AXISCADES

Inspired Solutions. By Design


# TRANSFORMATION

## Continuous and Consistent

**ANNUAL REPORT 2017-18 | AXISCADES Engineering Technologies Limited**

# Contents

Globally, the engineering services industry is witnessing massive disruptions. Manufacturing is moving towards 'Industry 4.0', a scenario where manufacturing technologies are witnessing rising use of automation and data exchange. Customers are increasingly demanding integrated digital-led service offerings at right prices, while wanting long-term partners to step-up innovation and broaden offerings. The scenario demands offering the customers an unmatched proposition.

Our strategy, at AXISCADES, over the next few years will entail consistent transformation by integrating and digitalising offerings as well as building new capabilities and product solutions.

As we evolve into a next-generation digital engineering services company, we will focus on extending service offerings to newer areas forming alliances with innovative companies to multiply competencies, and ramping-up strategy in defence business to capitalise on the offset opportunity. We have engaged the entire leadership team and defined key metrics to ensure the success of this transformational journey.

## We are ready to evolve and deliver in this new digital era.

# AXISCADES:
## Driven by innovation and passion…

AXISCADES is amongst the leading Product Engineering Solutions Company. With our skilled team of 2,100+ people having multiple competencies strengthened by strategic alliances, we are driven by the vision to deliver futuristic, digital technology-enabled product engineering solutions.

Our holistic offerings cover the gamut of design, development and lifecycle support for mechanical engineering, embedded software and hardware, system integration, manufacturing and aftermarket solutions.

We are a technology solution partner to global OEMs, including some Fortune 500 companies, in developing innovative, sustainable, safer and smarter products.

# ...Transforming to excel

With the new era bringing in new challenges, we have developed a comprehensive strategy to strengthen our preferred partner positioning and ensure long-term sustainability.

## Our strategy to transform

### Build digital engineering capabilities

- Integrate core Mechanical, Electrical, Electronics & Embedded
- Incubate product lifecycle management
- Integrate digital technology as part of engineering service offering

### Grow defence business

- Focus on offset opportunity
- Develop product strategy

### Enter strategic alliances

- Forge alliance with innovative companies to strengthen competencies for Industry 4.0 (industrial internet of things) solution

## Ensuring seamless transitioning

We have defined key metrics where we will have to work to ensure success of our transformation journey. These include:

**Customer base:**
Expand customer-base and ensure no single customer contributes to majority business

**Top line and bottom line growth:**
Rejuvenate sales to drive organic growth and undertake cost improvements by centralised team under the CFO

**Integrated service offering:**
Bring different service lines to existing customers and offer more end-to-end integrated solutions

**Defence business:**
Grow offset and global supply chain business, and ramp-up offerings through integration of ACATL (AXISCADES Aerospace & Technologies) and Mistral's, our alliance partners, capabilities

**Capability:**
Enhance cross-selling to existing customers by integrating our capabilities to offer broader solutions

# Chairman's letter

**Dear Stakeholders,**

AXISCADES has emerged as a strategic product engineering partner to some of the world's largest companies and OEMs, which include Fortune 500 companies. This manifests our growing competencies and readiness to provide next-generation digital engineering services. Your Company is now pushing its boundaries and looking towards opportunities in the era of Industry 4.0. Assisting us in this journey will be Mr. Mritunjay Singh, who took over the helm as the CEO and ED of the Company from January 2018. His decades rich experience and proven record of taking customer-centric technology companies to the next level of growth will be crucial in making AXISCADES a bigger and stronger company.

### Review of the year gone by

Our revenue from operations for the year increased by 6.7% to ₹ 5,192 million as compared to ₹ 4,868 million in FY 2016-17. This was primarily driven by the acquisition of Mistral Solutions in December 2017, the full impact of which will be reflected in the next fiscal year. However, a one-off event to the tune of ₹ 128 million towards provisioning of receivables from two start-up companies in the US and an increase in cost due to organisational restructuring impacted our profitability. Our operating income declined by 38.8% to ₹ 327 million with a margin of 6.1% as compared to 10.6% in the previous year. These were just temporary blips and the important thing is, we have already taken cost reduction initiatives.

We continue to expand our operations globally. We expanded our footprints in Europe, North America and, the Asia-Pacific in aerospace business. We opened an office in Columbus, Indiana in USA and in Asia-Pacific region, we signed an engineering services contract with Chinese subsidiary of European Aerospace Company.

During the year, we witnessed significant traction in our business as well. We were selected as a supplier across divisions for a Fortune 500 energy company, a global partner for a large European defence player, and as the main supplier to re-engineer and manufacture critical parts for a global automotive OEM. Two new customers were added in the medical and semiconductor segment.

In the energy vertical, we expanded scope from wind to conventional and nuclear energy, adding a large global OEM. While in product lifecycle management, we won our first order from a US-based customs air conditioning OEM.

**We will focus on extending service offerings to newer areas like Product Life Cycle Management, forming alliances with innovative companies to multiply competencies, and enhancing defence business to capitalise on the offset opportunity.**

The defence business saw positive momentum with multiple domestic contracts getting into production stage across various labs. Our pilot with a North American OEM on vehicle automation facilitated in enhancing our embedded and electronics capabilities.

## Evolving amidst mega industry trends

The industry we operate in is witnessing an interesting evolution, and three megatrends are emerging which will create new opportunities. One, the rising use of digital technology is leading to a significant change in manufacturing, product creation, and aftermarket mechanism. It is ultimately revolutionising the way products are made, consumed, and serviced. Two, massive amounts of data and information is becoming readily available, unfolding an entirely new dimension to meaningfully consuming them. And three, India's rising prominence as an economic powerhouse is creating an urgent need to strengthen defence, which the Government intends to achieve through its push for Make in India and indigenising defence technologies. This is creating tremendous market opportunity for being Offset partners and building products in-house.

While these trends are reshaping the industry, we, at AXISCADES have envisioned our way forward to create more opportunities. We will focus on extending service offerings to newer areas like PLM (Product Life Cycle Management), forming alliances with innovative companies to multiply competencies, and enhancing defence business to capitalise on the offset opportunity. We have engaged the entire leadership team and defined key metrics to ensure the success of this transformational journey. It will be important to be innovative in approach, strengthen capabilities around software embedded in products and tactfully extend presence to newer sectors and geographies that offers growth.

Defence, I believe, will be an area where we must think long-term. And for this, we have acquired Mistral Solutions and allied with AERACCESS and French-based SIDES, all of which have diverse competencies in the defence and aerospace. These will enable us to address large defence business opportunities in India and with global OEMs and take advantage of Government's Make in India initiative. It will position us as a significant player in the defence offset and digital technologies.

We have formed a joint venture (JV) with Assystem Engineering and Operations Services SAS (France) to collaborate in the energy and nuclear space. This JV is modelled on our earlier partnership that was formed to cater Airbus Group's requirements. Our earlier acquisition of ACATL had helped us build capability around electronics and simulation software.

We will continue to look for inorganic growth opportunities focussed on acquiring niche technologies or customers that add value to our product solution portfolio. This will strengthen our position as one of the leading Products and Engineering Solutions Company.

## Outlook

I believe this is an exciting time to be in business. While we have envisioned a great future by building comprehensive strategies to deliver in this new ecosystem, it will be important to remain agile and keep moving up the learning curve to ensure its success.

Globally, the rising protectionist and nationalist stances are posing challenges, giving way to non-commercial trade barriers. This has necessitated the adoption of a long-term strategy. In line with this thought, our focus will be on creating a different job profile where people would train machines and ensure more local resources are hired.

Looking forward to a better tomorrow, I thank each stakeholder for continued support. I would like to thank our commercial partners, the Board of Directors and the Company management for their continued guidance and support that has helped us move ahead and embrace transformation that is continuous and consistent, our employees who with their talent and skills have facilitated in strengthening our brand. The future is bright and we will continue to build value for each stakeholder.

Warm regards,

**Dr. Vivek Mansingh**
Chairman

Transforming for a sustainable future…

# Adding alliances
# Multiplying competencies

## The industry is evolving rapidly and technologies are getting outdated faster than ever. In such a scenario, it is important to be agile and multiply competencies today to be able to deliver tomorrow.

At AXISCADES, we are strengthening fundamentals through our successful inorganic growth strategy, through which we identify and form alliances with right innovative companies. Our ability to seamlessly integrate operations with such companies has had a multiplier effect on enhancing our offerings, reach, capacities and technical competencies. It provides us ready access to new technologies, markets and competencies, which otherwise would have been cost-intensive and time-consuming. Thus, shortening our time-to-market and giving us a fast movers advantage.

## Our successful integration journey

**Mistral Solutions**
(Acquisition)

Mistral has strong embedded, electronics product and software capabilities and specialises in end-to-end embedded solutions and product engineering. It has partnerships with Indian public-sector defence organisations for design and integration of aircraft sub-systems and presence in North America for homeland security. It also offers services to various international defence OEMs.

**Integration advantage:**
The acquisition will enable us to strengthen our aerospace and defence capabilities to address large business opportunities in India and globally with OEMs, thereby allowing us to take advantage of Government's Make in India initiative. It will also make us a significant player in the defence offset and digital technologies.

**AXISCADES Aerospace & Technologies**
(Acquisition)

ACATL has system integration, electronics and simulation software capabilities.

**Integration advantage:**
It strengthened our aerospace and defence capabilities and helped us win an order for advanced simulation products for Ministry of Defence (MoD) in India. It enabled us to become the offset partner and Preferred Global Supplier of Automated testing equipment for a European OEM.

**AERACCESS**
(Memorandum of Understanding)

AERACCESS has expertise in developing state-of-the-art drones with technology support from French Space Agency (CNES). Its clientele includes Home Ministry and MoD of France and UK.

**Integration advantage:**
The partnership will give us access to Q800 Drone family and facilitate in evaluating opportunities for drones in Indian defence and aerospace sectors to address the various aerial surveillance requirements. It will help us contribute to Make in India initiative and become an integral part of OEM's global supply chain delivering drone solutions.

**SIDES**
(Industrial Cooperation Agreement)

France-based SIDES has six decades experience in Fire Fighting Solutions and provides full range of solutions for Airfield Crash Fire Trucks (ACFT), Civil Defence trucks, industrial fire trucks and fixed pumps.

**Integration advantage:**
It will strengthen our aerospace and defence offerings giving access to state-of-the-art ACFT required in India. Together, we will evaluate opportunities for fire-fighting trucks, civil defence and industrial fire trucks. It will strengthen country's self-reliance in critical safety requirements and enable us to become an integral part of OEMs' global supply chain delivering simulation solutions.

**Assystem Energy & Infrastructure**
(Joint Venture)

Assystem is an international group specialised in engineering.

**Integration advantage:**
The JV company will focus on enhancing the future of energy and nuclear sector and address the engineering services needs of major energy players globally. It will also target nuclear programmes in India.

## Transforming for a sustainable future…

# Stepping-up to be a preferred partner

**The product engineering solution business can be time-consuming and involves deep knowledge and understanding of customer business and sector. This nature of business makes it extremely important for customers to rationalise suppliers and build long-term relations with select few having distinctive competitive edge and long-term vision.**

At AXISCADES, we have always been driven by the vision of becoming a valued business partner to our customers through focus on innovation, ability to provide multiple offering and end-to-end support, thereby reaching closer to them. This has been instrumental in our growing relations with existing customers and ability to attract new ones. Our track record of servicing high profile customers and getting repeat business from them validates the strong proposition that we offer.

### Art-to-part partnership

We offer customers unparalleled support by working closely with them to deliver unconventional services and solutions that meet their diverse and growing requirements. We ensure seamless support right from conceptualisation to the final product that is manufactured. In addition to this, we offer digital simulation support which facilitates in thorough investigation of solutions before customers make actual investments in product development infrastructure, thereby assisting them in taking right decisions.

### One-stop solution

With our capability to offer multiple solutions under six diverse verticals, we are a one-stop solution for customers. We consistently strengthen our capabilities and offerings by allying with multiple companies, enabling us to address higher share of customer requirement. We ensure providing unhindered services by reaching closer to them through our network of 15 global engineering centres along with that of our alliances.

## We are a partner of choice

### 8 Offshore Dedicated Centres

We are a preferred strategic partner with 8 ODCs to better serve customers, facilitating us to build deep-rooted relations with industry leaders

### Process & Best Practices

We have ISO, ISO/IEC, AS9100D ISO 13485, AUTOSAR, DO 178B, CEMILAC certifications

### 15 Global Engineering Centres

We reach closer to customers through 15 GECs across North America, Europe and Asia-Pacific. We also have proximity centres at Toulouse, Hamburg, Augsburg, Peoria, and Denmark

### 2,100+

We have skilled team of 2,100+ people with an average of seven years of industry experience

### 6 Verticals

We have deep domain expertise and proven capabilities across six technology-intensive industries

### 18 Partners

We deliver one-stop solution for multiple requirements through our reliable ecosystem

## Our multi-solution offerings

### Defence and Homeland Security

System integration, systems engineering, electronic warfare systems, supply chain management

### Aerospace

Concept design, structures engineering, avionics, manufacturing support

### Heavy Engineering

Design and analysis, new product development, telematics, human machine interface

### Automotive

Vehicle engineering, telematics, advanced driver-assistance system (ADAS), automotive open system architecture (AUTOSAR)

### Medical & Healthcare

Assistive technology, wearable electronics, remediation, system engineering

### Energy

Mechanical & electrical engineering, automation, Internet of Things (IoT)

### Semi-conductor

Platform development, design, testing

## Transforming for a sustainable future…

# Building a team of highly capable and passionate people

## In a technology-intensive industry that involves working on futuristic solutions, the knowledge and skills of people along with a culture of continuous learning is a key.

At AXISCADES, people are central to our success. Our team comprise people with diverse competencies enabling us to address multiple needs of diverse customers and provide out-of-box solutions. We follow an engaging and learning work culture, while providing the right encouragement to enable people build skills and handle complex work.

**Our people power**

- **1** PhDs, **273** M. Techs, and **1,631** B. Techs
- **7 years of average industry experience**
- **Highly skilled people with niche capabilities**

### Capability development

Being involved in an industry where technology changes frequently, we ensure continuous up-skilling, multi-skilling and cross-skilling of people through various online and offline modes to be able to address evolving needs. We provide opportunities to people to work across diverse projects and geographies with diverse teams and end-to-end projects involving futuristic and complex technologies to enable them build technical and domain competency.

### Leadership development

We identify and nurture talented individuals along with providing opportunity for higher education and mentoring to ensure organisational succession planning.

### Employee welfare and retention

We have incorporated employee best practices to ensure a congenial and fair workplace. We follow a fair and transparent appraisal process and ensure our pay-outs are in line with the industry. We value our people and follow the practise of retaining the employees of the acquired company, ensuring a healthier integration and building up of talent pool. This work culture of appreciating and valuing employees ensures a low attrition rate.

# Board of Directors

**Vivek Mansingh**
Independent Director,
Chairman of the Company
and CSR Committee

**Mritunjay Singh**
CEO & Executive Director

**Srinath Batni**
Independent Director,
Chairman Nomination &
Remuneration Committee

**Kailash M Rustagi**
Independent Director,
Chairman Audit Committee

**Anees Ahmed***
Executive Director

**Sudhakar Gande****
Non-Executive Director

**Sidhartha Mehra**
Non-Executive Director

**Ashwani Datta*****
Non-Executive Director

**Mariam Mathew**
Independent Director

**Pradeep Dadlani**
Independent Director,
Chairman Stakeholders
Relationship Committee

# Key Management Personnel

**Mritunjay Singh**
CEO & Executive Director

**Anees Ahmed***
Executive Director

**Kaushik Sarkar**
Chief Financial Officer

**Ms. Shweta Agrawal**
Company Secretary &
Compliance Officer

** Appointed as Executive Director w.e.f. 28.07.2018*

*** Stepped down as Vice Chairman & Executive Director and continuing as Non-Executive Director w.e.f. 30.07.2018.*

****Appointed as Non-Executive Director w.e.f. 28.07.2018*

# Management Discussion & Analysis

## SECTOR OVERVIEW AND OPPORTUNITY

AXISCADES Engineering Technologies Limited is a leading Product Engineering Solutions Company, offering Engineering Solutions for diverse industries such as Aerospace & Defence, Heavy Engineering, Automotive, Industrial Products, Energy and Medical & Healthcare. AXISCADES is a preferred engineering partner addressing the futuristic needs of some of the leading names in different industries and their complex supply chains, by application of consummate domain expertise and cutting-edge technology. Our engineering acumen has been evidently proven many a times, especially in providing solutions for mission critical / precision applications in Defence sector. AXISCADES is recognised as a preferred technology partner who can provide value across the product lifecycle from concept design to manufacturing support and aftermarket solutions, enabled by latest digital technologies.

While cost arbitrage remains a key driver in ER&D outsourcing, there are other important initiating factors that are driving the global ER&D sourcing:

a. Capacity augmentation for reduced time-to-market,

b. Knowledge of consumer needs and mindset in emerging markets,

c. Integration with globally distributed supply chains across product lifecycle,

d. Offset requirements and

e. Increasingly, focus on IP-led innovation.

One of the biggest trends that is currently shaping the ER&D sector is the digital disruption of Product Engineering value chain, both the product itself and process, in the form of IoT, Engineering Analytics, 3D Printing, Artificial Intelligence, Blockchain, AR/VR, et al., and their varied applications and use cases. This disruption is pushing large corporations to focus a larger part of their R&D spends on 'Digital Engineering'. This trend is overlaying on other imperatives that are driving this sector such as sustainability (green tech), miniaturisation and localisation. Smart products with embedded software and connectivity are increasingly commanding attention, and it clearly means that cyber security will be one of the big focus areas for ER&D spends in the coming days.

## ER&D SERVICES: GLOBAL MARKET

In the year 2017, the global ER&D spend was estimated to be USD 1,099 billion by Zinnov. Over the next five years, these spends are projected to grow at a healthy CAGR of 3.6% to USD 1,310 billion in 2022. United States remained as the largest contributor at 45%, followed by Europe and other geographies in 2017. Global Digital Engineering spend was ~20% of the total Global ER&D spending, amounting to USD 217 billion. Investments in digital engineering are expected to increase substantially to account for more than one-third of the total ER&D spend by 2022, and reach USD 485 billion. NASSCOM estimated the Global ER&D spends to be USD 1,754 billion in 2017, a growth of 3.2% over 2016.

## ER&D SERVICES: INDIA

India has emerged as an important outsourcing destination for ER&D work with one of the largest base of captive centres and third-party service providers that includes large diversified outsourcing companies and specialised ER&D players. NASSCOM's 2018 estimates for export of ER&D and Product Development services were USD 28 billion, making it the fastest growing segment for the Indian IT-BPM industry with a 12.8% growth over previous year. Indian ER&D industry is expected to breach exports of USD 30-38 billion by 2020. Global ER&D spends are shifting eastwards to Eastern Europe and Asia, and India is expected be a key player in this space.

While India has been the top global sourcing destination from the emerging countries, China has started attracting more investments in captive ER&D centres than India from the third quarter of 2017 due to its massive manufacturing expertise and infrastructure. China's strength mainly lies in the automotive and consumer electronics sectors, and from the software technology standpoint, it is ahead of India in the fields of Artificial Intelligence and Machine Learning.

In India, Government programmes such as Make in India, Digital India and large infrastructure investments have created enormous opportunities for Manufacturing in India, and hence a growing domestic market for ER&D services. This is particularly true for the Defence sector, where not only India has been the largest arms importer in the recent past, there are concerted efforts to promote private industries in defence manufacturing and indigenisation of technology. These developments offer two distinct opportunities with a significant potential individually:

- Global supply chain partner for Offset programmes of Global Defence OEMs supplying imported defence equipment to India
- Design wins for Indian Defence Programmes for systems to be manufactured locally

To promote the growth of the sector in India, the Government, through its Defence Procurement Procedure 2016, implemented many reforms such as:

- Automatic approval for Foreign Direct Investment (FDI) up to 49%. This is expected to be increased to 74% in the Defence Procurement Procedure 2018 to further promote Make in India

- Define and set a new category for equipment – Indigenously Designed, Development and Manufactured (IDDM) – as the preferred category to promote local defence capabilities
- Strategic Partnership Policy to create and nurture private defence capabilities in the country as a compliment to the public institutions in the sector, viz. Defence Research & Development Organisation with its 50+ labs, Defence Public Sector Undertakings and 40+ Ordnance Factories

The Government has set itself a target to increase the domestic defence production to ₹ 1.7 lakh crore by 2025, nearly threefold of the current level. In addition to the Defence sector, there is also an enhanced focus on internal security from the governments at Centre and in states to counter the terrorism and naxalism security threat, apart from maintaining the routine law and order. This has led to a greater opportunity for the indigenous homeland security industry.

### TRENDS IN KEY SEGMENTS/VERTICALS

Key industry trends that are likely to affect the global ER&D spends are as follows:

- Heightened passenger travel demand is likely to lead to commercial aircraft sector revenue growth by 4.8% in 2018. (2018 Global Aerospace and Defence Industry Outlook, Deloitte)
- Defence industry projected to grow at a record pace of 3.6% due to US Defence budget returning to growth and higher defence spending from other major powers due to heightened global security threats. (2018 Global Aerospace and Defence Industry Outlook, Deloitte)
- Defence spending CAGR is expected to be ~3% over the FY2017–22 period, breaching the USD 2 trillion mark by 2022. (2018 Global Aerospace and Defence Industry Outlook, Deloitte)
- India has emerged as the largest arms importer accounting for ~15% of such imports to reach a size of USD 5.5 billion. (http://www.aerodefindia.com/facts-and-figures.html)
- Global auto industry is expected to see a volume growth of 1.5% in 2018 as against 2.4% in 2017. Hence, in spite of continued overall growth, there will be slowdown in the pace. (IHS Market Global Auto Sales Forecast 2018)
- In 2017, the Global Medical Device Technologies market touched USD 521.2 billion and is expected to grow to USD 674.5 billion by 2022, a CAGR of 5.3%. (Medical Devices: Technologies and Global Markets, Report linker, Feb 2018)

## COMPANY OVERVIEW

AXISCADES Engineering Technologies Limited (AXISCADES) offers Product Engineering solutions with comprehensive capabilities in Mechanical Engineering, Embedded Software & Hardware, Digitisation & Automation, System Integration, Manufacturing Engineering and Aftermarket Solutions. Major verticals where it currently operates are Aerospace, Defence & Homeland Security, Heavy Engineering, Automotive, Industrial Products, Energy and Medical & Healthcare.

AXISCADES caters to a global customer base through its network of 15 Global Engineering Centres in North America, Europe and APAC, which includes India and China. It has 2,100+ engineers with an average experience of ~7 years focussed on first-time right delivery across these engineering centres. With its time-tested capabilities, the Company has developed strong, long-standing customer relationships with many global giants and marquee names across all verticals. AXISCADES is uniquely placed to address the trend of increasing globalisation of ER&D spends, to address developed and developing markets, through its broad-based capabilities in complex solutions straddling diverse technological domains. The Company is trusted by its clients in helping them optimise R&D costs to launch innovative products with a minimised time-to-market. In doing so, it is committed to quality and global best practices by ways of its ISO 9001:2015, ISO 27001:2013, AS 9100 D, ISO 13485, CMMI, DO 178B and CEMILAC certifications along with adherence to other global standards such as AUTOSAR. The Company has also developed an ecosystem of partnerships to be the one-stop shop for end-to-end solutions in Product Design, Development, Realisation and Lifecycle Support. As an added advantage, AXISCADES is equipped with a license for Defence manufacturing in India, which reiterates the Company's unique and strong position. This enables it to cater not only to the global sourcing imperative of multinational corporations, but also contribute to the Make in India initiative of Indian government in key sectors of the economy, including Defence.

AXISCADES is headquartered in Bengaluru and listed on the two major Indian stock exchanges, viz. Bombay Stock Exchange and National Stock Exchange. The corporate structure of AXISCADES includes subsidiaries in USA (AXISCADES, Inc), Germany (AXISCADES GmbH), UK (AXISCADES UK Limited), Canada (AXISCADES Technology Canada Inc), India (AXISCADES Aerospace & Technologies Pvt. Ltd, CADES Studec (India) Pvt. Ltd., Mistral Solutions) and China (AXIS Mechanical Engineering Design (WUXI) Company Ltd.); with additional offices in Germany, France and Denmark.

## OPERATIONAL HIGHLIGHTS

### Strategy & Business Model

Due to the nature of work executed by AXISCADES, its customer acquisition strategy has to address longer decision cycles, extensive and thorough evaluation processes, and a gradual expansion of scope and complexity of outsourced work. The

Company's approach to sales is therefore focussed on key OEM's and Tier 1 suppliers for long-term contracts, and then mining them into a large potential. A dedicated team for relationship and delivery management is tasked with increasing the volume and breadth of services by focussing on developing in-depth understanding of client's stated and unstated needs, engaging with them continuously to build trust and engineering capabilities internally or from outside to meet the requirements.

In addition to its core markets of North America and Europe, which will continue to remain the key growth markets for the Company on account of the large share of global ER&D spends contributed by these regions, AXISCADES has also ventured into the Asia Pacific region in recent years and is also focussing on the Indian market, specifically in the Defence sector. With the digital technologies becoming intrinsic to the product itself, and not just the design and development process, the Company has strategically shored up its capabilities in Embedded technologies organically and inorganically. This will enable it to offer end-to-end Digital Engineering and Technology solutions to its clients. Thus helping AXISCADES to capture a larger wallet share from existing customer spends and also open up newer markets. Related areas of PLM and IP/Platform-based solutions are the next logical expansion on its radar.

Global engineering centres are integral to AXISCADES business model to deliver proximity benefits, lower costs and sustainable innovation to its customers. The Company constantly strives to maintain an optimal mix of workforce from delivery location, experience level, span of control and competency perspective to be able to deliver value to the customers and shareholders. With the management depth on board, it is capable of generating value for all its stakeholders on a sustainable basis.

### Key Strengths

**Preferred Strategic Partner of Marquee Clients:** AXISCADES is currently working with 2 global leaders who are among the top 5 players, worldwide, in their industry. It operates 8 large Offshore Development Centres for industry behemoths. AXISCADES' consistent track record of customer relationship expansion with increased scope of services is testimony to its success in becoming a preferred partner of its customers.

**Specialised ER&D Competencies:** AXISCADES has comprehensive ER&D competencies across product lifecycle for offering integrated solutions in multiple domains because of its singular focus on this space. This is a huge differentiator for it and is aligned with its approach of strategic customer relationship management.

**Delivery Capability Aligned with Stringent Quality Standards and Complex Regulations:** AXISCADES has nurtured domain expertise and quality orientation in its workforce in line with the stringent process and product quality standards, complex regulations and tight security protocols demanded by its client base. The teams in the Company have also developed 'solutioning' capability through their extensive experience and embedded knowledge in a specific vertical to be able to best meet customer needs at optimal cost, thus making its offerings competitive in the market. Such capabilities from the acquired companies have been well-integrated.

### Key Business Highlights

**Aerospace:**

- This is one of the top two vertical for AXISCADES and contributed 40.1% to the group revenue in 2018.
- Services portfolio includes Concept Design, Structures Engineering, Interiors, Electrical Wiring and System Installation, Avionics, In-flight Entertainment Systems, Manufacturing Engineering, Simulators, After Market solutions, etc.
- Won a dedicated Offshore Development Centre contract from an European Aerospace OEM with expanded scope of deliverables
- Ownership of product development and programme management for an Aerospace customer, part of engineering manufacturing activities for complete range of products for all plant locations in Europe
- Expanded into APAC region by signing Engineering Services contract with a Chinese subsidiary of an European Aerospace OEM
- Renewed contract for complete electrical wiring design of a new generation business aircraft for a North American aerospace major
- Partnered with defence division of a global Aerospace OEM, helping them deliver components for avionics and plant control system
- Entered into industrial cooperation agreements with Dutch company E2M Technologies B.V. and Slovakian firm Virtual Reality Media for flight simulators

**Defence & Homeland Security:**

- Defence has been a critical vertical for the Company for a long time, and with acquisition of Mistral, it has added excellent capabilities in the Homeland Security space. The combined contribution of these sectors to the consolidated revenue was 20.6% in 2018
- Services offered include System Integration, Systems Engineering, Electronic Warfare Systems, Avionics, Testing Solutions, Software & Simulation, RF, Microwave & Optics, Manufacturing Support, Supply Chain Management, Design Wins for Indian Defence Programmes etc. Some

of the applications include Radar's, Sonar's, Aircraft Recognition Training System (effectively identify an aircraft as friend or foe for intelligence gathering and quicker responses), Bird Detection and Monitoring Radar System (to prevent Bird Airstrike Hazards for both Military and Civil applications), Air Defence Training Simulator (create life-like combat air situations), Mobile Command Centres, Tethered Drones, IP Mesh Radio, AV Glasses for Security Personnel, and more

- Selected as a global supply chain partner by a large European defence systems manufacturer. This is a key strategic accounts with a potential to contribute multi-million dollar revenues in the medium turn
- Offset partner to global OEMs for multiple large Defence projects of India
- Mistral's added capabilities have helped the Company bag multiple domestic Defence contracts in the production stage across various research labs
- Signed MoU with AERACCESS to jointly offer drone solutions for security, surveillance and disaster management applications. Drone solutions are one of the key areas for homeland security in India

**Heavy Engineering:**

- Heavy Engineering has been one of the mainstay verticals for the Company since inception. It was 28.1% of the total revenue in 2018
- Design & Analysis, New Product Development, Manufacturing Engineering, Digital Manufacturing, Telematics, Human Machine Interface, After Market Support, etc. are a few services provided by the Company
- Largest Engineering supplier to a North American off-highway manufacturer for many years
- Added one large off-highway/heavy engineering customer

**Automotive & Industrial Products:**

- Automotive is one of the major thrust areas for growth going forward, given the fact that ER&D spends are highest in this industry and yet for AXISCADES, it currently generates only 3.6% of the revenue
- Vehicle Engineering, Vehicle Electronics including Advanced Driver Assistance Systems, Telematics, In-vehicle Infotainment, Systems & Sensors for Autonomous vehicles, Connectivity, Embedded Software, Test and Validation Engineering are some of the application areas addressed by the Company
- Selected as the main supplier to re-engineer and support manufacturing of critical part for global automotive OEM manufacturer, moving up the value chain from Engineering to Product Realisation
- Worked on a pilot project with a North American OEM on vehicle automation

**Energy:**

AXISCADES has traditionally catered to the Wind Energy sector, and will now target the Conventional and Nuclear Energy sectors through its JV with Assystem. In 2018, this sector contributed 7.6% to the business portfolio in revenue terms.

- Mechanical and Electrical Engineering, After Sales Product Support Automation and IoT are the key service areas
- Selected as a supplier across divisions of a large global OEM, also a Fortune 500 company, in the Energy sector

**Medical & Healthcare:**

- This sector was 0.2% of the overall revenue pie in 2018.
- Medical Devices industry requires precision engineering competencies for offering Product Engineering services. Hence, the Company is presently focused on Assistive Technology, Wearables Electronics, Remediation and System Engineering services
- Leveraging experience of working in the highly regulated Aerospace sector, Company is focussed on obtaining certifications relevant for medical devices sector
- Added two high potential customers in the vertical during the year

**Other Highlights:**

- Appointed Mritunjay Singh as the Chief Executive Officer and Executive Director, who was previously Executive Director and President of Services Business at Persistent Systems. He will be instrumental in driving the new phase of growth of the Company in Nextgen technologies like Automation, Digitisation, IoT
- Entered into a co-operation agreement with a French company SIDES for solutions related to heavy trucks in industrial and fire-related applications across multiple industries
- Added a new offering for Product Lifecycle Management (PLM) related IT solutions and acquired the first customer
- Opened a new office in Indiana, USA, which will become the headquarters for the North American region

**Inorganic Expansion**

AXISCADES has made two big strategic moves in 2018 in the form of inorganic expansion. The Company announced acquisition of Mistral Solutions in Q3 FY18 through a multi-phase transaction for an entry equity valuation of ₹ 1,750 million. The second significant move was to sign a MoU with Assystem Engineering and Operation Services SAS (France) for collaborating in the Energy and Nuclear space by forming a Joint Venture (JV).

### Mistral Solutions Acquisition

- Globally recognised Embedded System Company with a 20-year history and 300+ skilled professionals specialising in the Product Engineering and Defence solutions covering Lifestyle & Wearable Electronics, IoT, Aviation Electronics and Homeland Security sectors
- Phase 1 of the acquisition completed in 2018, with acquisition of 43.38% stake and board control of Mistral Solutions, effective from December 1, 2017, for ₹ 701.3 million. Phase 2 to be completed in Q2 2019 with the acquisition of 44.62% through amalgamation. The balance stake will be acquired by the end of 5th year. However, as the Company has Board control, under the revised accounting regulations, Company has accounted for 100% of revenues and profit with a corresponding liabilities being recorded in financials
- Key synergies from the acquisition include:
  - Complementary strength in Embedded Solutions with a strong IP-based solution set. Enables AXISCADES to be a stronger end-to-end engineering partner for its customers
  - Strong exposure and focus on Design Wins for Indian Defence Programme, hence strengthening AXISCADES competitiveness as a supplier in the attractive Indian defence market
  - Complimentary customer base and capability means significant cross-selling opportunity

### "Assystem AXISCADES Engineering Pvt Ltd" (AEAC)

- Modelled on the successful partnership formed by AXISCADES with Assystem Engineering and Operation Services (AEOS) for catering to Airbus Group's requirements, both the parties have agreed to form a 50:50 JV to undertake engineering services for the energy sector business (both Conventional and Nuclear Energy) for Indian and global utilities and contractors
- AEOS, headquartered in Paris, is a global specialist in infrastructure engineering serving customers operating in energy, nuclear, building, transportation industry and life sciences and brings significant capabilities in these sectors
- Combining the strengths of AEOS and AXISCADES, the JV will create competitive solutions, meeting global outsourcing requirements
- This MoU will give AXISCADES a stronger foothold into the global Energy industry, in conventional and nuclear energy sectors in addition to its presence in the wind energy space, by leveraging customer access and track record of AEOS. It is also aimed at addressing the nuclear programmes in India, a growing market opportunity

## FINANCIAL PERFORMANCE

The full year financials for 2018 include consolidation of financials of Mistral Solutions for 4 months effective from December 1, 2017.

Operating revenue (in ₹) on a consolidated basis grew 6.7% in 2018 as compared to the previous period, mainly on account of Mistral acquisition. Excluding the revenue contribution from Mistral, the total revenue on an organic basis was 8.5% down. Heavy Engineering and Energy verticals exhibited notable growth in traction, but Aerospace and Automotive verticals were either flat or declining on an organic basis. Acquisition of Mistral has reversed the declining trend in Strategic Technology Solutions revenue and will be adding significantly to the overall growth in the next year.

Consolidated operating margin in 2018 was 6.1% as against 10.6% in 2017. Operating margin for Strategic Technology Solution business went down from 19.4% in 2017 to 18.8% in 2018, whereas for the Engineering Services it fell to 2.1% from 7.9%. The margins for the Strategic Technology Solution business were affected due to declining organic revenue and acquisition of Mistral Solutions. Engineering Services operating margins were affected due to provisioning of receivables from two Hi-tech start-up customers in US, but were otherwise on a rebound because of jump in business from one of the key US-based Heavy Engineering client. Total comprehensive income for the period was a loss of ₹ 88.42 million in 2018, after absorbing the impact of transaction costs and higher interest burden from the acquisition.

### OUTLOOK

The Company is focussed on achieving growth with its strategy of investing in competency development, vertical specialisations and pursuing inorganic opportunities. With its deepening customer relationships and move up the value chain, by offering end-to-end services from concept design to product realisation, the Company is poised to score major deal wins in the coming year. Inorganic play through acquisitions of Mistral Solutions and ACATL, Joint Venture with Assystems and past mergers have added significant capabilities to put the Company in a favourable position for high-end projects in existing verticals and exciting opportunities in newer verticals of Energy, Medical Devices, Semiconductors, etc. With the fastest growing ER&D spends and because of its major share in ER&D outsourcing, Asia will also be a key focus market for the Company apart from its traditional markets in US and Europe.

With the increasing passenger traffic driving demand for commercial aircrafts and burgeoning defence spending across the spectrum, the Aerospace & Defence industry, which is the mainstay vertical of the Company. The Global Aerospace & Defence industry is expected to see strong revenue surge in the year 2018. Over and above this, the continued efforts of Indian government to increase private participation, 'Make in India' initiative and offset obligations from fastest growing defence spends, are likely to offer significant growth opportunities for the Company which is well positioned in the Indian defence market. As per a PwC report, the list of top 20 R&D spenders includes 5 Automotive companies. R&D spends in Automobile sector will be driven by the electrification, autonomous and shared mobility, and connected cars trends.

Industry 4.0, Smart Products and 'Products As A Service' are also impacting the product development value chain in other discrete manufacturing industries such as Heavy Engineering, Medical Devices, Industrial Equipment etc. Capabilities developed by the Company make it ready to address the product development imperatives of its customers across verticals, thus further diversifying its customer base. With its proposed JV with Assystems, AXISCADES is well poised to meet the needs of Energy industry facing growth challenges from increased power consumption, renewable energy focus and demand for more efficient storage. As an overarching theme, the Company is now focussed on evolving from plain vanilla engineering to "Digital Engineering and Technology" by trying to create an ecosystem of innovation around the Company to address the customer needs across verticals. AXISCADES is investing to build the required competencies in digital technologies, to address imminent requirements of the industry. These investments are towards creating strategic partnerships, acquisitions of niche companies and hiring the right talent in addition to re-skilling the current workforce. Partnering with the ecosystem and leveraging the inorganic route has helped the Company in developing end-to-end capabilities to provide enhanced products / services and thus own a share of the growing investments in digital engineering.

Growing global economy, expanding global trade and favourable currency markets, are significant macroeconomic tailwinds for the Company to deliver superior financial performance in the coming year. While there are no major macro level challenges that could severely dampen its prospects, some factors such as increasing protectionism in its key markets, competition for talent, etc. could lead to a transitory or minor impact on Company's performance. The key aspects for achieving success in the near term will be leveraging the combined capabilities through smooth integration of acquired entities and relentless execution of the strategy.

## KEY RISKS

Risk management at the Company involves identification, assessment and appropriate mitigation of risks. Proper mitigation of risks requires that it is preceded with a thorough exercise of identification and categorisation of risks, examining likelihood of its occurrence and assessing severity of its consequences. Risks may be categorised based on the factors of business that get affected, e.g. People, Information, Property & Fixed Assets (Physical Assets), Economic (or Capital), Reputation, and Intellectual Property, Systems & Capabilities. Individual risks may affect one or more of these factors.

Most of the risks that have low-to-medium probability of occurrence and an insignificant to negligible effect on one of the factors of business are generally transactional in nature. These are usually mitigated through systemic approaches involving process documentation, audits, automation, controls, etc. Other risks which are of higher criticality based on their severity and breadth of impact, and possibility of occurrence need more evolved mitigation approaches. Overall risk management policy is developed in consultation with and approved by the Board of Directors.

Major risks other than performance / delivery risks and the corresponding mitigation approaches are listed below:

| Risk | Description | Mitigation Approach |
|---|---|---|
| Economic Uncertainty | Economic uncertainty in any of the markets, regional or vertical, may lead to volatility or decline in demand from these markets. | Portfolio diversification of the customers from a geographic and industry standpoint is the primary risk mitigation approach to manage volatility in demand from economic uncertainty in Company's markets.<br>Reduction in dependence on a small number of large customers is also part of this approach. |
| Currency Volatility | The Company is exposed to risk from fluctuations in foreign exchange markets with respect to the currencies of the markets it operates in from a sale and delivery perspective. | Breadth of currencies of exposure creates a diversification and a natural hedge. In addition to this, natural hedge is also on account of Income-Expense and Asset-Liabilities in same currencies. Incremental exposure is hedged through futures and other derivative instruments. |
| Market Evolution | Fast pace of change in the industry and introduction of disruptive technologies may lead to misalignment between the offerings supplied by the Company and services demanded by the customers. E.g. 'driver-less cars'. | Deepen the understanding of nature of demand by investing in client relationship teams, local offices, alliance with technology partners and market research.<br>Investments in internal R&D and skill development on upcoming technology areas to continuously develop capabilities aligned with or in anticipation of changing market needs. |

| Risk | Description | Mitigation Approach |
|---|---|---|
| People Availability | Factors affecting Company's ability to deploy manpower, either Onshore (such as visa restrictions) or Offshore (lack of adequate skilled manpower), on projects. | The Company believes in hiring local talent for most of its Onshore requirements, and it therefore avoids issues on account of visa restrictions.<br>Delivery presence in multiple countries through its Global Delivery model allows the Company to tap talent pools across many regions, thus increasing the probability of sourcing the needed manpower.<br>Internal training and development to reskill its existing workforce to meet skill demands.<br>Keeping an optimal bench of resources to meet manpower demands. |
| Cultural Misalignment | Employees not in sync with the Company culture and objectives, who may either be recruited or integrated from an acquired Company, may lead to non-performance. | Proper psychographic and interview assessments to identify cultural fit during recruitment process.<br>Cultural fit to be considered while selecting Company for acquisition and during integration process. |
| Intellectual Property (IP) or Data Theft | Misuse or loss of internally developed intellectual property leading to revenue loss and competitive products.<br>Intended or un-intended infringement by the Company employees of 3rd party of client's IP rights.<br>Theft or leakage of client's competitive information residing with Company | Institutionalising IP and data protection policy through employee training and terms in employment contracts for prevention of IP and data theft, and infringements.<br>Data protection and cyber security measures for physical and electronic security such as restricted access based on needs, security systems, established security protocols and response mechanisms, and periodic risk assessments and upgrade of systems and processes. |
| Increased Competitive Intensity | Competitive pressures arise not only from similar players from India or vendors in developed countries, but factors that lead to competitive advantages for other countries as well. | Continuous investment in retaining and enhancing competitiveness through superior IP and competencies.<br>Institutionalise focus on operational efficiencies to retain cost competitiveness to offer higher value addition.<br>Diversification of delivery locations to tap advantages offered by countries other than India, including lower cost, client proximity or better competencies. |
| Cost Escalations | Unforeseen escalations in wages, other operational costs, financial loss on account of mishaps, disasters or liabilities, and project cost overruns. | Institutionalise focus on operational efficiencies to create cushion for absorbing shocks from cost escalations. Promote automation wherever possible.<br>Churn manpower mix from experience, location and skill perspective to maintain cost and quality equilibrium.<br>Appropriate insurance covers to protect against unforeseen mishaps, disasters and liabilities.<br>Continuous monitoring of actuals vs. estimates to course correct.<br>Built in adequate safeguards in estimation and client contracts, without sacrificing competitiveness, to manage escalations. |
| Regulatory Non-compliance | With operational presence in multiple countries, the Company is expected to adhere to different laws, legal frameworks, statutory compliances and regulations. Non-compliance or non-conformity may lead to impact on business continuity, financial performance, reputation, etc. | A comprehensive Compliance Management System involving identification, assignment and monitoring of all the compliances to be adhered to by the Company.<br>Education of key managerial personnel on applicable laws, regulations and frameworks that apply to respective parts of the business to ensure compliance to norms. |
| Disruption from Infrastructure Failure, Cyber Attacks or Natural Disasters | Failure of telecommunications and power systems due to human error or mechanical failure may affect operations.<br>Natural disasters such as earthquakes, floods, tsunamis, storms, etc. may affect the Company's ability to provide continued services to customers and may cause material and/or human loss.<br>Cyber-attacks on company systems may shut them down or damage them. | Implementation of a robust Disaster Recovery & Business Continuity Plan.<br>Service Level Agreements with service providers for telecommunication and power systems to ensure uptime.<br>Cyber and physical security systems. Redundancy instances of applications / regular data back-ups.<br>Ethical hacking assessments to identify system vulnerabilities. |

## HUMAN RESOURCES

ER&D industry is a highly specialised competency driven business, and hence the skilled and professional workforce are the biggest assets of the Company. It is a constant endeavour of the Company to invest in enhancement of skills and knowledge of its employees and also hire the best available candidates to constantly enrich the talent pool within demand competencies. Inorganic acquisitions have also played a major role in this enrichment process. At the end of 2018, the Company on a consolidated basis has a total of 2,111 employees, out of which 1,868 engineers are billable and operate from 15 Global Delivery Centres across 8 countries, including 8 centres in India. With their exceptional domain and technical expertise, our teams have delivered successfully on large scale, complex and mission critical design and development projects on both, Engineering and Embedded fronts.

## CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs.

# Board's Report

To,
The Members,

Your Directors have pleasure in presenting the 28th Annual Report on the business and operations of the Company, together with the Financial Statement of the Company, for the financial year (FY) ended March 31, 2018. The Consolidated performance of the Company and its subsidiaries has been referred to, wherever required.

## 1. FINANCIAL RESULTS

(₹ lakhs)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | **2017-18** | **2016-17** | **2017-18** | **2016-17** |
| Total income | **23,951.76** | 24,133.69 | **53,422.69** | 50,136.81 |
| Total expenditure (before interest & depreciation) | **22,646.79** | 20,956.09 | **50,157.13** | 44,799.69 |
| Earnings before interest, depreciation, amortization and extra-ordinary items | **1,304.97** | 3177.60 | **3,265.56** | 5,337.12 |
| Interest & finance charges | **720.32** | 170.15 | **1,368.97** | 1,286.12 |
| Depreciation & amortization | **1370.11** | 992.97 | **1,876.32** | 1,220.18 |
| Earnings before Tax and Exceptional Items | **(785.46)** | 2014.48 | **20.27** | 2,830.82 |
| Exceptional item | **298.69** | 45.33 | **298.69** | (52.34) |
| Profit before Tax (PBT) | **(1084.15)** | 1969.15 | **(278.42)** | 2883.16 |
| Provision for Tax – Current & Deferred | **(142.34)** | 678.06 | **502.78** | 142.82 |
| Net Profit after Tax (PAT) | **(941.81)** | 1291.09 | **(781.20)** | 1454.93 |
| Minority Interest | **0.00** | 0.00 | **43.78** | 43.27 |
| Profit for the year | **(941.81)** | 1291.09 | **(824.98)** | 1411.66 |

### PERFORMANCE REVIEW

The Company continued to be engineering partners to clients in aerospace, heavy engineering, industrial products and auto industry. Company's engineering services revenue has grown in both Heavy Engineering and Aerospace verticals with uptick in global infrastructure segment. Defense vertical along with Mistral acquisition is showing positive momentum with domestic defense contracts in the production stage across various research labs. The revenue performance during fourth quarter was upbeat, though skewed. The margins however got impacted due to difficulties faced with two clients coupled with higher cost during the quarter due to organizational restructuring. The Management is seized of the matter and has taken cost reduction initiatives. The impact of these steps should be visible in the next few quarters.

### FINANCIAL HIGHLIGHTS – STANDALONE

Total Income decreased marginally to Rs. 2,395.17 Million in 2017-18. EBIDTA decreased by 58.9 % to Rs. 130.50 Million in 2017-18. Loss before tax and exceptional items is Rs. (78.54) Million in 2017-18. Net loss after tax is Rs. (94.18) Million in 2017-18.

### FINANCIAL HIGHLIGHTS – CONSOLIDATED

Total Income increased by 6.55 % to Rs. 5342.69 Million in 2017-18. EBIDTA decreased by 38.81 % to Rs. 326.56 Million in 2017-18. Profit before tax and exceptional items decreased by 99.28 % to Rs. 2.03 Million in 2017-18. Net Profit after tax decreased by 158.44% to Rs. (82.50) Million in 2017-18.

### RESERVES

The Company has not transferred any amount to its reserves for the Financial Year ended March 31, 2018.

### DIVIDEND

Considering need for conservation of funds for catering to the growth plans of the company, your Directors consider it expedient to pass over dividend for 2017-18.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in the Annual Report.

## PUBLIC DEPOSITS

The Company has not accepted/renewed any public deposits and as such no amount on account of principal or interest on public deposits under Section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 2014 was outstanding as on the date of the Balance Sheet.

## ISSUE AND LISTING OF SHARES

The Company's shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Stock performance and stock data are furnished in the section on Corporate Governance.

During the financial year the Company has not issued any shares and therefore there is no change in the Share Capital of the Company.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act 2013 are furnished in the prescribed form AOC 2 as Annexure I to this Report. All transactions with the related parties during the financial year were in the ordinary course of business. The transactions have been approved by the Audit Committee and the Board, if required. Your attention is drawn to the Notes to the financial statement.

The Company has not entered into any transaction with related parties which can be considered material in accordance with the policy of the Company on material related party transactions formulated as per the requirements of Listing Regulations. The Policy on materiality and dealing with related party transactions formulated and approved by the Board is posted on the website of the Company and is accessible at www.axiscades.com

## MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company occurred between the financial year end and the date of this report. However, the company has agreed to acquire Mistral Solutions Pvt. Ltd. (MSPL) in a phased manner, where by, in phase I (which was completed on 15th December 2017) it acquired 43% stake in MSPL by way of share acquisition from its existing shareholders and in Phase II by way of Scheme of Amalgamation of the Shareholder Company of MSPL. The said Scheme was filed with the Stock Exchanges for their approval and Company has received the observation letters from the Stock Exchanges dated 26th April 2018 with no adverse remarks. The same is filed with the National Company Law Tribunal.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation 2015, a detailed chapter on Management discussion and analysis highlighting the Company's strategy, business environment, operations, performance, risks and outlook is provided separately in this Annual Report.

## BUSINESS STRUCTURE

### SUBSIDIARIES

The Company has the following subsidiaries:

**Overseas Subsidiaries**

| Sl. No | Name of the subsidiary | Location/Country | %age Shareholding |
|---|---|---|---|
| 1 | AXISCADES Inc. (formerly Axis Inc.) | Peoria, Illinois USA | 100% |
| 2 | AXISCADES UK Ltd. (formerly Axis EU Europe Ltd.) | Leicestershire, UK | 100% shares held by AXISCADES Inc. |
| 3 | AXISCADES Technology Canada Inc. (Formerly Cades Technology Canada Inc.) | Montreal, Quebec, Canada | 100% |
| 4 | Axis Mechanical Engineering Design (Wuxi) Co Ltd | Wuxi City, China | 100% |
| 5. | AXISCADES GmbH | Germany | 100% |
| 6. | Mistral Solutions Inc. | USA | 100% shares held by Mistral Solutions Pvt. Ltd. |
| 7. | Mistral Solutions PTE Ltd. | Singapore | 100% shares held by Mistral Solutions Pvt. Ltd. |

**Indian Subsidiaries**

| Sl. No | Name of the subsidiary | Location/Country | %age Shareholding |
|---|---|---|---|
| 1 | Cades Studec Technologies (India) Private Limited (CSTI) | Bengaluru, India | 76% |
| 2. | AXISCADES Aerospace & Technologies Pvt. Limited (ACAT) | Bengaluru, India | 100% |
| 3. | AXISCADES Aerospace Infrastructure Private Limited (AAIPL) | Bengaluru, India | 99.99% shares are held by ACAT |
| 4. | Enertec Controls Limited (ECL) | Bengaluru, India | 51.84 % is held by ACAT and 48.16% by AAIPL |
| 5. | Mistral Solutions Pvt. Ltd. | Bengaluru, India | 43 % is held by ACETL and 44.22 % is held by Explosoft Tech Solutions Pvt. Ltd. |
| 6. | Aero Electronics Pvt Ltd. | Bengaluru, India | 100% shares held by Mistral Solutions Pvt. Ltd. |
| 7. | Mistral Technologies Pvt Ltd. | New Delhi, India | 100% shares held by Mistral Solutions Pvt. Ltd. |

There are no associate companies within the meaning of section 2(6) of the Companies Act, 2013.

A report on the performance and financial position of each of the subsidiaries as per rule 8(1) of Companies (Accounts )Rules 2014 is furnished under the statement containing salient features of financial statements of subsidiaries in Form AOC 1 is attached to this Report as Annexure II, pursuant to Section 129(3) of Companies Act 2013.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements of subsidiaries have been placed on the Company's website at www.axiscades.com. The copies of these documents will be sent if requested by any shareholder of the Company/ subsidiary interested in obtaining the same. These documents will also be made available for inspection at the Registered Office of the Company during business hours on working days.

### CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the provisions of Section 129(3) of Companies Act 2013 read with Accounting Standards (AS) 21, 23 and 27, the audited Consolidated Financial Statements are furnished in the Annual Report.

## 2. ORGANIZATION DEVELOPMENT

### BOARD OF DIRECTORS

**Retirements and Reappointments**

In the ensuing Annual General Meeting, Mr. Sidhartha Mehra, Director retires by rotation, and being eligible, offers himself for re-appointment

The Directors recommend his re-appointment at the ensuing Annual General Meeting.

No independent director is liable to retire at the ensuing Annual General Meeting (AGM).

Mr. Sidhartha Mehra & Mrs. Vimmi M Trehan were regularized as Directors in the Annual General Meeting held on 24th August 2017. Subsequently, Mrs. Vimmi M Trehan resigned from the Directorship with effect from 14th September 2017 due to her poor health condition.

**Induction and cessation of Directors and KMP**

| Sl No | Name of the Director | Category | Date of Appointment / reappointment | Date of Approval by Shareholder | Date of Resignation / cessation |
|---|---|---|---|---|---|
| 1. | Mr. Sidhartha Mehra | Non- Executive Director | 10.08.2016 | 24.08.2017 | - |
| 2 | Mr. Mritunjay Singh | CEO & Executive Director | 02.01.2018 | 31.03.2018 | - |
| 3. | Ms. Mariam Mathew | Independent Director | 13.02.2018 | 31.03.2018 | - |
| 3 | Mrs. Vimmi M. Trehan | Independent Director | 30.03.2015 Reappointed on 11.03.2017 | 24.08.2017 | 14.09.2017 |
| 4. | Mr. Valmeekanathan S | Non- Executive Director | 25.02.2014 | 09.09.2014 | Resigned as CEO w.e.f. 8.01.2017 & as Director w.e.f. 13.09.2017 |
| 5. | Mr. Kedarnath Choudhury | Non- Executive Director | 31.10.2008 | - | 30.05.2018 |

## HUMAN RESOURCES DEVELOPMENT

The Company is committed to build an environment where employees are inspired to achieve excellence in their area of functioning. The Human Resource Policy of the Company is focused on attracting, building and retaining best talents. In this direction the Company has taken several Human Resource initiatives. training and employee development programs are put in place. Company's Policy commits to provide safe and healthy work environment to all the employees.

The Employee strength of the company, on consolidated basis stood at 2100 employees during the year end.

## EMPLOYEE BENEFIT SCHEME

The Company approved the ESOP Scheme - **AXISCADES Engineering ESOP 2018 -Series 1 & AXISCADES Engineering ESOP 2018 -Series 2** on 31 March 2018 which are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 and are made effective from 1 April 2018. Thus, as on 31 March 2018, no stock options were granted under the Scheme.

The Company is in the process of obtaining in-principal approval from the Stock Exchanges. In this regard, the Company has received certificate from the Company's Auditor as per Annexure III and Registered Merchant Banker confirming the Plan is as per SEBI (Share Based Employee Benefits) Regulations, 2014.

The applicable disclosures in compliance with Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Rule 12 of companies (Share Capital and Debentures) Rules, 2014 are set out below:

| Particulars | AXISCADES Engineering ESOP 2018 -Series 1 | AXISCADES Engineering ESOP 2018 -Series 2 |
|---|---|---|
| A. Description of each Employee Stock Option Plan/Scheme that existed at any time during the year, including the general terms and conditions of each such Scheme/Plan | | |
| a) Date of shareholders' approval | 31 March 2018 | |
| b) Total number of options approved under ESOS | 15,10,381 | 15,10,381 |
| c) Vesting requirements | Not less than 1 year from date of grant and maximum period in which the options shall be vested shall be within five years from the date of grant. | Not less than 1 year from date of grant and maximum period in which the options shall be vested shall be within four years from the date of grant. |

| Particulars | AXISCADES Engineering ESOP 2018 -Series 1 | AXISCADES Engineering ESOP 2018 -Series 2 |
|---|---|---|
| d) Exercise price or pricing formula | The exercise price shall be decided by the Board or the Compensation Committee in line with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and any other applicable guidelines. | |
| e) Maximum term of option granted | Exercise period would be eight years from the date of grant of options | |
| f) Source of shares (primary, secondary or combination | Primary | |

Other disclosures in relation to Method used to account for ESOP, Option movement during the year, Employee wise details of options granted to, description of the Method and significant assumptions used during the year to estimate the fair value of options, is not applicable as no grant has been made during the financial year 2017-18.

The Company's ESOP disclosure can be accessed on its website axiscades.com

### PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as Annexure IIIA to this Report.

The statement of particulars of employees pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is attached as Annexure IV to this Report.

## 3. CORPORATE GOVERNANCE

The report on Corporate Governance as required under Schedule V of the SEBI (LODR) Regulations 2015 is attached and forms part of the Annual Report. A certificate from the Auditors of the Company as regards to compliance of conditions of corporate governance is also appended to the report.

### MEETINGS OF THE BOARD

The Board of the Company met 8 (eight) times during the year. The dates, attendance and other particulars of the meetings are furnished in the Report on Corporate Governance attached to this Report. The intervening gap between any two meetings was within the limit prescribed by the provisions of Companies Act, 2013.

### COMMITTEES OF THE BOARD

The Audit Committee consists of 4 members namely, Mr. Kailash M. Rustagi, Mr. Pradeep Dadlani, Mr. Srinath Batni and Dr. Vivek Mansingh, Independent Directors, consequent to the resignation of Mr. Kedarnath Choudhury, Non-executive Director w.e.f. 30.05.2018. The Chairman of the Audit Committee is an Independent Director.

All the recommendations made by the Audit Committee during the year have been accepted by the Board.

The Company has also constituted Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee as required under the provisions of Companies Act 2013 and also as required under Listing Regulations and the composition, scope of their functions, responsibilities etc. are given in the Corporate Governance Section, which forms part of this Report.

### DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors under Section 149(7) of the Companies Act, 2013 (read together with Companies Amendment Act, 2017, to the effect that they meet the criteria of independence as laid down in section 149(6) of the Companies Act, 2013 read together with any amendment thereto. The terms and conditions of appointment of Independent Directors are placed on the website of the Company at www.axiscades.com

### PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The performance of the Board and its committees were evaluated by the Board / committee after seeking inputs from all the directors/members on the basis of the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate Governance Report section of the Annual Report.

### VIGIL MECHANISM

The Vigil Mechanism of the Company which also incorporates the Whistle blower policy provides a formal mechanism to all Directors and employees to approach the Chairman of the Audit Committee and make protective disclosures about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Whistle Blower Policy is an extension of the Company Code of Conduct, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he is aware of, that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. No personnel of the Company were denied access to the Chairman of the Audit Committee. The Whistle blower policy which also describes the mechanism may be accessed on the Company's website at www.axiscades.com.

### POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and the policy on remuneration of directors, key managerial personnel and other employees formulated pursuant to Section 134(3) (e) and 178 (3) of the Companies Act, 2013 are furnished in Annexure V.

### RISK MANAGEMENT POLICY

The Company has formulated and implemented a Risk Management Policy which focuses on identification of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company.

The Company has a risk identification and management frame work appropriate to its size and the environment under which it operates. The risk management process involves identification and periodic assessment of potential risks and their impact on the operations, profitability, growth and continuity of the business and focuses on risk elements pertaining to competitive position in the key market segments, business environment, statutory and regulatory changes, global economy and business scenario, currency exchange rate fluctuations, resource constraints etc. and initiating timely preventive as well as remedial actions.

Reporting and control mechanisms ensure timely information availability and facilitates proactive risk management. These mechanisms are designed to cascade down to the level of line managers so that risk at the transaction level is identified and steps are taken towards mitigation in a decentralized fashion.

Risks are being continuously monitored in relation to business strategy, operations and transactions, statutory/legal compliance, financial reporting, information technology system etc. based on the inputs from both external and internal sources like key incidents, Internal audit findings etc.

The Board of Directors is responsible for monitoring risk levels on various parameters and the senior management group ensures implementation of mitigation measures, if required. The audit committee provides the overall direction on the risk management policies.

### PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

In order to prevent sexual harassment of women at work place, your Company has adopted a Policy for prevention of Sexual Harassment of Women at Workplace and has proper mechanism to control the same which is commensurate with the nature and size of the business of the company. During the financial year 2017-18, no such complaints were received.

## 4. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) read with Section 134 (3) (c) of the Companies Act, 2013, your Directors confirm that:

a. in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. they have prepared the annual accounts on a going concern basis;

e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 5. AUDITORS AND AUDITORS' REPORT

### STATUTORY AUDITORS

M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. FRN 101049W/E300004), were appointed as Statutory Auditors of the Company by the shareholders at the AGM held on August 24, 2017 to hold office until the conclusion of the 32nd AGM of the Company. Hence they will continue to be the Auditors of the Company.

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

### SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Anant B. Khamankar & Co., Company Secretaries, to undertake Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report attached as Annexure VI forms part of this report. Secretarial Audit Report does not contain any qualification, reservation or adverse remark. They have mentioned that the Woman director resigned w.e.f. 14 September 2017 due to her poor health condition and the new woman director joined w.e.f. 13 February 2018.

### DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

The Statutory Auditors or the Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

## SIGNIFICANT ORDERS BY REGULATORS/COURTS/TRIBUNALS

There are no significant and material orders passed by the regulators or courts which would impact the going concern status of the company and its future operations.

### EXTRACT OF ANNUAL RETURNS

The extract of Annual Return of your Company as on March 31, 2018, prepared pursuant to Section 92(3) of the Companies Act 2013 and the Rules made thereunder, in Form MGT-9 is attached as Annexure VII to this Report.

### INTERNAL FINANCIAL CONTROLS

Your Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. The same has been audited and certified by the Statutory Auditors of the company in their Audit Report.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a Corporate Social Responsibility Committee (CSR Committee) in accordance with the provisions of Section 135 of the Companies Act 2013 and the rules made thereunder. The Committee is chaired by an Independent Director. The Company on recommendation of the CSR Committee, has framed a CSR policy in line with Schedule VII of the Companies Act, 2013. The policy has been posted and is accessible on the company's website at www.axiscades.com.

The annual report on CSR activities is furnished in `Annexure VIII` to this Report.

## 6. CONSERVATION OF ENERGY, FOREIGN EXCHANGE EARNINGS ETC

The particulars pursuant to Rule 8(3) of Companies (Accounts) Rules 2014, are given below:

### CONSERVATION OF ENERGY

Being an Information Technology company, is not energy intensive. However, adequate measures have been taken to conserve energy by introducing improved operational methods. The company in its initiative to be ISO14001 – Environmental Management System compliant, is adhering to the provisions of E-Waste (Management and Handling) Rules 2011 and Batteries (Management and Handling) rules 2011, by efficiently managing the AC installations, replacing PC's by VPC and recycling of paper etc.

**Foreign Exchange Earnings and Outgo (Standalone)**

₹ Lakhs

| | 2017-2018 | 2016-2017 |
|---|---|---|
| Foreign Exchange Earnings (actual inflows) | 20,126.71 | 19,137.50 |
| Foreign Exchange Outgo (actual outflows) | 11,701.25 | 9,019.60 |

### TECHNOLOGY ABSORPTION

The Company has not adopted any imported technology. Since the requirements of the technology business are changing constantly, your Company has sought to focus on critical in house technologies and processes, which are likely to create value in the foreseeable future.

## 7. FUTURISTIC STATEMENTS

Certain statements made in this section or elsewhere in this report may be futuristic in nature. Such statements represent the intentions of the Management and the efforts being put in by them to realize certain goals. The success in realizing these goals depends on various factors both internal and external. Therefore, the investors are requested to make their own judgment by taking into account all relevant factors before making any investment decision.

## 8. GREEN INITIATIVES

As in the previous years, this year too, we are publishing the Annual Report in the print version only for the members who have not registered their email address with the Company / Depository Participant. The Physical copies are sent in the permitted mode. Electronic copies of the Annual Report are sent to all the members whose email addresses are so registered.

### ACKNOWLEDGEMENTS

Your Directors deeply appreciate and acknowledge the co-operation and support extended by Clients, Vendors, Investors and Bankers, various government agencies & regulatory bodies across the globe, the Software Technology Park, Noida, Hyderabad & Bangalore and other industry forums and agencies like NASSCOM and look forward to their continued support in the future. Your Directors wish to place on record their appreciation of the valuable contribution made by the employees of the Company at all levels.

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

| | |
|---|---|
| **Sd/-** | **Sd/-** |
| **Vivek Mansingh** | **Sudhakar Gande** |
| Chairman & Director | Vice Chairman & Executive Director |

Place: Bengaluru

Date: 31st May 2018

# Annexure - I

## PARTICULARS OF CONTRACT / ARRANGEMENTS WITH RELATED PARTIES

**(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 read with Sub-Section (1) of Section 188 of the Companies Act, 2013-AOC-2)**

### 1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:

| S. No. | Particulars | Details |
|---|---|---|
| (a) | Name(s) of the Related Party and nature of relationship | NIL |
| (b) | Nature of contracts / arrangements / transactions | NIL |
| (c) | Duration of the contracts / arrangements / transactions | NIL |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any. | NIL |
| (e) | Justification for entering into such contracts or arrangements or transactions. | NIL |
| (f) | Date(s) of approval by the Board | NIL |
| (g) | Amount paid as advances, if any | NIL |
| (h) | Date on which the special resolution was passed in General Meeting as required under first provision to Section 188 | NIL |

### 2. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS:

| Sl. No. | Particulars | Details | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (a) | Name (s) of the related party | AXISCADES Inc. | AXISCADES UK Ltd. | AXISCADES Technology Canada Inc. | AXIS Mechanical Engineering Design (Wuxi) Co., Ltd. | AXISCADES Aerospace & Technologies Private Limited | AXISCADES GmBH | Cades Studec Technologies (India) Private Limited | Mistral Solutions Pvt. Ltd. | Jupiter Capital Pvt. Ltd. |
| | Nature of relationship | Wholly Owned Subsidiary | Wholly Owned Subsidiary Stepdown Subsidiary | Wholly Owned Subsidiary Subsidiary | Wholly Owned Subsidiary Subsidiary | Wholly Owned Subsidiary Subsidiary | Wholly Owned Subsidiary Subsidiary | Subsidiary | Subsidiary | Holding Co. |
| (b) | Nature of contracts/ arrangements/ transaction | Buy & Sale of service / Cross charge transactions | Buy & Sale of service, reimbursement / payment of expenses/ Cross charge transactions | Sale of service, reimbursement / payment of expenses/ Cross charge transactions | Sale of service | Cross charge transactions/ sub-lease | Cross charge transactions | Inter-corporate Deposits | Investment | Inter-Corporate Deposits |
| (c) | Duration of the contracts/ arrangements/ transaction | 1. 36 Months from 1st Apr 2016 in respect of sale of services<br>2. Other transactions on ongoing basis | 1. 36 Months from 1st Apr 2016 in respect of sale of services<br>2. 36 Months from 1st Sept 2016 in respect of purchase of services<br>3. Other transactions on ongoing basis | 1. 36 Months from 1st Apr 2016 in respect of sale of services<br>2. Other transactions on ongoing basis | 1. 36 Months from 1st Apr 2017 in respect of sale of services | Transactions on ongoing basis/24 Months contract | NA | Tenure 3 years till 20th December 2020 | | Tenure 3 years till 31st May 2019 |

| Sl. No. | Particulars | Details | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (D) | Salient terms of the contracts or arrangements or transaction including the value, if any Value of transactions during the year. (Rs.) | Invoices to be raised each month within 10 business days from the end of each month, payable within 15 days of receipt of money from the customer. | Invoices to be raised each month within 10 business days from the end of each month, payable within 15 days of receipt of money from the customer and for making payment it is within 60 days | Invoices to be raised each month, payable within 30 days | Invoices to be raised each month within 10 business days from the end of each month payable within 60 days of receipt of money from the customer | Tenure 2 years | | Interest 9% p.a. | | Interest 12% p.a. Tenure 3 years till 31st May 2019 |
| | 1. Sale of services | 18,68,03,298 | 66,13,402 | 13,65,48,947 | 1,10,84,332 | - | - | - | - | - |
| | 2. Expenses incurred on behalf of | 10,31,404 | 2,19,267 | 36,05,717 | - | - | 6,08,257 | - | - | - |
| | 3. Software subscription charges incurred by | 1,17,48,161 | - | - | - | - | - | - | - | - |
| | 4. Salaries, wages and bonus incurred on behalf of | - | - | 58,73,554 | - | 77,91,933 | - | - | - | - |
| | 5. Salaries, wages and bonus recovered / staff welfare expense incurred by | 2,12,36,367 | 76,49,894 | - | - | - | - | - | - | - |
| | 6. Investment | - | - | - | - | - | - | - | 2,42,13,96,918 | - |
| | 7. ICD availed from* | - | - | - | - | - | - | 2,50,00,000 | | |
| | 8. Services received from | - | 1,24,84,966 | - | - | - | - | - | - | - |
| | 9. Interest Expenses | - | - | - | - | - | - | 5,06,713 | - | 8,54,400 |
| | 10. Rent incurred by | - | - | - | - | 2,96,800 | - | - | - | - |
| (e) | Date of approval by the Board/Audit Committee (in respect of contract of sale of services) | The transactions were in the ordinary course of business and on arm's length basis. All the sale & purchase transactions are approved by the Audit Committee. ICD Transaction is approved by the Audit Committee and Board. | | | | | | | | |
| (f) | Amount paid as advances, if any | NIL | NIL | NIL | | NIL | | | | |

For and on behalf of the Board

| | | | |
|---|---|---|---|
| Place: Bengaluru<br>Date: 31st May 2018 | **Sd/-**<br>**Vivek Mansingh**<br>Chairman & Director | **Sd/-**<br>**Sudhakar Gande**<br>Vice Chairman & Director | **Sd/-**<br>**Kaushik Sarkar**<br>Chief Financial Officer |

# Annexure - II

## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES /JOINT VENTURES

**(Persuant to first proviso to Sub Section (3) of Section129 of the Companies Act 2013, read with Rule 5 of the Companies (Accounts) Rules 2014 (AOC -1)**

| Particulars | AXISCADES Inc. (USA) | AXISCADES UK Ltd. (UK) | Axis Mechanical Engineering Design (Wuxi) Co. Ltd. (China) | AXISCADES Technology Canada Inc. (Canada) | AXISCADES GmbH (Germany) | Cades Studec Technologies India Private Limited (India) | AXISCADES Aerospace & Technologies Private Limited (India) (ACAT) | AXISCADES Aerospace Infrastructure Private Limited (India) | Enertec Controls Limited (India) | Mistral Solutions Ltd. | Aero Electronics Pvt Ltd. | Mistral Technologies Pvt Ltd. | Mistral Solutions Inc. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | | | | |
| Financial period ended | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 | 31-Mar-18 |
| Date of acquisition of Control | 2004 | 2004 | 7-Dec-12 | 24-Mar-14 | 12-Jul-16 | 24-Mar-14 | 05-Dec-16 | 05-Dec-16 | 05-Dec-16 | 01-Dec-17 | 01-Dec-17 | 01-Dec-17 | 01-Dec-17 |
| Reporting currency and Exchange rate2.1 Reporting Currency | USD | GBP | RMB | CAD | EUR | INR | INR | INR | INR | INR | INR | INR | USD |
| 2.2 Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | 65.0441 | 92.2846 | 10.3701 | 50.5329 | 80.6222 | 1.0000 | NA | NA | NA | 1 | 1 | 1 | |
| Share capital | 14,61,68,831 | 5,31,07,572 | 46,71,463 | 5,053 | 20,15,555 | 62,50,000 | 16,83,85,000 | 4,17,25,330 | 1,36,58,690 | 66,56,84,217 | 1,00,000 | 1,00,000 | 6,43,600 |
| Reserves & surplus | (3,57,84,203) | (4,81,68,207) | (53,99,152) | 18,90,88,079 | 6,76,180 | 13,76,74,546 | 1,12,22,96,872 | 76,19,30,378 | 32,93,22,000 | 1,06,54,58,768 | (12,22,645) | 3,98,58,972 | 4,51,887 |
| Total assets | 53,60,05,483 | 6,37,33,603 | 1,27,91,722 | 26,56,25,756 | 45,88,893 | 16,84,60,295 | 2,16,85,14,872 | 82,15,94,135 | 38,77,95,715 | 38,05,97,701 | 3,92,61,601 | 5,90,10,694 | 23,75,103 |
| Total Liabilities* | 42,56,20,856 | 5,87,94,237 | 1,35,19,411 | 7,65,32,624 | 18,97,158 | 2,45,35,749 | 87,78,33,000 | 1,79,38,427 | 4,48,15,025 | 5,51,18,504 | 4,03,84,246 | 1,90,51,722 | 12,79,616 |
| Investments | 7,47,37,669 | - | - | - | - | 3,81,950 | 1,06,34,88,000 | 12,03,00,000 | 3,500 | 48,83,84,954 | | 70,10,199 | |
| Turnover | 1,51,27,96,68,273 | 18,25,79,231 | 1,19,18,636.61 | 28,73,33,280 | 1,00,70,684 | 17,27,44,872 | 45,32,56,597 | - | - | 13,11,51,672 | | 4,13,61,297 | 42,29,027 |
| Profit before taxation | (7,27,56,48,561) | (71,12,011) | 7,55,054 | 1,99,94,753 | 14,57,409 | 2,62,84,575 | -1,73,09,823 | -8,87,825 | 10,42,000 | 3,90,67,410 | (1,01,607) | 1,69,29,742 | 2,62,121 |
| Provision for taxation | (3,19,42,37,048) | 0 | - | 56,52,455 | 7,84,373.38 | 81,41,000 | 37,61,644 | - | - | 9,20,84,262 | | 43,95,081 | 47,129 |
| Profit after taxation | (4,08,14,11,513) | (71,12,011) | 7,55,054 | 1,43,42,281 | 6,73,036 | 1,81,43,263 | -2,10,71,467 | -8,87,825 | 10,42,000 | 117140382.4 | (1,01,607) | 1,25,34,661 | 2,14,992 |
| Proposed Dividend | | | | | | | | | | | | | |
| % of shareholding | 100% | 100% Subsidiary of AXISCADES Inc. | 100% | 100% | 100% | 76% | 100% | 99.999% Subsidiary of ACAT | 51.84 % Subsidiary of ACAT | 43% | 100% Subsidiary of Mistral Solutions Pvt.ltd. | 100% Subsidiary of Mistral Solutions Pvt. ltd. | 100% Subsidiary of Mistral Solutions Pvt.ltd. |

** Total liabilities includes Share capital and Reserves & Surplus.*

*The Company does not have any associate or Joint Venture company.*

**Subsidiary's performance and financial position:**

1. AXISCADES, Inc: The revenue grew by 33.15% as compared to last year due to new customer aquisition, however the losses were due to increased outsourcing cost and allowance for expected credit loss.

2. AXISCADES UK Ltd: The revenue increased by 10.15% due to significant change in customer budgetary allocation. The losses were due to maintenance of basic work force to be kept ready for new business opportunity.

3. AXISCADES Technology Canada Inc: The revenue decreased by 3.78% as compared to previous year due to outsourcing consolidation at customer end. The profit came down due to lower and increased manpower cost

4. Cades Studec Technologies (India) Private Limited: The Revenue has reduced by 0.40%. Profit has increased due to reduction in Travel, depreciation and tax expenses.

5. Axis Mechanical Engineering Design (Wuxi) Co. Ltd. (China): The company has started earning revenue in this year (revenue for the year) RMB 1.14 Million

6. AXISCADES GmbH: The revenue increase by 758.15% compared to last year Euro 0.14 Mn Euro.

7. AXISCADES Aerospace Technologies Pvt. Ltd: The revenue has reduced by 59.16% mainly due to closure of M2K project during the year. The resultant loss (₹ 1.6 Cr.) can be attributed to the same.

8. AXISCADES Aerospace Infrastructure Pvt Ltd.: It is an investment company. Hence no revenue.

9. Enertec Controls Limited: This is an investment company earning rental income. The net profit after tax for the year was ₹ 10.42 Lakhs as against 15.23 lakhs in the previous year.

10. Mistral Solutions Pvt. Ltd.: Revenue for the period was ₹ 48.02 Cr.

11. Aero Electronics Pvt Ltd: This is a 100% subsidiary of Mistral Solutions Pvt Ltd and there is no revenue for the period.

12. Mistral Technologies Pvt Ltd: This is a 100% subsidiary of Mistral Solutions Pvt Ltd and revenue for the period is ₹ 4.07 Cr.

13. Mistral Solutions Inc: This is a 100% subsidiary of Mistral Solutions Pvt Ltd and revenue for the period is USD 4.23 Mn.

    Mistral Solutions Pte. Ltd. is a Company incorporated in Singapore and is a Wholly Owned Subdiairy of Mistral Solutions Pvt. Ltd. It is a dormant company. It has only a liability of S$15000.

For and on behalf of the Board

Sd/-
**Sudhakar Gande**
Vice Chairman & Executive Director

Sd/-
**Mritunjay Kumar Singh**
CEO & Executive Director

Sd/-
**Kaushik Sarkar**
Chief Financial Officer

Sd/-
**Shweta Agrawal**
Company Secretary

Place: Bengaluru
Date: 31st May 2018

# Annexure - III

## EMPLOYEE STOCK OPTION PLAN 2018 - SERIES 1 & 2, AS REQUIRED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

The Board of Directors
AXISCADES Engineering Technologies Limited
Block C, Second floor, Kirloskar Business Park
Bengaluru – 560024

1. This Report is issued in accordance with the terms of our master engagement agreement dated September 06, 2017 with AXISCADES Engineering Technologies Limited (hereinafter the "Company").
2. As requested, we have examined the AXISCADES Engineering Employee Stock Option Plan 2018-Series 1 & 2 (hereinafter referred as the "Schemes") of AXISCADES Engineering Technologies Limited (the "Company"), which were approved by the Board of Directors of the Company on February 13, 2018, to determine whether the Schemes are in compliance with the relevant provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014¬ (the "SEBI Regulations"). We understand that this Report is required to be submitted to the National Stock Exchange of India Limited and the BSE Limited, Mumbai for purposes of complying with their regulations for in-principle approval to the listing of Equity Shares to be issued under the Schemes.

### MANAGEMENT'S RESPONSIBILITY:

3. **Management is responsible for:**
   i. Maintaining the information and documents, which are required to be kept and maintained under the relevant laws and regulations;
   ii. Implementing the Schemes in accordance with the SEBI Guidelines and the resolutions passed at the Extra General Meeting (through Postal Ballet) of the Company; and
   iii. Establishing and maintaining effective internal control for properly recording the information related to the Schemes in the records maintained by the Company.

### AUDITOR'S RESPONSIBILITY:

4. Pursuant to this, our responsibility is to express reasonable assurance in the form of an opinion whether the Company has implemented the Schemes in accordance with the provisions of the SEBI Regulations.
5. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. In this connection, we have performed the following procedures:
   i. Read the copy of the Schemes, provided to us by the Company, to examine the compliance by the Company with the provisions of the SEBI Regulations;
   ii. Read the shareholders' resolution passed in the Extraordinary General Meeting (through Postal Ballet) held on March 31, 2018 noting the approval accorded to Management to issue employee stock options to the employees and directors of the Company; and
   iii. Obtained necessary representations from the Management.
6. We conducted our examination of the accompanying Statement of Regulation 10(b)- Information required in the statement to be filed with Stock Exchange(s) in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### OPINION

8. Based on our examination, as above, and according to the information and explanations given to us, we report that the Scheme is in compliance with the SEBI 2014 Regulations.

### RESTRICTION ON USE

9. This report is intended solely for your information and in connection with the purpose mentioned above, and is not to be used or referred to for any other purpose or distributed to anyone other than the National Stock Exchange of India Limited and the BSE Limited, Mumbai. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

**Sd/-**
per **Sunil Gaggar**
Partner
Membership Number: 104315

Place of Signature: Bengaluru
Date: May 22, 2018

# Annexure - III-A

## DETAILS UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| Rate | Particulars | | | |
|---|---|---|---|---|
| (i) | The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year | a. | Sudhakar Gande | 60.49 |
| | | b. | Mritunjay Singh* | 6.92 |
| (ii) | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year | a. | Sudhakar Gande | 5.19 |
| | | b. | Mritunjay Singh* | NA |
| | | c. | Kaushik Sarkar | 52.57 |
| | | d. | Shweta Agrawal | 11.61 |
| (iii) | The percentage increase in the median remuneration of employees in the financial year. | 2.88% | | |
| (iv) | The number of permanent employees on the rolls of the company | 1160 | | |
| (viii) | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | 8.63% (excluding managerial personnel)<br>8.50% (including managerial personnel)<br>This is based on Remuneration Policy of the Company that rewards people based on their contribution to the success of the company and to ensure that the salaries are competitive to the peers in each geography that we operate in. | | |
| (xii) | It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company. | | | |

*Note: Remuneration excludes the value of perquisites.*

** Mritunjay Singh was appointed as CEO & Executive Director w.e.f. 2nd January 2018.*

For and on behalf of the Board

| Sd/- | Sd/- |
|---|---|
| **Vivek Mansingh** | **Sudhakar Gande** |
| Chairman & Director | Vice Chairman & Executive Director |

# Annexure - IV

## STATEMENT SHOWING THE DETAILS OF EMPLOYEES OF THE COMPANY AS PER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Details of Top 10 employees in terms of remuneration drawn and Employed throughout the financial year including those with an aggregate remuneration of Rs. 1 Crore Two Lakhs (1.02) and above-

| Name of the Employee | Designation of the Employee | Remuneration received during the year | Qualification | Experience in years | Date of commencement of employment | Age | Last employment held by the employee |
|---|---|---|---|---|---|---|---|
| Sudhakar Gande | Vice Chairman & Executive Director | 36,715,628 | M.Tech in Electronics & Computers, MBA (Finance) | 29 | 14-08-2015 | 60 | AXISCADES Aerospace Technologies Pvt. Ltd.(Vice Chairman & ED) |
| Marc Bouzaid | Head of BU Engineering Services | 9,507,510 | B.Tech | 13 | 08-03-2013 | 35 | Teccon Design and Engineering (Manager) |
| Mritunjay Singh | CEO & Executive Director | 4,431,484 | BE (Hons) in Mechanical Engineering | 25 | 02-01-2018 | 47 | Persistent Systems Ltd. |
| Abhay Sharma | VP-Sales | 11,868,970 | BE | 24 | 24-09-2012 | 45 | Satyam Computer Service Limited (Program & Relationship Manager) |
| Oliver Brotzki | General Manager | 9,371,898 | Graduated Mechanical Engineer | 21 | 20-01-2012 | 49 | 3D Contech (Branch Manager) |
| Kaushik Sarkar | Chief Financial Officer | 13,617,497 | Masters of Commerce, FCA and ACMA | 23 | 12-09-2014 | 48 | Independent Consulting (Consultant) |
| Sriram Jayakrishna | VP-Delivery | 11,532,470 | BE | 24 | 09-04-2015 | 45 | Tata Technologies Ltd. (Aero Engineering &Design-Program Management) |
| Monsieur Sinnasse Canda | VP-Sales | 9,335,029 | MBA | 31 | 01-10-2015 | 58 | Bull – ATOS Technologies (Vice President) |

| Name of the Employee | Designation of the Employee | Remuneration received during the year | Qualification | Experience in years | Date of commencement of employment | Age | Last employment held by the employee |
|---|---|---|---|---|---|---|---|
| Ajay Sarin | Global Head - Sales & Marketing | 8,923,848 | B.E | 25 yrs | 17-11-2014 | 50 | Altran Technologies India Pvt Ltd |
| Kai Fanslau-Ahnfeld | Assistant Technical Manager | 6,593,350 | Graduated Automotive Engineer | 11 Yrs | 01-04-2012 | 39 | 3D Contech |

** Mritunjay Singh was appointed as CEO & Executive Director w.e.f. 2nd January 2018.*

Employed for part of the year with an average salary of 8.5 lac per month and above – None

Notes:

1. Nature of employment: All the above are in regular employment of the Company.
2. Remuneration includes company's contribution to P.F., variable pay and excludes the value of perquisites.
3. None of the above (together with their spouse and dependent children) holds 2% or more of the equity shares of the Company except Mr. Sudhakar Gande who holds 4.5% equity shares of the Company.
4. None of the above employees is related to a Director except being Executive Directors themselves.

For and on behalf of the Board

Place: Bengaluru
Date: 31st May 2018

Sd/-
**Vivek Mansingh**
Chairman & Director

Sd/-
**Sudhakar Gande**
Vice Chairman & Executive Director

# Annexure - V

## NOMINATION AND REMUNERATION POLICY

### INTRODUCTION:

The Company is a Service Industry and therefore Company's policy strives to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company.

In terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time, the Nomination and Remuneration Committee has formulated this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management (if any) and the same is approved by the Board of Directors.

### OBJECTIVE:

- To lay down criteria with regard to identifying persons who are qualified to become Directors (Executive, Non-Executive and Independent) and persons who may be appointed in Senior Management and Key Managerial positions.
- Formulating Policy for remuneration for the Directors / KMPs and SMPs
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- Recommending appointment and removal of Directors, KMPs and SMPs

In order to achieve the aforesaid objectives the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 23rd June 2014. The revised policy was adopted on 9th September 2014.

### EFFECTIVE DATE:

This policy shall be effective from 1st April, 2014.

### CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Board has renamed its Remuneration Committee as Nomination and Remuneration Committee on 27th March, 2014 and reconstituted it on 9th September, 2014. The Nomination and Remuneration Committee comprises of following Directors:

- Mr. Srinath Batni (Independent Director)
- Mr. Pradeep Dadlani (Independent Director)
- Mr. Kedarnath Choudhury (Non Executive Director)
- Mr. Amit Gupta (Non Executive Director)
- Ms. Shweta Agrawal (Secretary)

The Board has the power to reconstitute the Committee consistent with the applicable statutory requirements.

### APPLICABILITY:

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel (if any)

### General

- This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and remuneration, PART – C covers proceedings of the Committee meetings.
- The key features of this Company's policy shall be included in the Board's Report.

### PART – A

#### MATTERS TO BE DEALT WITH AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

**The Committee shall:**

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down.
- Recommend to the Board, appointment of Director, KMP and Senior Management Personnel.
- Performance Evaluation of each Director KMP and Senior Management Personnel for the purpose of appraisal or removal/ replacement.

- Policy for Remuneration for Director, KMP and Senior Management Personnel.
- Monitor the Board Diversity and balanced Board
- Succession planning- recommends to the Board from time to time on long term succession plan and also contingency plan in case of exigencies, relating to both Board as well as Executive management.
- Retirement policy-The retirement age of the directors is fixed by the Board of Directors in consultation with the Nomination & Remuneration Committee.

## PART – B

### POLICY FOR APPOINTMENT AND REMOVAL & REMUNERTAION OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- Appointment criteria and qualifications:

  1. The Committee shall identify and ascertain the qualification, expertise, attributes and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
  2. For Recommending any person as Executive Director the Committee shall take into consideration the provisions of the Companies Act, 2013 read together with the Rules prescribed there under and Schedule V.
  3. For recommending any person as Non-Executive Director/ Independent Director the Committee shall take into consideration the provisions of the Companies Act, 2013 read together with the Rules prescribed there under and Schedule IV along with the criteria for independence defined under Listing Agreement.

- The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).
- Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or on the basis of performance evaluation, the Committee may recommend, to the Board with reasons recorded in writing, removal / replacement of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.
- The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- An Independent Director shall not be entitled to any stock option of the Company.

## PART – C

### COMMITTEE PROCEEDINGS

- The Chairman of the Committee will report to the Board (at the next Board meeting) on the proceedings of each Committee meeting, bringing forward all Committee recommendations requiring Board approval.
- The Secretary will: (a) in conjunction with the Chairman of the Committee, settle agendas for and arrange meetings of the Committee so as to ensure timely coverage of all the Committee's business; (b) distribute agendas and supporting papers to Committee members sufficiently far in advance of scheduled meetings to permit adequate preparation; (c) keep and distribute minutes of each meeting to Committee members; and (d) circulate copies of the minutes to the remaining Board members upon request.
- The quorum for a meeting of the Committee will be a majority of the members and include at least one Independent Director.

# Annexure - VI

## FORM NO. MR-3
## SECRETARIAL AUDIT REPORT

**for the Financial Year Ended March 31, 2017.**

**(Pursuant to Section 204(1) of the Companies Act, 2013 & Rule 9 of the Companies Appointment and Remuneration of Managerial Personnel Rules, 2014)**

To,
The Members,

AXISCADES Engineering Technologies Limited
Block – C, Second Floor,
Kirloskar Business Park,
Bengaluru - 560024
Karnataka, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AXISCADES Engineering Technologies Limited** (hereinafter called "the company""ACETL"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **AXISCADES Engineering Technologies Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**We have examined the books, papers, minute books, forms and returns filed and other records maintained by AXISCADES Engineering Technologies Limited for the financial year ended on March 31, 2018 according to the provisions of:**

The Companies Act, 2013 (the Act) and the rules made thereunder;

The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

h) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

### OTHER APPLICABLE LAWS:

i. Special Economic Zone Act, 2005

ii. The Information Technology Act, 2000

iii. Software Technology Parks of India its Rules and Regulations

iv. The Indian Copyright Act, 1957

v. The Patents Act, 1970

vi. The Trade Marks Act, 1999

**We have also examined compliance with the applicable clauses of the following:**

i. Secretarial Standards (SS1 & SS2) issued by The Institute of Company Secretaries of India.

ii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

**We further report that:**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

2. Pursuant to Section 149 of Companies Act, 2013 read with rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, any intermittent vacancy of a woman director arising as a result of resignation shall be filled-up by the board not later than the immediate next board meeting or three months from the date of such vacancy, whichever is later.

   However during the financial year under review the vacancy arising due to the resignation of Ms. Vimmi M Trehan, due to her poor health condition, with effect from 14th September 2017, was filled up by the board on 13th February 2018 by appointing Ms. Mariam Mathew as Independent Woman Director.

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

4. All decisions of the Board have been carried through unanimously.

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

**We further report that during the audit period:**

1. During the period under review, company (ACETL) has entered into a share purchase agreement with Mistral Solutions Private Limited to acquire shares in two phases (Phase I & Phase II). As per Share purchase agreement in Phase I the company (ACETL) agreed to acquire 16,32,718 (Sixteen Lakhs Thirty Two Thousand Seven Hundred and Eighteen) (43.38%) equity shares for a total purchase consideration of Rupees Seventy Crore Twelve Lakh Eighty Five Thousand and Thirty Five Only (INR 70,12,85,035) and in Phase II the company (ACETL) shall acquire another 44.62% equity shares of Mistral Solutions Private Limited through a scheme of merger with its shareholder Explosoft Tech Solutions Private Limited.

   Further Phase I is divided into two parts Phase I (A) and Phase I (B). In Phase I (A) the Company (ACETL) has acquired 8,20,218 (Eight Lakh Twenty Thousand Two Hundred and Eighteen) equity shares for a cash consideration of Rupees Thirty Five Crore Twenty Three Lakh and Thirty Five Only (INR 35,23,00,035) and in Phase I (B) the company (ACETL) has acquired 8,12,500 (Eight Lakh Twelve Thousand and Five Hundred) equity shares for consideration other then cash which shall be equivalent to Rupees Thirty Four Crore Eighty Nine Lakh Eighty Five Thousand Only (INR 34,89,85,000).

2. The Scheme of Amalgamation between AXISCADES Engineering Technologies Limited (Transferee) and Explosoft Tech Solutions Private Limited (Formally Explore India Leisure and Hospitality Private Limited) (Transferor) was approved by the board of directors in their meeting dated 6th November 2017. The same has been filed with the stock exchange and company is in receipt of observation letters dated 26th April 2018 from the stock exchanges.

3. The Company has entered in to a joint venture (JV) agreement on 10th April 2018 with Assystem Engineering and Operation Service SAS (AEOS) France, for establishing in India a joint venture Company for carrying out the business in energy & nuclear sector and acting as a dedicated engineering service center for the parties in these segments. The terms of JV were approved by the Board in its meeting held on 31st May 2017.

4. The Company in its Board Meeting dated 13th February 2018 approved Employee Stock Option Scheme to the eligible employees and directors of the company and its subsidiaries. The total number of shares covered under the scheme is 30,20,762 (Thirty Lakhs Twenty Thousand Seven Hundred and Sixty Two) of face value Rs. 5 (Five) or 8% of the paid up equity shares of the company from time to time.

For Anant B Khamankar & Co.

**Sd/-**
**Anant Khamankar**
FCS No. – 3198
CP No. – 1860

Date: 10th May, 2018
Place: Mumbai

# Annexure - VII

**FORM NO. MGT 9**
**EXTRACT OF ANNUAL RETURN**
**as on financial year ended on 31.03.2018**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration ) Rules, 2014.**

## I REGISTRATION & OTHER DETAILS:

| | | |
|---|---|---|
| i | CIN | L72200KA1990PLC084435 |
| ii | Registration Date | 24th August, 1990 |
| iii | Name of the Company | AXISCADES Engineering Technologies Limited |
| iv | Category/Sub-category of the Company | Public Company/Limited by Shares |
| v | Address of the Registered office & contact details | Block C, Second Floor<br>Kirloskar Business Park<br>Bengaluru-560024<br>Tel-080 41939000 Fax:080 41939099 |
| vi | Whether listed company | Yes |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | Karvy Computershare Private limited<br>Karvy Selenium Tower B, Plot 31-32, Gachibowli,<br>Financial District,Nanakramguda, Hyderabad – 500 032.<br>Board no: 040-67162222 |

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| Sl No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|---|---|---|---|
| 1 | Engineering Design Services | 620 | 100% |

## III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

| Sl No | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---|---|---|---|---|---|
| 1 | AXISCADES Inc. (formerly Axis Inc.)<br>3008 W. Willow Knolls<br>Dr. Peoria, Illinois 61614-USA | NA | Subsidiary | 100% | Section 2(87)(ii) |
| 2 | AXISCADES UK Ltd. (formerly Axis EU Europe Limited (UK)<br>The Pump House, Unit 15,<br>Narborough Wood Park,<br>Enderby, Leicestershire, LE19 4XT, UK | NA | Stepdown subsidiary | 100% subsidiary of AXISCADES Inc. | Section 2(87)(ii) |
| 3 | Axis Mechanical Engineering Design (Wuxi) Co. Ltd.<br>Tian shan Road NO. 8-1504, New District, Wuxi, China | NA | Subsidiary | 100% | Section 2(87)(ii) |
| 4 | AXISCADES Technology Canada Inc. (formerly Cades Technology Canada Inc.(USA)<br>1200 McGill College Avenue,<br>Suite 1100, Montreal,<br>Quebec H3B 4G7 | NA | Subsidiary | 100% | Section 2(87)(ii) |
| 5 | AXISCADES GmbH Hein Saß Weg 36,<br>21129 Hamburg,<br>Germany | NA | Subsidiary | 100% | Section 2(87)(ii) |
| 6 | Mistral Solutions Inc.<br>43092 Christy Street<br>Fremont, CA 94538-3183, USA | NA | Stepdown Subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | Section 2(87)(ii) |
| 7 | Mistral Solutions PTE Ltd.<br>10 Anson Road<br>#32-15 International Plaza<br>Singapore 079903 | NA | Stepdown Subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | Section 2(87)(ii) |
| 8 | Cades Studec Technologies (India) Private Limited (CSTI)<br>No.11, 3rd Cross, Ganganagar North,<br>Bengaluru-560032 | U72900KA2006PTC049241 | Subsidiary | 76% | Section 2(87)(ii) |
| 9 | AXISCADES Aerospace & Technologies Private Limited (ACAT)<br>Vaswani Centropolis, Langford Road Bangalore<br>Bangalore - 560027 | U72900KA2001PTC028394 | Subsidiary | 100% | Section 2(87)(ii) |
| 10 | Mistral Solutions Private Limited #60, Adarsh Regent,<br>100 Feet Ring Road,<br>Domlur, Bangalore - 560071 | U72200KA1999PTC025232 | Subsidiary | 43% | Section 2(87)(ii) |
| 11 | AXISCADES Aerospace Infrastructure Private Limited (AAIPL)<br>Jupiter Innovision Centre No. 54, Richmond Road<br>Bangalore 560025 | U85110KA2000PTC028009 | Stepdown subsidiary | 99.9% subsidiary of ACAT | Section 2(87)(ii) |
| 12 | Enertec Controls Limited<br>PLOT NO.14/15,ELECTRONIC CITY,HOSUR ROAD<br>BANGALORE-29. HOSUR ROAD,BANGALORE-29 | U31101KA1988PLC008860 | Stepdown subsidiary | 51.84% subsidiary of ACAT | Section 2(87)(ii) |
| 13 | Aero Electronics Pvt. Ltd.<br>#60, 'ADARSH REGENT', 100 FEET RING ROAD<br>DOMLUR EXTENSION BANGALORE KA 560071 IN | U72211KA2010PTC056180 | Stepdown Subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd | Section 2(87)(ii) |
| 14 | Mistral Technologies Pvt Ltd.<br>Flat No 412, International Trade Tower<br>Nehru Place New Delhi South Delhi DL 110019 IN | U72300DL2014PTC269016 | Stepdown Subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | Section 2(87)(ii) |
| 15 | Jupiter Capital Private Limited<br>No.54, Richmond Road, Jupiter Innovision Center,<br>Bengaluru-560025 | U67120KA2004PTC033653 | Holding | 17.61% | Section 2(46) & Section 2(87)(ii) |
| 16 | Tayana Digital Private Limited<br>No.54, Richmond Road, Jupiter Innovission Center,<br>Bengaluru-560025 | U72900KA2008PTC045597 | Subsidiary of Holding | 32.16% | Section 2(87)(ii) |
| 17 | Indian Aero Ventures Private Limited<br>No.54, Richmond Road, Jupiter Innovission Center,<br>Bengaluru-560025 | U62200KA2007PTC041886 | Subsidiary of Holding | 16.30% | Section 2(87)(ii) |

## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 1 April 2017) | | | | No. of Shares held at the end of the year (As on 31 March 2018) | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of total shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | - | - | - | - | - | - | - | - | - |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt.or State Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporates | 2,49,45,271 | - | 2,49,45,271 | 66.06 | 2,49,45,271 | | 2,49,45,271 | 66.06 | 0.00 |
| d) Bank/FI | - | - | - | - | - | - | - | - | 0.00 |
| e) Any other | - | - | - | - | - | - | - | - | 0.00 |
| **SUB TOTAL:(A) (1)** | **2,49,45,271** | **-** | **2,49,45,271** | **66.06** | **2,49,45,271** | | **2,49,45,271** | **66.06** | **0.00** |
| **(2) Foreign** | | | | | | | | | 0.00 |
| a) NRI- Individuals | - | - | - | - | - | - | - | - | 0.00 |
| b) Other Individuals | - | - | - | - | - | - | - | - | 0.00 |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | 0.00 |
| d) Banks/FI | - | - | - | - | - | - | - | - | 0.00 |
| e) Any other… | - | - | - | - | - | - | - | - | 0.00 |
| **SUB TOTAL (A) (2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.00** |
| **Total Shareholding of Promoter (A)= (A)(1)+(A)(2)** | **2,49,45,271** | **-** | **2,49,45,271** | **66.06** | **2,49,45,271** | | **2,49,45,271** | **66.06** | **0.00** |
| **B. PUBLIC SHAREHOLDING** | | | | | | | | | 0.00 |
| **(1) Institutions** | | | | | | | | | 0.00 |
| a) Mutual Funds | - | - | - | - | 293009 | | 293009 | 0.78 | 0.78 |
| b) Banks/FI | 1,08,480 | - | 1,08,480 | 0.29 | 93618 | | 93618 | 0.25 | -0.04 |
| C) Central govt | - | - | - | | | | | | 0.00 |
| d) State Govt. | - | - | - | | | | | | 0.00 |
| e) Venture Capital Fund | - | - | - | | | | | | 0.00 |
| f) Insurance Companies | - | - | - | | | | | | 0.00 |
| g) FIIS (including FPI) | 558686 | - | 558686 | 1.48 | 58,686 | | 58,686 | 0.16 | -1.32 |
| h) Foreign Venture Capital Funds | - | - | | | | | | | 0.00 |
| i) Others | - | - | - | - | - | - | - | - | 0.00 |
| **SUB TOTAL (B)(1):** | **6,67,166** | **-** | **6,67,166** | **1.77** | **445313** | **-** | **445313** | **1.18** | **-0.59** |
| **(2) Non Institutions** | | | | | | | | | **0.00** |
| a) Bodies corporates | | | | | | | | | 0.00 |
| i) Indian | 1786896 | - | 1786896 | 4.73 | 1830130 | - | 1830130 | 4.85 | 0.11 |
| ii) Overseas | - | - | - | - | - | - | - | 0.00 | 0.00 |

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 1 April 2017) | | | | No. of Shares held at the end of the year (As on 31 March 2018) | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of total shares | |
| b) Individuals | | | | - | | | | 0.00 | 0.00 |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 5572000 | 40993 | 5612993 | 14.87 | 5833661 | 40385 | 5874046 | 15.56 | 0.69 |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh | 2650509 | - | 2650509 | 7.02 | 4266387 | - | 4266387 | 11.30 | 4.28 |
| c) Others (specify) | | | | - | | | | 0.00 | 0.00 |
| Non Resident Indian | 205423 | - | 205423 | 0.54 | 202435 | - | 202435 | 0.54 | -0.01 |
| Clearing Member | 1798275 | - | 1798275 | 4.76 | 76588 | - | 76588 | 0.20 | -4.56 |
| Trusts | 2,300 | - | 2,300 | 0.01 | 1500 | - | 1500 | 0.00 | 0.00 |
| Non Resident Indian Non Repatriable | 90697 | | 90697 | 0.24 | 112610 | - | 112610 | 0.30 | 0.06 |
| **SUB TOTAL (B)(2):** | **1,21,06,100** | **40,993** | **1,21,47,093** | **32.17** | **12323311** | **40,385** | **12363696** | **32.74** | **0.57** |
| **Total Public Shareholding (B)= (B)(1)+(B)(2)** | **1,27,73,266** | **40,993** | **1,28,14,259** | **33.94** | **1,27,68,624** | **40,385** | **1,28,09,009** | **33.92** | **-0.01** |
| **C. Shares held by Custodian for GDRs & ADRs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | | **0.00** |
| **Grand Total (A+B+C)** | **3,77,18,537** | **40,993** | **3,77,59,530** | **100.00** | **3,77,13,895** | **40,385** | **3,77,54,280** | **99.99** | |

## (ii) SHARE HOLDING OF PROMOTERS

| Sl No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | TAYANA DIGITAL PRIVATE LIMITED | 12142100 | 32.16 | 0 | 12142100 | 32.16 | 11500000 | 0 |
| 2 | INDIAN AERO VENTURES PRIVATE LIMITED | 6154219 | 16.30 | 0 | 6154219 | 16.30 | 0 | 0 |
| 3 | JUPITER CAPITAL PRIVATE LIMITED | 6648952 | 17.61 | 0 | 6648952 | 17.61 | 0 | 0 |
| | **Total** | **24945271** | **66.06** | | **24945271** | **66.06** | **11500000** | **0** |

## (iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE) - NO CHANGE

## (iv) SHAREHOLDING OF TOP TEN SHAREHOLDERS* (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)

| Sl No. | For each of top 10 shareholders | Shareholding at the begining of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 01 | **ALCHEMY INDIA LONG TERM FUND LIMITED** | | | | |
| | At the beginning of the year 1 April 2017 | 500000 | 1.32 | 500000 | 1.32 |
| | 23.06.2017 (Sale of Shares) | -92411 | | 407589 | 1.08 |
| | 21.07.2017 (Sale of Shares) | -7589 | | 400000 | 1.06 |
| | 15.09.2017 (Sale of Shares) | -82025 | | 317975 | 0.84 |
| | 22.09.2017 (Sale of Shares) | -152839 | | 165136 | 0.44 |
| | 31.10.2017 (Sale of Shares) | -104665 | | 60471 | 0.16 |
| | 03.11.2017 (Sale of Shares) | -60471 | | 0 | 0.00 |
| | At the end of the year 31 March 2018 | | 0.00 | 0 | 0.00 |
| 02 | **SARAH FAISAL HAWA** | | | | |
| | At the beginning of the year 1 April 2017 | 422220 | 1.12 | 422220 | 1.12 |
| | 23.06.2017 (Purchase of Shares) | 600 | | 422820 | 1.12 |
| | 30.06.2017 (Purchase of Shares) | 1200 | | 424020 | 1.12 |
| | 07.07.2017 (Purchase of Shares) | 600 | | 424620 | 1.12 |
| | 10.11.2017 (Purchase of Shares) | 300 | | 424920 | 1.13 |
| | At the end of the year 31 March 2018 | 424920 | 1.13 | 424920 | 1.13 |
| 03 | **SUMER CHAND AND COMPANY LLP** | | | | |
| | At the beginning of the year 1 April 2017 | 374896 | 0.99 | 374896 | 0.99 |
| | 15.09.2017 (Purchase of Shares) | 374896 | 0 | 749792 | 1.99 |
| | 15.09.2017 (Sale of Shares) | 374896 | | 374896 | 0.99 |
| | At the end of the year 31 March 2018 | | 0.00 | 374896 | 0.99 |
| 04 | **FAISAL ZUBAIR HAWA** | | | | |
| | At the beginning of the year 1 April 2017 | 368914 | 0.98 | 368914 | 0.98 |
| | 09.06.2017 (Purchase of Shares) | 1000 | | 369914 | 0.98 |
| | 16.06.2017 (Purchase of Shares) | 3600 | | 373514 | 0.99 |
| | 23.06.2017 (Purchase of Shares) | 900 | | 374414 | 0.99 |
| | 14.07.2017 (Purchase of Shares) | 285 | | 374699 | 0.99 |
| | 21.07.2017 (Purchase of Shares) | 600 | | 375299 | 0.99 |
| | 11.08.2017 (Sale of Shares) | -2918 | | 372381 | 0.99 |
| | 18.08.2017 (Sale of Shares) | -6556 | | 365825 | 0.97 |
| | 22.09.2017 (Sale of Shares) | -48433 | | 317392 | 0.84 |
| | 29.09.2017 (Sale of Shares) | -15718 | | 301674 | 0.80 |
| | 27.10.2017 (Sale of Shares) | -8909 | | 292765 | 0.78 |
| | 31.10.2017 (Sale of Shares) | -26961 | | 265804 | 0.70 |
| | 03.11.2017 (Sale of Shares) | -22408 | | 243396 | 0.64 |
| | 10.11.2017 (Sale of Shares) | -8291 | | 235105 | 0.62 |
| | 17.11.2017 (Purchase of Shares) | 50000 | | 285105 | 0.76 |
| | 19.01.2018 (Sale of Shares) | -12564 | | 272541 | 0.72 |
| | 09.02.2018 (Purchase of Shares) | -10484 | | 262057 | 0.69 |
| | At the end of the year 31 March 2018 | 262057 | 0.69 | 262057 | 0.69 |

| Sl No. | For each of top 10 shareholders | Shareholding at the begining of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| **05** | **MAURYAN FIRST** | | | | |
| | At the beginning of the year 1 April 2017 | 0 | 0.00 | 0 | 0.00 |
| | 09.06.2017 (Purchase of Shares) | 40000 | | 40000 | 0.11 |
| | 23.06.2017 (Purchase of Shares) | 102613 | | 142613 | 0.38 |
| | 30.06.2017 (Purchase of Shares) | 15734 | | 158347 | 0.42 |
| | 07.07.2017 (Purchase of Shares) | 27352 | | 185699 | 0.49 |
| | 14.07.2017 (Purchase of Shares) | 26834 | | 212533 | 0.56 |
| | 21.07.2017 (Purchase of Shares) | 42253 | | 254786 | 0.67 |
| | 29.09.2017 (Purchase of Shares) | 2522 | | 257308 | 0.68 |
| | 03.11.2017 (Purchase of Shares) | 24528 | | 281836 | 0.75 |
| | At the end of the year 31 March 2018 | 281836 | 0.75 | 281836 | 0.75 |
| **06** | **PUSHPA POONAMCHAND JAIN** | | | | |
| | At the beginning of the year 1 April 2016 | 0 | 0.00 | 0 | 0.00 |
| | 12.01.2018 (Purchase of Shares) | 25000 | | 25000 | 0.07 |
| | 19.01.2018 (Purchase of Shares) | 80000 | | 105000 | 0.28 |
| | 19.02.2018 (Sale of Shares) | -30000 | | 75000 | 0.20 |
| | 16.02.2018 (Purchase of Shares) | 105000 | | 180000 | 0.48 |
| | 23.02.2018 (Sale of Shares) | -50000 | | 130000 | 0.34 |
| | 02.03.2018 (Purchase of Shares) | 50000 | | 180000 | 0.48 |
| | 09.03.2018 (Purchase of Shares) | 5000 | | 185000 | 0.49 |
| | 16.03.2018 (Sale of Shares) | -35000 | | 150000 | 0.40 |
| | At the end of the year 31 March 2018 | 150000 | 0.40 | 150000 | 0.40 |
| **07** | **JAIDEEP SAMPAT** | | | | |
| | At the beginning of the year 1 April 2017 | 145000 | 0.38 | 145000 | 0.38 |
| | 05.01.2018 (Sale of Shares) | -115557 | | 29443 | 0.08 |
| | 12.01.2018 (Sale of Shares) | -23644 | | 5799 | 0.02 |
| | 02.03.2018 (Purchase of Shares) | 13,415 | | 19214 | 0.05 |
| | At the end of the year 31 March 2018 | 19214 | 0.05 | 19214 | 0.05 |
| **08** | **NEHA LASHIT SANGHVI** | | | | |
| | At the beginning of the year 1 April 2017 | 117545 | 0.31 | 117545 | 0.31 |
| | 06.10.2017 (Sale of Shares) | -2134 | | 115411 | 0.31 |
| | 13.10.2017 (Sale of Shares) | -21790 | | 93621 | 0.25 |
| | 20.10.2017 (Sale of Shares) | -10405 | | 83216 | 0.22 |
| | 10.11.2017 (Sale of Shares) | -8216 | | 75000 | 0.20 |
| | At the end of the year 31 March 2018 | 75000 | 0.20 | 75000 | 0.20 |
| **09** | **GANDHI SECURITIES & INVESTMENT PRIVATE LIMITED** | | | | |
| | At the beginning of the year 1 April 2017 | 106500 | 0.28 | 106500 | 0.28 |
| | 29.12.2017 (Purchase of Shares) | 10000 | | 116500 | 0.31 |
| | At the end of the year 31 March 2018 | 116500 | 0.31 | 116500 | 0.31 |
| **10** | **ALCHEMY CAPITAL MANAGEMENT PVT LTD** | | | | |
| | At the beginning of the year 1 April 2017 | 100000 | 0.26 | 100000 | 0.26 |
| | | 0 | | 0 | 0.00 |
| | At the end of the year 31 March 2018 | 100000 | | 100000 | 0.26 |

** Excluding Clearing Members*

## (iv) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| Sl No. | For each of top 10 shareholders | Shareholding at the begining of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 01 | **SUDHAKAR GANDE** | | | | |
| | At the beginning of the year 1 April 2017 | 1699180 | 4.50 | 1699180 | 4.50 |
| | Buy/Sale during the year | 0 | | | |
| | At the end of the year 31 March 2018 | 1699180 | 4.50 | 1699180 | 4.50 |
| 02 | **ROHITASAVA CHAND** | | | | |
| | At the beginning of the year 1 April 2017 | 197312 | 0.52 | 197312 | 0.52 |
| | Buy/Sale during the year | 0 | | 0 | |
| | At the end of the year 31 March 2018 | 197312 | 0.52 | 197312 | 0.52 |
| 03 | **SHWETA AGRAWAL** | | | | |
| | At the beginning of the year 1 April 2017 | 1 | 0.00 | 1 | 0.00 |
| | Buy/Sale during the year | 0 | | 0 | 0.00 |
| | At the end of the year 31 March 2018 | 1 | 0.00 | 1 | 0.00 |

## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtness at the beginning of the financial year 1 April 2017*** | | | | |
| i) Principal Amount | 23,99,02,820 | 73,00,000 | NIL | 24,72,02,820 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | 6,57,207 | 6,15,112 | NIL | 12,72,319 |
| **Total (i+ii+iii)** | **24,05,60,027** | | | **24,84,75,139** |
| **Change in Indebtedness during the financial year** | | | | |
| Additions | 1,06,93,35,106 | 2,50,00,000 | NIL | 1,09,43,35,106 |
| Reduction | 67,25,63,691 | 73,00,000 | NIL | 67,98,63,691 |
| Net Change | 39,67,71,415 | 1,77,00,000 | NIL | 41,44,71,415 |
| **Indebtedness at the end of the financial year 31 March 2016** | | | | |
| i) Principal Amount | 63,66,74,235 | 2,50,00,000 | NIL | 63,66,74,235 |
| ii) Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) Interest accrued but not due | 31,54,904 | 5,06,713 | NIL | 31,54,904 |
| **Total (i+ii+iii)** | **63,98,29,140** | **2,55,06,713** | **NIL** | **63,98,29,140** |

**the Figures as on 1st April 2017 are re-statated as per Ind AS.*

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole Time Director and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | Total Amount |
|---|---|---|---|---|
| | | Sudhakar Gande Vice Chairman & Executive Director | Mritunjay Singh CEO & Executive Director* | |
| 1 | **Gross salary** | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 2,40,00,000.00 | 19,29,032 | 2,59,29,032.00 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 26,79,600.00 | 7,200 | 26,86,800.00 |
| | (c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 0.00 | 0.00 | - |
| 2 | Stock option | 0.00 | 0.00 | - |
| 3 | Sweat Equity | 0.00 | 0.00 | - |
| 4 | Commission as% of profit | 0.00 | 0.00 | - |
| 5 | Others** | 1,27,15,628.00 | 25,02,452.00 | 1,52,18,080.00 |
| | **Total (A)** | **3,93,95,228.00** | **44,38,684.00** | **4,38,33,912.00** |
| | **Ceiling as per the Act** | Company has obtained Central Government approval for Remuneration in excess of the limits as defined under the Companies Act for Mr. Sudhakar Gande and has applied for Central Government approval for Mr. Mritunjay Singh | | |

**For the period January 2, 2018 to March 31, 2018.*

*** Includes Employers contribution to PF and performance based variable pay.*

## B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|
| | | Vivek Mansingh | Pradeep Dadlani | K.M. Rustagi | Srinath Batni | Vimmi Trehan | Mariam Mathew | |
| 1 | Independent Directors | | | | | | | |
| | (a) Fee for attending board committee meetings | 18,00,000 | 19,00,000 | 19,00,000 | 18,00,000 | - | 1,00,000 | |
| | (b) Commission | - | - | | - | - | | |
| | (c ) Others, please specify | - | - | - | - | - | | |
| | **Total (1)** | **18,00,000** | **19,00,000** | **19,00,000** | **18,00,000** | **-** | **1,00,000** | **75,00,000** |
| 2 | Other Non Executive Directors | **Kedarnath Choudhury** | **Rohitasava Chand** | **Valmeekanathan S** | **Siddhartha Mehra** | | | |
| | (a) Fee for attending board committee meetings | 1,80,000 | 3,60,000 | 30,000 | 3,30,000 | | | |
| | (b) Commission | - | - | - | | | | |
| | (c ) Others, please specify. | - | - | - | | | | |
| | **Total (2)** | **1,80,000** | **3,60,000** | **30,000** | **3,30,000** | | | |
| | **Total (B)=(1+2)- Total Managerial Remuneration** | | | | | | | **9,00,000** |
| | **Total Managerial Remuneration** | | | | | | | **84,00,000** |
| | **Overall Ceiling as per the Act.** | Executive Directors- Company has obtained Central Government approval for Remuneration in excess of the limits as defined under the Companes Act for Mr. Sudhakar Gande, Vice Chairman & ED and has applied for Central Government approval for Mr. Mritunjay Singh, CEO & ED.<br>Non-Executive Directors- Sitting fee not exceeding Rs. 1,00,000/- per meeting/Director | | | | | | |

## C. Remuneration to key managerial personnel other than MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---|---|---|---|---|---|
| | | CEO* | CFO | Company Secretary | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | | 1,07,19,065 | 22,19,016 | **1,29,38,081.00** |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | 39,600.00 | 0 | **39,600.00** |
| | (c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | | - | 0 | **-** |
| 2 | Stock Option | | - | 0 | **-** |
| 3 | Sweat Equity | | - | 0 | **-** |
| 4 | Commission | | - | 0 | **-** |
| | as % of profit | | | 0 | **-** |
| 5 | Others** | | 28,98,432.00 | 127711 | **30,26,143.00** |
| | **Total** | | **1,36,57,097.00** | **23,46,727** | **1,60,03,824.00** |

** Particulars of Remuneration of CEO (Mr.Mritunjay Singh) are given under point VI(A) above.*

*** Includes Employers contribution to PF and performance based variable pay.*

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for the year ending March 31, 2018.

# Annexure - VIII

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(Pursuant to Section 135 of Companies Act 2013)

1. **COMPANY'S CSR OBJECTIVES AND POLICY**

   The Company recognizes its responsibility as an important stakeholder in the society and strives to work towards the betterment of the society constantly. With this objective, on the recommendation of the CSR Committee the Board of Directors have approved the CSR Policy which is available at: http://axiscades.com/investors_data/corp_gov_report/ACET_CSR_Policy.pdf.

2. The CSR activities of the Company mainly focus on the areas of Healthcare, Education, After school life skills and employment enhancing skills. The objective is to extend support to the deprived sections like underprivileged kids and differently abled people for their economic and social development.

3. The Company has constituted a CSR committee which provides oversight of CSR policy and guides the activities of the Company.

   The CSR Committee comprises of:
   Dr. Vivek Mansingh (Chairman),
   Mr. K.M. Rustagi,
   Mr. Pradeep Dadlani
   Mr. Rohitasava Chand

4. The average net profit for the last three financial years ended is Rs . 2543.66.lacs

5. Prescribed CSR spend @ 2% of average net profit for the last three financial years is Rs. 51 lacs.

6. CSR spend during the financial year:

| | | (Rs. Lacs) |
|---|---|---|
| a. | Total amount to be spent | 51.00 |
| b. | Amount committed | 51.00 |
| c. | Amount disbursed | 51.00 |
| d. | Amount unspent (a-c) | NIL |

**7.** The manner of the amount spent during the financial year is as follows:

| Name/ details of implementing agency | CSR project/ activity identified | Sector in which the project is covered | Location of projects/ programmes | Amountoutlay/ approved (Rs. In Lakh) | Cummulative expenditure upto the reporting period | Amountspent direct/ overheads (Rs. In Lakh) |
|---|---|---|---|---|---|---|
| **Dream A Dream** | • Employee Participation in After School Life Skills Programmes<br>• Career guidance workshops<br>• Life skills through Creative Arts (sessions)<br>• Dream outdoor experiential camp | Education and employment enhancing vocational skills | Bengaluru | 20.00 | 60.67 | 20.00 |
| **Broadwell Hospital** | • Provide Medical and Healthcare for underprivileged | Healthcare | Bengaluru | 16.00 | 16.00 | 16.000 |
| **Astha Foundation** | • Upliftment of differently abled people through educational training and sports | Education, including special education and employment enhancing vocational skills Scholarships | Bengaluru | 15.00 | 30.00 | 15.00 |

Notes:

i. All amounts mentioned above as spent relate to amounts spent through implementing agency, unless stated otherwise.

ii. There is no expenditure on overheads in the above list.

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Place: Bengaluru
Date: 31st May 2018

**Sd/-**
**Sudhakar Gande**
Vice Chairman &
Executive Director

**Sd/-**
**Vivek Mansingh**
Chairman of
CSR Committee

# Report on Corporate Governance

*Corporate Governance refers to a fair, efficient and transparent functioning of the corporate management system. It includes accountability to shareholders and other stakeholders. The Company strives to follow the procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders.*

## I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

**The Company's philosophy** on Corporate Governance is about its commitment to values and ethics in business conduct which stems from the culture, policies, practices, voluntary adherence to ethical standards and mindset of an organization. Your Board strongly believes that effective corporate governance practices constitute the strong foundation. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company's primary objective is to create and adhere to a corporate culture of fairness and transparency in actions of the management which are the key to enhancing shareholders value and discharge of social responsibility.

The Directors are pleased to report the compliances as required under Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI (LODR), Regulations 2015"), as follows:

## II. BOARD OF DIRECTORS

i. As on March 31, 2018, the Company has ten Directors. Out of these ten Directors, eight (80%) are Non-Executive, including one Woman Director and five (50%) of the Board comprises of Independent Directors. The composition of the Board is in conformity with Regulation 17 of SEBI (LODR), Regulations, 2015 and Companies Act, 2013. The Chairman of the Company is a Non-Executive, Independent Director.

ii. None of the director is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies have been made by the directors.

iii. None of the directors are related interse. The changes in the composition of the Board of Directors that took place during the year have been duly informed to the Stock Exchanges from time to time.

iv. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Act.

v. The Independent Directors meet at least once in every financial year to discuss matters pertaining to Company's affairs, evaluation of performance of the Board, their own and place their views regarding governance of the Company at the Board. During the year the Independent Directors have met once on September 13, 2017. The terms and conditions of appointment of independent directors are disclosed on the website of the Company.

vi. The Company recognizes the need for diversified Board in its success and continuity. Keeping this in view the Company has cultivated a policy to induct successful persons drawn from diverse expertise having achieved excellence in their respective fields. The present Board achieves this quality to a large extent. The Board of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

vii. The names and categories of the directors on the board, their attendance at board meetings & the last Annual General Meeting (AGM) held during the year and the number of directorships and committee chairmanships / memberships held by them in other public companies are given herein below. Other directorships/committee membership do not include directorships/ committee memberships of private limited companies, Section 8 companies and companies incorporated outside India. Chairmanships / memberships of board committees shall include only audit committee and stakeholders' relationship committee.

| Name of the Director | Category[1] | No. of BM during 2017-2018[2] | | Attendance Last AGM[2] | No. of other Directorships[5] and Committee Memberships/ Chairmanship held as on March 31, 2018 | | |
|---|---|---|---|---|---|---|---|
| | | Held | Attended | | Other Directorship | Committee Memberships | Committee Chairmanships |
| Dr. Vivek Mansingh (Chairman) | ID | 8 | 8 | Yes | 1 | 2 | - |
| Mr. Sudhakar Gande (Vice Chairman) | ED | 8 | 8 | Yes | 2 | - | - |
| Mr. Mritunjay Singh (CEO)[6] | ED | 2 | 2 | NA | - | - | - |
| Mr. Rohitasava Chand | NED | 8 | 8 | Yes | 1 | 2 | - |
| Mr. Kedarnath Choudhury | NED | 8 | 2 | No | 1 | - | - |
| Mr. Sidhartha Mehra | NED | 8 | 7 | Yes | - | - | - |
| Mr. Pradeep Dadlani | ID | 8 | 8 | Yes | 1 | - | - |
| Mr. Kailash M. Rustagi | ID | 8 | 8 | Yes | 1 | 1 | - |
| Mr. Srinath Batni | ID | 8 | 6 | No | 2 | - | - |
| Mrs. Mariam Mathew[7] | ID | 1 | 1 | NA | - | - | - |
| Mrs. Vimmi Mittal Trehan[3] | ID | 3 | 0 | No | - | - | - |
| Mr. Valmeekanathan S[4] | NED | 2 | 1 | No | - | - | - |

Ms. Shweta Agrawal, Company Secretary is the Compliance Officer of the Company. Further she acts as a secretary to all the committees of the Board.

1. ID - Independent Director; ED – Executive Director; NED – Non Executive Director
2. BM – Board Meeting; AGM – Annual General Meeting.
3. Resigned as Independent Director w.e.f. 14 September 2017.
4. Resigned as Director w.e.f 13 September 2017.
5. Other Directorship includes directorships in the subsidiary of Public Company.
6. Appointed as Chief Executive Officer and Executive Director w.e.f. 2 January 2018.
7. Appointed as Independent Director w.e.f. 13 February 2018.

viii. Eight Board meetings were held during the fiscal year 2017-2018 and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held: May 30 2017; August 24 2017; September 13 2017; October 9 2017; November 6 2017; December 12 2017, February 13 2018 and March 14 2018.

The necessary quorum was present for all the meetings.

ix. Adequate notice is given to all directors for the scheduled Board Meetings and agenda with detailed notes is sent, which is in compliance with the provisions of Companies Act, 2013, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and all the directors are facilitated to participate meaningfully at the meetings.

Mr. Rohitasava Chand (Non Executive Director) holds 0.52% of equity shares of the Company.

**(x) Familiarization program for Directors**

The Board of Directors is responsible for overall supervision of the Company. To achieve this board periodically reviews performance, risk management, internal/external audit report etc. The Directors are familiarized through:

a) Presentations by senior executives giving an overview of our operations

b) Enriching skill by adopting various methods.

c) Induction and orientation process inter-alia, their roles, responsibilities and liabilities, nature of the Industry in which the Company operates, business model of the Company.

d) The Board of Directors are also updated on all business-related risks, challenges and initiatives.

The text of the policy and program is posted on the website of the Company at www.axiscades.com.

## III. COMMITTEES OF THE BOARD

Currently the Board has five Committees. The role of all the committees of the Board has been defined as guided by the Companies Act and SEBI (LODR) Regulations, 2015. Any addition to the scope of the committee is approved by the Board. The Committees along with their functioning are detailed below:

### A. AUDIT COMMITTEE

i. The Audit Committee of the Company is constituted in line with the requirements of provisions of Regulation 18 of SEBI (LODR), Regulations, 2015 read with Section 177 of Companies Act, 2013.

ii. The Terms of reference of the audit committee are broadly as under:

a) Overall review of financial reporting process anddisclosure of information to ensure correct, complete and credible financial statements.

b) Review of quarterly/annual results and financial statements of the Company and Auditors' report before recommending the same to the Board of Directors.

c) Review of statement of management discussion & analysis of financial conditions ,results of operation, review of directors' responsibility statements and changes in accounting policies and practices.

d) Approval of related party transactions.

e) Recommending to the Board the appointment/re-appointment of Auditors and Internal Auditor, with their remuneration, terms of appointment,

**Further Monitors**

- Independence of Auditors
- Performance of statutory and internal auditors,
- Adequacy of internal control systems,
- Adequacy of internal audit function,
- Structure of internal audit organization,
- Scope discussions with internal and Statutory auditors,
- Review of internal auditors and statutory auditor's notes
- Review of internal audit investigations findings , if any ,
- Weakness or failure of internal control systems, if any reported by Auditors.

f. Scrutiny of inter-corporate loans and investments.

g. Valuation of undertakings or assets of the Company, whenever necessary.

h. Evaluation of internal financial controls and risk management system.

i. Monitoring the end use of funds raised by the Company, if any.

j. Monitoring and review of whistle blower policy and mechanism.

k. To recommend/approve the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate to the Board;

l. To invite the auditors and Key Managerial Personnel (KMP) (for hearing) while considering the Auditors Report at the Audit Committee Meeting;

m. Reviewing of the financial statements, in particular, the investments made by the unlisted subsidiary

n. Any other function as may be specifically entrusted to by the Board.

iii. The Audit Committee charter has vested with the Committee the following powers for its effective functioning:

1. To call for the information on comments/ observation of the auditors about internal control systems, review of financial statement before their submission to the Board.
2. Scope of Audits
3. To discuss any related issues with the internal and statutory auditors and the management of the Company.
4. To investigate any activity within its terms of reference.
5. To seek information from the management, auditors, internal auditors and employees of the Company.
6. To obtain outside legal or expert advice and to engage experts from outside.

iv. The Audit Committee invites executives, representatives of the Statutory Auditors, Internal Auditors to be present at its meetings.

The Audit Committee also holds independent discussions with Statutory Auditors/Internal Auditors. The Company Secretary act as the Secretary to the Audit Committee.

v. The Chairperson of the Committee is an Independent Director and was present at the last AGM held on August 24, 2017. All the members have Accounting and Financial management expertise.

vi. During the fiscal year 2017-2018, five meetings of the Audit Committee were held and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

May 29 2017; September 13 2017; November 6 2017; December 12 2017; and February 10 2018.

The necessary quorum was present for all the meetings.

vii. The composition of Audit Committee and the details of meetings attended by its members are given below:

| Name of the Member | Category# | No. of meetings attended (Held -5) |
|---|---|---|
| Mr. Kailash M. Rustagi, Chairman | ID | 5 |
| Dr. Vivek Mansingh | ID | 5 |
| Mr. Srinath Batni | ID | 5 |
| Mr. Pradeep Dadlani | ID | 5 |
| Mr. Kedarnath Choudhury | NED | 2 |

# ID – Independent Director; NED – Non Executive Director

## B. NOMINATION & REMUNERATION COMMITTEE

i. The constitution of the Committee is in conformity with the provisions of Section 178 of Companies Act 2013.

ii. The terms of reference of the Nomination and Remuneration Committee are as under:

The Committee is primarily responsible to oversee nomination process for appointments of Directors and Executive management and key managerial personnel and for laying down a sound policy for Board and executive remuneration. Its terms of reference approved by the Board of Directors inter alia include:

i. Formulation of criteria for determining qualifications, positive attributes and independence of a Director;

ii. Devising a policy on Board Diversity and balanced Board

iii. Identification of suitable persons for appointment as Director, senior management personnel in accordance with the laid down criteria andrecommending their appointment to the Board;

iv. Formulation of criteria for evaluation of Independent Directors and the Board.

v. Formulating and recommending to the Board a Remuneration Policy;

vi. Evaluating the performance of the Director and recommend their appointment or removal to the Board.

iii. During the FY 2017-18 four meetings of Nomination & Remuneration Committee were held on August 21, 2017, September 13, 2017 December 12, 2017and February 10, 2018.

iv. The Chairman of the Committee is an Independent Director and was represented by Mr. Pradeep Dadlani at the last AGM held on August 24, 2017.

v. The composition of the Nomination and Remuneration committee and the details of meetings attended by its members are given below:

| Name of the Member | Category# | No. of meetings attended (Held -4) |
|---|---|---|
| Mr. Srinath Batni, Chairman | ID | 4 |
| Mr. Pradeep Dadlani | ID | 4 |
| Mr. Kedarnath Choudhury | NED | 2 |

# ID – Independent Director, NED – Non Executive Director

## EVALUATION OF PERFORMANCE OF DIRECTOR/BOARD

The Board has adopted a formal mechanism for evaluating its performance as well as that of its committees and Directors including Independent Director and Chairman of the Board. The Board work with Nomination & Remuneration Committee to lay down the evaluation criteria for the performance of executive/

non-executive/independent directors through peer evaluation. The policy envisages evaluation process to be undertaken generally once at the end of the year if otherwise not.

The various criteria laid down in the policy for evaluation of a Director/Board are briefly stated below.

**Key Criteria for evaluation of a Director**

1. The ability to contribute to the compliance of corporate governance practices.
2. The ability to analyse the controls, risks, operations and to channelize the same for its effective flow down the organization.
3. Recognition and fulfillment of their roles and responsibilities.
4. Commitment to the fulfillment of director's obligations and fiduciary responsibilities including participation in Board and committee meetings.

## NOMINATION AND REMUNERATION POLICY

The Company is a Service Industry and therefore Company's policy strives to consider human resources as its invaluable assets and to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company.

In terms of the provisions of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), Regulations, 2015 (formerly clause 49 of the Listing Agreement), the Nomination and Remuneration Committee has formulated the policy on nomination and remuneration of Directors, Key Managerial Personnel & Senior Management and the same is approved by the Board of Directors from time to time.

The Policy aims to ensure the Compensation levels. Fixed and Variable mix are adequately balanced in line with the best market practices, to attract and retain the best talent , to encourage achieve excellence in the organization , which helps the Company to meet its Strategic ,Short term and Long term objectives of the Company.

With the above objectives the policy was formulated by the Nomination and Remuneration Committee.

The Policy sets out the guiding principles for Nomination and Remuneration Committee for recommending to the Board, remuneration of the Executive Management of the Company.

**(i) Policy on Directors' Remuneration**

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. The amount of such fees shall not exceed the limits as may be prescribed by the Central Government from time to time.

An Independent Director is not entitled to any stock option of the Company

The Board shall, on the recommendation of the Nomination and Remuneration Committee, review and approve the remuneration payable to the Non-Executive Directors within the overall limits approved by the shareholders.

**(ii) Remuneration to Executive Directors and Key Managerial Personnel**

The remuneration structure to the Executive Directors and Key Managerial Personnel shall consist of:

i) Basic pay

ii) Benefits, Perquisites and Allowances

iii) Performance based Variable Pay

iv) Retiral benefits

v) ESOP, as and when granted as per the approved Scheme.

The Board shall, on the recommendation of the Nomination and Remuneration Committee, review and approve the remuneration payable to the Executive Directors & KMP as per the applicable and statutory regulations and approvals.

**(iii) Remuneration to other employees**

The employees shall be assigned grades according to their Role, Qualifications, competencies, Expertise and remuneration levels are in line with the Industry. An individual employee will have enough growth opportunities in the organization.

The remuneration structure shall consist of Basic salary, Flexible Benefit Plan, performance based Variable pay and retiral benefits including statutory benefits.

The Board shall, on the recommendation of the Nomination and Remuneration Committee, review and approve the remuneration policy of the Company from time to time.

**Remuneration to Non-Executive Directors**

The Independent Directors are paid a sitting fee of Rs. 1,00,000/- each for every Board/Committee meeting attended by them and other non-executive directors are entitled to a sitting fee of Rs. 30,000/- for every Board/ Committee Meeting attended by them. Apart from this, at present, no other remuneration is being paid to Non-Executive Directors.

Details of the sitting fees for the year ended March 31, 2018 are as follows:

| Sl No | Name | Category# | Amount in Rupees |
|---|---|---|---|
| 1 | Dr. Vivek Mansingh | ID | **18,00,000** |
| 2 | Mr. Kailash M. Rustagi | ID | **19,00,000** |
| 3 | Mr. Pradeep Dadlani | ID | **19,00,000** |
| 4 | Mr. Srinath Batni | ID | **18,00,000** |
| 5 | Mr. Rohitasava Chand | NED | **3,60,000** |
| 6 | Mr. Kedarnath Choudhury | NED | **1,80,000** |
| 7 | Mr. Sidhartha Mehra | NED | **3,30,000** |
| 8 | Mrs. Mariam Mathew | ID | **1,00,000** |
| 9 | Mrs. Vimmi Mittal Trehan* | ID | **-** |
| 10 | Mr. Valmeekanathan S** | NED | **30,000** |
| | **Total** | | **84,00,000** |

# ID – Independent Director, NED-Non Executive Director

* Resigned as Director w.e.f. 14 September 2017

** Resigned as Director w.e.f 13 September 2017

## Remuneration to Executive Directors

| Name of the Director | Fixed Salary | | | Performance linked Variable pay | Total | Service Contract |
|---|---|---|---|---|---|---|
| | Salary | Perquisites | Retiral Benefits | | | |
| Mr. Sudhakar Gande | 2,40,00,000 | 26,79,600 | 28,80,000 | 98,35,628 | 3,93,95,228 | 5 years w.e.f. August 14, 2015 |
| Mr. Mritunjay Singh* | 19,29,032 | 7,200 | 2,31,484 | 2,270,968 | 44,38,684 | 5 years w.e.f. January 2, 2018 |

Note: On accrual basis

* For the period January 2, 2018 to March 31, 2018. The fixed salary reflects the adjustment made on account of previous years performance linked variable payment.

Performance linked variable pay is computed/disbursed on the basis of achievement of set objectives linked to the company's performance.

Notice Period – Three months

There is no separate provision for payment of severance fees.

Except Mr. Mritunjay Singh, CEO & ED, who is entitled (yet to be granted) for 3.6% of the Equity Capital as on 2nd January 2018, as ESOP, none of the directors were granted any stock options of the Company during the year ended March 31, 2018.

Mr. Rohitasava Chand (Non-Executive Director) hold 0.52% of equity shares in the Company. The Company has not issued any convertible debentures.

## C. STAKEHOLDER'S RELATIONSHIP COMMITTEE

i. The constitution of the Committee is in conformity with the provisions of Section 178 of Companies Act, 2013.

ii. During the year FY2017-18, one meeting was held on February 13, 2018.

iii. The composition of the Stakeholder & Relationship Committee and the details of meetings attended by its members are given below:

| Name of the Member | Category# | No. of meetings attended (Held -1) |
|---|---|---|
| Mr. Pradeep Dadlani, Chairman | ID | 1 |
| Mr. Srinath Batni | ID | Nil |
| Mr. Kailash M. Rustagi | ID | 1 |
| Mr. Rohitasava Chand | NED | 1 |

# ID – Independent Director, NED – Non Executive Director

Ms. Shweta Agrawal, Company Secretary is the Compliance Officer of the Company

iv. The main function of Stakeholders' Relationship Committee is to review and resolve the grievances of the securities holders of the company. The Committee also overseas share transfer process.

v. Details of investor complaints received and redressed during the 2017-2018 are as follows:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|---|---|---|---|
| NIL | 01 | 01 | NIL |

The complaint was for non-receipt of Annual Report which was addressed satisfactorily.

## D. OTHER COMMITTEES:

### I. CORPORATE SOCIAL RESPONSIBILTY COMMITTEE (CSR COMMITTEE)

In compliance with the provisions of the Companies (Corporate Social Responsibility Policy) Rules 2013, the Company constituted a Corporate Social Responsibility Committee. One meeting was held during the year on February 13, 2018.

### II. MERGER & ACQUISITION EVALUATION COMMITTEE (M&A)

The Board of Directors constituted the M&A Committee to evaluate various proposals for merger & acquisition for the inorganic growth of the Company. Four meetings were held during the year on June 9, 2017, October 9, 2017, October 17, 2017 and November 6, 2017.

## IV. GENERAL BODY MEETINGS

2. The following is the summary of the Annual General Meetings (AGM) of the Company held during the last three years:

| Financial Year ended | Date and time | Venue of the meeting | Special Resolutions passed |
|---|---|---|---|
| March 31, 2015 | September 7, 2015; 10.30 a.m. | Air Force Auditorium, Subroto Park, New Delhi-110010 | Approval of appointment/remuneration of Mr. Sudhakar Gande as Vice Chairman & Executive Director. |
| March 31, 2016 | September 26, 2016; 11.00 a.m. | Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bengaluru- 560029, | 1. Amendments to the Memorandum of Association (MOA) of the Company.<br>2. Adoption of new set of Articles of Association (AOA) of the Company |
| March 31, 2017 | August 24, 2017; 11.30 a.m. | Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bengaluru- 560029, | Approval for Investments in excess of the limits specified under Section 186 of Companies Act, 2013. |

**ii. Postal Ballot**

During the fiscal year 2017-18 two postal ballot processes were conducted and Nine special resolutions were passed through postal ballot, the details of which are as under:

| Special Resolutions | Votes cast in favour | | Votes cast against | | Date of declaration of results |
|---|---|---|---|---|---|
| | Number of votes cast | % to the paid-up capital | Number of votes cast | % | |
| 1. Approval for increase in the overall limits to INR 400 Crore for making investments / acquire by way of subscription, purchase or otherwise, the securities of any other body corporate and / giving loans / guarantees / providing securities in terms of Section 186 of the Companies Act, 2013 read with Rule 13 of Companies (Meetings of Board and its Powers) Rules, 2014 | 25122417 | 99.99% | 772 | 0% | October 6, 2017 |
| 2. Approval for increase in the Borrowing limits to INR 250 Crores in terms of Section 180(1)(c) of the Companies Act, 2013 | 25122092 | 99.99% | 872 | 0% | |
| 3. Approval for creation of charge on the Assets of the Company in terms of Section 180(1)(a) of the Companies Act, 2013 | 25122238 | 99.99% | 726 | 0% | |
| 1. Fixation of remuneration of Mr. Mritunjay Singh as Whole Time Director in the capacity of Chief Executive Officer. | 25558431 | 99.99% | 831 | 0% | March 31, 2018 |
| 2. Alteration of the Object Clause of the Memorandum of Association of the Company. | 25558657 | 99.99% | 605 | 0% | |
| 3. Alteration of Articles of Association of Company to issue Employee Stock Options (ESOP). | 25558657 | 99.99% | 605 | 0% | |
| 4. Approval of AXISCADES Engineering ESOP 2018 Series 1 and Series 2 (the "Scheme" / the "Plan") and grant of stock options to the eligible employees/ directors of the company. | 25558156 | 99.99% | 1106 | 0% | |
| 5. Approval for grant of stock options to employees and directors of the subsidiary companies under the AXISCADES Engineering ESOP 2018 Series 2 (the "Scheme" / the "Plan") | 25557156 | 99.99% | 2106 | 0% | |
| 6. Approval for grant of stock options to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the company at the time of grant of option under the AXISCADES Engineering ESOP 2018 Series 2 (the "Scheme" / the "Plan") | 25557026 | 99.99% | 2106 | 0% | |

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items detailed above through postal ballot. Mr. Anant Khamankar of M/s Anant B Khamankar & Co., Company Secretaries, was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

As on the date of this report and based on the information available, there may be resolution(s) to be conducted through postal ballot, approving the proposed Scheme of Amalgamation between the Company and Explosoft Tech Solutions Pvt. Ltd.

**Procedure of Postal Ballot**

In compliance with Regulation 44 of SEBI (LODR) Regulations, 2015 and Section 108,110 and other applicable provisions of the Companies Act, 2013 read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of Karvy Computershare Private Limited for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with the postage prepaid business reply envelope to its members whose names appear on the register to members as on the cut-off date. The postal ballot notice is sent to members in electronic form to the email address registered with their depository participants and by post/courier to the other members as per the address available with share transfer agents (RTA). The Company also publishes a notice in the newspaper declaring the details of the completion of dispatch and other requirements as mandated under the Companies Act 2013 and applicable Rules.

Voting rights are reckoned on the paid up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote on or before the cut off time on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/Authorized Officer. The results are also displayed on the website of the Company, www.axiscades.com, and register and share transfer agent besides being comm unicated to the Stock Exchanges. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions. The same was also posted at the Registered Office of the Company.

None of the businesses proposed to be transacted in the ensuing AGM require the passing of a special resolution by way of postal ballot.

## V. DISCLOSURES

### i. Related Party Transactions

All the related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions which have potential conflict with the interests of the Company at large. The details of material related party transactions, if any, are filed with the stock exchanges on quarterly basis. Related party transactions are reported in Notes to the financial statements of the Company.

The Board has approved a policy for related party transactions and the same is hosted on the website of the Company at the following link-http://www.axiscades.com/investors_data/corp_gov_report/ACET_RTP_Policy.pdf

### ii. Details of non-compliance

No penalty has been imposed by the Stock Exchanges, SEBI or any statutory authority, nor there was any instance of non compliance on matter relating to capital market, over the last three years except that Mrs. Mariam Mathew was appointed as Woman Director w.e.f February 13, 2018 after the resignation of Mrs. Vimmi M Trehan which was effective from 14th September 2017. The vacancy was caused due to bad health condition of Mrs. Trehan.

**iii.** The Company has adopted an Ombuds process which is a channel for receiving and redressing complaints of directors and employees. All employees and Directors have communication access to the Audit Committee. The said policy has been also put up on the website of the Company at the following link-http://www.axiscades.com/investors_data/corp_gov_report/ACET_Whistle_Blower_Policy.pdf

**iv.** The Company has complied with all mandatory requirements. In its endeavor to comply with the discretionary requirements, the Company has fulfilled the following non-mandatory requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015:

The post of Chairman and the CEO are separate in the Company. There are no audit qualifications during the year. The Internal Auditors submit their report to the Audit Committee.

The Company has complied with all the mandatory requirements.

Website communication channels using the internet are also used for communicating with our investors. The announcement of quarterly/periodic results are posted on the company's website, www.axiscades.com.

### v. Disclosure of Compliance

The Company complies with the corporate governance requirements specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (LODR) Regulations, 2015.

### vi. Code of Conduct:

The Board has laid down a comprehensive Code of Conduct applicable to all Board members including Independent Directors, senior management, employees of the Company. The code of conduct is available on the website of the Company www.axiscades.com

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer & Executive Director to this effect is furnished at the end of this report.

**vii. Internal Code of Conduct for Prevention of Insider Trading**

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 which has come into force with effect from May 15, 2015 the Company has formulated a Code of conduct to regulate, monitor and report trading by its employees, directors and other connected persons. The said code is posted and is accessible on the website of the Company at www.axiscades.com.

The Company closes its trading window seven days prior to the Board meeting, to approve and declare quarterly financial results, and till 48 hours after the publication of such results.

As required under Regulation 8(1) of SEBI-(Prohibition of Insider Trading Regulations, 2015) the Company has also formulated Code of practices and procedures for fair disclosure of unpublished price sensitive information and the same is posted and is accessible on the website of the Company at www.axiscades.com.

## VI. SUBSIDIARY COMPANIES

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with the report on significant developments of the unlisted subsidiary companies are placed before the board of the Company.

The Company has three material subsidiaries, out of which one is incorporated outside India.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the following link-http://www.axiscades.com/investors_data/corp_gov_report/ACET_Material_Subsidiary_Policy.pdf

## VII. MEANS OF COMMUNICATION

The quarterly results, half yearly result and annual results of the Company are published in leading newspapers such as Economic Times, Navbharat Times & Vijay Karnataka. The results are also displayed on the Company's website www.axiscades.com. Press notes/releases/presentations to the Institutional Investors and analysts, other announcement and Notices are posted promptly on the Website of the Company in addition to Stock Exchange Communication.

## VIII. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting
Date: 10th September 2018
Time: 11.30 a.m.
Venue: The Chancery Pavilion,
135, Residency Road, Bangalore

ii. Financial Calendar
Financial Year:
April 1 to March 31 (2017-2018)
Dividend Payment: NIL

iii. Listing on Stock Exchanges:
BSE Limited (BSE)
P.J. Towers, Dalal Street,
Fort, Mumbai – 400001

National Stock Exchange of India Ltd. (NSE)
Exchange Plaza, Bandra – Kurla Complex
Bandra (East), Mumbai, 400051
Stock Code/Symbol:

BSE : 532395
NSE : AXISCADES

The Listing fees for the fiscal year 2018-2019 as applicable have been paid to all the above Stock Exchanges.

**iv. Dematerialization of Equity Shares**

Equity shares of the Company representing 99.89% of the Company's equity share capital are dematerialized as on March 31, 2018.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's share is INE555B01013.

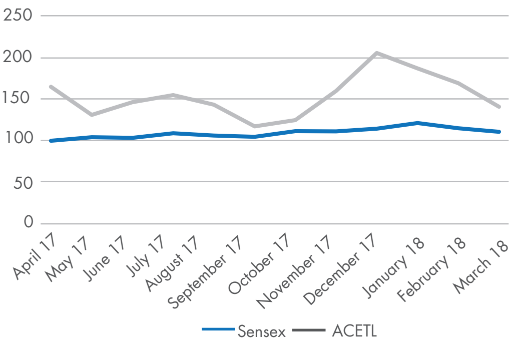
**v.** The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence as on March 31, 2018 the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

**vi. Market Price Data**

Monthly High, low market price data in the Financial Year 2017-2018 on the National Stock Exchange of India Limited (NSE) and BSE Limited are given below:

| Month | National Stock Exchange (NSE) | | BSE Limited | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April | 173.95 | 160.55 | 174.00 | 160.95 |
| May | 169.00 | 111.15 | 168.40 | 126.95 |
| June | 156.35 | 130.00 | 156.55 | 130.25 |
| July | 168.00 | 142.50 | 167.40 | 131.00 |
| August | 157.40 | 121.20 | 157.05 | 125.50 |
| September | 152.90 | 115.70 | 153.20 | 115.00 |
| October | 129.90 | 111.05 | 129.50 | 107.50 |
| November | 167.40 | 122.20 | 167.00 | 122.00 |
| December | 215.80 | 140.00 | 216.35 | 139.95 |
| January | 228.50 | 177.50 | 228.00 | 178.00 |
| February | 188.85 | 155.85 | 190.00 | 157.00 |
| March | 170.00 | 135.00 | 170.20 | 135.95 |

**vii.** Performance of the Company vis-à-vis Market Indices




**viii.** Registrar and Transfer Agent

Name and Address : Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032
Telephone: 040-67162222,
Fax : 040-23001153
E-mail: einward.ris@karvy.com

**ix. Share transfer System:**

With a view to expedite the process of share transfer, the Board of Directors of the Company had constituted a Stakeholder Relationship Committee which considers and approves the shares received for transfer, transmission, re-materialization and dematerialization etc. The shares for transfers received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute. The share certificates duly endorsed are returned to the shareholders by RTA. Confirmation in respect to the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL, expeditiously.

A certificate from a Practicing Company Secretary pursuant to Regulation 40(9) of the SEBI (LODR) Regulations, 2015, to the effect that all the transfers have been effected within 30 days from the lodgment of documents for transfer or otherwise is obtained and filed with the Stock Exchanges every half year ended September 30 and March 31.

**x. Shareholding as on March 31, 2018:**

a. Distribution of equity shareholding as on March 31, 2018:

| No. of Shares | Holding | % to Capital | No. of accounts | % to total accounts |
|---|---|---|---|---|
| 1-5000 | 5190836 | 13.75 | 17950 | 98.56 |
| 5001-10000 | 930704 | 2.46 | 126 | 0.69 |
| 10001-20000 | 893577 | 2.37 | 65 | 0.36 |
| 20001-30000 | 839637 | 2.22 | 33 | 0.18 |
| 30001-40000 | 292993 | 0.78 | 8 | 0.04 |
| 40001-50000 | 417645 | 1.11 | 9 | 0.05 |
| 50001-100000 | 858666 | 2.27 | 12 | 0.07 |
| 100001 and above | 28335472 | 75.04 | 10 | 0.05 |
| **Grand Total** | **37759530** | **100.00** | **18213** | **100.00** |

b. Categories of equity shareholders as on March 31, 2018:

| Category | No. of shares | Percentage |
|---|---|---|
| Promoters Group – Indian | 2,49,45,271 | 66.06 |
| Indian Public | 84,35,493 | 27.15 |
| Bodies Corporate | 18,14,330 | 4.80 |
| NRIs/ OCBs/ Foreign Nationals/FIIs | 3,73,759 | 0.99 |
| Others | 21,90,677 | 1.00 |
| **Total** | **3,77,59,530** | **100.00%** |

**xi. CEO/CFO certification**

The certificate duly signed by Chief Executive Officer & Executive Director and Chief Financial Officer of the Company as required under Regulation 17(8) of SEBI (LODR) Regulations, 2015 is attached to this Report.

**xii. Auditors' Certificate**

Auditors' certificate on compliance of conditions of corporate governance under SEBI (LODR) Regulations, 2015 is attached.

**xiii. Foreign Exchange Risk and Hedging**

The Company has a policy on Foreign Exchange Risk Management. The Board periodically reviews foreign exchange exposure and forward contract outstanding and future hedging requirements.

**xiv. Plant locations:** The Company is engaged in the business of providing engineering solutions and does not have any manufacturing plants.

**xv.** Registered Office & Address for correspondence:
Block C, Second Floor,
Kirloskar Business Park,
Bengaluru-560024
Karnataka

Other locations of offices of the Company are available at the Company's website www.axiscades.com

**For and on behalf of the Directors**

| | |
|---|---|
| Sd/- | Sd/- |
| **Sudhakar Gande** | **Vivek Mansingh** |
| Vice Chairman & Executive Director | Chairman & Director |

Place: Bengaluru
Date: May 31, 2018

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Members of
AXISCADES Engineering Technologies Limited

Block C, Second Floor,
Kirloskar Business Park,
Bengaluru-560024
Karnataka

1. The Corporate Governance Report prepared by AXISCADES Engineering Technologies Limited (hereinafter the "Company"), contains details as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the SEBI Listing Regulations") with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

**Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

**Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Directors' Register for the year ended March 31, 2018 and verified that atleast one Woman Director was on the Board during the year except that there was no Woman Director on the Board during the period September 15, 2017 to February 12, 2018 as also more fully described in "note V(ii) – Details of non-compliance" of the Corporate Governance Report;

   iv. Obtained and read the minutes of the following committee meetings held on April 01, 2018 to

   March 31, 2018:

   (a) Board of Directors meeting;

   (b) Audit committee;

   (c) Annual General meeting;

   (d) Nomination and remuneration committee;

   (e) Stakeholders Relationship Committee;

   (f) Independent directors meeting; and

v. As represented by the Management, the Company does not fall within the top 100 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year for the purpose of constituting a Risk Management Committee. We have solely relied on management representation in this regard;

vi. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and

vii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

**Basis for Qualified Opinion**

8. As required by regulation 17(1) of the SEBI Listing Regulations, the composition of Board of Directors should have atleast one Woman Director, however, as more fully described in "note V(ii) – Details of non-compliance" of the Corporate Governance Report, there was no Woman Director on the Board during the period September 15, 2017 to February 12, 2018.

**Qualified Opinion**

9. Based on the procedures performed by us as referred in paragraph 8 above, and according to the information and explanations given to us, that except for the matter stated in paragraph 8 above, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 2 above.

**Other matters and Restriction on Use**

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

**Sd/-**
**per Sunil Gaggar**
Partner
Membership Number: 104315

Place of Signature: Bengaluru
Date: May 31, 2018

# (CEO/CFO certificate under Clause 17 of LR)

Pursuant to LR 17(8) & Part B of Schedule II

To
The Board of Directors
AXISCADES Engineering Technologies Limited

Dear Sirs,
Certification under Regulation 17 of the listing Regulations for financial year ended 31st March 2018 We, Mritunjay Singh, Chief Executive Officer & Executive Director and Kaushik Sarkar, Chief Financial Officer, hereby certify that.

(a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief.

  (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

  (ii) These statements together present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) There are to the best of our knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.

(c) We accept the responsibility for establishing and maintaining internal controls for the financial reporting, and that we have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

  i. significant changes, if any, in internal control over financial reporting during the year;

  ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Sd/-**
**[Mritunjay Singh]**
Chief Executive Officer and Executive Director

**Sd/-**
**[Kaushik Sarkar]**
Chief Financial Officer

Date: 30 May 2018

# Declaration on the Compliance of the Company's Code of Conduct

To,
The Shareholders
AXISCADES Engineering Technologies Limited

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Regulation 17(5) of the SEBI (LODR) Regulations, 2015, to further strengthen Corporate Governance practice in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2018.

**Sd/-**
**Mritunjay Singh**
Chief Executive Officer and Executive Director
AXISCADES Engineering Technologies Limited

# INDEPENDENT AUDITOR'S REPORT

To the Members of AXISCADES Engineering Technologies Limited

## REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of AXISCADES Engineering Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## OTHER MATTER

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 prepared in accordance with Ind AS, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who had audited the standalone financial statements for the relevant periods. The report of the predecessor statutory auditor on the comparative financial information and the opening balance sheet dated May 07, 2018 expressed an unmodified opinion with an emphasis of matter paragraph.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government

of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 44 to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Sd/-**
**per Sunil Gaggar**
Partner
Membership Number: 104315

Place of Signature: Bengaluru
Date: May 31, 2018

## ANNEXURE 1

# Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: AXISCADES Engineering Technologies Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's business does not involve inventory and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 of the Act are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of loans and advances given, investments made, guarantees and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company and the information and explanations given to us, there are no dues of income-tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute. The disputed dues on account of service tax are as follows:

| Name of the statute | Nature of dues | Amount (₹) | Amount paid under Protest (₹) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Finance Act, 1994 | Service Tax on Business Auxillary Services and Import of Services | 95,638,624 | 8,554,596 | April 2006 to September 2010 | CESTAT, Bangalore |

(viii) In our opinion and according to the information and explanations given by the Management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company did not have any loans or borrowing from any financial institution or government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the Management, the Company has not raised any money by way of initial public offer/further public offer/debt instruments. During the year, the Company has obtained a foreign currency tem loan towards reimbursement of expenditure incurred on property plant and equipment. In our opinion and according to the information and explanations given by the Management, the aforesaid loan has been partially utilised for the purpose for which it was obtained and the unutilized balance funds is available with the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanation given by the Management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the Management, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, hence not commented upon.

(xv) According to the information and explanations given by the Management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

**Sd/-**
**per Sunil Gaggar**
Partner
Membership Number: 104315

Place of Signature: Bengaluru
Date: May 31, 2018

# ANNEXURE 2

## Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind As Financial Statements of AXISCADES Engineering Technologies Limted

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

We have audited the internal financial controls over financial reporting of AXISCADES Engineering Technologies Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Sd/-**
**per Sunil Gaggar**
Partner
Membership Number: 104315

Place of Signature: Bengaluru
Date: May 31, 2018

# Balance Sheet
as at 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

| | Note | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Property, plant and equipment | 3 | 1,367.07 | 1,482.53 | 1,560.62 |
| Other intangible assets | 4 | 950.38 | 1,466.34 | 1,339.40 |
| Intangible assets under development | 5 | - | - | 111.63 |
| Financial assets | | | | |
| Investments | 6 | 38,446.38 | 14,232.41 | 12,713.54 |
| Trade receivables | 7 | 11.14 | 9.76 | 8.57 |
| Loans | 8 | 695.58 | 550.03 | 1,896.72 |
| Other financial assets | 9 | 196.14 | 72.90 | 150.42 |
| Deferred tax assets, net | 35 | 658.51 | 204.18 | 163.11 |
| Non-current tax asset, net | 10 | 664.94 | 696.95 | 546.08 |
| Other non-current assets | 11 | 78.02 | 24.05 | 42.86 |
| | | **43,068.16** | **18,739.15** | **18,532.95** |
| **Current assets** | | | | |
| Financial assets | | | | |
| Trade receivables | 7 | 6,004.69 | 4,548.01 | 6,170.28 |
| Cash and cash equivalents | 12 | 765.06 | 1,913.88 | 940.36 |
| Bank balances other than cash and cash equivalents | 13 | 218.51 | 366.10 | 277.29 |
| Loans | 8 | 144.67 | 368.24 | 79.58 |
| Other financial assets | 9 | 2,803.85 | 2,713.76 | 3,254.88 |
| Other current assets | 11 | 1,923.34 | 948.24 | 531.23 |
| | | **11,860.12** | **10,858.23** | **11,253.62** |
| **Total assets** | | **54,928.28** | **29,597.38** | **29,786.57** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 14 | 1,889.51 | 1,889.51 | 1,889.51 |
| Other equity | 15 | 21,061.48 | 22,186.06 | 20,829.62 |
| | | **22,950.99** | **24,075.57** | **22,719.13** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 16 | 2,824.91 | 73.00 | 55.64 |
| Other financial liabilities | 17 | 10,325.23 | - | - |
| Provisions | 18 | 395.23 | 372.88 | 292.10 |
| Other non-current liabilities | 19 | 27.82 | 27.82 | 27.82 |
| | | **13,573.19** | **473.70** | **375.56** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 16 | 3,739.96 | 2,399.03 | 2,440.37 |
| Trade payables | 20 | 2,154.76 | 903.38 | 1,682.08 |
| Other financial liabilities | 17 | 11,632.25 | 852.79 | 1,180.52 |
| Provisions | 18 | 262.96 | 226.89 | 183.44 |
| Current tax liability, net | 21 | - | - | 284.78 |
| Other current liabilities | 19 | 614.17 | 666.02 | 920.69 |
| | | **18,404.10** | **5,048.11** | **6,691.88** |
| **Total equity and liabilities** | | **54,928.28** | **29,597.38** | **29,786.57** |

The accompanying notes form an integral part of the standalone Ind AS financial statements.

As per our report of even date attached

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

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# Statement of Profit and Loss

for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

| | Note | Year Ended 31 March 2018 | Year Ended 31 March 2017 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 22 | 23,258.02 | 23,486.04 |
| Other income | 23 | 693.74 | 647.65 |
| **Total income** | | **23,951.76** | **24,133.69** |
| **EXPENSES** | | | |
| Employee benefits expense | 24 | 14,533.54 | 13,812.47 |
| Finance costs | 25 | 720.32 | 170.15 |
| Depreciation and amortisation expense | 26 | 1,370.11 | 992.97 |
| Project consultancy charges | | 1,950.30 | 1,998.26 |
| Other expenses | 27 | 6,162.95 | 5,145.36 |
| **Total expenses** | | **24,737.22** | **22,119.21** |
| **Profit/(loss) before exceptional items and tax** | | **(785.46)** | **2,014.48** |
| Less: Exceptional item | 28 | 298.69 | 45.33 |
| **Profit/(Loss) before tax** | | **(1,084.15)** | **1,969.15** |
| **TAX EXPENSE** | | | |
| Current tax | | 156.47 | 753.72 |
| Tax expense of prior year | | 58.79 | - |
| Deferred tax charge / (credit) | | (357.60) | (75.66) |
| **Profit/(Loss) after tax for the year** | | **(941.81)** | **1,291.09** |
| **Other Comprehensive Income** | | | |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent periods:** | | | |
| Remeasurement (losses)/gains in defined benefit plans | | (0.03) | (41.81) |
| Income tax effect | | 0.01 | 14.47 |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent periods** | | **(0.02)** | **(27.34)** |
| **Other comprehensive income to be reclassified to profit or loss in subsequent periods:** | | | |
| Gain on cash flow hedges | | (279.50) | 141.75 |
| Income tax effect | | 96.75 | (49.06) |
| **Net other comprehensive income to be reclassified to profit or loss in subsequent periods** | | **(182.75)** | **92.69** |
| **Total other comprehensive income, net of tax** | | **(182.77)** | **65.35** |
| **Total comprehensive (loss) / income for the year, net of tax** | | **(1,124.58)** | **1,356.44** |
| **Earnings per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2017 : ₹ 5)]** | | | |
| Basic and diluted | 30 | **(2.49)** | **3.42** |

The accompanying notes form an integral part of the standalone Ind AS financial statements.

As per our report of even date attached

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

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# Statement of Cash Flows

for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Profit/(Loss) before tax | (1,084.15) | 1,969.15 |
| Adjustments to reconcile profit before tax to net cashflows: | | |
| Depreciation and amortisation expense | 1,370.11 | 992.97 |
| Interest income (including fair value change in financial instruments) | (219.82) | (270.83) |
| Interest expense (including fair value change in financial instruments) | 691.63 | 132.28 |
| Provision for gratuity and compensated absences | - | - |
| Provision no longer required written back | (115.67) | (329.26) |
| Bad debts written off | 11.92 | - |
| (Profit) / Loss on sale of Property, plant and equipment | - | (1.16) |
| Net unrealised foreign exchange gain | (180.30) | (3.52) |
| **Operating profit before working capital changes** | **473.72** | **2,489.63** |
| **Movements in working capital** | | |
| (Increase)/Decrease in trade receivables | (1,454.10) | 1,515.11 |
| (Increase)/Decrease in other assets | (1,503.10) | 758.06 |
| (Increase)/Decrease in loans and advances | 78.02 | (430.31) |
| (Decrease)/Increase in trade payables and other liabilities | 1,463.83 | (907.61) |
| (Decrease)/Increase in provisions | 16.62 | (202.36) |
| **Cash generated from/(used in) operating activities** | **(925.01)** | **3,222.52** |
| Direct taxes paid (net of refunds) | (183.25) | (1,163.97) |
| **Net cash generated from/(used in) operating activities (A)** | **(1,108.26)** | **2,058.55** |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment and intangible assets | (738.69) | (1,021.29) |
| Proceeds from sale of property, plant and equipment | - | 1.16 |
| Interest received | 379.03 | 124.10 |
| Investments in fixed deposits, net | 24.35 | (6.23) |
| Investment in intercorporate deposit | - | (125.00) |
| Realisation from intercorporate deposit | - | 1,500.00 |
| Investment in subsidiaries | (3,523.02) | (1,518.87) |
| **Net cash used in investment activities (B)** | **(3,858.33)** | **(1,046.13)** |
| **C. Cash flow from financing activities** | | |
| Repayments of intercorporate deposits | (73.00) | - |
| Proceeds from intercorporate deposits | 250.00 | 16.00 |
| Proceeds from long-term borrowings | 2,942.04 | - |
| Proceeds from working capital loans and buyer's credit | 971.77 | 169.89 |
| Interest paid | (273.04) | (122.87) |
| **Net cash generated from financing activities (C)** | **3,817.77** | **63.02** |
| **Net increase/(Decrease) in cash and cash equivalents (A+B+C)** | **(1,148.82)** | **1,075.44** |
| Cash and cash equivalents at the beginning of the year [refer note 12(a)] | 1,913.88 | 837.66 |
| Cash and cash equivalents acquired on account of scheme (refer note 29) | - | 0.78 |
| **Cash and cash equivalents at the end of the year [refer note 12(a)]** | **765.06** | **1,913.88** |

The above Cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7, "Statement of Cash Flows".

As per our report of even date attached

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

Sd/-
per **Sunil Gaggar**
Partner
Membership no.: 104315

Place: Bengaluru
Date: 31 May 2018

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

Sd/-
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

Sd/-
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

Sd/-
**Kaushik Sarkar**
Chief Financial Officer

Sd/-
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# Statement of Changes in Equity

for the year ended 31 March 2018

### A. Equity share capital

(All amounts in ₹ lakhs, unless otherwise stated)

| | Equity shares | |
|---|---|---|
| **Equity shares of ₹ 5 each, (March 31, 2017: ₹ 5 each), fully paid-up** | **Number (in lakhs)** | **Amount** |
| **At 1 April 2016** | **377.60** | **1,889.51** |
| Add: Issued and subscribed during the year | - | - |
| **At 31 March 2017** | **377.60** | **1,889.51** |
| Add: Issued and subscribed during the year | - | - |
| **At 31 March 2018** | **377.60** | **1,889.51** |

### B. Other equity

| | Reserves and Surplus | | | Items of OCI | | |
|---|---|---|---|---|---|---|
| | **Securities premium account** | **Surplus in the Statement of Profit and Loss** | **Capital reserve** | **Hedge reserve** | **Other items of other comprehensive income / (loss)** | **Total** |
| **Balance as at 1 April 2016 (refer note 45)** | **10,077.23** | **6,462.56** | **4,227.97** | **54.26** | **7.60** | **20,829.62** |
| Profit/(Loss) 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) |
| **Total comprehensive income** | **-** | **1,291.09** | **-** | **92.69** | **(27.34)** | **1,356.44** |
| **Balance as at 31 March 2017** | **10,077.23** | **7,753.65** | **4,227.97** | **146.95** | **(19.74)** | **22,186.06** |
| Profit / (Loss) for the year | - | (941.81) | - | - | - | (941.81) |
| Fair value changes on derivatives designated as cash flow hedge, net of tax | - | - | - | (182.75) | - | (182.75) |
| Re-measurement losses in defined benefit plans, net of tax | - | - | - | - | (0.02) | (0.02) |
| **Total Comprehensive Income** | **-** | **(941.81)** | **-** | **(182.75)** | **(0.02)** | **(1,124.58)** |
| **Balance as at 31 March 2018** | **10,077.23** | **6,811.84** | **4,227.97** | **(35.80)** | **(19.76)** | **21,061.48** |

The accompanying notes form an integral part of the standalone Ind AS financial statements.
As per our report of even date attached

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

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (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.

The Registered Office of the Company is "Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560024, Karnataka, India"

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

The standalone financial statements have been prepared in accordance with 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 periods up to and including the year ended 31 March 2017, the Company prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These standalone financial statements for the year ended March 31, 2018 are the first the Company has prepared in accordance with Ind AS. Refer note 45 for the explanation of transition from Indian GAAP to Ind AS.

The standalone Financial Statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

The standalone Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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 require 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 standalone 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 the 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

***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 require 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.

Contingent considerations, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

***Decommissioning liability***

The estimated valuation of decommissioning liability is 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 a 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

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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 standalone 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.

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:

| Asset Category | Useful lives (in years) |
|---|---|
| Computers | 3 |
| Furniture and fixtures * | 7 |
| Office equipment * | 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 are 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, on a straight-line basis.

**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

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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.

*Intangible assets 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.

**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

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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*

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

**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 deputes 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 leaves 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (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 contains 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 estimated 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 and 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

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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.

**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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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.

**o) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**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 Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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 Statement of Profit and Loss, 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.

**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:

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

*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 / losses are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain and loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and 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.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

**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. These derivative financial instruments 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,

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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.

**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. However, if credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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:

a. 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.

b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

c. 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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 assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.

**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 at banks and on hand 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.

**Amendment to Ind AS 7- Statement of Cash Flows**

The amendment requires entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The effect on adoption of Ind AS 7 on the standalone Ind AS financial statements is insignificant.

**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

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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) Corporate Social Responsibility (CSR) expenditure**

CSR expenditure as per provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is charged to the Statement of Profit and Loss as expense as when incurred.

**w) Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**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 financial statements and the impact is not material.

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

Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supercede all current revenue recognition requirements under Ind AS. 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:

i) 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.

ii) 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.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The Company continues to evaluate various areas such as gross versus net revenue presentation for certain contracts, identification and treatment of performance obligations associated with certain contracts etc. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 3. PROPERTY, PLANT AND EQUIPMENT (PPE)

| | Lease hold land* (refer note e) | Computers | Furniture and fixtures | Office equipment | Office building | Vehicles | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | |
| **Deemed cost as at 1 April 2016** | **815.88** | **411.43** | **30.66** | **82.51** | **136.19** | **67.77** | **16.18** | **1,560.62** |
| Additions | - | 197.80 | 19.59 | 7.86 | - | - | - | 225.25 |
| Disposals | - | (121.22) | - | (1.48) | - | (17.56) | - | (140.26) |
| **Balance as at 31 March 2017** | **815.88** | **488.01** | **50.25** | **88.89** | **136.19** | **50.21** | **16.18** | **1,645.61** |
| Additions | - | 147.88 | 19.21 | 39.16 | - | - | - | 206.25 |
| Disposals | - | - | - | - | - | - | - | - |
| **Balance as at 31 March 2018** | **815.88** | **635.89** | **69.46** | **128.05** | **136.19** | **50.21** | **16.18** | **1,851.86** |
| **Depreciation** | | | | | | | | |
| Depreciation charge for the year | - | 236.47 | 13.58 | 22.72 | 2.96 | 16.69 | 10.92 | 303.34 |
| Disposals | - | (121.22) | - | (1.48) | - | (17.56) | - | (140.26) |
| **Balance as at 31 March 2017** | **-** | **115.25** | **13.58** | **21.24** | **2.96** | **(0.87)** | **10.92** | **163.08** |
| Depreciation charge for the year | - | 266.69 | 12.77 | 22.03 | 2.86 | 16.69 | 0.67 | 321.71 |
| Disposals | - | - | - | - | - | - | - | - |
| **Balance as at 31 March 2018** | **-** | **381.94** | **26.35** | **43.27** | **5.82** | **15.82** | **11.59** | **484.79** |
| **Net block** | | | | | | | | |
| **As at 31 March 2017** | **815.88** | **372.76** | **36.67** | **67.65** | **133.23** | **51.08** | **5.26** | **1,482.53** |
| **As at 31 March 2018** | **815.88** | **253.95** | **43.11** | **84.78** | **130.37** | **34.39** | **4.59** | **1,367.07** |

**Note:**

a. For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used fair value as at 1 April 2016 as deemed cost.

The land and building held by the Company at Noida, Uttar Pradesh was fair valued upwards as at 1 April 2016 based on an independent valuation carried out on 16 April 2018 and the resultant increase of ₹ 793.24 lakhs for land and ₹ 11.58 lakhs for building was credited to opening reserves.

Fair value of the properties was determined as follows:

***Land:***

Fair value of land was determined by using the market comparable method. This means that the valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of fair valuation, the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP, an accredited independent valuer who has relevant valuation experience for similar office properties in India.

Significant valuation input:

Price per square metre : ₹ 104,618

***Building:***

Fair value of building was determined by using the depreciated replacement cost method. Gross current replacement cost of each structure is assessed after considering different factors. According to the specifications and use of the building, its economical life is estimated and depreciation of construction by straight line method is calculated to arrive at the depreciated replacement cost of construction. As at the date of fair valuation, the properties' fair values are based on valuations performed by RSBA Valuation Advisors LLP, an accredited independent valuer who has relevant valuation experience for similar office properties in India.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

***Other class of PPE (other than land and building) held by the Company***

All other class of PPE (other than land and building) held by the Company was fair valued as at 1 April 2016 based on an independent valuation carried out on 16 April 2018. The fair value of these class of PPE approximates the carrying value as at 1 April 2016 as per previous GAAP and hence no gain / loss has been recognised.

Fair value of other class of PPE was determined by using depreciated replacement cost method. Gross current replacement cost of each item of PPE is assessed after considering different factors. According to the specifications and use of the items of PPE , its economical life is estimated and depreciation by straight line method is calculated to arrive at the depreciated replacement cost of PPE. As at the date of fair valuation, the properties' fair values are based on valuations performed by J R S & Co, Chartered Accountants who has relevant valuation experience for similar office properties in India.

**b. Contractual obligations**

There are no contractual commitments for the acquisition of property, plant and equipment.

**c. Capitalised borrowing cost**

There is no borrowing costs capitalised during the year ended 31 March 2018 (31 March 2017: Nil; 1 April 2016: Nil).

**d. Property, plant and equipment pledged as security**

Details of properties pledged are as per note 16

**e. Decommissioning cost**

A provision has been recognised for decommissioning costs associated with the premises taken on lease. The Company is committed to decommissioning the premises as a result of improvements made to the premises (refer note 18).

## 4. OTHER INTANGIBLE ASSETS

| Particulars | Software | Process manuals | Total |
|---|---|---|---|
| **Cost** | | | |
| **Deemed cost as at 1 April 2016** | **319.83** | **1,019.57** | **1,339.40** |
| Additions | 296.11 | 520.46 | 816.57 |
| **Balance as at 31 March 2017** | **615.94** | **1,540.03** | **2,155.97** |
| Additions | 318.03 | 214.41 | 532.44 |
| **Balance as at 31 March 2018** | **933.97** | **1,754.44** | **2,688.41** |
| | | | |
| **Amortisation** | | | |
| Amortisation charge for the year | **199.45** | **490.18** | **689.63** |
| **Balance as at 31 March 2017** | **199.45** | **490.18** | **689.63** |
| Amortisation charge for the year | **246.70** | **801.70** | **1,048.40** |
| **Balance as at 31 March 2018** | **446.15** | **1,291.88** | **1,738.03** |
| | | | |
| **Net block** | | | |
| As at 31 March 2017 | **416.49** | **1,049.85** | **1,466.34** |
| As at 31 March 2018 | **487.82** | **462.56** | **950.38** |

## 5. INTANGIBLE ASSETS UNDER DEVELOPMENT

| Particulars | Software | Total |
|---|---|---|
| **Balance as at 1 April 2016** | **111.63** | **111.63** |
| Additions during the year | 27.70 | 27.70 |
| Less: Capitalised during the year | (139.33) | (139.33) |
| **Balance as at 31 March 2017** | **-** | **-** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 6. INVESTMENTS

**i Unquoted Investments carried at cost**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Investment in equity shares of subsidiaries: | | | |
| AXISCADES Inc. 19,725 equity shares (31 March 2017: 19,725; 1 April 2016: 19,725) of no par value | 1,489.06 | 1,489.06 | 1,489.06 |
| Cades Studec Technologies (India) Private Limited 475,000 equity shares (31 March 2017: 475,000; 1 April 2016: 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; 1 April 2016: 100) of Canadian Dollar 1 each | 0.05 | 0.05 | 0.05 |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. 1 equity share (31 March 2017: 1; 1 April 2016:1) of no par value | 42.68 | 42.68 | 42.68 |
| AXISCADES GmbH (refer note a) 1 equity share (31 March 2017: 1; 1 April 2016: Nil) of no par value | 18.87 | 18.87 | - |
| AXISCADES Aerospace & Technologies Private Limited (refer note 29) 16,838,512 equity shares (31 March 2017: 16,838,512; 1 April 2016: 14,945,768) of ₹ 10 each | 11,962.04 | 11,962.04 | 10,462.04 |
| Mistral Solutions Private Limited (refer note b) 18,986,850 equity shares (31 March 2017: Nil; 1 April 2016: Nil) of ₹ 5 each | 24,213.97 | - | - |
| **Total investment carried at cost** | **38,446.33** | **14,232.36** | **12,713.49** |

**ii Investments in equity shares of other companies (at FVTPL)**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Axis Cogent Global Limited 946,822 (31 March 2017: 946,822; 1 April 2016: 946,822) equity shares of ₹ 10 each | - | - | - |
| Datum Technology Limited 50,000 (31 March 2017: 50,000; 1 April 2016: 50,000) equity shares of ₹ 10 each | - | - | - |
| **Total investment carried at fair value through profit or loss** | - | **-** | **-** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

iii Other investments (At Amortised cost)

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| National Savings Certificates | 0.05 | 0.05 | 0.05 |
| **Total investment carried at amortised cost** | **0.05** | **0.05** | **0.05** |
| **Aggregate value of investments** | **38,446.38** | **14,232.41** | **12,713.54** |

a) During the financial year 2016 - 17, the Company has incorporated a wholly owned subsidiary on 16 August 2016 in Germany, namely, AXISCADES GmbH, to explore opportunities in the European region.

b) The Company entered into a Share Purchase Agreement ('SPA') effective December 1, 2017, to acquire 100% of the paid-up share capital of Mistral Solutions Private Limited (MSPL) in a phased manner from promoters and other shareholders of MSPL. MSPL is headquartered at Bengaluru, India and engaged in rendering end-to-end services for product design and development in the embedded space, design and development services covering hardware and software, customizable product designs, system integration and other related solutions. The fair value of the purchase consideration is determined at ₹ 24,213.97 lakhs and it will be payable over a period as per the terms of the SPA. Out of the aforesaid purchase consideration payable, ₹ 10,325.23 lakhs is disclosed under Other Non-current financial liabilities and ₹ 10,702.84 lakhs is disclosed under Other current financial liabilities.

## 7. TRADE RECEIVABLES

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| (Unsecured) | 11.14 | 9.76 | 8.57 |
| Considered good | | | |
| | **11.14** | **9.76** | **8.57** |
| **Current** | | | |
| (Unsecured) | | | |
| Considered good | 6,004.69 | 4,548.01 | 6,170.28 |
| Considered doubtful | 2.57 | 3.21 | 3.21 |
| | **6,007.26** | **4,551.22** | **6,173.49** |
| Less: Allowance for doubtful receivables | (2.57) | (3.21) | (3.21) |
| | **6,004.69** | **4,548.01** | **6,170.28** |

As at 31 March 2018, trade receivables include a sum of ₹ 21.78 lakhs (31 March 2017: ₹ 21.78 lakhs; 1 April 2016: ₹ 23.71 lakhs) foreign currency receivables outstanding for more than 365 days. In this regard, the Company has filed for extension with its Authorised Dealer as per the required provisions of Foreign Exchange Management Act,1999.

No trade or other receivables are due from director or other officers of the Company either severally or jointly with any other person.

Refer note 16 for details of assets pledged as security for borrowings.

## 8. LOANS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| (Unsecured, considered good) | | | |
| Inter corporate deposit [refer note 31 and (a) below] | - | - | 1,375.00 |
| Security deposits | 695.58 | 550.03 | 521.72 |
| | **695.58** | **550.03** | **1,896.72** |
| **Current** | | | |
| (Unsecured, considered good) | | | |
| Advances to subsidiaries [refer note 31 (a) and (b) below] | 73.45 | 368.24 | 79.58 |
| Security deposits | 71.22 | - | - |
| | **144.67** | **368.24** | **79.58** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

(a) The Board of Directors approved Intercorporate Deposits (ICD) of ₹1,500 lakhs to AXISCADES Aerospace & Technologies Private Limited (ACAT), subsidiary of the Company, at an interest rate of the Company's maximum borrowing rate plus 1% per annum payable on a quarterly basis and other such terms and conditions that are on arm's length basis and in the ordinary course of business. During the year ended 31 March 2017, the Company had advanced further ₹125 lakhs to ACAT and the entire amount of ICD of ₹1,500 lakhs has been repaid by ACAT during the same year.

(b) Refer note 16 for details of assets pledged as security for borrowings.

## 9. OTHER FINANCIAL ASSETS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| (Unsecured, considered good) | | | |
| Margin money deposits with banks against bank guarantees [refer note 13] | 196.14 | 72.90 | 150.42 |
| | **196.14** | **72.90** | **150.42** |
| **Current** * | | | |
| (Unsecured, considered good) | | | |
| Hedge asset | - | 224.73 | 82.98 |
| Interest accrued on fixed deposits | 10.09 | 28.46 | 17.06 |
| Interest accrued and due on ICD [refer note 31 and 8(a)] | - | 140.84 | 32.21 |
| Unbilled revenue (refer note 31) | 2,793.76 | 2,319.73 | 3,122.63 |
| | **2,803.85** | **2,713.76** | **3,254.88** |
| (Unsecured, considered doubtful) | | | |
| Unbilled revenue | 104.97 | 104.97 | 104.97 |
| | **104.97** | **104.97** | **104.97** |
| **Less:** | | - | - |
| Allowance for unbilled revenue | (104.97) | (104.97) | (104.97) |
| | **(104.97)** | **(104.97)** | **(104.97)** |
| | **2,803.85** | **2,713.76** | **3,254.88** |

* Refer note 16 for details of assets pledged as security for borrowings.

## 10. NON-CURRENT TAX ASSET, NET

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Advance income tax (net of provision for tax ₹ 2,477.61 lakhs) (31 March 2017: ₹ 3,247.73 lakhs; 1 April 2016: ₹ 1,106.27 lakhs) | 664.94 | 696.95 | 546.08 |
| | **664.94** | **696.95** | **546.08** |

## 11. OTHER ASSETS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| (Unsecured, considered good) | | | |
| Prepaid expenses | 78.02 | 24.05 | 42.86 |
| | **78.02** | **24.05** | **42.86** |
| **Current** * | | | |
| (Unsecured, considered good) | | | |
| Duties and taxes recoverable | 1,363.07 | 554.79 | 237.93 |
| Prepaid expenses | 478.13 | 321.66 | 250.46 |
| Advance to suppliers | 28.63 | 11.28 | 0.62 |
| Advance to employees | 53.51 | 60.51 | 42.22 |
| | **1,923.34** | **948.24** | **531.23** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Unsecured, considered doubtful | | | |
| Duties and taxes recoverable | 27.67 | - | 14.49 |
| | **27.67** | **-** | **14.49** |
| Less: Allowance for duties and taxes recoverable | (27.67) | - | (14.49) |
| | **(27.67)** | **-** | **(14.49)** |
| | **1,923.34** | **948.24** | **531.23** |

* Refer note 16 for details of assets pledged as security for borrowings.

## 12. CASH AND CASH EQUIVALENTS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Cash on hand | 0.43 | 0.63 | 1.74 |
| Balances with banks | | | |
| - on current accounts | 664.63 | 1,913.25 | 938.62 |
| Deposits with original maturity of less than three months | 100.00 | - | - |
| | **765.06** | **1,913.88** | **940.36** |

**Note:**

**a) For the purpose of statement of cash flows, cash and cash equivalents comprises the following:**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Cash and cash equivalents | 765.06 | 1,913.88 | 940.36 |
| **Cash and cash equivalents reported in cash flow statement** | **765.06** | **1,913.88** | **940.36** |

## 13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Margin money deposits with banks | 414.65 | 439.00 | 427.71 |
| | **414.65** | **439.00** | **427.71** |
| Less : Amounts disclosed as other financial assets (refer note 9) | (196.14) | (72.90) | (150.42) |
| | **218.51** | **366.10** | **277.29** |

1. Fixed deposits of a carrying amount ₹ 382.86 lakhs (31 March 2017: ₹ 409.98 lakhs; 1 April 2016: ₹ 409.98 lakhs) have been deposited as margin money at 10% against the packing credit facility loan availed from a bank.
2. Deposits of a carrying amount ₹ 31.79 lakhs (31 March 2017: ₹ 29.02 lakhs; 1 April 2016: ₹ 17.73 lakhs) have been deposited as bank guarantee towards lien on various authorities and customers.
3. Refer note 16 for assets pledged as security for borrowings.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**a) Breakup of financial assets carried at amortised cost**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Investments (refer note 6) | 0.05 | 0.05 | 0.05 |
| Loans (refer note 8) | 840.25 | 918.27 | 1,976.30 |
| Trade receivables (refer note 7) | 6,015.83 | 4,557.77 | 6,178.85 |
| Other financial assets (refer note 9) | 2,999.99 | 2,561.93 | 3,322.32 |
| Cash and cash equivalents (refer note 12) | 765.06 | 1,913.88 | 940.36 |
| Bank balances other than cash and cash equivalents (refer note 13) | 218.51 | 366.10 | 277.29 |
| | **10,839.69** | **10,318.00** | **12,695.17** |

## 14. EQUITY SHARE CAPITAL

| | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | Number (in lakhs) | Amount | Number (in lakhs) | Amount | Number (in lakhs) | Amount |
| **Authorised** | | | | | | |
| 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 |
| | **2,041.00** | **10,300.00** | **2,041.00** | **10,300.00** | **1,081.00** | **5,500.00** |
| **Issued share capital** | | | | | | |
| Equity shares of ₹ 5 each, fully paid-up | 378.11 | 1,890.53 | 378.11 | 1,890.53 | 378.11 | 1,890.53 |
| **Subscribed and paid-up** | | | | | | |
| 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 |
| | **377.60** | **1,889.51** | **377.60** | **1,889.51** | **377.60** | **1,889.51** |

**a) Reconciliation of the equity shares**

| | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | Number (in lakhs) | Amount | Number (in lakhs) | Amount | Number (in lakhs) | Amount |
| **Equity shares of ₹ 5 each, par value** | | | | | | |
| Balances as at the beginning of the year (refer note 29) | 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 | **377.60** | **1,889.51** | **377.60** | **1,889.51** | **377.60** | **1,889.51** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**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. 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 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | Number (in lakhs) | Amount | Number (in lakhs) | Amount | Number (in lakhs) | Amount |
| **Holding Company:** | | | | | | |
| Jupiter Capital Private Limited (refer note 29) | 66.49 | 332.45 | 66.49 | 332.45 | 83.48 | 417.41 |
| **Subsidiaries of Holding Company:** | | | | | | |
| 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 |

**d) Details of shareholders holding more than 5% shares:**

| | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | Number (in lakhs) | Percentage holding | Number (in lakhs) | Percentage holding | Number (in lakhs) | Percentage holding |
| **Equity shares of ₹ 5 each, par value** | | | | | | |
| Tayana Digital Private Limited | 121.42 | 32.16% | 121.42 | 32.16% | 121.42 | 32.16% |
| Jupiter Capital Private Limited (refer note 29) | 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.

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

| Particulars | 2017-2018 | 2016-2017* | 2015-2016 | 2014-2015 | 2013-2014 |
|---|---|---|---|---|---|
| **Equity shares:** Allotted as fully paid up under Scheme of Arrangement * (refer note 29) | - | 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 Company 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 15. OTHER EQUITY

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Securities premium | 10,077.23 | 10,077.23 | 10,077.23 |
| Hedge reserve | (35.80) | 146.95 | 54.26 |
| Surplus in the Statement of Profit and Loss | 6,811.84 | 7,753.65 | 6,462.56 |
| Capital reserve [reserve credited pursuant to the Scheme (refer note 29)] | 4,227.97 | 4,227.97 | 4,227.97 |
| Other reserves | (19.76) | (19.74) | 7.60 |
| | **21,061.48** | **22,186.06** | **20,829.62** |

**Note:**

**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 Companies Act, 2013.

**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 Companies Act, 2013 (also refer note 29).

**Other reserves**

Other reserves includes re-measurement (losses) / gains on defined benefit obligation.

### 16. BORROWINGS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non current** | | | |
| Secured | | | |
| Term loan from banks [refer note (a)(iii) and (b)(v)] | 2,574.91 | - | - |
| Unsecured | | | |
| Intercorporate deposit from holding Company [refer note 31 and b(iii) below] | - | 73.00 | 55.64 |
| Intercorporate deposit from subsidiary [refer note 31 and b(iv)] | 250.00 | - | - |
| | **2,824.91** | **73.00** | **55.64** |
| **Current** | | | |
| Secured | | | |
| Working capital loan [refer note (a)(i) and (b)(i)] | 3,285.32 | 2,399.03 | 2,345.38 |
| Cash credit from banks [refer note (a)(iv) and (b)(vi)] | 454.64 | - | - |
| Buyer's credit [refer note a(ii) and b(ii) below] | - | - | 94.99 |
| | **3,739.96** | **2,399.03** | **2,440.37** |

**a) 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

(iii) Foreign currency Term Loan('FCTL') from a bank is secured by the first pari passu charge on entire current assets and tangible property, plant and equipment of the Company both present and future including land and building of the Company situated at D-30, Sector 3, Noida, UP. Additionally, shares are pledged to the extent of 1.40 times of the exposure of both of the companies(i.e. the Company and AXISCADES Aerospace & Technologies Private Limited) with Mark to Market Clause.

(iv) Cash credit from banks is secured by the first pari passu charge on entire current assets and tangible property, plant and equipment of the Company both present and future including land and building of the Company situated at D-30, Sector 3, Noida, UP.

**b) Terms of borrowings and rate of interest**

(i) Packing credit in foreign currency from bank bearing an interest rate of 2.5% - 5.5% (31 March 2017 and 1 April 2016: 3% - 5%) are repayable over a maximum tenure of 180 days from the date of respective availment).

(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) has been repaid during the year.

(iv) During the year the Company has availed Intercorporate deposits from Cades Studec Technologies (India) Private Limited aggregating ₹ 250.00 lakhs carrying rate of interest at 9% per annum.

(v) During the year the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an effective interest rate of 8.50% per annum. The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of availment.

(vi) Cash credit from bank bears an interest rate of 11.55 % p.a. (31 March 2017 and 1 April 2016: 12.75%) and are repayable on demand over a maximum tenure of 12 months from the date of respective availment.

**c) Loan covenants**

Term loan from banks contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied all other debt covenants prescribed in the terms of bank loan except debt service coverage ratio. The Management is of the view that this is a minor breach and hence no adjustments are made to standalone Ind AS financial statements in this respect.

**Changes in liabilities arising form financing activities:**

| | Term loan from banks and Working capital loan | Inter-corporate deposit | Total |
|---|---|---|---|
| Balance as at 31 March 2017 | 2,399.03 | 73.00 | 2,472.03 |
| Cash flows | 3,913.81 | 177.00 | 4090.81 |
| Other adjustments | 2.03 | - | 2.03 |
| **Balance as at 31 March 2018** | **6,314.87** | **250.00** | **6,564.87** |

**d) Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Current** | | | |
| First charge | | | |
| Financial assets | 9,936.78 | 9,909.99 | 10,722.39 |
| Other current assets | 1,923.34 | 948.24 | 531.23 |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non Current** | | | |
| First charge | | | |
| Property, plant and equipment | 416.23 | 528.16 | 592.37 |
| Land | 815.88 | 815.88 | 815.88 |
| Building | 130.37 | 133.23 | 136.19 |

## 17. OTHER FINANCIAL LIABILITIES

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non current** | | | |
| Purchase consideration payable on acquisition of subsidiary [refer note 6(b)] | 10,325.23 | - | - |
| | **10,325.23** | **-** | **-** |
| **Current** | | | |
| Dues to holding company [refer note 31] | 5.80 | 12.35 | - |
| Creditors for capital goods | 45.78 | 16.83 | 107.93 |
| Hedge liability | 54.77 | - | - |
| Purchase consideration payable on acquisition of subsidiary [refer note 6(b)] | 10,702.84 | - | - |
| Dues to employees | 823.06 | 823.61 | 1,072.59 |
| | **11,632.25** | **852.79** | **1,180.52** |

## 18. PROVISIONS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non current** | | | |
| Employee defined benefits liability | | | |
| - Provision for gratuity (refer note 38) | 375.99 | 350.04 | 271.92 |
| Asset retirement obligation | 19.24 | 22.84 | 20.18 |
| | **395.23** | **372.88** | **292.10** |
| **Current** | | | |
| Employee defined benefits liability | | | |
| - Provision for gratuity (refer note 38) | 19.67 | 18.52 | 11.24 |
| - Provision for compensated absences | 243.29 | 208.37 | 172.20 |
| | **262.96** | **226.89** | **183.44** |

**Asset retirement obligation**

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 furniture and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2018 is ₹ 19.24 lakhs (31 March 2017: ₹ 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:

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

1) Estimated range of cost : 15 days lease

2) Discount rate : 9 percent per annum (31 March 2017 and 1 April 2016: 14 percent per annum)

| | Asset retirement obligation |
|---|---|
| **As at 1 April 2016** | **20.18** |
| Unwinding of discount | 2.66 |
| **As at 31 March 2017** | **22.84** |
| Unwinding of discount | 1.91 |
| Impact on account of extension of lease agreement | (5.51) |
| **As at 31 March 2018** | **19.24** |

## 19. OTHER LIABILITIES

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Advances from related party (refer note 31) | 27.82 | 27.82 | 27.82 |
| | **27.82** | **27.82** | **27.82** |
| **Current** | | | |
| Advances received from customers | 8.10 | 8.14 | 121.80 |
| Duties and taxes payable | 574.52 | 657.88 | 798.89 |
| Interest accrued but not due on borrowings* | 31.55 | - | - |
| | **614.17** | **666.02** | **920.69** |

*The details of interest rates, repayment and other terms are disclosed under note 16.

## 20. TRADE PAYABLES

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Dues to Micro, Small and Medium Enterprises (refer note (a) below) | - | - | - |
| Dues to others (refer note 31) | 2,154.76 | 903.38 | 1,682.08 |
| | **2,154.76** | **903.38** | **1,682.08** |

a) Based on the information available with the company there are no suppliers who are registered as Micro, Small and Medium enterprises development Act, 2006 as at March 31, 2018, March 31, 2017 and April 01, 2016.

## 21. CURRENT TAX LIABILITY

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Current tax liability [net of advance tax ₹ Nil] (31 March 2017: ₹ Nil; 1 April 2016: ₹ 1,102.96 lakhs) | - | - | 284.78 |
| | **-** | **-** | **284.78** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Breakup of financial liabilities carried at amortised cost**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Borrowings (refer note 16) | 6,564.87 | 2,472.03 | 2,496.01 |
| Other financial liabilities (refer note 17) | 21,902.71 | 852.79 | 1,180.52 |
| Trade payables (refer note 20) | 2,154.76 | 903.38 | 1,682.08 |
| | **30,622.34** | **4,228.20** | **5,358.61** |

## 22. REVENUE FROM OPERATIONS

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Sale of services** | | |
| Engineering design services | 23,258.02 | 23,486.04 |
| | **23,258.02** | **23,486.04** |

## 23. OTHER INCOME

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Miscellaneous income | 1.24 | 6.23 |
| Gain on foreign currency transactions and translation net | 357.01 | - |
| Interest income | | |
| - from fixed deposits | 58.49 | 37.24 |
| - from financial assets carried at amortised cost | 51.93 | 248.26 |
| - from income tax refund | 109.40 | 25.50 |
| Provision no longer required, written back | 115.67 | 329.26 |
| Profit on sale of property, plant and equipment | - | 1.16 |
| | **693.74** | **647.65** |

## 24. EMPLOYEE BENEFITS EXPENSE

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Salaries, wages and bonus | 12,872.89 | 12,253.14 |
| Contribution to provident and other funds | 363.02 | 345.06 |
| Contribution to overseas social security | 904.14 | 845.71 |
| Provision for gratuity (refer note 38) | 70.75 | 61.75 |
| Provision for compensated absences | 42.53 | 38.03 |
| Staff welfare expense | 280.21 | 268.78 |
| | **14,533.54** | **13,812.47** |

## 25. FINANCE COSTS

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest expense | | |
| - on loan from bank | 290.98 | 91.25 |
| - on Inter corporate deposit | 13.61 | 9.42 |
| Other borrowing cost (processing fees) | 372.02 | 31.62 |
| Net interest expense on defined benefit liability | 41.80 | 35.20 |
| Unwinding of discount on asset retirement obligation | 1.91 | 2.66 |
| | **720.32** | **170.15** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 26. DEPRECIATION AND AMORTISATION EXPENSE

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Depreciation of PPE (refer note 3) | 321.71 | 303.34 |
| Amortisation of intangible assets (refer note 4) | 1,048.40 | 689.63 |
| | **1,370.11** | **992.97** |

## 27. OTHER EXPENSES

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Rent (refer note 32) | 1,174.61 | 933.55 |
| Power and fuel | 260.80 | 240.05 |
| Travelling and conveyance | 1,723.44 | 1,344.15 |
| Legal and professional charges | 462.42 | 313.91 |
| Repairs and maintenance | | |
| - Building | 260.02 | 203.87 |
| - Others | 64.61 | 64.56 |
| Auditor's remuneration (refer note 40) | 65.39 | 41.90 |
| Equipment hire charges | 89.40 | 67.38 |
| Recruitment and training expenses | 132.52 | 140.00 |
| Marketing and advertising expenses | 269.76 | 228.83 |
| Communication expenses | 269.37 | 313.68 |
| Software subscription charges | 918.22 | 748.98 |
| Printing and stationery | 34.80 | 25.86 |
| Security charges | 56.91 | 50.74 |
| Rates and taxes | 131.17 | 79.87 |
| Insurance expenses | 48.14 | 10.01 |
| Bank charges | 32.56 | 20.69 |
| Postage and courier charges | 16.24 | 11.81 |
| Bad debts written off | 11.92 | - |
| Directors sitting fees | 84.00 | 69.60 |
| Corporate social responsibility expenses (refer note 41) | 51.00 | 45.00 |
| Net loss on foreign currency transaction and translation | - | 186.00 |
| Miscellaneous expenses | 5.65 | 4.92 |
| | **6,162.95** | **5,145.36** |

## 28. EXCEPTIONAL ITEM

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Expenses relating to the Scheme of Amalgamation (refer note 29) | 161.27 | 45.33 |
| Expenses relating to the acquisition of subsidiary [refer note 6(b)] | 137.42 | - |
| | **298.69** | **45.33** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 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 the Company. 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 the Company 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 were 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<br>As at 1 April 2016 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Non-current investments | | 10,462.04 |
| **CURRENT ASSETS** | | |
| Cash and bank balance | | 0.78 |
| **TOTAL** | **A** | **10,462.82** |
| **RESERVE AND SURPLUS** | | |
| Securities Premium | | 5,706.56 |
| Deficit in the Statement of Profit and Loss | | (90.36) |
| **NON-CURRENT LIABILITIES** | | |
| Long-term borrowings | | 57.00 |
| Other long-term liabilities | | 27.82 |
| **CURRENT LIABILITIES** | | |
| Trade payables | | 0.44 |
| Other current liabilities | | 4.89 |
| **TOTAL** | **B** | **5,706.35** |
| **Net value of assets transferred pursuant to Scheme** | **C = A-B** | **4,756.47** |
| Equity shares issued by the Company to IAT (105.70 lakh equity shares of ₹ 5 each, fully paid up) | **D** | 528.50 |
| **Surplus credited to capital reserve** | **E = C-D** | **4,227.97** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

(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 45).

## 30. EARNINGS PER SHARE (EPS) (BASIC AND DILUTED)

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| a) Profit / (Loss) after tax attributable to equity shareholders (₹) | (941.81) | 1,291.09 |
| b) Weighted average number of shares outstanding ( in lakhs) (refer note (i) below) | 377.60 | 377.60 |
| c) Nominal value of shares (₹) | 5.00 | 5.00 |
| d) Basic earning per share (₹) | (2.49) | 3.42 |
| e) Number of equity shares used to compute diluted earnings per share (refer note (i) below) | 377.60 | 377.60 |
| f) Diluted earnings per share (₹) | (2.49) | 3.42 |

(i) 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 to the computation of EPS for the year ended 31 March 2017.

## 31. RELATED PARTY DISCLOSURES

| Nature of relationship | Name of party |
|---|---|
| **I Parties where control exists:** | |
| **Holding company** | Jupiter Capital Private Limited ('JCPL') * |
| * JCPL along with its subsidiaries Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 66.07 percent voting rights of the Company as at 31 March 2018 (31 March 2017: 66.07 percent; 1 April 2016 : 70.57 percent) | |
| **Subsidiary companies** | AXISCADES Inc. (formerly known as Axis Inc.)<br>AXISCADES UK Limited (formerly know an as Axis EU Europe Limited, a step down subsidiary)<br>Cades Studec Technologies (India) Private Limited<br>AXISCADES Technology Canada Inc. (formerly known as Cades Technology Canada Inc.)<br>Axis Mechanical Engineering Design (Wuxi) Co., Ltd.<br>AXISCADES GmbH<br>AXISCADES Aerospace & Technologies Private Limited<br>Enertec Controls Limited, a step down subsidiary<br>AXISCADES Aerospace Infrastructure Private Limited (formerly known as Jupiter Aviation Services Private Limited, a step down subsidiary)<br>Mistral Solutions Private Limited (w.e.f 1 December 2017)<br>Mistral Solutions Inc (w.e.f 1 December 2017)<br>Aero Electronics Private Limited (w.e.f 1 December 2017)<br>Mistral Solutions Pte Ltd (w.e.f 1 December 2017)<br>Mistral Technologies Private Limited (w.e.f 1 December 2017) |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Nature of relationship | Name of party |
|---|---|
| **II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year:** | |
| **Fellow subsidiary** | Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL)<br>Tayana Digital Private Limited ("TDPL") (Subsidiary of JCPL) |
| **Key Management Personnel (KMP):** | |
| Chief Executive Officer and Director | Mr. Mritunjay Kumar Singh (appointed as CEO w.e.f 2 January 2018 and appointed as Director w.e.f 31 March 2018) |
| Director and former Chief Executive Officer | Mr. S. Valmeekanathan (resigned as Chief Executive Officer w.e.f. 8 January 2017). |
| Vice Chairman and Executive Director | Mr. Sudhakar Gande |
| Chairman and Director | Mr. Vivek Mansingh |
| Director | Mr. Kailash Mohan Rustagi |
| Director | Mr. Pradeep Dadlani |
| Director | Mr. Srinath Batni |
| Director | Mr. Rohitasava Chand |
| Director | Mr. Siddarth Mehra (appointed w.e.f 10 August 2016) |
| Director | Mr. Kedarnath Choudhury |
| Director | Mrs. Mariam Mathew (appointed w.e.f 13 February 2018) |
| Director | Mr. Amit Gupta (resigned w.e.f. 10 August 2016). |
| Director | Mrs. Vimmi Trehan (resigned w.e.f. 14 September 2017). |
| **III Additional related parties as per Companies Act,2013 with whom transactions have taken place during the year:** | |
| Chief Financial Officer | Mr. Kaushik Sarkar |
| Company Secretary | Ms.Shweta Agarwal |

**IV Transactions with related parties:**

| Nature of transactions | Relationship | Year ended | |
|---|---|---|---|
| | | 31 March 2018 | 31 March 2017 |
| **Revenue from operations** | | | |
| AXISCADES Inc. | Subsidiary | 1,789.70 | 1,657.88 |
| AXISCADES UK Limited | Subsidiary | 65.89 | 76.29 |
| AXISCADES Technology Canada Inc. | Subsidiary | 1,363.27 | 1,328.84 |
| AXIS Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 107.67 | - |
| **Remuneration (Refer note (IV) (a) below)** | | | |
| Mr. Sudhakar Gande | Key management personnel | 338.36 | 320.25 |
| Mr. S. Valmeekanathan | Key management personnel | - | 63.19 |
| Mr. Mritunjay Kumar Singh | Key management personnel | 42.00 | - |
| Mr. Kaushik Sarkar | Key management personnel | 129.24 | 82.34 |
| Ms. Shweta Agarwal | Key management personnel | 23.47 | 21.02 |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| **Sitting fees paid to directors** | | | |
| Mr. S. Valmeekanathan | Director | 0.30 | 0.60 |
| Mr. Vivek Mansingh | Director | 18.00 | 13.00 |
| Mr. Kailash Mohan Rustagi | Director | 19.00 | 14.00 |
| Mr. Pradeep Dadlani | Director | 19.00 | 17.00 |
| Mr. Srinath Batni | Director | 18.00 | 15.00 |
| Mr. Rohitasava Chand | Director | 3.60 | 2.40 |
| Mr. Siddarth Mehra | Director | 3.30 | 1.80 |
| Mr. Kedarnath Choudhury | Director | 1.80 | 3.30 |
| Mrs. Mariam Mathew | Director | 1.00 | - |
| Mr. Amit Gupta | Director | - | 1.50 |
| Mrs. Vimmi Trehan | Director | - | 1.00 |
| **Expenses incurred on behalf of** | | | |
| AXISCADES Inc. | Subsidiary | 10.31 | 13.91 |
| AXISCADES UK Limited. | Subsidiary | 2.19 | 11.62 |
| AXISCADES Technology Canada Inc. | Subsidiary | 41.70 | 29.05 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 68.52 |
| AXISCADES Gmbh | Subsidiary | 6.08 | 2.39 |
| **Books and periodicals expense charged by** | | | |
| AXISCADES, Inc. | Subsidiary | - | 0.73 |
| **Software subscription charges** | | | |
| AXISCADES Inc. | Subsidiary | 117.48 | 129.73 |
| **Salaries, wages and bonus charged to** | | | |
| AXISCADES Technology Canada Inc. | Subsidiary | 58.74 | 52.65 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 77.92 | 175.23 |
| **Salaries, wages and bonus charged by** | | | |
| AXISCADES Inc. | Subsidiary | 212.36 | 298.58 |
| AXISCADES UK Limited | Subsidiary | 76.50 | 53.28 |
| **Services received from** | | | |
| AXISCADES UK Limited | Subsidiary | 124.85 | 56.92 |
| **Stamp duty expenses charged by** | | | |
| Jupiter Capital Private limited | Holding Company | 20.04 | - |
| **Rent expenses charged by** | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 2.97 | - |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| **Intercorporate deposits extended to** | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 125.00 |
| **Intercorporate deposits repaid by** | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 1,500.00 |
| **Intercorporate deposits repaid to** | | | |
| Jupiter Capital Private limited | Holding Company | 73.00 | - |
| **Intercorporate deposits availed from** | | | |
| Jupiter Capital Private limited | Holding Company | - | 16.00 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 250.00 | - |
| **Interest income on intercorporate deposit** | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 206.89 |
| **Interest expense on intercorporate deposit** | | | |
| Jupiter Capital Private Limited | Holding Company | 8.54 | 9.42 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 5.07 | - |
| **Investment** | | | |
| AXISCADES GmbH | Subsidiary | - | 18.87 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 1,500.00 |
| Mistral Solutions Private Limited | Subsidiary | 24,213.97 | - |

(a) As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

**V Balances as at the year end:**

| Nature of transactions | Relationship | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **Trade receivables** | | | | |
| AXISCADES Inc. | Subsidiary | 1,695.97 | 251.85 | 189.34 |
| AXISCADES UK Limited. | Subsidiary | 87.10 | 84.46 | 203.25 |
| AXISCADES Technology Canada Inc. | Subsidiary | 372.43 | 89.21 | 132.61 |
| AXISCADES Gmbh | Subsidiary | - | 2.39 | - |
| **Unbilled revenue** | | | | |
| AXISCADES Technology Canada Inc. | Subsidiary | 154.69 | 105.01 | 130.14 |
| AXISCADES Inc. | Subsidiary | 169.06 | 140.78 | 120.12 |
| AXISCADES UK Limited. | Subsidiary | 5.37 | 7.62 | 25.61 |
| AXIS Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 110.84 | - | - |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **Investments** | | | | |
| AXISCADES, Inc. | Subsidiary | 1,489.06 | 1,489.06 | 1,489.06 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 719.66 | 719.66 | 719.66 |
| AXIS Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 42.68 | 42.68 | 42.68 |
| AXISCADES Technology Canada Inc. | Subsidiary | 0.05 | 0.05 | 0.05 |
| AXISCADES Gmbh | Subsidiary | 18.87 | 18.87 | - |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 11,962.04 | 11,962.04 | 10,462.04 |
| Mistral Solutions Private Limited | Subsidiary | 24,213.97 | - | - |
| **Intercorporate deposit receivable** | | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | - | 1,375.00 |
| **Intercorporate deposit payable** | | | | |
| Jupiter Capital Private Limited | Holding Company | 5.80 | 73.00 | 55.64 |
| **Other payables** | | | | |
| Indian Aero Ventures Private Limited | Fellow subsidiary | 27.82 | 27.82 | 27.82 |
| **Interest payable** | | | | |
| Jupiter Capital Private Limited | Holding Company | - | 12.35 | - |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 4.56 | - | - |
| **Loans and advances** | | | | |
| Expenses recoverable | | | | |
| AXISCADES, Inc. | Subsidiary | 17.90 | 6.62 | 12.23 |
| AXISCADES UK Limited | Subsidiary | 4.61 | 11.32 | 9.51 |
| AXISCADES Technology Canada Inc. | Subsidiary | 41.78 | 78.70 | 57.84 |
| AXISCADES Gmbh | Subsidiary | 9.16 | - | - |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 271.60 | - |
| **Trade payables** | | | | |
| AXISCADES, Inc. | Subsidiary | 282.40 | 88.05 | 192.27 |
| AXISCADES UK Limited | Subsidiary | 91.88 | 36.63 | 42.73 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 250.00 | - | - |
| **Purchase consideration payable** | | | | |
| Mistral Solutions Private Limited | Subsidiary | 21,028.07 | - | - |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **Remuneration payable (refer note (IV)(a) above)** | | | | |
| Mr. Sudhakar Gande | Key management personnel | 93.23 | 83.12 | 64.00 |
| Mr. S. Valmeekanathan | Key management personnel | - | - | 38.40 |
| Mr. Mritunjay Kumar Singh | Key management personnel | - | - | - |
| Mr. Kaushik Sarkar | Key management personnel | 3.80 | 10.00 | 20.38 |
| Ms. Shweta Agarwal | Key management personnel | 1.47 | 2.16 | 1.51 |
| **Interest receivable** | | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 140.84 | 32.21 |

## 32. DISCLOSURES IN RESPECT OF OPERATING LEASES

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2018 is ₹ 1,174.61 lakhs (31 March 2017: ₹ 933.55 lakhs).

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

| Payments falling due: | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Not later than one year | 418.73 | 100.18 | 174.16 |
| Later than one year but not later than 5 years | 237.56 | 20.66 | 98.26 |
| Later than 5 years | - | - | - |
| | **656.29** | **120.84** | **272.42** |

The Company's significant leasing arrangements in respect of operating leases for office premises, which includes both cancellable and non cancellable leases generally range between 11 months to 5 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 27 to the financial statements.

## 33. COMMITMENTS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Capital commitments | - | - | 53.33 |
| | **-** | **-** | **53.33** |

* The Company has committed to provide financial support, if required, to its subsidiary i.e. AXISCADES Inc.

## 34. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period except as mentioned in note 16(c).

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 20%. The Company includes within net debt interest bearing loans and borrowings, less cash and cash equivalents.

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Borrowings (refer note 16) | 6,564.87 | 2,472.03 | 2,496.01 |
| Less: Cash and cash equivalents (refer note 12) | (765.06) | (1,913.88) | (940.36) |
| **Net debt** | **5,799.81** | **558.15** | **1,555.65** |
| Equity (refer note 14) | 1,889.51 | 1,889.51 | 1,889.51 |
| Other Equity (refer note 15) | 21,061.48 | 22,186.06 | 20,829.62 |
| **Capital and net debt** | **28,750.80** | **24,633.72** | **24,274.78** |
| Gearing ratio | **20%** | **2%** | **6%** |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

## 35. INCOME TAX

The major components of income tax expense are:

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 156.47 | 753.72 |
| Adjustment of tax relating to earlier years | 58.79 | - |
| **Deferred tax charge/ (credit)** | | |
| Relating to the origination and reversal of temporary differences | (357.60) | (75.66) |
| **Income tax expense reported in Statement of Profit and Loss** | **(142.34)** | **678.06** |
| **Deferred tax related to items recognised in OCI** | | |
| Income tax relating to re-measurement gains on defined benefit plans | 0.01 | 14.47 |
| Income tax relating to gain on cash flow hedges | 96.75 | (49.06) |
| | **96.76** | **(34.59)** |

**Reconciliation of deferred tax (net)**

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Opening balance | 204.18 | 163.11 |
| Tax credit/ (expense) during the year recognized in statement of profit and loss | 357.60 | 75.66 |
| Tax credit/ (expense) during the year recognised in OCI | 96.76 | (34.59) |
| **Closing balance** | **658.54** | **204.18** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

| | Year Ended 31 March 2018 | Year Ended 31 March 2017 |
|---|---|---|
| **Accounting profit before tax and exceptional item** | **(1,084.15)** | **1,969.15** |
| Tax on accounting profit at statutory income tax rate [34.608%] | (375.20) | 681.48 |
| Foreign tax expensed during the year | 156.47 | - |
| Adjustment of tax relating to earlier years | 58.79 | - |
| Expenses deductible for tax purposes disallowed in the earlier years | | |
| - Others, net | 17.60 | (3.42) |
| **At the effective income tax rate of 13.129% (31 March 2017: 34.434%)** | **(142.34)** | **678.06** |
| Income tax expense reported in the Statement of Profit and Loss | (142.34) | 678.06 |

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Deferred tax asset** | | | |
| Provision for employee benefits | 221.13 | 199.66 | 157.60 |
| Expenses disallowed under Section 35DD of Income-tax Act, 1961 | 116.02 | 60.17 | 67.33 |
| Allowances for doubtful duties and taxes recoverable | - | - | 5.01 |
| Allowance for trade receivables | 0.72 | 1.11 | 1.11 |
| Allowance for unbilled revenue | 36.33 | 36.33 | 36.33 |
| Carried forward losses | 84.36 | - | - |
| Processing fee | 2.81 | - | - |
| Amortisation of trade receivables | 0.69 | 1.16 | 1.58 |
| Depreciation and amortisation | 181.33 | - | - |
| Hedge liability | 18.95 | - | - |
| | **662.34** | **298.43** | **268.96** |
| **Deferred tax liability** | | | |
| Depreciation and amortisation | - | 12.56 | 72.66 |
| Amortisation of borrowings from holding company | - | - | 0.47 |
| Hedge asset | - | 77.77 | 28.72 |
| Fair valuation of property, plant and equipment | 3.83 | 3.92 | 4.00 |
| | **3.83** | **94.25** | **105.85** |
| **Deferred tax asset / (liability), net** | **658.51** | **204.18** | **163.11** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 36. FAIR VALUE MEASUREMENTS

**(i) Financial instruments by category**

The carrying value and fair value of financial instruments by categories as at 31 March 2018 are as follows:

| Particulars | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Carrying value | Fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Investments (refer note 6) | 0.05 | - | - | 0.05 | 0.05 |
| Cash and cash equivalents (refer note 12) | 765.06 | - | - | 765.06 | 765.06 |
| Bank balances other than cash and cash equivalents (refer note 13) | 218.51 | - | - | 218.51 | 218.51 |
| Trade receivable (refer note 7) | 6,015.83 | - | - | 6,015.83 | 6,015.83 |
| Loans (refer note 8) | 840.25 | - | - | 840.25 | 840.25 |
| Other financial assets (refer note 9) | 2,999.99 | - | - | 2,999.99 | 2,999.99 |
| **Total** | **10,839.69** | **-** | **-** | **10,839.69** | **10,839.69** |
| **Liabilities:** | | | | | |
| Borrowings (refer note 16) | 6,564.87 | - | - | 6,564.87 | 6,564.87 |
| Trade payable (refer note 20) | 2,154.76 | - | - | 2,154.76 | 2,154.76 |
| Other financial liabilities (refer note 17) | 21,902.71 | - | 54.77 | 21,957.48 | 21,957.48 |
| **TOTAL** | **30,622.34** | **-** | **54.77** | **30,677.11** | **30,677.11** |

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

| Particulars | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Carrying value | Fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Investments (refer note 6) | 0.05 | - | - | 0.05 | 0.05 |
| Cash and cash equivalents (refer note 12) | 1,913.88 | - | - | 1,913.88 | 1,913.88 |
| Bank balances other than cash and cash equivalents (refer note 13) | 366.10 | - | - | 366.10 | 366.10 |
| Trade receivable (refer note 7) | 4,557.77 | - | - | 4,557.77 | 4,557.77 |
| Loans (refer note 8) | 918.27 | - | - | 918.27 | 918.27 |
| Other financial assets (refer note 9) | 2,561.93 | - | 224.73 | 2,786.66 | 2,786.66 |
| **Total** | **10,318.00** | **-** | **224.73** | **10,542.73** | **10,542.73** |
| **Liabilities:** | | | | | |
| Borrowings (refer note 16) | 2,472.03 | - | - | 2,472.03 | 2,472.03 |
| Trade payable (refer note 20) | 903.38 | - | - | 903.38 | 903.38 |
| Other financial liabilities (refer note 17) | 852.79 | - | - | 852.79 | 852.79 |
| **TOTAL** | **4,228.20** | **-** | **-** | **4,228.20** | **4,228.20** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Financial instruments by category (Contd.)**

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

| Particulars | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Carrying value | Fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Investments (refer note 6) | 0.05 | - | - | 0.05 | 0.05 |
| Cash and cash equivalents (refer note 12) | 940.36 | - | - | 940.36 | 940.36 |
| Bank balances other than cash and cash equivalents (refer note 13) | 277.29 | - | - | 277.29 | 277.29 |
| Trade receivable (refer note 7) | 6,178.85 | - | - | 6,178.85 | 6,178.85 |
| Loans (refer note 8) | 1,976.30 | - | - | 1,976.30 | 1,976.30 |
| Other financial assets (refer note 9) | 3,322.32 | - | 82.98 | 3,405.30 | 3,405.30 |
| **Total** | **12,695.17** | **-** | **82.98** | **12,778.15** | **12,778.15** |
| **Liabilities:** | | | | | |
| Borrowings (refer note 16) | 2,496.01 | - | - | 2,496.01 | 2,496.01 |
| Trade payable (refer note 20) | 1,682.08 | - | - | 1,682.08 | 1,682.08 |
| Other financial liabilities (refer note 17) | 1,180.52 | - | - | 1,180.52 | 1,180.52 |
| **TOTAL** | **5,358.61** | **-** | **-** | **5,358.61** | **5,358.61** |

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 these 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 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 of fair value measurement hierarchy as at 31 March 2018:**

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| **Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed:** | | | | | |
| Investments (refer note 6) | 31 March 2018 | 38,446.38 | - | - | 38,446.38 |
| Cash and cash equivalents (refer note 12) | 31 March 2018 | 765.06 | - | - | 765.06 |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| Bank balances other than cash and cash equivalents (refer note 13) | 31 March 2018 | 218.51 | - | - | 218.51 |
| Trade receivable (refer note 7) | 31 March 2018 | 6,015.83 | - | - | 6,015.83 |
| Loans (refer note 8) | 31 March 2018 | 840.25 | - | - | 840.25 |
| Other financial assets (refer note 9) | 31 March 2018 | 2,999.99 | - | - | 2,999.99 |
| **Liabilities carried at amortised cost for which fair value are disclosed:** | | | | | |
| Borrowings (refer note 16) | 31 March 2018 | 6,564.87 | - | - | 6,564.87 |
| Trade payable (refer note 20) | 31 March 2018 | 2,154.76 | - | - | 2,154.76 |
| Other financial liabilities (refer note 17) | 31 March 2018 | 21,902.71 | - | - | 21,902.71 |
| Foreign exchange forward contracts [refer note (1) below] | 31 March 2018 | 54.77 | - | 54.77 | - |

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

**Quantative disclosure of 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) |
|---|---|---|---|---|---|
| **Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed:** | | | | | |
| Investments (refer note 6) | 31 March 2017 | 14,232.41 | - | - | 14,232.41 |
| Cash and cash equivalents (refer note 12) | 31 March 2017 | 1,913.88 | - | - | 1,913.88 |
| Bank balances other than cash and cash equivalents (refer note 13) | 31 March 2017 | 366.10 | - | - | 366.10 |
| Trade receivable (refer note 7) | 31 March 2017 | 4,557.77 | - | - | 4,557.77 |
| Loans (refer note 8) | 31 March 2017 | 918.27 | - | - | 918.27 |
| Other financial assets (refer note 9) | 31 March 2017 | 2,561.93 | - | - | 2,561.93 |
| Foreign exchange forward contracts [refer note (1) below] | 31 March 2017 | 224.73 | - | 224.73 | - |
| **Liabilities carried at amortised cost for which fair value are disclosed** | | | | | |
| Borrowings (refer note 16) | 31 March 2017 | 2,472.03 | - | - | 2,472.03 |
| Trade payable (refer note 20) | 31 March 2017 | 903.38 | - | - | 903.38 |
| Other financial liabilities (refer note 17) | 31 March 2017 | 852.79 | - | - | 852.79 |

**Quantative disclosure of 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) |
|---|---|---|---|---|---|
| **Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed** | | | | | |
| Investments (refer note 6) | 1 April 2016 | 12,713.54 | - | - | 12,713.54 |
| Cash and cash equivalents (refer note 12) | 1 April 2016 | 940.36 | - | - | 940.36 |
| Bank balances other than cash and cash equivalents (refer note 13) | 1 April 2016 | 277.29 | - | - | 277.29 |
| Trade receivable (refer note 7) | 1 April 2016 | 6,178.85 | - | - | 6,178.85 |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| Loans (refer note 8) | 1 April 2016 | 1,976.30 | - | - | 1,976.30 |
| Other financial assets (refer note 9) | 1 April 2016 | 3,322.32 | - | - | 3,322.32 |
| Foreign exchange forward contracts [refer note (1) below] | 1 April 2016 | 82.98 | - | 82.98 | - |

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

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| Borrowings (refer note 16) | 1 April 2016 | 2,496.01 | - | - | 2,496.01 |
| Trade payable (refer note 20) | 1 April 2016 | 1,682.08 | - | - | 1,682.08 |
| Other financial liabilities (refer note 17) | 1 April 2016 | 1,180.52 | - | - | 1,180.52 |

1) The Company enters into derivative financial instruments with 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 the reporting dates.

### (iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual funds is determined using daily NAV as declared for the particular scheme by the Asset Management Company. The fair value estimates are included in level 2.

- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.

- the fair value of other equity instruments have been computed based on income approach using a discounted cash flow model, which discounts the estimated cash flows using the appropriate discount rates.

### (iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

## 37. 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 it's 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**(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 with customers.

**Assets under credit risk**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade receivable (refer note 7) | 6,015.83 | 4,557.77 | 6,178.85 |
| Advances to subsidiary (refer note 8) | 73.45 | 368.24 | 1,454.58 |
| Security deposits (refer note 8) | 766.80 | 550.03 | 521.72 |
| Other financial assets (refer note 9) | - | 140.84 | 32.21 |
| Unbilled revenue (refer note 9) | 2,793.76 | 2,319.73 | 3,122.63 |
| **Total** | **9,649.84** | **7,936.61** | **11,309.99** |

**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 1 April 2016 is ₹ 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 is ₹ 0.64 lakhs [31 March 2017: ₹ Nil] [01 April 2016: ₹ Nil].

| Particulars | As at 31 March 2018 | 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) | - | - |
| **Balance at the end** | **2.57** | **3.21** | **3.21** |

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:

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Financial assets that are neither past due nor impaired | 3,638.94 | 4,212.75 | 5,636.82 |
| Financial assets that are past due but not impaired | | | |
| Past due 0-60 days | 1,786.79 | 159.87 | 213.18 |
| Past due 61-180 days | 458.02 | 153.16 | 250.27 |
| Past due over 180 days | 132.08 | 31.99 | 78.58 |
| Total past due but not impaired | 2,376.89 | 345.02 | 542.03 |
| **Total** | **6,015.83** | **4,557.77** | **6,178.85** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**(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 has a negative working capital of ₹ 6,543.98 lakhs including cash and cash equivalents of ₹ 765.06 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 ₹ 4,561.74 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 March 2018 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings (refer note 16) | 3,739.96 | 2,824.91 | - | 6,564.87 |
| Trade payable (refer note 20) | 2,154.76 | - | - | 2,154.76 |
| Other financial liabilities (refer note 17) | 11,632.25 | 10,325.23 | - | 21,957.48 |
| **Total** | **17,526.97** | **13,150.14** | **-** | **30,677.11** |

| As at 31 March 2017 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings (refer note 16) | 2,399.03 | 73.00 | - | 2,472.03 |
| Trade payable (refer note 20) | 903.38 | - | - | 903.38 |
| Other financial liabilities (refer note 17) | 852.79 | - | - | 852.79 |
| **Total** | **4,155.20** | **73.00** | **-** | **4,228.20** |

| As at 1 April 2016 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings (refer note 16) | 2,440.37 | 55.64 | - | 2,496.01 |
| Trade payable (refer note 20) | 1,682.08 | - | - | 1,682.08 |
| Other Financial liabilities (refer note 17) | 1,180.52 | - | - | 1,180.52 |
| **Total** | **5,302.97** | **55.64** | **-** | **5,358.61** |

**(C) Market risk**

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Foreign currency sensitivity**

The Company operates internationally and a significant portion of the business is transacted in USD and EURO currencies and consequently the Company is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below.

| Particulars | | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|---|
| | Currency | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ |
| **Financial assets** | | | | | | | |
| Trade receivables | USD | 68.92 | 4,482.99 | 52.07 | 3,376.32 | 66.20 | 4,391.25 |
| | EURO | 4.10 | 330.19 | 5.37 | 371.82 | 8.61 | 646.90 |
| | GBP | 0.94 | 87.10 | 1.18 | 95.78 | 2.14 | 203.25 |
| | CAD | 7.30 | 369.09 | 1.83 | 89.21 | - | - |
| Unbilled revenue | USD | 31.31 | 2,036.23 | 24.51 | 1,589.47 | 43.70 | 2,898.74 |
| | EURO | 1.75 | 141.45 | 3.98 | 275.91 | 0.74 | 55.62 |
| | GBP | 0.06 | 5.37 | 0.09 | 7.62 | 0.27 | 25.61 |
| | CAD | 3.06 | 154.69 | 2.16 | 105.01 | - | - |
| | CNY | 10.69 | 110.84 | - | - | - | - |
| Advance to subsidiaries | USD | 0.28 | 17.89 | 0.10 | 6.62 | 0.18 | 12.23 |
| | EURO | 0.11 | 9.15 | - | - | - | - |
| | GBP | 0.05 | 4.61 | 0.14 | 11.32 | 0.10 | 9.51 |
| | CAD | 0.83 | 41.78 | 1.62 | 78.70 | 1.13 | 57.84 |
| Cash and bank balances | USD | 4.52 | 294.19 | 13.91 | 901.75 | 6.65 | 441.07 |
| | EURO | 2.59 | 209.14 | 5.04 | 349.15 | 4.41 | 331.27 |
| | AED | 1.61 | 28.62 | 1.56 | 27.58 | 1.43 | 25.79 |
| | DKK | 11.96 | 129.68 | 27.08 | 253.26 | 13.44 | 136.68 |
| | KRW | 9.56 | 0.58 | 6.77 | 0.39 | 14.43 | 0.84 |
| Other financial assets | AED | 0.54 | 9.56 | - | - | - | - |
| Other current assets | EURO | 1.78 | 143.48 | - | - | - | - |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Currency | As at 31 March 2018 Amount in foreign currency | As at 31 March 2018 Amount in ₹ | As at 31 March 2017 Amount in foreign currency | As at 31 March 2017 Amount in ₹ | As at 1 April 2016 Amount in foreign currency | As at 1 April 2016 Amount in ₹ |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| Trade payables | USD | 8.90 | 579.20 | 3.77 | 244.25 | 3.36 | 222.58 |
| | EURO | 4.90 | 395.19 | 2.50 | 172.88 | 7.46 | 560.09 |
| | GBP | 1.29 | 119.08 | 0.45 | 36.63 | 0.45 | 42.73 |
| | DKK | 1.83 | 19.89 | 1.37 | 12.83 | 0.03 | 0.32 |
| Dues to employees | EURO | 1.24 | 100.33 | 0.57 | 39.32 | 3.74 | 280.76 |
| | DKK | 2.88 | 31.27 | 0.29 | 2.69 | 3.43 | 34.84 |
| Duties and taxes payable | EURO | 3.16 | 254.63 | 5.69 | 394.26 | 6.53 | 490.31 |
| | KRW | - | - | 56.46 | 3.28 | 37.08 | 2.15 |
| | DKK | 5.87 | 63.65 | 10.47 | 97.91 | 9.46 | 96.21 |
| Creditors for capital goods | EURO | - | - | - | - | 0.05 | 4.04 |
| Borrowings | USD | 90.10 | 5,860.23 | 37.00 | 2,399.03 | 33.82 | 2,243.46 |

**Sensitivity**

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

| Particulars | 31 March 2018 Increase | 31 March 2018 Decrease | 31 March 2017 Increase | 31 March 2017 Decrease |
|---|---|---|---|---|
| **Sensitivity** | | | | |
| INR/USD | 4.12 | (4.12) | 32.31 | (32.31) |
| INR/EURO | 1.89 | (1.89) | 3.90 | (3.90) |
| INR/GBP | (0.07) | 0.07 | 0.78 | (0.78) |
| INR/CAD | 5.66 | (5.66) | 2.73 | (2.73) |
| INR/AED | 0.38 | (0.38) | 0.28 | (0.28) |
| INR/DKK | 0.31 | (0.31) | 1.40 | (1.40) |
| INR/KRW | 0.01 | (0.01) | (0.03) | 0.03 |
| INR/CNY | 1.11 | (1.11) | - | - |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Derivative financial instruments**

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

(In ₹ lakhs)

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| **Forward Contracts** | | |
| In USD | 3,187.16 | 3,852.71 |
| In EURO | 1,451.20 | 42.93 |

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Not later than one month | 161.24 | - |
| Later than one month and not later than three months | 725.59 | - |
| Later than three months and not later a year | 3,751.53 | 3,895.64 |

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| **Balance as at the beginning of the year** | 224.73 | 82.98 |
| Changes in fair value of effective portion of derivatives | 76.39 | 429.81 |
| Net gain reclassified to statement of profit and loss on occurrence of hedged transactions | (355.89) | (288.06) |
| **Gain on cash flow hedging derivatives, net** | **(279.50)** | **141.75** |
| Balance as at the end of the year | (54.77) | 224.73 |
| Deferred tax liability thereon | 18.97 | (77.77) |
| **Balance as at the end of the year, net of deferred tax** | **(35.80)** | **146.95** |

**Interest rate risk**

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, Financial Instruments- Disclosures, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## 38. DEFINED BENEFIT OBLIGATIONS

The Company has provided for the gratuity liability (defined benefit plan), as per actuarial valuation carried out by an independent actuary on the Balance Sheet date.

**A Defined benefit contributions**

**India**

The Company makes contribution to statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952 for its employees. This is a defined contribution plan as per Ind AS 19, Employee benefits. Contribution made during the year ended 31 March 2018 is ₹ 363.02 lakhs [31 March 2017: ₹ 345.06 lakhs].

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Overseas social security**

The Company makes a contribution towards social security charges for its employees located at the respective branch offices in respective foreign geographies, that are defined contribution plans. The contributions paid or payable is recognised as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2018: ₹ 904.14 lakhs [31 March 2017: ₹ 845.71 lakhs].

**B Defined benefit plans**

The Company has provided for gratuity, for its employees as per actuarial valuation carried out by an independent actuary on the Balance Sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of Defined Benefit Obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The gratuity plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this Act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

**a Interest rate risk**

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

**b Liquidity risk**

This is the risk that the Company is not able to meet the short-term gratuity payouts.This may arise due to non availability of enough cash/cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

**c Salary escalation risk**

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**d Demographic risk**

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**e Regulatory risk**

Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act,1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts

**(i) Changes in the present value of the defined benefit obligation are as follows**

| Particulars | Gratuity | |
|---|---|---|
| | As at 31 March 2018 | As at 31 March 2017 |
| Defined benefit obligation at the beginning of the year | 368.56 | 283.16 |
| Current service cost | 70.75 | 61.75 |
| Interest cost | 26.70 | 22.35 |
| Benefits paid | (70.32) | (40.52) |
| Actuarial loss arising from change in financial assumptions | (23.90) | 12.57 |
| Actuarial loss arising from change in demographic assumptions | - | 12.92 |
| Actuarial loss arising from experience adjustments | 23.87 | 16.32 |
| Defined benefit obligation at the end of the year | **395.66** | **368.56** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**(ii) Components of expense recognised in the Statement of Profit and Loss**

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** |
| Employee benefits expense | | |
| Current service cost | 70.75 | 61.75 |
| Finance costs | | |
| Interest expense on defined benefit obligation | 26.70 | 22.35 |
| Remeasurement loss / (gain) | - | - |
| Expenses recognised in the Statement of profit and loss for the year | **97.45** | **84.10** |

**(iii) Components of defined benefit costs recognised in other comprehensive income**

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** |
| **Remeasurement on the net defined benefit liability :** | | |
| Recognised net actuarial loss/(gain) arising from change in financial assumptions | (23.90) | 12.57 |
| Recognised net actuarial loss arising from change in demographic assumptions | - | 12.92 |
| Recognised net actuarial loss arising from experience variance | 23.87 | 16.32 |
| Remeasurement loss / (gain) in other comprehensive income | **(0.03)** | **41.81** |

**(iv) The principal assumptions used in determining gratuity obligations for the Company's plans disclosed below**

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** |
| Discount rate | 7.70% | 7.25% |
| Salary escalation rate | 5.20% | 5.20% |
| Attrition rate | | |
| - upto 5 years | 19.00% | 19.00% |
| - more than 5 years | 3.00% | 3.00% |
| Retirement age | 60 Years | 60 Years |
| Mortality rate [as a percentage of Indian assured lives mortality (2006-2008)] | 100% | 100% |

The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of Government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

**A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, attrition rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The following table summarizes the impact of change in the defined benefit obligation resulting from the specified percentage change in the aforementioned assumptions.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Gratuity | |
|---|---|---|
| | Increase | Decrease |
| Discount rate (Increase or decrease by 1%) | (46.51) | 56.03 |
| Salary growth rate (Increase or decrease by 1%) | 56.90 | (47.93) |
| Attrition rate (Increase or decrease by 50% of attrition rate) | 8.26 | (12.74) |
| Mortality rate (Increase or decrease by 10% of mortality rate) | 0.48 | (0.48) |

**A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:**

| Particulars | Gratuity | |
|---|---|---|
| | Increase | Decrease |
| Discount rate (Increase or decrease by 1%) | (45.17) | 54.76 |
| Salary growth rate (Increase or decrease by 1%) | 55.36 | (46.37) |
| Attrition rate (Increase or decrease by 50% of attrition rate) | 3.85 | (6.89) |
| Mortality rate (Increase or decrease by 10% of mortality rate) | 0.37 | (0.38) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method and assumptions used in preparing the sensivity analysis from previous years.

**(v) Effect of plan on entity's future cash flows**

The scheme is managed on an unfunded basis and hence, no funding arrangements or future contributions are applicable. The weighted average duration of the plan is estimated to be 14 years. Following is a maturity profile of the defined benefit obligation as at 31 March 2018 and 31 March 2017.

**Expected cash flows over the next: (valued on undiscounted basis)**

| Particulars | Gratuity | |
|---|---|---|
| | As at 31 March 2018 | As at 31 March 2017 |
| Within the next 12 months | 19.67 | 18.52 |
| Between 2 - 5 years | 86.59 | 73.68 |
| Between 6 - 10 years | 127.01 | 102.27 |
| More than 10 years | 1,119.50 | 1,022.91 |

## 39. SEGMENT INFORMATION

The Board of Directors of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of engineering services.

The Company is primarily engaged in a single segment i.e., engineering services. As the Company's business activity primarily falls within a single segment, there are no additional disclosures to be provided in terms of Ind AS 108 on 'Operating Segments'.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 40. AUDITOR'S REMUNERATION*

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Statutory audit fees | 35.50 | 35.50 |
| Tax audit fees | 2.50 | 2.50 |
| Other fees | 21.00 | 1.20 |
| Out of pocket expenses | 6.39 | 2.70 |
| | **65.39** | **41.90** |

* excluding service tax / goods and service tax

### 41. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Act and the Rules made thereunder, the gross amount required to be spent by the Company during the year ended 31 March 2018 amounts to ₹ 51 lakhs (31 March 2017: ₹ 44.75 lakhs). The Company has paid ₹ 51.00 lakhs (31 March 2017: ₹ 45.00 lakhs) to three non-government organisations engaged in the field of development of skills of under-privileged children, enabling them to overcome adversity and flourish in a fast changing world.

### 42. TRANSFER PRICING

The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective 1 April 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing the Return of Income. The Company is in the process of updating the Transfer Pricing documentation for the financial year ended 31 March 2018 following a detailed transfer pricing study conducted for the financial year ended 31 March 2017. In the opinion of the Management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

### 43. Disclosure as per Part A of Schedule V of securities (listing obligations and disclosures requirements) Regulations, 2015 as regards the inter-corporate deposits, loans and advances granted to subsidiaries and holding companies and other companies in which the directors are interested:

| Name of the entity | Amount outstanding as at | | | Maximum amount outstanding during the year ended | | Investment by loanee in shares of the parent company |
|---|---|---|---|---|---|---|
| | 31 March 2018 | 31 March 2017 | 1 April 2016 | 31 March 2018 | 31 March 2017 | |
| AXISCADES, Inc. | 17.90 | 6.62 | 12.23 | 48.50 | 12.23 | Nil |
| AXISCADES UK Limited | 4.61 | 11.32 | 9.51 | 11.32 | 11.32 | Nil |
| AXISCADES Technology Canada Inc. | 41.78 | 78.70 | 57.84 | 78.70 | 78.70 | Nil |
| AXISCADES Gmbh | 9.16 | - | - | 9.47 | - | Nil |
| AXISCADES Aerospace & Technologies Private Limited | - | 271.60 | 32.21 | 189.81 | 189.81 | Nil |

1. The above loans and inter-corporate deposits have been given for business purpose.
2. There are no outstanding debts due from the directors or other officers of the Company.

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 44. CONTINGENT LIABILITY

| | | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| i) | Amounts relating to service tax demands disputed by the Company out of which ₹ 85.54 lakhs has been paid during 2012* | 956.39 | 956.39 | 956.39 |

* The Company has received service tax orders from the service tax authorities arising primarily on levy of service tax on business auxiliary service under reverse charge mechanism for period 2006 - 2010. The Company's appeal against the said demands are pending before Customs, Excise and Service Tax Appellate Tribunal ('CESTAT').

The Company is contesting the demands/ litigations and the Management believes that its position will be upheld in the appellate process and therefore, will not impact these financial statements. Consequently, no provision has been created in the financial statements for the above.

## 45. FIRST TIME ADOPTION OF IND AS

These financial statements, for the year ended 31 March 2018, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

### 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 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 and recognition of asset retirement obligation on the date of transition as they 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.

### 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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 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 Balance sheet which is presented below:

| | | Note | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **Total Equity as per previous GAAP** | | | 23,356.47 | 11,560.17 |
| **Adjustments on account of:** | | | | |
| (i) | Reversal of rent recorded on account of straight lining 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) | - |
| (ix) | Deferred tax impact on the above | 7 | (28.42) | (20.64) |
| (x) | Deferred tax impact on other comprehensive income | 7 | (63.31) | (28.72) |
| **Equity as per IND AS** | | | **24,075.57** | **22,719.13** |

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

| | Note | Previous GAAP * | Adjustments | Ind AS |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| 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 |
| Financial assets | | | | |
| 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 | | 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 |
| | | **7,317.02** | **11,215.93** | **18,532.95** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| | Note | Previous GAAP * | Adjustments | Ind AS |
|---|---|---|---|---|
| **Current assets** | | | | |
| Financial assets | | | | |
| 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 |
| | | **11,256.05** | **(2.43)** | **11,253.62** |
| **Total assets** | | **18,573.07** | **11,213.50** | **29,786.57** |
| | | | | |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | 6 | 1,361.01 | 528.50 | 1,889.51 |
| Other equity | 13 and 6 | 10,199.16 | 10,630.46 | 20,829.62 |
| | | **11,560.17** | **11,158.96** | **22,719.13** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 3 and 6 | - | 55.64 | 55.64 |
| Other non current liabilities | 6 | - | 27.82 | 27.82 |
| Provisions | 1 and 2 | 307.45 | (15.35) | 292.10 |
| | | **307.45** | **68.11** | **375.56** |
| **Current liabilities** | | | | |
| Financial Liabilities | | | | |
| Borrowings | | 2,440.37 | - | 2,440.37 |
| Trade payables | 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, net | | 284.78 | - | 284.78 |
| Other current liabilities | 6 | 915.78 | 4.91 | 920.69 |
| | | **6,705.45** | **(13.57)** | **6,691.88** |
| **Total equity and liabilities** | | **18,573.07** | **11,213.50** | **29,786.57** |

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

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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

| | Note | Previous GAAP * | Adjustments | Ind AS |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| 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 |
| | | **18,029.54** | **709.61** | **18,739.15** |
| **Current assets** | | | | |
| 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 |
| | | **10,861.44** | **(3.21)** | **10,858.23** |
| **Total assets** | | **28,890.98** | **706.40** | **29,597.38** |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | | 1,889.51 | - | 1,889.51 |
| Other equity | 13 and 6 | 21,466.96 | 719.10 | 22,186.06 |
| | | **23,356.47** | **719.10** | **24,075.57** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | | 73.00 | - | 73.00 |
| Provisions | 1 and 2 | 383.01 | (10.13) | 372.88 |
| Other non current liabilities | | 27.82 | - | 27.82 |
| | | **483.83** | **(10.13)** | **473.70** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| | Note | Previous GAAP * | Adjustments | Ind AS |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| 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 current liabilities | | 666.02 | - | 666.02 |
| | | **5,050.68** | **(2.57)** | **5,048.11** |
| **Total equity and liabilities** | | **28,890.98** | **706.40** | **29,597.38** |

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

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

| | Note | Previous GAAP * | Adjustments | Ind AS |
|---|---|---|---|---|
| **Income** | | | | |
| Revenue from operations | 12 | 23,197.98 | 288.06 | 23,486.04 |
| Other income | 4 and 12 | 748.51 | (100.86) | 647.65 |
| **Total income** | | **23,946.49** | **187.20** | **24,133.69** |
| **Expenses** | | | | |
| 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 |
| **Total expenses** | | **21,949.01** | **170.20** | **22,119.21** |
| **Profit before tax and exceptional items** | | **1,997.48** | **17.00** | **2,014.48** |
| Exceptional items | | 45.33 | - | 45.33 |
| **Profit before tax** | | **1,952.15** | **17.00** | **1,969.15** |
| **Tax expense:** | | | | |
| Current tax | | 753.72 | - | 753.72 |
| Deferred tax | 7 | (83.45) | 7.79 | (75.66) |
| **Profit before tax** | | **1,281.88** | **9.21** | **1,291.09** |
| **Other comprehensive income** | | | | |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent periods:** | | | | |
| a) Re-measurement losses in defined benefit plans | 9 | - | (41.81) | (41.81) |
| Income tax effect | 7 | - | 14.47 | 14.47 |
| | | - | **(27.34)** | **(27.34)** |

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| | Note | Previous GAAP * | Adjustments | Ind AS |
|---|---|---|---|---|
| **Other comprehensive income to be reclassified to profit or loss in subsequent periods:** | | | | |
| a) Gain on cash flow hedges, net | 8 | - | 141.75 | 141.75 |
| Income tax effect | 7 | - | (49.06) | (49.06) |
| **Net other comprehensive income to be reclassified to profit or loss in subsequent periods** | | **-** | **92.69** | **92.69** |
| | | | | |
| **Other comprehensive income, net of tax** | | **-** | **65.35** | **65.35** |
| **Total comprehensive income for the year** | | **1,281.88** | **74.56** | **1,356.44** |

* The Previous GAAP figures have been reclassified to conform 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 cash used in investing activities | | (1,046.13) | - | (1,046.13) |
| Net cash generated from financing activities | 11 | (38.90) | 101.92 | 63.02 |
| **Net increase in cash and cash equivalents** | | **973.52** | **101.92** | **1,075.44** |
| 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 |
| **Cash and cash equivalents at the end of the year** | | **1,913.88** | **-** | **1,913.88** |

### 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.

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**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 it's 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. The application of Ind AS 12, has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP primarily relating to transactional adjustments pertaining to Ind AS. Deferred tax adjustments are recognised in co-relation to the underlying transaction either in retained earnings or a separate component of equity.

**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.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**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.

**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.

**46.** The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016, prepared in accordance with Ind AS included in this financial statements have been audited by Walker Chandiok & Co LLP, Chartered Accountants, vide their report dated May 07, 2018, who had audited the financial statements for the relevant periods.

## 47. PREVIOUS YEAR COMPARATIVES

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

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

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

Place: Bengaluru
Date: 31 May 2018

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

To the Members of AXISCADES Engineering Technologies Limited

## REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of AXISCADES Engineering Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2018, their consolidated loss including other comprehensive income, and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## EMPHASIS OF MATTER

We draw attention to Note 47(C6) to the accompanying consolidated Ind AS financial statements which describes the adjustment of errors on account of non-recognition of impairment losses and consequential tax impact thereon in the consolidated Ind AS financial statements as at March 31, 2017 and the transition date opening balance sheet as at April 01, 2016, which were duly audited by the predecessor statutory auditor of the Company, who expressed an unmodified opinion with an emphasis of matter paragraph describing the aforesaid impairment losses and consequential tax impact thereon vide their report dated May 07, 2018.

Our opinion is not qualified in respect of this matter.

## OTHER MATTER

(a) We did not audit the financial statements and other financial information, in respect of eleven subsidiaries, whose Ind AS financial statements include total assets of ₹ 27,780.43 lakhs and net assets of ₹ 21,093.99lakhs as at March 31, 2018, and total revenues of ₹ 12,385.87 lakhs and net cash outflows of ₹ 1,741.77 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, for which financial statements, other financial information and auditor's reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-Sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

(b) The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 prepared in accordance with Ind AS, included in these consolidated Ind AS financial statements, have been audited by the predecessor statutory auditor who had audited the consolidated financial statements for the relevant period. The report of the predecessor statutory auditor on the comparative financial information and the opening consolidated balance sheet dated May 07, 2018 expressed an unmodified opinion with an emphasis of matter.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(a) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate report in "Annexure 1" to this report;

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 36 to the consolidated Ind AS financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2018.

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

**Sd/-**
per **Sunil Gaggar**
Partner
Membership Number: 104315

Place of Signature: Bengaluru
Date: May 31, 2018

## ANNEXURE 1

## To the Independent Auditor's Report of even date on the Consolidated IND as Financial Statements of AXISCADES Engineering Technologies Limited

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of AXISCADES Engineering Technologies Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of AXISCADES Engineering Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## OPINION

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company and the respective subsidiary companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to five__ subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

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

**Sd/-**
per **Sunil Gaggar**
Partner
Membership Number: 104315

Place of Signature: Bengaluru
Date: May 31, 2018

AXISCADES
Inspired Solutions. By Design

# Consolidated Balance Sheet

## as at 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

| | Note | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 12,399.36 | 10,460.25 | 10,120.84 |
| Other intangible assets | 4 | 5,501.28 | 1,609.01 | 1,358.02 |
| Intangible assets under development | 5 | - | - | 111.64 |
| Capital work-in-progress | 6 | 50.48 | 587.59 | 331.58 |
| Goodwill | 7 | 16,474.25 | 3,870.48 | 3,932.58 |
| Financial assets | | | | |
| Investments | 8 | 0.09 | 0.19 | 0.19 |
| Trade receivables | 9 | 11.14 | 9.77 | 8.57 |
| Loans | 10 | 1,161.98 | 1,068.63 | 1,041.01 |
| Other financial assets | 11 | 196.69 | 599.82 | 2,431.80 |
| Deferred tax assets, net | 38 | 1,615.33 | 895.99 | 1,228.66 |
| Non-current tax assets, net | 12 | 1,694.22 | 1,238.28 | 1,153.06 |
| Other non-current assets | 13 | 2,075.54 | 1,995.61 | 2,012.09 |
| | | 41,180.36 | 22,335.62 | 23,730.04 |
| **Current assets** | | | | |
| Inventories | 14 | 3,013.49 | 195.31 | 300.84 |
| Financial assets | | | | |
| Investments | 8 | 625.14 | 35.00 | - |
| Trade receivables | 9 | 16,588.90 | 8,421.56 | 10,306.42 |
| Cash and cash equivalents | 15 | 1,377.32 | 3,694.77 | 2,645.47 |
| Bank balances other than cash and cash equivalents | 16 | 4,816.00 | 3,499.68 | 1,780.09 |
| Loans | 10 | 279.99 | 11.75 | 53.42 |
| Other financial assets | 11 | 4,674.94 | 5,716.89 | 10,936.22 |
| Other current assets | 13 | 3,199.77 | 2,028.74 | 4,784.00 |
| | | **34,575.55** | **23,603.70** | **30,806.46** |
| **Total assets** | | **75,755.91** | **45,939.32** | **54,536.50** |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | 17 | 1,889.51 | 1,889.51 | 1,889.51 |
| Other equity | 18 | 27,282.72 | 28,255.94 | 26,960.61 |
| Non-controlling interest | | 344.41 | 300.63 | 257.36 |
| **Total equity** | | **29,516.64** | **30,446.08** | **29,107.48** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 19 | 7,263.63 | 2,721.89 | 2,896.31 |
| Trade payables | 20 | - | 24.96 | - |
| Other financial liabilities | 21 | 10,325.24 | - | - |
| Provisions | 22 | 1,057.88 | 546.19 | 428.17 |
| Deferred tax liabilities, net | 38 | 1.10 | - | - |
| Other non-current liabilities | 23 | 27.82 | 27.82 | 266.87 |
| | | **18,675.67** | **3,320.86** | **3,591.35** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 19 | 6,515.21 | 5,396.25 | 4,525.86 |
| Trade payables | 20 | 5,003.93 | 2,751.35 | 2,956.40 |
| Other financial liabilities | 21 | 12,647.40 | 1,856.57 | 7,076.06 |
| Provisions | 22 | 822.97 | 430.27 | 892.86 |
| Current tax liabilities, net | 24 | 86.51 | 8.75 | 341.21 |
| Other current liabilities | 23 | 2,487.58 | 1,729.19 | 6,045.28 |
| **Total liabilities** | | **27,563.60** | **12,172.38** | **21,837.67** |
| **Total equity and liabilities** | | **75,755.91** | **45,939.32** | **54,536.50** |

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date attached

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

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

| | Note | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 25 | 51,915.67 | 48,676.75 |
| Other income | 26 | 1,507.02 | 1,460.06 |
| **Total income** | | **53,422.69** | **50,136.81** |
| **EXPENSES** | | | |
| Cost of materials consumed | 27 | 5,488.40 | 6,695.57 |
| Employee benefits expense | 28 | 28,366.22 | 25,111.94 |
| Depreciation and amortisation expense | 29 | 1,876.32 | 1,220.18 |
| Finance costs | 30 | 1,368.97 | 1,286.12 |
| Project consultancy charges | | 5,455.43 | 3,976.82 |
| Other expenses | 31 | 10,847.08 | 9,015.36 |
| **Total expenses** | | **53,402.43** | **47,305.99** |
| **PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS** | | **20.27** | **2,830.82** |
| Exceptional items | 32 | (298.69) | 52.34 |
| **(Loss) / profit before tax and Non-controlling interest** | | **(278.43)** | **2,883.16** |
| **TAX EXPENSE:** | | | |
| Current tax | 38 | 801.36 | 1,146.30 |
| Tax expense of prior year | | 58.79 | - |
| Deferred tax (credit) / charge | | (357.37) | 281.93 |
| **(Loss) / profit after tax for the year** | | **(781.21)** | **1,454.93** |
| **(Loss) / profit attributable to:** | | | |
| Equity holders of the Company | | (824.98) | 1,411.66 |
| Non-controlling interest | | 43.78 | 43.27 |
| **Other comprehensive income** | | | |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent periods:** | | | |
| Remeasurement (losses)/gains in defined benefit plans | | (0.84) | (54.93) |
| Income tax effect | | (0.65) | 18.81 |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:** | | **(1.49)** | **(36.12)** |
| **Other comprehensive income to be reclassified to profit or loss in subsequent periods:** | | | |
| a) (Loss) / gain on cash flow hedges, net | | (327.46) | 209.90 |
| Income tax effect | | 112.64 | (71.89) |
| | | **(214.82)** | **138.01** |
| b) Exchange differences on translation of foreign operations | | 113.31 | (208.11) |
| Income tax effect | | - | - |
| | | **113.31** | **(208.11)** |
| **Net other comprehensive income to be reclassified to profit or loss in subsequent periods:** | | **(101.51)** | **(70.10)** |
| **Other comprehensive (loss) / income, net of tax** | | **(103.00)** | **(106.22)** |
| **Total comprehensive (loss) / income for the year, net of tax** | | **(884.20)** | **1,348.71** |
| **Attributable to:** | | | |
| Equity holders of the Company | | (927.98) | 1,305.44 |
| Non-controlling interest | | 43.78 | 43.27 |
| **Earnings per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2017: ₹ 5)]** | | | |
| Basic and diluted | 33 | (2.18) | 3.74 |

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date attached

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

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# Consolidated Statement of Cash Flows

## for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| (Loss) / profit before tax | (278.43) | 2,883.16 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 1,876.33 | 1,220.18 |
| Interest income (including fair value change in financial instruments) | (615.32) | (508.14) |
| Dividend income from mutual funds | (7.52) | (1.74) |
| Interest expense (including fair value change in financial instruments) | 1368.97 | 1,286.12 |
| Impairment of investment | 0.10 | - |
| Provision / liabilities no longer required written back | (564.00) | (874.82) |
| Bad debts written off | 49.38 | 12.48 |
| Provision for doubtful debts and advances | 878.41 | 8.72 |
| Stock compensation expense (refer note 43) | 2.25 | - |
| Loss / (Profit) on sale of Property, plant and equipment | 0.29 | (53.78) |
| Net unrealised foreign exchange (gain) / loss | (160.86) | 5.97 |
| **Operating profit before working capital changes** | **2,549.61** | **3,978.15** |
| **Movements in working capital** | | |
| (Increase) / Decrease in trade receivables | (5,270.21) | 1,616.88 |
| (Increase) / Decrease in inventories | (1101.23) | 105.53 |
| (Increase) / Decrease in other assets | 213.97 | 2,126.87 |
| (Increase) / Decrease in loans and advances | (111.12) | 2,714.01 |
| (Decrease) / Increase in trade payables and other liabilities | 506.81 | (6,194.78) |
| (Decrease) / Increase in provisions | 270.64 | (1,175.75) |
| **Cash generated from operating activities** | **(2,941.53)** | **3,170.91** |
| Direct taxes paid (net of refunds) | (854.50) | (2,309.29) |
| **Net cash generated from / (used in) operating activities (A)** | **(3,796.03)** | **861.62** |
| **B. Cash flow from investing activities** | | |
| Payments for purchase of property, plant and equipment and intangible assets | (1,675.87) | (2,873.16) |
| Proceeds from sale of property, plant and equipment | 353.83 | 1.16 |
| Interest received | 890.65 | 169.12 |
| Investment in current investments | (507.06) | (590.00) |
| Investment in fixed deposits, net | 99.03 | 163.92 |
| Redemption of current investments | - | 556.74 |
| Proceed from sale of non-current investment | - | 2,638.48 |
| Realisation from intercorporate deposit | - | 65.00 |
| Dividend received | 4.70 | - |
| Investment in subsidiaries | (3523.02) | - |
| **Net cash generated from / (used in) investment activities (B)** | **(4,357.74)** | **131.26** |
| **C. Cash flow from financing activities** | | |
| Intercorporate deposits repaid | (2,916.52) | (1,319.93) |
| Proceeds from intercorporate deposits | 195.00 | 1,191.00 |
| Proceeds from long-term borrowings | 7,156.04 | - |
| Proceeds from working capital loans and buyer's credit, net | 1,109.03 | 993.17 |
| Interest paid | (830.79) | (633.41) |
| **Net cash generated from financing activities (C)** | **4,712.76** | **230.83** |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **(3,441.01)** | **1,223.71** |

# Consolidated Statement of Cash Flows (Contd.)

for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Effect of exchange rate changes, net | 32.68 | (51.61) |
| Cash and cash equivalents as at beginning of the year [also refer note 15(a)] | 3,609.91 | 2,421.11 |
| Cash and cash equivalents acquired on account of business combinations (refer note 7 and 34) | 1,121.75 | 16.70 |
| **Cash and cash equivalents at the end of the year [refer note 15(a)]** | **1,323.33** | **3,609.91** |

As per our report of even date attached

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

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

## A. Equity share capital

(All amounts in ₹ lakhs, unless otherwise stated)

| Equity Shares of ₹ 5 each, fully paid up (31 March 2017: ₹ 5 each) | Equity shares | |
|---|---|---|
| | Number (in lakhs) | 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 March 2018** | **377.60** | **1,889.51** |

## B. Other equity

| | Reserves and surplus | | | | | | Items of OCI | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General reserve | Securities premium reserve | Retained earnings | Capital Contribution | Share options outstanding account | Capital reserve | Foreign currency translation reserve | Hedge reserve | Other items of other comprehensive income / (loss) | Total other equity | Non-controlling interests | Total |
| **Balance as at 1 April 2016** | **3.39** | **10,077.23** | **10,968.82** | **165.28** | **-** | **5,698.31** | **-** | **41.69** | **5.89** | **26,960.61** | **257.36** | **27,217.97** |
| Profit for the year | - | - | 1,411.66 | - | - | - | - | - | - | 1,411.66 | 43.27 | 1,454.93 |
| Loss on settlement of loan with holding company | - | - | - | (10.11) | - | - | - | - | - | (10.11) | - | (10.11) |
| Fair value changes on derivatives designated as cash flow hedge, net of tax | - | - | - | - | - | - | - | 138.01 | - | 138.01 | - | 138.01 |
| Re-measurement losses in defined benefit plans, net of tax | - | - | - | - | - | - | - | - | (36.12) | (36.12) | - | (36.12) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | (208.11) | - | - | (208.11) | - | (208.11) |
| **Total comprehensive income / (loss)** | **-** | **-** | **1,411.66** | **(10.11)** | **-** | **-** | **(208.11)** | **138.01** | **(36.12)** | **1,295.33** | **43.27** | **1,338.60** |
| **Balance as at 31 March 2017** | **3.39** | **10,077.23** | **12,380.48** | **155.17** | **-** | **5,698.31** | **(208.11)** | **179.70** | **(30.23)** | **28,255.94** | **300.63** | **28,556.57** |
| Profit for the year | - | - | (824.98) | - | - | - | - | - | - | (824.99) | 43.78 | (781.21) |
| Additions on account of acquisition of subsidiary (refer note 7) | - | - | - | - | 2.25 | - | - | - | - | 2.25 | - | 2.25 |
| Fair value changes on derivatives designated as cash flow hedge, net of tax | - | - | - | - | - | - | - | (214.82) | - | (214.82) | - | (214.82) |

# Consolidated Statement of Changes in Equity (Contd.)

for the year ended 31 March 2018

| | Reserves and surplus | | | | | | Items of OCI | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General reserve | Securities premium reserve | Retained earnings | Capital Contribution | Share options outstanding account | Capital reserve | Foreign currency translation reserve | Hedge reserve | Other items of other comprehensive income / (loss) | Total other equity | Non-controlling interests | Total |
| Loss on settlement of loan from ultimate holding company | - | - | - | (47.49) | - | - | - | - | - | (47.48) | - | (47.48) |
| Re-measurement losses in defined benefit plans, net of tax | - | - | - | - | - | - | - | - | (1.49) | (1.49) | - | (1.49) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | 113.31 | - | - | 113.31 | - | 113.31 |
| **Total comprehensive income / (loss)** | **-** | **-** | **(824.98)** | **(47.49)** | **2.25** | **-** | **113.31** | **(214.82)** | **(1.49)** | **(973.22)** | **43.78** | **(929.44)** |
| **Balance as at 31 March 2018** | **3.39** | **10,077.23** | **11,555.50** | **107.68** | **2.25** | **5,698.31** | **(94.80)** | **(35.12)** | **(31.72)** | **27,282.72** | **344.41** | **27,627.13** |

The accompanying notes are intergal part of these consolidated Ind AS financial statements

As per our report of even date attached

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

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

Place: Bengaluru
Date: 31 May 2018

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

Place: Bengaluru
Date: 31 May 2018

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 1. GENERAL INFORMATION

AXISCADES Engineering Technologies Limited ('the Company' / 'the Holding Company' / 'ACETL'), 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.

The Registered Office of the Company is "Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560024, Karnataka, India"

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') listed below:

| Name of the subsidiaries | Country of incorporation | Ownership interest (%) | | |
|---|---|---|---|---|
| | | 31 March 2018 | 31 March 2017 | 01 April 2016 |
| AXISCADES, Inc. (formerly known as Axis Inc.) [1] | USA | 100% | 100% | 100.00% |
| AXISCADES UK Limited (formerly known as Axis EU Europe Limited), Subsidiary of AXISCADES Inc. ('AXISCADES UK') | UK | 100% | 100% | 100.00% |
| AXISCADES Technology Canada Inc. (formerly known as Cades Technology Canada Inc.) ('AXISCADES Canada') | Canada | 100% | 100% | 100.00% |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. ('Axis China') | China | 100% | 100% | 100.00% |
| AXISCADES GmbH [2] | Germany | 100% | 100.00% | NA |
| Cades Studec Technologies (India) Private Limited ('Studec') | India | 76% | 76% | 76% |
| AXISCADES Aerospace & Technologies Private Limited ('ACAT') [3] | India | 100% | 100% | 100.00% |
| Enertec Controls Limited, subsidiary of ACAT ('Enertec') [3] | India | 100% | 100% | 100.00% |
| AXISCADES Aerospace Infrastructure Private Limited, subsidiary of ACAT ('AAIPL') [3] | India | 100% | 100% | 100.00% |
| Mistral Solutions Private Limited (MSPL) [4] | India | 100% | NA | NA |
| Aero Electronics Private Limited [4] (subsidiary of MSPL) (AEPL) | India | 100% | NA | NA |
| Mistral Technologies Private Limited [4] (subsidiary of MSPL) (MTPL) | India | 100% | NA | NA |
| Mistral Solutions Inc. [4] (subsidiary of MSPL) (MSI) | USA | 100% | NA | NA |
| Mistral Solutions Pte Limited [4] (subsidiary of MSPL) (MSP) | Singapore | 100% | NA | NA |

[1] With effect from 9 December 2016, the company is known as AXISCADES, Inc.

[2] During the year ended 31 March 2017, the Company has incorporated a wholly owned subsidiary on 16 August 2016 in Germany, namely, AXISCADES GmbH, to explore opportunities in the European region.

[3] AXISCADES Aerospace & Technologies Private Limited ('ACAT'), wholly owned subsidiary of India Aviation Training Institute Private Limited ('IAT') is now a wholly owned subsidiary of ACETL pursuant to the Scheme. Consequently Enertec Controls Limited and AXISCADES Aerospace & Infrastructure Private Limited, subsidiaries of ACAT have become step down subsidiaries of ACETL [refer note 34].

[4] During the year, the ACETL entered into a shareholder's agreement to acquire 100% stake in Mistral Solutions Private Limited ('MSPL') alongwith its subsidiaries in a phased manner. MSPL is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of MSPL effective December 01, 2017.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2018. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Non controlling interest, represents that part of the total comphrehensive income and net assets of subsidiaries attributable to interests which are owed, directly or indirectly, by the parent Company.

**a) Basis of consolidation (Cont'd)**

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**b) Basis of preparation**

The Consolidated financial statements of the Group 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 Group prepared its financial statements in accordance with requirements of the Accounting Standards notified under the Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These are the first Ind AS consolidated financial statements of the Group. The date of transition to Ind AS is 1 April 2016. Refer note 47 for the details of first-time adoption exemptions availed by the Group, reconciliations and descriptions of the effect of the transition.

The consolidated Financial Statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these consolidated financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

The consolidated Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

**c) Business combinations and goodwill**

In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward (refer note 47).

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12, Income Tax, and Ind AS 19, Employee Benefits respectively.
- Liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payments arrangement of the Group entered into to replace share-based arrangements of the acquiree are measured in accordance with Ind AS 102, Share-based Payments at the acquisition date
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit and Loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109, Financial Instruments, is measured at fair value with changes in fair value recognised in Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109 it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent to reporting dates and subsequent to its settlement is accounted for within equity.

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

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

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

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

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

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.

**d) Use of Judgements, Estimates & Assumptions**

The preparation of the Group's consolidated financial statements require 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.

The Group bases its estimates and assumptions on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

**Significant management judgements**

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

**Classification of leases**

The Group 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.

**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.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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.

Contingent considerations, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor

As part of the accounting for the acquisition of MSPL, contingent consideration with an estimated fair value of INR 9,988.12 lakhs was recognised at the acquisition date and remeasured to INR 9,988.12 lakhs as at the reporting date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is INR 9,988.12 lakhs. The contingent is classified as Other financial liability.

**Provision for litigations and contingencies**

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

**Provision for warranty**

The Group, in the usual course of sale of its products, gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Decommissioning liability**

The estimated valuation of decommissioning liabilities 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 a 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.

**e) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised 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 classified as 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 Group has evaluated and considered its operating cycle as 12 months.

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

**f) Property, plant and equipment**

The Group 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 is 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 Group 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.

The Group 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 - 6 |
| Furniture and fixtures * | 7 - 10 |
| Office equipment * | 5 - 7 |
| Electrical installations * | 7 |
| Office buildings * | 61 |
| Vehicles * | 5 - 6 |
| Plant and machinery | 7 - 15 |
| Test equipment | 6 |

* Based on an internal assessment, the management believes that the useful lives as given above represents

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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 Group 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 Group 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, on a straight-line basis.

### g) Intangible assets

The Group 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 3-6 years. Non-compete fee and customer contract are amortised over a period of 10 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').

### h) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group 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.

Goodwill and 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.

i) **Revenue recognition**

Revenue from contracts with customers is recognized to the extent that it is probable that the economic benefits will flow to the Group 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 Group derives its revenues primarily from engineering design services and system integration service. 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.

Maintenance revenue is recognized ratably over the period of the maintenance contract.

**Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates, if any.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

**Interest income**

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

**Dividends**

Dividend Income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Rental 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 income in the Statement of Profit and Loss due to its operating nature.

j) **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 Group has no obligation, other than the contribution payable to the provident fund. The Group 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.

**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

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plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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 Group'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 Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

**Overseas social security**

The Group contributes to social security charges of countries to which the Company deputes 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.

**Compensated absences**

The Group 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 Group 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.

**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.

**k) 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 Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

*Group as a lessee*

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 Group is classified as a finance lease.

**Finance lease:**

Finance leases are capitalised at the commencement of the lease at the inception date 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, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

**Operating lease:**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group 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.

*Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**l) Foreign currency transactions**

The group has elected to reset all cumulative translation differences to zero by transferring it to opening retained earnings as its transition date i.e., 1 April 2016.

*Functional and presentation currency*

The Group's consolidated financial statements are presented in Indian Rupees, which is also the Holding Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

*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.

*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of

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OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

**m) 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.

**n) Inventories**

Inventories which comprise of raw materials, finished goods / work in progress and traded goods are valued at the lower of cost or net realisable value. Cost comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:

Traded goods are valued at first in first out method

Finished goods / work in progress - Cost of materials including costs of conversion, where cost of material is determined under first in first out method. Cost of conversion is considered at actuals.

Goods in transit are valued at actual cost

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group periodically assesses the inventory for obsolescence and slow-moving stocks.

**o) 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.

Minimum Alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it it probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward in the year in which the company recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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 on the balance sheet date and are expected on 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 Group 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.

**p) Provisions and contingencies**

*Provisions*

A provision is recognised if, as a result of a past event, the Group 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 Group 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 Group 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 Group 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.

*Provision for warranty*

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

**q) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**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:

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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 Group. 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 Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and 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 Group recognizes interest income, impairment losses & 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 the 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 Group 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 Group 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 AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 the Statement of Profit and Loss, even on sale of investment. However, the Group 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 Group's balance sheet) when:

a. The rights to receive cash flows from the asset have expired, or

b. The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

**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 Group'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 Group 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/ losses are not subsequently transferred to the Statement of Profit and Loss. However, the Group 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 Group 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 Group. After initial recognition, interest-bearing loans

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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.

**Financial guarantee contracts**

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

**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 Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted sales. These derivative financial instruments 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 Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group'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.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

**r) Impairment of financial assets**

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

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group 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. However, if the credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group 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 Group 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:

a. 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 Group does not reduce impairment allowance from the gross carrying amount.

b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

c. 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 Group 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 Group 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.

**s) 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 Group.

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

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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 Group 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 assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.

**t) 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 Group's cash management.

**Amendment to Ind AS 7 - Statement of Cash Flows**

The amendment requires entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The effect on adoption of Ind AS 7 on the financial statements is insignificant.

**u) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has two business segments, 'Engineering design service' and 'Strategic Technology Solutions'.

**v) Earnings/ (loss) 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 Group (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.

**w) Corporate Social Responsibility (CSR) expenditure**

CSR expenditure as per provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is charged to the Statement of Profit and Loss as expense as and when incurred.

**x) Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**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 Group 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:**

Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supercede all current revenue recognition requirements under Ind AS.

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:

i) 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.

ii) 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.

The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The Group continues to evaluate various areas such as gross versus net revenue presentation for certain contracts, identification and treatment of performance obligations associated with certain contracts etc. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

**y) Share-based payments**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 3. PROPERTY, PLANT AND EQUIPMENT (PPE)

| | Leasehold land (refer note 1 below) | Freehold land (refer note 2 below) | Computers | Furniture and fixtures | Test equipment | Office equipment | Electrical installations | Vehicles | Office building | Leasehold improvements | Plant and machinery | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | | | | | |
| **Deemed cost as at 1 April 2016** | **5,315.88** | **3,370.50** | **512.93** | **121.28** | **-** | **162.91** | **10.08** | **83.89** | **452.77** | **34.01** | **56.59** | **10,120.84** |
| Additions for the year | 294.63 | - | 451.58 | 23.93 | - | 22.54 | - | 21.53 | 40.62 | - | 2.97 | 857.80 |
| Disposals during the year | - | - | (121.22) | - | - | (7.46) | - | (17.56) | - | - | - | (146.24) |
| Other adjustments [refer note 3 below] | - | - | (20.03) | (4.72) | - | (8.03) | - | - | - | (1.09) | - | (33.87) |
| **Balance as at 31 March 2017** | **5,610.51** | **3,370.50** | **823.26** | **140.49** | **-** | **169.96** | **10.08** | **87.86** | **493.39** | **32.92** | **59.56** | **10,798.53** |
| Additions for the year | 99.76 | - | 200.59 | 21.71 | - | 45.48 | - | 26.00 | 119.78 | 5.50 | 749.38 | 1,268.20 |
| Acquisition of a subsidiary [refer note 7] | 940.00 | - | 159.24 | 29.24 | 239.27 | 7.87 | - | 163.06 | - | 3.34 | 21.77 | 1,563.79 |
| Disposals during the year | - | - | (2.61) | (0.43) | - | (0.42) | - | - | - | - | (2.92) | (6.38) |
| Other adjustments [refer note 3 below] | - | - | 24.27 | 4.22 | - | 8.03 | - | - | - | 1.09 | - | 37.61 |
| **Balance as at 31 March 2018** | **6,650.27** | **3,370.50** | **1,204.75** | **195.23** | **239.27** | **230.92** | **10.08** | **276.92** | **613.17** | **42.85** | **827.79** | **13,661.75** |
| **Depreciation** | | | | | | | | | | | | |
| Charge for the year | - | - | 355.86 | 43.13 | - | 47.44 | 2.49 | 23.88 | 8.91 | 17.50 | 15.99 | 515.20 |
| Disposals during the year | - | - | (121.22) | - | - | (6.66) | - | (17.56) | - | - | - | (145.44) |
| Other adjustments [refer note 3 below] | - | - | (18.67) | (3.69) | - | (8.03) | - | - | - | (1.09) | - | (31.48) |
| **Balance as at 31 March 2017** | **-** | **-** | **215.97** | **39.44** | **-** | **32.75** | **2.49** | **6.32** | **8.91** | **16.41** | **15.99** | **338.28** |
| Charge for the year | - | - | 405.03 | 40.38 | 9.02 | 46.87 | 2.49 | 42.66 | 8.84 | 6.08 | 93.17 | 654.54 |
| Acquisition of a subsidiary [refer note 7] | - | - | 48.80 | 11.09 | 130.59 | 3.61 | - | 33.37 | - | 3.13 | 8.18 | 238.77 |
| Disposals during the year | - | - | (0.45) | (0.43) | - | (0.23) | - | - | - | - | (1.16) | (2.27) |
| Other adjustments [refer note 3 below] | - | - | 19.71 | 4.24 | - | 8.03 | - | - | - | 1.09 | - | 33.07 |
| **Balance as at 31 March 2018** | **-** | **-** | **689.06** | **94.72** | **139.61** | **91.03** | **4.98** | **82.35** | **17.75** | **26.71** | **116.18** | **1,262.39** |
| **Net block** | | | | | | | | | | | | |
| **At 1 April 2016** | **5,315.88** | **3,370.50** | **512.93** | **121.28** | **-** | **162.91** | **10.08** | **83.89** | **452.77** | **34.01** | **56.59** | **10,120.84** |
| **At 31 March 2017** | **5,610.51** | **3,370.50** | **607.29** | **101.05** | **-** | **137.21** | **7.59** | **81.54** | **484.48** | **16.51** | **43.57** | **10,460.25** |
| **At 31 March 2018** | **6,650.27** | **3,370.50** | **515.69** | **100.51** | **99.66** | **139.89** | **5.10** | **194.57** | **595.42** | **16.14** | **711.61** | **12,399.36** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Notes**

1 **Leasehold land includes:**

a. Industrial plot bearing plot no. 30 situated in Block - D of Sector-03 within New Okhla Industrial Development Authority Area (Noida), Gautam Budh Nagar, Uttar Pradesh, acquired by executing sale cum lease agreement dated 18 January 2000. Such land is duly allotted by New Okhla Industrial Development Authority (Noida Authority) for balance period of 78 years to the Company.

b. Land transferred pursuant to the Scheme (refer note 34) represents land acquired from Karnataka Industrial Areas Development Board (KIADB) on a lease cum sale basis wherein this land would transfer to AAIPL after a period of 10 years on the fulfilment of the conditions of the allotment letter. AAIPL, the step down subsidiary of ACETL is in the process of following up with the KIADB to execute lease cum sale agreement. This amount has been disclosed as free hold land since KIADB vide letter dated 17 August 2010 has allotted 75 acres of land in 'Bengaluru Aerospace Park', for which AAIPL has paid an advance of ₹ 3,757.69 lakhs. AAIPL has possession of 10 acres of land, accordingly ₹ 1,801.01 lakhs has been considered as lease hold land and balance of ₹ 1,956.68 lakhs is treated as capital advance which will be adjusted against the remaining 65 acres consideration commitment. Additionally, AAIPL has been allotted 10 acres of land by KIADB vide letter number KIADB/HO/Allot/18403/8992/2017-18 dated September 12, 2017. AAIPL is in the process of completing formalities for obtaining possession of the alloted land.

c. Land transferred pursuant to the Acquisition (refer note 7) represents land acquired from Karnataka Industrial Areas Development Board (KIADB) on a lease cum sale basis wherein this land would transfer to Aero Electronics Pvt. Ltd.(AEPL), a step down subsidiary of ACETL, after a period of 10 years on the fulfilment of the conditions of the allotment letter. This amount has been disclosed as free hold land since KIADB vide letter dated 23 January 2014 has allotted 2 acres of land in 'Bengaluru Aerospace Park', for which AEPL has paid a sum of ₹ 360 lakhs.

2 Freehold Land includes land held by the Company at plot No. 14&15 in Keonics electronic city in Sy. No 2 of Konappana Agrahara Village Begur Hobli, Bangalore South Taluk, which was transferred pursuant to the scheme.(refer note 34).

3 Represents adjustments consequent to translation of property, plant and equipment in foreign geographies.

4 **Fair value as deemed cost**

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the group has used fair value as at 1 April 2016 as deemed cost.

**Noida**

The land and building held by the Group in Noida, Uttar Pradesh was fair valued upwards as at 1 April 2016 based on an independent valuation carried out on 16 April 2018 and the resultant increase of ₹ 793.24 lakhs for land and ₹ 11.58 lakhs for building was credited to opening reserves.

***Land:***

Fair value of land was determined by using the market comparable method. This means that the valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of fair valuation, the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP, an accredited independent valuer who has relevant valuation experience for similar office properties in India.

Significant valuation input:

Price per square metre: ₹ 104,618

***Building:***

Fair value of building was determined by using the depreciated replacement cost method. Gross current replacement cost of each structure is assessed after considering different factors. According to the specifications and use of the building, its economical life is estimated and depreciation of construction by straight line method is calculated to arrive at the depreciated replacement cost of construction. As at the date of fair valuation, the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP, an accredited independent valuer who has relevant valuation experience for similar office properties in India.

**Bengaluru**

***Land:***

The land held by the Group in Bengaluru Aerospace Park and Keonics Electronic City was fair valued upwards as at 1 April 2016 based on an independent valuation carried out on 16 April 2018 and the resultant increase of ₹ 6,061.52 lakhs was credited to opening reserves.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

Fair value of land was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of fair valuation, the properties' fair values are based on valuations performed by Colliers International (India) Property Services Private Limited, who have relevant valuation experience for similar properties in India.

Significant valuation input:

| | Bengaluru Aerospace Park | Keonics Electronics City |
|---|---|---|
| Unit of measurement | Acre | square metres |
| Price per unit of measurement | ₹ 450 lakhs | ₹ 75,000 |

***Building:***

The building at plot No. 14 & 15 in Keonics Electronics City in Sy No. 20 of Konappana Agrahara Village Begur Hobli, Bangalore South Taluk was fair valued downwards as at 1 April 2016 based on an independent valuation carried out on 16 April 2018 and the resultant decrease of ₹ 2,655.70 lakhs was debited to opening reserves [also, refer note 47 (C6 9)]..

Fair value of building was determined by using depreciated replacement cost method. Gross current replacement cost of each structure is assessed after considering different factors. According to the specifications and use of the building, its economical life is estimated and depreciation of construction by straight line method is calculated to arrive at the depreciated replacement cost of construction. As at the date of fair valuation, the properties' fair values are based on valuations performed by Colliers International (India) Property Services Private Limited, who have relevant valuation experience for similar properties in India.

**Other class of PPE (other than land and building) held by the Group.**

All other class of PPE (other than land and building) held by the Group was fair valued as at 1 April 2016 based on an independent valuation carried out on 16 April 2018. The fair value of these class of PPE approximates the carrying value as at 1 April 2016 as per previous GAAP and hence no gain / loss has been recognised.

Fair value of other class of PPE was determined by using depreciated replacement cost method. Gross current replacement cost of each item of PPE is assessed after considering different factors. According to the specifications and use of the items of PPE, its economical life is estimated and depreciation by straight line method is calculated to arrive at the depreciated replacement cost of PPE. As at the date of fair valuation, the properties' fair values are based on valuations performed by J R S & Co., Chartered Accountants who have relevant valuation experience for similar office properties in India.

**5. Contractual obligations**

There are no contractual commitments for the acquisition of property, plant and equipment.

**6. Capitalised borrowing cost**

There are no borrowing costs capitalised during the year ended 31 March 2018 (31 March 2017: Nil; 1 April 2016: Nil).

**7. Property, plant and equipment pledged as security**

Details of properties pledged are as per note 19.

**8. Decommissioning cost**

A provision has been recognised for decommissioning costs associated with the premises taken on lease. The Group is committed to decommissioning the premises as a result of improvements made to the premises (refer note 22).

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 4. OTHER INTANGIBLE ASSETS

| | Computer software | Non-compete fee | Customer contract | Process manuals | Trademark [refer note 47 (C6.3)] | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **Deemed cost as at 1 April 2016 (refer note 2 below)** | 338.45 | - | - | 1,019.57 | - | 1,358.02 |
| Additions for the year | 851.52 | - | - | 651.82 | - | 1,503.34 |
| Disposals during the year | (547.38) | - | - | - | - | (547.38) |
| Other adjustments [refer note 1 below] | (8.44) | - | - | - | - | (8.44) |
| **Balance as at 31 March 2017** | **634.15** | **-** | **-** | **1,671.39** | **-** | **2,305.54** |
| Additions for the year | 346.86 | - | - | 83.05 | - | 429.91 |
| Acquisition of a subsidiary [refer note 7] | 97.83 | 1,500.87 | 3,127.52 | - | - | 4,726.22 |
| Other adjustments [refer note 1 below] | 9.17 | - | - | - | - | 9.17 |
| **Balance as at 31 March 2018** | **1,088.01** | **1,500.87** | **3,127.52** | **1,754.44** | **-** | **7,470.84** |
| **Amortisation** | | | | | | |
| Charge for the year | 214.80 | - | - | 490.18 | - | 704.98 |
| Disposals during the year | (8.45) | - | - | - | - | (8.45) |
| **Balance as at 31 March 2017** | **206.35** | **-** | **-** | **490.18** | **-** | **696.53** |
| Acquisition of a subsidiary [refer note 7] | 45.14 | - | - | - | - | 45.14 |
| Charge for the year | 265.81 | 50.03 | 104.25 | 801.70 | - | 1221.79 |
| Other adjustments [refer note 1 below] | 6.10 | - | - | - | - | 6.10 |
| **Balance as at 31 March 2018** | **523.40** | **50.03** | **104.25** | **1,291.88** | **-** | **1,969.56** |
| **Net block** | | | | | | |
| **Balance as at 1 April 2016** | **338.45** | **-** | **-** | **1,019.57** | **-** | **1,358.02** |
| **Balance as at 31 March 2017** | **427.80** | **-** | **-** | **1,181.21** | **-** | **1,609.01** |
| **Balance as at 31 March 2018** | **564.61** | **1,450.84** | **3,023.27** | **462.56** | **-** | **5,501.28** |

**Notes**

1 Represents adjustments consequent to translation of other intangibles in foreign geographies.

2 Carrying value of intangible assets as per previous GAAP as at 1 April 2016 has been considered as deemed cost.

## 5. INTANGIBLE ASSETS UNDER DEVELOPMENT

| | Process Manuals | Software | Total |
|---|---|---|---|
| **Balance as at 1 April 2016** | - | 111.64 | 111.64 |
| Additions during the year | 520.46 | 27.70 | 548.16 |
| Less: Capitalised during the year | (520.46) | (139.34) | (659.80) |
| **Balance as at 31 March 2017** | - | - | - |
| Additions during the year | - | - | - |
| Less: Capitalised during the year | - | - | - |
| **Balance as at 31 March 2018** | - | - | - |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 6. CAPITAL WORK-IN-PROGRESS

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Opening capital work-in-progress | 587.59 | 331.58 | - |
| Additions during the year | 82.77 | 256.01 | 331.58 |
| Acquisition of a subsidiary (refer note 8) | 5.48 | - | - |
| Deletion during the year | (625.36) | - | (219.94) |
| **Closing capital work-in-progress** | **50.48** | **587.59** | **111.64** |

## 7. GOODWILL

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Carrying value at the beginning of the year | 3,870.48 | 3,932.58 | 3,932.58 |
| Translation differences | 20.72 | (62.10) | - |
| Acquisition of subsidiary (refer note 1 below) | 12,583.05 | - | - |
| **Carrying value at the end of the year** | **16,474.25** | **3,870.48** | **3,932.58** |

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. An amount of ₹ 16,474.25 lakhs (31 March 2017: ₹ 3,870.48 lakhs and 1 April 2016 : ₹ 3,932.58 lakhs) has been recognised as goodwill as per the requirements of Ind AS 103, Business Combinations.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The carrying value of goodwill, net of translation differences, as at 31 March 2018, 31 March 2017 and 1 April 2016 is as below:

| Entity | Allocated operating segment | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| AXISCADES UK Limited | Engineering design services | 118.89 | 104.20 | 122.50 |
| AXISCADES Inc. | Engineering design services | 1,906.26 | 1,900.23 | 1,944.03 |
| Cades Studec Technologies India Private Limited | Engineering design services | 446.07 | 446.07 | 446.07 |
| AXISCADES Aerospace & Technologies Private Limited | System integration services | 1,419.98 | 1,419.98 | 1,419.98 |
| Mistral Solutions Private Limited | Engineering design services | 12,583.05 | - | - |
| | | **16,474.25** | **3,870.48** | **3,932.58** |

The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and an average of the range of each of the assumption are mentioned below:

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Discount rate (refer note a below) | 16.5 - 19 percent | 16.5 - 19 percent | 16.5 - 19 percent |
| Terminal growth rate (refer note b below) | 2 - 4 percent | 2 - 4 percent | 2 - 4 percent |
| Operating margins | 2 - 5 percent | 2 - 5 percent | 2 - 5 percent |

As at 31 March 2018, 31 March 2017 and 1 April 2016 the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence impairment is not triggered. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

The Company entered into a Share Purchase Agreement ('SPA') effective December 1, 2017, to acquire 100% of the paid-up share capital of Mistral Solutions Private Limited (MSPL) in a phased manner from promoters and other shareholders of MSPL. MSPL is headquartered at Bengaluru, India and engaged in rendering end-to-end services for product design and development in the embedded space, design and development services covering hardware and software, customizable product designs, system integration and other related solutions. The fair value of the purchase consideration is determined at ₹ 24,213.97 lakhs and it will be payable over a period as per the terms of the SPA. Out of the aforesaid purchase consideration payable, ₹ 10325.24 lakhs is disclosed under Other Non-current financial liabilities and ₹ 10702.85 lakhs is disclosed under Other current financial liabilities.

**Assets and liabilities assumed**

The fair values of the identifiable assets and liabilities of MSPL as at the date of acquisition were:

| | Fair value recognised on acquisition |
|---|---|
| **Assets** | |
| Property, plant and equipment | 772.03 |
| Capital work-in-progress | 11.77 |
| Intangible assets | 52.69 |
| Cash and cash equivalents and bank balances | 2,691.36 |
| Trade receivables | 3,472.22 |
| Inventories | 1,208.86 |
| Other assets | 2,315.35 |
| | **10,524.28** |
| **Liabilities** | |
| Borrowings | 211.83 |
| Trade payables | 1,868.59 |
| Other liabilities | 1,994.33 |
| | **4,074.75** |
| **Total net assets** | **6,449.53** |
| Customer Contracts | 3,127.52 |
| Non-compete | 1,500.87 |
| Fair Valuation of Land | 553.00 |
| **Total identifiable net assets at fair value** | **11,630.92** |
| Goodwill arising on acquisition | 12,583.05 |
| **Purchase consideration transferred** | **24,213.97** |

From the acquisition date, results from operations of the Group for the year ended 31 March 2018 includes total revenue ₹ 7,368.86 lakhs and net profit of ₹ 1,198.18 lakhs. If the combination had taken place at the beginning of the year, the results from operations of the Group for the year ended 31 March 2018 would include total revenues of ₹ 14,036.99 lakhs and the net profit of ₹ 984.41 lakhs.

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

The net cash flow on acquistion is as below:

| Purchase consideration | Amount |
|---|---|
| Amount paid to the shareholders of MSPL | **3,523.02** |
| Deferred consideration | 20,690.95 |
| **Total consideration** | **24,213.97** |
| **Analysis of cash flows on acquisition** | |
| Purchase consideration paid (included in cash flow from investing activities) | (3,523.02) |
| Net cash acquired with the subsidiary (included in cash flow from investing activities) | 1,121.75 |
| Transaction costs of the acquisition (included in cash flow from operating activities) | (137.42) |
| **Net cash flow on acquisition** | **(2,538.69)** |

Transaction costs of ₹ 137.42 lakhs have been expensed and are included in exceptional items.

**Notes:**

a. These discount rate(s) are based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

b. The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

## 8. INVESTMENTS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| **a) Investments (at amortised cost)** | | | |
| National savings certificate | 0.09 | 0.09 | 0.09 |
| **Total investment carried at amortised cost** | **0.09** | **0.09** | **0.09** |
| **i) Investment in equity shares of other companies (at FVTPL)** | | | |
| Axis Cogent Global Limited 946,822 (31 March 2017: 946,822; 1 April 2016: 946,822) equity shares of ₹ 10 each | - | - | - |
| Datum Technology Limited 50,000 (31 March 2017: 50,000; 1 April 2016 - 50,000) equity shares of ₹ 10 each | - | - | - |
| Raaga Axis Avicom Private Limited * 1,000 (31 March 2017: 1,000; 1 April 2016 - 1,000) equity shares of ₹ 10 each | - | 0.10 | 0.10 |
| **Total investment carried at fair value through profit or loss** | **-** | **0.10** | **0.10** |
| **Aggregate value of investments** | **0.09** | **0.19** | **0.19** |
| **Current** | | | |
| **Quoted** | | | |
| **i) Investment in equity shares of other companies (at FVTPL)** | | | |
| Investment in equity shares | 65.15 | - | - |
| **ii) Other investments (at FVTPL)** | | | |
| Investment in mutual funds | 559.99 | 35.00 | - |
| **Total investment carried at fair value through profit or loss** | **625.14** | **35.00** | **-** |

* In the current year, the group has impaired the investment in Raaga Axis Avicom Private Limited of ₹ 0.10 lakhs, as the investee Company is in the process of liquidation. The impairment on the investment is recognised within 'Other expenses' in the Statement of Profit and Loss. Since the amount is not material, it is not reflected separatly in the consolidated financial statements.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 9. TRADE RECEIVABLES

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Non-current | | | |
| (Unsecured) | | | |
| Considered good | 11.14 | 9.77 | 8.57 |
| | **11.14** | **9.77** | **8.57** |
| **Current** | | | |
| (Unsecured) | | | |
| Considered good | 16,588.90 | 8,421.56 | 10,306.42 |
| Considered doubtful | 966.48 | 24.54 | 22.71 |
| | **17,555.38** | **8,446.10** | **10,329.13** |
| Less: Allowance for doubtful receivables | 966.48 | 24.54 | 22.71 |
| | **16,588.90** | **8,421.56** | **10,306.42** |

No trade or other receivables are due from director or other officers of the Group either severally or jointly with any other person.

Refer note 19 for details of assets pledged as security for borrowings.

## 10. LOANS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| (Unsecured, considered good) | | | |
| Intercorporate deposit to related party [refer note 35c] | - | 182.50 | 239.26 |
| Loans to employees | 13.91 | - | - |
| Security deposit | 1,148.07 | 886.13 | 801.75 |
| | **1,161.98** | **1,068.63** | **1,041.01** |
| **Current (refer note a)** | | | |
| Unsecured, considered good | | | |
| Intercorporate deposit to related party [refer note 35] | 22.78 | - | - |
| Intercorporate deposit to others (refer note b and c) | 175.00 | - | - |
| Security deposit | 82.21 | 11.75 | 53.42 |
| | **279.99** | **11.75** | **53.42** |

a Refer note 19 for details of assets pledged as security for borrowings.

b During the year, MSPL has given an unsecured intercorporate loans of ₹ 175.00 lakhs to Valdel Infratech Private Limited at an interest rate of 10% p.a. for a period of 6 months

c During the year ended 31 March 2016, the Group has given an ICD to Indian Aero Infrastructure Private Limited (IAIPL), a fellow subsidiary for a period of 5 years as per agreement dated 31 October 2015, amounting to ₹ 239.26 lakhs. The ICD carries an interest rate of 12% p.a. Balance outstanding as at year ended 31 March 2018 is ₹ NIL (31 March 2017: ₹ 182.50 lakhs; 1 April 2016: 239.26 lakhs).

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 11. OTHER FINANCIAL ASSETS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Unsecured, considered good | | | |
| Bank deposits with maturity of more than 12 months (refer note 16) | 0.55 | 64.00 | 1,874.99 |
| Margin money deposits (refer note 16) | 196.14 | 72.90 | 150.42 |
| Retention money receivable | - | 462.92 | 406.39 |
| | **196.69** | **599.82** | **2,431.80** |
| **Current** * | | | |
| Unsecured, considered good | | | |
| Interest accrued on fixed deposits | 90.39 | 241.99 | 113.16 |
| Interest accrued on inter corporate deposits | - | 23.22 | 5.66 |
| Hedge asset | 0.97 | 273.66 | 63.76 |
| Duties recoverable from Customer | - | 13.37 | - |
| Receivable from related party [refer note 35] | - | - | 5,694.50 |
| Deposits with original maturity more than twelve months | 124.50 | - | - |
| Retention money receivable | - | 308.03 | 1,302.48 |
| Receivables for sale of capital goods | 758.93 | 1,106.33 | - |
| Loans to employees | 42.71 | 22.21 | 17.50 |
| Earnest money deposit | 29.65 | - | - |
| Unbilled revenue | 3,627.79 | 3,728.08 | 3,739.16 |
| | **4,674.94** | **5,716.89** | **10,936.22** |
| (Unsecured, considered doubtful) | | | |
| Receivables for sale of capital goods | 3.87 | 5.67 | - |
| Unbilled revenue | 104.97 | 104.97 | 104.97 |
| | **108.84** | **110.64** | **104.97** |
| Less : Allowance for doubtful receivables for capital goods | (3.87) | (5.67) | - |
| Less : Allowance for unbilled revenue | (104.97) | (104.97) | (104.97) |
| | **(108.84)** | **(110.64)** | **(104.97)** |
| | **4,674.94** | **5,716.89** | **10,936.22** |

* Refer note 19 for details of assets pledged as security for borrowings.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 12. NON-CURRENT TAX ASSETS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Advance income tax (net of provision for tax ₹ 4,377.89 lakhs) [31 March 2017: ₹ 5,068.63 lakhs; 1 April 2016: ₹ 3,396.69 lakhs) | 1,694.22 | 1,238.28 | 1,153.06 |
| | **1,694.22** | **1,238.28** | **1,153.06** |

## 13. OTHER ASSETS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| (Unsecured, considered good) | | | |
| Duties and taxes recoverable | - | 12.21 | 5.01 |
| Prepaid expenses | 99.68 | 26.82 | 50.50 |
| Capital advances | 1,956.58 | 1,956.58 | 1,956.58 |
| Deferred rent | 19.28 | - | - |
| | **2,075.54** | **1,995.61** | **2,012.09** |
| (Unsecured, considered doubtful) | | | |
| Other advances | 178.38 | 178.38 | - |
| | **178.38** | **178.38** | **-** |
| Less : Allowance for other advances | (178.38) | (178.38) | - |
| | **(178.38)** | **(178.38)** | **-** |
| | **2,075.54** | **1,995.61** | **2,012.09** |
| **Current** | | | |
| (Unsecured, considered good) | | | |
| Advances to employees | 113.04 | 161.42 | 71.22 |
| Duties and taxes recoverable | 1,800.58 | 837.11 | 660.53 |
| Prepaid expenses | 681.40 | 492.61 | 449.22 |
| Advance to suppliers | 593.08 | 509.93 | 4.65 |
| Other advances | - | 27.67 | 3,598.38 |
| Deferred rent | 11.67 | - | - |
| | **3,199.77** | **2,028.74** | **4,784.00** |
| (Unsecured, considered doubtful) | | | |
| Duties and taxes recoverable | 27.67 | - | 14.49 |
| | **27.67** | **-** | **14.49** |
| Less : Allowance for duties and taxes recoverable | (27.67) | - | (14.49) |
| | **(27.67)** | **-** | **(14.49)** |
| | **3,199.77** | **2,028.74** | **4,784.00** |

* Refer note 19 for details of assets pledged as security for borrowings.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 14. INVENTORIES

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Work-in-progress | 1,511.55 | 195.31 | 300.84 |
| Raw material /components [including goods-in-transit of ₹ 1,030.17 lakhs] | 1,364.60 | - | - |
| Finished goods | 6.90 | - | - |
| Traded goods [including goods-in-transit of ₹ 2.78 lakhs] | 130.44 | - | - |
| | **3,013.49** | **195.31** | **300.84** |

Refer note 19 for details of assets pledged as security for borrowings.

## 15. CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Cash on hand | 1.81 | 1.96 | 2.97 |
| Balances with banks | | | |
| - in current accounts | 1,209.57 | 3,692.81 | 2,642.50 |
| - in cash credit accounts | 65.94 | - | - |
| - Deposits with original maturity of less than three months | 100.00 | - | - |
| | **1,377.32** | **3,694.77** | **2,645.47** |

Refer note 19 for details of assets pledged as security for borrowings

**Note:**

a) For the purpose of statement of cash flows, cash and cash equivalents comprises the following:

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Cash and cash equivalents | 1,377.32 | 3,694.77 | 2,645.47 |
| Less: Working capital loans repayable on demand | - | - | (101.92) |
| Less: Bank overdraft repayable on demand | (53.99) | (84.86) | (105.74) |
| | **1,323.33** | **3,609.91** | **2,437.81** |

## 16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Deposits with maturity more than 3 months but less than 12 months | 4,597.49 | 3,499.68 | 1,780.09 |
| Deposits with maturity more than 12 months | 0.55 | 64.00 | 1,874.99 |
| Margin money deposits with Banks (Refer note (1) below) | 414.65 | 72.90 | 150.42 |
| | **5,012.69** | **3,636.58** | **3,805.50** |
| Less: Amounts disclosed as other financial assets (refer note 11) | | | |
| Deposits with maturity more than 12 months | (0.55) | (64.00) | (1,874.99) |
| Margin money deposits with banks | (196.14) | (72.90) | (150.42) |
| | **4,816.00** | **3,499.68** | **1,780.09** |

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Note:**

1 Fixed deposits of a carrying amount ₹ 382.86 lakhs (31 March 2017: ₹ 409.98 lakhs; 1 April 2016: ₹ 409.98 lakhs) have been deposited as margin money at 10% against the packing credit facility loan availed from a bank.

2 Deposits of a carrying amount ₹ 31.79 lakhs (31 March 2017: ₹ 29.02 lakhs; 1 April 2016: ₹ 17.73 lakhs) have been deposited as bank guarantee towards lien on various authorities and customers.

3 Under lien with Yes Bank Limited as security to avail various facilities (Bank Guarantees, Letter of Credit, Buyers Credit etc.) [₹ 1,750 lakhs (31 March 2017: ₹ 1,750 lakhs; 1 April 2016: ₹ 1750 lakhs)]

4 Under lien with RBL Bank Limited as security to avail foreign currency term loan [₹ 330.20 lakhs (31 March 2017: Nil; 1 April 2016: Nil)].

5 Under lien with Corporation Bank Limited as security to avail bank guarantees to be issued to various authorities and customers [₹ 61.04 lakhs (31 March 2017: ₹ 60.98 lakhs; 1 April 2016: ₹ 450.49 lakhs)]

6 Under lien against guarantees, cash credit, packing credit ₹ 1,560.16 lakhs [pertains to a subsidiary acquired during the year (refer note 7)].

7 Refer note 19 for assets pledged as security for borrowings.

**a) Breakup of financial assets carried at amortised cost**

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Investments (refer note 8) | 0.09 | 0.09 | 0.09 |
| Loans (refer note 10) | 1,441.97 | 1,080.38 | 1,094.43 |
| Trade receivables (refer note 9) | 16,600.04 | 8,431.33 | 10,314.99 |
| Other financial assets (refer note 11) | 4,870.66 | 6,043.05 | 13,304.26 |
| Cash and cash equivalents (refer note 15) | 1,377.32 | 3,694.77 | 2,645.47 |
| Bank balances other than cash and cash equivalents (refer note 16) | 4,816.00 | 3,499.68 | 1,780.09 |

## 17. EQUITY SHARE CAPITAL

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | Number (in lakhs) | Amount | Number (in lakhs) | Amount | Number (in lakhs) | Amount |
| **Authorised** | | | | | | |
| 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 |
| | **2,041.00** | **10,300.00** | **2,041.00** | **10,300.00** | **1,081.00** | **5,500.00** |
| **Issued share capital** | | | | | | |
| Equity shares of ₹ 5 each, fully paid-up | 378.11 | 1,890.53 | 378.11 | 1,890.53 | 378.11 | 1,890.53 |
| **Subscribed and paid-up** | | | | | | |
| 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 |
| | **377.60** | **1,889.51** | **377.60** | **1,889.51** | **377.60** | **1,889.51** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**(a) Reconciliation of the equity shares**

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | Number (in lakhs) | Amount | Number (in lakhs) | Amount | Number (in lakhs) | Amount |
| **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 | **377.60** | **1,889.51** | **377.60** | **1,889.51** | **377.60** | **1,889.51** |

**(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**

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | Number (in lakhs) | Amount | Number (in lakhs) | Amount | Number (in lakhs) | Amount |
| **Holding Company:** | | | | | | |
| Jupiter Capital Private Limited | 66.49 | 332.45 | 66.49 | 332.45 | 83.48 | 417.41 |
| **Subsidiaries of Holding Company:** | | | | | | |
| 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 |

**(d) Details of shareholders holding more than 5% shares:**

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | Number (in lakhs) | Percentage holding | Number (in lakhs) | Percentage holding | Number (in lakhs) | Percentage holding |
| **Equity shares of ₹ 5 each, par value** | | | | | | |
| 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 |
|---|---|---|---|---|---|
| **Equity shares:** | | | | | |
| Allotted as fully paid up under Scheme of Arrangement * (refer note 34) | - | 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 Company had issued 105.70 lakhs equity shares of ₹ 5 each amounting to ₹ 528.50 lakhs pursuant to scheme of amalgamation ("scheme") (refer note 34) 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.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 18. OTHER EQUITY

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Securities premium | 10,077.23 | 10,232.40 | 10,242.51 |
| Capital reserve | 5,698.31 | 5,698.31 | 5,698.31 |
| Hedge reserve | (35.12) | 179.70 | 41.69 |
| Foreign currency translation reserve | (94.80) | (208.11) | - |
| Surplus in the Statement of Profit and Loss | 11,555.50 | 12,380.48 | 10,968.82 |
| General reserve | 3.39 | 3.39 | 3.39 |
| Share options outstanding account | 2.25 | - | - |
| Other reserves | (31.72) | (30.23) | 5.89 |
| **Total** | **27,175.04** | **28,255.94** | **26,960.61** |

### 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 34).

### General reserve

General reserve is created pursuant to the common control business combination. The reserve will be utilised in accordance with the provisions of the Act.

### Other reserve

Other reserve includes re-measurement (losses) / gains on defined benefit obligation.

### Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued under Mistral Solutions Private Limited Employee Stock Option Plan.

## 19. BORROWINGS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Secured | | | |
| Term loan from banks | | | |
| Foreign currency loan | | | |
| Foreign currency loan [refer note (a)(iii), (b)(iv), f(i) and (g)] | **7,263.63** | **-** | **-** |
| Unsecured | | | |
| Intercorporate deposit [refer note (b)(iii), f(ii) and (f)(iii)] | - | 2,721.89 | 2,896.31 |
| | **7,263.63** | **2,721.89** | **2,896.31** |
| **Current** | | | |
| Secured | | | |
| Buyer's credit [refer note (a)(ii), (b)(ii), (f)(vi) and (g)] | 28.65 | 341.26 | 94.99 |
| Working capital loans [refer note (e)] | 3,580.86 | 2,801.62 | 2,637.70 |
| Packing credit in foreign currency [refer note (a)(i), (b)(i), (f)(v)] | 1,595.92 | 1,773.46 | 87.68 |
| Inter corporate deposit | - | 479.91 | 359.94 |
| Cash credit from bank [refer note (a)(iv), (b)(v), (f)(iv) and (g)] | 1309.78 | - | 1,345.55 |
| | **6,515.21** | **5,396.25** | **4,525.86** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**I AXISCADES Engineering Technologies Limited**

***a) 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) Foreign currency Term Loan('FCTL') from a bank is secured by the first pari passu charge on entire current assets and tangible property, plant and equipment of the Company both present and future including land and building of the Company situated at D-30, Sector 3, Noida, UP. Additionally, shares are pledged to the extent of 1.40 times of the exposure of both of the companies(i.e. the Company and AXISCADES Aerospace & Technologies Private Limited) with Mark to Market Clause.

(iv) Cash credit from banks is secured by the first pari passu charge on entire current assets and tangible property, plant and equipment of the Company both present and future including land and building of the Company situated at D-30, Sector 3, Noida, UP.

***b) Terms of borrowings and rate of interest***

(i) Packing credit in foreign currency from bank bearing an interest rate of 2.5% - 5.5% (31 March 2017 and 1 April 2016: 3% - 5%) are repayable over a maximum tenure of 180 days from the date of respective availment.

(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) has been repaid during the year.

(iv) During the year the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an effective interest rate of 8.50% per annum. The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of availment.

(v) Cash credit from bank bears an interest rate of 11.55 % p.a. (31 March 2017 and 1 April 2016: 12.75%) and are repayable on demand over a maximum tenure of 12 months from the date of respective availment.

***c) Loan covenants***

Term loan from banks contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied all other debt covenants prescribed in the terms of bank loan except debt service coverage ratio, the Management is of the view that this is minor breach and hence no adjustments are made to the consolidated Ind AS financial statements in this respect.

***d) Assets pledged as security***

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Current** | | | |
| First charge | | | |
| Financial assets | 9,936.78 | 9,909.99 | 10,722.39 |
| Other current assets | 1,923.34 | 948.24 | 531.23 |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| First charge | | | |
| Property, plant and equipment | 416.23 | 528.16 | 592.37 |
| Land | 815.88 | 815.88 | 815.88 |
| Building | 130.37 | 133.23 | 136.19 |

**II AXISCADES, Inc.**

***e)*** The working capital loan carries effective interest of LIBOR plus 2.75% p.a. (March 31, 2017 : LIBOR plus 2.75% p.a; April 1, 2016 : LIBOR plus 2.75% p.a.). The loan is repayable within one year from the date of availment. The working capital loan is secured by all the assets of the Company, of every kind and nature, now existing and hereafter acquired and arising and wherever located, including without limitation, accounts (including health care insurance receivable and Credit card receivables), Deposit accounts, Commercial Tort Claims, Letter of Credit Rights, Chattel papers (including Electronic Chattel paper), Documents, Instruments, Investment Property, General Intangibles (including Payment Intangibles), Software Goods, inventory, Equipment, Furniture & Fixtures, all supporting obligations of the forgoing and all cash and non-cash proceeds and Products (including without limitation insurance proceeds) of the forgoing, and all the additions and accessions thereto, substitution therefore and replacements thereof.

**III AXISCADES Aerospace & Technologies Private Limited**

***f) Terms of borrowings and rate of interest***

i) During the year, the Company has borrowed term loan from RBL Bank Limited amounting to USD 66.15 lakhs (equivalent ₹4,300 lakhs) and carries interest rate of 7.75% per annum. The loan is repayable in 16 quarterly instalments beginning from 31 December 2018. The amount outstanding as at 31 March 2018 was ₹ 4,229.34 lakhs.(31 March 2017 : ₹ Nil ; 1 April 2016 : ₹ Nil)

ii) Till 31 March 2017, the Company availed an ICD of ₹ 3,128.81 lakhs from Jupiter Capital Private Limited, the ultimate holding company which carried an interest rate of 12% per annum payable on annual basis. During the year the entire ICD was repaid in full. The amount outstanding as at 31 March 2018 was ₹ Nil (31 March 2017 : ₹ 3,128.81 lakhs; 1 April 2016 : ₹ 2,271.74 lakhs)

iii) During the year ended 31 March 2015, the Company borrowed an ICD of ₹ 928.86 lakhs from Hindustan Infrastructure Projects & Engineering Private Limited, a fellow subsidiary company which carries an interest rate of 12% per annum payable on annual basis. The amount outstanding as at 31 March 2018 was ₹ Nil.(31 March 2017 : ₹ Nil ; 1 April 2016 : ₹ 928.86 lakhs).

iv) Cash credit from Yes bank is carrying interest of 6 months MCLR + 3.05% (current 6 months MCLR is 9.30%, therefore interest rate is 12.35%), computed on monthly basis on the actual amount utilised, revolving and tenure is 12 months.

v) Packing credit in foreign currency loan from bank bearing an interest rate of 2% - 6% are repayable over maximum tenure of 180 days from the date of respective availment.

vi) Buyer's credit in foreign currency loan from bank bearing an interest rate of 2% - 6% are repayable over maximum tenure of 12 months from the date of respective availment.

***g) Details of security of borrowings***

Cash credit facility (inclusive of buyers credit and packing credit facility in foreign currency) from Yes Bank Limited are secured by first exclusive charge on all current assets and movable property, plant and equipment of the Company, equitable mortgage on property owned by it's subsidiary Enertec Controls Ltd situated at 14-15, I Phase, Electronic city, Bangalore.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

Term loan facility from RBL Bank Limited are secured by First Pari Passu charge on all Movable Fixed assets (tangible), Current Assets of the Company both present and future. First Pari Passu charge by way of equitable mortgage on proprety owned by it's subsidiary Enertec Controls Ltd situated at 14-15, I Phase, Electronic city, Bangalore.

***h) Loan covenants***

Term loan from banks contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied all other debt covenants prescribed in the terms of bank loan except debt service coverage ratio, the Management is of the view that this is minor breach and hence no adjustments are made to the consolidated Ind AS financial statements in this respect

***i) Assets pledged as security***

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Current** | | | |
| First charge | | | |
| Financial assets | 6,169.38 | 6,713.46 | 10,189.80 |
| Inventories | 1,414.60 | 195.31 | 300.84 |
| Other current assets | 887.64 | 887.16 | 4,092.75 |
| **Non-current** | | | |
| First charge | | | |
| **Property, plant and equipment** | | | |
| - Computers | 122.08 | 193.98 | 46.90 |
| - Furnitures and fixtures | 23.72 | 38.63 | 53.84 |
| - Plant and machinery | 614.17 | 43.58 | 56.60 |
| - Office equipments | 34.95 | 43.59 | 50.61 |
| - Vehicles | 21.65 | 30.46 | 16.12 |

**Changes in liabilities arising form financing activities:**

| | Term loan from banks | Inter-corporate deposit | Current borrowings |
|---|---|---|---|
| Balance as at 31 March 2017 | - | 2,721.89 | 5,396.25 |
| Cash flows | 7,156.04 | (2,721.52) | 1,109.03 |
| Other Adjustements | 107.59 | (0.37) | 9.93 |
| **Balance as at 31 March 2018** | **7,263.63** | **-** | **6,515.21** |

## 20. TRADE PAYABLES

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Dues to others (refer note a) | - | **24.96** | - |
| | **-** | **24.96** | **-** |
| **Current** | | | |
| Dues to others (refer note a) | 5,003.93 | 2,751.35 | 2,956.40 |
| | **5,003.93** | **2,751.35** | **2,956.40** |

a) Based on the information available with the Group there are no suppliers who are registered as micro, small and medium enterprises under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2018, March 31, 2017 and April 1, 2016.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 21. OTHER FINANCIAL LIABILITIES

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Purchase consideration payable on acquisition of subsidiary [refer note 7] | 10,325.24 | - | - |
| | **10,325.24** | **-** | **-** |
| **Current** | | | |
| Purchase consideration payable on acquisition of subsidiary [refer note 7] | 10,702.85 | - | - |
| Dues to related parties (refer note 35) | - | - | 1,688.00 |
| Dues to holding company (refer note 35) | 5.80 | - | - |
| Dues to employees | 1,590.27 | 1,175.87 | 1,470.43 |
| Interest accrued on ICD | 31.49 | 204.72 | 387.66 |
| Hedge liability | 54.77 | - | - |
| Creditors for capital goods | 104.02 | 60.99 | 107.93 |
| Others | 104.21 | - | - |
| Payable towards purchase of trademark | - | 330.12 | 3,316.29 |
| Bank overdraft | 53.99 | 84.86 | 105.74 |
| | **12,647.40** | **1,856.57** | **7,076.06** |

## 22. PROVISIONS

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Employee defined benefits liability | | | |
| - Provision for gratuity (refer note 41) | 951.65 | 508.81 | 395.25 |
| - Provision for compensated absences | 73.78 | - | - |
| Asset retirement obligation (refer note below) | 32.45 | 37.38 | 32.92 |
| | **1,057.88** | **546.19** | **428.17** |
| **Current** | | | |
| Employee defined benefits liability | | | |
| - Provision for gratuity (refer note 41) | 61.52 | 37.95 | 26.86 |
| - Provision for compensated absences | 344.08 | 285.33 | 245.98 |
| Provision for lease payment | - | 1.96 | - |
| Provision for disputed tax dues | 6.70 | - | - |
| Provision for liquidated damages | 224.21 | - | - |
| Provision for warranty | 186.46 | 105.03 | 620.02 |
| | **822.97** | **430.27** | **892.86** |

### Asset retirement obligation

The Group 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 2018 is ₹ 32.45 lakhs (31 March 2017: ₹ 37.38 lakhs; 1 April 2016: ₹ 32.92 lakhs). The Group 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 - 30 days lease rental expense

2) Discount rate : 9 percent per annum (31 March 2017 and 1 April 2016 : 14 percent per annum)

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Asset retirement obligation |
|---|---|
| **As at 1 April 2016** | **32.92** |
| Unwinding of discount | 4.46 |
| **As at 31 March 2017** | **37.38** |
| Unwinding of discount | 3.36 |
| Impact on account of extension of lease agreement | (8.29) |
| **As at 31 March 2018** | **32.45** |

The disclosure of provisions movement as required under the provisions of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:

| Particulars | Provision for lease payments | Provision for foreseeable losses on contracts | Provision for warranty (refer note a below) | Provision for disputed tax dues | Provision for liquidated damages |
|---|---|---|---|---|---|
| **Provision as at 1 April 2016** | - | - | 620.01 | - | - |
| Additional provision during the year | 1.96 | - | 78.88 | - | - |
| Reversal of provision during the year | - | - | (593.86) | - | - |
| **Provision as at 31 March 2017** | **1.96** | **-** | **105.03** | **-** | **-** |
| Balances on date of acquisition of subsidiary i.e. 1 December 2017 (refer note 7) | - | 17.20 | 49.44 | 6.70 | 227.56 |
| Provisions made during the period | - | - | 137.02 | - | 0.34 |
| Utilizations/reversals during the period | (1.96) | (17.20) | (105.03) | - | (3.69) |
| **Provision as at 31 March 2018** | **-** | **-** | **186.46** | **6.70** | **224.21** |

a. A provision is recognised for expected warranty claims on products sold, based on the past experience of the level of repairs and returns. It is expected that most of these costs will be incurred during next financial year and all have been incurred within two years after the reporting date. Assumptions used to calculate the provisions for warranty were based on the current sales level and current information available about the warranty claims based on the previous warranty period for all the products sold.

## 23. OTHER LIABILITIES

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Non-current** | | | |
| Advances from related parties | 27.82 | 27.82 | 27.82 |
| Unearned revenue | - | - | 239.05 |
| | **27.82** | **27.82** | **266.87** |
| **Current** | | | |
| Duties and taxes payable | 1019.57 | 988.74 | 1,147.22 |
| Advance from customers | 1,248.59 | 598.02 | 860.52 |
| Unearned revenue | 187.87 | 142.43 | 4,037.54 |
| Interest accrued but not due* | 31.55 | - | - |
| | **2,487.58** | **1,729.19** | **6,045.28** |

* For details of interest rates, repayments and others, refer note 19

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 24. CURRENT TAX LIABILITY

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Provision for tax [net of advance tax ₹ Nil (31 March 2017: ₹ Nil and 1 April 2016 : ₹ 1,102.96 lakhs)] | 86.51 | 8.75 | 341.21 |
| | **86.51** | **8.75** | **341.21** |

a) **Breakup of financial liabilities carried at amortised cost**

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Borrowings (refer note 19) | 13,778.84 | 8,118.14 | 7,422.17 |
| Trade payables (refer note 20) | 5,003.93 | 2,776.31 | 2,956.40 |
| Other financial liabilities (refer note 21) | 22,917.87 | 1,856.57 | 7,076.06 |

## 25. REVENUE FROM OPERATIONS

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Sale of services | | |
| Engineering design services | 41,209.40 | 37,579.70 |
| Strategic technology solutions | 3,190.95 | 2,564.15 |
| Sale of goods | | |
| Strategic technology solutions | 7,515.32 | 8,532.90 |
| | **51,915.67** | **48,676.75** |

## 26. OTHER INCOME

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest income | | |
| - from fixed deposits | 310.92 | 296.20 |
| - from financial assets carried at amortised cost | 195.00 | 99.99 |
| - on lease deposits | - | - |
| - from income tax refund | 109.40 | 174.77 |
| - from others | - | 1.93 |
| Profit on sale of property, plant and equipment | 0.46 | 53.78 |
| Net gain on foreign currency transaction and translation | 229.81 | - |
| Miscellaneous income | 53.50 | 36.40 |
| Provision no longer required, written back | 212.58 | 638.18 |
| Liabilities no longer required, written back | 351.42 | 138.97 |
| Rent | 36.41 | 18.10 |
| Dividend income | 7.52 | 1.74 |
| | **1,507.02** | **1,460.06** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 27. COST OF MATERIAL CONSUMED

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Opening inventory | 195.31 | 300.84 |
| Transferred consequent to consolidation of Mistral | 327.37 | - |
| Add: Purchases during the year | 6,711.56 | 6,590.04 |
| | 7,234.24 | 6,890.88 |
| Less: Closing inventory | (1,745.84) | (195.31) |
| | **5,488.40** | **6,695.57** |

## 28. EMPLOYEE BENEFIT EXPENSE

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Salaries, wages and bonus | 25,034.97 | 22,378.06 |
| Contribution to provident and other funds | 667.62 | 435.38 |
| Contribution to overseas social security | 1,571.58 | 1,437.92 |
| Staff welfare expense | 757.80 | 699.74 |
| Provision for gratuity [refer note 41] | 239.33 | 101.40 |
| Provision for compensated absences | 92.67 | 59.44 |
| Stock compensation expense [Refer note 43] | 2.25 | - |
| | **28,366.22** | **25,111.94** |

## 29. DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Depreciation of PPE [refer note 3] | 654.54 | 515.20 |
| Amortisation of intangible assets [refer note 4] | 1,221.78 | 704.98 |
| | **1,876.32** | **1,220.18** |

## 30. FINANCE COSTS

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Interest | | |
| - on loan from bank | 627.19 | 200.73 |
| - on Intercorporate deposit from related parties (note 35) | 220.87 | 483.80 |
| - on financial liabilities carried at amortised cost | 3.22 | - |
| - on trademark liability | - | 95.58 |
| - on income tax | - | 13.54 |
| Comfort fee to related party (note 35) | 7.58 | 300.82 |
| Other borrowing cost (processing fees) | 387.96 | 64.83 |
| Miscellaneous | 53.35 | - |
| Net interest expense on net defined benefit obligation (note 41) | 34.02 | 48.94 |
| Unwinding of discount on asset retirement obligation | 3.35 | 4.46 |
| Bank guarantee commision | 31.43 | 73.42 |
| | **1,368.97** | **1,286.12** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 31. OTHER EXPENSES

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Rent [refer note 36a] | 1,946.50 | 1,613.84 |
| Power and fuel | 360.29 | 326.22 |
| Travelling and conveyance | 2,414.89 | 2,020.12 |
| Legal and professional charges | 1140.23 | 706.02 |
| Consultancy expense | 268.13 | 357.46 |
| Repairs and maintenance | | |
| - Building | 295.45 | 304.64 |
| - Others | 173.65 | 99.17 |
| - Plant and machinery | 1.37 | - |
| Recruitment and training expenses | 192.49 | 245.79 |
| Office maintenance expense | 158.12 | 165.57 |
| Communication expenses | 368.90 | 435.87 |
| Equipment hire charges | 95.72 | 83.43 |
| Auditor's remuneration [refer note (a) below] | 87.84 | 53.81 |
| Printing and stationery | 50.21 | 40.99 |
| Security charges | 61.79 | 92.66 |
| Rates and taxes | 187.00 | 144.35 |
| Other recoverable written off | - | 10.79 |
| Software subscription charges | 1,045.24 | 848.73 |
| Directors sitting fees | 84.40 | 72.60 |
| Sales commission and brokerage | - | 1.21 |
| Marketing and advertising expenses | 571.63 | 783.96 |
| Insurance expenses | 134.64 | 123.89 |
| Bank charges | 77.42 | 39.33 |
| Postage and courier charges | 25.59 | 21.39 |
| Bad debts written off | 49.37 | 1.69 |
| Corporate social responsibility expenses (refer note 44) | 79.70 | 78.50 |
| Service charges | 4.59 | 65.33 |
| Freight outward | 1.34 | 26.20 |
| Provision for warranty | 31.98 | - |
| Loss on disposal of property, plant and equipment | 0.75 | - |
| Net loss on foreign currency transaction and translation | 20.70 | 224.94 |
| Miscellaneous expenses | 36.19 | 18.15 |
| Provision for doubtful debts and advances | 878.41 | 8.71 |
| Net loss on financial asset measured at fair value through profit and loss | 2.55 | - |
| | **10,847.08** | **9,015.36** |

### a) Auditor's remuneration

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Statutory audit fees | 44.00 | 41.00 |
| Tax audit fees | 4.00 | 3.00 |
| Other fees | 33.45 | 7.11 |
| Out of pocket expenses | 6.39 | 2.70 |
| | **87.84** | **53.81** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 32. EXCEPTIONAL ITEMS

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Expenses relating to the Scheme of Amalgamation [refer note 34] | 161.27 | 45.33 |
| Expenses relating to the acquisition of subsidiary [refer note 8] | 137.42 | - |
| Provision for impairment no longer required, written back (refer note (a) below) | - | (97.67) |
| | **298.69** | **(52.34)** |

a) During the year ended 31 March 2017, AXISCADES Aerospace & Technologies Private Limited, a wholly owned subsidiary, has reassessed impairment of Capital Work in Progress previously recorded in the financial statements and has reversed impairment provision to the extent of its estimate of the recoverable amount.

## 33. EARNINGS PER SHARE (EPS) (BASIC AND DILUTED)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| a) Profit after tax attributable to equity shareholders | (824.98) | 1,411.66 |
| b) Weighted average number of shares outstanding (in lakhs) [refer note (i) below] | 377.60 | 377.60 |
| c) Nominal value of shares (₹) | 5.00 | 5.00 |
| d) Basic earning per share (₹) | (2.18) | 3.74 |
| e) Number of equity shares used to compute diluted earnings per share [refer note (i) below] | 377.60 | 377.60 |
| f) Diluted earnings per share (₹) | (2.18) | 3.74 |

(i) 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 to the computation of EPS for the year ended 31 March 2017.

## 34. 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 were 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.

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

(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:

| **Particulars** | | **IAT As at 1 April 2016** |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Non-current investments | | 10,462.04 |
| **CURRENT ASSETS** | | |
| Cash and bank balance | | 0.78 |
| **TOTAL** | **A** | **10,462.82** |
| RESERVE AND SURPLUS | | |
| Securities premium | | 5,706.56 |
| Deficit in the Statement of Profit and Loss | | (90.36) |
| **NON-CURRENT LIABILITIES** | | |
| Long-term borrowings | | 57.00 |
| Other long-term liabilities | | 27.82 |
| **CURRENT LIABILITIES** | | |
| Trade payables | | 0.44 |
| Other current liabilities | | 4.89 |
| **TOTAL** | **B** | **5,706.35** |
| **Net value of assets transferred pursuant to Scheme** | **C = A-B** | **4,756.47** |
| Equity shares issued by ACETL to IAT (105.70 lakhs equity shares of ₹ 5 each, fully paid up) | D | 528.50 |
| **Surplus credited to capital reserve** | **E = C-D** | **4,227.97** |

(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 AAIPL and 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 for common control business transactions 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 - 7 under note 47).

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 35. RELATED PARTY DISCLOSURES

| | Nature of relationship | Name of party |
|---|---|---|
| I | **Parties where control exists:** | |
| | Holding Company | Jupiter Capital Private Limited ('JCPL') * |

* JCPL and its subsidiaries Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 66.07 percent voting rights of the Company as at 31 March 2018 (31 March 2017: 66.07 percent; 1 April 2016 :70.57 percent)

| | | |
|---|---|---|
| II | **Other related parties with whom transaction have taken place during the year** | |
| | Fellow subsidiary | Indian Aero Ventures Private Limited ('IAVPL') (subsidiary of JCPL) |
| | | Tayana digital Private Limited ("TDPL") (subsidiary of JCPL) |
| | | Indian Aero Infrastructure Private Limited |
| | | Niramaya Retreats Kovalam Private Limited |
| | | Hindustan Infrastructure Projects and Engineering Pvt Ltd |
| | **Key Management Personnel (KMP):** | |
| | Chief Executive Officer and Director | Mr. Mritunjay Kumar Singh (appointed as CEO w.e.f 2 January 2018 and appointed as Director w.e.f 31 March 2018) |
| | Director and former Chief Executive Officer | Mr. S. Valmeekanathan (resigned as Chief Executive Officer w.e.f. 8 January 2017). |
| | Vice Chairman and Executive Director | Mr. Sudhakar Gande |
| | Chairman and Director | Mr. Vivek Mansingh |
| | Director | Mr. Kailash Mohan Rustagi |
| | Director | Mr. Pradeep Dadlani |
| | Director | Mr. Srinath Batni |
| | Director | Mr. Rohitasava Chand |
| | Director | Mr. Siddarth Mehra (appointed w.e.f 10 August 2016) |
| | Director | Mr. Kedarnath Choudhury |
| | Director | Mrs. Mariam Mathew (appointed w.e.f 13 February 2018) |
| | Director | Mr. Amit Gupta (resigned w.e.f. 10 August 2016). |
| | Director | Mrs. Vimmi Trehan (resigned w.e.f. 14 September 2017). |
| III | **Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year** | |
| | Chief Financial Officer (CFO) | Mr. Kaushik Sarkar |
| | Company Secretary | Ms. Shweta Agarwal |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**IV Transactions with related parties:**

| Nature of transactions | Relationship | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| **Remuneration (Refer note (IV) (a) below)** | | | |
| Mr. Sudhakar Gande | Key management personnel | 338.36 | 320.25 |
| Mr. S. Valmeekanathan | Key management personnel | - | 63.19 |
| Mr. Mritunjay Kumar Singh | Key management personnel | 42.00 | - |
| Mr. Kaushik Sarkar | Key management personnel | 129.24 | 82.34 |
| Ms. Shweta Agarwal | Key management personnel | 23.47 | 21.02 |
| **Sitting fees paid to directors** | | | |
| Mr. S. Valmeekanathan | Director | 0.30 | 0.60 |
| Mr. Vivek Mansingh | Director | 18.00 | 13.00 |
| Mr. Kailash Mohan Rustagi | Director | 19.00 | 14.00 |
| Mr. Pradeep Dadlani | Director | 19.00 | 17.00 |
| Mr. Srinath Batni | Director | 18.00 | 15.00 |
| Mr. Rohitasava Chand | Director | 3.60 | 2.40 |
| Mr. Siddarth Mehra | Director | 3.30 | 1.80 |
| Mr. Kedarnath Choudhury | Director | 1.80 | 3.30 |
| Mrs. Mariam Mathew | Director | 1.00 | - |
| Mr. Amit Gupta | Director | - | 1.50 |
| Mrs. Vimmi Trehan | Director | - | 1.00 |
| **Intercorporate deposits availed from** | | | |
| Jupiter Capital Private limited | Holding Company | 85.80 | 1,191.00 |
| **Intercorporate deposits repaid to** | | | |
| Jupiter Capital Private Limited ('JCPL') | Holding Company | 3,287.61 | 359.93 |
| Hindusthan Infrastructure Projects and Engineering Private Limited | Fellow subsidiary | - | 960.00 |
| **Intercorporate deposits repaid by** | | | |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | 195.00 | 65.00 |
| **Interest income on intercorporate deposit** | | | |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | 35.90 | 34.04 |
| **Interest expense on intercorporate deposit** | | | |
| Jupiter Capital Private Limited | Holding Company | 217.65 | 476.54 |
| Hindusthan Infrastructure Projects and Engineering Private Limited | Fellow subsidiary | - | 117.93 |
| **Service charges** | | | |
| Jupiter Capital Private Limited | Holding Company | 4.59 | 65.33 |
| **Stamp duty expenses charged by** | | | |
| Jupiter Capital Private limited | Holding Company | 20.04 | - |
| **Comfort fees** | | | |
| Jupiter Capital Private Limited | Holding Company | 7.58 | 318.06 |
| **Marketing and advertising expenses** | | | |
| Niramaya Retreats Kovalam Private Limited | Fellow Subsidiary | - | 86.94 |
| **Cross charge of expenses:** | | | |
| - **Salary Reimbursement** | | | |
| Indian Aero Ventures Private Limited | Fellow Subsidiary | - | 4.25 |
| - **Communication expenses** | | | |
| Jupiter Capital Private Limited | Holding Company | - | 0.60 |
| - **Other expenses** | | | |
| Indian Aero Infrastructure Private Limited | Fellow Subsidiary | - | 3.24 |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

(a) As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to individual is not ascertainable and therefore not include above.

**V Balances as at the year end:**

| Nature of transactions | Relationship | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| **Interest receivable** | | | | |
| Indian Aero Infrastructure Private Limited | Fellow Subsidiary | - | 23.22 | 2.44 |
| **Interest payable** | | | | |
| Jupiter Capital Private Limited | Holding Company | 5.80 | 217.07 | 290.12 |
| Hindustan Infrastructure Projects and Engineering Private Limited | Fellow Subsidiary | - | - | 97.54 |
| **Remuneration payable** | | | | |
| Mr. Sudhakar Gande | Key management personnel | 93.23 | 83.12 | 64.00 |
| Mr. Valmeekanathan S. | Key management personnel | - | - | 38.40 |
| Mr. Mritunjay Kumar Singh | Key management personnel | - | - | - |
| Mr. Kaushik Sarkar | Key management personnel | 3.80 | 10.00 | 20.38 |
| Ms. Shweta Agarwal | Key management personnel | 1.47 | 2.16 | 1.51 |
| **Intercorporate deposit payable** | | | | |
| Jupiter Capital Private Limited | Holding Company | - | 3,201.80 | 2,327.38 |
| Hindustan Infrastructure Projects and Engineering Private Limited | Fellow Subsidiary | - | - | 928.86 |
| **Other payables** | | | | |
| Indian Aero Ventures Private Limited | Fellow subsidiary | 27.82 | 27.82 | 27.82 |
| **Expenses payable** | | | | |
| Jupiter Capital Private Limited | Holding Company | - | 0.60 | - |
| **Payable towards purchase of trademark** | | | | |
| Jupiter Capital Private Limited | Holding Company | - | - | 1,688.00 |
| **Intercorporate deposits receivable** | | | | |
| Jupiter Capital Private Limited | Holding Company | - | - | 1,375.00 |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | - | 182.50 | 239.26 |
| **Bank guarantee and commitment fees** | | | | |
| Jupiter Capital Private Limited | Holding Company | - | 317.18 | 245.49 |
| **Other financial assets** | | | | |
| Indian Aero Ventures Private Limited | Fellow subsidiary | - | - | 5,694.50 |
| **Trade payables** | | | | |
| Niramaya Retreats Kovalam Private Limited | Fellow subsidiary | - | 78.25 | 22.60 |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | - | 3.24 | - |
| **Other current financial liabilities** | | | | |
| Indian Aero Ventures Private Limited | Fellow subsidiary | - | - | 3,059.05 |

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### 36. COMMITMENT AND CONTINGENCIES

**a. Leases**

**i. Operating lease commitments - Group as lessee**

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2018 is ₹ 1,946.50 lakhs [31 March 2017: ₹ 1,613.84 lakhs].

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

| Payments falling due: | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Not later than one year | 1,249.06 | 247.55 | 620.66 |
| Later than one year but not later than 5 years | 1,194.08 | 91.99 | 316.96 |
| Later than 5 years | - | - | - |
| | **2,443.14** | **339.54** | **937.62** |

The Group's significant leasing arrangements in respect of operating leases for office premises, which includes both cancellable and non cancellable leases generally range between 11 months to 9 years with varying terms, escalation clauses and renewal rights which are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 31 to the financial statements.

**b. Contingent liabilities and commitments**

| | | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| i) | Capital commitments** | 97.96 | - | 53.33 |
| ii) | Outstanding bank guarantees | 4,410.04 | 2,796.50 | 4,815.35 |
| iii) | Equitable mortgage of it's property situated at 14-15, I Phase, Electronic City, Bengaluru to Yes Bank Limited towards credit facility availed by ACAT | | 18.81 | 18.81 |
| iv) | Letter of credit# | 106.77 | | |
| v) | Claims against the Group not acknowledged as debt in respect to income tax, sales tax and other matters@ | 2,419.65 | | |
| vi) | Amounts relating to service tax demands disputed by the Group out of which ₹ 85.54 lakhs has been paid under protest * | 1006.62 | 1006.62 | 1006.62 |
| | | **8041.04** | **3821.93** | **5894.11** |

* The Company has received service tax orders from the service tax authorities arising primarily on levy of service tax on business auxiliary service under reverse charge mechanism for period 2006 - 2010. The Company's appeal against the said demands are pending before Customs, Excise and Service Tax Appellate Tribunal (CESTAT). ACAT has received demand for the period April 2008 to June 2012 of ₹ 47.94 lakhs towards non payment of service tax and from April 2014 to September 2015 of ₹ 2.31 lakhs towards ineligible Cenvat Credit.

# Letter of credit taken by ACAT has been issued by Yes Bank Limited to purchase raw materials/ tools/ apparatus/ paraphernalia required for projects implemented by the Company.

Advance bank guarantee, letter of credit and performance bank guarantees taken by ACAT from Yes Bank Limited are secured by first exclusive charge on all current assets and property, plant and equipment of ACAT, pari-passu equitable mortgage on property owned by it's subsidiary Enertec Controls Limited situated at 14-15, I Phase, Electronic city, Bangalore.

** Karnataka Industrial Areas Development Board (KIADB) vide letter dated: 17 August, 2010 has alloted AAIPL 75 acres of land in Bengaluru Aerospace Park, for which AAIPL has paid an advance of ₹ 3,757.69 lakhs. AAIPL has possession of 10 acres of land, accordingly ₹ 1,801.01 lakhs has been considered as lease hold and balance of ₹ 1,956.68 lakhs

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

is treated as capital advance which will be adjusted against remaining 65 acres consideration commitment. The full consideration against remaining 65 acres is to be communicated by KIADB.

@ ACAT has received demand of ₹ 2407.66 lakhs through Financial Year 2011-12 to 2012-13 towards submission of statutory forms out of which the company has submitted forms to the extent of ₹ 178.24 lakhs.

In case of ACAT, the Income tax department has disallowed ₹ 2,442.23 lakhs on account of dissallowance under section 14A of Income Tax, Act 1961 from Assessment Year 2009-10 to 2014-15. ACAT's appeals against the said dissallowance are pending before Income Tax Appellate Tribunal for ₹ 668.39 lakhs and with The Commissioner of Income Tax (Appeals) of ₹ 1773.84 lakhs.

The Group is contesting the demands/ litigations and the Management believes that its position will be upheld in the appellate process and therefore, will not impact these financial statements. Consequently, no provision has been created in the financial statements for the above.

## 37. CAPITAL MANAGEMENT

For the purpose of the Groups capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period except as mentioned in note 19.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 40%. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Borrowings (refer note 19) | 13,778.84 | 8,118.14 | 7,422.17 |
| Less: Cash and cash equivalents (refer note 15) | (1,377.32) | (3,694.77) | (2,645.47) |
| **Net debt** | **12,401.52** | **4,423.37** | **4,776.70** |
| Equity share capital (refer note 17) | 1,889.51 | 1,889.51 | 1,889.51 |
| Other Equity (refer note 18) | 27,282.72 | 28,255.94 | 26,960.61 |
| **Capital and net debt** | **41,573.75** | **34,568.82** | **33,626.82** |
| Gearing ratio | 30% | 13% | 14% |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

The Group is not subject to any externally imposed capital requirements.

Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 38. INCOME TAX

The major components of income tax expense are:

| **Particulars** | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| Current income tax: | | |
| Current income tax charge | 801.36 | 1,146.30 |
| Adjustment of tax relating to earlier years | 58.79 | - |
| **Deferred tax charge/ (credit)** | | |
| Relating to the origination and reversal of temporary differences | (357.37) | 281.93 |
| **Income tax expense reported in Statement of Profit and Loss** | 502.78 | 1,428.23 |
| **Deferred tax related to items recognised in OCI** | | |
| Income tax relating to re-measurement gains on defined benefit plans | (0.65) | 18.81 |
| Income tax relating to gain on cash flow hedges | 112.64 | (71.89) |
| | **111.99** | **(53.08)** |

**Reconciliation of deferred tax (net)**

| **Particulars** | **As at 31 March 2018** | **As at 31 March 2017** |
|---|---|---|
| Opening balance | 895.99 | 1,228.66 |
| Tax credit/ (expense) during the year recognized in the Statement of Profit and Loss | 357.37 | (281.93) |
| Tax expense during the year recognised in OCI | 111.99 | (53.08) |
| Deferred tax asset on acquisition of subsidiary [refer note 7] | 223.80 | - |
| Deferred tax on fair valuation of loan with related party reclassified to Capital Contribution Reserve | - | 2.08 |
| Translation difference | 25.08 | 0.26 |
| **Closing balance** | **1,614.23** | **895.99** |

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

| **Particulars** | **Year ended 31 March 2018** | **Year ended 31 March 2017** |
|---|---|---|
| **Accounting profit before tax** | **(278.42)** | **2,883.16** |
| Tax on accounting profit at statutory income tax rate [34.608%] | (114.92) | 997.80 |
| Foreign tax expensed during the year | 156.47 | - |
| Adjustment of tax relating to earlier years | 58.79 | - |
| Reconciling items: | | |
| Expense disallowed under the provisions of Income tax Act, 1961 | 57.67 | 43.06 |
| Weighted deduction on research and development expenditure | (100.12) | - |
| Reversal of deferred tax assets on certain losses | - | 178.67 |
| Income taxed at lower rates | 37.15 | (55.12) |
| Reversal of deferred tax on account of change in tax rates | 74.66 | 24.71 |
| Deferred tax asset not recorded on loss of subsidiaries due of lack of convincing evidence | 282.24 | 239.11 |
| Others net | 50.84 | - |
| **At the effective income tax rate of 49.537%** | **502.78** | **1,428.23** |
| Income tax expense reported in the Statement of Profit and Loss | 502.78 | 1,428.23 |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Deferred taxes**

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| **Deferred tax asset** | | | |
| Provision for employee benefits | 455.43 | 295.89 | 261.34 |
| Provision for impairment on capital work-in progress | - | - | 103.43 |
| Allowance for financial assets and other advances | 37.05 | 39.32 | 49.78 |
| Amortisation of financial assets | 4.24 | 11.33 | 8.34 |
| Amortisation of inter corporate deposit | 0.05 | - | - |
| Unused tax losses | 202.06 | - | 199.67 |
| Hedge Liability | 18.69 | (93.95) | (22.07) |
| Minimum alternate tax credit entitlement | 267.96 | 267.96 | 189.39 |
| Fair valuation of property plant and equipment | (3.83) | - | - |
| Property plant and equipment | 493.08 | 338.74 | 426.49 |
| Fair valuation of borrowings | 3.77 | (30.54) | (55.56) |
| Expenses disallowed under Section 35DD of Income-tax Act, 1961 | 116.02 | 67.24 | 67.85 |
| Other adjustments | 20.81 | - | - |
| | **1,615.33** | **895.99** | **1,228.66** |
| **Deferred tax liability** | | | |
| Property plant and equipment | 1.10 | - | - |
| | **1.10** | **-** | **-** |
| **Deferred tax asset, net** | **1,614.23** | **895.99** | **1,228.66** |

## 39. FAIR VALUE MEASUREMENTS

### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

| Particulars | Amortised cost | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVTOCI | Carrying value | Fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Investments (refer note 8) | 0.09 | 625.14 | - | 625.23 | 625.23 |
| Loans (refer note 10) | 1,441.97 | - | - | 1,441.97 | 1,441.97 |
| Trade receivables (refer note 9) | 16,600.04 | - | - | 16,600.04 | 16,600.04 |
| Other financial assets (refer note 11) | 4870.66 | - | 0.97 | 4,871.63 | 4,871.63 |
| Cash and cash equivalents (refer note 15) | 1,377.32 | - | - | 1,377.32 | 1,377.32 |
| Bank balances other than cash and cash equivalents (refer note 16) | 4,816.00 | - | - | 4,816.00 | 4,816.00 |
| **Total** | **29106.08** | **625.14** | **0.97** | **29,732.19** | **29,732.19** |
| **Liabilities:** | | | | | |
| Borrowings (refer note 19) | 13,778.84 | - | - | 13,778.84 | 13,778.84 |
| Trade payables (refer note 20) | 5,003.93 | - | - | 5,003.93 | 5,003.93 |
| Other financial liabilities (refer note 21) | 22,917.87 | - | 54.77 | 22,972.64 | 22,972.64 |
| **Total** | **41,700.64** | **-** | **54.77** | **41,755.41** | **41,755.41** |

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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 |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Investments (refer note 8) | 0.09 | 35.10 | - | 35.19 | 35.19 |
| Loans (refer note 10) | 1,080.38 | - | - | 1,080.38 | 1,080.38 |
| Trade receivables (refer note 9) | 8,431.33 | - | - | 8,431.33 | 8,431.33 |
| Other financial assets (refer note 11) | 6,043.05 | - | 273.66 | 6,316.71 | 6,316.71 |
| Cash and cash equivalents (refer note 15) | 3,694.77 | - | - | 3,694.77 | 3,694.77 |
| Bank balances other than cash and cash equivalents (refer note 16) | 3,499.68 | - | - | 3,499.68 | 3,499.68 |
| **Total** | **22,749.30** | **35.10** | **273.66** | **23,058.06** | **23,058.06** |
| **Liabilities:** | | | | | |
| Borrowings (refer note 19) | 8,118.14 | - | - | 8,118.14 | 8,118.14 |
| Trade payables (refer note 20) | 2,776.31 | - | - | 2,776.31 | 2,776.31 |
| Other financial liabilities (refer note 21) | 1,856.57 | - | - | 1,856.57 | 1,856.57 |
| **Total** | **12,751.02** | **-** | **-** | **12,751.02** | **12,751.02** |

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 |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Investments (refer note 8) | 0.09 | 0.10 | - | 0.19 | 0.19 |
| Loans (refer note 10) | 1,094.43 | - | - | 1,094.43 | 1,094.43 |
| Trade receivables (refer note 9) | 10,314.99 | - | - | 10,314.99 | 10,314.99 |
| Other financial assets (refer note 11) | 13,304.26 | - | 63.76 | 13368.02 | 13368.02 |
| Cash and cash equivalents (refer note 15) | 2,645.47 | - | - | 2,645.47 | 2,645.47 |
| Bank balances other than cash and cash equivalents (refer note 16) | 1780.09 | - | - | 1780.09 | 1780.09 |
| **Total** | **29,139.33** | **0.10** | **63.76** | **29,203.19** | **29,203.19** |
| **Liabilities:** | | | | | |
| Borrowings (refer note 19) | 7,422.17 | - | - | 7,422.17 | 7,422.17 |
| Trade payables (refer note 20) | 2,956.40 | - | - | 2,956.40 | 2,956.40 |
| Other financial liabilities (refer note 21) | 7,076.06 | - | - | 7,076.06 | 7,076.06 |
| **Total** | **17,454.63** | **-** | **-** | **17,454.63** | **17,454.63** |

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 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:

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**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 March 2018 :

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| **Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed** | | | | | |
| Investments (refer note 8) | 31 March 2018 | 625.23 | 625.14 | - | 0.09 |
| Loans (refer note 10) | 31 March 2018 | 1,441.97 | - | - | 1,441.97 |
| Trade receivables (refer note 9) | 31 March 2018 | 16,600.04 | - | - | 16,600.04 |
| Other financial assets (refer note 11) | 31 March 2018 | 4,871.63 | - | 0.97 | 4870.66 |
| Cash and cash equivalents (refer note 15) | 31 March 2018 | 1,377.32 | - | - | 1,377.32 |
| Bank balances other than cash and cash equivalents (refer note 16) | 31 March 2018 | 4,816.00 | - | - | 4,816.00 |
| **Liabilities carried at amortised cost for which fair value are disclosed :** | | | | | |
| Borrowings (refer note 19) | 31 March 2018 | 13,778.84 | - | - | 13,778.84 |
| Trade payables (refer note 20) | 31 March 2018 | 5,003.93 | - | - | 5,003.93 |
| Other financial liabilities (refer note 21) | 31 March 2018 | 22972.64 | - | 54.77 | 22,917.87 |

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

**Quantative 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) |
|---|---|---|---|---|---|
| **Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed** | | | | | |
| Investments (refer note 8) | 31 March 2017 | 35.19 | 35.0 | - | 0.19 |
| Loans (refer note 10) | 31 March 2017 | 1,080.38 | - | - | 1,080.38 |
| Trade receivables (refer note 9) | 31 March 2017 | 8,431.33 | - | - | 8,431.33 |
| Other financial assets (refer note 11) | 31 March 2017 | 6,316.71 | - | 273.66 | 6,043.05 |
| Cash and cash equivalents (refer note 15) | 31 March 2017 | 3,694.77 | - | - | 3,694.77 |
| Bank balances other than cash and cash equivalents (refer note 16) | 31 March 2017 | 3,499.68 | - | - | 3,499.68 |
| **Liabilities carried at amortised cost for which fair value are disclosed** | | | | | |
| Borrowings (refer note 19) | 31 March 2017 | 8,118.14 | - | - | 8,118.14 |
| Trade payables (refer note 20) | 31 March 2017 | 2,776.31 | - | - | 2,776.31 |
| Other financial liabilities (refer note 21) | 31 March 2017 | 1,856.57 | - | - | 1,856.57 |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Quantative 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) |
|---|---|---|---|---|---|
| **Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed** | | | | | |
| Investments (refer note 8) | 1 April 2016 | 0.19 | - | - | 0.19 |
| Loans (refer note 10) | 1 April 2016 | 1,094.43 | - | - | 1,094.43 |
| Trade receivables (refer note 9) | 1 April 2016 | 10,314.99 | - | - | 10,314.99 |
| Other financial assets (refer note 11) | 1 April 2016 | 13,368.02 | - | 63.76 | 13,304.26 |
| Cash and cash equivalents (refer note 15) | 1 April 2016 | 2,645.47 | - | - | 2,645.47 |
| Bank balances other than cash and cash equivalents (refer note 16) | 1 April 2016 | 1,780.09 | - | - | 1,780.09 |
| **Liabilities carried at amortised cost for which fair value are disclosed** | | | | | |
| Borrowings (refer note 19) | 1 April 2016 | 7,422.17 | - | - | 7,422.17 |
| Trade payables (refer note 20) | 1 April 2016 | 2,956.40 | - | - | 2,956.40 |
| Other financial liabilities (refer note 21) | 1 April 2016 | 7,076.06 | - | - | 7,076.06 |

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 the reporting dates.

### (iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The fair value of the mutual funds is determined using daily NAV as declared for the particular scheme by the Asset Management Company. The fair value estimates are included in level 2.

- The fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.

- The fair value of other equity instruments have been computed based on income approach using a discounted cash flow model, which discounts the estimated cash flows using the appropriate discount rates.

### (iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

## 40. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The primary market risk to the Group is foreign exchange exposure risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group'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 Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

The most significant financial risks to which the Group is exposed are described below.

**(A) Credit risk analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, resulting in a financial loss. The Group's maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 16,600.04 lakhs as at 31 March 2018 [31 March 2017: ₹ 8,431.33 lakhs; 1 April 2016: ₹ 10,314.99 lakhs].

| Assets under credit risk: | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Trade receivables (refer note 9) | 16,600.04 | 8,431.33 | 10,314.99 |
| Intercorporate deposit (refer note 10) | 197.78 | 182.50 | 239.26 |
| Interest accrued on inter corporate deposits (refer note 11) | - | 23.22 | 5.66 |
| Security deposit (refer note 10) | 1,230.28 | 897.88 | 855.17 |
| Unbilled revenue (refer note 11) | 3,627.79 | 3,728.08 | 3,739.16 |
| Retention Money Receivable (refer note 11) | - | 770.95 | 1,708.87 |
| Duties recoverable from customer (refer note 11) | - | 13.37 | - |
| Receivables for sale of capital goods (refer note 11) | 758.93 | 1,106.33 | - |
| Advance to suppliers (refer note 13) | 593.08 | 509.93 | 4.65 |
| Earnest money deposit (refer note 11) | 29.65 | - | - |
| Other advances (refer note 13) | - | 27.67 | 3,598.38 |
| Receivables from related parties (refer note 11) | - | - | 5,694.50 |
| | **23,037.55** | **15,691.26** | **26,160.64** |

**A1 Trade and other receivables**

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in India, USA and Europe. Credit risk has always been managed by the Group 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 Group 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 Group's historical experience for customers.

The allowance for life time expected credit loss on customer and unbilled balances for the year ended 31 March 2018, 31 March 2017 and as at 1 April 2016 was ₹ 970.35 lakhs, ₹ 30.21 lakhs and ₹ 22.71 lakhs respectively. The reversal for lifetime expected credit loss on trade and other receivables for the year ended 31 March 2018 was ₹ 11.43 lakhs [31 March 2017: ₹ Nil].

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Balance at the beginning | 30.21 | 22.71 |
| Impairment loss recognised | 951.57 | 7.50 |
| Impairment loss reversed | (11.43) | - |
| | **970.35** | **30.21** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**A2 Cash and cash equivalents**

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

Cash and cash equivalents, intercorporate deposit to related party, 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 ₹ 970.35 lakhs, ₹ 30.21 lakhs and ₹ 22.71 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 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Financial assets that are neither past due nor impaired | 7,360.74 | 7,075.64 | 8,784.16 |
| Financial assets that are past due but not impaired: | | | |
| Past due 0-60 days | 1,437.87 | 1,037.04 | 1,021.61 |
| Past due 61-180 days | 1,879.67 | 278.31 | 405.28 |
| Past due over 180 days | 5,921.76 | 40.34 | 103.94 |
| Total past due but not impaired | 9,239.30 | 1,355.69 | 1,530.83 |
| **Total** | **16,600.04** | **8,431.33** | **10,314.99** |

**(B) Liquidity risk**

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 March 2018, 31 March 2017 and 1 April 2016, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

**Maturities of financial liabilities**

| As at 31 March 2018 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings (refer note 19) | 6,515.21 | 7,263.63 | - | 13,778.84 |
| Trade payable (refer note 20) | 5,003.93 | - | - | 5,003.93 |
| Other financial liabilities (refer note 21) | 12,647.40 | 10,325.24 | - | 22,972.64 |
| **Total** | **24,166.54** | **17,588.87** | **-** | **41,755.41** |

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| As at 31 March 2017 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings (refer note 19) | 5,396.25 | 2,721.89 | - | 8,118.14 |
| Trade payable (refer note 20) | 2,751.35 | 24.96 | - | 2,776.31 |
| Other financial liabilities (refer note 21) | 1,856.57 | - | - | 1,856.57 |
| **Total** | **10,004.17** | **2,746.85** | **-** | **12,751.02** |

| As at 1 April 2016 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings (refer note 19) | 4,525.86 | 2,896.31 | - | 7,422.17 |
| Trade payable (refer note 20) | 2,956.40 | - | - | 2,956.40 |
| Other financial liabilities (refer note 21) | 7,076.06 | - | - | 7,076.06 |
| **Total** | **14,558.32** | **2,896.31** | **-** | **17,454.63** |

### (C) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

#### Foreign exchange risk

The Group operates internationally and a significant portion of the business is transacted in USD and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

| Particulars | | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|---|
| **Included In** | **Currency** | **Amount in foreign currency** | **Amount in ₹** | **Amount in foreign currency** | **Amount in ₹** | **Amount in foreign currency** | **Amount in ₹** |
| **Financial assets** | | | | | | | |
| Trade receivables | USD | 70.73 | 4600.70 | 54.71 | 3,547.54 | 63.30 | 4,198.85 |
| | GBP | 0.01 | 0.81 | - | - | - | - |
| | EURO | 21.45 | 1729.22 | 16.77 | 1,161.22 | 23.14 | 1,737.56 |
| Unbilled revenue | USD | 34.11 | 2218.89 | 22.34 | 1,448.69 | 41.89 | 2,778.49 |
| | EURO | 1.75 | 141.45 | 14.04 | 972.51 | 2.60 | 195.18 |
| Cash and bank balances | USD | 4.52 | 294.19 | 19.69 | 1,276.94 | 6.65 | 441.07 |
| | EURO | 3.06 | 247.04 | 5.04 | 349.15 | 4.41 | 331.27 |
| | AED | 1.61 | 28.62 | 1.56 | 27.58 | 1.43 | 25.79 |
| | DKK | 11.96 | 129.68 | 27.08 | 253.26 | 13.44 | 136.68 |
| | KRW | 9.56 | 0.58 | 6.77 | 0.39 | 14.43 | 0.84 |
| Other current assets | AED | 0.54 | 9.56 | - | - | - | - |
| Other financial assets | EURO | 1.78 | 143.51 | - | - | - | - |
| Retention money receivable | EURO | - | - | 11.13 | 770.95 | 22.76 | 1,708.87 |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|---|
| Included In | Currency | Amount in foreign currency | Amount in INR | Amount in foreign currency | Amount in INR | Amount in foreign currency | Amount in INR |
| **Financial liabilities** | | | | | | | |
| Trade payables | USD | 27.17 | 1767.09 | 2.41 | 156.21 | 0.46 | 30.31 |
| | EURO | 6.72 | 541.81 | 3.45 | 239.08 | 10.46 | 785.38 |
| | GBP | 3.33 | 307.51 | - | - | - | - |
| | DKK | 1.83 | 19.89 | 1.37 | 12.83 | 0.03 | 0.32 |
| Dues to employees | EURO | 1.24 | 100.33 | 0.57 | 39.32 | 3.74 | 280.76 |
| | DKK | 2.88 | 31.27 | 0.29 | 2.69 | 3.43 | 34.84 |
| Duties and taxes payable | EURO | 3.16 | 254.77 | 5.69 | 394.26 | 6.53 | 490.31 |
| | KRW | - | - | 56.46 | 3.28 | 37.08 | 2.15 |
| | DKK | 5.87 | 63.63 | 10.47 | 97.91 | 9.46 | 96.21 |
| Creditors for capital goods | EURO | 0.20 | 16.12 | - | - | 0.05 | 4.04 |
| Working capital loans | USD | 156.69 | 10,191.76 | 42.26 | 2,740.29 | 33.82 | 2,243.46 |
| | EURO | 19.80 | 1,596.32 | 25.61 | 1,773.46 | - | - |

### Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

| Particulars | Increase 31 March 2018 | Decrease 31 March 2018 | Increase 31 March 2017 | Decrease 31 March 2017 |
|---|---|---|---|---|
| **Sensitivity** | | | | |
| INR/USD | (48.45) | 48.45 | 33.77 | (33.77) |
| INR/EURO | (3.76) | 3.76 | 8.08 | (8.08) |
| INR/AED | 0.29 | (0.29) | 0.28 | (0.28) |
| INR/GBP | (3.08) | 3.08 | - | - |
| INR/DKK | 0.15 | (0.15) | 1.40 | (1.40) |
| INR/KRW | 0.01 | (0.01) | (0.03) | 0.03 |
| INR/CNY | 1.11 | (1.11) | - | - |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**Derivative financial instruments**

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures arising from future forecasted revenues. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

| Particulars | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **Forward Contracts** | | | |
| In USD | 3,349.77 | 4,698.44 | 4,145.81 |
| In EURO | 1,451.20 | 42.93 | 1,407.58 |

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

| Particulars | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| Not later than one month | 161.24 | - | - |
| Later than one month and not later than three months | 725.59 | - | - |
| Later than three months and not later a year | 3,914.14 | 4,741.37 | 5,553.39 |

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| **Balance as at the beginning of the year** | **273.66** | **63.76** |
| Changes in fair value of effective portion of derivatives | 107.78 | 527.24 |
| Net gain reclassified to statement of profit and loss on occurrence of hedged transactions | (435.24) | (317.34) |
| **Gain/(Loss) on cash flow hedging derivatives, net** | **(327.46)** | **209.90** |
| Balance as at the end of the year | (53.80) | 273.66 |
| Deferred tax liability thereon | 18.68 | (93.96) |
| **Balance as at the end of the year, net of deferred tax** | **(35.12)** | **179.70** |

**Interest rate risk**

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, Financial Instruments- Disclosures, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## 41. DEFINED BENEFIT OBLIGATIONS

### A Defined benefit contributions

**India**

The Group makes contribution of statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952 for its Indian employees. This is a defined contribution plan as per Ind AS 19. Contribution made during the year ended 31 March 2018 is ₹ 667.62 lakhs [31 March 2017: ₹ 435.28 lakhs].

**Overseas social security**

The Group makes a contribution towards social security charges for its employees located at the respective branch offices in respective foreign geographies, that are defined contribution plans. The contributions paid or payable is recognised as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2018 is ₹ 1,571.58 lakhs [31 March 2017: ₹ 1,437.92 lakhs.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**B Defined benefit plans**

The Group has provided for gratuity liability, for its Indian employees as per actuarial valuation carried out by an independent actuary on the Balance Sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of Defined Benefit Obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

**a Interest rate risk**

The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

**b Liquidity risk**

This is the risk that the Group is not able to meet the short-term gratuity payouts.This may arise due to non availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

**c Salary escalation risk**

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**d Demographic risk**

The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**e Regulatory risk**

Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act,1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

**(i) Changes in the present value of the defined benefit obligation are as follows**

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** |
| **Changes in the present value of the defined benefit obligation are as follows:** | | |
| Defined benefit obligation at the beginning of the year | 546.76 | 422.11 |
| Defined benefit obligation as at 1 December 2017 arising on acquisition of subsidiary * | 342.03 | - |
| Current service cost * | 102.41 | 101.40 |
| Interest cost | 62.52 | 31.42 |
| Benefits paid | (120.52) | (63.10) |
| Actuarial (gain) / loss arising from change in financial assumptions | (44.06) | 12.94 |
| Actuarial (gain) / loss arising from change in demographic assumptions | (2.15) | (3.65) |
| Actuarial loss arising from experience adjustments | 46.02 | 45.64 |
| Past service cost ** | 108.42 | - |
| Defined benefit obligation at the end of the year | **1,041.44** | **546.76** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**(ii) Reconciliation of present value of plan asset:**

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** |
| Plan assets as at 1 December 2017 arising on acquisition of subsidiary * | 26.54 | - |
| Expected return on plan assets | 2.70 | - |
| Return on assets excluding interest income | (0.97) | - |
| Contributions* | 14.74 | - |
| Benefits settled* | (14.74) | - |
| Plan assets as at 31 March 2018 at fair value | **28.27** | **-** |

**(iii) Reconciliation of net defined benefit asset/(liability)**

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** |
| Present value of obligation as at 31 March 2018 | (1,041.43) | 546.76 |
| Plan assets at 31 March 2018 at fair value | 28.27 | - |
| Amount recognised in balance sheet asset / (liability) | **(1,013.16)** | **546.76** |

**(iv) Components of costs are:**

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** |
| Employee benefits expense | | |
| Current service cost and past service cost ** | 239.33 | 101.40 |
| Finance cost | | |
| Interest on defined benefit obligation | 34.02 | 48.94 |
| Remeasurement loss / (gain) | - | - |
| Expenses recognised in the Statement of profit and loss for the year | **273.35** | **150.34** |

**(v) Components Remeasurement losses/ (gains) in other comprehensive income**

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31 March 2018** | **As at 31 March 2017** |
| Recognised net actuarial loss arising from change in financial assumptions | 3.74 | 12.94 |
| Recognised net actuarial (gain) arising from change in demographic assumptions | (2.15) | (3.65) |
| Recognised net actuarial (gain) / loss arising from experience variance | (1.72) | 45.64 |
| Expected return on plan assets | 0.97 | - |
| Remeasurement loss in other comprehensive income | **0.84** | **54.93** |

**(vi) Investment details:**

| **Particulars** | **% Invested** |
|---|---|
| Insurer managed funds | 98.12% |
| Others | 1.88% |

**Notes**

* During the year, the Group has acquired Mistral Solutions Private Limited ('MSPL') w.e.f 1 December 2017. The actuarial valuation of gratuity for MSPL has been performed for the full year ending on 31 March 2018. The provision for gratuity as at 30 November 2017 was arrived based on management estimate and not as per actuarial report. As such the opening balance as on 1 December 2017 has been taken based on the said management estimate. The current service cost and benefit settled for the period from 1 Decemeber 2017 to 31 March 2018 has been arrived at after deducting the expense recognised by the management for the period from 1 April 2017 to 30 November 2017 based on management estimate with the value for the full year as per actuarial report.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

** During the intervaluation period, the monetary ceiling under the Payment of Gratuity Act, 1972 was enhanced from INR 1,000,000 to INR 2,000,000. The revised benefit is described in the summary of gratutiy benefit set-out in the above notes. This change resulted in a past service cost for the Group which has been recognised in the statement of profit and loss account for the period.

**(vii) The principal assumptions used in determining gratuity obligations for the Group's plans are disclosed below:**

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|
| Discount rate | 7.54% - 7.85% | 6.68% - 7.25% | 7.58% - 7.90% |
| Salary escalation rate | 7.00% - 20% | 5.2% - 18% | 5.6% - 20% |
| Attrition rate | 3% - 25% | 3% - 24% | 3% - 24% |
| Retirement age | 58 - 60 years | 58 - 60 years | 58 - 60 years |
| Mortality rate [as a percentage of Indian assured lives mortality (2006-2008)] | 100% | 100% | 100% |

The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of Government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

**A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The following table summarizes the impact of change in the defined benefit obligation resulting from the specified percentage change in the aforementioned assumptions.

| Particulars | Gratuity | | | |
|---|---|---|---|---|
| | As at 31 March 2018 | | As at 31 March 2017 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (Increase or decrease by 1%) | (105.87) | 113.03 | (56.62) | 67.76 |
| Salary growth rate (Increase or decrease by 1%) | 94.14 | (84.12) | 65.41 | (55.70) |
| Attrition rate (Increase or decrease by 50% of attrition rates) | 6.15 | (10.56) | (26.34) | 26.39 |
| Mortality rate (Increase or decrease by 10% of mortality rates) | 0.49 | (0.48) | 0.39 | (0.36) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods.

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**(viii) Effect of plans on Group's future cash flows**

The schemes are managed on an unfunded basis and hence, no funding arrangements or future contributions are applicable. The weighted average duration of the group's plans are estimated to be between 4.72 to 14 years. Following is a collective maturity profile of the defined benefit obligation of the plans as at 31 march 2018.

| Expected cash flows over the next: (valued on undiscounted basis) | Gratuity | |
|---|---|---|
| | As at 31 March 2018 | As at 31 March 2017 |
| 1 year | 90.96 | 37.95 |
| 2 - 5 years | 300.21 | 146.67 |
| 6 - 10 years | 1,297.60 | 157.16 |
| More than 10 years | 1,271.00 | 1,143.16 |

## 42. SEGMENT INFORMATION

Management currently identifies the Group's two service lines as its operating segments. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

The activities undertaken under Engineering design segment is involved in providing Product Design, Engineering and research and development services.

Under the Strategic technology solutions segment, integration services are provided for defence & offsets business. It includes partnering with major original equipment manufacturers (OEM's) in the areas of strategic electronics, avionics, radar data processing and electronic warfare etc.

The chief operating decision makers monitor the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Performance is internally assessed and evaluated based on the segment revenues and segment profits. Expenses and income of financial nature, current and deferred taxes are managed on a group basis and are hence, not allocated to any operating segment. No operating segments have been aggregated to form the above reportable segments.

**Segment information for the reporting period is as follows:**

| A | Segment revenues and profits | Year ended 31 March 2018 | | Year ended 31 March 2017 | |
|---|---|---|---|---|---|
| | | Engineering design services | Strategic Technology Solutions | Engineering design services | Strategic Technology Solutions |
| | **Revenue** | | | | |
| | From external customers | 41,209.40 | 10,706.27 | 37,579.70 | 11,097.05 |
| | **Segment Revenues** | **41,209.40** | **10,706.27** | **37,579.70** | **11,097.05** |
| | Segment Results | (1,173.95) | 915.06 | 1,298.93 | 1,405.86 |
| | **Segment Results** | **(1,173.95)** | **915.06** | **1,298.93** | **1,405.86** |

| Reconciliation of profit | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Segment profit | (258.89) | 2,704.79 |
| Interest Income | 615.32 | 572.89 |
| Exceptional items | - | 52.34 |
| Finance costs | (1,368.97) | (1,286.13) |
| Unallocable income net of unallocable expenditure | 734.12 | 839.27 |
| **Profit before tax** | **(278.42)** | **2,883.16** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| B | Segment assets and liabilities | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|---|
| | | Engineering design services | Strategic Technology Solutions | Engineering design services | Strategic Technology Solutions | Engineering design services | Strategic Technology Solutions |
| | Segment assets | 60,347.87 | 11,265.38 | 19,268.59 | 20,483.29 | 20,069.27 | 22,216.64 |
| | Segment liabilities | 33,610.34 | 11,605.09 | 4,386.31 | 2,747.50 | 5,459.86 | 11,790.30 |

Income / expenses of a financial nature, and the assets / liabilities they are attributable to, have not been allocated to any segment as they are managed on a group basis. Current taxes, deferred taxes and items of income and expense reported under paragraph 97 of Ind AS 1, presentation of financial statements ("exceptional items") have not been allocated to any segment since these items are also managed on a group basis. Net defined benefit obligation and the expenditure pertaining to such plan constitutes provision for gratuity payable.

| B1 | Reconciliation of Segment assets | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| | Total reportable segment assets | 71,613.25 | 39,751.88 | 42,285.91 |
| | Unallocable assets | 4,142.66 | 6187.44 | 12,250.60 |
| | **Total Assets** | **75,755.91** | **45,939.32** | **54,536.51** |

| B2 | Reconciliation of Segment liabilities | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| | Total reportable segment liabilities | 45,215.43 | 7,133.81 | 17,250.16 |
| | Unallocable liabilities | 1,023.84 | 8,359.43 | 8,178.86 |
| | **Total Liabilities** | **46,239.27** | **15,493.24** | **25,429.02** |

| C | The Group's revenues from external customers are divided into the following geographical areas: | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|---|
| | India (country of domicile) | 11,287.15 | 13,927.10 |
| | Outside India | 40,214.99 | 34,432.31 |
| | Reclassification of realised gain on forward contract | 413.53 | 317.34 |
| | | **51,915.67** | **48,676.75** |

Revenues from external customers in the Group's domicile, India, as well as its major markets, Europe and the USA, have been identified on the basis of the customer's geographical location.

| D | The Group's non-current assets are divided into the following geographical areas (refer note below): | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---|---|---|---|
| | India (country of domicile) | 38,024.19 | 19,576.75 | 18,951.68 |
| | Outside India | 170.94 | 184.48 | 68.14 |
| | | **38,195.13** | **19,761.23** | **19,019.82** |

Non current assets of the Group are used interchangeably amongst geographical segments and are not allocable to any of the geographical segments. Assets have been therefore identified on the basis of their geographic location and not on the basis of usage.

Reportable assets for the purpose of this note constitute non-current assets other than financial assets, deferred tax assets and other tax assets.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**E Revenue from major customers**

During the year, ₹ 12,647.39 lakhs or 24% (March 2017: ₹ 12,678.05 lakhs or 26%) of the Group's revenue from operations were generated from a single customer. The Group additionally placed reliance on another customer for ₹ 12,660.40 lakhs or 24% of its revenue from operations, who individually contribute more than 10% of the company's revenue from operations.

## 43. SHARE BASED PAYMENTS

**Employee Stock Option Plan 2004**

Mistral Solutions Private Limited Employee Stock Option Plan 2004 was approved by the Board of Directors on 1 April 2004. The options granted have vesting period ranging from 6 months to 2 years.

**The movement in the options under the plan is set out below:**

| Particulars | 31 March 2018 |
|---|---|
| Options outstanding as at 1 December 2017 | - |
| Options granted during the period | - |
| Options vested during the period | - |
| Options exercised during the period | - |
| Shares allotted against options exercised during the period | - |
| Options lapsed during the period | - |
| Options outstanding at the end of the period | - |
| Options exercisable as at 31 March 2018 | - |
| Weighted average price per option (₹) | - |

**Employee Stock Option Plan 2006**

The Board of Directors of the Mistral Solutions Private Limited (MSPL) approved the 'Mistral Solutions Private Limited Employee Stock Option Plan 2006' on 9 December 2005. The options granted have vesting period ranging from 6 months to 2 years.

**The movement in the options under the plan is set out below:**

| Particulars | 31 March 2018 |
|---|---|
| Options outstanding as at 1 December 2017 | - |
| Options granted during the period | - |
| Options vested during the period | - |
| Options exercised during the period | - |
| Shares allotted against options exercised during the period | - |
| Options lapsed during the period | - |
| Options outstanding at the end of the period | - |
| Options exercisable as at 31 March 2018 | - |
| Weighted average price per option (Rs.) | - |

**Employee Stock Option Plan 2010**

The Board of Directors of the MSPL approved the 'Mistral Solutions Private Limited Employee Stock Option Plan 2010' on 15 July 2010 and it is effective from 1 April 2010. The options granted have vesting period in the range of 1 to 4 years.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**The movement in the options under the plan is set out below:**

| Particulars | 31 March 2018 |
|---|---|
| Options outstanding as at 1 December 2017 | 237,000 |
| Options granted during the period | - |
| Options vested during the period | 24,000 |
| Options exercised during the period | - |
| Shares allotted against options exercised during the period | - |
| Options lapsed during the period | - |
| Options outstanding at the end of the period | 237,000 |
| Options exercisable as at 31 March 2018 | 237,000 |
| Weighted average price per option (Rs.) | 5 |

**Fair Value Measurement:**

The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The MSPL has not granted any option during the period 1 December 2017 to 31 March 2018.

## 44. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Act and the Rules made thereunder, the gross amount required to be spent by the Group during the year ended 31 March 2018 amounts to ₹ 79.70 Lakhs (31 March 2017: ₹ 78.50 Lakhs). The Group has paid ₹ 79.70 lakhs (31 March 2017: ₹ 78.50 lakhs) to three non-government organisations engaged in the field of development of skills of under-privileged children, enabling them to overcome adversity and flourish in a fast changing world.

## 45. TRANSFER PRICING

The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective 1 April 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing the Return of Income. The Group is in the process of updating the Transfer Pricing documentation for the financial year ended 31 March 2018 following a detailed transfer pricing study conducted for the financial year ended 31 March 2017. In the opinion of the Management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 46. DETAILS OF SUBSIDIARY COMPANIES

The entities consolidated in the consolidated financial statements are listed below:

| Sl. No | Name of the entity | Country of incorporation | Relationship as at 31 March 2018 | Percentage of effective ownership interest held (directly and indirectly) as at | | | Net assets, i.e. total assets minus total liabilities* | | | | | | Share in total comprehensive income | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 31 March 2018 | | 31 March 2017 | | 1 April 2016 | | 31 March 2018 | | 31 March 2017 | |
| | | | | 31 March 2018 | 31 March 2017 | 1 April 2016 | As a % of consolidated net assets | ₹ in lakhs | As a % of consolidated net assets | ₹ in lakhs | As a % of consolidated net assets | ₹ in lakhs | As a % of total comprehensive income | ₹ in lakhs | As a % of total comprehensive income | ₹ in lakhs |
| **A** | **Parent** | | | | | | | | | | | | | | | |
| | AXISCADES Engineering Technologies Limited | India | Holding Company | | | | 77.76% | 22,950.99 | 79.08% | 24,075.57 | 78.05% | 22,719.13 | 127.19% | (1,124.58) | 100.57% | 1,356.44 |
| **B.** | **Subsidiaries** | | | | | | | | | | | | | | | |
| 1 | AXISCADES, Inc. | USA | Subsidiary | 100% | 100% | 100% | 2.15% | 633.70 | 5.24% | 1,595.68 | 6.62% | 1,927.64 | 108.34% | (957.92) | -22.14% | (298.66) |
| 2 | AXISCADES UK Limited | United Kingdom | Step down subsidiary | 100% | 100% | 100% | 0.17% | 51.50 | 0.35% | 105.62 | 1.98% | 575.37 | 7.46% | (65.99) | -30.78% | (415.15) |
| 3 | AXISCADES Technology Canada Inc. | Canada | Subsidiary | 100% | 100% | 100% | 6.41% | 1,890.93 | 5.53% | 1,684.45 | 4.82% | 1,404.18 | -16.15% | 142.77 | 26.89% | 362.70 |
| 4 | AXISCADES GmbH | Germany | Subsidiary | 100% | 100% | 100% | 0.09% | 26.93 | 0.06% | 17.33 | 0.00% | - | -0.71% | 6.29 | 0.00% | 0.03 |
| 5 | AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD. | China | Subsidiary | 100% | 100% | 100% | -0.02% | (7.28) | -0.04% | (13.47) | -0.04% | (10.84) | -0.80% | 7.09 | -0.28% | (3.73) |
| 6 | Cades Studec Technologies (India) Private Limited | India | Subsidiary | 76% | 76% | 76% | 4.88% | 1,439.24 | 4.25% | 1,292.47 | 3.73% | 1,085.34 | -16.60% | 146.77 | 15.57% | 209.93 |
| 7 | AXISCADES Aerospace and Technologies Private Limited | India | Subsidiary | 100% | 100% | 100% | 43.80% | 12,927.29 | 43.24% | 13,165.07 | 38.93% | 11,332.99 | 21.93% | (193.88) | 24.93% | 336.29 |
| 8 | AXISCADES Aerospace Infrastructure Private Limited | India | Step down subsidiary | 100% | 100% | 100% | 27.23% | 8,036.56 | 26.43% | 8,045.42 | 26.66% | 7,759.19 | 1.00% | (8.88) | -0.61% | (8.22) |
| 9 | Enertec Controls Limited | India | Step down subsidiary | 100% | 100% | 100% | 11.62% | 3,429.80 | 11.23% | 3,419.38 | 11.70% | 3,404.15 | -1.18% | 10.42 | 1.13% | 15.23 |
| 10 | Mistral Solutions Private Limited | India | Subsidiary | 100% | - | - | 23.27% | 6,869.73 | - | - | - | - | -106.93% | 945.52 | - | - |
| 11 | Aero Electronics Private Limited | India | Step down subsidiary | 100% | - | - | -0.04% | (11.23) | - | - | - | - | 0.11% | (1.02) | - | - |
| 12 | Mistral Technologies Private Limited | India | Step down subsidiary | 100% | - | - | 1.35% | 399.59 | - | - | - | - | -14.18% | 125.35 | - | - |
| 13 | Mistral Solutions Inc. | USA | Step down subsidiary | 100% | - | - | 2.42% | 713.88 | - | - | - | - | -15.58% | 137.72 | - | - |
| 14 | Mistral Solutions Pte Limited | Singapore | Step down subsidiary | 100% | - | - | - | - | - | - | - | - | 0.00% | - | - | - |
| | Translation adjustment | | | | - | - | - | - | - | - | - | - | -0.39% | 3.48 | - | |
| | **Total** | | | | | | **201.08%** | **59,351.64** | **175.35%** | **53,387.53** | **172.45%** | **50,197.15** | **93.51%** | **(826.86)** | **115.29%** | **1,554.87** |
| **C.** | **Minority Interest** | | | | | | | | | | | | | | | |
| | Cades Studec Technologies (India) Private Limited | India | Subsidiary | 24% | 24% | 24% | -1.17% | (344.41) | -0.99% | (300.63) | -0.88% | 257.36 | | | | |
| | Adjustment arising out of Consolidation | | | | | | -99.91% | (29,490.60) | -74.36% | (22,640.83) | -71.57% | (20,832.30) | 6.49% | (57.35) | -15.29% | (206.16) |
| | **Consolidated net assets/ Total comprhensive income** | | | | | | **100%** | **29,516.63** | **100%** | **30,446.08** | **100%** | **29,107.48** | **100.00%** | **(884.21)** | **100.00%** | **1,348.71** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 47. FIRST TIME ADOPTION OF IND AS

These consolidated Ind AS financial statements, for the year ended 31 March 2018, are the first financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

### 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 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 Group 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 Group has elected to measure its intangible assets at their previous GAAP carrying value.

### A2. 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 Group has elected to apply this exemption for such contracts/arrangements.

### A3. Business Combination

Ind AS 101, First-time Adoption of Indian Accounting Standards, provides the option of apply Ind AS 103, Business Combination prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply Ind AS 103, Business Combination prospectively to business combinations occurring after its transition date. Business combinations and the resultant assets and liabilities, occurring prior to the transition date have not been restated.

### A4. Cumulative translation differences

Ind AS 101, First-time Adoption of Indian Accounting Standards, permits first-time adopter to reset the cumulative translation gain or loss for all foreign currency operations to zero and subsequently the gain or loss on subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to Ind AS and shall include later translation differences. The group has elected to reset all cumulative translation differences to zero by transferring it to opening retained earnings as its transition date.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

## 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;

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

## 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:

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **Equity as per previous GAAP** | | 28,849.25 | 15,769.53 |
| **Other adjustments:** | | | |
| (i) Diminution in the value of capital work-in-progress | 1 | (1,938.14) | (1,938.14) |
| (ii) Diminution in the value of building | 1 | (2,604.35) | (2,655.70) |
| (iii) Impairment of trademark | 1 | (1,439.56) | (1,599.56) |
| (iv) Deferred tax impact on the above | 8 | 475.97 | 553.58 |
| | | **(5,506.08)** | **(5,639.82)** |
| **Ind AS adjustments:** | | | |
| (i) Reversal of rent recorded on account of straightlining of lease rentals | 2 | 59.77 | 103.45 |
| (ii) Impact on accounting of asset retirement obligation | 3 | (36.66) | (28.10) |
| (iii) Fair valuation of inter corporate deposit (borrowings) | 4 | 85.80 | 160.30 |
| (iv) Fair valuation on long-term trade receivables | 5 | (3.35) | (4.55) |
| (v) Expected credit loss assessment for trade receivables | 6 | (26.87) | (18.16) |
| (vi) Accounting for the scheme of Amalgamation | 7 | - | 11,763.80 |
| (vii) Fair valuation of inter corporate deposit | 4 | (12.50) | (20.74) |
| (viii) Depreciation on account of fair valuation of building | 9 | (0.26) | - |
| (ix) Fair valuation of land and building | 9 | 6,866.33 | 6,866.33 |
| (x) Reversal of amortisation of goodwill arising on business combination | | 2.33 | - |
| (xi) Deferred tax impact on the above | 8 | (38.36) | (79.85) |
| (xii) Deferred tax impact on other comprehensive income | 8 | (93.95) | (22.07) |
| | | **6,802.28** | **18,720.41** |
| **Equity as per Ind AS** | | **30,145.45** | **28,850.12** |

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

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Other adjustments | Ind AS |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 1, 7 and 9 | 889.97 | 11,886.57 | (2,655.70) | 10,120.84 |
| Intangible assets | 1 and 7 | 1,354.82 | 1,602.76 | (1,599.56) | 1,358.02 |
| Intangible assets under development | | 111.64 | - | - | 111.64 |
| Capital work-in-progress | 1 | - | 2,269.72 | (1,938.14) | 331.58 |
| Goodwill on consolidation | 7 | 2,512.61 | 1,419.97 | - | 3,932.58 |
| Financial assets | | | | | |
| Investments | 7 | 0.05 | 0.14 | - | 0.19 |
| Trade receivables | 5 and 7 | 13.12 | (4.55) | - | 8.57 |
| Loans | 7 | 1,894.48 | (853.47) | - | 1,041.01 |
| Other financial assets | 7 | 150.42 | 2,281.38 | - | 2,431.80 |
| Deferred tax assets, net | 8 | 272.22 | 402.86 | 553.58 | 1,228.66 |
| Non-current tax asset, net | 7 | 587.50 | 565.56 | - | 1,153.06 |
| Other non-current assets | 7 | 54.10 | 1,957.99 | - | 2,012.09 |
| | | **7,840.93** | **21,528.93** | **(5,639.82)** | **23,730.04** |

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Other adjustments | Ind AS |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Inventories | | - | 300.84 | - | 300.84 |
| Financial assets | | | | | |
| Trade receivables | 6 and 7 | 8,422.86 | 1,883.56 | - | 10,306.42 |
| Cash and cash equivalents | 7 | 2,628.77 | 16.70 | - | 2,645.47 |
| Bank balances other than cash and cash equivalents | 7 | 725.58 | 1,054.51 | - | 1,780.09 |
| Loans | 7 | 278.26 | (224.84) | - | 53.42 |
| Other financial assets | 7 | 3,756.02 | 7,180.20 | - | 10,936.22 |
| Other current assets | 7 | 691.03 | 4,092.97 | - | 4,784.00 |
| | | **16,502.52** | **14,303.94** | **-** | **30,806.46** |
| **TOTAL ASSETS** | | **24,343.45** | **35,832.87** | **(5,639.82)** | **54,536.50** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Equity share capital | 7 | 1,361.01 | 528.50 | - | 1,889.51 |
| Other equity | 7 and 13 | 14,408.52 | 18,191.91 | (5,639.82) | 26,960.61 |
| Non controlling interest | | 257.36 | - | - | 257.36 |
| | | **16,026.89** | **18,720.41** | **(5,639.82)** | **29,107.48** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Financial liabilities | | | | | |
| Borrowings | 4 and 7 | - | 2,896.31 | - | 2,896.31 |
| Other non current liabilities | 7 | - | 266.87 | - | 266.87 |
| Provisions | 2 and 3 | 393.28 | 34.89 | - | 428.17 |
| | | **393.28** | **3,198.07** | **-** | **3,591.35** |
| **Current liabilities** | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | 7 | 3,092.63 | 1,433.23 | - | 4,525.86 |
| Trade payables | 7 | 1,826.96 | 1,129.44 | - | 2,956.40 |
| Other financial liabilities | 7 | 1,233.35 | 5,842.71 | - | 7,076.06 |
| Other current liabilities | 7 | 1,199.32 | 4,845.96 | - | 6,045.28 |
| Provisions | 2 and 3 | 229.81 | 663.05 | - | 892.86 |
| Current tax liability, net | | 341.21 | - | - | 341.21 |
| | | **7,923.28** | **13,914.39** | **-** | **21,837.67** |
| **TOTAL EQUITY AND LIABILITIES** | | **24,343.45** | **35,832.87** | **(5,639.82)** | **54,536.50** |

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

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

### C3. Reconciliation of Balance Sheet as at 31 March 2017

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Other adjustments | Ind AS |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 1 and 9 | 6,197.80 | 6,866.80 | (2,604.35) | 10,460.25 |
| Intangible assets | 1 | 3,048.57 | - | (1,439.56) | 1,609.01 |
| Capital work-in-progress | 1 | 2,525.73 | - | (1,938.14) | 587.59 |
| Goodwill on consolidation | | 3,868.15 | 2.33 | - | 3,870.48 |
| Financial assets | | | | | |
| Investments | | 0.19 | - | - | 0.19 |
| Trade receivables | 5 | 13.12 | (3.35) | - | 9.77 |
| Loans | 4 | 1,081.13 | (12.50) | - | 1,068.63 |
| Other financial assets | 4 | 880.63 | (280.81) | - | 599.82 |
| Deferred tax assets, net | 8 | 552.36 | (132.34) | 475.97 | 895.99 |
| Non-current tax asset, net | | 1,238.28 | - | - | 1,238.28 |
| Other non-current assets | | 1,995.61 | - | - | 1,995.61 |
| | | **21,401.57** | **6,440.13** | **(5,506.08)** | **22,335.62** |
| **Current assets** | | | | | |
| Inventories | | 195.31 | - | - | 195.31 |
| Financial assets | | | | | |
| Investments | | 35.00 | - | - | 35.00 |
| Trade receivables | 6 | 8,442.76 | (21.20) | - | 8,421.56 |
| Cash and cash equivalents | 15 | 3,824.77 | - | (130.00) | 3,694.77 |
| Bank balances other than cash and cash equivalents | 15 | 3,369.68 | - | 130.00 | 3,499.68 |
| Loans | | 11.75 | - | - | 11.75 |
| Other financial assets | 4 | 5,419.53 | 275.15 | - | 5,694.68 |
| Other current assets | | 2,050.95 | - | - | 2,050.95 |
| | | **23,349.75** | **253.95** | **-** | **23,603.70** |
| **TOTAL ASSETS** | | **44,751.32** | **6,694.08** | **(5,506.08)** | **45,939.32** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Equity share capital | | 1,889.51 | - | - | 1,889.51 |
| Other equity | 13 | 26,959.74 | 6,802.28 | (5,506.08) | 28,255.94 |
| Non controlling interest | | 300.63 | - | - | 300.63 |
| | | **29,149.88** | **6,802.28** | **(5,506.08)** | **30,446.08** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Financial liabilities | | | | | |
| Borrowings | 4 | 2,807.70 | (85.81) | - | 2,721.89 |
| Trade payables | | 24.96 | - | - | 24.96 |
| Other non current liabilities | | 27.82 | - | - | 27.82 |
| Provisions | 2 and 3 | 552.21 | (6.02) | - | 546.19 |
| | | **3,412.69** | **(91.83)** | **-** | **3,320.86** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Other adjustments | Ind AS |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | | 5,396.25 | - | - | 5,396.25 |
| Trade payables | | 2,751.35 | - | - | 2,751.35 |
| Other financial liabilities | | 1,856.57 | - | - | 1,856.57 |
| Provisions | 2 and 3 | 446.64 | (16.37) | - | 430.27 |
| Current tax liability, net | | 8.75 | - | - | 8.75 |
| Other current liabilities | | 1,729.19 | - | - | 1,729.19 |
| | | **12,188.75** | **(16.37)** | **-** | **12,172.38** |
| **TOTAL EQUITY AND LIABILITIES** | | **44,751.32** | **6,694.08** | **(5,506.08)** | **45,939.32** |

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

### C4. Reconciliation of Statement of Profit or Loss for the year ended 31 March 2017

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Other adjustments | Ind AS |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Revenue from operations | 12 | 48,359.40 | 317.35 | - | 48,676.75 |
| Other income | 4 and 12 | 1,543.02 | (82.96) | - | 1,460.06 |
| | | **49,902.42** | **234.39** | **-** | **50,136.81** |
| **EXPENSES** | | | | | |
| Cost of materials consumed | | 6,695.57 | - | - | 6,695.57 |
| Employee benefits expense | 11 | 25,215.80 | (103.86) | - | 25,111.94 |
| Finance cost | 4 | 1,173.31 | 112.81 | - | 1,286.12 |
| Depreciation and amortisation expense | 1, 2 and 3 | 1,429.51 | (49.33) | (160.00) | 1,220.18 |
| Other expenses | 2 and 6 | 12,714.86 | 277.32 | - | 12,992.18 |
| | | **47,229.05** | **236.94** | **(160.00)** | **47,305.99** |
| **Profit before tax and exceptional items** | | **2,673.37** | **(2.55)** | **160.00** | **2,830.82** |
| Exceptional Items | | 52.34 | - | - | 52.34 |
| **Profit before tax** | | **2,725.71** | **(2.55)** | **160.00** | **2,883.16** |
| **Tax expense:** | | | | | |
| Current tax | | 1,146.30 | - | - | 1,146.30 |
| Deferred tax charge | 8 | 222.00 | (17.68) | 77.61 | 281.93 |
| **Profit after tax for the year** | | **1,357.41** | **15.13** | **82.39** | **1,454.93** |
| **Other Comprehensive Income** | | | | | |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent periods:** | | | | | |
| a) Remeasurement (losses)/gains in defined benefit plans | 11 | - | (54.93) | - | (54.93) |
| Income tax effect | 8 | - | 18.81 | - | 18.81 |
| | | **-** | **(36.12)** | **-** | **(36.12)** |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent periods** | | **-** | **(36.12)** | **-** | **(36.12)** |
| **Other comprehensive income to be reclassified to profit or loss in subsequent periods:** | | | | | |
| a) Gain on cash flow hedges, net | 10 | - | 209.90 | - | 209.90 |
| Income tax effect | 8 | - | (71.89) | - | (71.89) |
| | | **-** | **138.01** | **-** | **138.01** |

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Other adjustments | Ind AS |
|---|---|---|---|---|---|
| b) Exchange differences on translation of foreign operations | | - | (208.11) | - | (208.11) |
| Income tax effect | | - | - | - | - |
| | | **-** | **(208.11)** | **-** | **(208.11)** |
| **Net other comprehensive income to be reclassified to profit or loss in subsequent periods** | | **-** | **(70.10)** | **-** | **(70.10)** |
| **Total comprehensive income for the year** | | **1,357.41** | **(91.09)** | **82.39** | **1,348.71** |

*The Previous GAAP figures have been reclassified to conform 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 * | Ind AS adjustments | Other adjustments | Ind AS |
|---|---|---|---|---|---|
| Net cash generated from operating activities | | 861.62 | - | - | 861.62 |
| Net used in investing activities | | 261.26 | - | (130.00) | 131.26 |
| Net cash generated from financing activities | 14 | 108.03 | 122.80 | - | 230.83 |
| **Net increase in cash and cash equivalents** | | **1,230.91** | **122.80** | **(130.00)** | **1,223.71** |
| Effect of exchange rate changes, net | | (51.61) | - | - | (51.61) |
| Cash and cash equivalents at the beginning of the year | 7 | 2,628.77 | (207.66) | - | 2,421.11 |
| Cash and cash equivalents acquired on account of the merger (also refer note 34) | 7 | 16.70 | - | - | 16.70 |
| **Cash and cash equivalents at the end of the year** | | **3,824.77** | **(84.86)** | **(130.00)** | **3,609.91** |

### C6 Notes

**1 Other adjustments:**

Consequent to the Scheme of Amalgamation and subsequent consolidation of IAT and its subsidiaries;

i) The Group recorded capital work-in-progress amounting to ₹ 2,349.07 lakhs previously recorded at the carrying value under the previous GAAP. However, the Group had not recorded an impairment of ₹ 1,938.14 lakhs under the previous GAAP which has now been adjusted in these consolidated financial statements.

ii) The Group recorded building owned by the Company, amounting to ₹ 3,009.27 lakhs at the carrying value under the previous GAAP. As a part of the transition to Ind AS, the Group elected to record its property, plant and equipment at fair value on the date of transition to be the deemed costs. Basis on an independent valuation as of the transition date, the fair value of the building was deemed lower than the carrying value under the previous GAAP by ₹ 2,655.70 lakhs as at April 1, 2016 and ₹ 2,604.35 lakhs as at March 31, 2017. Consequently the impairment under the previous GAAP has now been adjusted in these consolidated financial statements. Consequent to the above, depreciation previously charged on the carrying value of the building during the year ended 31 March 2017 has also been adjusted with the equity.

iii) The Group had recorded the acquisition of the trademark "AXISCADES" at the carrying value under the previous GAAP. However, basis management's internal estimates, the management believes that this amount is not recoverable and therefore, the Group had not recorded an impairment of ₹ 1,599.56 lakhs as at April 1, 2016 and ₹ 1,439.56 lakhs as at March 31, 2017 as at April 1, 2016 and ₹ 1,439.56 lakhs as at March 31, 2017 under the previous GAAP. This has now been adjusted in these consolidated financial statements. Consequently, the amortisation previously charged under previous GAAP has been adjusted during the year ended 31 March 2017.

**Ind AS adjustments:**

**2 Reversal of rent recorded on account of straightlining of lease rentals**

Under previous GAAP, the Group was straightlining the lease rental payable, over the term of the lease and accordingly creating a provision for lease rent as payable. Under Ind AS 17, Leases, if the escalation in the rent as per the agreement is

## Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

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.

### 3 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.

### 4 Financial assets and financial liabilities

Under previous GAAP, all financial liabilities and financial liabilities were carried at cost. Under Ind AS 109 , Financial Instruments, borrowings from / advance to 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 / investment in the related parties and shown as part of 'Other equity'. Interest expenses / income on amortised cost is charged / credited to the Statement of Profit and Loss using the effective interest method.

### 5 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.

### 6 Expected credit loss assessment for trade receivables

Under previous GAAP, the Group 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 Group impaired part of it's 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.

### 7 Accounting for the Scheme of Amalgamation (Common control transaction)

Under the previous GAAP, the Group had accounted for the merger of IAT, an entity under the common control of Jupiter Capital Private Limited, the Holding Group on the 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. Consequently the transaction was effected during the year ended 31 March 2017. Consequently, the subsidiaries of IAT were accounted for as investments of the Group as on 1 April 2016. 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 first period presented in the financial statements, irrespective of the actual date of the combination. Therefore, this merger has been effected from 1 April 2016 (the appointed date of the merger) and all assets (including goodwill existing previously) and liabilities of IAT and its subsidiaries have been accounted as of that date.

### 8 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. The application of Ind AS 12, has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP primarily relating to transactional adjustments pertaining to Ind AS. Deferred tax adjustments are recognised in co-relation to the underlying transaction either in retained earnings or a separate component of equity.

### 9 Property, plant and equipment

On transition to Ind AS, the Group 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.

# Consolidated Financial Statements Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (All amounts in ₹ lakhs, unless otherwise stated)

**10 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.

**11 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.

**12 Revenue from operations**

The Group 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.

**14 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.

**15 Bank balances other than cash and cash equivalents**

Under previous GAAP, margin money deposits with banks with remaining maturity of more than twelve months were disclosed as non-current assets. Under Ind AS, margin money deposits with banks with original maturity of more than twelve months have been classified as non-current financial assets.

**48.** The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016, prepared in accordance with Ind AS included in this financial statements have been audited by Walker Chandiok & Co LLP, Chartered Accountants, vide their report dated May 07, 2018, who had audited the financial statements for the relevant periods.

## 49. PREVIOUS YEAR COMPARATIVES

Previous years figures have been regrouped / reclassified wherever necessary, to conform to this year's classification and are strictly not comparable on account of acquisition of subsidiary, effective 1 December 2017 (refer note 7).

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

**Sd/-**
per **Sunil Gaggar**
Partner
Membership no.: 104315

Place: Bengaluru
Date: 31 May 2018

For and on behalf of the Board of Directors of
**AXISCADES Engineering Technologies Limited**
CIN No: L72200KA1990PLC084435

**Sd/-**
**Mritunjay Kumar Singh**
CEO and Executive Director
DIN: 06864030

**Sd/-**
**Sudhakar Gande**
Vice Chairman and Executive Director
DIN: 00987566

**Sd/-**
**Kaushik Sarkar**
Chief Financial Officer

Place: Bengaluru
Date: 31 May 2018

**Sd/-**
**Shweta Agrawal**
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 31 May 2018

# NOTICE

**NOTICE** is hereby given that the Twenty Eighth (28th) Annual General Meeting (AGM) of the members of **AXISCADES Engineering Technologies Limited** will be held at The Chancery Pavilion, 135, Residency Road, Bangalore-560025, Karnataka, India, **on Monday, 10th September 2018 at 11.30 a.m.** to transact the following businesses:

## ORDINARY BUSINESS

**Item No. 1 Adoption of Audited Financial Statements**

To receive, consider and adopt the Financial Statements of the company for the year ended March 31, 2018 including the Audited Balance sheet as on March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement, for the year ended on that date (including the consolidated financial statements) together with the report of the Board of Directors and Auditors thereon.

**Item No. 2 Appointment of Director, Mr. Sidhartha Mehra, liable to retire by rotation**

To appoint a Director in place of Mr. Sidhartha Mehra (DIN No. 07215979), who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

**Item No. 3 Appointment of Director, Mr. Anees Ahmed**

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 149, 152, 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Anees Ahmed (DIN 00225648), who was appointed as an Additional Director in the capacity of Executive Director by the Board of Directors w.e.f. July 28, 2018 pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a recommendation from Nomination & Remuneration Committee and the Board, proposing his candidature for the office of a Director, be and is hereby appointed as an Executive Director of the Company liable to retire by rotation for a period of Five (5) years at a remuneration of Rs. 1/- (Rupee One only) p/m."

**Item No. 4 Appointment of Director, Mr. Ashwani Kumar Datta**

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Ashwani Kumar Datta (DIN No. 00518057), who was appointed as an Additional Director by the Board of Directors w.e.f. July 28, 2018 pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a recommendation from Nomination & Remuneration Committee and Board proposing his candidature for the office of a Director, be and is hereby appointed as a Non-Executive Director of the Company liable to retire by rotation."

**By Order of the Board of Directors**
**For AXISCADES Engineering Technologies Limited**

Sd/-
**Shweta Agrawal**
**Company Secretary**

Place: Bengaluru
Date: July 28, 2018

**Registered office**
Block C, 2nd Floor, Kirloskar Business Park,
Bengaluru-560024.
CIN: L72200KA1990PLC0084435,
e-mail: info@axiscades.com

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. A person can act as proxy on behalf of members not exceeding fifty (50) in number and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. However, a member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. The instrument appointing the proxy duly completed should be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.

4. All alterations made in the Form of Proxy should be initialed.

5. Only registered Equity Shareholders, as on September 3, 2018, of the Applicant Company may attend and vote either in person or by proxy or by an authorised representative under Section 113 of the Companies Act, 2013 at the Equity Shareholders' meeting. The Annual Report is being sent to the shareholders registered with the company as on July 27, 2018.

6. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

7. Registered Equity Shareholders are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Applicant Company in respect of such holding will be entitled to vote.

8. A member shall be entitled, during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 'three days' of notice in writing is given to the Company.

9. All the documents referred to in the accompanying notice, unless otherwise specified, are open for inspection at the Registered office of the Company on all working days, during the business hours between 9.00 am to 6.00 pm, upto the date of the AGM. Register of Directors and Key Managerial Personnel and their Shareholding and the Register of Contracts and Arrangements in which Directors are interested shall be kept open for inspection at the meeting to any person having right to attend the meeting.

10. For the convenience of the members, an attendance slip is annexed. Members are requested to affix their signatures in the space provided and fill the particulars and hand over the attendance slip at the Registration Counter at the venue of the Meeting.

    The members need to furnish the printed Attendance slip along with a valid identity proof such as the PAN card, passport, AADHAR card or driving license to enter the AGM hall.

11. Members, who hold the shares in physical form, are requested to provide their email id, in case the same has not been provided earlier and notify changes if any, in their address/e-mail id/ECS mandate/ bank details to the Registrar & Transfer Agent (RTA) of the Company Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, for the purpose of receiving communication electronically and the members who hold their shares in demat form are requested to do the same through their depository participant.

12. The Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. The shareholders / transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA. Members holding shares in electronic form are requested to submit their PAN to their Depository Participant(s).

13. A copy of the Annual Report along with the Notice of the 28th Annual General Meeting, stating the process and the manner of e-voting at the AGM, Attendance slip and Proxy form are sent by electronic mode to all those members whose email address are registered with the Company/ Depository Participant(s) unless a member has requested for a hard copy of the same. In respect of members who have not registered their email address physical copies of the Annual Report are sent by the permitted mode.

14. The Annual Report along with the Notice of the 28th Annual General Meeting and other attachments will also be available on the Company's website at www.axiscades.com for download by the members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours on working days upto the date of AGM.

15. Information relating to e-voting are as follows:
    i. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 (as substituted by Companies (Management and Administration) Amendment Rules, 2015) and Regulation 44 of the SEBI (LODR) Regulations 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Karvy Computershare Private Limited ("Karvy"). The facility for voting through Poll will be made available at the meeting and the members attending the meeting who have not cast their votes by remote e-voting shall be able to cast their votes at the meeting through physical Poll.

    ii. The members who have voted through remote e-voting may attend the AGM but shall not be entitled to cast their votes again.

    iii. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy")as the Agency to provide e-voting facility.

iv. Voting rights shall be reckoned on the paid up value of equity shares registered in the name of the member/beneficial owner as on **September 3, 2018, being the cutoff date.**

v. A person, whose name is appearing in the register of members or in the register of beneficial owners maintained by the depositories as on the **cut-off date i. e. September 3, 2018,** shall only be entitled to avail the facility of remote e-voting/ poll.

vi. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cutoff date may write to Karvy on their e mail ID evoting@karvy.com, or Karvy Computershare Private Limited (Unit: AXISCADES Engineering Technologies Limited) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or contact Mr. G RAMESH DESAI on phone 040-67162222 requesting for User ID and password. After receipt of above credentials, a member may follow the instructions for e-voting to cast his votes.

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting his votes through remote e-voting.

16. The Board of Directors of the Company have appointed Mr. Anant Khamankar (Membership No. 3198) a Practising Company Secretary, Proprietor of M/s Anant B Khamankar & Co., Company Secretaries, Mumbai as the Scrutinizer, for conducting both remote e-voting and Poll voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the purpose.

17. The Scrutinizer, after scrutinizing the votes cast at the meeting by Poll and remote e-voting, will not later than forty eight hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. The Chairman shall declare the results within forty eight hours of the conclusion of the meeting.

**The results declared along with the consolidated Scrutinizer's Report shall be placed on the website of the Company www.axiscades.com and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the Stock Exchanges.**

18. Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Meeting i.e. September 10, 2018.

**Instructions for e-voting**

i) Members are requested to carefully read the instructions for e-voting before casting their vote.

ii) The remote e-voting facility will be open only during the following voting period:

**Commencement of remote e-voting: 09:00 a.m. (IST) on Thursday, Spetember 6, 2018**

**End of remote e-voting: 05:00 p.m. (IST) on Sunday, September 9, 2018**

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy on expiry of remote e-voting period.

iii) The procedure for remote e-voting is as under:

a) Open your web browser during the voting period by typing the URL: https://evoting.karvy.com

b) Enter the login credentials (i.e. User ID and password mentioned -in the email forwarding the Notice of AGM, or on the Notice of AGM, in case email id is not registered and physical copy of the Annual Report is being received by you). Your Folio No./DP ID Client ID will be your User ID. However, if you hold shares in demat form and you are already registered with Karvy for e-voting, you may use your existing User ID and password for casting your vote.

c) After entering these details appropriately, click on "LOGIN".

d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You will also be required to enter a secret question and answer of your choice to enable you to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

e) You need to login again with the new credentials.

f) On successful login, the system will prompt you to select the Event Number for AXISCADES Engineering Technologies Limited, as mentioned in the email forwarding the Notice of AGM along with Annual Report of the company, in case members receiving the documents in electronic form and in the enclosed "Electronic Voting Particulars", in case of a members receiving the documents in physical mode.

g) On the voting page you will see the Resolution Description and the options "FOR/AGAINST/ ABSTAIN" for voting. Enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date, as mentioned above. You may also choose the option "ABSTAIN" in case you do not want to cast vote.

h) You may then cast your vote by selecting an appropriate option and click on "Submit".

i) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

j) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.

k) Any person who becomes a member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date i.e. September 3, 2018, may obtain the User ID and password in the manner as mentioned below:

   i) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : **MYEPWD**<space> E-Voting EVEN Number+Folio No. or DP ID Client ID to **9212993399**

      Example for NSDL:
      MYEPWD <SPACE> IN12345612345678

      Example for CDSL :
      MYEPWD <SPACE> 1402345612345678

      Example for Physical :
      MYEPWD <SPACE> XXXX1234567890

   ii) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the relevant Board Resolution/Power of Attorney/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at e-mail ID: khamankar@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "axiscades _EVSN Number."

m) Once the vote on a resolution is cast by a member, the Member shall not be allowed to modify it subsequently.

n) In case of any queries, you may refer the 'Frequently Asked Questions (FAQs) for shareholders' and 'e-voting user manual for shareholders', available at the download section of https://evoting.karvy.com or contact Karvy Computershare Private Limited at 1800 345 4001 (toll free).

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 3

Mr. Anees Ahmed was appointed as an Additional Director (Executive Director & KMP under section 203 of the Companies Act, 2013) of the Company by the Board of Directors effective July 28, 2018, pursuant to Section 161 of the Companies Act, 2013.

In terms of the provisions of Section 161 of the Companies Act, 2013, Mr. Anees Ahmed will hold office up to the date of the ensuing Annual General Meeting. His appointment as such is recommended by Nomination & Remuneration Committee.

The Board considers his appointment as a director of the Company will be beneficial and is in the interest of the Company. The Board recommends the resolution for approval of the members.

Mr. Anees Ahmed is a co-founder of Mistral Solutions Private Ltd (subsidiary). He shall be entitled to the Equity shares of ACETL (in the prescribed ratio) consequent to the Scheme of Amalgamation between ACETL and Explosoft Tech Solutions Pvt. Ltd. (subject to the approval of the Hon'ble High Court) and other benefits as decided by the Board in compliance with applicable regulations.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives except to the extent of their shareholding in the Company and except Anees Ahmed to whom the resolution relates, is in any way concerned or interested, financially or otherwise in the Resolution set out at Item No. 3 of the Notice.

### ITEM NO. 4

Mr. Ashwani Kumar Datta was appointed as an Additional Director (Non-Executive) of the Company by the Board of

Directors w.e.f. July 28, 2018, pursuant to Section 161 of the Companies Act, 2013.

In terms of the provisions of Section 161 of the Companies Act, 2013, Ashwani Datta will hold office up to the date of the ensuing Annual General Meeting. His appointment as such is recommended by Nomination & Remuneration Committee.

The Board considers his appointment as a director of the Company will be beneficial and is in the interest of the Company. The Board recommends the resolution for approval of the members.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives except to the extent of their shareholding in the Company and except Ashwani Datta to whom the resolution relates, is in any way concerned or interested, financially or otherwise in the Resolution set out at Item No. 4 of the Notice.

**By Order of the Board of Directors**
**For AXISCADES Engineering Technologies Limited**

Sd/-

Place : Bengaluru
Date : July 28, 2018

**Shweta Agrawal**
**Company Secretary**

# ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

## SIDHARTHA MEHRA

Sidhartha is a qualified Chartered Accountant with a rank from ICAI and Company Secretary from ICSI. He has vide experience in Financial Planning & Analysis and Business Development. He has also led many transformation initiatives enhancing business parameters like customer level profitability, operational efficiency, resource utilization and channel profitability.

**Date of Birth:** July 30, 1975

**Date of Appointment/Reappointment by the Board:** September 26, 2016

**Relationship between directors inter-se:** He is not related to any Director inter-se.

Sidhartha Mehra holds the directorship in TRC Financial Services Limited and is a member of Audit Committee and Nomination & Remuneration Committee in this Company.

**Shareholding in the Company:** Sidhartha Mehra does not hold any equity share of the Company.

## ANEES AHMED

Anees 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. He holds Bachelor's Degree in Computer Science Engineering from BIT, Bangalore and is graduate from MIT's "Birthing of Giants" EXECUTIVE program FOR FAST GROWTH CEO's, MIT, USA.

**Date of Birth:** February 10, 1967

**Date of Appointment/Reappointment by the Board:** July 28, 2018

**Relationship between directors inter-se:** He is not related to any Director inter-se.

Anees Ahmed does not hold directorship or membership in the Committee of the Board of any other listed entity.

**Shareholding in the Company:** Anees Ahmed does not hold any equity share of the Company as on the date of the Notice. Further, he shall be entitled to the Equity shares of ACETL (in the prescribed ratio) consequent to the Scheme of Amalgamation between ACETL and Explosoft Tech Solutions Pvt. Ltd. (subject to the approval of the Hon'ble High Court).

## ASHWANI KUMAR DATTA

Ashwani has extensive experience in developing & managing tie ups with leading international companies, balancing mutual business interests & stakes. He holds in depth knowledge of Quality System requirements of Military Grade products & systems resulting from long association with Defence Quality Assurance establishments & is one of India's earliest Qualified Lead Assessors for Quality Systems and a Trainer/ Assessor in the area of TQM, Quality Control Circles and Business Excellence. He graduated in Mechanical Engineering from DCE, Delhi University in the year 1972.

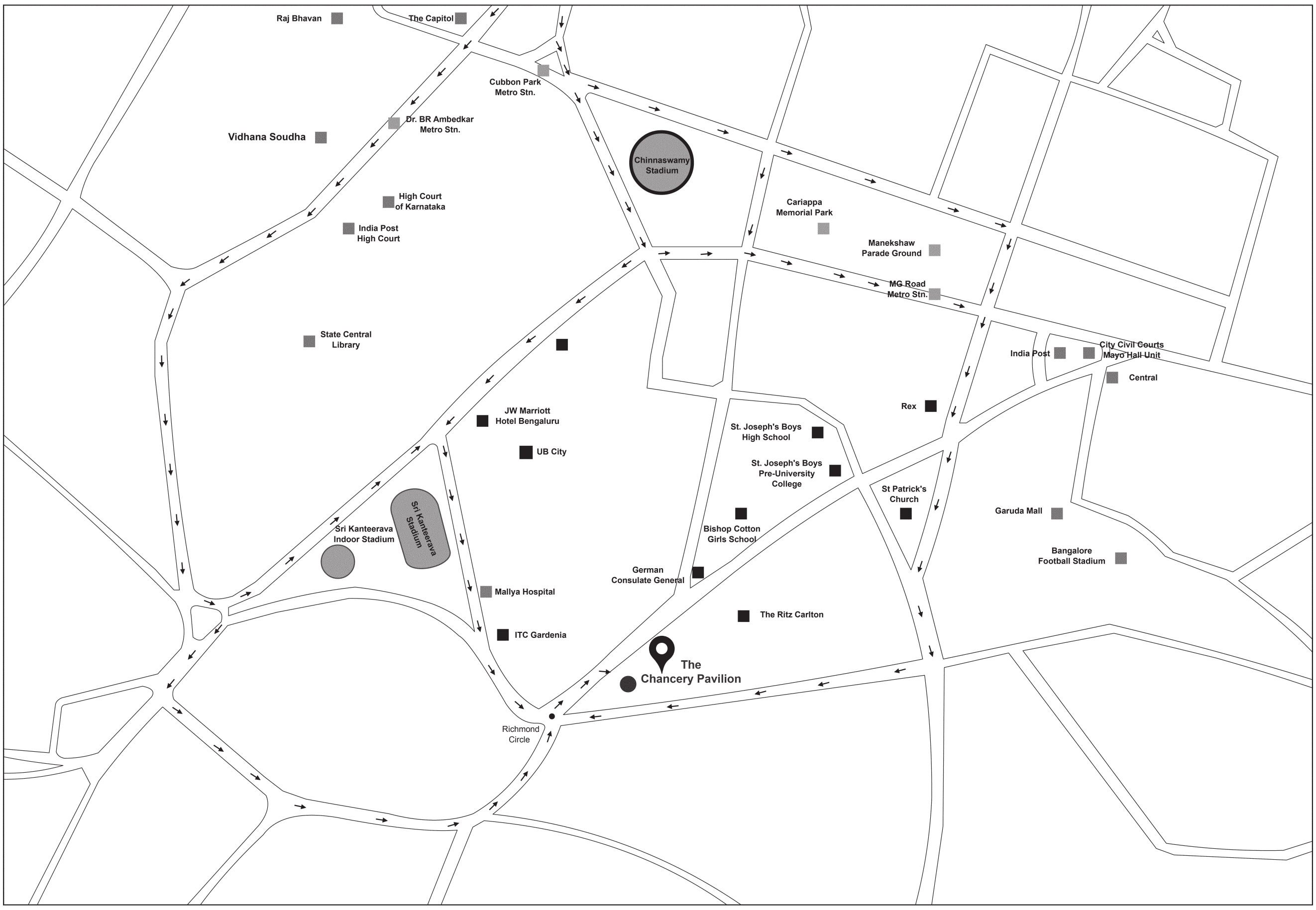
**Date of Birth:** September 15, 1951

**Date of Appointment/Reappointment by the Board:** July 28, 2018

**Relationship between directors inter-se:** He is not related to any Director inter-se.

Ashwani Datta does not hold directorship or membership in the Committee of the Board of any other listed entity.

**Shareholding in the Company:** He does not hold any shares in the Company.



Raj Bhavan
The Capitol
Cubbon Park
Metro Stn.
Dr. BR Ambedkar
Metro Stn.
Vidhana Soudha
High Court
of Karnataka
India Post
High Court
Chinnaswamy
Stadium
Cariappa
Memorial Park
Manekshaw
Parade Ground
MG Road
Metro Stn.
State Central
Library
India Post
City Civil Courts
Mayo Hall Unit
Central
JW Marriott
Hotel Bengaluru
UB City
Rex
St. Joseph's Boys
High School
St. Joseph's Boys
Pre-University
College
St Patrick's
Church
Garuda Mall
Sri Kanteerava
Stadium
Sri Kanteerava
Indoor Stadium
Bishop Cotton
Girls School
Bangalore
Football Stadium
German
Consulate General
Mallya Hospital
The Ritz Carlton
ITC Gardenia
The
Chancery Pavilion
Richmond
Circle

AXISCADES

Inspired Solutions. By Design

**AXISCADES Engineering Technologies Limited**

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www.axiscades.com

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