ 3.21 lakhs respectively. The reversal for lifetime expected credit loss on customer balances for the year ended 31 March 2018 was ₹ 0.64 [31 March 2017: ₹ Nil].

#### Particulars

	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
Balance at the beginning	3.21	3.21	-
Impairment loss recognised	-	-	3.21
Impairment loss reversed	(0.64)	-	-
<b>Balance at the end</b>	<b>2.57</b>	<b>3.21</b>	<b>3.21</b>

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

#### Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances to subsidiary, loans and advances to employees, security deposit, other financial assets and unbilled revenue are neither past due nor impaired.

#### Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for receivables of ₹ 2.57, lakhs ₹ 3.21 lakhs and ₹ 3.21 lakhs as at 31 March 2018, 31 March 2017 and 1 April 2016, respectively. The Company's credit period generally ranges from 60-180 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due, is given below:

Particulars	As at 31 Dec 2017	As at 31 March 2017	As at 1 April 2016
Financial assets that are neither past due nor impaired	6,754.90	4,212.75	5,636.82
Financial assets that are past due but not impaired			
Past due 0-60 days	231.18	159.87	213.18
Past due 61-180 days	181.47	153.16	250.27
Past due over 180 days	21.48	31.99	78.58
Total past due but not impaired	<b>434.13</b>	<b>345.02</b>	<b>345.02</b>
<b>Total</b>	<b>7,189.03</b>	<b>4,557.77</b>	<b>5,981.84</b>

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 32 Financial risk management (cont'd)

#### (B) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. As of 31 March 2018, the Company had a negative working capital of ₹ 6,543.98 lakhs including cash and cash equivalents of ₹ 983.57 lakhs. As of 31 March 2017, the Company had a working capital of ₹ 5,810.12 lakhs including cash and cash equivalents of ₹ 1,913.88 lakhs. As of 1 April 2016, the Company had a working capital of ₹ 4,561.75 lakhs including cash and cash equivalents of ₹ 940.36 lakhs. The management is confident of paying its dues. Accordingly, no liquidity risk is perceived.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

#### Maturities of financial liabilities

##### As at 31 December 2017

	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	3,497.00	3,117.00	-	6,614.00
Trade payable	2,269.84	-	-	2,269.84
Other financial liabilities	11,539.12	9,988.12	-	21,527.23
<b>Total</b>	<b>17,305.96</b>	<b>13,105.12</b>	<b>-</b>	<b>30,411.08</b>

##### As at 31 March 2017

	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	2,399.03	73.00	-	2,472.03
Trade payable	903.38	-	-	903.38
Other financial liabilities	852.79	-	-	852.79
<b>Total</b>	<b>4,155.19</b>	<b>73.00</b>	<b>-</b>	<b>4,228.19</b>

#### Maturities of financial liabilities

##### As at 1 April 2016

	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	2,440.37	55.64	-	2,496.02
Trade payable	1,682.08	-	-	1,682.08
Other Financial liabilities	1,180.52	-	-	1,180.52
<b>Total</b>	<b>5,302.97</b>	<b>55.64</b>	<b>-</b>	<b>5,358.62</b>

For AXISCADES Engineering Technologies Limited

Sd/-

Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 33 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2016 as the transition date and IGAAP as the previous GAAP.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

#### A Ind AS optional exemptions

##### A1. Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101, First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to fair value for all of its property, plant and equipment and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Ind AS 101, First-time adoption of Indian Accounting Standards, also permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment at their fair value as at the transition date and use that as deemed cost as on the date of transition. The Company has elected to measure its intangible assets at their previous GAAP carrying value.

##### A2. Deemed cost for investments in subsidiaries

Ind AS 101, First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in subsidiaries as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investments in subsidiaries in the standalone financial statements at their previous GAAP carrying value.

##### A3. Lease

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time Adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

#### B. Ind AS mandatory exemptions

##### B1. Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except for impairment of financial assets based on ECL on the date of transition as there were not required as per previous GAAP.

##### B2. Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109, Financial Instruments are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable; or
- b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or
- c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

##### B3. De-recognition of financial assets and liabilities

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101, First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

### For AXISCADES Engineering Technologies Limited

Sd/-

Chief Financial Officer

*This space has been intentionally left blank.*

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 33 First time adoption of Ind AS (cont'd)

#### C. Reconciliations between previous GAAP and Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

##### C1.Reconciliation of other equity

The Company has also prepared a reconciliation of equity as at 31 March 2017 and 1 April 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of Balance sheet which is presented below:

	Note	As at 31 March 2017	As at 1 April 2016
<b>Total Equity as per previous GAAP</b>		23,356.47	11,560.17
<b>Adjustments on account of:</b>			
(i) Reversal of rent recorded on account of straightlining of lease rentals	1	35.55	54.45
(ii) Impact on accounting of asset retirement obligation	2	(22.72)	(17.22)
(iii) Fair valuation of inter corporate deposit (borrowings)	3	-	1.36
(iv) Fair valuation on long-term trade receivables	4	(3.35)	(4.55)
(v) Expected credit loss assessment for trade receivables	5	(3.21)	(3.21)
(vi) Accounting for the scheme of Amalgamation	6	-	10,372.67
(vii) Impact of fair valuation of property, plant and equipment considered as deemed cost	10	804.82	804.82
(viii) Additional depreciation on fair valuation of building	10	(0.26)	-
(viii) Deferred tax impact on the above	7	(28.42)	(20.64)
(ix) Deferred tax impact on other comprehensive income	7	(63.31)	(28.72)
<b>Equity as per IND AS</b>		<b>24,075.57</b>	<b>22,719.13</b>

##### C2. Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS)

	Note	Previous GAAP *	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2 and 10	752.84	807.78	1,560.62
Intangible assets		1,339.40	-	1,339.40
Intangible assets under development		111.63	-	111.63
<b>Financial assets</b>				
Investments	6	2,251.50	10,462.04	12,713.54
Trade receivables	4	13.12	(4.55)	8.57
Loans		1,896.72	-	1,896.72
Other financial assets	4	150.42	-	150.42
Deferred tax assets, net	7	212.45	(49.34)	163.11
Non-current tax asset, net		546.08	-	546.08
Other non-current assets		42.86	-	42.86
		<b>7,317.02</b>	<b>11,215.93</b>	<b>18,532.95</b>
<b>Current assets</b>				
<b>Financial assets</b>				
Trade receivables	5	6,173.49	(3.21)	6,170.28
Cash and cash equivalents	6	939.58	0.78	940.36
Bank balances other than cash and cash equivalents		277.29	-	277.29
Loans		79.58	-	79.58
Other financial assets		3,254.88	-	3,254.88
Other current assets		531.23	-	531.23
		<b>11,256.05</b>	<b>(2.43)</b>	<b>11,253.62</b>
		<b>18,573.07</b>	<b>11,213.50</b>	<b>29,786.57</b>
<b>TOTAL ASSETS</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	6	1,361.01	528.50	1,889.51
Other equity	13	10,199.16	10,630.46	20,829.62
		<b>11,560.17</b>	<b>11,158.96</b>	<b>22,719.13</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	3	-	55.64	55.64
Other liabilities			27.82	27.82
Provisions	1 and 2	307.45	(15.35)	292.10
		<b>307.45</b>	<b>68.11</b>	<b>375.56</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings		2,440.37	-	2,440.37
Trade payables				
- Others	6	1,681.64	0.44	1,682.08
Other financial liabilities		1,180.52	-	1,180.52
Provisions	1 and 2	202.36	(18.92)	183.44
Current tax liability		284.78	-	284.78
Other current liabilities	6	915.78	4.91	920.69
		<b>6,705.45</b>	<b>(13.57)</b>	<b>6,691.88</b>
		<b>18,573.07</b>	<b>11,213.50</b>	<b>29,786.57</b>
<b>TOTAL EQUITY AND LIABILITIES</b>				

\* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

For AXISCADES Engineering Technologies Limited

Sd/-

Chief Financial Officer

# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 33 First time adoption of Ind AS (cont'd)

#### C3. Reconciliation of equity as at 31 March 2017

	Note	Previous GAAP *	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2 and 10	677.84	804.69	1,482.53
Intangible assets		1,466.34	-	1,466.34
Financial assets				
Investments		14,232.41	-	14,232.41
Trade receivables	4	13.12	(3.36)	9.76
Loans		550.03	-	550.03
Other financial assets		72.90	-	72.90
Deferred tax assets, net	7	295.90	(91.72)	204.18
Non-current tax asset, net		696.95	-	696.95
Other non-current assets		24.05	-	24.05
		<b>18,029.54</b>	<b>709.61</b>	<b>18,739.15</b>
<b>Current assets</b>				
Financial assets				
Trade receivables	5	4,551.22	(3.21)	4,548.01
Cash and cash equivalents		1,913.88	-	1,913.88
Bank balances other than cash and cash equivalents		366.10	-	366.10
Loans		368.24	-	368.24
Other financial assets		2,713.76	-	2,713.76
Other current assets		948.24	-	948.24
		<b>10,861.44</b>	<b>(3.21)</b>	<b>10,858.23</b>
		<b>28,890.98</b>	<b>706.40</b>	<b>29,597.38</b>
<b>TOTAL ASSETS</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		1,889.51	-	1,889.51
Other equity	13	21,466.96	719.10	22,186.06
		<b>23,356.47</b>	<b>719.10</b>	<b>24,075.57</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings		73.00	-	73.00
Provisions	1 and 2	383.01	(10.13)	372.88
Other liabilities		27.82	-	27.82
		<b>483.83</b>	<b>(10.13)</b>	<b>473.70</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		2,399.03	-	2,399.03
Trade payables		903.38	-	903.38
Other financial liabilities		852.79	-	852.79
Provisions	1 and 2	229.46	(2.57)	226.89
Other liabilities		666.02	-	666.02
		<b>5,050.68</b>	<b>(2.57)</b>	<b>5,048.11</b>
		<b>28,890.98</b>	<b>706.40</b>	<b>29,597.38</b>
<b>TOTAL EQUITY AND LIABILITIES</b>				

\* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

For AXISCADES Engineering Technologies Limited  
Sd/-  
Chief Financial Officer

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# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 33 First time adoption of Ind AS (cont'd)

#### C4. Reconciliation of profit or loss for the year ended 31 March 2017

	Note	Previous GAAP *	Adjustments	Ind AS
<b>INCOME</b>				
Revenue from operations	12	23,197.98	288.06	23,486.04
Other income	4 and 12	748.51	(100.86)	647.65
<b>TOTAL</b>		<b>23,946.49</b>	<b>187.20</b>	<b>24,133.69</b>
<b>EXPENSES</b>				
Employee benefits expense	9	13,889.48	(77.01)	13,812.47
Finance cost	3	130.93	39.22	170.15
Depreciation and amortisation expense	2	989.88	3.09	992.97
Other expenses	1 and 12	6,938.72	204.90	7,143.62
<b>TOTAL</b>		<b>21,949.01</b>	<b>170.20</b>	<b>22,119.21</b>
<b>Profit before tax and exceptional items</b>		<b>1,997.48</b>	<b>17.00</b>	<b>2,014.48</b>
Exceptional items		45.33	-	45.33
<b>Profit before tax</b>		<b>1,952.15</b>	<b>17.00</b>	<b>1,969.15</b>
<b>Tax expense:</b>				
Current tax		753.72	-	753.72
Deferred tax	7	(83.45)	7.79	(75.66)
<b>Profit after tax</b>		<b>1,281.88</b>	<b>9.21</b>	<b>1,291.09</b>
<b>Other comprehensive income</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
a) Re-measurement losses in defined benefit plans	9	-	(41.81)	(41.81)
Income tax effect	7	-	14.47	14.47
		-	<b>(27.34)</b>	<b>(27.34)</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
a) Gain on cash flow hedges, net	8	-	141.75	141.75
Income tax effect	7	-	(49.06)	(49.06)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	<b>92.69</b>	<b>92.69</b>
<b>Other comprehensive income, net of tax</b>		-	<b>65.35</b>	<b>65.35</b>
<b>Total comprehensive income for the year</b>		<b>1,281.88</b>	<b>74.56</b>	<b>1,356.44</b>

\* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

#### C5. Reconciliation of cash flow statement for the year ended 31 March 2017

Particulars	Note	Previous GAAP *	Adjustments	Ind AS
Net cash generated from operating activities		2,058.55	-	2,058.55
Net used in investing activities		(1,046.13)	-	(1,046.13)
Net cash generated from financing activities	11	(38.90)	101.92	63.02
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>973.52</b>		<b>1,075.44</b>
Cash and cash equivalents at the beginning of the year		939.58	(101.92)	837.66
Cash and cash equivalents acquired on account of the Scheme (Also, refer note 29)	6	0.78	-	0.78
<b>Cash and cash equivalents at the end of the year</b>		<b>1,913.88</b>	-	<b>1,913.88</b>

For AXISCADES Engineering Technologies Limited

Sd/-  
Chief Financial Officer

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# AXISCADES Engineering Technologies Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)

(All amounts in ₹ lakhs, unless otherwise stated)

### 33 First time adoption of Ind AS (cont'd)

#### C6 Notes

##### 1 Reversal of rent recorded on account of straightlining of lease rentals

Under previous GAAP, the Company was straightlining the lease rental payables, over the term of the lease and accordingly creating provision for lease rent. Under Ind AS 17, Leases, if the escalation in the rent as per the agreement is in-line with the average general inflation rate of the country in which the asset is located, then straight-lining of the rent over the lease term is not required. In the current circumstance these escalations approximate the general inflation applicable and hence the impact of this has been reversed.

##### 2 Asset retirement obligation

As per Ind AS 16, Property, Plant and Equipment, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Decommissioning liability is measured at best estimate of cost required to settle the liability, discounted to its present value at the time when asset becomes ready to use, using pre tax discount rate that reflects market assessment of time value of money between date of capitalisation and time of settlement of such obligation. The adjustment made in fixed assets is depreciated over its expected useful life and interest recognised on corresponding provision using the aforementioned discount rate that accretes the provision to the amount expected to be settled in future.

##### 3 Borrowings and other financial liabilities

Under previous GAAP, all financial liabilities were carried at cost. Under Ind AS 109, Financial Instruments, borrowings from related parties have been measured at amortised cost. The difference between carrying value of borrowings and fair value on initial recognition has been considered as additional contribution by the related parties and shown as part of 'Other equity'. Interest expenses on amortised cost is charged to the Statement of Profit and Loss using the effective interest method.

##### 4 Long-term trade receivables

Under Ind AS, long term trade receivables are measured at amortised cost and the difference between the carrying value and fair value on initial recognition has been accounted in retained earnings.

##### 5 Expected credit loss assessment for trade receivables

Under previous GAAP, the Company has created a provision for impairment of receivables only with respect to specific amount for losses incurred. Under Ind AS 109, Financial Instruments, impairment allowance has been determined based on Expected Loss model (ECL) on application of the ECL model, the Company impaired part of its trade receivable on 1 April 2016 which has been adjusted with retained earnings. The impact for year ended on 31 March 2017 has been recognised in the Statement of Profit and Loss.

##### 6 Accounting for the Scheme of Amalgamation

Under the previous GAAP, the Company had accounted for the merger of IAT, an entity under the common control of Jupiter Capital Private Limited, the Holding Company on pooling of interest method. Although the appointed date of the merger was 1 April 2016, this transaction was accounted from the date of the approval by the honourable High Court of Karnataka received on 4 November 2016 under the previous GAAP.

Under Ind AS, common control transactions are accounted for using the pooling of interest method similar to previous GAAP. However, the financial information in the financial statements in respect of prior periods shall be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. Therefore, this merger has been effected from 1 April 2016 (the appointed date of the merger).

##### 7 Income tax

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS 12, Income Tax, deferred taxes are recognized following the balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base.

##### 8 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes effective portion of gains and losses on cash flow hedging instruments on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

##### 9 Defined benefit obligation

Under previous GAAP, actuarial gains and losses were recognized in the Statement of profit and loss, and interest cost was recognized under employee benefit expense. Under Ind AS, the actuarial gain and loss form part of remeasurement of net defined benefit liability/ asset which is recognised in other comprehensive income in the respective periods. Interest cost on defined benefit obligations shall be presented under finance cost in the Statement of Profit and Loss.

##### 10 Property, plant and equipment

On transition to Ind AS, the Company has elected to fair value of all of its property, plant and equipment recognised as at 1 April 2016 and use that fair value as the deemed cost of the property, plant and equipment. Consequent to the above, depreciation has been adjusted for the year ended 31 March 2017.

For AXISCADES Engineering Technologies Limited

Sd/-

Chief Financial Officer

## **AXISCADES Engineering Technologies Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 December 2017 (cont'd)**

(All amounts in ₹ lakhs, unless otherwise stated)

#### **C6 Notes (cont'd)**

##### **11 Cash flow statement**

Under Ind AS 7, Statement of cash flows, bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents.

##### **12 Revenue from operations**

The Company has entered into forwards contracts to hedge its revenue from foreign currency fluctuations. The unrealised gain/(loss) on such hedges are recognised in the hedge reserve. Under Previous GAAP, the gain/(loss) on such hedges were reclassified to the Statement of Profit and Loss under other income/expense (foreign exchange gain/loss) on maturity of such contracts. Under Ind AS, the gains/(losses) are recognised in revenue.

##### **13 Other equity**

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

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This is the summary of accounting policies and other explanatory information referred to in our report of even date.

**For AXISCADES Engineering Technologies Limited**

**Sd/-**

**Chief Financial Officer**

**PROXY FORM**  
Form No. MGT-11



**AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

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Website: [www.axiscades.com](http://www.axiscades.com)

E-mail: [investor.relations@axiscades.com](mailto:investor.relations@axiscades.com)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014-Form No.MGT-11]

Name of Secured Creditor	
Address	
Amount due	

I/We, being Secured Creditor (s) of the above named company hereby appoint:

1. Name:  
Address:  
E-mail Id:  
Signature: ....., or failing him
2. Name:  
Address:  
E-mail Id:  
Signature: ....., or failing him
3. Name:  
Address:  
E-mail Id:  
Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the NCLT Convened Meeting of the Company, to be held on Friday August 3, 2018 at 2.00 P.M. at Chairman's Club (Chairman's Club & Resort), No. 14/1, Kodigehalli Main Road, Sahakar Nagar, Hebbal, Near Twin Tower, Bengaluru, Karnataka – 560 092 and at any adjournment thereof in respect of such resolutions as are indicated below:

ITEM	Optional	
	For	Against
To approve the arrangement embodied in the Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited		

Signed this..... day of..... 2018

Affix Re 1  
Revenue  
Stamp

.....  
Signature of Secured Creditor

.....  
Signature of Proxy holder(s)

**Notes:**

1. Please affix revenue stamp before putting signature.
2. Proxy need not be a Secured Creditor of the Company.
3. All alterations made in the Form of Proxy should be initialed.
4. The Proxy Form must be deposited at the registered office of the Company at least 48 hours before the commencement of the meeting.
5. The Proxy (ies), to be effective shall be duly filled, stamped, signed and deposited, not less than **48 (Forty Eight) hours** before the commencement of the meeting at the Registered Office of the Company - AXISCADES Engineering Technologies Limited, Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024
6. Proxy authorised by a Secured Creditor which is a body corporate should carry the true copy of the Resolution passed by the Board of Directors or other governing body of such body corporate, certified by a Director, Manager, Secretary or other authorised officer of such body corporate, to this effect. Such Resolution should be lodged with the Company at its registered office not later than **FORTY EIGHT** hours before the time scheduled / fixed for the said Meeting.
7. Proxy should carry a valid proof of identity like PAN card, Aadhar card, Driving License, Passport, etc.
8. Appointing a proxy does not prevent a Secured Creditor from attending the meeting in person if he/she so wishes.
9. In case of multiple proxies, the Proxy, later in time shall be accepted.
10. Strike out what is not necessary. .

## ATTENDANCE SLIP



### AXISCADES ENGINEERING TECHNOLOGIES LIMITED

CIN: L72200KA1990PLC084435

Registered office: Block C, Second Floor, Kirloskar Business Park, Bengaluru – 560 024

Telephone Number: +91 80 4193 9000 | Fax: +91 80 4193 9099

Website: [www.axiscades.com](http://www.axiscades.com)

E-mail: [investor.relations@axiscades.com](mailto:investor.relations@axiscades.com)

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE VENUE ON FRIDAY AUGUST 3, 2018 AT 2.00 P.M. AT CHAIRMAN'S CLUB (CHAIRMAN'S CLUB & RESORT), NO. 14/1, KODIGEHALLI MAIN ROAD, SAHAKAR NAGAR, HEBBAL, NEAR TWIN TOWER, BENGALURU, KARNATAKA – 560 092.

Name of the Secured Creditor	
Address	
Amount Due	

I/ We certify that I/ We am/ are Secured Creditor/ proxy for the Secured Creditor of the Company.

I/ We hereby record my presence at the Secured Creditors meeting of the Company, convened pursuant to the Order dated June 15, 2018 of the Bengaluru Bench of the National Company Law Tribunal, Bengaluru, on Friday August 3, 2018 at 2.00 P.M. at Chairman's Club (Chairman's Club & Resort), No. 14/1, Kodigehalli Main Road, Sahakar Nagar, Hebbal, Near Twin Tower, Bengaluru, Karnataka – 560 092.

Secured Creditor's /Proxy's name in BLOCK letters

Signature of Secured Creditor/Proxy

Note: Please fill in the attendance slip and hand it over at the entrance of the Meeting Venue.

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# ROUTE MAP

