

Annual Report  
2020-21



# Empowering a changing world

WITH PASSION AND INNOVATION

AXISCADES Technologies Limited  
(formerly AXISCADES Engineering Technologies Limited)

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## FY21 in numbers

₹ **5,328** million  
Revenue

**14.6%**  
EBITDA margin

₹ **196** million  
Profit after tax  
adjusted for  
exceptional items

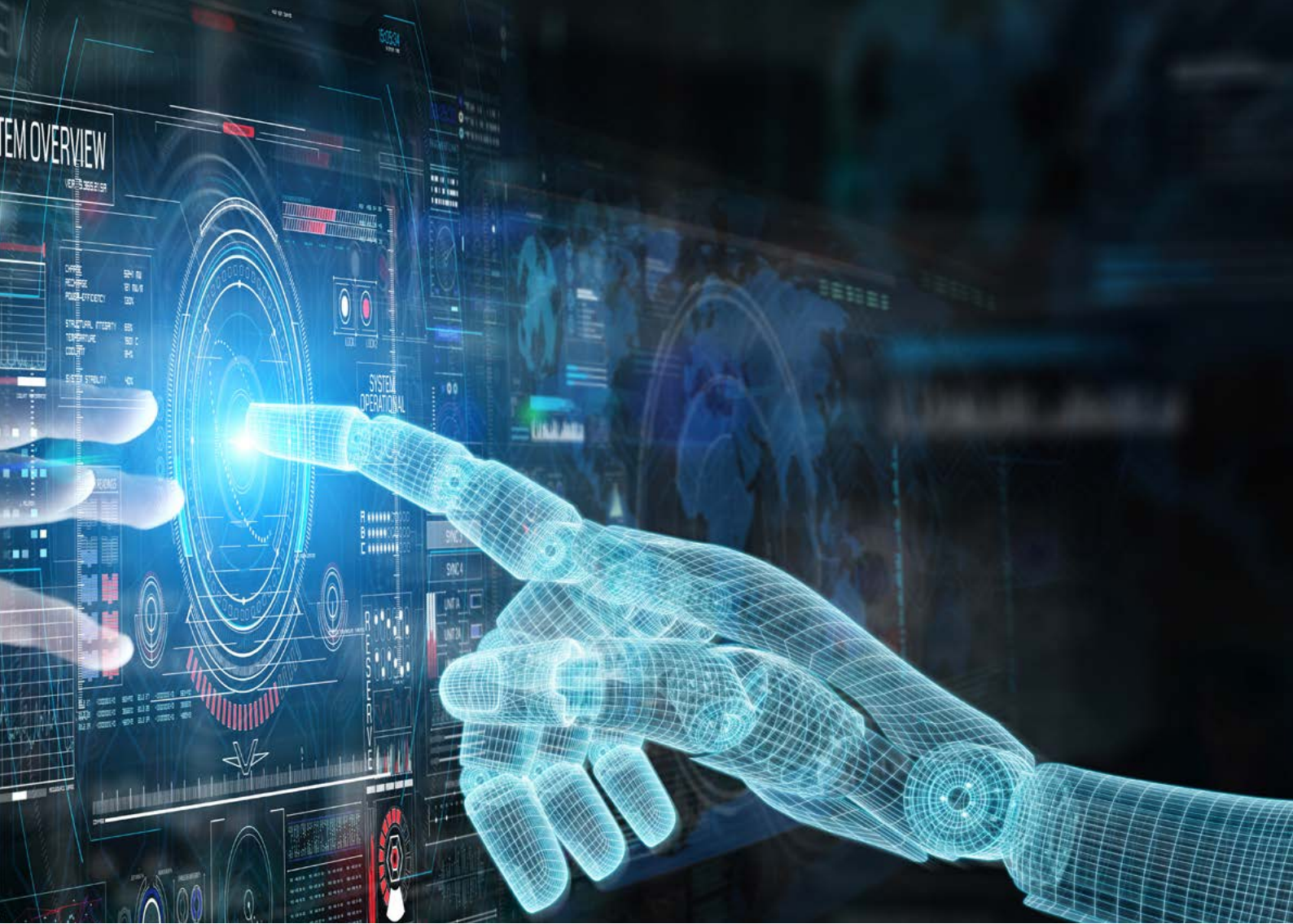
**8**  
Offshore  
Development Centres

**1,750+**  
Highly skilled  
engineers

**15**  
Global Engineering  
Centres

### CORPORATE SNAPSHOT

AXISCADES is a holistic technology and engineering solutions provider, with a footprint across the entire product lifecycle management needs of global OEMs and core engineering firms. We possess a comprehensive understanding of the end-to-end processes, such as planning, design, prototyping and experience, supporting clients in their pursuit of operational excellence, better time to market and cost optimisation. Through the decades, we have perfected the science and technology of delivering traditional, virtual and digital engineering solutions that solve complex and multi-layered problems for our clients.



# Empowering a changing world

**Passion and innovation are central to our business, they underpin our strategy and the development of our products and services. Developing innovative solutions is a key part of the work we do to ensure we have a sustainable business that will continue to create value for our stakeholders.**

Amidst a rapidly shifting engineering landscape, firms are increasingly intent on greater integration across their operational domains and investing in smart, connected and future-ready services that can transform the way they do business. Our technology priorities mirrors this changing business environment.

We have a broad portfolio across major industry verticals like air, defence, auto, heavy engineering, energy and more recently, healthcare and naval. We work with our customers and supply chain partners to continually evolve our products, operations and services. Our keen insight of clients' challenges helps us engage with them more meaningfully and tailor-make quality processes and solutions that add the most value.

We are dedicated to building our digital capabilities and advancing new technology throughout our business. We collaborate with academic and industry partners to develop and apply emergent technologies, including deploying Industry 4.0. By exploiting digitalisation, augmented reality, artificial intelligence and machine learning, we enable intelligent asset management and system efficiencies while reducing resource usage.

The future of manufacturing holds tremendous potential and we are well positioned to effectively utilise multi-domain capabilities to meet the changing needs of the market. Our primary focus remains to deliver sustainable, safe and productive solutions to our clients, drive operational efficiency, attract skilled employees, manage risks, support society and create shareholder value.

## Chairman's address



For the fiscal year 2020-21, we clocked a total revenue of ₹5,238 million and maintained EBITDA margin at 14.6% despite a decline in revenue of 22% y-o-y. This was primarily due to a COVID-19-induced contraction in the Aerospace vertical. That said, in Q4FY21, we observed that growth momentum had revived across verticals – especially in Aerospace and Heavy Engineering where we delivered a growth of 7.4% and 9.4%, respectively, and increased traction in other verticals as well.

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**DEAR SHAREHOLDERS,**

Let me start by wishing that this letter finds you and your loved ones in good health. I urge you to heed the necessary safety precautions and take utmost care of your physical and mental wellbeing.

FY21 was turbulent and challenging year in many ways. The COVID-19 pandemic was the event that defined the year, causing the sharpest decline in global GDP in recent history. The health, social and economic toll are still being felt by people all around the world. At an industry level and by extension, for AXISCADES too, the restrictions to contain the infection spread posed an enormous challenge. We acted swiftly and decisively to protect our people and the Company. Our crisis management teams coordinated many initiatives to minimise the disruption to our businesses. We were thus able to flexibly adapt our operations to fulfil the needs of our customers, safeguard the health of our employees and ensure reliable deliveries.

**PERFORMANCE REVIEW**

For the fiscal year 2020-21, we clocked a total revenue of ₹5,238 million and maintained EBITDA margin at 14.6% despite a decline in revenue of 22% y-o-y. This was primarily due to a COVID-19-induced contraction in the Aerospace vertical. That said, in Q4FY21, we observed that growth momentum had revived across verticals – especially in Aerospace and Heavy Engineering where we delivered a growth of 7.4% and 9.4%, respectively, and increased traction in other verticals as well. We were able to maintain our EBITDA margin at 14.6%; and our PAT adjusted for exceptional item stood at ₹196 million. We achieved a robust cash position of ₹848 million (₹ 146 million growth y-o-y).

Furthermore, we acquired 7 new clients in Automotive and Heavy Engineering; and ventured into newer domains such as transportation, naval and healthcare. We leveraged our Centres-of-Excellence to launch 3 innovative products in Healthcare: Elevated Skin Temperature Sensor, Social Distancing Application and Remote Operations Desk. We continued to work closely with our clients – expanding our service offerings to key accounts and in effect, strengthening our relationship with them. Top Engineering R&D (ER&D) players are increasingly spending more in digital engineering to improve manufacturing process and new product development.

During the year, we saw significant digital engineering spend across our customers, in tandem with a rise in our digital revenue. This proved to be a strong validation of the investments in digital that we've made in previous years.

All in all, AXISCADES delivered a resilient set of results in the face of challenges. My heartfelt gratitude goes to all of our colleagues, suppliers, customers and stakeholders who made this possible.

**SEGMENT OUTLOOK**

External reports indicate that ER&D spend will touch ~US\$2.2 trillion by 2025, digital engineering being the key driver. Digital ER&D is likely to grow at a CAGR of 19% in this time. Digital engineering spend in the Automotive segment alone is expected to touch US\$60 billion by 2025. Automotive firms are primarily investing in ADAS, Factory 4.0 and Electric Vehicles.

As a direct consequence of the mobility restrictions, commercial aviation firms experienced production stoppages and decelerating demand. Commercial travels have started across geographies, however this is lower compared to pre-covid level. We expect slow recovery in this segment.

Aerospace firms are already at lower production rate and any further cuts are unlikely. Earnings and cash flow are starting to benefit from last year's cost control measures. Due to this, we started seeing early signs of growth in Aerospace vertical Q4 FY21 onwards. However, it is still lower as compared with pre-COVID-19 average levels. We are working on new areas, such as passenger-to-freighter conversion and airworthiness recertification and activity related to business jet. We are also in discussion with other customers to offer digital services in Aerospace, by showcasing the digital work we have done for other key clients.

On the Defence side, we are well positioned to deliver in a big way in alignment with industry needs. The Government of India opening up the defence industry to the private sector, coupled with the Make-in-India push for defence modernisation, is a major opportunity for domestic private players. Demand over the next two years might remain constant to some extent since budgets for these projects had been allocated prior to the pandemic and many of the projects are critical to national defence.

**IN CLOSING**

As demonstrated by this year, AXISCADES is well designed for growth in the coming years, in spite of macro challenges. We expanded our portfolio of services to be closer to market needs. Our earlier investments in digital space have shown positive results and we will continue to invest in this space to multiply our offerings. In H2FY21, we witnessed greater traction from existing customers as well as client additions in some of our fast-growing verticals (like Automotive, Heavy Engineering and Energy). We are hopeful for a better FY22, particularly as mass vaccination drives are rolled out, restrictions are gradually relaxed and cross-border mobility resumes pace. This is expected to benefit the Aerospace vertical H2FY22 onwards.

I would like to end by reiterating that innovations have made AXISCADES the company it is today. I am convinced that our innovative power will continue to be an important success factor for profitable development. And this depends in equal measure on excellent R&D and highly qualified talent – which is exactly what we have at AXISCADES. In this exceptional year, the AXISCADES team demonstrated remarkable solidarity and passion; and worked tirelessly to find tailor-made solutions for our customers – whether working from home or in the plants. I want to thank all employees for their outstanding efforts.

While the operating environment will always present its set of challenges, we will ensure that our customers are always the central focus of all our activities. I appreciate your support as we pursue this goal and thank you for your trust in AXISCADES. Here's looking forward to a deeper collaboration.

Warm regards,

**DAVID BRADLEY**

*Chairman & Non-Executive Director*

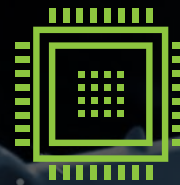
# One AXISCADES – structured to deliver excellence

Constantly empowering our customer's businesses to grow through our holistic products and services often taking the complexity out of engineering value chains



## MECHANICAL

- Design (Computer-Aided Design)
- Analysis (Computer-Aided Engineering)
- Product Lifecycle Management (PLM)/ Product Data Management (PDM)
- Manufacturing engineering
- Production support
- Technical publications
- In-service support
- Repair engineering
- Service extension



## ELECTRONICS

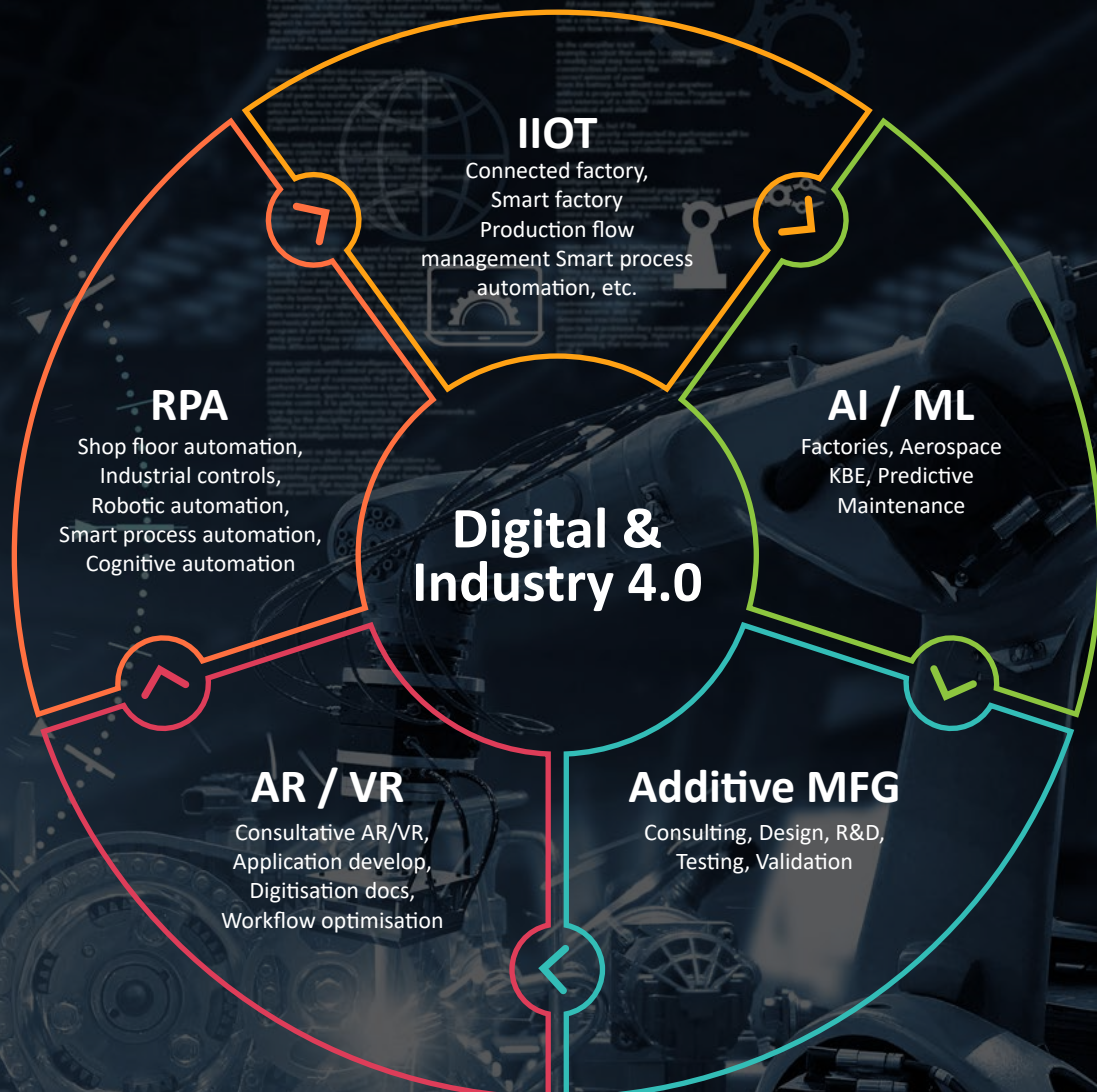
- Embedded electronics
- Hardware development
- Software development
- System integration
- Test solutions
- Integrated logistics support
- Maintenance
- Mid-life upgrade
- Obsolescence management



## DIGITAL

- Industrial Internet of Things (Manufacturing system integration)
- Industrial simulation
- Artificial intelligence/machine learning (AI/ML) solutions
- Data analytics applications
- Additive manufacturing solutions
- Augmented/Virtual Reality (AR/VR) solutions
- Cloud and Big Data

Our differentiated approach to business in line with evolving market landscape - constantly changing our technological backbone to deliver business value across the engineering cycle – through highly integrated and intelligent system solutions



# Transforming into an engine of growth

We are passionate about our engineering and the value we deliver to our clients by virtue of our expertise in our chosen domains of engineering and our ability to innovate constantly. It is a part of our ethos to enable success for our customers and create value for society and thereby grow profitably.

## OUR PURPOSE



### Vision

To be one of the world's most admired, trusted and capable engineering solutions company



### Mission

As a customer-centric company that drives impactful innovation, AXISCADES is committed to delivering engineering excellence for a better future and does that through effective collaboration and partnerships built on integrity.



### Values

- Customer centric
- Solution focused
- Responsibility in all relationships
- Impactful innovation
- Commit to excellence
- Make it happen

## OUR STRATEGIC LEVERS

### GEOGRAPHIC REACH

- Broaden sales capabilities to help acquire new customers and cross-sell to existing clients
- Widen footprint in key growth markets

### CLIENTS & PRODUCTS

- Prioritise digital engineering solutions across verticals
- Strengthen IIoT, Industry 4.0, and future-focused smart and connected offerings across verticals
- Invest in digital technologies, such as AI and ML, in tandem with core engineering services
- Extend digital services to existing clients and add new clients in digital
- Expand Embedded and PLM service offerings
- Develop advance technology solutions in radar, electronic warfare, drones and anti-drone systems and simulators

### BUSINESS & PROCESSES

- Automate the delivery process and utilise machine learning to improve internal efficiencies
- Imbibe green technologies and processes
- Continue to build synergistic partnerships with OEMs
- Encourage in-house innovation for targeted solutions
- Collaborate and consolidate the partner ecosystem, including academic institutions, industrial organisations, specialist firms and others

### INDUSTRY VERTICALS

- Tap into the growth potential of the Energy and Automotive industry verticals
- Advance presence in Healthcare, Life science and Environment verticals
- Develop niche solutions for defense and homeland security industry
- Align with Atmanirbhar Bharat and Defence acquisition procedure security



## Our diverse reach

Geographic diversity as well as business diversity, along with exposure to a mix of opportunities underpins and enhances our resilience throughout the business cycle.

### North America

### Europe and UK

### China

### India (HQ)



Peoria, Illinois, USA,  
Columbus, Indiana USA  
Tucson, Arizona, USA  
SFO, California, USA  
Montreal, Canada

Leicestershire, UK  
Toulouse, France  
Hamburg, Donauwörth,  
Augsburg - Germany  
Copenhagen, Denmark

Bangalore  
Chennai  
Hyderabad  
Delhi / Noida

Wuxi City  
Beijing

## Industry verticals



### AEROSPACE

- Primary and secondary structures
- Aircraft interiors
- Mechanical System Installation (MSI) and Electrical System Installation (ESI)
- Electrical harness
- Manufacturing engineering/concessions
- In-service support
- In-flight entertainment and display systems



### AUTOMOTIVE

- Body-in-White (BIW), interior and exterior
- Engines, powertrain and chassis systems
- Telematics and Advanced Driver-Assistance System (ADAS), infotainment, active safety and Automotive Open System Architecture (AUTOSAR)
- Digital manufacturing and prototyping
- Cost optimisation and localisation



### NAVAL

- Design and Development Hydraulic, Mechanical and Pneumatic equipment
- Advance Manufacturing Services
- Software Development
- Customer Services- ILS, Training Manual, Documentation, Translation etc.
- Maintenance services
- Equipment substitution
- Control & Test Services
- Special Process services
- Shipyard & Onboard Technical Assistance
- Shipyard & Onboard assembling and Commissioning services
- Offset Management



### HEAVY ENGINEERING

- Off-highway vehicles
- Structures and cabin
- Engine and powertrain
- Electrical and hydraulic systems
- Machine control, safety systems and telematics



### INDUSTRIAL ENGINEERING

- Digital factory
- Industrial automation
- Process planning and control
- Virtual manufacturing
- Enterprise integration
- Robotic solutions



### DEFENCE SOLUTIONS

- Avionics
- Radar and electronic warfare systems
- Automated test equipment
- Simulators (computer based, fixed and motion based)
- Ground Support Equipment (GSE)/ Ground Handling Equipment (GHE)
- Unmanned Aerial Vehicle (UAV)/ Remotely Piloted Aircraft System (RPAS)
- System integration
- Offset management
- Manufacturing ecosystem



### ENERGY AND ENVIRONMENT

- Mechanical and electrical engineering, automation, and Internet-of-Things (IoT)
- Major wind turbine assemblies (tower, generator, hub, blade, spinner, nacelle and yaw)
- Mechanical and electrical routing
- Wind resource analysis and siting
- Cost optimisation and automation



### HOMELAND SECURITY

- C4isr solutions
- Communication systems
- Perimeter protection
- VIP security
- Smart and safe city
- Emergency management
- Cybersecurity



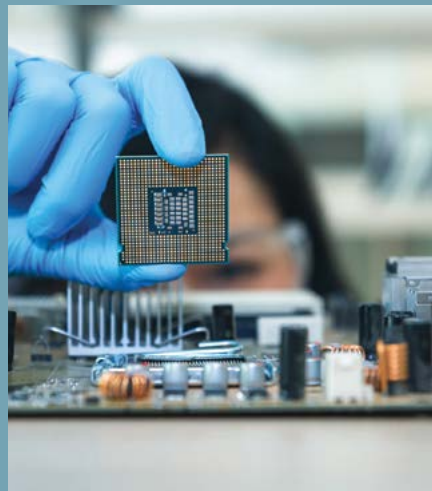
### TRANSPORTATION

- Engineering Solutions in BIW/CIW, Chassis, Powertrain, Interiors, Plastics, Localization, Prototyping and SCM
- New Vehicle design
- Noise reduction
- Weight reduction
- Crash Analysis
- Body control & display electronics
- Advanced Driver Assistance, Autonomous and Semi-Autonomous
- Telematics and Infotainment
- Active and Passive safety systems
- After market solutions – like TPM, etc.



### HEALTHCARE AND LIFESCIENCES

- Medical devices
- Health monitoring devices
- Wearable electronics
- Drug delivery systems
- Intensive Care Unit (ICU) beds
- Remediation



### SEMI-CONDUCTOR

- Platform development, design, testing
- Product on Modules (PoM)/System on Modules (SoM)
- Chip support packages
- Board Support Package (BSP) and firmware
- Middleware
- Power management
- Testing

# Passion first

We depend on the passion and skill of our people to help achieve our strategic objectives. And we are committed to attract, motivate and retain the best possible talent.

## STRENGTH IN OUR DIVERSITY

We are committed to be an equal opportunity employer. We recognise that we are a collective sum of diverse capabilities, experiences, knowledge and backgrounds – and this is a significant asset to the organisation and its continued success. We, therefore, continue with our efforts to embed a diverse and inclusive high-performance culture, which encourages building and retaining critical skills as well as developing leadership capabilities. Not just that, we are firm believers of open communication, collaboration, fairness, trust and transparency. This is evident across all our people policies and engagement initiatives.

## MERIT ABOVE ALL

We value and reward hard work, integrity and merit – and strive to provide an environment, which enables everyone to bring their best selves to work every day. This competency-based approach is the cornerstone of all talent management activities, including workforce planning, recruitment, performance management and so on. We offer competitive pay, benefits and incentives. Our remuneration and reward structures are linked to individual and business performance. Our policies and practices are at par with the industry standard.

We are training the next generation of engineers and business leaders to be able to drive innovation and solve complex

challenges. We have a wide range of programmes aimed to provide upskilling, cross-skilling and multi-skilling opportunities for our people. These programmes are an effective blend of on-the-job development, mentoring and coaching, e-learning and formal training – all strengthening knowledge of both existing and emerging technologies. We aim to enhance technical competencies of individuals in line with business needs, while ensuring they are able to meet their professional development goals. This also helps in succession planning for pivotal roles.



## RESILIENCE AMIDST CHALLENGES

Needless to say, FY21 was a unique year. The virus outbreak and associated lockdowns put corporates to the test like never before. AXISCADES was able to withstand the onslaught thanks to its proactive and agile team. Our detailed business continuity plans and timely initiatives like transition to work from home helped us meet our client commitments with minimal delay. Various ongoing training and process improvement initiatives further helped the Company to move fast and take advantage of emerging opportunities.

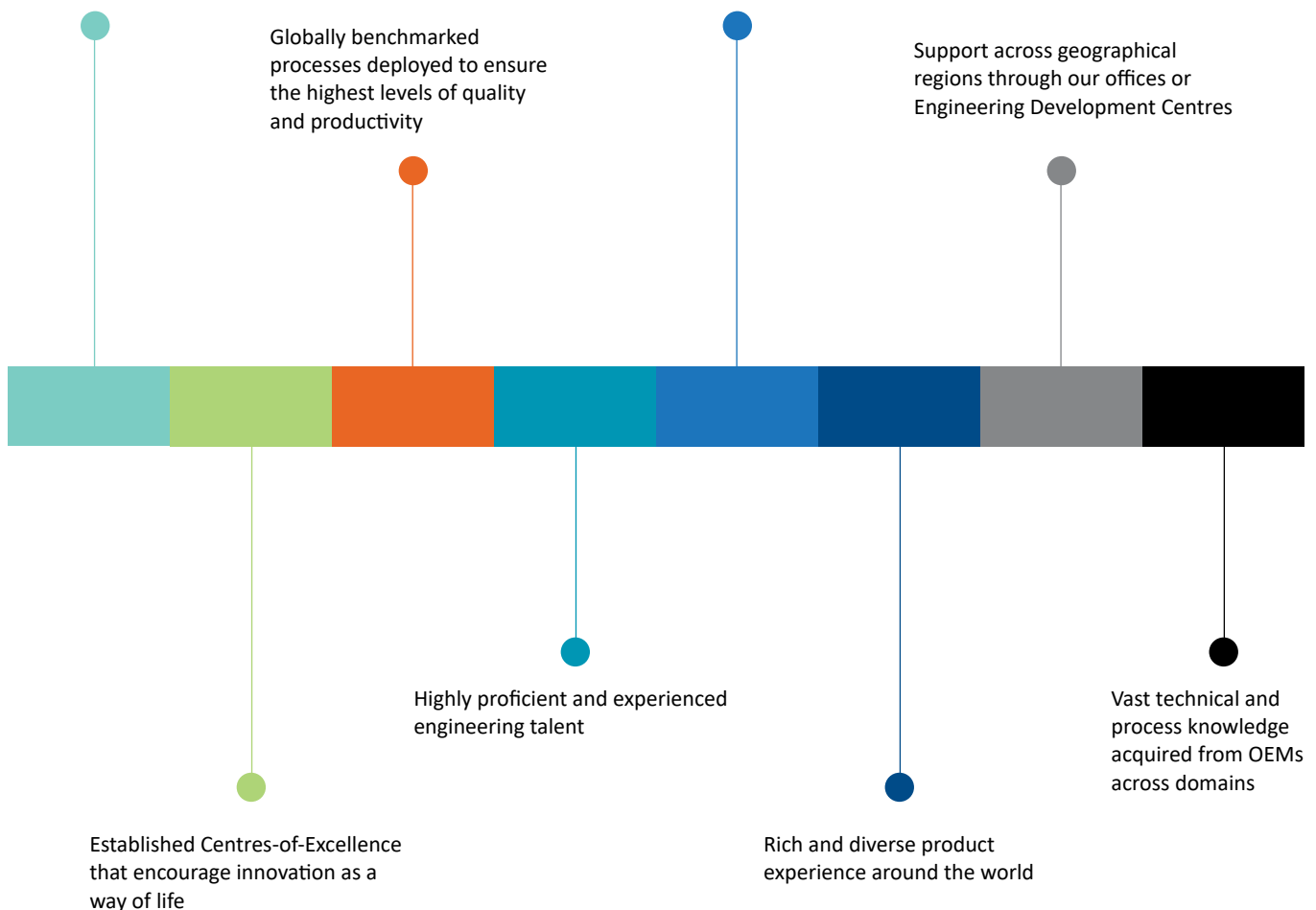
# Our strategy in action – driving client success

We will continue to deliver business value and customer success in line with our vision and mission and guided by our core values. Driven by our constant urge to innovate, we will leverage and expand our core strengths to provide world class quality in whatever we do:

## LEVERAGING OUR CORE STRENGTHS

Complete engineering ownership, from concept design to manufacturing support and after-market solutions

Optimised cost and flexible business model with constant risk oversight



## CASE STUDIES

### PROTECTING HEALTH AND ENHANCING SAFETY



#### WECAREEST

WeCareEST is designed and manufactured in India, competitively positioned to offer advantages in self-service monitoring, proven accuracy, data storage and analytics reports. It is easy to install and better choice over any other thermal scanners in the market.

It is an edge processed and remotely monitored elevated skin temperature screening system, consisting of a sensing device, a remote display, a mobile app and a web application. It can be integrated with other existing systems as well. Other customised additions include an RFID reader and a QR Code menu.

#### KEY ADVANTAGES:

- Avoidance of manual operation
- Live and remote digital data monitoring
- Reliable measurements
- Faster response time
- Reduces risk of operator infection and further transmission
- Improves stakeholder confidence

### COMPLEX MADE EASY



#### SANAM SEARCH

An intelligent digital application that can search historic data for the most relevant task for assisted assessment of a new task.

- >15% reduction of task classification
- >18% reduction in time for task assessment
- Green handover increased to 98%

#### SANAM STATUS

An easy-to-use web application that provides status updates on the progress of concessions through a value chain. The application is custom built and can be modified as per the requirements of the process. It depends on technologies such as web app, DB Interface, SAP interface and data visualisation. Clients can check the progress anytime with updated database and visualise the process and status of the concession.

#### SANAM CHATBOT

Chatbots are software applications that use artificial intelligence and natural language processing to help understand what a user wants, and direct them to their desired experience with as little effort as possible on the part of the user. For instance, a virtual assistant for customer insight at various touch points. We built a Deep Neural Network-based chatbot to interface with a database and provide responses based on the questions asked. The chatbot can be asked for data to be summarised in tables, aggregated list of information as well as charts and heat maps.

### SEAMLESSLY PAPERLESS



#### CLIENT CONCERN

Paper-based instructions for welders/operators are cumbersome, complex and difficult to understand. These require an instructor to explain, are hard to update, distribute, produce or locate, and involve no tracking or analytics.

#### AXISCADES SOLUTION

We developed a completely paperless alternative – a visual work instructions app with advantages like:

- Step by step instructions to sequence operations
- Clear 3D visuals that communicate essential information
- Quick and easy to understand, produce, update, edit and distribute
- Instructions available to right person at the right time in the right place
- Captures live feedback through sign-offs
- Can be created or updated by tech leads

# Our leadership



**David Bradley**  
Chairman & Non-Executive Director



**Sharadhi Chandra  
Babupampapathy**  
CEO & Executive Director



**Sudhakar Gande**  
Non-Executive Director



**DR Dogra**  
Independent Director



**Dhiraj Mathur**  
Independent Director



**Mariam Mathew**  
Independent Director



**David Walker**  
Non-Executive Director

## KEY MANAGEMENT PERSONNEL

**Sharadhi Chandra  
Babupampapathy**  
CEO & Executive Director

**Srinivas A**  
Chief Financial Officer  
\*resigned with effect from 1st August 2021

**Shweta Agrawal**  
Company Secretary & Compliance Officer

# Management Discussion and Analysis

## MACRO-ECONOMIC REVIEW

### Global

CY2020 was another year where the global economy faced another blow of COVID-19 pandemic which impacted both advanced and developing economies. Due to pandemic all the countries were forced to go for lockdowns and restrict travel and trade. As a result, the world output declined by 3.2% in Calendar Year (CY) 2020. Advanced economies Japan, EU and USA declined by 4.7%, 6.6% and 3.5% respectively. The Emerging Market and Developing Economies saw a 2.1% de-growth mainly due to growth of 2.3% in China. The global economy may witness a V-shaped recovery and grow by 6.0%. This will be driven by faster scale vaccination ongoing across the globe. However any delay in vaccination may pose challenge to the recovery. (Source: World Economic Outlook, International Monetary Fund, IMF updated In July)

### INDUSTRY REVIEW

As per industry reports, due to pandemic, the Global ER&D spends in 2020 dropped by 4% Y-o-Y. This reflected the drop in ER&D budget across verticals like Aerospace, Automotive, Energy, Industrial products and Transportation.

Digital engineering continues to drive ER&D spend, with enterprises across verticals increasingly prioritizing their R&D efforts towards building new age digital products and service. Industry reports suggest that the ER&D spend will touch ~\$2.2 trillion by 2025, digital engineering being the key driver of the spend. Digital ER&D likely to grow by at a CAGR of 19%.

The growth in business ER&D spend will be supported by digital engineering led by increasing convergence of technology and business, technology-led transformation and new business models, data engineering and monetization opportunities, and growth of start-ups and technology vendors.

## 1.2 COVID-19 IMPACT

### 1.2.1 Aerospace

We expect Aerospace vertical to recover slowly during the year. The recovery in commercial aerospace will be slow during the year; however, pandemic has opened other areas of growth such as MRO activities, refurbishments of older aircrafts and cargo conversions as opposed to new product development activities. Demand for smaller aircrafts and private jets are seeing an uptick.

### 1.2.2 Automotive

We saw growth coming from Automotive vertical in Q4FY21 and adoption of new technology will drive the growth. The economy around the world is being opened slowly and we expect Automotive to gain momentum.

### 1.2.3 Industrial

Covid-19 has impacted companies manufacturing and supply chain operations. This has resulted in production stoppages and reduced factory activity which is causing a domino effect through the ecosystem that is surrounding the industry. In FY22, on account of opening up of the economies we expect Industrial sector to do well compared to FY21.

### 1.2.4 Defence

Positive traction in this vertical is expected on the back of an increase in defence related budgets by the various countries. Government of India opening up the defence industry for private sector coupled with recent Make in India initiative, push for defence modernisation, is expected to benefit domestic private players, including your Company. Recent announcement of 108 Military items (plus earlier 101 items, totalling 209 items) to be made under Atmanirbhar Bharat is a huge opportunity for domestic player including your Company. India's defense export market which is currently ₹ 11,000 crores is expected to be ₹ 35,000 crores by 2025. Over the last couple of months, your Company has participated in multiple bids and is hopeful of some wins.

### 1.2.5 Energy

Global energy demand in 2020 fell by 4%, the largest decline since World War II and the largest ever absolute decline. The outlook for 2021 is, however, subject to major uncertainty. It depends on vaccine rollouts, the extent to which the Covid-19-induced lockdowns scarred economies, and the size and effectiveness of stimulus packages. Current economic outlooks assume global GDP will surpass 2019 levels, lifting demand for goods, services and energy. However, transport activity and, particularly, international travel remain severely suppressed. If transport demand returns to pre-Covid levels across 2021, global energy demand will rise even higher, to almost 2% above 2019 levels, an increase broadly in line with the rebound in global economic activity.

### 1.2.6 Medical Devices

COVID-19 has put the medical device industry front of mind, with unparalleled demand for some products like diagnostic tests, ventilators, and personal protective equipment (PPE). However, not all medical devices are essential in the management of patients during the pandemic. Because of the dramatic drop in elective medical procedures, many of which are being postponed or cancelled so that hospitals can focus resources on treating COVID-19 patients, results in a drop in use of other products. When growth restarts, field forces, for both sales and support, will continue to encounter a challenging environment. Providers are likely to face significant ongoing challenges as they try to deal with deferred essential care and building capacity for new patients moving forward. Access to customers may continue to be partially restricted as healthcare systems will be recovering financially and likely be cautious with expenditures.

### 1.2.7 AXISCADES' Response to COVID-19

With Health and Safety of its employees and continuity of services to customer being at the core of AXISCADES' priorities, AXISCADES responded swiftly and proactively to address the COVID-19 challenges. Your Company took protection measures even before the lockdown decisions were announced by the government. AXISCADES deployed work-from-home facility worldwide and immediately activated its business continuity



plans which were prepared well in advance. The Company has demonstrated its agility and efficiency, by being able to continue delivery to its customers without any delay or disruption. AXISCADES intends to take advantage of new opportunities that will emerge.

The key strengths that underline the Company's resilience include:

- Design lead product life cycle partner to customers
- Proven ability to acquire-engage-scale large (100+ people) long-term customers.
- Leverage Make in India & Defense Offsets
- Emerging outsourcing space
- Deep domain expertise in all verticals that we operate in
- Enviable track record of delivering high-quality services & solutions on-time

## 2. COMPANY OVERVIEW

AXISCADES is a leading technology solutions provider, catering to companies in diverse industries, such as aerospace, defence & homeland security, automotive, heavy engineering, industrial products, energy, semiconductor and medical & healthcare. AXISCADES is a preferred engineering partner for global OEMs with complex supply chains, mission-critical applications and highly advanced technologies. The Company supports customers across their entire value chain, from concept design to manufacturing to after-market solutions.

AXISCADES' comprehensive engineering capabilities and offerings include:

- Mechanical & electrical engineering solutions: Product design & definition, 3D CAD modeling, simulation & analysis, value engineering, harness design & routing, optimization, etc.
- Electronics and embedded systems: Hardware & software engineering, application S/W & Mobile apps development, avionics, control systems, telematics, autonomous mobility, test solutions, system integration, simulators etc.
- Manufacturing engineering solutions: Virtual Manufacturing, 3D Facility Layout Design & Transformation, Assembly Process & Capacity Planning, Prototyping & Production support, Quality and Supply Chain Support, Manufacturing execution systems, Shop floor automation, Industrial Internet of Things (IIoT), Non-Conformance Engineering, Tool & Mold Design, etc.
- Digital solutions: Enterprise Systems Integration, Artificial Intelligence (AI), Machine Learning (ML), Augmented / Virtual Reality (AR/VR), IoT, Advanced Analytics, etc.
- Business consulting: Product throughput & productivity, business process design, etc.
- After-market solutions: Repair, Modifications / Upgradation & Life Extension, Obsolescence Management, Technical publications, Platform migration, Reverse engineering, etc.

AXISCADES' ability to deliver end-to-end engineering solutions and products across the globe is amply illustrated by the eight Offshore Development Centre (ODC) operations managed by the Company. It has a pool of 1,750+ highly-skilled engineers spread across 15 Global Engineering Centres (GECs) in North America, Europe, and Asia Pacific, including proximity GECs based in Toulouse, Hamburg, Augsburg, Donauworth, and Copenhagen. The average experience of its engineers is more than seven years with the best mix of engineering, domain and digital capabilities. Besides, the Company also has a sizeable network of relationship managers and consultants based out of its sales offices and client locations. AXISCADES is trusted by its clients to always work in perfect collaboration, stay committed to quality processes and industry best practices, and achieve the desired technical and business objectives. The Company's license for defence manufacturing and position as a preferred India offset partner further enable it to collaborate with global OEMs for manufacturing or sourcing from India, either in defence or other verticals. The Company is headquartered in Bengaluru and is publicly listed on the BSE (532395) and National Stock Exchange (AXISCADES).

## 3. STRATEGY

AXISCADES is committed towards delivering value to its customers in the current changing environment. In this regards we have consistently strengthened our capabilities through strategic collaborations. This has helped us offer wider range of offerings to our customers. We work very closely with our customers and offer them unparalleled support to deliver unconventional solutions that meet their diverse and evolving needs. Our footprints in digital technologies have helped us diversify our capabilities and has allowed us to become an end to end service provider. We partnered our customers, right from conceptualisation to the final product delivery. We have been investing on enhancing the competency of our teams, retaining the key employees and attracting the best available talent.

### 3.1 Business

- Expand digital services offering to existing clients
- Focus on addition of new clients in digital offerings
- Explore the growth potential in Energy and Automotive vertical
- Expand and strengthen industry 4.0 and digital offerings
- Advance healthcare, life science and energy, and environment verticals.

### 3.2 Technology

- Investment in Integrate digital technologies such as AI and ML along with core engineering services to address the digital engineering paradigm, which is the most strategic need of the customers; similarly, leverage digital competencies to strengthen IIoT and Industry 4.0 offerings
- Focus on innovation and technology to address requirement changes of customers

- Focus on automation of the delivery process and utilise machine learning solutions for internal use to improve efficiency
- Maintain the Balance between the revenue portfolio with higher growth in Embedded and PLM offerings vis-à-vis core product engineering solutions
- Develop and advance technology in radar, electronic warfare, drones, cyber security and other niche areas for defence and homeland security
- Focus on making products and solutions digital ready for a smart and connected future
- To create cleaner and sustainable future, enable green technologies and processes in our offerings

### 3.3 Industry

- Specialise and concentrate on digital offerings across the verticals
- Build the partnership with OEMS by capitalising the offset expertise
- Focus on in-house innovation to develop products in new age technology areas for industry specific solutions
- Develop 'Engineering Stack' for offering targeted digital engineering solutions for each of the above verticals.
- Collaborate extensively and consolidate the partner ecosystem for robust industrial organisations.

### 3.4 Talent Pool & Reach

- Expand the sales team to approach new customers and expand offerings to existing clients
- Expand footprint in key growth geos specially in North America and Europe, along with focus on APAC region
- Form R&D partnership with key academic institutions across the world to make company ready for future
- Form alliances with specialist companies in digital technologies which is key growth area

## 4. BUSINESS MODEL

AXISCADES' customer centric business model creates value through best in industry skills and global delivery management approach. It helps the Company offer distinct and high impact solutions leading to greater trust and higher wallet share from each client. Its GECs help offer a balanced value proposition of optimized costs, lower programme risks, shorter product development lifecycle, and sustainable innovation to its customers.

## 5. STRENGTHS

- More than three decades of experience in delivering value to partners
- AXISCADES has several top-tier, Fortune 500 companies in its customer portfolio that are leaders in their respective verticals.
- AXISCADES has proven itself as a reliable, long term partner as seen in its repeated business rate.
- AXISCADES has expertise in the ER&D space across six different domains and can offer end-to-end offerings to qualify as a strategic partner.
- Flexible business model (onshore, nearshore and offshore)
- Experienced team of 1750+ professionals

AXISCADES is committed to deliver quality to its customers. Various certifications acquired by AXISCADES and its subsidiaries are ISO9001:2015, ISO27001:2013, AS9100D, ISO13485, CMMI and DO-178B certifications. Besides, it has accomplished compliance with global industry standards and secured authorisations/licenses, such as AUTOSAR, A1020, and India Offset Partner.

## 6. OPERATIONAL HIGHLIGHTS

### 6.1 Business highlights

- 7 new customers added
- Launched three new products – Elevated Skin Temperature Sensor, Social Distancing Application and Remote Operations Desk
- Received additional orders from a defence OEM
- Forged partnerships with niche companies to address upcoming opportunities in Strategic technologies.

### 6.2 Operations by region

- North America (46% of Group revenues) compared to 42% in FY20
- Europe (33% of Group revenues) compared to 41.4% in FY20, mainly due softness in Aerospace vertical due to Covid-19 Pandemic
- Asia Pacific (21% of Group revenues) compared to 17.3% in FY20,

### 6.3 Operations by business

- Aerospace: Due to Covid-19 pandemic, Aerospace vertical de-grew by 44% Y-o-Y.
- Heavy engineering: Heavy Engineering contributes 42% of group revenue in FY21. Due to softness in demand due to Covid-19, Heavy Engineering vertical de-grew by 14% Y-o-y.
- Strategic technology solutions: Contributed ~30% of group revenue in FY21. It declined by 8.4% Y-o-Y due to lockdown announced by countries on account of Covid-19.

## 7. FINANCIAL PERFORMANCE

Despite the pandemic and challenging environment, the Company maintained EBITDA margin of 14.6%, same as last year. Adjusted Profit after Tax (PAT) stands at 3.6% in FY21 compared to 4.5% in FY20, despite the decline in top line by 22% due to Covid-19 pandemic. During the year the company took various cost rationalization measures and prioritized spending for investment in services & expanded offerings. This stellar performance is a testament to the Company's approach from the start of the year to be agile, focus on execution and strengthen customer connects in the segments it operates in.

### 7.1 Financial Highlights

- Operating revenue de-grew 25% in US\$ terms and 22% in INR terms, mainly on account of decline in revenue in Aerospace vertical due to Covid-19 pandemic
- EBITDA Margin stands at ₹ 785 million at 14.6%
- Healthy cash generated from operations stands at ₹ 1,221 million compared to ₹ 649 million in FY20.
- Adjusted PAT stands at ₹ 196 million

- Cash & Cash equivalents and bank balance stands at ₹ 848 million compared to ₹ 702 million in FY20
- Reduction in Debt by 49% Y-o-Y, debt on the books stand at ₹ 728 million compared to ₹ 1,442 million in FY20.

## 8. KEY RISKS

Based on its nature of business, the company is exposed to specific set of risks, which have been proactively identified and the detailed risk management plan has been developed. The management team of AXISCADES is committed to effectively manage and mitigate the risk to achieve the goal and create value for shareholders.

After the assessment and estimation of these risks, they have been separated into transactional, strategic and external categories to develop an appropriate management and mitigation approach. Typically, transactional risks are managed through well-defined processes and internal controls. On the other hand, strategic and external risks need to be mitigated with approaches that involve enhancements to and through business strategy, operations and financial management, and human resource initiatives.

Key Risks	Risk Description	Mitigation Strategy
<b>Covid-19 Pandemic</b>	Covid-19 pandemic may severally impact company's revenue growth and profitability. Mainly for its key vertical.	<ul style="list-style-type: none"> <li>Implementation of health advisory</li> <li>Encourage and enable employees to work from home</li> <li>Diversification of revenue across different segments and Geographies</li> <li>Continued interaction and ongoing engagement with Customers</li> </ul>
<b>Technology Changes</b>	The fast pace of change in the industry, disruptive technologies, evolving customer needs in changing the operating environment, etc. may lead to a mismatch in terms of the solutions needed by the customers and those offered by AXISCADES, which causes slippage in performance.	<p>Continued interaction by Dedicated client relationship teams that can develop a significantly better understanding of client's needs and operating environment. Focus on innovation and development of solutions</p> <ul style="list-style-type: none"> <li>Market research to keep abreast of emerging client needs and new technologies that can affect client's, and Company's, operating environment by reducing costs or increasing productivity or fundamentally disrupting business models</li> <li>Partnerships with technology partners, internal R&amp;D, institutionalised knowledge building and skill development to develop capabilities in line with technological changes and strengthen the value proposition to keep ahead of the competition.</li> </ul>
<b>Cyber Security Risk</b>	In today's world cyber security risk could lead to cyber attack on business. This could lead to loss of data and reputation	<ul style="list-style-type: none"> <li>Strict enforcement of a comprehensive IT Security Management framework covering systems, processes, manpower and overall infrastructure</li> <li>Campaign on Cyber Security awareness for all employees</li> <li>Regular audit and reviews of security management</li> </ul>
<b>Currency Valuation risk</b>	Company earns major of its revenue in other than Indian rupees. Fluctuation in currency may adversely impact result of operation	<p>Apart from the natural hedges through costs and liabilities in the currencies which AXISCADES has exposure to, the FOREX valuation risk can be managed and mitigated through:</p> <ul style="list-style-type: none"> <li>Diversification in regional markets by increasing the exposure to a wider basket of currencies.</li> <li>Development of a risk management policy that involves proactive hedging of incremental exposures through available financial instruments</li> </ul>
<b>Human resource risk</b>	Increase in attrition rate	<ul style="list-style-type: none"> <li>Increased employee engagement activities and interaction to curb the attrition</li> <li>Focus on Hiring</li> </ul>
<b>Changes in Travel rules and policy</b>	Any changes in immigration law can impact our project delivery	Focus on local hiring
<b>Competition risk</b>	We may see lot of competition from other players which may impact the performance of the company	Expanding our offerings in newer space to provide end to end services to our clients.

# Board's Report

To,  
The Members,

Your Directors have pleasure in presenting the 31st 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, 2021. The Consolidated performance of the Company and its subsidiaries has been referred to, wherever required.

## 1. FINANCIAL RESULTS

Particulars	(₹ Lakhs)			
	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Total income	<b>13,516.58</b>	23,475.01	<b>53,830.73</b>	68,048.18
Total expenditure (before interest & depreciation)	<b>12,583.93</b>	20,335.25	<b>45,984.65</b>	58,121.19
Earnings before interest, depreciation, amortization and extra-ordinary items	<b>932.65</b>	3,139.76	<b>7,846.08</b>	9,926.99
Interest & finance charges	<b>1500.77</b>	1,893.31	<b>2,250.40</b>	2,830.39
Depreciation & amortization	<b>1,202.59</b>	1,346.94	<b>2,598.58</b>	3,273.78
Earnings/before Tax and Exceptional Items	<b>(1,770.71)</b>	(100.49)	<b>2,997.10</b>	3,822.82
Share in net profit/(Loss) of associate	-	-	<b>44.76</b>	15.72
Exceptional item	<b>(4,645.10)</b>	-	<b>(4,079.80)</b>	0.00
Profit/(Loss) before Tax (PBT)	<b>(6,145.81)</b>	(100.49)	<b>(1,037.94)</b>	3,838.54
Provision for Tax – Current & Deferred	<b>(91.00)</b>	347.83	<b>1,082.61</b>	809.03
Net Profit/(Loss) after Tax (PAT)	<b>(6,324.81)</b>	(448.32)	<b>(2,120.55)</b>	3,029.51
Minority Interest	-	-	<b>45.84</b>	54.10
Profit/(loss) for the period	<b>(6,324.81)</b>	(448.32)	<b>(2,166.39)</b>	2,975.41

### PERFORMANCE REVIEW

During the last Financial year, the Company faced challenges in its key vertical i.e. in aerospace, heavy engineering, industrial products and auto industry due to Covid-19. The Company saw improvement in its key vertical from Q4FY21 onwards. The Engineering services revenue has shown improvement from Q4FY21 onwards and the company is expected to perform better in FY22 compared to FY21. The Strategic Technologies vertical was impacted mainly due to disruption in supply chain due to Covid. The company is expected to show positive momentum with the conversions of defence contracts and expectation of key wins in FY22. The Management has implemented various cost reduction initiatives and the impact of these measures are already visible. The Company is also recovering from the impact of COVID pandemic.

### FINANCIAL HIGHLIGHTS – STANDALONE

Total Income decreased by 42.42% in 2020-21. EBIDTA decreased by 70.30 % to ₹ 932.65 lacs in 2020-21. Loss before tax and exceptional items is ₹ 1770.71 lacs in 2020-21. Net loss after tax is ₹ 6,324.81 lacs in 2020-21.

### FINANCIAL HIGHLIGHTS – CONSOLIDATED

Total Income decreased by 20.89 % to ₹ 53,830.73 lacs in 2020-21. EBIDTA decreased by 20.96 % to ₹ 7,846.08 lacs in 2020-21. Profit before tax and exceptional items decreased from ₹ 3,838.54 lacs to 3,041.86 in 2020-21. Net Profit/(loss) after tax, before minority interest, decreased by 156.77 % to ₹ 1747.07 lacs in 2020-21.

### RESERVES

The Company has not transferred any amount to its reserves for the Financial Year ended March 31, 2021.

### 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 2020-21.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Investments, loans or guarantees covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in the Annual Report. The details, if any, form part of Annexure-1 AOC-2.

### 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 of 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](http://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 National Company Law Tribunal, Bengaluru Bench at Bengaluru vide their Order dated March 8, 2019 has approved the Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited and their respective shareholders. The Scheme has also been filed with the National Company Law Tribunal, Mumbai for approval.

Pending necessary approval from NCLT Mumbai Bench, no effect is given to aforesaid scheme of amalgamation.

## BUSINESS STRUCTURE

### SUBSIDIARIES

The Company has the following subsidiaries:

#### Overseas Subsidiaries

Sl. No	Name of the subsidiary	Location/Country	%age Shareholding
1	AXISCADES, Inc.	Peoria, Illinois USA	100%
2	AXISCADES UK Ltd.	Leicestershire, UK	100% shares held by AXISCADES Inc.
3	AXISCADES 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) Pvt. Ltd. (CSTI)	Bengaluru, India	76%
2.	AXISCADES Aerospace & Technologies Pvt. Ltd. (ACAT)	Bengaluru, India	100%
3.	AXISCADES Aerospace Infrastructure Pvt. Ltd. (AAIPL)	Bengaluru, India	100 % 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	42.91% (read together with note 6(b) of the Standalone Financial Statement)
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.

During the quarter ended June 30, 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA aggregating ₹ 7,213 lakhs as the scheme of merger has not yet been approved. The shareholders have also demanded an interest of ₹ 1,431 lakhs at the rate of 12% per annum on account of delay in payment of the aforesaid purchase consideration. The Company believes that Explosoft did not take steps that were required by Explosoft to diligently prosecute the application for merger before the NCLT Mumbai so as to bring it to completion and accordingly the claim for interest by Explosoft is not tenable.

The Company has initiated arbitration proceedings against shareholders of MSPL and MSPL and the Arbitral Tribunal vide its interim order dated August 28, 2020 has asked to maintain the status quo with respect to shareholding in MSPL and has ordered shareholders of Mistral not to seek dismissal or rejection of abovementioned application for merger till further orders are issued by the Arbitral Tribunal. Additionally, both the parties are ordered to maintain status quo with respect to the existing constitution of the Board of Directors of MSPL. The matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently.

Further the Company's name stands changed to AXISCADES Technologies Limited w.e.f. November 10, 2020.

#### 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.

The Company has incorporated a Joint Venture Company in the name of ASSYSTEM AXISCADES Engineering Pvt. Ltd., on 31.08.2018, having its registered office in Hyderabad. The Company holds 50% stake in this Company and is an associate Company 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 & Associate as per rule 8(1) of Companies (Accounts) Rules 2014 is furnished under the statement containing salient features of financial statements of subsidiaries & Associate 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](http://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 Indian Accounting Standards (IND 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. Sharadhi Chandra Babupampapathy Executive Director, retire by rotation, and being eligible, offers himself for re-appointment.

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

Mr. Dhiraj Mathur & Mr. DR Dogra, were appointed as Directors (Non Executive Independent) w.e.f. 29th September 2020.

### Induction and cessation of Directors and KMP

SI No	Name of the Director	Category	Date of Appointment / reappointment	Date of Approval by Shareholder	Date of Resignation / cessation
1.	Mr. David Walker	Non-Executive Director Non-Independent	29.06.2020	29.09.2020	-
2.	Mr. Kailash M. Rustagi	Independent Director	-	-	30.09.2020
3.	Mr. Pradeep Dadlani	Independent Director	-	-	30.09.2020
4.	Mr. Desh Raj Dogra	Independent Director	29.09.2020	29.09.2020	-
5.	Mr. Dhiraj Mathur	Independent Director	29.09.2020	29.09.2020	-

## HUMAN RESOURCES DEVELOPMENT

The Company is committed to build an environment and 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. Many continuous training and employee development programs are put in place. The Company is committed to provide a safe and healthy work environment to all the employees.

The Employee strength of the Company, on consolidated basis stood at 1,886 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.

*\*Pursuant to the change of the name of company from AXISCADES Engineering Technologies Limited to AXISCADES Technologies Limited, the name of both the schemes stands changed to*

**AXISCADES ESOP 2018- Series 1 and AXISCADES ESOP 2018- Series 2**

The Nomination & Remuneration Committee granted 7,52,300 ESOPs to the employees in 2019 under ESOP Series 2 & Board granted 27,67,777 ESOPs (5,64,315 ESOPs are subject to shareholders approval) under Scheme 1 & 2 on recommendation of Nomination & Remuneration Committee.

Further the Board has approved increasing the pool of ESOPs by 10,00,000\*\* equity shares (including 5,64,315), by way of variations in the terms of existing ESOP schemes series 2 (clause 14.1 & 14.3), which will be effective on receiving Shareholders approval in the ensuing Annual General Meeting and other regulatory approvals.

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:

\*\*this has been further increased to 26,43,167 shares by the Board in its meeting dated 7th August 2021, subject to shareholders' approval in the forthcoming AGM.

Particulars	AXISCADES ESOP 2018 -Series 1	AXISCADES ESOP 2018 -Series 2
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		
Date of shareholders' approval		31 March 2018
Total number of options approved under ESOS	15,10,381	15,10,381
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.
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.	
Maximum term of option granted	Exercise period would be eight years from the date of grant of options	
Source of shares (primary, secondary or combination)	Primary	
Variation in terms of options	None	

The general terms and conditions of the said grant are as follows:

Grant	First Grant (29.04.2019)	Second Grant (20.05.2019)	Third Grant (05.02.2021)
Total number of Options approved and granted	7,52,300*	1,50,000	22,03,462 5,64,315**
Exercise price per option	₹ 52.65	₹ 52.95	₹51.20
Maximum term of Options Granted	8 Years from grant date	8 Years from grant date	8 Years from grant date
Source of Shares	Primary	Primary	Primary
Options vested/Vesting Schedule	50% of the options vest on the 29th April, 2020 50% of the options vest on the 29th April, 2021	50% of the options vest on the 20th May, 2020 50% of the options vest on the 20th May, 2021	1/3rd of the options vest on or after 5th February, 2022 subject to meeting the performance criteria as specified by NRC 1/3rd of the options vest on the 5th February, 2023 subject to meeting the performance criteria as specified by NRC 1/3rd of the options vest on the 5th February, 2024 subject to meeting the performance criteria as specified by NRC
Number of options outstanding at the beginning of the period	7,27,300	1,50,000	Nil
Number of options granted during the year			22,03,462 (including 85,000 regranted) 5,64,315**
Number of options forfeited / lapsed during the year*	85,000	Nil	NA
Number of options vested during the year	6,67,300	1,50,000	NA
Number of options exercised during the year	NIL	NIL	NA
Number of shares arising as a result of exercise of options	NA	NA	NA
Money realized by exercise of options (₹), if scheme is implemented directly by the company	NA	NA	NA
Loan repaid by the Trust during the year from exercise price received	NA	NA	NA
Number of options outstanding at the end of the year	6,67,300	1,50,000	22,03,462 (including 85,000 regranted) 5,64,315**
Number of options exercisable at the end of the year	6,67,300	1,50,000	NA
Variation in terms of Options	None	None	None
Method of Settlement	Equity	Equity	Equity

\*ESOP lapsed 85,000 and regranted in third grant

\*\* ESOP of 5,64,315 is subject to Shareholders' approval

Employee wise details of options granted during the year

Options Granted to	First Grant	Second Grant	Third Grant
Senior Managerial Personnel	17,500	1,50,000	9,83,825 5,64,315**
Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None	None	None
Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant	None	None	CEO & CFO 2.61% 1.49%**

\*\* ESOP of 5,64,315 (1.49%) is subject to Shareholders' approval

#### Description of method and significant assumptions used to estimate the fair value of options granted during the year

No option has been exercised during the financial year 2020-2021. However the fair value of above options has been estimated using Black-Scholes Option pricing model.

#### 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 of compliance of conditions of corporate governance is also appended to the report.

#### MEETINGS OF THE BOARD

The Board of the Company met five 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 3 members namely, Mr. DR Dogra, Mr. Dhiraj Mathur, Independent Directors and Mr. David Bradley, Non-Executive Director. 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 and that their names have been included in the databank of Independent Directors and are compliant with the prescribed regulations. The terms and conditions of appointment of Independent Directors are placed on the website of the Company at [www.axiscades.com](http://www.axiscades.com)

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

The Board of Directors have 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](http://www.axiscades.com).

#### POLICY ON DIRECTORS' 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 2020-21, no complaint was received. The Company has an Internal Complaints Committee in compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **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 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 2020-21. 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.

##### **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.

##### **ANNUAL RETURN**

The Annual Return of your Company as on March 31, 2021, prepared pursuant to Section 92 of the Companies Act 2013 and the Rules made thereunder, in Form MGT-7 is available on the website of the Company at [www.axiscades.com](http://www.axiscades.com) at the link [https://www.axiscades.com/investors\\_data/annual\\_report/Annual%20Return-FY21-sep-21.pdf](https://www.axiscades.com/investors_data/annual_report/Annual%20Return-FY21-sep-21.pdf).

##### **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](http://www.axiscades.com).

The salient features of which are as under:

- CSR activities are based on three broad indicators of development namely Human Capital, Social Capital, Economic Capital
- We recognize the need to work in partnership with other players as well.
- The CSR Committee is responsible to formulate and recommending changes to the policy indicating the activities to be undertaken including Monitoring and reviewing CSR activities
- Transparent Monitoring

The annual report on CSR activities is furnished in 'Annexure VII' 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)**

	<b>2020-21</b>	<b>2019-20</b>
Foreign Exchange Earnings (actual inflows)	<b>14,684.48</b>	21,402.15
Foreign Exchange Outgo (actual outflows)	<b>6,605.11</b>	10,155.59

#### **Technology Absorption**

The Company has not engaged 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**

With reference to the MCA circulars and SEBI circular dated January 15, 2021 read with circular dated May 12, 2020, this year the Company is dispensed with the printing and dispatch of Annual Reports to the Shareholders due to Covid-19 pandemic. Electronic copies of the Annual Report are sent to all the members whose email address 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

Place: Bengaluru  
Date: 11.06.2021

Sd/-  
**Sharadhi Chandra Babupampapathy**  
CEO & Executive Director

Sd/-  
**Sudhakar Gande**  
Director

# 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	Assystem Axiscades Engineering Pvt. Ltd.	Indian Aero Ventures Pvt. Ltd.
(b)	Nature of relationship	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Associate JV company	Fellow Subsidiary
(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	Service contract/ Cross charge transactions/ ICD	Service contract / Cross charge transactions	Inter-corporate Deposits	Service contract & Cross charge	
(c)	Duration of the contracts/ arrangements/ transaction	1. 36 Months from 1st Apr 2019 in respect of sale of services on ongoing basis 2. Other transactions on ongoing basis	1. 36 Months from 1st Apr 2019 in respect of sale of services on ongoing basis 2. Other transactions on ongoing basis	1. 36 Months from 1st Apr 2019 in respect of sale of services on ongoing basis 2. Other transactions on ongoing basis	1. 36 Months from 1st Apr 2020 in respect of sale of services	On assignment basis		36 months w.e.f. 21.12.2020		Old dues, pursuant to Merger in 2016, written back
(d)	Salient terms of the contracts or arrangements or transaction including the value, if any Value of transactions during the year. (₹)	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 30days	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			Interest 7% p.a.		
	1. Sale of services	20,85,18,106.19	36,68,858.12	6,53,82,710.25	32,401.89	60,000.00	1,72,89,655.85	-	63,59,836.00	-

CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

Sl. No.		Details									
No.	Particulars	75,51,594.00	1,85,378.40	12,15,971.69	-	-	-	-	-	-	-
2.	Expenses incurred on behalf of										
3.	Software subscription charges incurred by	29,57,814.76	-	-	-	-	-	-	-	-	-
4.	Salaries, wages and bonus incurred on behalf of	1,94,70,765.38	-	47,32,530.93	-	-	-	-	-	-	-
5.	Salaries, wages and bonus recovered / staff welfare expense incurred by	25,76,704.04	1,25,28,667.37	-	-	6,82,456.00	-	-	-	-	-
6.	ICD Repaid	-	-	-	-	2,10,00,000	-	-	-	-	-
7.	Interest income	-	-	-	-	6,02,038.00	-	-	-	-	-
8.	Services received from	-	-	-	-	3,32,000.00	-	-	-	-	-
9.	Interest Expenses	-	-	-	-	-	-	21,11,644.00	-	-	-
10.	Rent expense charged to	-	-	-	-	-	-	-	-	65,13,600	-
11.	Liability written back	-	-	-	-	-	-	-	-	-	27,82,000
(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 and Board wherever required. ICD Transaction is approved by the Audit Committee and Board.									
(f)	Amount paid as advances, if any	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Sd/-  
**Sharadhi Chandra Babupampapathy**  
 Chief Executive Officer & Executive Director

Sd/-  
**Sudhakar Gande**  
 Director

Date: 11.06.2021  
 Place: Bengaluru

Sd/-  
**A.Srinivas**  
 Chief Financial Officer

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES /JOINT VENTURES  
(Pursuant to first proviso to Sub Section (3) of Section 129 of the Companies Act 2013, read with Rule 5 of the Companies (Accounts) Rules 2014 (AOC-1)**

# Annexure - II

**PART A- SUBSIDIARIES**

	AXISCADES Inc. (USA)	AXISCADES UK Ltd. (UK)	Axis Mechanical Engineering Design (Wuxi) Co. Ltd. (China)	AXISCADES Technology Canada Inc. (Canada)	AXISCADES GmbH (Germany)	Cadec 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 Pvt Ltd.	Aero Electronics Pvt Ltd.	Mistral Technologies Pvt Ltd.	Mistral Solutions Inc.
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Financial period ended	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21
	Date of acquisition of Control	2004	07-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
2	Reporting currency and Exchange rate	USD											
	2.1 Reporting Currency		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 (closing rate)	73.2344	11.1610	58.1007	85.8797	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	73.2344
	2.2 Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Average rate)	74.1938	10.9556	56.1970	86.6793	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	74.1938
3	Share capital	22,47,227	4,50,476	100	25,000.00	62,50,000	16,83,85,120	4,17,25,330	1,36,58,690	1,92,16,850.00	1,00,000	1,00,000	6,43,600.00
4	Reserves & surplus	4,96,151	(14,18,646)	51,34,260	36,732	20,02,98,000	1,14,89,48,000	73,88,51,000	34,03,05,000	1,10,80,12,189.69	(16,18,593.44)	7,27,24,048.06	3,08,675.00
5	Total assets	60,18,346	17,88,626	68,52,302	89,042	31,14,35,000	2,06,24,61,000	82,68,50,000	40,94,70,000	1,53,79,57,981.08	3,92,69,296.17	7,82,69,143.55	18,62,851.00
6	Total Liabilities*	27,43,378	(9,68,170)	51,34,360	61,732	20,65,48,000	1,31,73,33,120	78,05,76,330	35,39,63,690	1,12,72,29,040	(15,18,593)	7,28,24,048	9,52,275
7	Investments	5,18,100	-	-	-	4,33,62,000	1,06,34,77,802	12,03,00,000	-	29,45,47,000	-	6,79,96,600.06	-
8	Turnover	1,72,91,467	5,32,034.00	61,95,690	2,09,440	18,28,37,000	82,98,43,000	-	-	1,25,55,41,563.97	0	1,31,92,419.00	35,39,313.00
9	Profit before taxation	9,73,773	(2,67,937)	99,823	4,031	2,61,45,000	18,24,97,000	(9,38,000)	40,22,000	20,31,58,000.00	(1,61,475.44)	46,19,659.11	2,73,828.00
10	Provision for taxation	2,47,800	-	27,893	(2,777)	70,46,000	3,06,28,000	-	-	5,11,11,195.00	0	13,35,115.00	58,304.00
11	Profit after taxation	7,25,973	(2,67,937)	71,931	6,808	1,90,99,000	15,18,69,000	(9,38,000)	40,22,000	15,20,46,805	(1,61,475)	32,84,544	2,15,524
12	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	76%	100%	100%	51.84 %	42.91%	100%	100%	100%
			Subsidiary of AXISCADES Inc.					Subsidiary of ACAT	Subsidiary of ACAT and 48.16% Subsidiary of AAIPL	Subsidiary of Mistral Solutions Pvt.ltd.	Subsidiary of Mistral Solutions Pvt.ltd.	Subsidiary of Mistral Solutions Pvt.ltd.	Subsidiary of Mistral Solutions Pvt.ltd.

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

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

1. AXISCADES Inc : The revenue reduced by 25.19 % as compared to last year due to impact of Covid, the profits have decreased in line with revenue
2. AXISCADES UK Ltd: The revenue decreased 3.7% due to change in customer budgetary allocation. The Profits have increased due to reduction in employee cost and other expenses.
3. AXISCADES Technology Canada Inc: The revenue decreased by 8% as compared to previous year due to Ccovid effect at customer end. The profit came down due exchange fluctuation loss and increase in communication cost.
4. Cades Studec: The Revenue has reduced by 14% due to Covid effect .
5. Axis China: The revenue for the year has de-grew by 85.1% in INR terms due to Covid impact. The losses have reduced due to decrease in employee benefit expenses and other expenses.
6. AXISCADES GmbH : The revenue decreased by 65.29 % compared to last year. The outsourcing cost has also come down by 65%.
7. AXISCADES Aerospace Technologies Pvt. Ltd: The Operating revenue has decreased by 14.27% during the year due to Covid effect. The profit has increased due to reduction in employee cost and increase in other income.
8. AXISCADES Aerospace Infrastructure Pvt Ltd.: There is no revenue in the company.
9. Enertec Controls Limited: The rental income for the year is ₹ 110.08 Lakhs. The net profit after tax for the year was ₹ 40.22 lakhs as against 58.37 lakhs in the previous year.
10. Mistral Solutions Private Limited.: Revenue for the year was ₹ 125.55 Cr., there was no growth due to impact of Covid-19.
11. Aero Electronics Private Limited.: This is a 100% subsidiary of Mistral Solutions Private Limited and there is no revenue for the period
12. Mistral Technologies Private Limited: This is a 100% subsidiary of Mistral Solutions Private Limited and revenue for the period is ₹ 1.32 Cr.
13. Mistral Solutions Inc: This is a 100% subsidiary of Mistral Solutions Private Limited and revenue for the year improved to ₹ 26.26 Cr.
14. Mistral Solutions Pte Ltd is a company incorporated in Singapore and is a wholly owned subsidiary of Mistral Solutions Private Limited. It is a dormant company. It has only a liability of S\$15000.

For and on behalf of the Board of Directors

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer & Executive Director

Sd/-

**Sudhakar Gande**

Director

Sd/-

**A. Srinivas**

Chief Financial Officer

Sd/-

**Shweta Agrawal**

Company Secretary

Date: 11.06.2021

**PART B ASSOCIATES AND JOINT VENTURES****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates or Joint Ventures	ASSYSTEM AXISCADES ENGINEERING PRIVATE LIMITED
1. Latest audited Balance Sheet Date	March 31, 2021
2. Date on which the Associate or Joint Venture was associated or acquired	August 31, 2018
3. Shares of Associate or Joint Ventures held by the company on the year end No.	4,54,999
Amount of Investment in Associates or Joint Venture	227.5 Lacs
Extent of Holding (in percentage)	50%
4. Description of how there is significant Influence	The Company has 2 directors out of total 5 directors on the Board. The Company has the right to veto certain decisions.
5. Reason why the associate/ joint venture is not consolidated	The operational control is with the other equity partner in the company
6. Net worth attributable to shareholding as per latest audited Balance Sheet (Audited)	₹ 233.47 Lacs
7. Profit/(Loss) for the year (Audited)	₹ 76.87 lacs
i. Considered in Consolidation	₹ 38.43 lacs
ii. Not Considered in Consolidation	₹ 38.43 lacs

- Names of associates or joint ventures which are yet to commence operations: None
- Names of associates or joint ventures which have been liquidated or sold during the year: None

For and on behalf of the Board of Directors

Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer & Executive Director

Sd/-  
**Sudhakar Gande**  
Director

Sd/-  
**A. Srinivas**  
Chief Financial Officer

Sd/-  
**Shweta Agrawal**  
Company Secretary

Date: 11.06.2021

## Annexure - III

### INDEPENDENT AUDITOR'S REPORT ON THE AXISCADES 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 Technologies Limited**  
(formerly 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 as amended, with AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited) (hereinafter the "Company").
2. As requested, we have examined the AXISCADES Employee Stock Option Plan 2018 - Series 1 & 2 (hereinafter referred as the "Schemes") of AXISCADES Technologies Limited (formerly 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- as amended (the "SEBI Regulations"). We understand that this report is required to be placed by the Board of Directors before the shareholders of the Company at the ensuing Annual General Meeting, relevant for financial year 2020-21 in accordance with the requirements of Clause 13 of the SEBI Regulations in respect of the Schemes. We also 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.

#### 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 Regulations and the resolutions passed at the Extraordinary General Meeting (through Postal Ballot) 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 Ballot)

held on March 31, 2018 noting the approval accorded to the Management to issue employee stock options to the employees and directors of the Company and its subsidiaries; and

- iii. Read the circular resolution dated April 29, 2019 and minutes of the meeting of Nomination and Remuneration Committee of the Board of Directors of the Company dated May 20, 2019, wherein, aggregate 9,02,300 options were granted to the eligible employees of the Company and its Subsidiaries out of which 85,000 options were lapsed during the year.
  - iv. Read the minutes of the meeting of Nomination and Remuneration Committee of the Board of Directors of the Company dated February 05, 2021, wherein, aggregate 22,03,462 options were granted to the eligible employees of the Company and its Subsidiaries and 5,64,315 options were proposed to be granted to the eligible employees of the Company and its Subsidiaries and is subject to shareholders approval.
  - v. Obtained necessary representations from management.
6. We conducted our examination of the Schemes 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, in our opinion, the Company has implemented the Scheme in accordance with the provisions of the SEBI 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 mentioned in paragraph 2. 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.

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

Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

Sd/-  
per **Sunil Gaggar**  
Partner

Place of Signature: Bengaluru  
Date: August 18, 2021

Membership Number: 104315  
UDIN: 21104315AAAABW3577



## 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.	Sharadhi Babu 15.51
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year	a.	Sharadhi Babu* Nil
		b.	A. Srinivas* Nil
		c.	Shweta Agrawal* Nil
(iii)	The percentage increase in the median remuneration of employees in the financial year.		4.14%
(iv)	The number of permanent employees on the rolls of the company		999
(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.		- 18.93% (excluding managerial personnel)
			- 18.40% (including managerial personnel)
			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.

\* There is no increase in the remuneration of Director or KMPs during FY 21, instead there was a deduction from the remuneration due to COVID 19 Pandemic during the year.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 11.06.2021

Sd/-  
**Sharadhi Chandra Babupampapathy**  
CEO & Executive Director

Sd/-  
**Sudhakar Gande**  
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 ₹ 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
Sharadhi Chandra Babu	CEO & ED	54,16,660	B. E. (E&C) P.G.D.B.A	27	21-01-2019	56	COO and Founder-Director, Adamyra Technocrats Pvt Ltd
Sriram Jayakrishna	VP-Delivery	1,07,94,996	BE	27	09-04-2015	48	Tata Technologies Ltd. (Aero Engineering & Design-Program Management)
Monsieur Sinnasse Canda	VP-Sales	99,11,291	MBA	34	01-10-2015	61	Bull – ATOS Technologies (Vice President)
Oliver Brotzki	General Manager	57,56,932	Graduated Mechanical Engineer	24	20-01-2012	52	3D Contech (Branch Manager)
Sreedhar Ellentala	Sr. VP	51,07,936	MBA (Marketing)	31	12-02-2009	57	HMRI (Head IT)
A. Srinivas	CFO	68,66,440	BE (Hons), MBA & CFA	25	07.06.2019	50	Avenue Capital Group
Felix Danam	Project Manager	60,82,634	Diplomas Universitaire en Technology. Genius Mécanique et Productique. MBA	3	02.05.2018	47	3D CONTECH, Hamburg
Babaji Vinay	Senior Engineer	53,55,451	BE Mech	6	13.01.2015	31	Novem Solution
Jayakumar Sugumaran	Assistant Technical Manager	47,19,382	BE Mech	9	16.01.2006	42	
Pierre Christophe Rousseau	Lead Engineer	46,31,787	Master in design and structural calculation at the Toulouse(France) University	20	01.06.2012	47	Segula Industrie Hansa

#### Employed for part of the year with an average salary of 8.5 lac per month and above- NIL:

##### 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.
4. None of the above employees is related to a Director except being Executive Directors themselves.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 11.06.2021

Sd/-  
**Sharadhi Chandra Babupampapathy**  
CEO & Executive Director

Sd/-  
**Sudhakar Gande**  
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 SEBI Listing Regulations 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 identify 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, in accordance with the criteria laid down
- Formulating Policy for remuneration for the Directors / KMPs and SMPs
- To specify the manner for effective evaluation of performance of Board, its committees and individual Directors as well as Key Managerial and Senior Management Personnel and review its implementation and compliance.
- Recommending appointment and removal of Directors, KMPs and SMPs to devise a policy on diversity of board of directors.

In order to achieve the aforesaid objectives the following policy has been originally formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 23rd June 2014 with first revision adopted on 9th September 2014 and second revision adopted on 27th June 2020.

### EFFECTIVE DATE:

The original policy is effective from 1st April, 2014. Any revision to the same shall be effective from the date of its adoption by the Board.

### 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 NRC shall comprise such Directors as approved by the Board of Directors. The Board has the power to reconstitute the NRC in conformity 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 & REMUNERATION OF DIRECTOR, KMP AND SENIOR MANAGEMENT

##### Policy for appointment and removal & remuneration of Directors, KMPs & SMPs:

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. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.

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 SEBI Listing Regulation.
  - The Committee shall carry out evaluation of performance of Board, its Committees, 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 or commission as per Companies Act, 2013. Provided that the amount of such sitting fees shall not exceed ₹ One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. Such director may

be paid remuneration either by way of a monthly payment or at specified percentage of the net profits of the company or partly by one way and partly by the other.

- An Independent Director shall not be entitled to any stock option of the Company.
- Remuneration to other employees would be as per the company policy as revised from time to time, and approved by CEO in consultation with Head-HR.

#### **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 Committee shall meet at least once a year.
- 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 31ST MARCH, 2021

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

To,  
The Members,  
**AXISCADES TECHNOLOGIES LIMITED**  
(Formerly 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 Technologies Limited (hereinafter called "the Company" "ACTL"). 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 the Company'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 March 31, 2021 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 the Company for the financial year ended on March 31, 2021 according to the provisions of:

1. The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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 – Not applicable as the Company has not invited and/or received any Foreign Directed Investment, Overseas Direct Investment and External Commercial Borrowings during the financial year under review;

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

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not applicable as the Company has not delisted / proposed to delist its equity shares from any stock exchange during the financial year under review;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – Not applicable as the Company has not bought back / proposed to buy back its securities during the financial year under review; and
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

#### OTHER APPLICABLE LAWS:

- i. Special Economic Zone Act, 2005
- ii. Software Technology Parks of India its Rules and Regulations
- iii. The Indian Copyright Act, 1957;
- iv. The Patents Act, 1970;
- v. The Trade Marks Act, 1999;
- vi. The Information Technology Act, 2000

We have relied on the representations made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the Composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance in compliance with statutory requirements, 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes book, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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. The company had entered into a share purchase agreement with Mistral Solutions Private Limited to acquire shares in phased manner. Phase I completed on 15th December 2017 and necessary intimation was made to the Stock Exchanges.

Phase II is under process, wherein company agreed to acquire another 44.62% equity shares of Mistral Solutions Private Limited through a scheme of merger with its shareholder Explosoft Tech Solutions Private Limited, and the same was disclosed in the secretarial audit report for the financial year 2018-19. The details of the Share purchase agreement were disclosed to the stock exchange on November 6, 2017.

The arbitration proceedings have been initiated by the Company with respect to the failure by Explosoft Tech Solutions Private Limited and its promoters to comply with their obligation under the agreement with respect to merger of Explosoft Tech Solutions Private Limited with AXISCADES Technologies Limited as part of the Phase II of the transaction. The arbitration proceeding is with respect to specific performance of the agreement and company has also claimed damages, with appropriate intimation to Stock Exchanges.

2. There were no instances of:
  - i. Public/Rights/Preferential issue of shares/debentures.
  - ii. Redemption / buy-back of securities.
  - iii. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
  - iv. Merger/amalgamation/reconstruction etc.
  - v. Foreign Technical Collaborations

For **Anant B Khamankar & Co.**

Sd/-

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198C000274581

Date: May 11, 2021

Place: Mumbai

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration Personnel) Rules, 2014]**

To  
The Members,  
**AXISCADES AEROSPACE & TECHNOLOGIES PRIVATE LIMITED**  
Plot No.14/15, 2nd Cross 2nd Main,  
Electronic City, 1 Stage  
Bangalore 560100

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AXISCADES Aerospace & Technologies Private Limited** (hereinafter called "the company"). 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 Aerospace & Technologies Private 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, 2021 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 Aerospace & Technologies Private Limited for the financial year ended on 31st March, 2021 according to the provisions of:**

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.

(vi) 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;

(vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to **AXISCADES Aerospace & Technologies Private Limited** as it is an unlisted company:

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(viii) **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 relied on the representations made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that:

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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:

- a. There were no instances of:
  - i. Public/Rights/Preferential issue of shares/debentures.
  - ii. Redemption / buy-back of securities.
  - iii. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
  - iv. Merger/amalgamation/reconstruction etc.
  - v. Foreign Technical Collaborations

For **Anant B Khamankar & Co.**

Sd/-

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198C000178991

Date: 26/04/2021

Place: Mumbai



**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration Personnel) Rules, 2014]**

To  
The Members,  
**AXISCADES Aerospace Infrastructure Private Limited**  
Jupiter Innovision Centre No. 54,  
Richmond Road  
Bangalore 560025

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AXISCADES Aerospace Infrastructure Private Limited (hereinafter called "the company"). 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 Aerospace Infrastructure Private 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, 2021 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 Aerospace Infrastructure Private Limited for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.
- (vi) 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;
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to AXISCADES Aerospace Infrastructure Private Limited as it is an unlisted company:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (viii) OTHER APPLICABLE LAWS:
  - (i) The Information Technology Act, 2000
  - (ii) Software Technology Parks of India its Rules and Regulations
  - (iii) The Indian Copyright Act, 1957
  - (iv) The Patents Act, 1970
  - (v) The Trade Marks Act, 1999

We have relied on the representations made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that:

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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. There were no instances of:
  - a) Public/Rights/Preferential issue of shares/debentures.
  - b) Redemption / buy-back of securities.
  - c) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
  - d) Merger/amalgamation/reconstruction etc.
  - e) Foreign Technical Collaborations

For **Anant B Khamankar & Co.**

Sd/-

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198C000178956

Date: 26/04/2021

Place: Mumbai

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration Personnel) Rules, 2014]**

To  
The Members,  
**ENERTEC CONTROLS LIMITED**  
Plot No.14/15, Electronic City,  
Hosur Road,  
Bangalore 560029

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Enerotec Controls Limited (hereinafter called "the company"). 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 Enerotec Controls 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, 2021 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 Enerotec Controls Limited for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.
- (vi) 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, to the extent applicable;

(vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to Enerotec Controls Limited as it is an unlisted company:

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

**(viii) 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 relied on the representations made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that:

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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. There were no instances of:
  - a) Public/Rights/Preferential issue of shares/debentures.
  - b) Redemption / buy-back of securities.
  - c) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
  - d) Merger/amalgamation/reconstruction etc.
  - e) Foreign Technical Collaborations

For **Anant B Khamankar & Co.**

Sd/-

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198C000179033

Date: 26/04/2021

Place: Mumbai

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration Personnel) Rules, 2014]**

To  
The Members,  
MISTRAL SOLUTIONS PRIVATE LIMITED  
60, Adarsh Regent, 100  
Feet Ring Road, Domlur,  
Bangalore-560071

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mistral Solutions Private Limited (hereinafter called "the company"). 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 Mistral Solutions Private 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, 2021 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 Mistral Solutions Private Limited for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.
- (vi) 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;
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to Mistral Solutions Private Limited as it is an unlisted company:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (viii) 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 relied on the representations made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that:

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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. The Company during the financial year 2020-2021 has allotted 8,000 (Eight Thousand Only) equity shares of ₹5 (Rupees Five Only) each fully paid up, on November 6, 2020 on exercise of

8,000 (Eight Thousand Only) Employee Stock Options granted under the Company's Employee Stock Option Plan 2010.

2. AXISCADES Technologies Limited (Holding Company) had entered into a share purchase agreement with the Company to acquire shares in phased manner. Phase I was completed on 15th December 2017. Phase II is under process, wherein AXISCADES Technologies Limited had agreed to acquire another 44.62% equity shares of the Company through a scheme of merger with its shareholder Explosoft Tech Solutions Private Limited, and the same was disclosed in the secretarial audit report for the financial year 2018-19.

The arbitration proceedings have been initiated between the Company and AXISCADES Technologies Limited with respect to the failure by Explosoft Tech Solutions Private Limited and its promoters to comply with their obligation under the agreement with respect to merger of Explosoft Tech Solutions Private Limited with AXISCADES Technologies Limited as part of the Phase II of the transaction.

For **Anant B Khamankar & Co.**

Sd/-

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198C000523850

Date: June 27, 2021

Place: Mumbai

# Annexure - VII

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

### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY –

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.

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.

### 2. COMPOSITION OF CSR COMMITTEE:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Pradeep Dadlani*	Chairman-Independent Director	-	-
2.	Mr. Desh Raj Dogra**	Chairman (Independent Director)	-	-
3.	Mr. Kailash Mohan Rustagi*	Independent Director	-	-
4.	Mrs. Mariam Mathew**	Member (Independent Director)	-	-
5.	Mr. Sudhakar Gande	Member (Non-Executive Director)	-	-

\* ceased to be the Directors and hence the members w.e.f. 30.09.2020

\*\*Inducted as member of CSR Committee w.e.f. 12.11.2020

During the year no meeting of the CSR committee was conducted but one circular resolution was passed by all the Committee members.

Taking reference from the amendment in Section 135(9) of the Companies Act, 2013, the CSR Committee stands dissolved w.e.f. 11.06.2021 and the functions of such Committee provided under this section shall be discharged by the Board of Directors of such company.

### 3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company -

[https://www.axiscades.com/investors\\_data/corp\\_gov\\_report/ACTL\\_CSR%20Policy-26-jun-2021.pdf](https://www.axiscades.com/investors_data/corp_gov_report/ACTL_CSR%20Policy-26-jun-2021.pdf)

### 4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) –

**Impact assessment is not applicable during the year.**

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any –

**Not Applicable**

### 6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5).

The average net profit / (loss) for the last three financial years ended is (₹ 636, 00,331.15).

### 7. (a) Two percent of average net profit of the company as per section 135(5) - (₹ 12, 72,107).

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - **Nil**

(c) Amount required to be set off for the financial year, if any **Nil**

(d) Total CSR obligation for the financial year (7a+7b7c). – **Nil**

### 8. (a) CSR amount spent or unspent for the financial year: **Not Applicable**

(b) Details of CSR amount spent against ongoing projects for the financial year: **NIL**

(c) Details of CSR amount spent against other than ongoing projects for the financial year: **NIL**

(d) Amount spent in Administrative Overheads - **Nil**

(e) Amount spent on Impact Assessment, if applicable - **Nil**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - **Nil**

(g) Excess amount for set off, if any – **Not Applicable**

Sl. No.	Particular	Amount (in ₹)
1.	Two percent of average net profit of the company as per section 135(5)	(₹ 12, 72,107)
2.	Total amount spent for the Financial Year	NA
3.	Excess amount spent for the financial year [(ii)-(i)]	NA
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **NIL**
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). – **Not Applicable**
- (a) Date of creation or acquisition of the capital asset(s).
- (b) Amount of CSR spent for creation or acquisition of capital asset.
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **Not Applicable**

Sd/-

**Sharadhi Chandra Babupampapathy**

CEO & Executive Director

Sd/-

**Mr. Desh Raj Dogra**

Chairman CSR Committee

Sd/-

**Mr. Sudhakar Gande**

Non-Executive Director



# Report on Corporate Governance

*Good Corporate Governance is about being proper to prosper. The Governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interest of individuals, corporations and society. 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, 2021, the Company has seven directors. Out of these seven Directors, six (85.71%) are Non-Executive (including independent directors), including one-woman director and three (42.85%) 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 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 inter se. 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 Board of Directors confirm that in their opinion, the independent Directors fulfill the conditions as specified in the regulations and are independent of the management. Mr. Kailash M Rustagi and Mr. Pradeep Dadlani resigned/stepped down during the financial year 2020-21, due to completion of their term on September 29, 2020.
- vi. 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 June 27, 2020. The terms and conditions of appointment of independent directors are disclosed on the website of the Company.
- vii. 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.
- viii. 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*	No. of BM during 2020-2021**		Attendance Last AGM**	No. of other Directorships*** and Committee Membership/Chairmanship held as on March 31, 2021		
		Held	Attended		Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Sharadhi Chandra Babupampapathy (CEO)	ED	5	5	Yes	-	-	-
Mr. Sudhakar Gande	NED	5	5	Yes	2	-	-
Mr. Kailash M. Rustagi	ID	3	3	Yes	1	1	-
Mrs. Mariam Mathew	ID	5	5	Yes	2	3	1
Mr. Pradeep Dadlani	ID	3	3	Yes	3	-	-
Mr. David Bradley (Chairman)	NED	5	5	Yes	-	-	-
Mr. D R Dogra	ID	2	2	NA	NA	4	3
Mr. Dhiraj Mathur	ID	2	2	NA	NA	1	-
Mr. David Walker	NED	4	3	Yes	-	-	-

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.

**Notes:**

\*ID- Independent Director, ED- Executive Director, NED- Non-Executive Director.

\*\*BM- Board Meeting, AGM- Annual General Meeting

\*\*\*Other Directorship includes Directorships in the Subsidiary of Public Company

**Appointments during the Year:**

1. Mr. David M Walker was appointed as Non-Executive & non- Independent Director w.e.f. 29 June 2020.
2. Mr. Desh Raj Dogra was appointed as Independent Director w.e.f. 29 September 2020.
3. Mr. Dhiraj Mathur was appointed as Independent Director w.e.f. 29 September 2020.

**Resignations during the Year:**

3. Mr. Pradeep Dadlani, tenure of Directorship Completed on 29 September 2020.
4. Mr. Kailash Rustagi, tenure of Directorship Completed on 29 September 2020.

- ix. None of the Independent Director is appointed as such in any other listed entity.
- x. Five Board meetings were held during the fiscal year 2020-2021 and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held are:  
June 27, 2020; July 03, 2020; September 14, 2020; November 12, 2020; February 05, 2021.  
The necessary quorum was present for all the meetings.
- xi. 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. Sudhakar Gande (Non-Executive Director) holds 4.21% of equity shares of the Company.
- 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](http://www.axiscades.com).
- (xiii) matrix specifying the list of core Skills/expertise/competence identified by the BOD as required in context of the business and sector for the Company to function effectively and those actually available with the Board along with names of Directors who have such skill/expertise/competence-tise/competence-

Strategy/Business Leadership	Finance
Corporate Strategy Consultant	Board service & Governance
Technology	Mergers & Acquisitions
Sales and Marketing Experience	Administration & Government Relations
Corporate law	Trade Policy & Economics

**(xii) 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:

Name of Director	Essential Skill / expertise/ Competency
Mr. David Bradley	Strategy/Business Leadership Technology Corporate strategy consultant Mergers and Acquisition Board Service & Governance Corporate Law Finance
Mr. Sharadhi Chandra Babupampapathy	Strategy/Business Leadership Technology Corporate strategy consultant Mergers and Acquisition Administration & Government Relations
Ms. Mariam Mathew	Strategy/Business Leadership Finance Technology
Mr. Sudhakar Gande	Strategy/Business Leadership Mergers & Acquisitions Finance Sales and Marketing Experience Administration & Government Relations
Mr. David Walker	Strategy/Business Leadership Technology Corporate Strategy Consultant Sales and Marketing Experience Board service & Governance Administration & Government Relations
Mr. Desh Raj Dogra	Financial sector in the areas of banking and credit rating
Mr. Dhiraj Mathur	Sales and Marketing Experience -Experience in developing strategies to grow sales, building brand awareness and equity and enhance enterprise reputation Trade policy and economics - Administration & Government Relations

### 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. Due to the changes in the composition of the Board, all the Committees got re-constituted on November 12, 2020. Addition to the scope of the functions of the committee, if any, 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, as amended, read with Section 177 of Companies Act, 2013.
- ii. The terms of reference of the Audit Committee are broadly as under:
  - a) Oversight of financial reporting process and disclosure 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, with particular reference to:

- i) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii) changes, if any, in accounting policies and practices and reasons for the same;
  - iii) major accounting entries involving estimates based on the exercise of judgment by management;
  - iv) significant adjustments made in the financial statements arising out of audit findings;
  - v) compliance with listing and other legal requirements relating to financial statements;
  - vi) disclosure of any related party transactions;
  - vii) modified opinion(s) in the draft audit report.
- 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 or any subsequent modification of transactions of the listed entity with related parties.
  - e) Recommending to the Board the appointment/re-appointment of Auditors and Internal Auditor, with their remuneration and terms of appointment.

#### Further Monitors and Reviews

- 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,
  - Internal auditors and statutory auditor's notes
  - 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 Management letters / letters of internal control weaknesses issued by the statutory auditors and Internal audit reports relating to internal control weaknesses
  - n. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
  - o. Reviewing of the financial statements, in particular, the investments made by the unlisted subsidiary
  - p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
  - q. 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 September 29, 2020. All the members have Accounting and Financial management expertise.
  - vi. During the fiscal year 2020-2021, Four 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:

June 27, 2020; September 14, 2020; November 12, 2020; February 05, 2021.

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 -4)
Mr. Kailash M. Rustagi*	ID	2
Mr. Desh Raj Dogra, Chairman	ID	2
Mr. Dhiraj Mathur	ID	2
Mr. Pradeep Dadlani*	ID	2
Mr. David Bradley	NED	4

# ID – Independent Director; NED – Non Executive Director

\*Tenure of Directorship completed on September 29, 2020;

## 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, 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 and recommending 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 2020-2021, three meetings of Nomination & Remuneration Committee were held on June 27, 2020; August 25, 2020 and February 5, 2021.
  - iv. The Chairman of the Committee is an Independent Director and was present at the last AGM held on September 29, 2020.

- 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 -3)
Mr. Pradeep Dadlani*	ID	2
Mr. Sudhakar Gande	NED	3
Mrs. Mariam Mathew, Chairman	ID	3
Mr. Desh Raj Dogra**	ID	1

# ID – Independent Director, NED – Non Executive Director

\* Tenure of Directorship completed on September 29, 2020;

\*\* Appointment of Independent director w.e.f. September 29, 2020.

### 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 works 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.

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 ₹ 1,00,000/- each for every Board/Committee meeting attended by them and other non-executive directors are entitled to a sitting fee of ₹ 30,000/- for every Board/Committee Meeting attended by them.

The Sitting fee for every Committee meeting attended by the Independent Director, held after 14th September 2020, was ₹50,000/- per meeting.

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, 2021 are as follows:

SI No	Name	Category#	Amount in Rupees
1	Mr. Kailash M. Rustagi	ID	5,00,000
2	Mr. Pradeep Dadlani	ID	7,00,000
3	Mr Dhiraj Mathur	ID	3,00,000
4	Mrs. Mariam Mathew	ID	8,00,000
5	Mr. Sudhakar Gande	NED	2,40,000
6	Mr David Walker	NED	90,000
7	Mr. Desh Raj Dogra	ID	4,00,000
8	Mr. David Bradley	NED	3,00,000
<b>TOTAL</b>			<b>33,30,000</b>

# ID – Independent Director, NED- Non Executive Directors

#### Remuneration to Executive Directors

Name of the Director	Fixed Salary			Performance linked	Total	Service Contract
	Salary	Perquisites	Retiral Benefits	Variable pay		
Mr. Sharadhi Chandra Babu	54,16,660	39,600	6,75,000	11,15,343	72,46,603	CEO & ED

Note: On accrual basis

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.

Mr. Sudhakar Gande (Non-Executive Director) hold 4.21% (as on 31.03.2021) of equity shares in the Company. The Company has not issued any convertible debentures.

#### C. STAKEHOLDER'S RELATIONSHIP COMMITTEE

- The constitution of the Committee is in conformity with the provisions of Section 178 of Companies Act, 2013.
- During the year FY2020-2021, one meeting was held on February 05, 2021
- 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. Mrs. Mariam Mathew	ID	1
Mr. David Bradley Chairman	NED	1
Mr. Desh Raj Dogra	NED	1

# ID – Independent Director, NED – Non Executive Director

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

- The main function of Stakeholders' Relationship Committee is to look into the various aspects of interest of shareholders and other security holders. The Committee also oversees share transfer process.

- Details of investor complaints received and redressed during the financial year 2020-2021 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	NIL	NIL	NIL

#### D. OTHER COMMITTEES:

##### i. CORPORATE SOCIAL RESPONSIBILITY 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.

##### 2. GENERAL BODY MEETINGS

- 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, 2018	September 10, 2018; 11:30 a.m.	The Chancery Pavilion, 135, Residency Road, Bangalore	None
March 31, 2019	September 30, 2019; 11:30 a.m.	The Chancery Pavilion, 135, Residency Road, Bangalore	1. Fixation of Remuneration of Mr. Sharadhi Chandra Babupampapathy as Acting CEO & Executive Director. 2. Appointment of Pradeep Dadlani as an Independent Director. 3. Appointment of Kailash Rustagi as an Independent Director.
March 31, 2020	September 29, 2020; 5:00 p.m	Through Video Conferencing/ Other Audio Visual Means	Change of name of the Company

**ii. Postal Ballot**

During the fiscal year 2020-21 no Postal Ballot was conducted.

**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. With effect from FY ended March 31, 2020, the details of related party transactions, on a consolidated basis, are filed with the stock exchanges on half yearly basis pursuant to the amendment thereof in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Related party transactions are reported in Notes to the financial statements of the Company.

The Board has reviewed and approved a policy for related party transactions and the same is hosted on the website of the Company at the following link-

[https://www.axiscades.com/investors\\_data/corp\\_gov\\_report/ACET RTP Policy.pdf](https://www.axiscades.com/investors_data/corp_gov_report/ACET RTP Policy.pdf)

**ii. Details of non-compliance****2020-21**

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 during the financial year 2020-21.

**2019-20**

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 during the financial year 2019-20.

**2018-19**

The Company has paid a fine of ₹ 5,000 to the exchange with regard to delay of one day in submission of the audited financial statements for the financial year 2017-2018.

**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-  
[https://www.axiscades.com/investors\\_data/code\\_of\\_conduct/ACTL\\_Whistle%20Blower%20Policy-26-jun-2021.pdf](https://www.axiscades.com/investors_data/code_of_conduct/ACTL_Whistle%20Blower%20Policy-26-jun-2021.pdf)

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

**vi) 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.

**vii) Code of Conduct:**

The Board has laid down a comprehensive Code of Conduct applicable to all Board members including Independent Directors, Senior Management, and employees of the Company. The code of conduct is available on the website of the Company [www.axiscades.com](http://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 and the amendment thereof which has come into force with effect from April 01, 2019, the Company has formulated/amended 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](http://www.axiscades.com).

Based on the amendment to SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from April 01, 2019 trading window was closed from the end of every quarter till 48 hours after the declaration of financial 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](http://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 4(four)\_ 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-

[https://www.axiscades.com/investors\\_data/corp\\_gov\\_report/ACET\\_Material\\_Subsiary\\_Policy.pdf](https://www.axiscades.com/investors_data/corp_gov_report/ACET_Material_Subsiary_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 Business Standard, vishwavani. The results are also displayed on the Company's website [www.axiscades.com](http://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\*: 28th September 2021

Time: - 4.00pm

Mode: Video Conferencing

\*Revised AGM date

### ii. Financial Calendar

Financial Year: April 1 to March 31 (2020-2021)

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 2020-2021 as applicable have been paid to all the above Stock Exchanges.

#### iv. Dematerialization of Equity Shares

Equity shares of the Company representing 99.90% of the Company's equity share capital are dematerialized as on March 31, 2021.

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

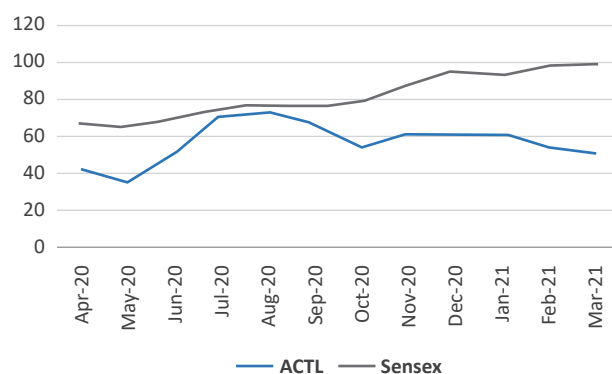
#### v. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence as on March 31, 2021 the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

## vi. Market Price Data

Monthly High, low market price data in the Financial Year 2020-2021 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	41.70	27.25	42.15	27.30
May	35.40	28.00	35.95	28.00
June	51.15	30.15	51.00	30.20
July	71.45	51.95	71.40	52.10
August	73.75	50.70	73.50	51.20
September	66.55	48.15	66.70	48.20
October	54.55	41.00	54.70	41.00
November	61.45	41.25	61.60	41.50
December	61.50	48.35	61.40	48.85
January	60.30	50.25	60.85	50.85
February	54.90	46.40	55.30	46.15
March	49.95	39.50	50.80	39.50

### vii. \*Based on the Closing Market Price.



## viii. Registrar and Transfer Agent

### Name and Address:

KFintech Private Limited (Formerly known as 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](mailto: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, 2020 and March 31, 2021.

**x. Shareholding as on March 31, 2021:**

**a. Distribution of equity shareholding as on March 31, 2021**

No. of Shares	Holding	% to Capital	No. of accounts	% to total accounts
1-5000	5662524	15.00	16799	98.57
5001-10000	938328	2.49	128	0.75
10001-20000	691947	1.83	48	0.28
20001-30000	723976	1.92	28	0.16
30001-40000	500610	1.33	14	0.08
40001-50000	225045	0.60	5	0.03
50001-100000	758811	2.01	10	0.06
100001 and above	28258289	74.84	10	0.06
<b>Grand Total</b>	<b>37,759,530</b>	<b>100.00</b>	<b>16314</b>	<b>100.00</b>

**b. Categories of equity shareholders as on March 31, 20210:**

Category	No. of shares	Percentage
Promoters Group – Indian	25282047	67.0
Indian Public	10292171	28.4
Bodies Corporate	898360	3.3
NRIs/ OCBs/ Foreign Nationals/FIIs	407000	0.8
Others	879952	0.5
<b>Total</b>	<b>37,759,530</b>	<b>100.00%</b>

**xi. CEO/CFO certification**

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

**xii. Compliance Certificate**

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,  
Kirkoskar Business Park,  
Bengaluru-560024  
Karnataka

Other locations of offices of the Company are available at the Company's website [www.axiscades.com](http://www.axiscades.com)

**xvi. Credit Ratings:** The Company has obtained the revised credit rating CARE BBB; (Under credit watch with Developing Implications) (Previous CARE BBB; Stable) and CARE A3 from CARE India Limited for Bank facilities. The necessary disclosures were made to Stock Exchange periodically.

**xvii.** There were no such mandatory matters where the Board had not accepted any recommendation by the Committees. in the financial year 2020-2021.

**xviii.** Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to the Statutory Auditor and to all entities in the network firm/network entity of which the Statutory Auditor is a part, is ₹ 87,30,871 (excluding out of pocket expenses).

**xix.** Disclosures in relation to the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013 during the FY 2020-21

No. of Complaints filed	Nil
No. of Complaints disposed off	Nil
No. of Complaints pending as on March 31, 2021	Nil

**x.** The Company has received a certificate from Anant Khamankar & Co., Company Secretary in practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

**xxi.** No funds were raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 11.06.2021

Sd/-  
**Sharadhi Chandra Babupampapathy**  
CEO & Executive Director

Sd/-  
**Sudhakar Gande**  
Director

# Practising Company Secretaries' Certificate on Corporate Governance

To  
The Members of  
**AXISCADES TECHNOLOGIES LIMITED**  
(Formerly AXISCADES Engineering Technologies Limited)

We have examined the compliance of the conditions of Corporate Governance by AXISCADES Technologies Limited ('the Company') for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

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.

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.

Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Anant B Khamankar & Co.**  
Company Secretaries

Sd/-  
**(Anant B Khamankar)**  
FCS No.: 3198  
CP No.: 1860  
UDIN: F003198C000446784

Date: June 11, 2021  
Place: Mumbai

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

To  
The Board of Directors  
**AXISCADES Technologies Limited**

Dear Sirs,

Certification under Regulation 17 of the Listing Regulations for the Year ended March 31, 2021.

We, Sharadhi Chandra Babu, Chief Executive Officer & Executive Director and Srinivas A., Chief Financial Officer, hereby certify that.

- (a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2021, 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 period 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 ended;
- ii. significant changes, if any, in accounting policies during the period ended 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.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 11.06.2021

Sd/-  
**Sharadhi Chandra Babu**  
Chief Executive Officer &  
Executive Director

Sd/-  
**Srinivas A.**  
Chief Financial Officer

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

To,  
The Shareholders  
**AXISCADES 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 2021.

Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer and Executive Director  
AXISCADES Technologies Limited

# Independent Auditor's Report

To the Members of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)

## REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying standalone Ind AS financial statements of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited) ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' Section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Emphasis of Matter

- i. We draw attention to Note 43 of the accompanying standalone Ind AS financial statements, which describes the Management's assessment of the impact of uncertainties caused by COVID-19 pandemic and its consequential impact it may have on the operations of the Company. Our opinion is not modified in respect of this matter.
- ii. We draw attention to Note 6(b)(ii) of the accompanying standalone Ind AS financial statements in respect of dispute between the Company and Shareholders of Mistral Solutions Private Limited in relation to the implementation of the Share Purchase Agreement ("SPA") dated 1 December 2017. The matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>(a) Valuation of Contingent consideration payable for business acquisition</b> (as described in Note 2(i)(b) and 6(b)(i) of the standalone Ind AS financial statements)</p> <p>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 over a period specified in the SPA.</p> <p>As at March 31, 2021, the Company has contingent consideration payable of Rs. 3,416.47 lakhs. The said consideration is remeasured at fair value at each Balance Sheet date and is affected by changes in the estimation of post-acquisition performance of the MSPL and its subsidiaries ("MSPL Group"). Any resulting gain or loss is recognized in the statement of profit and loss.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We understood, evaluated and tested Management's controls over the determination of the contingent consideration payable;</li> <li>• We assessed the Company's valuation methodology applied in determining the value of contingent consideration payable. In making this assessment, we also evaluated the objectivity and independence of Company's expert involved in the process;</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>The determination of value of contingent consideration payable made by the Management involved judgment in relation to the post-acquisition performance of the MSPL Group, impact of COVID-19 and discount rates applied in determining the fair value of contingent consideration payable. Accordingly, we have determined this area to be a key audit matter in our audit of the Standalone Ind AS financial statements.</p>	<ul style="list-style-type: none"> <li>We evaluated performance forecasts used in the computation of contingent consideration payable and we engaged expert to assess the assumptions adopted by the Management with reference to MSPL Group's business plan and historical results to assess the quality of MSPL Group's financial projection including assumptions related to discount rates, impact of COVID-19 and growth rates;</li> <li>We tested the mathematical accuracy of the underlying computation of contingent consideration payable and validated as per the terms of the SPA; and</li> <li>We have assessed the disclosures in the Ind AS financial statements as per the relevant accounting standards.</li> </ul>
<p><b>(b) Assessment of impairment of investments in MSPL</b> (as described in Note 2(i)(l) and Note 6(b)(i) of the standalone Ind AS financial statements)</p> <p>During the current year, impairment indicators were identified by the Management on the carrying value of investment in Mistral Solutions Private Limited ('MSPL'). The carrying value of the investment in MSPL aggregated Rs. 17,604.20 lakhs. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of the investment to their recoverable amount to determine whether an impairment was required to be recognised.</p> <p>For the purpose of the above impairment testing, recoverable amount has been determined by forecasting and discounting future cash flows. Furthermore, the recoverable amount is based on Management's assumptions of variables and market conditions such as volume growth rates, impact of COVID-19, future operating expenditure, discount rates and long-term growth rates.</p> <p>Determination of the recoverable amount of the investment in MSPL involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of the investment and accordingly, the impairment of investment in MSPL was determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We understood, evaluated and tested Management's key controls over the impairment assessment process;</li> <li>We assessed the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we also evaluated the objectivity and independence of Company's expert involved in the process;</li> <li>We engaged expert to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates, impact of COVID-19 and terminal growth rates and methodologies used by the Management to determine the recoverable amount;</li> <li>We tested the arithmetical accuracy of the impairment testing model and</li> <li>We have assessed the disclosures in the Ind AS financial statements as per the relevant accounting standards.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

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

#### Responsibilities of Management 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 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 the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid 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 the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 46 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  
UDIN: 21104315AAAABK5650

Place of Signature: Bengaluru  
Date: June 11, 2021

## Annexure - 1 to the Auditor's Report

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

Re: AXISCADES Technologies Limited (formerly 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 inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.
- (iii) (a) 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.
- (b) The Company has granted loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013 in the previous year. The schedule of repayment of principal and payment of interest has been stipulated for the loan granted and the repayment/receipts are regular. The loan has been fully repaid during the year.
- (c) There are no amounts out of the loan granted to company listed in the register maintained under Section 189 of the Companies Act, 2013 which were overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, 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 Companies Act, 2013, for the services of the Company.
- (vii) (a) 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 have generally been regularly deposited with the appropriate authorities though there has been slight delay in a few cases.
- (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 sales-tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute except the disputed dues on account of service tax and income tax are as follows:

Name of the statute	Nature of the dues	Amount (₹)	Amount		Forum where the dispute is pending
			paid under protest (₹)	Period to which the amount relates	
The Finance Act, 1994	Service Tax	95,638,624	8,554,596	April 2006 to September 2010	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
The Income Tax Act, 1961	Income Tax	19,442,731	4,000,000	Financial Year 2015-16	Commissioner of Income Tax (Appeals)



- (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 banks. The Company did not have any loans or borrowing from the 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 way of initial public offer / further public offer / debt instruments. In our opinion and according to the information and explanations given by the Management, the Company has utilized the monies raised by way of term loans for the purpose for which it was obtained.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS 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 explanations 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 Companies Act, 2013.
- (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 Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to 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 under review 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 Companies Act, 2013.
- (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.

Place of Signature: Bengaluru  
Date: June 11, 2021

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

Sd/-  
per **Sunil Gaggar**  
Partner

Membership Number: 104315  
UDIN: 21104315AAAABK5650

## Annexure - 2 to the Auditor's Report

### ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF AXISCADES 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")

We have audited the internal financial controls with reference to standalone Ind AS financial statements of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited) ("the Company") as of March 31, 2021 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone 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, as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone 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 with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an

understanding of internal financial controls with reference to these standalone 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 standalone Ind AS financial statements, whether due to fraud or error.

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

#### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

A Company's internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to standalone 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 standalone Ind AS 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 standalone Ind AS financial statements.

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone 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 Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS

financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Membership Number: 104315

UDIN: 21104315AAAABK5650

Place of Signature: Bengaluru

Date: June 11, 2021

# Balance Sheet

as at 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	282.07	354.39
Other intangible assets	4	288.56	270.59
Intangible assets under development	5	-	56.22
Right of use assets	32	2,291.89	2,026.70
<b>Financial assets</b>			
Investments	6	32,021.43	38,673.88
Loans	8	455.12	527.34
Other financial assets	9	255.30	243.77
Deferred tax assets, net	35	759.82	614.78
Non-current tax asset, net	10	409.73	1,721.01
		<b>36,763.92</b>	<b>44,488.68</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	7	2,819.74	5,735.40
Cash and cash equivalents	12	1,615.44	654.52
Bank balances other than cash and cash equivalents	13	20.73	6.90
Loans	8	47.22	447.49
Other financial assets	9	2,457.24	3,528.18
Other current assets	11	1,760.88	2,042.53
		<b>8,721.25</b>	<b>12,415.02</b>
		<b>45,485.17</b>	<b>56,903.70</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	1,889.51	1,889.51
Other equity	15	13,959.80	20,020.85
		<b>15,849.31</b>	<b>21,910.36</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	1,087.96	1,548.39
Lease liabilities	32	1,019.98	811.28
Other financial liabilities	17	4,707.52	6,269.40
Provisions	18	610.93	536.07
Other non-current liabilities	19	-	27.82
		<b>7,426.39</b>	<b>9,192.96</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	3,001.85	5,830.82
Lease liabilities	32	611.31	480.76
Trade payables	20		
(a) Total outstanding dues of micro and small enterprises		4.30	3.48
(b) Total outstanding dues of creditors other than micro and small enterprises		1,171.02	1,617.48
Other financial liabilities	17	16,760.48	16,640.06
Provisions	18	425.59	354.79
Other current liabilities	19	234.92	872.99
		<b>22,209.47</b>	<b>25,800.38</b>
		<b>45,485.17</b>	<b>56,903.70</b>
<b>Total equity and liabilities</b>			

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

As per our report of even date

**For S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Sd/-

**per Sunil Gaggar**

Partner

Membership Number: 104315

Place: Bengaluru

Date: June 11, 2021

For and on behalf of the Board of Directors of

**Axiscades Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Anumanchipalli Srinivas**

Chief Financial Officer

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 11, 2021

# Statement of Profit and Loss

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
<b>INCOME</b>			
Revenue from contracts with customers	21	12,931.60	22,659.36
Other operating income	22	-	551.66
Other income	23	584.98	263.99
<b>Total income</b>		<b>13,516.58</b>	<b>23,475.01</b>
<b>EXPENSES</b>			
Employee benefits expense	24	8,751.14	14,465.34
Finance costs	25	1,500.77	1,893.31
Depreciation and amortization expense	26	1,202.59	1,346.94
Other expenses	27	3,832.79	5,869.91
<b>Total expenses</b>		<b>15,287.29</b>	<b>23,575.50</b>
<b>Loss before exceptional items and tax</b>		<b>(1,770.71)</b>	<b>(100.49)</b>
Exceptional items, net	28	(4,645.10)	-
<b>Loss before tax</b>		<b>(6,415.81)</b>	<b>(100.49)</b>
<b>Tax expense:</b>			
(i) Current tax	35	96.74	60.62
(ii) Deferred tax (credit)/expense		(187.74)	287.21
Income tax expense/(credit)		<b>(91.00)</b>	<b>347.83</b>
<b>Loss after tax for the year</b>		<b>(6,324.81)</b>	<b>(448.32)</b>
<b>Other Comprehensive Income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Remeasurement losses in defined benefit plans	38	(53.57)	(100.39)
Income tax effect		13.48	25.27
<b>Net other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods</b>		<b>(40.09)</b>	<b>(75.12)</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Gain/(losses) on cash flow hedges	37	223.19	(230.83)
Income tax effect		(56.18)	58.10
<b>Net other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods</b>		<b>167.01</b>	<b>(172.73)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>126.92</b>	<b>(247.85)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(6,197.89)</b>	<b>(696.17)</b>
<b>Loss per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2020 : ₹ 5)]</b>			
Basic and diluted	29	(16.75)	(1.19)

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

As per our report of even date

**For S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Sd/-

**per Sunil Gaggar**

Partner

Membership Number: 104315

Place: Bengaluru

Date: June 11, 2021

For and on behalf of the Board of Directors of

**Axiscades Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Anumanchipalli Srinivas**

Chief Financial Officer

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 11, 2021

# Statement of Cash Flows

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before tax		(6,415.81)	(100.49)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and amortization expense	26	1,202.59	1,346.94
Interest income (including fair value change in financial instruments)	23	(121.07)	(165.83)
Interest expense (including fair value change in financial instruments)	25	1,500.77	1,893.31
Provision no longer required written back	23	(72.24)	(62.38)
Provision for doubtful debts	27	-	46.76
Share based payment expense	24	127.54	171.88
Profit on sale of property, plant and equipment	23	(4.75)	-
Exceptional items, net	28	4,645.10	-
Net unrealised foreign exchange (gain) / loss		(236.97)	255.77
<b>Operating profit before working capital changes</b>		<b>625.16</b>	<b>3,385.96</b>
<b>Movements in working capital</b>			
Decrease in trade receivables		2,775.31	1,426.07
(Increase)/Decrease in other assets including financial asset		1,116.98	(360.99)
Decrease in loans		221.31	33.72
Decrease in trade payables, other liabilities and financial liabilities		(689.72)	(798.68)
Increase in provisions		19.09	15.30
<b>Cash generated from operating activities</b>		<b>4,068.13</b>	<b>3,701.38</b>
Direct taxes refund/ (paid) (net of refunds)		1,214.54	(543.62)
<b>Net cash generated from operating activities (A)</b>		<b>5,282.67</b>	<b>3,157.76</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment, intangible assets and Intangible assets under development		(182.73)	(288.07)
Proceeds from sale of property, plant and equipment		4.75	5.47
Intercompany deposit (given) / received back		210.00	(210.00)
Interest received		77.86	66.99
Investments in fixed deposits, net		(18.64)	(106.39)
<b>Net cash from / (used) in investing activities (B)</b>		<b>91.24</b>	<b>(532.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of principal and interest portion of lease liabilities	32	(885.84)	(971.18)
Repayment of long-term borrowings		(473.64)	(909.47)
(Repayment) / Proceeds from working capital loans		(2,461.61)	196.40
Interest paid		(642.90)	(790.64)
<b>Net cash used in financing activities (C)</b>		<b>(4,463.99)</b>	<b>(2,474.89)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>909.92</b>	<b>150.87</b>
Effect of exchange rate changes, net		51.00	69.83
Cash and cash equivalents at the beginning of the year	12	654.52	433.82
<b>Cash and cash equivalents at the end of the year</b>	12	<b>1,615.44</b>	<b>654.52</b>

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

As per our report of even date

**For S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Sd/-  
**per Sunil Gagar**

Partner  
Membership Number: 104315

Place: Bengaluru  
Date: June 11, 2021

For and on behalf of the Board of Directors of

**Axiscades Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer and Executive Director  
DIN: 02809502

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Anumanchipalli Srinivas**  
Chief Financial Officer

Place: Bengaluru  
Date: June 11, 2021

Sd/-  
**Sudhakar Gande**  
Non Executive Director  
DIN: 00987566

Place: Bengaluru  
Date: June 27, 2020

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

Place: Ghaziabad  
Date: June 11, 2021

# Statement of Changes in Equity

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## A. EQUITY SHARE CAPITAL

Equity shares of ₹ 5 each (March 31, 2020: ₹ 5 each), fully paid-up	Equity shares	
	Number (in lakhs)	Amount
<b>At 01 April 2019</b>	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
<b>At 31 March 2020</b>	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
<b>At 31 March 2021</b>	377.60	1,889.51

## B. OTHER EQUITY

	Reserves and Surplus				Items of OCI		Total
	Securities premium account	Surplus/ (deficit) in the Statement of Profit and Loss	Share based payment reserve	Capital reserve	Hedge reserve	Other items of other comprehensive income / (loss)	
<b>Balance as at 1 April 2019</b>	<b>10,077.23</b>	<b>6,412.45</b>	-	<b>4,227.97</b>	<b>(3.60)</b>	<b>(30.31)</b>	<b>20,683.74</b>
Loss for the year	-	(448.32)	-	-	-	-	(448.32)
Fair value Loss on derivatives instruments, net of tax	-	-	-	-	(172.73)	-	(172.73)
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	(75.12)	(75.12)
Share based payment reserve (refer note 42)	-	-	171.88	-	-	-	171.88
Effect on adoption of Ind AS 116	-	(138.60)	-	-	-	-	(138.60)
<b>Total comprehensive income</b>	-	<b>(586.92)</b>	<b>171.88</b>	-	<b>(172.73)</b>	<b>(75.12)</b>	<b>(662.89)</b>
<b>Balance as at 31 March 2020</b>	<b>10,077.23</b>	<b>5,825.53</b>	<b>171.88</b>	<b>4,227.97</b>	<b>(176.33)</b>	<b>(105.43)</b>	<b>20,020.85</b>
Loss for the year	-	(6,324.81)	-	-	-	-	(6,324.81)
Fair value Gain on derivatives instruments, net of tax	-	-	-	-	167.01	-	167.01
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	(40.09)	(40.09)
Share based payment reserve (refer note 42)	-	-	136.84	-	-	-	136.84
<b>Total Comprehensive Income</b>	-	<b>(6,324.81)</b>	<b>136.84</b>	-	<b>167.01</b>	<b>(40.09)</b>	<b>(6,061.05)</b>
<b>Balance as at 31 March 2021</b>	<b>10,077.23</b>	<b>(499.28)</b>	<b>308.72</b>	<b>4,227.97</b>	<b>(9.32)</b>	<b>(145.52)</b>	<b>13,959.80</b>

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

As per our report of even date

### For S R Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Sd/-

**per Sunil Gagger**

Partner

Membership Number: 104315

Place: Bengaluru

Date: June 11, 2021

For and on behalf of the Board of Directors of

**Axiscades Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Anumanchipalli Srinivas**

Chief Financial Officer

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 11, 2021

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

## 1. GENERAL INFORMATION:

AXISCADES Technologies Limited (Formerly 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 (I) 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 as amended from time to time. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on June 11, 2021.

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 requires Management to make judgments, 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 judgments

The following are significant Management judgments in applying the accounting policies of the Company that have the most significant effect on the standalone financial statements.

#### Leases - Estimation of incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment

#### 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 judgment 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 judgment. 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/ investments

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



# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

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

## Share-based payments

The Company measures the cost of non cash-settled transactions with employees using a Black sholes model valuation to determine the fair value of the liability incurred. Estimating fair value for sharebased payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses Black sholes model valuation for executives and senior management employees. The assumptions and models used for estimating fair value for sharebased payment transactions are disclosed in Note 42

## c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

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

- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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

## d) Property, plant and equipment

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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

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 is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

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

Leasehold improvements are depreciated over its lease period including renewable period or estimated useful life, whichever is shorter, on a straight-line basis.

## e) Intangible assets

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

## 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.

## 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 from contract with customer

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 contracts and fixed-price contracts. Revenue on time-and-material contracts are recognized as the related

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

#### Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

#### Finance income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

#### Contract balances

##### Contract assets:

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by providing services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue).

##### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2 (o)

Financial instruments – initial recognition and subsequent measurement.

#### h) Employee benefits

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

##### Defined contribution plan

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

##### Overseas social security

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

##### Defined benefit plan

###### Gratuity

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

###### Compensated absences

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

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

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.

## **i) Leases**

The Company has lease contracts for buildings used in its operations. Lease terms generally ranges between 3 and 5 years.

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

### **Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019

#### **i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated

using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### **(ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### **(iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## **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 (₹).

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

## Transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.
- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## k) Borrowing costs

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

## l) Investments in subsidiaries

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

## 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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

## Minimum alternate tax (MAT):

MAT payable for a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## n) Provisions and contingencies

### Provisions

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

### Contingent liabilities

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

### Contingent assets

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

### Onerous contracts

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

## 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

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

- b) The asset's contractual cash flows represent SPPI.

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

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

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

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

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

### iv. **Equity investments**

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

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to 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,

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

financial guarantee contracts and derivative financial instruments.

## **Subsequent measurement**

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

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

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit 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. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

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



# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

## 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:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

### Trade receivables

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

### Other financial assets

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

## q) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

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 categorization (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.

## s) Segment reporting

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

## t) Earnings per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to

participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of 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 Company 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) 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.

## 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.

## 2(I) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There are no new accounting policies applied during the current year

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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

	Computers	Furniture and fixtures	Office equipment	Office building	Vehicles	Leasehold improvements	Total
<b>Cost</b>							
Balance as at 1 April 2019	685.16	82.11	135.61	136.19	19.43	16.18	1,074.68
Additions	86.54	6.45	16.34	-	-	10.13	119.46
Disposals	(60.91)	(3.14)	(24.97)	-	(14.18)	-	(103.20)
<b>Balance as at 31 March 2020</b>	<b>710.79</b>	<b>85.42</b>	<b>126.98</b>	<b>136.19</b>	<b>5.25</b>	<b>26.31</b>	<b>1,090.94</b>
Additions	16.06	4.80	2.17	-	-	13.98	37.01
Disposals	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>726.85</b>	<b>90.22</b>	<b>129.15</b>	<b>136.19</b>	<b>5.25</b>	<b>40.29</b>	<b>1,127.95</b>
<b>Accumulated depreciation</b>							
Balance as at 1 April 2019	557.52	40.46	67.57	8.52	4.12	11.59	689.78
Depreciation charge for the year	101.40	12.00	19.48	2.70	7.25	0.70	143.53
Disposals	(60.91)	(3.14)	(24.00)	-	(8.71)	-	(96.76)
<b>Balance as at 31 March 2020</b>	<b>598.01</b>	<b>49.32</b>	<b>63.05</b>	<b>11.22</b>	<b>2.66</b>	<b>12.29</b>	<b>736.55</b>
Depreciation charge for the year	66.93	10.14	16.71	2.96	2.59	10.00	109.33
Disposals	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>664.94</b>	<b>59.46</b>	<b>79.76</b>	<b>14.18</b>	<b>5.25</b>	<b>22.29</b>	<b>845.88</b>
<b>Net block</b>							
As at 31 March 2020	112.78	36.10	63.93	124.97	2.59	14.02	354.39
As at 31 March 2021	61.91	30.76	49.39	122.01	-	18.00	282.07

### a. Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2021 (31 March 2020: Nil).

### b. Property, plant and equipment pledged as security

Details of properties pledged are as per note 16.

### c. 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

	Software	Process manuals	Total
<b>Cost</b>			
Balance as at 1 April 2019	1,136.68	1,754.44	2,891.12
Additions	128.21	-	128.21
<b>Balance as at 31 March 2020</b>	<b>1,264.89</b>	<b>1,754.44</b>	<b>3,019.33</b>
Additions	215.87	-	215.87
<b>Balance as at 31 March 2021</b>	<b>1,480.76</b>	<b>1,754.44</b>	<b>3,235.20</b>
<b>Accumulated amortisation</b>			
Balance as at 1 April 2019	740.69	1,670.96	2,411.65
Amortization charge for the year	253.61	83.48	337.09
<b>Balance as at 31 March 2020</b>	<b>994.30</b>	<b>1,754.44</b>	<b>2,748.74</b>
Amortization charge for the year	197.90	-	197.90
<b>Balance as at 31 March 2021</b>	<b>1,192.20</b>	<b>1,754.44</b>	<b>2,946.64</b>
<b>Net block</b>			
As at 31 March 2020	270.59	-	270.59
As at 31 March 2021	288.56	-	288.56

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 5 INTANGIBLE ASSETS UNDER DEVELOPMENT

	Software	Total
<b>Balance as at 1 April 2019</b>	<b>50.00</b>	<b>50.00</b>
Additions during the year	81.22	81.22
Less: Capitalised during the year	(75.00)	(75.00)
<b>Balance as at 31 March 2020</b>	<b>56.22</b>	<b>56.22</b>
Additions during the year	70.00	70.00
Less: Capitalised/ Impaired during the year	(126.22)	(126.22)
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>-</b>

## Financial Assets

### 6 INVESTMENTS

#### i) Unquoted Investments carried at cost

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
<b>Investment in equity shares of subsidiaries:</b>		
<b>Unquoted equity shares</b>		
AXISCADES Inc.	1,489.06	1,489.06
19,725 equity shares (31 March 2020: 19,725) of no par value		
Cades Studec Technologies (India) Private Limited	719.66	719.66
475,000 equity shares (31 March 2020: 475,000) of ₹10 each		
AXISCADES Technology Canada Inc. (formerly Cades Technology Canada Inc.)	0.05	0.05
100 equity shares (31 March 2020: 100) of Canadian Dollar 1 each		
Axis Mechanical Engineering Design (Wuxi) Co., Ltd.	42.68	42.68
1 equity share (31 March 2020: 1) of no par value		
AXISCADES GmbH	18.87	18.87
1 equity share (31 March 2020: 1) of no par value		
AXISCADES Aerospace & Technologies Private Limited	11,962.04	11,962.04
16,838,512 equity shares (31 March 2020: 16,838,512) of ₹10 each		
Mistral Solutions Private Limited	24,213.97	24,213.97
3,797,400 equity shares (31 March 2020: 3,797,400) of ₹ 5 each		
	<b>38,446.33</b>	<b>38,446.33</b>
Less: Provision for impairment in value of investment in Axis Mechanical Engineering Design (Wuxi) Co., Ltd. (refer note (a) below)	(42.68)	-
Less: Provision for impairment in value of investment in Mistral Solutions Private Limited (refer note (b) below)	(6,609.77)	-
<b>Net Investment in equity shares of subsidiaries:</b>	<b>31,793.88</b>	<b>38,446.33</b>
<b>Investment in equity shares of associate:</b>		
ASSYSTEMS AXISCADES Engineering Private Limited	227.50	227.50
455,000 equity shares (31 March 2020: 455,000) of ₹ 50 each		
<b>Total investment carried at cost</b>	<b>32,021.38</b>	<b>38,673.83</b>

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

	As at 31 March 2021	As at 31 March 2020
Axis Cogent Global Limited	-	-
946,822 (31 March 2020: 946,822) equity shares of ₹ 10 each		
Datum Technology Limited	-	-
50,000 (31 March 2020: 50,000) equity shares of ₹ 10 each		
<b>Total investment carried at fair value through profit or loss</b>	<b>-</b>	<b>-</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## iii) Other investments (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
National savings certificates	0.05	0.05
<b>Total investment carried at amortised cost</b>	<b>0.05</b>	<b>0.05</b>
<b>Aggregate value of investments</b>	<b>32,021.43</b>	<b>38,673.88</b>
<b>Aggregate value of unquoted non-current investments</b>	<b>38,673.88</b>	<b>38,673.88</b>
<b>Aggregate provision for impairment in value of investment</b>	<b>(6,652.45)</b>	<b>-</b>

a) During the year, the Company carried out an impairment assessment based on the impairment indicators and determined that the recoverable value of the investment in subsidiary i.e. Axis Mechanical Engineering Design (Wuxi) Co., Ltd ('AXISCADES China'), is lower than their respective carrying value. Accordingly, the Company has recognised impairment loss of ₹ 42.68 lakhs for the year ended 31 March, 2021 (31 March, 2020: Nil) on its investment in AXISCADES China.

b) (i) During the financial year 2017-18, the Company entered into a Share Purchase Agreement ('SPA') to acquire 100% stake in Mistral Solutions Private Limited along with its subsidiaries ("MSPL Group") in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of Mistral Solutions Private Limited ("MSPL") effective December 01, 2017. As at March 31, 2021, the Company has engaged an independent external valuer to determine the recoverable value of its investments in MSPL to carry out an assessment of any impairment in the carrying value of aforesaid investments. The Company has carried out valuation, using a discounted cash flow method and determined that the recoverable value of the investment in MSPL is lower than the carrying amount of its investment. Accordingly, the Company has recognised impairment loss of ₹ 6,609.77 lakhs for the year ended March 31, 2021 on its investments in MSPL.

As on the acquisition date, the purchase consideration was determined as ₹ 24,213.97 lakhs, payable over a period specified in the SPA. As per the SPA, the amount of purchase consideration payable for certain phases is dependent on revenues and profit after tax generated by MSPL Group since the acquisition date through the financial year ended March 2022 mentioned below as contingent consideration. The Company has engaged an independent external valuer for valuation of contingent consideration. The involvement of external valuer is decided annually by the Management and the selection criteria include market knowledge, reputation and independence of the valuer.

During the current year, the Company has also recognised a net fair value gain of ₹ 2,174.55 lakhs on re-estimation of purchase consideration payable and has recognised an interest expense of ₹ 643.50 lakhs on the purchase consideration payable in the statement of profit and loss account. The change in fair value is based on the revised projections of MSPL Group, updated considering the actual performance of MSPL group. The value of the purchase consideration payable as at 31 March 2021, aggregated ₹ 19,728.32 lakhs (31 March 2020 : ₹ 21,259.37 lakhs) including deferred consideration of ₹ 16,311.85 lakhs (31 March 2020 : ₹ 16,189.87 lakhs) and contingent consideration of ₹ 3,416.47 lakhs (31 March 2020 : ₹ 5,069.50 lakhs).

	As at 31 March 2021		
	Deferred Consideration	Contingent Consideration	Total
<b>Opening balance of purchase consideration payable</b>	<b>16,189.87</b>	<b>5,069.50</b>	<b>21,259.37</b>
Add: Additions during the year	-	-	-
Add: Unwinding of discount (interest expense)	121.98	521.52	643.50
Less: Fair value gain recognised during the year	-	(2,174.55)	(2,174.55)
<b>Closing balance of purchase consideration payable</b>	<b>16,311.85</b>	<b>3,416.47</b>	<b>19,728.32</b>

	As at 31 March 2020		
	Deferred Consideration	Contingent Consideration	Total
<b>Opening balance of purchase consideration payable</b>	<b>15,721.17</b>	<b>4,680.64</b>	<b>20,401.81</b>
Add: Unwinding of discount (interest expense)	468.70	388.86	857.56
<b>Closing balance of purchase consideration payable</b>	<b>16,189.87</b>	<b>5,069.50</b>	<b>21,259.37</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Out of the above purchase consideration payable at the year end, ₹ 4,688.61 lakhs (March 31, 2020: ₹ 6,219 lakhs) is disclosed under Other Non-current financial liabilities and ₹ 15,039.71 lakhs (March 31, 2020 : ₹ 15,039.71 lakhs) is disclosed under Other current financial liabilities.

- (ii) During the quarter ended June 30, 2018, the Company has filed an application with National Company Law Tribunal ('NCLT') for amalgamation of Explosoft Tech Solutions Pvt Ltd, a shareholder of MSPL ('Explosoft') with the Company, on receipt of observation letter conveying 'no objection' from BSE Limited and the National Stock Exchange. Further, vide order dated March 8, 2019, NCLT, Bengaluru bench has approved the scheme of amalgamation ('Scheme'). As the registered office of the Explosoft is situated in the state of Maharashtra, the scheme has also been filed by Explosoft on 15th May, 2018, with NCLT, Mumbai for approval. Pending necessary approval from NCLT Mumbai Bench, no effect is given to aforesaid scheme of amalgamation.

During the quarter ended June 30, 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA aggregating ₹ 7,213 lakhs as the scheme of amalgamation has not yet been approved. The shareholders have also demanded an interest of ₹ 1,431 lakhs at the rate of 12% per annum on account of delay in payment of the aforesaid purchase consideration. The Company believes that Explosoft did not take steps that were required by Explosoft to diligently prosecute the application for merger before the NCLT Mumbai so as to bring it to completion and accordingly the claim for interest by Explosoft is not tenable.

The Company has initiated arbitration proceedings against shareholders of MSPL and MSPL and the Arbitral Tribunal vide its interim order dated August 28, 2020 has asked to maintain the status quo with respect to shareholding in MSPL and has ordered shareholders of Mistral not to seek dismissal or rejection of abovementioned application for merger till further orders are issued by the Arbitral Tribunal. Additionally, both the parties are ordered to maintain status quo with respect to the existing constitution of the Board of Directors of MSPL. The matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently.

The revenues (including other income) and profit of MSPL included in the consolidated results for the year ended March 31, 2021 is ₹ 15,165.03 lakhs and ₹ 1,709.99 lakhs, respectively.

The Company has also obtained a legal opinion to validate that the Company is entitled to all rights and obligations as laid out in the SPA and continues to exercise control on MSPL. Pending the final outcome of the matter, the Company believes there is no effect on the Company and no adjustment is required in the Standalone Ind AS Financial Statements.

## 7 TRADE RECEIVABLES

	As at 31 March 2021	As at 31 March 2020
<b>Current</b>		
(a) Trade Receivables	2,101.80	4,394.95
(b) Receivables from related parties(refer note:31)	717.94	1,340.45
<b>Total Trade receivables</b>	<b>2,819.74</b>	<b>5,735.40</b>
<b>Break-up for security details:</b>		
<b>Trade receivables (Current)</b>		
Secured, considered good	-	-
Unsecured, considered good	2,819.74	5,735.40
Trade Receivables which have significant increase in credit risk	218.73	51.53
Trade Receivables - credit impaired	5.33	5.33
	<b>3,043.80</b>	<b>5,792.26</b>
<b>Impairment Allowance (allowance for bad and doubtful debts)</b>		
Trade Receivables which have significant increase in credit risk	(218.73)	(51.53)
Trade Receivables - credit impaired	(5.33)	(5.33)
<b>Total Trade receivables</b>	<b>2,819.74</b>	<b>5,735.40</b>

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

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

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

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Set out below is the movement in the allowance for expected credit losses of trade receivables :

	As at 31 March 2021	As at 31 March 2020
As at 1 April	56.86	10.10
Provision for expected credit losses (refer note 28)	167.20	46.76
As at 31 March	<b>224.06</b>	<b>56.86</b>

## 8 LOANS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current (refer note (a) below)</b> (Unsecured, considered good) Security deposits	455.12	527.34
	<b>455.12</b>	<b>527.34</b>
<b>Current (refer note (a), (c) below)</b> (Unsecured, considered good) Intercompany deposit (ICD) to related party (refer note 31 & note (b) below) Security deposits	- 47.22	210.00 237.49
	<b>47.22</b>	<b>447.49</b>

- (a) Since all loans given are unsecured and considered good, the break up for security details wise is not applicable to the Company and hence not given.
- (b) During the previous year, the Company has given Inter-company deposit ('ICD') to AXISCADES Aerospace & Technologies Private Limited amounting to ₹ 230.00 lakhs. The agreement was entered on 09 October, 2019 for a period of eighteen months. The ICD carries an Interest rate of 12% per annum. During the current year ACAT had repaid the outstanding ICD and accordingly total amount outstanding as at March 31, 2021 is Nil (31 March 2020 : ₹ 210 lakhs).
- (c) Refer note 16 for details of assets pledged as security for borrowings.

## 9 OTHER FINANCIAL ASSETS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b> (Unsecured, considered good) Margin money deposits with banks against bank guarantees [refer note 13]	255.30	243.77
	<b>255.30</b>	<b>243.77</b>
<b>Current *</b> (Unsecured, considered good) Interest accrued on fixed deposits Interest accrued on Intercompany Deposit [refer note 31] Margin money deposits with banks against bank guarantees [refer note 13] Contract assets - Unbilled revenue# Export Incentive Receivable Other receivables from Related parties (refer note 31) Receivable from Bank **	7.88 - 436.48 1,389.50 511.05 112.33 -	5.11 7.52 443.20 2,025.73 511.05 302.16 233.41
	<b>2,457.24</b>	<b>3,528.18</b>
(Unsecured, considered doubtful) Contract assets- Unbilled revenue	104.97	104.97
	<b>104.97</b>	<b>104.97</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
Less:		
Allowance for contract assets	(104.97)	(104.97)
	(104.97)	(104.97)
	<b>2,457.24</b>	<b>3,528.18</b>

# Includes ₹296.67 lakhs (31 March 2020 : ₹266.97 lakhs) from related parties (refer note:31)

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

\*\* During the previous year the Reserve Bank of India (RBI) announced a three-month moratorium option to provide relief to businesses due to outbreak of Coronavirus and its impact of businesses. The Company had availed the option of moratorium and informed the bank for deferment of deduction of amount of monthly instalment of ₹ 233.41 lakhs. However, the monthly instalment was automatically debited from the Company's bank account and later credited back subsequent to the year end to the bank account i.e. disclosed as amount receivable from bank as at March 31, 2020

## 10 NON-CURRENT TAX ASSET, NET

	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provision for tax)	409.73	1,721.01
	<b>409.73</b>	<b>1,721.01</b>

## 11 OTHER ASSETS

	As at 31 March 2021	As at 31 March 2020
<b>Current *</b>		
(Unsecured, considered good)		
Duties and taxes recoverable	1,141.38	1,484.30
Prepaid expenses	530.92	431.73
Advance to suppliers	71.69	79.09
Advance to employees	16.89	47.41
	<b>1,760.88</b>	<b>2,042.53</b>
Unsecured, considered doubtful		
Duties and taxes recoverable	27.67	27.67
	<b>27.67</b>	<b>27.67</b>
Less: Allowance for duties and taxes recoverable	(27.67)	(27.67)
	<b>(27.67)</b>	<b>(27.67)</b>
	<b>1,760.88</b>	<b>2,042.53</b>

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

## 12 CASH AND CASH EQUIVALENTS

	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.40	0.46
Balances with banks		
- On current accounts	1,217.04	654.06
- Deposits with original maturity of less than three months [refer note 13]	398.00	-
	<b>1,615.44</b>	<b>654.52</b>

(i) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods for few days, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

(ii) As at March 31, 2021, the Company has ₹ 3,498.15 lakhs (31 March 2020: ₹ 1,468.99 lakhs) of undrawn committed borrowing facilities.



# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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

## Notes:

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

	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents	1,615.44	654.52
<b>Cash and cash equivalents reported in cash flow statement</b>	<b>1,615.44</b>	<b>654.52</b>

## 13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31 March 2021	As at 31 March 2020
Margin money deposits with banks	1,110.51	693.87
	<b>1,110.51</b>	<b>693.87</b>
Less : Amounts disclosed as cash and cash equivalents (refer note 12)	(398.00)	-
Less : Amounts disclosed as other non-current financial assets (refer note 9)	(255.30)	(243.77)
Less : Amounts disclosed as other current financial assets (refer note 9)	(436.48)	(443.20)
	<b>20.73</b>	<b>6.90</b>

- (i) Fixed deposits of a carrying amount ₹ 671.11 lakhs (31 March 2020: ₹ 655.27 lakhs) have been deposited as margin money against the packing credit facility availed from a bank.
- (ii) Deposits of a carrying amount ₹ 41.40 lakhs (31 March 2020: ₹ 38.60 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.
- (iii) Refer note 16 for assets pledged as security for borrowings.

a) Breakup of financial assets carried at amortised cost

	As at 31 March 2021	As at 31 March 2020
Investments (refer note 6)	0.05	0.05
Loans (Current and Non Current) (refer note 8)	502.34	974.83
Trade receivables (Current) (refer note 7)	2,819.74	5,735.40
Other financial assets (Current and Non Current) (refer note 9)	2,712.54	3,771.95
Cash and cash equivalents (refer note 12)	1,615.44	654.52
Bank balances other than cash and cash equivalents (refer note 13)	20.73	6.90
	<b>7,670.84</b>	<b>11,143.65</b>

## 14 SHARE CAPITAL

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Authorized share capital</b>				
Equity shares of ₹ 5 each	2,040.00	10,200.00	2,040.00	10,200.00
Preference shares of ₹ 100 each	1.00	100.00	1.00	100.00
	<b>2,041.00</b>	<b>10,300.00</b>	<b>2,041.00</b>	<b>10,300.00</b>
<b>Issued share capital</b>				
Equity shares of ₹ 5 each, fully paid-up	378.11	1,890.53	378.11	1,890.53
Subscribed and paid-up				
Equity shares of ₹ 5 each (March 31, 2020 ₹ 5 each), fully paid-up	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
	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

\* Out of 51,100 equity shares of ₹ 5 each issued, ₹2 had not been subscribed amounting to ₹ 1.02 lakhs.

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

**(a) Reconciliation of the equity shares**

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Equity shares of ₹ 5 each, par value</b>				
Balances as at the beginning of the year	377.60	1,889.51	377.60	1,889.51
Add: Issued and subscribed during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

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

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each equity share is entitled to one vote per share. 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 subsidiaries of holding company**

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Holding Company:</b>				
Jupiter Capital Private Limited (refer note:1 below)	73.60	368.01	73.60	368.01
<b>Subsidiaries of Holding Company:</b>				
Tayana Digital Private Limited (refer note:1 below)	121.42	607.11	121.42	607.11
Indian Aero Ventures Private Limited	61.54	307.71	61.54	307.71

1. Tayana Digital Private Limited, is merged with Jupiter Capital Private Limited with effect from 17th October, 2018. However, the underlying shares in the depositories are still held in the name of Tayana Digital Private Limited, hence the details of shares held by the holding Company and subsidiaries of holding Company contains the information of Tayana Digital Private Limited.

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

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Percentage holding	Number (in lakhs)	Percentage holding
<b>Equity shares of ₹ 5 each, par value</b>				
Tayana Digital Private Limited (refer note:c(1) above)	121.42	32.16%	121.42	32.16%
Jupiter Capital Private Limited (refer note:c(1) above)	73.60	19.49%	73.60	19.49%
Indian Aero Ventures Private Limited	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	2019 - 20	2018 - 19	2017 - 18	2016 - 17	2015 - 16
<b>Equity shares:</b>					
Allotted as fully paid up under Scheme of Amalgamation	-	-	-	105.70	-

**(g) Shares reserved for issue under options**

The ESOP scheme titled "AXISCADES Employee Stock Option Plan- Series 1 & 2" ("ESOP Schemes") was approved by the Shareholders of the Company vide resolution passed at the Extra Ordinary General Meeting through postal ballot held on 31 March 2018 in respect of grant of options exercisable into equity shares of face value of Rs 5 each fully paid-up, not exceeding 3,020,762 equity shares or 8% of the paid up equity shares of the Company from time to time. Pursuant to the ESOP Schemes, during the current year, the Board of Directors, on February 5, 2021, based on the recommendations of the Nomination and Remuneration Committee, increased the ESOP pool by 10,00,000 shares and is subject to shareholders approval. Further, 22,03,462 options were granted to the eligible employees of the Company and its Subsidiaries and 5,64,315 options were proposed to be granted to the eligible employees of the Company and its Subsidiaries and is subject to shareholders approval. The total number of options outstanding as on March 31, 2021 is 3,020,762 shares (31 March 2020 : 8,77,300).

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 15 OTHER EQUITY

	As at 31 March 2021	As at 31 March 2020
Securities premium	10,077.23	10,077.23
Hedge reserve	(9.32)	(176.33)
Surplus in the Statement of Profit and Loss	(499.28)	5,825.53
Capital reserve [reserve credited pursuant to the Scheme of Amalgamation]	4,227.97	4,227.97
Share based payment reserve	308.72	171.88
Other reserves	(145.52)	(105.43)
	<b>13,959.80</b>	<b>20,020.85</b>

### Note:

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve will be utilized in accordance with the provisions of the Companies Act, 2013.

#### Hedge Reserve

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedging reserve. Amounts recognised in the hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

#### Capital reserve

Capital reserve is created pursuant to Amalgamation of India Aviation Training Institute Private Limited ("IAT") with the Company with effect from 1 April, 2016.

#### Share based payment reserve

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

#### Other reserve

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

## 16 BORROWINGS

	As at 31 March 2021	As at 31 March 2020
<b>Non current</b>		
Secured		
Term loan from banks [refer note (a) (ii) and (b)(iii) (iv)]	1,760.20	2,506.27
Less: Amount clubbed under "other current financial liabilities" (refer note 17)	(922.24)	(957.88)
Intercorporate deposit from subsidiary [refer note 31 and b(ii)]	250.00	-
	<b>1,087.96</b>	<b>1,548.39</b>
<b>Current</b>		
Secured		
Working capital loan [refer note (a)(i) and (b)(i)]	2,197.03	3,392.37
Cash credit from banks [refer note (a)(iii) and (b)(v)]	804.82	2,188.45
Unsecured		
Intercorporate deposit from subsidiary [refer note 31 and b(ii)]	-	250.00
	<b>3,001.85</b>	<b>5,830.82</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 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, movable assets and land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with M/s Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹5,304 Lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.
- (ii) Foreign currency Term Loan ('FCTL') from a bank is secured by the first exclusive charge on entire current assets and entire movable 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, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with M/s Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹5,304 lakhs, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (the Company and Axiscades Aerospace & Technologies Private Ltd) with mark to market clause. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.
- (iii) Cash credit from banks is secured by first exclusive charge on current assets, movable assets and land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited valued at ₹5,304 Lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

## b) Terms of borrowings and rate of interest

- (i) Packing credit in foreign currency from bank bearing an interest rate of 3.70% - 5.48% per annum (31 March 2020: 4.6% - 7.2% per annum) are repayable over a maximum tenure of 180 days from the date of respective availment.
- (ii) During the FY 2017-18, the Company has availed Intercompany deposits from Cades Studec Technologies (India) Private Limited aggregating ₹ 250.00 lakhs carrying rate of interest at 9% per annum. During the current year, Intercompany deposits has been further renewed for a period of three years at 7% per annum interest rate repayable on or before December 20, 2023.
- (iii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an interest rate of 9.75% per annum (31 March 2020: 9.75% per annum). The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of availment.
- (iv) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 2.92 lakhs carrying an interest rate of 7.65% per annum (31 March 2020: 7.65% per annum). The loan is repayable in 10 quarterly instalments, after a moratorium of 10 months from the date of availment.
- (v) Cash credit from bank bears an interest rate of 11.92 % per annum (31 March 2020: 12.36% per annum) 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 and total debt as a percentage of EBITDA. 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.

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## d) Changes in liabilities arising from financing activities

	Term loan from banks and Working capital loan	Inter-corporate deposit	Lease liabilities	Total
<b>Balance as at 1 April 2019</b>	<b>8,072.83</b>	<b>250.00</b>	-	<b>8,322.83</b>
Lease liability recognised as at April 01, 2019	-	-	1,287.60	1,287.60
Cash flows	(713.07)	-	(971.18)	(1,684.25)
Net additions to lease liability	-	-	809.30	809.30
Foreign Exchange Management	493.91	-	-	493.91
Other adjustments	233.42	-	166.32	399.74
<b>Balance as at 31 March 2020</b>	<b>8,087.09</b>	<b>250.00</b>	<b>1,292.04</b>	<b>9,629.13</b>
Net additions to lease liability	-	-	1,015.77	1,015.77
Cash flows	(2,935.25)	-	(885.84)	(3,821.09)
Foreign Exchange Management	(156.37)	-	-	(156.37)
Other adjustments	(233.42)	-	209.32	(24.10)
<b>Balance as at 31 March 2021</b>	<b>4,762.05</b>	<b>250.00</b>	<b>1,631.29</b>	<b>6,643.34</b>

## 17 OTHER FINANCIAL LIABILITIES

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Purchase consideration payable on acquisition of subsidiary (FVTPL) [refer note 6(b)]	4,688.61	6,219.66
Hedge Liability	18.91	49.74
	<b>4,707.52</b>	<b>6,269.40</b>
<b>Current</b>		
Creditors for capital goods	76.20	22.59
Hedge liability	18.91	203.90
Purchase consideration payable on acquisition of subsidiary [refer note 6(b)]	15,039.71	15,039.71
Dues to employees	703.42	410.93
Current maturities of long term borrowings	922.24	957.88
Interest payable to subsidiary (refer note 31)	-	5.05
	<b>16,760.48</b>	<b>16,640.06</b>

## 18 PROVISIONS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Employee defined benefits liability		
- Provision for gratuity (refer note 38)	569.82	511.28
Asset retirement obligation	41.11	24.79
	<b>610.93</b>	<b>536.07</b>
<b>Current</b>		
Employee defined benefits liability		
- Provision for gratuity (refer note 38)	70.72	66.17
- Provision for compensated absences	354.87	288.62
	<b>425.59</b>	<b>354.79</b>

### 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

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

as at 31 March 2021 is ₹ 41.11 lakhs (31 March 2020: ₹ 24.79 lakhs). The Company estimates the costs would be realised within 4 - 5 years time upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:

- 1) Estimated range of cost : 30 days lease rental expense
- 2) Discount rate : 12.17 percent per annum (31 March 2020: 9 percent per annum)

	Asset retirement obligation
<b>As at April 01, 2019</b>	<b>19.24</b>
Unwinding of discount	5.55
Impact on account of extension of lease agreement	-
<b>As at March 31, 2020</b>	<b>24.79</b>
Unwinding of discount	16.32
Impact on account of extension of lease agreement	-
<b>As at March 31, 2021</b>	<b>41.11</b>

## 19 OTHER LIABILITIES

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Advances from related party (refer note 31)	-	27.82
	-	<b>27.82</b>
<b>Current</b>		
Advances received from customers	7.49	22.21
Duties and taxes payable	220.04	789.99
Interest accrued but not due on borrowings *	7.39	60.79
	<b>234.92</b>	<b>872.99</b>

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

## 20 TRADE PAYABLES

	As at 31 March 2021	As at 31 March 2020
Dues of micro and small enterprises (refer note 29)	4.30	3.48
Dues of creditors other than micro and small enterprises <sup>#</sup>	1,171.02	1,617.48
	<b>1,175.32</b>	<b>1,620.96</b>

<sup>#</sup> Includes ₹37.35 lakhs (31 March 2020 : ₹ 351.74 lakhs) from related parties (refer note:31)

	As at 31 March 2021	As at 31 March 2020
<b>Breakup of financial liabilities carried at amortised cost</b>		
Borrowings (refer note 16)	4,089.81	7,379.21
Lease Liability (refer note 31)	1,631.29	1,292.04
Other financial liabilities (refer note 17)	18,013.71	17,586.32
Trade payables (refer note 20)	1,175.32	1,620.95
	<b>24,910.13</b>	<b>27,878.52</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 21 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Sale of services</b>		
Engineering design services	12,931.60	22,659.36
	<b>12,931.60</b>	<b>22,659.36</b>

### 21.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Year ended 31 March 2021	Year ended 31 March 2020
India	3,443.58	3,872.83
Outside India	9,488.02	18,786.53
<b>Total revenue from contracts with customers</b>	<b>12,931.60</b>	<b>22,659.36</b>

### 21.2 Contract balances

	Year ended 31 March 2021	Year ended 31 March 2020
Trade receivables (refer note 7)	2,819.74	5,735.40
Contract assets- Unbilled revenue (refer note 9)	1,389.50	2,025.73

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. In 31 March 2021, ₹ 167.20 lakhs (31 March 2020: ₹ 46.76 lakhs) was recognised as provision for expected credit losses on trade receivables.

Contract assets are initially recognised for revenue earned from providing of services as receipt of consideration is conditional on acceptance by the customer. Upon completion of acceptance by the customer, the amounts recognised as contract assets are billed and reclassified to trade receivables. As at 31 March 2021 the Company has provision for expected credit losses on contract assets of Nil (31 March 2020: Nil).

### 21.3 Performance Obligation

The performance obligation is satisfied upon the providing of services as and when rendered and accordingly, there is no outstanding performance obligation as on 31 March 2021.

## 22 OTHER OPERATING INCOME

	Year ended 31 March 2021	Year ended 31 March 2020
Export Incentives	-	551.66
	-	<b>551.66</b>

## 23 OTHER INCOME

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income		
- from fixed deposits	67.09	47.33
- from financial assets carried at amortised cost	47.96	61.70
- from Inter corporate deposit to related party (refer note 31)	6.02	8.36
- from income tax refund	141.04	-
Provision no longer required, written back	72.24	62.38
Profit on sale of property, plant and equipment	4.75	-
Fair value gain on financial instruments at fair value through profit or loss (refer note below)	-	50.51
Gain on foreign currency transactions and translation, net	98.22	-
Miscellaneous income	147.66	33.71
	<b>584.98</b>	<b>263.99</b>

Fair value gain on financial instruments at fair value through profit or loss relates to foreign exchange currency options that did not qualify for hedge accounting.

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 24 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	7,595.20	12,634.74
Contribution to provident and other funds	351.39	421.25
Contribution to overseas social security	324.32	788.55
Gratuity expense(refer note 38)	86.25	81.20
Provision for compensated absences	119.18	75.51
Employee stock option scheme (refer note 42)	127.54	171.88
Staff welfare expense	147.26	292.21
	<b>8,751.14</b>	<b>14,465.34</b>

## 25 FINANCE COSTS

	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense		
- on loan from bank	534.35	754.39
- on Inter corporate deposit from related party (refer note 31)	21.12	22.56
Other borrowing cost	679.30	896.52
Interest on lease liability (refer note 32)	209.32	166.34
Net interest expense on defined benefit liability	56.68	53.50
	<b>1,500.77</b>	<b>1,893.31</b>

## 26 DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of PPE (refer note 3)	109.33	143.53
Amortization of intangible assets (refer note 4 and 5)*	254.12	337.09
Depreciation of Right of use asset (refer note 32)	839.14	866.32
	<b>1,202.59</b>	<b>1,346.94</b>

\* Includes ₹ 56.22 lakhs (March 31, 2020: ₹ Nil) of impairment loss during the year for assets grouped under intangible assets under development.

## 27 OTHER EXPENSES

	Year ended 31 March 2021	Year ended 31 March 2020
Rent (refer note 32)	139.81	257.45
Power and fuel	182.92	289.89
Travelling and conveyance	170.30	1,016.03
Legal and professional charges	472.31	493.32
Repairs and maintenance		
- Building	218.85	320.63
- Others	30.66	72.30
Auditor's remuneration (refer note 40)	58.41	58.37
Equipment hire charges	243.96	172.04
Recruitment and training expenses	44.27	85.99
Marketing and advertising expenses	41.09	204.00
Communication expenses	237.80	254.81
Software subscription charges	805.33	1,167.08
Printing and stationery	10.02	28.26
Security charges	46.40	55.75
Rates and taxes	60.68	67.17
Project consultancy charges	919.02	850.44
Insurance expenses	69.21	79.10



# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
Bank charges	29.40	58.05
Postage and courier charges	3.68	7.93
Expected credit loss on trade receivables	-	46.76
Directors sitting fees (refer note 31)	33.30	55.70
Corporate social responsibility expenses (refer note 41)	-	2.18
Exchange loss, net	-	206.55
Miscellaneous expenses	15.37	20.11
	<b>3,832.79</b>	<b>5,869.91</b>

## 28 EXCEPTIONAL ITEM

	Year ended 31 March 2021	Year ended 31 March 2020
Expenses relating to the impairment of investments (refer note 6(a) & 6(b)(i))	6,652.45	-
Expenses relating to the impairment of receivables from subsidiary* (refer note 7)	167.20	-
Income relating to fair value change in purchase consideration (refer note 6(b)(i))	(2,174.55)	-
	<b>4,645.10</b>	-

\*represents impairment of trade receivables from Axis Mechanical Engineering Design (Wuxi) Co., Ltd.

## 29 EARNINGS/ (LOSS) PER SHARE (EPS) (BASIC AND DILUTED)

	Year ended 31 March 2021	Year ended 31 March 2020
a) Loss after tax attributable to equity shareholders (₹)	(6,324.81)	(448.32)
b) Weighted average number of shares outstanding (in lakhs)	377.60	377.60
c) Nominal value of shares (₹)	5.00	5.00
d) Basic earning per share (₹)	(16.75)	(1.19)
e) Number of equity shares used to compute diluted earnings per share	377.60	377.60
f) Diluted earnings per share (₹)	(16.75)	(1.19)

For the purpose of computation of diluted EPS for the year ended March 31, 2021 and March 31, 2020, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive. Hence basic and diluted EPS are same.

## 30 DISCLOSURE REQUIRED UNDER SECTION 22 OF MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2021 and March 31, 2020. The details in respect of such dues are as follows:

	As at 31 March 2021	As at 31 March 2020
Principal amount remaining unpaid to any supplier as at the end of the accounting year	4.30	3.48
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 regarding Micro and Small enterprises determined to the extent such parties have been identified on the basis of the information available with the Company.

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 31 RELATED PARTY DISCLOSURES

Nature of relationship	Name of party
<b>I Parties where control exists:</b>	
<b>Holding Company</b>	Jupiter Capital Private Limited ('JCPL') (refer note IV (b))
<b>Subsidiary companies</b>	AXISCADES Inc., USA AXISCADES UK Limited (step down subsidiary) Cades Studec Technologies (India) Private Limited AXISCADES Technology Canada Inc Axis Mechanical Engineering Design (Wuxi) Co., Ltd, China AXISCADES GmbH, Germany AXISCADES Aerospace & Technologies Private Limited Enertec Controls Limited (step down subsidiary) AXISCADES Aerospace Infrastructure Private Limited (step down subsidiary) Mistral Solutions Private Limited Mistral Solutions Inc., USA (a step down subsidiary) Aero Electronics Private Limited (a step down subsidiary) Mistral Solutions Pte Ltd., Singapore (a step down subsidiary) Mistral Technologies Private Limited (a step down subsidiary) ASSYSTEMS AXISCADES Engineering Private Limited
<b>Associate</b>	
<b>II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year:</b>	
<b>Fellow subsidiary</b>	Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL)
<b>Key Management Personnel (KMP):</b>	
Chief Executive Officer & Executive Director	Mr. Sharadhi Chandra Babupampapathy
Chairman and Independent Director	Mr. Vivek Mansingh (stepped down as chairman w.e.f 31 May 2019 and term completed on 8 September 2019)
Chairman and Non - Executive Director	Mr. David Bradley (appointed w.e.f 5 March 2019 and as Chairman w.e.f 31 May 2019)
Independent Director	Mr. Kailash Mohan Rustagi (till 29 September, 2020)
Independent Director	Mr. Pradeep Dadlani (till 29 September, 2020)
Independent Director	Mr. Srinath Batni (till 8 September, 2019)
Independent Director	Mrs. Mariam Mathew
Independent Director	Mr. Desh Raj Dogra (appointed w.e.f. 29 September 2020)
Independent Director	Mr. Dhiraj Mathur (appointed w.e.f. 29 September 2020)
Non - Executive Director	Mr. Ashwani Kumar Dutta (resigned w.e.f. 29 August 2019)
Non - Executive Director	Mr. Harold David Walker (appointed w.e.f. 29 June 2020)
Non - Executive Director	Mr. Sudhakar Gande
Non - Executive Director	Mr. Ajay Lakothia (appointed on 02 february 2019 and resigned on 30 March 2020)
Executive Director	Mr. Anees Ahmed (resigned w.e.f. August 21, 2019)
<b>III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year:</b>	
Chief Financial Officer (CFO)	Mr. Anumanchipalli Srinivas (appointed w.e.f. 7 June, 2019)
Chief Financial Officer (CFO)	Mr. Kaushik Sarkar (resigned w.e.f 7 June, 2019)
Company Secretary	Ms. Shweta Agrawal
Company in which Director is interested	Inkers Technology Private Limited

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## IV Transactions with related parties:

Nature of transactions	Relationship	Year ended	
		31 March 2021	31 March 2020
<b>Revenue from operations</b>			
AXISCADES Inc.	Subsidiary	2,085.18	2,192.87
AXISCADES UK Limited	Step down subsidiary	36.69	42.73
AXISCADES Technology Canada Inc.	Subsidiary	653.83	1,179.19
AXISCADES Gmbh	Subsidiary	172.90	422.96
Axis Mechanical Engineering Design (Wuxi) Co., Ltd.	Subsidiary	0.32	252.61
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	0.60	4.85
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	63.60	86.83
<b>Remuneration (Refer note (IV) (a) and (c) below)</b>			
Mr. Sharadhi Chandra Babupampapathy	Key Management Personnel	119.06	128.08
Mr. Anumanchipalli Srinivas (refer note d below)	Key Management Personnel	314.57	123.65
Ms. Shweta Agrawal	Key Management Personnel	25.60	30.31
Mr. Anees Ahmed (31 March 2020: ₹ 5 remuneration)	Key Management Personnel	-	0.00
Mr. Kaushik Sarkar	Key Management Personnel	-	39.97
<b>Service received from (Intangible assets under development)</b>			
Inkers Technology Private Limited	Company in which Director is interested	-	25.00
<b>Sitting fees paid to directors</b>			
Mr. David Bradley	Chairman and Non - Executive Director	3.00	2.40
Mr. Kailash Mohan Rustagi	Independent Director	5.00	15.00
Mr. Pradeep Dadlani	Independent Director	7.00	13.00
Mrs. Mariam Mathew	Independent Director	8.00	7.00
Mr. Sudhakar Gande	Non - Executive Director	2.40	2.70
Mr. Dhiraj Mathur	Independent Director	3.00	-
Mr. Desh Raj Dogra	Independent Director	4.00	-
Mr. Ashwani Kumar Dutta	Non - Executive Director	-	1.80
Mr. Vivek Mansingh	Chairman and Independent Director	-	4.00
Mr. Srinath Batni	Independent Director	-	8.00
Mr. Harold David Walker	Non - Executive Director	0.90	-
Mr. Ajay Lakothia	Non - Executive Director	-	1.80
<b>Expenses incurred on behalf of</b>			
AXISCADES Inc.	Subsidiary	75.52	40.73
AXISCADES UK Limited.	Step down subsidiary	1.85	8.03
AXISCADES Technology Canada Inc.	Subsidiary	12.16	24.00
AXISCADES Gmbh	Subsidiary	-	0.85
<b>Salaries, wages and bonus charged to</b>			
AXISCADES Technology Canada Inc.	Subsidiary	47.33	90.84
AXISCADES Inc.	Subsidiary	194.71	249.04
<b>Software subscription charges charged to</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	0.05	-
<b>Software subscription charges charged by</b>			
AXISCADES Inc.	Subsidiary	29.58	169.13
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	-	9.80
<b>Salaries, wages and bonus/ project expenses charged by</b>			
AXISCADES Inc.	Subsidiary	25.77	90.64
Cades Studec Technologies	Subsidiary	6.82	-
AXISCADES UK Limited	Step down subsidiary	125.29	307.07
<b>Other services charged by</b>			
AXISCADES Inc.	Subsidiary	-	4.97
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	3.32	-

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Relationship	Year ended	
		31 March 2021	31 March 2020
<b>Reimbursement of expenses incurred on behalf of the related party</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	65.14	45.60
<b>Intercorporate deposit given</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	-	210.00
<b>Intercorporate deposits repaid by</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	210.00	-
<b>Interest Income on intercorporate deposit</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	6.02	8.36
<b>Liability written back during the year</b>			
Indian Aero Ventures Private Limited	Fellow subsidiary	27.82	-
<b>Interest expense on intercorporate deposit</b>			
Cades Studtec Technologies (India) Private Limited	Subsidiary	21.12	22.56

- (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.
- (b) Tayana Digital Private Limited, is merged with Jupiter Capital Private Limited with effect from October 17, 2018. The underlying shares in the depositories are still held in the name of Tayana Digital Private Limited and are in process of getting transferred in the name of Jupiter Capital Private Limited.
- (c) Total employee benefit expense includes employee stock compensation expense of ₹ 28.25 Lakhs (31 March 2020 - ₹ 14.66 Lakhs) for Mr. Anumanchipalli Srinivas, ₹ 28.25 Lakhs (31 March 2020 - ₹ 14.66 Lakhs) for Mr. Sharadhi Chandra Babupampapathy and ₹ 1.45 Lakhs (31 March 2020 - ₹ 3.50 Lakhs) for Ms. Shweta Agrawal.
- (d) Includes incentive of ₹ 150 lakhs paid by AXISCADES Aerospace & Technologies Private Limited ('ACAT'), subsidiary of the Company, for the services rendered to ACAT.

## V Balances as at the year end:

Nature of transactions	Relationship	As at	
		31 March 2021	31 March 2020
<b>Trade receivables</b>			
AXISCADES Inc.	Subsidiary	305.70	371.72
AXISCADES UK Limited.	Step down subsidiary	-	26.99
AXISCADES Technology Canada Inc.	Subsidiary	79.47	178.05
AXISCADES Gmbh	Subsidiary	4.28	125.89
Axis Mechanical Engineering Design (Wuxi) Co., Ltd.	Subsidiary	310.09	618.71
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	18.40	19.09
<b>Unbilled revenue</b>			
AXISCADES Technology Canada Inc.	Subsidiary	77.50	36.24
AXISCADES Inc.	Subsidiary	208.50	194.23
AXISCADES UK Limited.	Step down subsidiary	4.93	2.65
AXISCADES Gmbh	Subsidiary	5.74	16.89
Axis Mechanical Engineering Design (Wuxi) Co., Ltd.	Subsidiary	-	16.96
<b>Investments</b>			
AXISCADES, Inc.	Subsidiary	1,489.06	1,489.06
Cades Studtec Technologies (India) Private Limited	Subsidiary	719.66	719.66
AXIS Mechanical Engineering Design (Wuxi) Co., Ltd.	Subsidiary	-	42.68
AXISCADES Technology Canada Inc.	Subsidiary	0.05	0.05
AXISCADES Gmbh	Subsidiary	18.87	18.87
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	11,962.04	11,962.04

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Relationship	As at 31 March 2021	As at 31 March 2020
Mistral Solutions Private Limited (gross of impairment allowance)	Subsidiary	24,213.97	24,213.97
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	227.50	227.50
<b>Intercorporate deposit given</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	-	210.00
<b>Intercorporate deposit payable</b>			
Cades Studec Technologies (India) Private Limited	Subsidiary	250.00	250.00
<b>Advances from</b>			
Indian Aero Ventures Private Limited	Fellow subsidiary	-	27.82
<b>Other Receivables</b>			
<b>Expenses recoverable</b>			
AXISCADES, Inc.	Subsidiary	73.52	249.60
AXISCADES UK Limited	Step down subsidiary	-	1.40
AXISCADES Technology Canada Inc.	Subsidiary	19.54	17.64
Jupiter Capital Private Limited	Holding Company	-	10.38
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	19.27	23.14
<b>Trade payables</b>			
AXISCADES, Inc.	Subsidiary	14.92	135.53
AXISCADES UK Limited	Step down subsidiary	19.11	208.48
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	3.32	-
Inkers Technology Private Limited	Companies in which Director is Interested	-	2.50
AXISCADES GmbH	Subsidiary	-	5.23
<b>Capital creditors</b>			
Inkers Technology Private Limited	Companies in which Director is Interested	-	2.50
<b>Interest Payable</b>			
Cades Studec Technologies (India) Private Limited	Subsidiary	-	5.05
<b>Interest Receivable</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	-	7.52
<b>Remuneration payable (Refer note (IV) (a) above)</b>			
Mr. Anumanchipalli Srinivas	Key Management Personnel	67.35	36.86
Ms. Shweta Agrawal	Key Management Personnel	4.72	2.00
Mr. Sharadhi Chandra Babupampapathy	Key Management Personnel	35.37	44.37

## 32 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Company as a lessee

The Company has entered into property leases for office and other business operations. These leases are for a period ranging from three to five years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	As at 31 March 2021	As at 31 March 2020
<b>Opening balance as of 1 April</b>	2,026.70	2,039.14
Additions	1,196.56	853.88
Deletions	(92.23)	-
Depreciation expense	(839.14)	(866.32)
<b>Closing balance as at 31 March</b>	<b>2,291.89</b>	<b>2,026.70</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Below are the carrying amounts of lease liabilities and the movements during the year:

	As at 31 March 2021	As at 31 March 2020
<b>Balance as on transition date 01 April</b>	<b>1,292.04</b>	1,287.60
Additions	1,104.86	809.30
Deletion	(89.09)	-
Accretion of interest (refer note 25)	209.32	166.32
Payment of principal portion of lease liabilities	(676.52)	(804.86)
Payment of Interest portion of lease liabilities	(209.32)	(166.32)
<b>Carrying amount as on 31 March</b>	<b>1,631.29</b>	<b>1,292.04</b>
Current	611.31	480.76
Non-current	1019.98	811.28
	<b>1,631.29</b>	<b>1,292.04</b>

The weighted average incremental borrowing rate for lease liabilities is 12.10% (31 March 2020: 12.10%) per annum, with maturity between 3 years to 5 years for leasehold property.

**The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis:**

	As at 31 March 2021	As at 31 March 2020
Less than one year	764.77	551.81
one to five years	1,109.57	997.80
more than five years	-	-

The following are the amounts recognised in Statement of Profit or Loss:

	As at 31 March 2021	As at 31 March 2020
Depreciation expense of right-of-use assets	839.14	866.32
Interest expense on lease liabilities	209.32	166.32
Expense relating to short-term leases and low value leases (included in other expenses)	139.81	257.45
<b>Total amount recognised in profit or loss</b>	<b>1,188.27</b>	<b>1,290.09</b>

The Company had total cash outflows for leases of ₹ 885.84 Lakhs for the year ended March 31, 2021 (31 March 2020: ₹ 971.18 Lakhs). The Company has made non-cash additions of ₹ 1,196.56 lakhs (31 March 2020: ₹ 853.88 Lakhs) to right-of-use assets and ₹ 1,104.86 lakhs to lease liabilities for the year ended March 31, 2021 (31 March 2020: ₹ 809.30 Lakhs). There are no future cash outflows relating to leases that have not yet commenced.

### 33 COMMITMENTS

As at March 31, 2021, the Company has a commitment towards purchase of capital assets of Nil (31 March 2020: ₹ 29.75 lakhs).

### 34 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued 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 breaches in the financial covenants on interest-bearing loans and borrowing in the current year (refer note 16C).

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(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 includes within net debt interest bearing loans and borrowings, less cash and cash equivalents.

	As at 31 March 2021	As at 31 March 2020
Borrowings including current maturities of long term borrowings (refer note 16,17)	5,012.05	8,337.09
Less: Cash and cash equivalents (refer note 12)	(1,615.44)	(654.52)
<b>Net debt</b>	<b>3,396.61</b>	<b>7,682.57</b>
Equity (refer note 14)	1,889.51	1,889.51
Other Equity (refer note 15)	13,959.80	20,020.85
<b>Capital and net debt</b>	<b>19,245.92</b>	<b>29,592.93</b>
Gearing ratio	18%	26%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021.

## 35 INCOME TAX

The major components of income tax expense are:

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Current income tax:</b>		
Current income tax charge	96.74	60.62
<b>Deferred tax (credit) / charge</b>		
Relating to the origination and reversal of temporary differences	(187.74)	287.21
<b>Income tax expense reported in Statement of Profit and Loss</b>	<b>(91.00)</b>	<b>347.83</b>
<b>Deferred tax related to items recognised in OCI</b>		
Income tax relating to re-measurement gains on defined benefit plans	(13.48)	(25.27)
Income tax relating to gain / (losses) on cash flow hedges	56.18	(58.10)
	<b>42.70</b>	<b>(83.37)</b>

The movement in deferred tax asset from the opening balance pertains to deferred tax credit recognized in Statement of Profit and Loss and other comprehensive income for the year.

### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Accounting loss before tax</b>	<b>(6,415.81)</b>	(100.49)
Tax on accounting loss at statutory income tax rate [25.17%] (March 31, 2020 : 25.17%).	(1,614.86)	(25.29)
Foreign tax expensed during the year	42.35	60.62
Effect of change in tax rate	-	95.96
Provision related to impairment of investments	1,674.39	-
Tax credits not recognised on current year losses	105.53	-
Purchase consideration re-measurement	(547.33)	-
Other non-deductible expenses	248.92	216.54
<b>At the effective income tax rate of 1.42% [31 March 2020: 346.13%]</b>	<b>(91.00)</b>	<b>347.83</b>
Income tax expense reported in the Statement of Profit and Loss	(91.00)	347.83

During the previous year, the Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred tax asset basis the rate prescribed in the said section. Accordingly, deferred tax asset was reduced by ₹ 95.96 lakhs. The tax charge for the previous year was increased by ₹ 95.96 lakhs.

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Deferred tax asset</b>		
Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes	164.74	191.63
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	332.61	301.27
Expenses disallowed under Section 35DD of Income-tax Act, 1961	8.12	18.52
Allowance for trade receivables and unbilled revenue	67.24	37.21
Unabsorbed depreciation and carried forward losses	152.51	-
Deferred tax asset (net) on right-of-use assets and lease liabilities	25.08	19.09
Hedge liability	9.52	63.83
	<b>759.82</b>	<b>631.56</b>
<b>Deferred tax liability</b>		
Fair valuation of security deposits to fair value	-	16.78
	-	<b>16.78</b>
<b>Deferred tax asset / (liability), net</b>	<b>759.82</b>	<b>614.78</b>

## Reflected in the balance sheet as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax assets	759.82	631.56
Deferred tax liabilities	-	(16.78)
<b>Deferred tax assets, net</b>	<b>759.82</b>	<b>614.78</b>

## Reconciliation of deferred tax asset (net):

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Opening balance as of 1 April</b>	614.78	818.62
Tax income/(expense) during the period recognised in profit or loss	187.74	(287.21)
Tax income/(expense) during the period recognised in OCI	(42.70)	83.37
<b>Closing balance as at 31 March</b>	<b>759.82</b>	<b>614.78</b>

## 36 FAIR VALUE MEASUREMENTS

### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2021 are as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at		Carrying value	Fair value
			FVTOCI			
<b>Assets:</b>						
Other Investments (refer note 6)	0.05	-	-	-	0.05	0.05
Cash and cash equivalents (refer note 12)	1,615.44	-	-	-	1,615.44	1,615.44
Bank balances other than cash and cash equivalents (refer note 13)	20.73	-	-	-	20.73	20.73
Trade receivable (refer note 7)	2,819.74	-	-	-	2,819.74	2,819.74
Loans (refer note 8)	502.34	-	-	-	502.34	502.34
Other financial assets (refer note 9)	2,712.54	-	-	-	2,712.54	2,712.54
<b>Total</b>	<b>7,670.84</b>	-	-	-	<b>7,670.84</b>	<b>7,670.84</b>
<b>Liabilities:</b>						
Borrowings (refer note 16)	4,089.81	-	-	-	4,089.81	4,089.81
Lease Liabilities (refer note 32)	1,631.29	-	-	-	1,631.29	1,631.29
Trade payable (refer note 20)	1,175.32	-	-	-	1,175.32	1,175.32
Other financial liabilities (refer note 17)	18,013.71	3,416.47	37.82	-	21,468.00	21,468.00
<b>Total</b>	<b>24,910.13</b>	<b>3,416.47</b>	<b>37.82</b>		<b>28,364.42</b>	<b>28,364.42</b>



# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as at 31 March 2020 are as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Other Investments (refer note 6)	0.05	-	-	0.05	0.05
Cash and cash equivalents (refer note 12)	654.52	-	-	654.52	654.52
Bank balances other than cash and cash equivalents (refer note 13)	6.90	-	-	6.90	6.90
Trade receivable (current and non-current) (refer note 7)	5,735.40	-	-	5,735.40	5,735.40
Loans (refer note 8)	974.83	-	-	974.83	974.83
Other financial assets (refer note 9)	3,771.95	-	-	3,771.95	3,771.95
<b>Total</b>	<b>11,143.65</b>	<b>-</b>	<b>-</b>	<b>11,143.65</b>	<b>11,143.65</b>
<b>Liabilities:</b>					
Borrowings (refer note 16)	7,379.21	-	-	7,379.21	7,379.21
Lease Liabilities (refer note 32)	1,292.04	-	-	1,292.04	1,292.04
Trade payable (refer note 20)	1,620.95	-	-	1,620.95	1,620.95
Other financial liabilities (refer note 17)	17,586.32	5,069.50	253.64	22,909.46	22,909.46
<b>Total</b>	<b>27,878.52</b>	<b>5,069.50</b>	<b>253.64</b>	<b>33,201.66</b>	<b>33,201.66</b>

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

## (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 2021:

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value:</b>					
Derivative contracts (refer note 17)	31 March 2021	37.82	-	37.82	-

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 2020:

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value:</b>					
Derivative contracts (refer note 17)	31 March 2020	253.64	-	253.64	-

## (iii) Valuation technique used to determine fair value

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and Currency options are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2021, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

#### (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 its financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company'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. The most significant financial risks to which the Company is exposed are described below.

#### (A) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 2,819.74 lakhs as of 31 March 2021 (31 March 2020 ₹ 5,735.40 lakhs).

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

#### Assets under credit risk

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivable (refer note 7)	2,819.74	5,792.26
Other receivables (refer note 9)	112.33	302.16
Security deposits (refer note 8)	502.34	764.83
Unbilled revenue (refer note 9)	1,389.50	2,025.73
Intercorporate deposit [refer note 8]	-	210.00
Interest accrued and due on ICD (refer note 9)	-	7.52
<b>Total</b>	<b>4,823.91</b>	<b>9,102.50</b>

#### Credit risk exposure

The allowance for life time expected credit loss on customer balances as at 31 March 2021 is ₹ 224.17 lakhs (31 March 2020 is ₹ 56.86 lakhs).

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning	56.86	10.10
Impairment loss recognised	167.20	46.76
<b>Balance at the end</b>	<b>224.06</b>	<b>56.86</b>

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

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## Financial assets that are neither past due nor impaired

Cash and cash equivalents, bank balances other than cash and cash equivalents, other receivables, security deposit and other financial assets 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 ₹ 224.17 lakhs and ₹ 56.86 lakhs and unbilled revenue of ₹ 104.97 lakhs and ₹104.97 lakhs as at 31 March 2021 and 31 March 2020 respectively. The Company's credit period generally ranges from 30-180 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 and unbilled revenue, net of allowances that are past due, is given below:

Particulars	As at 31 March 2021	As at 31 March 2020
Financial assets that are neither past due nor impaired _ (A)	3,919.18	6,879.67
Financial assets that are past due but not impaired		
Past due 0-60 days	97.95	201.62
Past due 61-180 days	40.27	193.48
Past due over 180 days	151.84	486.36
<b>Total past due but not impaired_(B)</b>	<b>290.06</b>	<b>881.46</b>
<b>Total past due but not impaired (A+B)</b>	<b>4,209.24</b>	<b>7,761.13</b>

## (B) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. As of 31 March 2021, the Company has the negative working capital of ₹ 13,488.22 lakhs (31 March 2020: ₹ 13,385.35 lakhs) including purchase consideration payable to Mistral Solutions Private Limited of ₹15,039.71 lakhs (31 March 2020: ₹15,039.71 lakhs) and cash and cash equivalents of ₹ 1,615.44 lakhs (31 March 2020: ₹ 654.52 lakhs). The Company has an option to settle the aforementioned purchase consideration payable through its own equity shares or in cash.

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

## Maturities of financial liabilities

As at 31 March 2021	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 16)	3,001.85	1,087.96	-	4,089.81
Lease Liabilities (refer note 32)	611.31	1,019.98	-	1,631.29
Trade payable (refer note 20)	1,175.32	-	-	1,175.32
Other financial liabilities (refer note 17)	16,760.48	4,707.52	-	21,468.00
<b>Total</b>	<b>21,548.96</b>	<b>6,815.46</b>	<b>-</b>	<b>28,364.42</b>

As at 31 March 2020	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 16)	5,830.82	1,548.39	-	7,379.21
Lease Liabilities (refer note 32)	480.76	811.28	-	1,292.04
Trade payable (refer note 20)	1,620.95	-	-	1,620.95
Other financial liabilities (refer note 17)	16,640.06	6,269.40	-	22,909.46
<b>Total</b>	<b>24,572.59</b>	<b>8,629.07</b>	<b>-</b>	<b>33,201.66</b>

## (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, financing and investing activities.

### 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 Indian 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.

# Notes to Standalone Financial Statements

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(All amounts in ₹ lakhs, unless otherwise stated)

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below.

Particulars	Currency	As at 31 March 2021		As at 31 March 2020	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
<b>Financial assets</b>					
Trade receivables	USD	22.48	1,646.46	52.42	3,951.87
	EURO	1.01	86.95	1.84	152.87
	GBP	-	-	0.29	26.99
	CAD	1.37	79.47	3.35	178.05
	CNY	27.78	310.09	58.13	618.71
	SGD	0.21	11.37	0.33	17.61
	DKK	8.04	93.04	4.47	49.99
Unbilled revenue	USD	12.70	930.30	21.25	1,602.26
	EURO	0.47	40.15	0.31	26.00
	GBP	0.05	4.94	0.03	2.65
	CAD	1.42	82.60	0.48	25.57
	CNY	-	-	1.59	16.96
	DKK	0.92	10.67	2.32	25.89
Receivable from bank	USD	-	-	3.10	233.41
Advance to subsidiaries	USD	1.00	73.51	3.30	249.60
	GBP	-	-	0.02	1.40
	CAD	0.34	19.54	0.33	17.64
Cash and bank balances	USD	5.90	432.35	3.74	282.27
	EURO	0.92	78.96	0.65	53.65
	AED	1.59	31.75	1.61	33.03
	DKK	18.76	217.22	16.40	183.25
Other financial assets	AED	0.56	11.24	0.55	11.25
Loans	EURO	0.17	14.84	0.43	35.75
Other current assets	EURO	1.06	91.17	1.59	132.33
	DKK	-	-	0.03	0.39
<b>Financial liabilities</b>					
Trade payables	USD	3.72	272.61	4.08	307.65
	EURO	1.72	147.46	3.85	319.36
	GBP	0.19	19.1	2.24	208.48
	DKK	0.74	8.86	2.96	33.07
Dues to employees	EURO	-	-	1.36	113.14
	DKK	-	-	1.01	11.25
Duties and taxes payable	EURO	1.19	102.00	7.10	589.40
	DKK	0.89	10.26	1.01	11.30
Creditors for capital goods	EURO	-	-	0.20	16.29
Lease liability	EURO	-	-	0.70	57.87
Interest accrued but not due on borrowings	USD	0.10	7.49	0.40	29.81
Borrowings	USD	53.95	3,951.20	78.48	5,916.48

## 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.

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
<b>Sensitivity</b>				
INR/USD	(11.49)	11.49	0.65	(0.65)
INR/EURO	0.63	(0.63)	(6.95)	6.95
INR/GBP	(0.14)	0.14	(1.77)	1.77
INR/CAD	1.82	(1.82)	2.21	(2.21)
INR/AED	0.43	(0.43)	0.44	(0.44)
INR/DKK	3.02	(3.02)	2.04	(2.04)
INR/SGD	0.11	(0.11)	0.18	(0.18)
INR/CNY	3.10	(3.10)	6.36	(6.36)

## Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts and option 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 in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	As at 31 March 2021	As at 31 March 2020
Forward Contracts		
In USD (March 31, 2021 - Nil, March 31, 2020 - 60.60 lakhs)	-	4,568.39
IN CAD (March 31, 2021- Nil, March 31, 2020- 4.50 Lakhs)	-	239.39

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:

Foreign exchange forward contracts (highly probable forecast sales)	As at 31 March 2021		As at 31 March 2020	
	Notional amount (in ₹ lakhs)	Average forward rate	Notional amount (in ₹ lakhs)	Average forward rate
Not later than one month				
- In USD	-	-	196.00	72.55
- In EURO	-	-	-	-
Later than one month and not later than three months				
- In USD	-	-	1,017.71	72.71
Later than three months and not later a year				
- In USD	-	-	3,354.68	74.63
- In CAD	-	-	239.39	55.38

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Balance as at the beginning of the year</b>	(235.90)	(5.07)
Changes in fair value of effective portion of derivatives	173.87	(275.37)
Net gain reclassified to statement of profit and loss on occurrence of hedged transactions	49.56	(44.07)
Gain on cash flow hedging derivatives, net	<b>223.43</b>	<b>(319.44)</b>
<b>Balance as at the end of the year</b>	(12.47)	(235.90)
Deferred tax liability thereon	3.14	59.57
<b>Balance as at the end of the year, net of deferred tax</b>	<b>(9.32)</b>	<b>(176.33)</b>

# Notes to Standalone Financial Statements

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(All amounts in ₹ lakhs, unless otherwise stated)

## Interest rate risk

At 31 March 2021, the Company had an interest rate swap agreement in place whereby the Company pays a fixed rate of interest of 7.75% and receives interest at a variable rate equal to 6 months LIBOR+415 Bps on the notional amount. The swap is being used to hedge the exposure to changes in the variable interest rate on its 6 months LIBOR+415 Bps secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the balance sheet as at 31 March 2021 and 31 March 2020 is, as follows:

	As at 31 March 2021		As at 31 March 2020		Line item in balance sheet where hedging instrument is disclosed
	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	
Fair value hedge					
<b>Interest rate risk</b>	<b>USD 23.08</b>	<b>37.82</b>	USD 31.73	89.26	Other Current and Non current Financial Liability
- Interest rate swap					

The impact of the hedged item on the balance sheet as at 31 March 2021 and 31 March 2020 is, as follows:

	As at 31 March 2021		As at 31 March 2020		Line item in balance sheet where hedging instrument is disclosed
	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	
Fair value hedge					
<b>Interest rate risk</b>	<b>1,689.38</b>	<b>37.82</b>	2,392.05	89.26	Long Term borrowings and current Financial Liability.
- Interest rate swap					

## 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 2021 : ₹ 337.85 lakhs (31 March 2020 : ₹ 397.56 lakhs).

#### 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 2021: ₹324.32 lakhs (31 March 2020 : ₹788.55 lakhs) (refer note:24)

### 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.

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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 overtime. 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 pay-outs. 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 pay-outs

**(i) Changes in the present value of the defined benefit obligation are as follows**

Particulars	Gratuity	
	As at 31 March 2021	As at 31 March 2020
Defined benefit obligation at the beginning of the year	577.45	455.13
Current service cost	86.25	81.20
Interest cost	37.80	34.66
Benefits paid	(114.53)	(93.93)
Actuarial loss arising from change in financial assumptions	37.23	41.78
Actuarial loss arising from change in demographic assumptions	-	31.03
Actuarial loss arising from experience adjustments	16.34	27.58
Defined benefit obligation at the end of the year	<b>640.54</b>	<b>577.45</b>
Non-Current Provision	569.82	511.28
Current Provision	70.72	66.17

**(ii) Components of expense recognised in the Statement of Profit and Loss**

Employee benefits expense		
- Current service cost	86.25	81.20
Finance costs		
- Interest expense on defined benefit obligation	37.80	34.66
Expenses recognised in the Statement of profit and loss for the year	<b>124.05</b>	<b>115.86</b>

**(iii) Components of defined benefit costs recognised in other comprehensive income**

<b>Remeasurement on the net defined benefit liability:</b>		
Recognised net actuarial loss arising from change in financial assumptions	37.23	41.78
Recognised net actuarial loss arising from change in demographic assumptions	-	31.03
Recognised net actuarial loss arising from experience variance	16.34	27.58
Remeasurement loss in other comprehensive income	<b>53.57</b>	<b>100.39</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

**(iv) The principal assumptions used in determining gratuity obligations for the Company's plans disclosed below**

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	6.40%	6.55%
Salary escalation rate	5.00%	0% for next two years and 5% thereafter
Attrition rate		
- up to 5 years	20.00%	20.00%
- more than 5 years	10.00%	10.00%
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 2021 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.

Particulars	Gratuity	
	Increase	Decrease
Discount rate (Increase or decrease by 1%)	(44.58)	50.75
Salary growth rate (Increase or decrease by 1%)	50.96	(45.54)
Attrition rate (Increase or decrease by 50% of attrition rate)	2.54	(14.81)
Mortality rate (Increase or decrease by 10% of mortality rate)	0.14	(0.14)

**A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:**

Particulars	Gratuity	
	Increase	Decrease
Discount rate (Increase or decrease by 1%)	(40.61)	46.30
Salary growth rate (Increase or decrease by 1%)	47.12	(42.03)
Attrition rate (Increase or decrease by 50% of attrition rate)	3.93	(16.16)
Mortality rate (Increase or decrease by 10% of mortality rate)	0.14	(0.14)

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 sensitivity 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 7 years and 8 years for the year ended 31 March 2021 and 31 March 2020 respectively. Following is a maturity profile of the defined benefit obligation as at 31 March 2021 and 31 March 2020.



# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## Expected cash flows over the next: (valued on undiscounted basis)

	Gratuity	
	As at 31 March 2021	As at 31 March 2020
Within the next 12 months	70.72	66.17
Between 1 - 5 years	278.18	244.87
Between 6 - 10 years	273.69	254.27
More than 10 years	516.12	486.57

## 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 predominantly engaged in the business of Engineering Design Services, which constitutes a single business segment and is governed by similar set of risks and returns. The operations of the Company primarily cater to the market outside India, which the Management views as a single segment. The Management monitors the operating results of its single segment for the purpose of making decisions about resource allocation and performance assessment.

Three customers individually accounted for ₹ 5,799.16 lakhs, ₹ 2,415.00 lakhs and ₹ 2,085.18 lakhs respectively, which is more than 10% of the total revenue of the Company for the year ended 31 March 2021 and two customers individually accounted for ₹ 12,958.76 lakhs and ₹ 2,615.84 lakhs respectively, which is more than 10% of the total revenue of the Company for the year ended 31 March 2020.

The Company is domiciled in India. The Company's revenue from operations from external customers primarily relate to operations outside India. Revenue from customer located in india amounts to ₹ 3,443.58 lakhs (31 March 2020: ₹ 3,872.83 lakhs) and from outside india amounts to ₹ 9,488.02 lakhs (31 March 2020: ₹ 18,786.53 lakhs). Majority of the non-current assets of the Company are located in India.

## 40 AUDITOR'S REMUNERATION \*

	Year ended 31 March 2021	Year ended 31 March 2020
Statutory audit fees	40.00	40.00
Other fees	15.00	15.00
Out of pocket expenses	3.41	3.37
	<b>58.41</b>	<b>58.37</b>

\* excluding GST

## 41 DISCLOSURE IN ACCORDANCE WITH GUIDANCE NOTE ON ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:

	Year ended 31 March 2021		Year ended 31 March 2020
a) Gross amount required to be spent by the Company during the year	-	-	2.18
b) Amount approved by the Board to be spent during the year	-	-	2.18
c) Amount spent during the year ending on 31 March, 2021:	<b>In cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	-	-	-
d) Amount spent during the year ending on 31 March, 2020:	<b>In cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	2.18	-	2.18

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

e) Details related to spent / unspent obligations:

	Year ended 31 March 2021	Year ended 31 March 2020
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	-	2.18
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-

## 42 SHARE-BASED PAYMENTS

### Employee stock option scheme

The Company has two ESOP schemes titled "AXISCADES Employee Stock Option Plan- Series 1 & 2" under which option to subscribe for the Company's shares can be granted to certain executive and senior employees.

During the current year, the Nomination and Remuneration Committee of the Board of Directors of the Company has granted 22,03,462 options to the eligible employees of the Company and its Subsidiaries and 5,64,315 options were proposed to be granted to the eligible employees of the Company and its Subsidiaries and is subject to shareholders approval pursuant to the AXISCADES Employee Stock Option Plan- Series 1 & 2 ('Schemes'). The exercise price of the share options is equal to the 90-day average closing price as on date prior to the date of approval from the nomination and remuneration committee for the grant of options under the Scheme. 33.3% of the share options will vest at the end of first year, second year and third year from the date of grant of options;

The fair value of the options granted is estimated using Black-Scholes model of pricing, taking into account the terms and conditions upon which the share options were granted.

The share options can be exercised up to eight years from the grant date. There are no cash settlement alternatives. The Company accounts for the Scheme as an equity-settled plan.

	31 March 2021	31 March 2020
Expense arising from equity-settled share-based payment transactions	136.84	171.88
Less: Cross charge to subsidiaries (refer note 31)	(9.30)	-
<b>Total expense arising from share-based payment transactions</b>	<b>127.54</b>	<b>171.88</b>

### Movements during the year

The following table summarises the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

	31 March 2021		31 March 2020	
	Number	WAEP (₹)	Number	WAEP (₹)
Outstanding at 1 April	8,77,300	52.70	-	-
Granted during the year <sup>1</sup>	22,03,462	51.20	9,02,300	52.70
Lapsed during the year	(60,000)	52.65	(25,000)	52.65
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at March 31</b>	<b>30,20,762</b>	<b>51.54</b>	<b>8,77,300</b>	<b>52.70</b>
Exercisable at March 31	-	-	-	-

<sup>1</sup>The weighted average share price at the date of exercise of these options was ₹ 51.54 (March 31 2020: ₹ 52.70).

The weighted average remaining contractual life for the share options outstanding as at 31 March 2021 was 7.43 years (March 31 2019: 7.09 years).

The weighted average fair value of options granted during the year was ₹ 29.54 (March 31 2020: ₹ 29.31).

The range of exercise prices for options outstanding at the end of the year was ₹ 51.20 to ₹ 52.95 (March 31 2020: ₹ 52.65 to ₹ 52.95).

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The following tables list the inputs to the model used for the scheme for the year ended March 31, 2021 and March 31, 2020 respectively:

	31 March 2021	31 March 2020
Weighted average fair values at the measurement date	29.54	29.31
Dividend yield (%)	-	-
Expected volatility (%)	55.30%-59.90%	59.90%
Risk-free interest rate (%)	5.48%-7.25%	6.95%-7.25%
Expected life of share options(years)	5.5 years	4.5 years
Weighted average exercise price (INR)	51.54	52.7
Model used	Black-Scholes	Black-Scholes

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

**43** The current financial year has been a challenging year for our business. The year began amidst a strict lockdown post the emergence of COVID-19 towards the end of the last financial year. The economy gradually opened post June 2020 and the second half of the year was progressing towards recovery. However, a much stronger second wave of COVID -19 infections hit the country subsequent to March 31, 2021 and may result in significant disruption to our business operations due to the lockdown restrictions. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of the assets. Similarly, the Company has also evaluated its ability to meet the financial commitments to its lender etc. in view of expected impact of COVID-19 on its revenue and profitability. Based on the current estimates, the Company expects the carrying amount of these assets will be recovered. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates which may differ from that considered as at the date of approval of these financial statements. Given the nature of the pandemic, the Company will continue to closely monitor any material changes to future economic conditions.

#### 44 TRANSFER PRICING

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 2021 following a detailed transfer pricing study conducted for the financial year ended 31 March 2020. 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.

#### 45 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 2021	31 March 2020	31 March 2021	31 March 2020	
AXISCADES Aerospace & Technologies Private Limited	-	210.00	210.00	230.00	Nil

- The above loans have been given for business purpose.
- There are no outstanding debts due from the directors or other officers of the Company.

# Notes to Standalone Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 46 CONTINGENT LIABILITY

Particulars	As at 31 March 2021	As at 31 March 2020
i) Indirect tax matters for demands pending before various appellate authorities	956.39	956.39
ii) Direct tax matters under dispute / pending before Income Tax Authorities	194.42	194.42
	<b>1,150.81</b>	<b>1,150.81</b>

- (i) The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Company has implemented the above judgement on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject
- (ii) The Company has reviewed all its pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its financial statements where financial outflow is not probable. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

## 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 Number: 104315

Place: Bengaluru

Date: June 11, 2021

For and on behalf of the Board of Directors of

**AXISCADES Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Anumanchipalli Srinivas**

Chief Financial Officer

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 11, 2021

# Independent Auditor's Report

To the Members of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)

## REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying consolidated Ind AS financial statements of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited) (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the consolidated Balance Sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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 and associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2021, their consolidated loss including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and its associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder,

and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Emphasis of Matter

- i. We draw attention to Note 47 of the accompanying consolidated Ind AS financial statements, which describes Management's assessment of the impact of uncertainties caused by COVID-19 pandemic and its consequential impact it may have on the operations of the Group and its associate. Our opinion is not modified in respect of this matter.
- ii. We draw the attention to Note 22(ii) of the accompanying consolidated Ind AS financial statements in respect of dispute between the Company and Shareholders of Mistral Solutions Private Limited in relation to the implementation of the Share Purchase Agreement ('SPA') dated 1 December 2017. This matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>(a) Valuation of contingent consideration payable for business acquisition</b> (as described in Note 2(c) and Note 22(i) of the consolidated Ind AS financial statements)</p> <p>The Holding 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 over a period specified in the SPA.</p> <p>As at March 31, 2021, the Holding Company has contingent consideration payable of ₹ 3,416.47 lakhs. The said consideration is remeasured at fair value at each Balance Sheet date and is affected by changes in the estimation of post-acquisition performance of the MSPL and its subsidiaries (“MSPL Group”). Any resulting gain or loss is recognized in the consolidated statement of profit and loss.</p> <p>The determination of value of contingent consideration payable made by the Management involved judgment in relation to the post-acquisition performance of the MSPL Group, impact of COVID-19 and discount rates applied in determining the fair value of contingent consideration payable. Accordingly, we have determined this area to be a key audit matter in our audit of the Consolidated Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We understood, evaluated and tested Management’s controls over the determination of the contingent consideration payable;</li> <li>• We assessed the Holding Company’s valuation methodology applied in determining the value of contingent consideration payable. In making this assessment, we also evaluated the objectivity and independence of Holding Company’s expert involved in the process;</li> <li>• We evaluated performance forecasts used in the computation of contingent consideration payable and we engaged expert to assess the assumptions adopted by the Management with reference to MSPL Group’s business plan and historical results to assess the quality of MSPL Group’s financial projection including assumptions related to discount rates, impact of COVID-19 and growth rates;</li> <li>• We tested the mathematical accuracy of the underlying computation of contingent consideration payable and validated as per the terms of the SPA; and</li> <li>• We have assessed the disclosures in the consolidated Ind AS financial statements as per the relevant accounting standards.</li> </ul>
<p><b>(b) Assessment of impairment of Goodwill and other intangible assets</b> (as described in Note 2(c) and Note 7 of the consolidated Ind AS financial statements)</p> <p>The Group’s Balance Sheet includes ₹ 13,995.78 lakhs of goodwill and other intangible assets representing 18.85% of total Group assets.</p> <p>Goodwill and other intangible assets must be tested for impairment at least on an annual basis. The determination of recoverable amounts requires judgement on the part of the Management in both identifying and then valuing the relevant Cash Generating Units (CGUs).</p> <p>Recoverable amounts are based on Management’s assumptions of variables and market conditions such as volume growth rates, future operating expenditure, discount rates, impact of COVID-19 and long-term growth rates.</p> <p>The annual impairment testing is a significant accounting estimate as the assumptions on which such estimates are based are judgmental and affected by future market and economic conditions which are inherently uncertain. Accordingly, we have determined this area to be a key audit matter in our audit of the Consolidated Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We understood, evaluated and tested Holding Company’s Management key controls over the impairment assessment process;</li> <li>• We assessed the Group’s methodology applied in determining the CGUs recoverable value. In making this assessment, we also evaluated the objectivity and independence of Holding Company’s expert involved in the process.</li> <li>• We engaged expert to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates, impact of COVID-19 and terminal growth rates and methodologies used by the Holding Company’s Management to determine the recoverable amount;</li> <li>• We tested the arithmetical accuracy of the impairment testing model; and</li> <li>• We have assessed the disclosures in the consolidated Ind AS financial statements as per the relevant accounting standards.</li> </ul>
<p>We have determined that there are no other key audit matters to communicate in our report.</p>	<p>our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.</p>
<p><b>Other Information</b></p> <p>The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated Ind AS financial statements and our auditor’s report thereon.</p> <p>Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or</p>	<p><b>Responsibilities of Management for the Consolidated Ind AS Financial Statements</b></p> <p>The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of 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 including its associate in accordance with the accounting principles generally accepted in India, including the</p>

Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate 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 of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

#### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to the Consolidated Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind

AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

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 ₹ 34,377.72 lakhs as at March 31, 2021, and total revenues of ₹ 20,868.50 lakhs and net cash inflows of ₹ 399.92 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the Management. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 44.55 lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of one associate, whose financial statements, other financial information have been audited by other auditors and whose 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.

Our opinion above 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 and the financial statements and other financial information certified by the Management.

#### **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 and

associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report 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 purposes 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, the 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 maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (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 Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 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 and associate company, none of the directors of the Group's companies and its associate, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and its associate company incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, its subsidiaries and associate incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to



the best of our information and according to the explanations given to us 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 and associate 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 and its associate in its consolidated Ind AS financial statements – Refer Note 38 to the consolidated Ind AS financial statements;
- ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its associate, incorporated in India during the year ended March 31, 2021.

Place of Signature: Bengaluru  
Date: June 11, 2021

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

Sd/-  
per **Sunil Gaggar**  
Partner  
Membership Number: 104315  
UDIN: 21104315AAAABL8283

# Annexure - 1 to the Auditor's Report

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF AXISCADES TECHNOLOGIES LIMITED (FORMERLY 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 Technologies Limited (formerly AXISCADES Engineering Technologies Limited) (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the companies included in the Group and its associate, 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 considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to 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, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls with reference to 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 with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to 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 with reference to consolidated Ind AS financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

A Company's internal financial control with reference to 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 with reference to 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 WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 Group and its associate, which are companies incorporated in India, have, maintained in all material respects,

adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**OTHER MATTERS**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, in so far as it relates to these five subsidiaries and one associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and associate 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

UDIN: 21104315AAAABL8283

Place of Signature: Bengaluru

Date: June 11, 2021

# Consolidated Balance Sheet

as at 31 March 2021

	Note	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	5,200.05	5,414.80
Other intangible assets	4	3,524.99	3,943.61
Intangible assets under development	5	-	56.22
Capital work-in-progress	6	-	-
Right of use assets	37	9,618.67	9,343.58
Goodwill	7	10,470.79	16,778.36
Investment in an associate	8	233.23	188.47
Financial assets			
Investments	9	697.39	374.03
Loans	11	832.50	881.02
Other financial assets	12	859.44	587.95
Deferred tax assets, net	40	2,806.34	3,012.24
Non-current tax assets, net	13	1,464.76	2,876.48
Other non-current assets	14	2,109.97	2,060.94
		<b>37,818.13</b>	<b>45,517.70</b>
<b>Current assets</b>			
Inventories	15	2,330.30	1,961.43
Financial assets			
Investments	9	4,059.06	2,874.53
Trade receivables	10	12,754.68	16,640.89
Loans	11	241.79	251.42
Cash and cash equivalents	16	5,269.93	4,477.69
Bank balances other than cash and cash equivalents	17	3,208.31	2,538.30
Other financial assets	12	5,434.22	7,425.34
Other current assets	14	3,119.62	4,169.86
		<b>36,417.91</b>	<b>40,339.46</b>
		<b>74,236.04</b>	<b>85,857.16</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	1,889.51	1,889.51
Other equity	19	27,971.44	29,623.46
Non controlling interests		490.17	444.33
		<b>30,351.12</b>	<b>31,957.30</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	20	2,082.74	3,893.07
Lease Liabilities	37	2,094.36	1,749.76
Other financial liabilities	22	4,707.52	6,269.40
Provisions	23	985.26	1,036.76
Other non-current liabilities	25	-	27.82
		<b>9,869.88</b>	<b>12,976.81</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	20	3,061.45	8,325.74
Lease Liabilities	37	1,038.40	1,026.88
Trade payables	21		
(a) Total outstanding dues of micro and small enterprises		119.52	154.04
(b) Total outstanding dues of creditors other than micro and small enterprises		4,941.98	4,827.57
Other financial liabilities	22	19,436.27	20,029.02
Provisions	23	961.86	755.65
Current tax liability, net	24	106.67	486.89
Other current liabilities	25	4,348.89	5,317.26
		<b>34,015.04</b>	<b>40,923.05</b>
		<b>74,236.04</b>	<b>85,857.16</b>
<b>Total equity and liabilities</b>			

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

As per our report of even date

**For S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Sd/-

**per Sunil Gaggar**

Partner

Membership Number: 104315

Place: Bengaluru

Date: June 11, 2021

For and on behalf of the Board of Directors of

**Axiscades Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Anumanchipalli Srinivas**

Chief Financial Officer

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 11, 2021

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
<b>INCOME</b>			
Revenue from contracts with customers	26	51,738.61	66,497.83
Other operating Income	27	646.05	788.55
Other income	28	1,446.07	761.80
<b>Total income</b>		<b>53,830.73</b>	<b>68,048.18</b>
<b>EXPENSES</b>			
Cost of materials consumed	29	9,849.61	10,255.05
Employee benefits expense	30	26,661.40	36,116.86
Depreciation, amortisation and impairment loss	31	2,598.58	3,273.78
Finance costs	32	2,250.40	2,830.39
Other expenses	33	9,473.64	11,749.28
<b>Total expenses</b>		<b>50,833.63</b>	<b>64,225.36</b>
<b>Profit before share of profit of an associate, exceptional items and tax</b>		<b>2,997.10</b>	<b>3,822.82</b>
Share of profit of an associate	8	44.76	15.72
<b>Profit before exceptional items and tax</b>		<b>3,041.86</b>	<b>3,838.54</b>
Exceptional items	34	(4,079.80)	-
<b>Profit / (Loss) before tax and non controlling interest</b>		<b>(1,037.94)</b>	<b>3,838.54</b>
<b>Tax expense:</b>	40		
(i) Current tax		951.19	1,157.98
(ii) Deferred tax (credit) / expenses		131.42	(348.95)
<b>Profit / (Loss) after tax for the year</b>		<b>(2,120.55)</b>	<b>3,029.51</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans	43	(30.68)	(79.15)
Income tax effect		7.60	20.52
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		<b>(23.08)</b>	<b>(58.63)</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
a) Gains/(Losses) on cash flow hedges, net	42	318.35	(297.31)
Income tax effect		(82.08)	76.02
		<b>236.27</b>	<b>(221.29)</b>
b) Exchange differences on translation of foreign operations		160.29	328.00
Income tax effect		-	-
		<b>160.29</b>	<b>328.00</b>
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		<b>396.56</b>	<b>106.71</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>373.48</b>	<b>48.08</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(1,747.07)</b>	<b>3,077.59</b>
<b>Total profit / (loss) attributable to:</b>			
Equity holders of the Company		(2,166.39)	2,975.41
Non-controlling interest		45.84	54.10
<b>Total comprehensive income attributable to:</b>		<b>(1,792.91)</b>	<b>3,023.49</b>
Equity holders of the Company		45.84	54.10
Non-controlling interest			
<b>Earnings per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2020: ₹ 5)]</b>	35		
Basic		(5.74)	7.87
Diluted		(5.74)	7.69

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

As per our report of even date

**For S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Sd/-  
**per Sunil Gaggar**

Partner

Membership Number: 104315

Place: Bengaluru

Date: June 11, 2021

For and on behalf of the Board of Directors of

**Axiscades Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Anumanchipalli Srinivas**

Chief Financial Officer

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 11, 2021

# Consolidated Statement of Cash Flows

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	(1,037.94)	3,838.54
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation, amortisation and impairment loss (refer note 31)	2,598.58	3,273.78
Interest income (including fair value change in financial instruments)	(420.13)	(610.14)
Net gain on financial asset measured at fair value through profit and loss	(431.34)	(77.46)
Exception Item, net (refer note 34)	4,079.80	-
Dividend income from mutual funds	(10.29)	(4.45)
Interest expense (including fair value change in financial instruments) (refer note 32)	2,250.40	2,830.39
Provision / liabilities no longer required written back	(140.99)	(114.87)
Share of profit of an associate	(44.76)	(15.72)
Bad debts and advances written off	115.45	13.39
Share based payment expense (refer note 45)	140.89	171.88
Provision for slow and non moving inventories	-	119.64
Provision for foreseeable loss on contracts	-	0.55
Provision for doubtful debts and advances	52.88	370.02
(Profit) / Loss on sale of Property, plant and equipment	(6.55)	3.17
Net unrealised foreign exchange loss	(230.70)	544.11
<b>Operating profit before working capital changes</b>	<b>6,915.30</b>	<b>10,342.83</b>
<b>Movements in working capital</b>		
Decrease / (Increase) in trade receivables	3,751.01	(1,422.83)
Decrease / (Increase) in inventories	(368.87)	(64.06)
Decrease / (Increase) in other assets including financial assets	2,741.72	(3,138.21)
Decrease / (Increase) in loans and advances	233.86	193.07
Increase / (Decrease) in trade payables, other liabilities and financial liabilities	(1,196.20)	2,354.00
Increase / (Decrease) in provisions	55.09	(235.17)
<b>Cash generated from operating activities</b>	<b>12,131.91</b>	<b>8,029.63</b>
Direct taxes refund / (paid)	80.31	(1,540.98)
<b>Net cash generated from operating activities (A)</b>	<b>12,212.22</b>	<b>6,488.65</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant and equipment, intangible assets and intangible assets under development	(566.61)	(643.62)
Proceeds from sale of property, plant and equipment	6.55	31.35
Interest received	339.14	297.03
Investment in mutual funds, other funds and equity shares of other companies	(1,031.79)	(350.15)
Redemption in fixed deposits, net	(934.78)	18.38
Intercompany deposit received	-	175.00
Dividend received	10.29	4.45
<b>Net cash used in investment activities (B)</b>	<b>(2,177.20)</b>	<b>(292.56)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of principal and interest portion of lease liabilities	(1,287.64)	(1,587.54)
(Repayments) / proceeds of short term borrowings	(5,146.92)	500.00
Repayments of term borrowings	(1,609.12)	(2,303.69)
Interest paid	(1,250.10)	(1,454.83)
<b>Net cash used in financing activities (C)</b>	<b>(9,293.78)</b>	<b>(4,846.06)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>741.24</b>	<b>1,350.03</b>
Effect of exchange rate changes, net	51.00	69.83
Cash and cash equivalents as at beginning of the year (refer note 16(a))	4,477.69	3,057.83
<b>Cash and cash equivalents at the end of the year (refer note 16(a))</b>	<b>5,269.93</b>	<b>4,477.69</b>

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

As per our report of even date

**For S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Sd/-  
**per Sunil Gaggar**

Partner

Membership Number: 104315

Place: Bengaluru

Date: June 11, 2021

For and on behalf of the Board of Directors of

**Axiscades Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Anumanchipalli Srinivas**

Chief Financial Officer

Place: Bengaluru

Date: June 11, 2021

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 11, 2021

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

		Equity shares											
		Number (in lakhs)		Amount									
Equity shares of ₹ 5 each (March 31, 2020: ₹ 5 each), fully paid-up													
<b>At 01 April 2019</b>													
Add: Issued and subscribed during the year			377.60			1,889.51							
<b>At 31 March 2020</b>			-			-							
Add: Issued and subscribed during the year			377.60			1,889.51							
<b>At 31 March 2021</b>			-			-							
<b>At 31 March 2021</b>			377.60			1,889.51							
<b>B. OTHER EQUITY</b>													
	Reserves and surplus				Items of OCI				Non-controlling interests	Total			
	General reserve	Securities premium	Retained earnings	Capital Reserve	Share options outstanding account	Capital Reserve	Foreign currency translation reserve	Hedge reserve			Other items of other comprehensive income / (loss)	Total other equity	
<b>Balance as at 01 April 2019</b>	3.39	10,077.23	10,742.20	107.68	2.25	5,698.31	86.98	(73.98)	(66.71)	26,577.35	390.23	26,967.58	
Profit for the year	-	-	2,975.41	-	-	-	-	-	-	2,975.41	54.10	3,029.51	
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	(221.29)	-	-	(221.29)	-	(221.29)	
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	-	-	-	(58.63)	(58.63)	-	(58.63)	
Share based payment (Refer note:45)	-	-	-	-	171.88	-	-	-	-	171.88	-	171.88	
Effect on adoption of Ind AS 116, net of tax	-	-	(149.26)	-	-	-	-	-	-	(149.26)	-	(149.26)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	328.00	-	-	328.00	-	328.00	
<b>Total comprehensive income</b>	-	-	2,826.15	-	171.88	-	328.00	(221.29)	(58.63)	3,046.11	54.10	3,100.21	
<b>Balance as at 31 March 2020</b>	3.39	10,077.23	13,568.35	107.68	174.13	5,698.31	414.98	(295.27)	(125.34)	29,623.46	444.33	30,067.79	
Profit / (Loss) for the year	-	-	(2,166.39)	-	-	-	-	-	-	(2,166.39)	45.84	(2,120.55)	
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	236.27	-	236.27	-	236.27	
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	-	-	-	(23.08)	(23.08)	-	(23.08)	
Share based payment (Refer note:45)	-	-	-	-	140.89	-	-	-	-	140.89	-	140.89	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	160.29	-	-	160.29	-	160.29	
<b>Total comprehensive income</b>	-	-	(2,166.39)	-	140.89	-	160.29	-	(23.08)	(23.08)	45.84	(1,606.18)	
<b>Balance as at 31 March, 2021</b>	3.39	10,077.23	11,401.95	107.68	315.03	5,698.31	575.27	(59.00)	(148.42)	27,971.44	490.17	28,461.61	

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

As per our report of even date

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

Sd/-

**per Sunil Gagar**

Partner  
Membership Number: 104315  
Place: Bengaluru  
Date: June 11, 2021

For and on behalf of the Board of Directors of  
**Axiscades Technologies Limited**  
CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director  
DIN: 02809502  
Place: Bengaluru  
Date: June 11, 2021

Sd/-

**Anumanchipalli Srinivas**

Chief Financial Officer  
Place: Bengaluru  
Date: June 11, 2021

Sd/-

**Sudhakar Gande**

Non Executive Director  
DIN: 00987566  
Place: Bengaluru  
Date: June 11, 2021

Sd/-

**Shweta Agrawal**

Company Secretary  
Membership No.: 14148  
Place: Ghaziabad  
Date: June 11, 2021

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

## 1. GENERAL INFORMATION:

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited), ('the Company' / 'the Holding Company' / 'ACETL'), a public limited company, operates in the business of Engineering Design Services and Strategic Technology Solutions. The Company's shares are listed for trading on the National Stock Exchange of India Limited and BSE Limited in India.

### Information about subsidiaries:

Name of the subsidiaries	Country of incorporation	Ownership interest (%)	
		31 March 2021	31 March 2020
AXISCADES, Inc.	USA	100%	100%
AXISCADES UK Limited, Subsidiary of AXISCADES Inc. ('AXISCADES UK')	UK	100%	100%
AXISCADES Technology Canada Inc. ('AXISCADES Canada')	Canada	100%	100%
Axis Mechanical Engineering Design (Wuxi) Co., Ltd. ('Axis China')	China	100%	100%
AXISCADES GmbH	Germany	100%	100%
Cades Studec Technologies (India) Private Limited ('Studec')	India	76%	76%
AXISCADES Aerospace & Technologies Private Limited ('ACAT')	India	100%	100%
Enertec Controls Limited, subsidiary of ACAT ('Enertec')	India	100%	100%
AXISCADES Aerospace Infrastructure Private Limited, subsidiary of ACAT ('AAIPL')	India	100%	100%
Mistral Solutions Private Limited (MSPL)	India	100%	100%
Aero Electronics Private Limited, subsidiary of MSPL (AEPL)	India	100%	100%
Mistral Technologies Private Limited, subsidiary of MSPL (MTPL)	India	100%	100%
Mistral Solutions Inc., subsidiary of MSPL (MSI)	USA	100%	100%
Mistral Solutions Pte Limited, subsidiary of MSPL (MSP)	Singapore	100%	100%

Associate

The Group has a 50% interest in ASSYSTEM AXISCADES Engineering Private Limited ("AAEPL") (refer note 8).

## 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 2021. 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

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') and an associate listed below:

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 off 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



# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

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 2021. 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 comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the parent company.

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 ('the Act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 11 June 2021.

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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration 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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

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 reporting dates and subsequent 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

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

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 and when incurred.

## d. Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## e) Use of Judgements, Estimates & Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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.

### Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

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

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

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

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

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

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

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

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

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

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

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

### **Fair value measurements**

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

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 with changes in fair value recognised in profit or loss 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.

### **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.

### **Decommissioning liability**

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

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

## **Share-based payments**

The Group measures the cost of non cash-settled transactions with employees using a Black sholes model valuation to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Black sholes model valuation for executives and senior management employees. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 45.

## **f) 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.

## **g) Property, plant and equipment**

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 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
Plant and machinery *	7 - 15
Electrical installations *	7
Office buildings *	61
Vehicles *	5 - 6
Test equipments	6

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

The 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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

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.

## h) Intangible assets

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 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').

## i) 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.

## j) Revenue recognition

The Group earns revenue from contract with customer primarily from sale of engineering design services, system integration and other services.

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

### Sale of goods and services:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from professional engineering services is either on time-and-material basis or fixed price contracts. Revenue on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts, where performance obligation are satisfied over time and where there is no uncertainty as to the measurement or collectibility of consideration, is recognised as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectibility, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

### Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2021

in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

#### Significant financing component:

The Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, it does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

#### Warranty obligations:

It provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in use of judgements, estimates & assumptions.

#### Finance income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

#### Dividend Income:

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

revenue in the Statement of Profit and Loss due to its operating nature.

#### Contract balances

##### Contract assets:

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by providing services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue)

##### Trade receivables:

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2 (r) Financial instruments – initial recognition and subsequent measurement.

#### k) 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 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 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

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

## 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.

## I) Leases

The Group has lease contracts for buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

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

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019.

### i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2(i) Impairment of non-financial assets.

### (ii) *Lease Liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured



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if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### (iii) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. 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.

## m) **Foreign currency transactions**

### **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 or 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 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.

## n) **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.

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## o) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.. The method of determination of cost is as follows:

Raw materials/components and 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.

The Group periodically assesses the inventory for obsolescence and slow moving stocks

## p) 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 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.

### Minimum alternate tax (MAT):

MAT payable for a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement' under Deferred Tax. The Group reviews the same at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

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## q) 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 consolidated 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.

## r) 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 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.

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## 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.

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## ***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 and 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 and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and 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.

## ***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. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the 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.

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## s) 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.

## t) 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 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;

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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 Group 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.

## u) 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 consists of cash at bank and on hand 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.

## v) 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'.

## w) 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.

## x) 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.

## 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.

## 2(ii) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New amendment and standards

#### (i) Amendments to Ind AS 116: Covid-19-Related Rent Concession

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. On account of this amendment, an amount of ₹ 61.82 lakhs is recognised as income in the statement of profit and loss for the year ended 31 March, 2021. Several other amendments and interpretations apply for the first time in during the year ending 31 March, 2021, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective/ notified.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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

	Freehold land	Leasehold land	Computers and fixtures	Furniture and fixtures	Test equipments	Office equipments	Electrical installations	Vehicles	Office building	Leasehold improvements	Plant and machinery	Total
<b>Cost or valuation</b>												
<b>Balance as at 1 April 2019</b>	3,370.50	6,731.97	1,341.41	215.04	257.04	255.13	10.08	227.08	621.38	39.72	1,586.55	14,655.90
Additions for the year	-	-	190.81	21.29	5.97	67.64	2.10	-	-	192.14	2.49	482.44
Disposals during the year	-	-	(61.33)	(3.14)	-	(40.78)	-	(66.59)	-	-	(1.03)	(172.87)
Reclassification to Right of use asset (refer note 1)	-	(6,731.97)	-	-	-	-	-	-	-	-	-	(6,731.97)
Other adjustments [refer note 2 below]	-	-	(2.97)	2.03	-	3.91	-	-	-	-	-	2.97
<b>Balance as at 31 March 2020</b>	<b>3,370.50</b>	<b>-</b>	<b>1,467.92</b>	<b>235.22</b>	<b>263.01</b>	<b>285.90</b>	<b>12.18</b>	<b>160.49</b>	<b>621.38</b>	<b>231.86</b>	<b>1,588.01</b>	<b>8,236.47</b>
Additions for the year	-	-	161.73	9.09	29.43	4.13	-	9.24	-	29.35	5.96	248.93
Disposals during the year	-	-	(1.76)	-	-	(0.53)	-	(11.65)	-	-	(1.50)	(15.44)
Other adjustments [refer note 2 below]	-	-	1.16	(0.32)	-	0.07	-	-	-	-	-	0.91
<b>Balance as at 31 March 2021</b>	<b>3,370.50</b>	<b>-</b>	<b>1,629.05</b>	<b>243.99</b>	<b>292.44</b>	<b>289.57</b>	<b>12.18</b>	<b>158.08</b>	<b>621.38</b>	<b>261.21</b>	<b>1,592.47</b>	<b>8,470.87</b>
<b>Accumulated Depreciation</b>												
<b>Balance as at 1 April 2019</b>	-	-	1,042.85	138.24	176.71	144.12	7.47	94.02	28.53	22.39	306.36	1,960.69
Depreciation charge for the year	-	-	201.23	29.46	30.30	45.68	1.82	41.85	11.42	12.35	223.37	597.48
Disposals during the year	-	-	(61.34)	(3.14)	-	(38.74)	-	(34.33)	-	-	(0.70)	(138.25)
Impairment (refer note 6 below)	-	-	-	-	-	-	-	-	-	-	403.69	403.69
Other adjustments [refer note 2 below]	-	-	(3.42)	1.09	-	0.39	-	-	-	-	-	(1.94)
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>1,179.32</b>	<b>165.65</b>	<b>207.01</b>	<b>151.45</b>	<b>9.29</b>	<b>101.54</b>	<b>39.95</b>	<b>34.74</b>	<b>932.72</b>	<b>2,821.67</b>
Depreciation charge for the year	-	-	173.09	18.53	21.51	35.24	0.83	25.25	11.41	42.73	132.53	461.12
Disposals during the year	-	-	(1.10)	-	-	(0.33)	-	(11.12)	-	-	(1.23)	(13.78)
Other adjustments [refer note 2 below]	-	-	2.35	(0.67)	-	0.13	-	-	-	-	-	1.81
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>1,353.66</b>	<b>183.51</b>	<b>228.52</b>	<b>186.49</b>	<b>10.12</b>	<b>115.67</b>	<b>51.36</b>	<b>77.47</b>	<b>1,064.02</b>	<b>3,270.82</b>
<b>Net block</b>												
<b>As at 31 March 2020</b>	<b>3,370.50</b>	<b>-</b>	<b>288.60</b>	<b>69.56</b>	<b>56.00</b>	<b>134.45</b>	<b>2.89</b>	<b>58.95</b>	<b>581.43</b>	<b>197.12</b>	<b>655.29</b>	<b>5,414.80</b>
<b>As at 31 March 2021</b>	<b>3,370.50</b>	<b>-</b>	<b>275.39</b>	<b>60.48</b>	<b>63.92</b>	<b>103.08</b>	<b>2.06</b>	<b>42.41</b>	<b>570.02</b>	<b>183.74</b>	<b>528.45</b>	<b>5,200.05</b>

#### Notes

- On adoption of Ind AS 116 Leases, the Group has reclassified certain leasehold land to Right-of-use assets in accordance with the provisions of Ind AS 116.
- Represents adjustments consequent to translation of property, plant and equipment in foreign geographies.
- Capitalised borrowing cost  
There is no borrowing costs capitalised during the year ended 31 March 2021 (31 March 2020: Nil).
- Property, plant and equipment pledged as security  
Details of properties pledged are as per note 20.
- 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 leasehold improvements made to the premises (refer note 23).
- Impairment  
During the year ended on 31 March 2021, ACAT has recognised an impairment loss of Nil (31 March, 2020: ₹ 403.69 lakhs) represented the write-down value of certain property, plant and equipment in the plant and machinery to the recoverable amount as a result of technological obsolescence. This was recognised in the statement of profit and loss grouped under depreciation, amortisation and impairment expense.



# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 4 OTHER INTANGIBLE ASSETS

	Computer software	Non-competee fee	Customer contract	Process manuals	Total
<b>Cost</b>					
<b>Balance as at 1 April 2019</b>	1,341.43	1,500.87	3,127.52	1,849.16	7,818.98
Additions for the year	216.50	-	-	-	216.50
Other adjustments [refer note 1 below]	-	-	-	0.22	0.22
<b>Balance as at 31 March 2020</b>	<b>1,557.93</b>	<b>1,500.87</b>	<b>3,127.52</b>	<b>1,849.38</b>	<b>8,035.70</b>
Additions for the year	302.40	-	-	-	302.40
Other adjustments [refer note 1 below]	(0.52)	-	-	-	(0.52)
<b>Balance as at 31 March 2021</b>	<b>1,859.81</b>	<b>1,500.87</b>	<b>3,127.52</b>	<b>1,849.38</b>	<b>8,337.58</b>
<b>Accumulated amortisation</b>					
<b>Balance as at 1 April 2019</b>	858.43	200.11	417.01	1,719.18	3,194.73
Amortisation /charge for the year	304.32	150.08	312.76	130.20	897.36
<b>Balance as at 31 March 2020</b>	<b>1,162.75</b>	<b>350.19</b>	<b>729.77</b>	<b>1,849.38</b>	<b>4,092.09</b>
Amortisation /charge for the year	258.84	150.08	312.76	-	721.68
Other adjustments [refer note 1 below]	(1.18)	-	-	-	(1.18)
<b>Balance as at 31 March 2021</b>	<b>1,420.41</b>	<b>500.27</b>	<b>1,042.53</b>	<b>1,849.38</b>	<b>4,812.59</b>
<b>Net block</b>					
<b>As at 31 March 2020</b>	<b>395.18</b>	<b>1,150.68</b>	<b>2,397.75</b>	<b>-</b>	<b>3,943.61</b>
<b>As at 31 March 2021</b>	<b>439.40</b>	<b>1,000.60</b>	<b>2,084.99</b>	<b>-</b>	<b>3,524.99</b>

### Notes:

1 Represents adjustments consequent to translation of other intangible assets in foreign geographies.

## 5 INTANGIBLE ASSETS UNDER DEVELOPMENT

	Software	Total
<b>Balance as at 1 April 2019</b>	50.00	50.00
Additions during the year	81.22	81.22
Less: Capitalised during the year	(75.00)	(75.00)
<b>Balance as at 31 March 2020</b>	<b>56.22</b>	<b>56.22</b>
Additions during the year	70.00	70.00
Less: Capitalised / Impaired during the year	(126.22)	(126.22)
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>-</b>

## 6 CAPITAL WORK-IN-PROGRESS

	As at 31 March 2021	As at 31 March 2020
Opening capital work-in-progress	-	11.89
Additions during the year	0.82	41.78
Capitalised during the year	(0.82)	(53.67)
<b>Closing capital work-in-progress</b>	<b>-</b>	<b>-</b>

## 7 GOODWILL

(a) Particulars	As at 31 March 2021	As at 31 March 2020
Carrying value at the beginning of the year	16,778.36	16,592.88
Translation differences	(53.22)	185.48
Less: Impairment during the year	(6,254.35)	-
<b>Carrying value at the end of the year</b>	<b>10,470.79</b>	<b>16,778.36</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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 ₹ 10,470.79 lakhs (31 March 2020: ₹ 16,778.36 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 2021 and 31 March 2020 is as below:

Entity	Allocated operating segment	As at 31 March 2021	As at 31 March 2020
AXISCADES UK Limited	Engineering design services	129.87	119.91
AXISCADES Inc.		2,146.17	2,209.35
Cades Studtec Technologies India Private Limited		446.07	446.07
AXISCADES Aerospace & Technologies Private Limited	Strategic Technology Solutions	1,419.98	1,419.98
Mistral Solutions Private Limited		6,328.70	12,583.05
		<b>10,470.79</b>	<b>16,778.36</b>

- (b) The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. The Company has engaged an independent external valuer to carry out an assessment of any impairment on goodwill and other intangibles. 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.

#### Key assumptions used for value in use calculations:

The calculation of value in use is most sensitive to the following assumptions:

- Revenue growth rates, operating margins
- Discount rates
- Terminal growth rates

Revenue growth rates, operating margins – Revenue growth rates and operating margins are determined based on the past trend of the revenue growth and operating margins and based on future expectations.

Discount rates - Discount rates represent the current market assessment of the risks, taking into consideration the time value of money. The discount rate calculation is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The group has used discount rates in the range of 11.20% to 15.90% for computation of value in use. These estimates are likely to differ from future actual results of operations and cash flows.

Terminal growth rate estimates – The cash flow projections include specific estimates for three to 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. The group has assumed a growth rate ranging from 1% to 5% for computation of value in use.

As at 31 March, 2021, the estimated recoverable amount of Strategic Technology Solutions CGU is lower than its carrying amount. Accordingly the Group has recognised an impairment loss on goodwill amounting to ₹ 6,254.35 Lakhs during the year ended 31 March, 2021. The carrying amount of the CGU was computed by allocating the net asset to operating segment for the purpose of the impairment testing.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 8 INVESTMENT IN AN ASSOCIATE

The Company entered into an agreement on April 10, 2018 with ASSYSTEM Engineering and Operation Services SAS to form ASSYSTEM AXISCADES Engineering Private Limited (AAEPL) for providing engineering services in the field of energy, building and infrastructure and nuclear sector. Accordingly, AAEPL was incorporated with an equity participation in the ratio of 50:50. The Company invested ₹ 227.50 lakhs in 455,000 equity shares of ₹ 50 each fully paid in cash. The Group's interest in AAEPL is accounted for using the equity method in the Consolidated Ind AS Financial Statements. The following table illustrates the summarised financial information of the Group's investment in AAEPL:

	As at 31 March 2021	As at 31 March 2020
Current assets	511.50	438.22
Non-current assets	63.70	104.91
Current liabilities	(85.45)	(154.79)
Non-current liabilities	(23.28)	(11.40)
<b>Equity</b>	<b>466.46</b>	<b>376.94</b>
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	233.23	188.47

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from contracts with customers	1,023.67	1,071.51
Other Income	1.43	12.09
Depreciation and amortisation	(26.69)	(18.94)
Employee benefits expense	(511.57)	(611.48)
Other expense	(371.33)	(388.76)
<b>Profit before tax</b>	<b>115.51</b>	<b>64.42</b>
(i) Current tax	(14.53)	(12.29)
(ii) Deferred Tax	(11.88)	(20.69)
<b>Profit for the year</b>	<b>89.10</b>	<b>31.44</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement gains / (losses) on defined benefit plans	0.56	-
Income tax effect of remeasurement on defined benefit plans	(0.14)	-
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>	<b>0.42</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>89.52</b>	<b>31.44</b>
Group's share of profit / (loss) for the year	44.76	15.72

The associate had no contingent liabilities or capital commitments as at 31 March 2021.

## 9 INVESTMENTS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
<b>Unquoted</b>		
<b>i) Investments (at amortised cost)</b>		
National savings certificate	0.05	0.05
<b>Total investment carried at amortised cost</b>	<b>0.05</b>	<b>0.05</b>
<b>ii) Investment in equity shares of other companies (at FVTPL)</b>		
Axis Cogent Global Limited	-	-
946,822 (31 March 2020: 946,822) equity shares of ₹ 10 each		
Datum Technology Limited	-	-
50,000 (31 March 2020: 50,000) equity shares of ₹ 10 each		
Raaga Axis Avicom Private Limited	-	-
1,000 (31 March 2020: 1,000) equity shares of ₹ 10 each		

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
<b>ii) Other Investment (at FVTPL)</b>		
Investment in real estate fund	231.55	247.71
Investment in mutual funds	248.33	
Quoted		
<b>iii) Other Investment (at FVTPL)</b>		
Investment in other funds	217.46	126.27
<b>Total investment carried at fair value through profit or loss</b>	<b>697.34</b>	<b>373.98</b>
<b>Aggregate value of investments</b>	<b>697.39</b>	<b>374.03</b>
<b>Current</b>		
Unquoted		
Investment in mutual fund	941.21	-
Quoted		
<b>i) Investment in equity shares of other companies (at FVTPL)</b>		
Investment in equity shares #	77.76	102.96
<b>ii) Other investments (at FVTPL)</b>		
Investment in mutual funds	3,040.09	2,210.28
Investment in other funds	-	561.29
<b>Total investment carried at fair value through profit or loss</b>	<b>4,059.06</b>	<b>2,874.53</b>

# Pertains to 60,000 shares (31, March 2020: 1,98,000 shares) investment in Astra Microwave Products Limited.

## 10 TRADE RECEIVABLES

	As at 31 March 2021	As at 31 March 2020
<b>Current **</b>		
(a) Trade Receivable	12,736.28	16,621.80
(b) Trade Receivable from related parties (refer note 36)	18.40	19.09
	<b>12,754.68</b>	<b>16,640.89</b>
<b>Break-up for security details:</b>		
<b>Trade receivables (Current and Non Current)</b>		
Secured, considered good	-	-
Unsecured, considered good	12,754.68	16,640.89
Trade Receivables which have significant increase in credit risk	1,431.86	325.03
Trade Receivables - credit impaired	746.60	2,139.20
	<b>14,933.14</b>	<b>19,105.12</b>
<b>Impairment Allowance (allowance for bad and doubtful debts)</b>		
Trade Receivables which have significant increase in credit risk	(1,431.86)	(325.03)
Trade Receivables - credit impaired	(746.60)	(2,139.20)
<b>Total Trade receivables</b>	<b>12,754.68</b>	<b>16,640.89</b>

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

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

\*\* Refer note 20 for details of assets pledged as security for borrowings.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 11 LOANS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
(Unsecured, considered good) [refer note (a) below]		
Loans to employees	-	1.71
Security deposit	832.50	879.31
	<b>832.50</b>	<b>881.02</b>
<b>Current *</b>		
(Unsecured, considered good) [refer note (a) below]		
Government incentive receivable	149.15	-
Loans to employees	1.42	-
Security deposit	100.11	260.31
Less: provision for security deposit	(8.89)	(8.89)
	<b>241.79</b>	<b>251.42</b>

a) Since all loans given are unsecured and considered good, the break up for security details wise is not applicable to the Group and hence not given.

\* Refer note 20 for details of assets pledged as security for borrowings.

## 12 OTHER FINANCIAL ASSETS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
(Unsecured, considered good)		
Margin money deposits with banks against bank guarantee (refer note 17)	859.44	587.95
	<b>859.44</b>	<b>587.95</b>
<b>Current *</b>		
(Unsecured, considered good)		
Interest accrued on fixed deposits	137.83	143.41
Hedge asset	-	5.20
Margin money deposits with banks against bank guarantee (refer note 17)	436.48	443.20
Receivable from Bank **	-	233.41
Receivable from related parties (refer note 36)	19.27	33.52
Loans to employees	34.08	54.60
Export incentives receivable	691.67	511.05
Contract assets - Unbilled revenue	4,055.94	5,989.41
Others	58.95	11.54
	<b>5,434.22</b>	<b>7,425.34</b>
<b>(Unsecured, considered doubtful)</b>		
Contract assets - Unbilled revenue	104.97	104.97
	<b>104.97</b>	<b>104.97</b>
Less:		
Allowance for Contract assets - Unbilled revenue	(104.97)	(104.97)
	<b>(104.97)</b>	<b>(104.97)</b>
	<b>5,434.22</b>	<b>7,425.34</b>

\* Refer note 20 for details of assets pledged as security for borrowings.

\*\* During the previous year the Reserve Bank of India (RBI) announced a three-month moratorium option to provide relief to businesses due to outbreak of Coronavirus and its impact of businesses. The Company had availed the option of moratorium and informed the bank for deferment of deduction of amount of monthly instalment of ₹ 233.41 lakhs. However, the monthly instalment was automatically debited from the Company's bank account and later credited back subsequent to the year end to the bank account i.e. disclosed as amount receivable from bank as at 31 March, 2020

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 13 NON-CURRENT TAX ASSETS

	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provision for tax)	1,464.76	2,876.48
	<b>1,464.76</b>	<b>2,876.48</b>

## 14 OTHER ASSETS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
(Unsecured, considered good)		
Duties and taxes recoverable	107.69	88.95
Prepaid expenses	1.45	9.05
Capital advances**	2,000.83	1,962.94
	<b>2,109.97</b>	<b>2,060.94</b>
(Unsecured, considered doubtful)		
Capital advances	178.38	178.38
	<b>178.38</b>	<b>178.38</b>
Less: Allowance for capital advances	(178.38)	(178.38)
	<b>(178.38)</b>	<b>(178.38)</b>
	<b>2,109.97</b>	<b>2,060.94</b>
<b>Current *</b>		
(Unsecured, considered good)		
Advances to employees	55.97	103.10
Duties and taxes recoverable	1,733.45	2,190.21
Prepaid expenses	781.34	647.79
Advance to suppliers	457.43	1,013.84
Export incentive receivable	84.31	208.43
Deferred rent	0.89	0.26
Other advances	6.23	6.23
	<b>3,119.62</b>	<b>4,169.86</b>
(Unsecured, considered doubtful)		
Duties and taxes recoverable	27.67	27.67
	<b>27.67</b>	<b>27.67</b>
Less: Allowance for duties and taxes recoverable	(27.67)	(27.67)
	<b>(27.67)</b>	<b>(27.67)</b>
	<b>3,119.62</b>	<b>4,169.86</b>

\*\*Mainly pertaining to capital advance of ₹ 1,956.68 lakhs for acquisition of 10.8 acres of land by AA IPL (step down subsidiary). AA IPL is in the process of completing the formalities for obtaining possession of the allotted land;

\* Refer note 20 for details of assets pledged as security for borrowings.

## 15 INVENTORIES \* (LOWER OF COST OR NET REALISABLE VALUE)

	As at 31 March 2021	As at 31 March 2020
Raw material /components [including goods-in-transit of ₹7.86 lakhs (31 March 2020: ₹10.35 lakhs)]	1,897.54	722.10
Project work-in-progress	185.23	895.70
Finished goods [including goods-in-transit of ₹ Nil (31 March 2020: ₹ 5.15 lakhs)]	195.20	443.24
Traded goods [including goods-in-transit of ₹ 10.97 lakhs (31 March 2020: ₹ 0.96 lakhs)]	52.33	288.35
	<b>2,330.30</b>	<b>2,349.39</b>
Less: Provision for slow / non-moving inventory (refer note 1 below)	-	(387.96)
	<b>2,330.30</b>	<b>1,961.43</b>

1. During the year ended 31 March, 2021, ACAT has recognised ₹ Nil (31 March, 2020: 119.64 lakhs) as provision for slow, non-moving and obsolete inventory in respect of write-downs of inventory to net realisable value.

\* Refer note 20 for details of assets pledged as security for borrowings.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 16 CASH AND CASH EQUIVALENTS \*

	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.80	1.13
Balances with banks		
- in current accounts	4,799.27	4,458.83
- in cash credit accounts	71.85	17.73
- Margin money deposits with banks against bank guarantee (refer note 17)	398.00	-
	<b>5,269.93</b>	<b>4,477.69</b>

(i) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods for few days, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(ii) As at 31 March, 2021, the Group has ₹ 6,695.65 lakhs (31 March, 2020: ₹ 3,431.79 lakhs) of undrawn committed borrowing facilities.

\* Refer note 20 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:

	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents	5,269.93	4,477.69
	<b>5,269.93</b>	<b>4,477.69</b>

## 17 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31 March 2021	As at 31 March 2020
Margin money deposits with banks against bank guarantee	4,902.23	3,569.45
	<b>4,902.23</b>	<b>3,569.45</b>
Less: Amounts disclosed as other non-current financial assets (refer note 12)	(859.44)	(587.95)
Less: Amounts disclosed as other current financial assets (refer note 12)	(436.48)	(443.20)
Less: Amounts disclosed as cash and cash equivalents (refer note 16)	(398.00)	-
	<b>3,208.31</b>	<b>2,538.30</b>

### Note:

- Fixed deposits of a carrying amount ₹ 3,896.44 lakhs (31 March 2020: ₹ 3,447.14 lakhs) have been deposited as margin money against the foreign currency term loans, packing credit facility, bank guarantees, letter of credit, buyers credit facility availed from various banks.
- Deposits of a carrying amount ₹ 402.53 lakhs (31 March 2020: ₹ 122.31 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.
- Refer note 20 for assets pledged as security for borrowings.

a) Breakup of financial assets carried at amortised cost

	As at 31 March 2021	As at 31 March 2020
Investments (refer note 9)	0.05	0.05
Loans (Current and Non Current) (refer note 11)	1,074.29	1,132.44
Trade receivables (Current) (refer note 10)	12,754.68	16,640.89
Other financial assets (Current and Non Current) (refer note 12)	6,293.66	8,008.09
Cash and cash equivalents (refer note 16)	5,269.93	4,477.69
Bank balances other than cash and cash equivalents (refer note 17)	3,208.31	2,538.30

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 18 EQUITY SHARE CAPITAL

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Authorised share capital</b>				
Equity shares of ₹ 5 each	2,040.00	10,200.00	2,040.00	10,200.00
Preference shares of ₹ 100 each	1.00	100.00	1.00	100.00
	<b>2,041.00</b>	<b>10,300.00</b>	<b>2,041.00</b>	<b>10,300.00</b>
<b>Issued share capital</b>				
Equity shares of ₹ 5 each, fully paid-up	378.11	1,890.53	378.11	1,890.53
<b>Subscribed and paid-up</b>				
Equity shares of ₹ 5 each (31 March, 2020: ₹ 5 each), fully paid-up	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
	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

\* Out of 51,100 equity shares of ₹ 5 each issued, ₹2 had not been subscribed amounting to ₹ 1.02 lakhs.

### (a) Reconciliation of the equity shares

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Equity shares of ₹ 5 each, par value</b>				
Balances as at the beginning of the year	377.60	1,889.51	377.60	1,889.51
Add: Issued and subscribed during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

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

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each equity share is entitled to one vote per share. 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 subsidiaries of holding company

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Holding Company:</b>				
Jupiter Capital Private Limited (refer note:1 below)	73.60	368.01	73.60	368.01
<b>Subsidiaries of Holding Company:</b>				
Tayana Digital Private Limited (refer note:1 below)	121.42	607.11	121.42	607.11
Indian Aero Ventures Private Limited	61.54	307.71	61.54	307.71

- Tayana Digital Private Limited, is merged with Jupiter Capital Private Limited with effect from 17th October, 2018. However, it is to be noted that underlying shares in the depositories are still held in the name of Tayana Digital Private Limited, hence the details of shares held by the holding Company and subsidiaries of holding Company contains the information of Tayana Digital Private Limited.

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

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Percentage holding	Number (in lakhs)	Percentage holding
<b>Equity shares of ₹ 5 each, par value</b>				
Tayana Digital Private Limited (refer note:c(1) above)	121.42	32.16%	121.42	32.16%
Jupiter Capital Private Limited (refer note:c(1) above)	73.60	19.49%	73.60	19.49%
Indian Aero Ventures Private Limited	61.54	16.30%	61.54	16.30%



# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

(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	2019 - 20	2018 - 19	2017- 18	2016 - 17	2015 - 16
<b>Equity shares:</b>					
Allotted as fully paid up under Scheme of Amalgamation	-	-	-	105.70	-

(g) Shares reserved for issue under options

The ESOP scheme titled "AXISCADES Employee Stock Option Plan- Series 1 & 2" ("ESOP Schemes") was approved by the Shareholders of the Company vide resolution passed at the Extra Ordinary General Meeting through postal ballot held on 31 March 2018 in respect of grant of options exercisable into equity shares of face value of ₹ 5 each fully paid-up, not exceeding 3,020,762 equity shares or 8% of the paid up equity shares of the Company from time to time. Pursuant to the ESOP Schemes, during the current year, the Board of Directors, on February 5, 2021, based on the recommendations of the Nomination and Remuneration Committee, increased the ESOP pool by 10,00,000 shares and is subject to shareholders approval. Further, 22,03,462 options were granted to the eligible employees of the Company and its Subsidiaries and 5,64,315 options were proposed to be granted to the eligible employees of the Company and its Subsidiaries and is subject to shareholders approval. The total number of options outstanding as on March 31, 2021 is 3,020,762 shares (31 March 2020 : 8,77,300).

## 19 OTHER EQUITY

	As at 31 March 2021	As at 31 March 2020
Securities premium	10,077.23	10,077.23
Capital reserve	5,698.31	5,698.31
Hedge reserve	(59.00)	(295.27)
Foreign currency translation reserve	575.27	414.98
Surplus in the Statement of Profit and Loss	11,401.95	13,568.35
General reserve	3.39	3.39
Share options outstanding account	315.03	174.13
Capital contribution Reserve	107.68	107.68
Other reserves	(148.42)	(125.34)
<b>Total</b>	<b>27,971.44</b>	<b>29,623.46</b>

### 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.

#### Hedge Reserve

The Group uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Group uses foreign currency forward contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedging reserve. Amounts recognised in the hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

#### Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

#### Capital reserve

Capital reserve is created pursuant to common control business combination. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

#### Share based payment reserve

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees of the Group under Employee stock option plan.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## Capital contribution reserve

Reserve created pursuant to profit on settlement of loan under common control transaction.

## Other reserve

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

## 20 BORROWINGS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Secured		
Term loan from banks [refer note a(ii), b(ii), b(iii), f(ii)]	4,216.16	5,597.72
Less: Amount clubbed under "other current financial liabilities" (refer note 22)	(2,133.42)	(2,204.65)
	<b>2,082.74</b>	<b>3,393.07</b>
Intercompany deposits from related parties (Refer note (e)(ii)) and (refer note 36)	-	500.00
	<b>2,082.74</b>	<b>3,893.07</b>
<b>Current</b>		
Secured		
Working capital loans [refer note a(i), b(i), e(iii), e(iv), e(v)]	2,254.13	3,761.37
Packing credit in foreign currency [refer note a(i), e(iv)]	-	498.30
Post shipment credit in foreign currency [refer note e(v)]	-	495.52
Cash credit from bank [refer note a(iii), b(iv), e(iii)]	807.32	3,570.55
	<b>3,061.45</b>	<b>8,325.74</b>

## I AXISCADES 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, movable assets and land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with M/s Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹5,304 Lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.
- (ii) Foreign currency Term Loan ('FCTL') from a bank is secured by the first exclusive charge on entire current assets and entire movable 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, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with M/s Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹5,304 lakhs, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (the Company and Axiscades Aerospace & Technologies Private Ltd) with mark to market clause. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.
- (iii) Cash credit from banks is secured by first exclusive charge on current assets, movable assets and land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited valued at ₹5,304 Lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

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

- (i) Packing credit in foreign currency from bank bearing an interest rate of 3.70% - 5.48% per annum (31 March 2020: 4.6% - 7.2% per annum) are repayable over a maximum tenure of 180 days from the date of respective availment.
- (ii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an interest rate of 9.75% per annum (31 March 2020: 9.75% per annum). The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of availment.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

- (iii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 2.92 lakhs carrying an interest rate of 7.65% per annum (31 March 2020: 7.65% per annum). The loan is repayable in 10 quarterly instalments, after a moratorium of 10 months from the date of availment.
- (iv) Cash credit from bank bears an interest rate of 11.92 % per annum (31 March 2020: 12.36% per annum) 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 and total debt as a percentage of EBITDA. The Management is of the view that this is a minor breach and hence no adjustments are made to consolidated Ind AS financial statements in this respect.

## II AXISCADES, Inc.

### d) Terms of loan -

- a. For the Current year and Previous year loan - the working capital loan carries variable interest rate per annum of Wall Street Journal Prime Rate + 2.00% with a floor of 7.50% per annum. Interest and Maintenance Fees shall be calculated on the higher of the actual average monthly loan balance from the prior month or a minimum average loan balance of USD 500,000. The loan is repayable on demand. The working capital loan is secured by a perfected security interest in all the assets including a first security interest in accounts receivable and contract rights.

## III AXISCADES Aerospace & Technologies Private Limited

### e) Terms of borrowings and rate of interest

- (i) During the financial year 2017-18, ACAT has borrowed foreign currency term loan from a bank amounting to USD 66.15 lakhs (equivalent ₹ 4,300 lakhs) and carries interest rate of 7.21% per annum (31 March, 2020: 8.75% per annum). The loan is repayable in 16 quarterly instalments starting from 31 December 2018. The amount outstanding as at 31 March 2021 was ₹ 2,405.52 lakhs. (31 March 2020 was ₹ 3,091.45 lakhs)
- (ii) During the current year, ACAT has repaid inter-corporate deposit ('ICD') from Hindusthan Infrastructure Projects & Engineering Private Limited, a fellow subsidiary of the Holding Company, amounting to ₹ 500.00 lakhs. The total amount outstanding as at 31 March, 2021 is ₹ Nil (31 March, 2020: ₹ 500.00 lakhs).
- (iii) Cash credit from bank is carrying interest of 6 months MCLR + 4.80% (31 March, 2020: MCLR + 4.80%) (current 6 months MCLR is 9.40% (31 March, 2020: 9.40%) per annum, therefore interest rate is 14.20% (31 March, 2020: 14.20%)) per annum, computed on monthly basis on the actual amount utilised, revolving and tenure is 12 months.
- (iv) As at 31 March, 2021, packing credit in foreign currency loan from bank bearing an interest rate of 2.5% - 3.75% per annum are repayable over maximum tenure of 9 months from the date of respective availment.
- (v) As at 31 March, 2021, post shipment credit in foreign currency loan from bank bearing an interest rate of 2% - 6% per annum are repayable over maximum tenure of 12 months from the date of respective availment.

### f) Details of security of borrowings

- (i) Cash credit facility (inclusive of post shipment credit facility and packing credit facility in foreign currency) from bank are secured by first exclusive charge on all current assets and movable plant, property 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.
- (ii) Term loan facility from bank are secured by first pari passu charge on all movable plant, property and equipment (tangible), current assets of ACAT both present and future. First Pari Passu charge by way of equitable mortgage on property owned by it's subsidiary Enertec Controls Ltd situated at 15-16, 1st Phase, Electronic city, Bangalore, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (ACAT and AXISCADES Technologies Limited (formerly known as AXISCADES Engineering Technologies Limited)) with mark to market clause. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited, the ultimate holding Company.

### g) Loan covenants

The term loan from bank contains certain financial covenants such as debt service coverage ratio ('DSCR'), total debt as a percentage of total net-worth etc. The ACAT has satisfied all other debt covenants prescribed in the terms of bank loan except DSCR. The Management is of the view that this is a minor breach and hence no adjustments are made to these financial statements in this respect.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## Changes in liabilities arising from financing activities

	Term loan from banks	Inter-corporate deposit	Current borrowings	Lease liabilities	Total
<b>Balance as at 1 April 2019</b>	<b>6,918.98</b>	-	<b>8,254.01</b>	-	<b>15,172.99</b>
Lease liability recognised as at April 01, 2019	-	-	-	2,958.77	2,958.77
Additions to lease liability	-	-	-	1,078.42	1,078.42
Cash flows	(2,031.56)	500.00	(272.13)	(1,587.54)	(3,391.23)
Other Adjustments	710.30	-	343.86	326.99	1,381.15
<b>Balance as at 31 March 2020</b>	<b>5,597.72</b>	<b>500.00</b>	<b>8,325.74</b>	<b>2,776.64</b>	<b>17,200.10</b>
Additions to lease liability	-	-	-	1,730.96	1,730.96
Deletion	-	-	-	(258.09)	(258.09)
Cash flows	(1,109.12)	(500.00)	(5,146.92)	(1,466.67)	(8,222.71)
Other Adjustments	(272.44)	-	(117.37)	349.93	(39.89)
<b>Balance as at 31 March 2021</b>	<b>4,216.16</b>	-	<b>3,061.45</b>	<b>3,132.76</b>	<b>10,410.37</b>

## 21 TRADE PAYABLES

	As at 31 March 2021	As at 31 March 2020
Dues of micro and small enterprises (refer note below)	119.52	154.04
Dues of creditors other than micro and small enterprises*	4,941.98	4,827.57
	<b>5,061.50</b>	<b>4,981.61</b>

\* Includes ₹ 6.23 lakhs (March 31, 2020: ₹8.73 lakhs) payable to related parties (refer note:36).

## Disclosure required under section 22 of Micro, Small and Medium Enterprise Development Act, 2006

The Group has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March, 2021 and 31 March, 2020. The details in respect of such dues are as follows:

	As at 31 March 2021	As at 31 March 2020
Principal amount remaining unpaid to any supplier as at the end of the accounting year	119.52	154.04
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	89.47	37.21
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 regarding Micro and Small enterprises determined to the extent such parties have been identified on the basis of the information available with the Group.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 22 OTHER FINANCIAL LIABILITIES

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Purchase consideration payable on acquisition of subsidiary [refer note below]	4,688.61	6,219.66
Hedge liability	18.91	49.74
	<b>4,707.52</b>	<b>6,269.40</b>
<b>Current</b>		
Purchase consideration payable on acquisition of subsidiary [refer note below]	15,039.71	15,039.71
Dues to employees	2,010.50	2,263.96
Hedge liability	73.11	342.41
Creditors for capital goods	76.20	40.38
Current maturities of long term borrowings (refer note 20)	2,133.42	2,204.65
Interest accrued on ICD (refer note 36)	-	19.52
Other liabilities	103.33	118.39
	<b>19,436.27</b>	<b>20,029.02</b>

### Note:

- (i) During the financial year 2017-18, the Company entered into a Share Purchase Agreement ('SPA') to acquire 100% stake in Mistral Solutions Private Limited along with its subsidiaries ("MSPL Group") in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of Mistral Solutions Private Limited ("MSPL") effective December 01, 2017.

As on the acquisition date, the purchase consideration was determined as ₹ 24,213.97 lakhs, payable over a period specified in the SPA. As per the SPA, the amount of purchase consideration payable for certain phases is dependent on revenues and profit after tax generated by MSPL Group since the acquisition date through the financial year ended March 2022 mentioned below as contingent consideration. The Company has engaged an independent external valuer for valuation of contingent consideration. The involvement of external valuer is decided annually by the Management and the selection criteria include market knowledge, reputation and independence of the valuer.

During the current year, the Company has also recognised a net fair value gain of ₹ 2,174.55 lakhs on re-estimation of purchase consideration payable and has recognised an unwinding of discount (interest expense) of ₹ 643.50 lakhs on the purchase consideration payable in the statement of profit and loss account. The change in fair value is based on the revised projections of MSPL Group, updated considering the actual performance of MSPL group. The value of the purchase consideration payable as at 31 March 2021, aggregated ₹ 19,728.32 lakhs (31 March 2020: ₹ 21,259.37 lakhs) including deferred consideration of ₹ 16,311.85 lakhs (31 March 2020: ₹ 16,189.87 lakhs) and contingent consideration of ₹ 3,416.47 lakhs (31 March 2020: ₹ 5,069.50 lakhs).

	As at 31 March 2021		
	Deferred Consideration	Contingent Consideration	Total
<b>Opening balance of purchase consideration payable</b>	16,189.87	5,069.50	21,259.37
Add: Unwinding of discount (interest expense)	121.98	521.52	643.50
Less: Fair value gain recognised during the year	-	(2,174.55)	(2,174.55)
<b>Closing balance of purchase consideration payable</b>	<b>16,311.85</b>	<b>3,416.47</b>	<b>19,728.32</b>

	As at 31 March 2020		
	Deferred Consideration	Contingent Consideration	Total
<b>Opening balance of purchase consideration payable</b>	15,721.17	4,680.64	20,401.81
Add: Unwinding of discount (interest expense)	468.70	388.86	857.56
<b>Closing balance of purchase consideration payable</b>	<b>16,189.87</b>	<b>5,069.50</b>	<b>21,259.37</b>

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for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Out of the above purchase consideration payable at the year end, ₹ 4,688.61 lakhs (31 March, 2020: ₹ 6,219 lakhs) is disclosed under Other Non-current financial liabilities and ₹ 15,039.71 lakhs (31 March, 2020: ₹ 15,039.71 lakhs) is disclosed under Other current financial liabilities.

- (ii) The Company has filed an application with National Company Law Tribunal ('NCLT') for amalgamation of Explosoft Tech Solutions Pvt Ltd, a shareholder of MSPL ('Explosoft') with the Company, on receipt of observation letter conveying 'no objection' from BSE Limited and the National Stock Exchange. Further, vide order dated March 8, 2019, NCLT, Bengaluru bench has approved the scheme of amalgamation ('Scheme'). As the registered office of the Explosoft is situated in the state of Maharashtra, the scheme has also been filed by Explosoft on 15th May, 2018, with NCLT, Mumbai for approval. Pending necessary approval from NCLT Mumbai Bench, no effect is given to aforesaid scheme of amalgamation.

During the quarter ended June 30, 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA aggregating ₹ 7,213 lakhs as the scheme of amalgamation has not yet been approved. The shareholders have also demanded an interest of ₹ 1,431 lakhs at the rate of 12% per annum on account of delay in payment of the aforesaid purchase consideration. The Company believes that Explosoft did not take steps that were required by Explosoft to diligently prosecute the application for merger before the NCLT Mumbai so as to bring it to completion and accordingly the claim for interest by Explosoft is not tenable.

The Company has initiated arbitration proceedings against shareholders of MSPL and MSPL and the Arbitral Tribunal vide its interim order dated August 28, 2020 has asked to maintain the status quo with respect to shareholding in MSPL and has ordered shareholders of Mistral not to seek dismissal or rejection of abovementioned application for merger till further orders are issued by the Arbitral Tribunal. Additionally, both the parties are ordered to maintain status quo with respect to the existing constitution of the Board of Directors of MSPL. The matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently.

The revenues (including other income) and profit of MSPL included in the consolidated financial statements for the year ended 31 March, 2021 is ₹ 15,165.03 lakhs and ₹ 1,709.99 lakhs, respectively.

The Company has also obtained a legal opinion to validate that the Company is entitled to all rights and obligations as laid out in the SPA and continues to exercise control on MSPL. Pending the final outcome of the matter, the Company believes there is no effect on the Company and no adjustment is required in the Consolidated Ind AS Financial Statements.

## 23 PROVISIONS

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Employee defined benefits liability		
- Provision for gratuity (refer note 43)	822.13	900.09
- Provision for compensated absences	106.56	97.11
Asset retirement obligation (refer note (a) below)	56.57	39.56
	<b>985.26</b>	<b>1,036.76</b>
<b>Current</b>		
Employee defined benefits liability		
- Provision for gratuity (refer note 43)	113.91	105.94
- Provision for compensated absences	413.61	344.67
Provision for foreseeable loss on contract (refer note (b) below)	6.36	7.96
Provision for liquidated damages (refer note (b) below)	353.32	222.43
Provision for warranty (refer note (b) below)	74.65	74.65
	<b>961.86</b>	<b>755.65</b>

### (a) 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 furniture and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

March 2021 is ₹ 56.58 lakhs (31 March 2020: ₹ 39.56 lakhs). The Group estimates the costs would be incurred 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 - 14 percent per annum

	Asset retirement obligation
<b>As at 1 April 2019</b>	33.24
Additions during the year	0.79
Unwinding of discount	5.53
<b>As at 31 March 2020</b>	<b>39.56</b>
Additions during the year	16.32
Unwinding of discount	0.69
<b>As at 31 March 2021</b>	<b>56.57</b>

**(b) 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 foreseeable losses on contracts *	Provision for warranty (refer note below) **	Provision for liquidated damages***
<b>Provision as at the 1 April, 2019</b>	<b>7.41</b>	<b>74.66</b>	<b>269.09</b>
Provisions made during the year	6.32	72.13	275.50
Utilizations/reversals during the year	(5.77)	(72.14)	(322.16)
<b>Provision as at the 31 March, 2020</b>	<b>7.96</b>	<b>74.65</b>	<b>222.43</b>
Provisions made during the year	3.36	75.11	375.09
Utilizations/reversals during the year	(4.96)	(75.11)	(244.21)
<b>Provision as at the 31 March, 2021</b>	<b>6.36</b>	<b>74.65</b>	<b>353.32</b>

\* The provision for foreseeable losses on contracts are expected to be utilized over a period of one year.

\*\* Provision for warranty costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of sale of goods. These provisions are expected to be utilized over the period of warranty.

\*\*\* Provision for liquidated damages relates to estimated outflow in respect of products sold by the Group and estimated to be incurred due to delay in delivery of products to customers. These provisions are expected to be utilized over a period of one year.

## 24 CURRENT TAX LIABILITY

	As at 31 March 2021	As at 31 March 2020
Provision for tax, net of advance tax	106.67	486.89
	<b>106.67</b>	<b>486.89</b>

## 25 OTHER LIABILITIES

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Advances from related party (refer note 36)	-	27.82
	-	<b>27.82</b>
<b>Current</b>		
Duties and taxes payable	963.43	1,109.40
Contract liability - Unearned revenue	1,313.69	1,062.29
Contract liability - Advance from customer	2,064.38	3,031.25
Interest accrued but not due on borrowings*	7.39	114.32
	<b>4,348.89</b>	<b>5,317.26</b>

\* For details of interest rates, repayments and others, refer note 20

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## a) Breakup of financial liabilities carried at amortised cost

	As at 31 March 2021	As at 31 March 2020
Borrowings (refer note 20)	5,144.19	12,218.81
Lease liability (refer note 37)	3,132.76	2,776.64
Trade payables (refer note 21)	5,061.50	4,981.61
Other financial liabilities (refer note 22)	20,635.29	20,836.77

## 26 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Sale of services</b>		
Engineering design services	35,080.24	46,399.25
Strategic technology solutions	1,031.89	5,010.47
<b>Sale of goods</b>		
Engineering design services	2,429.56	3,260.76
Strategic technology solutions	13,196.93	11,827.35
	<b>51,738.61</b>	<b>66,497.83</b>

### 26.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Year ended 31 March 2021	Year ended 31 March 2020
India	14,071.40	11,447.64
Outside India	37,667.21	55,050.19
<b>Total revenue from contracts with customers</b>	<b>51,738.61</b>	<b>66,497.83</b>

#### Timing of revenue recognition

	Year ended 31 March 2021	Year ended 31 March 2020
Goods or services transferred at point in time	47,676.53	60,106.32
Goods or services transferred over time	4,062.08	6,391.51
	<b>51,738.61</b>	<b>66,497.83</b>

### 26.2 Contract balances

	Year ended 31 March 2021	Year ended 31 March 2020
Trade receivables (refer note 10)	12,754.68	16,640.89
Contract Assets- Unbilled revenue (refer note 12)	4,055.94	5,989.41
Contract liability - Unearned revenue (refer note 25)	1,313.69	1,062.29
Contract liability - Advance from customer (refer note 25)	2,064.38	3,031.25

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. In 31 March 2021, ₹ 1,433.01 lakhs (31 March 2020: ₹ 2,464.23 lakhs) was recognised as provision for expected credit losses on trade receivables.

Contract assets are initially recognised for revenue earned from providing of services as receipt of consideration is conditional on acceptance by the customer. Upon completion of acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. As at 31 March, 2020, the Group has provision for expected credit losses on contract assets of ₹ 104.97 lakhs (31 March 2020: ₹ 104.97 lakhs).

Contract liabilities include short-term advances received against the sale of products and services in the future.



# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 26.3 Performance Obligation

The performance obligation is satisfied upon the providing of services as and when rendered and accordingly, there is no outstanding performance obligation as on 31 March 2021 except for the cases where the performance obligations are satisfied over-time. The transaction price allocated to the remaining performance obligations (partially unsatisfied) as at 31 March 2021 and 31 March 2020 are, as follows

	Year ended 31 March 2021	Year ended 31 March 2020
Within one year	2,914.54	2,323.22
More than one year	5,232.34	5,904.27
	<b>8,146.88</b>	<b>8,227.49</b>

## 27 OTHER OPERATING INCOME

	Year ended 31 March 2021	Year ended 31 March 2020
Export incentives	646.05	788.55
	<b>646.05</b>	<b>788.55</b>

During the current year, the Group has recognised other operating income from export incentives under the provisions of Foreign Trade Policy (1 April 2015 - 31 March 2020), as amended from time to time, aggregating ₹ 646.05 lakhs (31 March, 2020: ₹ 788.55 lakhs). The Management believes that it has satisfied all the conditions to receive the incentive and is in the process of filing the claim.

## 28 OTHER INCOME

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income		
- from fixed deposits with banks	207.89	166.10
- from financial assets carried at amortised cost	212.23	246.40
- from income tax refund	222.00	0.97
Profit on sale of property, plant and equipment	5.96	-
Profit on Lease Modification	0.59	-
Fair value gain on financial instruments at fair value through profit or loss (refer note below)	431.34	196.67
Provision/Liabilities no longer required, written back	140.99	114.87
Dividend income	10.29	4.45
Rent concession received	61.82	-
Miscellaneous income	152.96	32.34
	<b>1,446.07</b>	<b>761.80</b>

Fair value gain on financial instruments at fair value through profit or loss mainly pertains to foreign exchange currency options that did not qualify for hedge accounting.

## 29 COST OF MATERIAL CONSUMED

	Year ended 31 March 2021	Year ended 31 March 2020
Opening inventory	1,961.43	2,017.01
Add: Purchases during the year	10,218.48	10,199.47
	<b>12,179.91</b>	<b>12,216.48</b>
Less: Closing inventory	(2,330.30)	(1,961.43)
	<b>9,849.61</b>	<b>10,255.05</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 30 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	23,679.90	32,262.40
Contribution to provident and other funds	814.96	865.69
Contribution to overseas social security	1,033.14	1,617.21
Provision for gratuity (refer note 43)	167.43	159.59
Provision for compensated absences	128.31	48.12
Stock compensation expense (refer note 45)	140.89	171.88
Staff welfare expense	696.77	991.97
	<b>26,661.40</b>	<b>36,116.86</b>

## 31 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation and Impairment loss on PPE (refer note 3)	461.12	1,001.17
Amortisation of intangible assets (refer note 4)	777.90	897.36
Depreciation of Right of use asset (refer note 37)	1,359.56	1,375.25
	<b>2,598.58</b>	<b>3,273.78</b>

\* Includes ₹ 56.22 lakhs (31 March, 2020: ₹ Nil) of impairment loss during the year for assets grouped under intangible assets under development.

## 32 FINANCE COSTS

	Year ended 31 March 2021	Year ended 31 March 2020
Interest on		
- on facilities from banks	1,044.29	1,475.55
- on Intercorporate deposit from related parties (refer note 36)	49.87	21.84
- on financial liabilities carried at amortised cost	1.02	0.16
Other borrowing cost (processing fees)	685.23	905.11
Net interest expense on net defined benefit obligation	96.94	96.08
Unwinding of discount on asset retirement obligation (refer note 23(a))	0.69	0.79
Bank guarantee commission	22.43	3.87
Interest on lease liabilities (refer note 37)	349.93	326.99
	<b>2,250.40</b>	<b>2,830.39</b>

## 33 OTHER EXPENSES

	Year ended 31 March 2021	Year ended 31 March 2020
Rent [refer note 37]	438.34	613.92
Power and fuel	293.05	434.80
Travelling and conveyance	332.09	1,519.14
Legal and professional charges	1,129.75	1,385.41
Consultancy expense	140.36	169.75
Repairs and maintenance		
- Building	250.71	376.91
- Others	239.06	262.02
- Plant and machinery	109.80	81.11
Recruitment and training expenses	79.02	174.24
Office maintenance expense	40.06	38.89
Communication expenses	406.67	341.52
Equipment hire charges	254.15	178.00
Auditor's remuneration [refer note (a) below]	86.28	86.29
Printing and stationery	15.79	37.52
Security charges	59.96	64.82
Rates and taxes	316.92	174.52

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
Sub contracting charges	3,322.02	2,618.29
Software subscription charges	1,040.97	1,416.35
Directors sitting fees (refer note 36)	33.30	55.70
Marketing and advertising expenses	243.27	427.55
Insurance expenses	153.96	152.99
Bank charges	125.17	165.59
Postage and courier charges	6.47	18.94
Corporate social responsibility expenses (refer note 46)	44.46	23.84
Provision for foreseeable loss on contracts	-	0.55
Freight outward	14.47	8.00
Bad debts written off	76.57	13.39
Advance to supplier written off	38.88	-
Provision for receivable from capital goods and trade receivables	52.88	370.02
Loss on disposal of property, plant and equipment	-	3.17
Net loss on foreign currency transaction and translation	63.08	426.08
Miscellaneous expenses	66.13	109.96
	<b>9,473.64</b>	<b>11,749.28</b>

## a) Auditor's remuneration \*

Statutory audit fees	66.66	66.73
Other fees	16.00	15.00
Out of pocket expenses	3.62	4.56
	<b>86.28</b>	<b>86.29</b>

\* excluding service tax/ goods and service tax.

## 34 EXCEPTIONAL ITEMS

	Year ended 31 March 2021	Year ended 31 March 2020
Expenses related to Impairment loss on goodwill (refer note note 7)	6,254.35	-
Fair value change in contingent purchase consideration payable (refer note 22 (i))	(2,174.55)	-
	<b>4,079.80</b>	<b>-</b>

## 35 EARNINGS PER SHARE (EPS) (BASIC AND DILUTED)

	Year ended 31 March 2021	Year ended 31 March 2020
a) Profit / (Loss) after tax attributable to equity shareholders (₹)	(2,166.39)	2,975.41
b) Weighted average number of shares outstanding (in lakhs)	377.60	377.60
c) Nominal value of shares (₹)	5.00	5.00
d) Basic earning per share (₹)	(5.74)	7.88
e) Number of equity shares used to compute diluted earnings per share (refer note below)	377.60	387.06
f) Diluted earnings per share (₹)*	(5.74)	7.69

### Note:

	Year ended 31 March 2021	Year ended 31 March 2020
Weighted average number of shares outstanding (in lakhs)	377.60	377.60
<b>Effect of dilution:</b>		
Share options	-	9.46
Weighted average number of Equity shares adjusted for the effect of dilution	<b>377.60</b>	<b>387.06</b>

\*For the purpose of computation of diluted EPS for the year ended March 31, 2021, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive. Hence basic and diluted EPS are same.

There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 36 RELATED PARTY DISCLOSURES

Nature of relationship	Name of party
<b>I Parties where control exists:</b>	
<b>Holding Company</b>	Jupiter Capital Private Limited ('JCPL') *
	* JCPL and its subsidiaries i.e., Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 67.95 percent voting rights of the Company as at 31 March 2021 (31 March 2020: 67.95 percent) (refer note IV (b))
<b>Associate</b>	ASSYSTEMS AXISCADES Engineering Private Limited
<b>II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year:</b>	
<b>Fellow subsidiary</b>	Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL) Indian Aero Infrastructure Private Limited (Stepdown subsidiary of JCPL) Hindusthan Infrastructure Projects & Engineering Private Limited (subsidiary of JCPL)
<b>Key Management Personnel (KMP):</b>	
Chief Executive Officer & Executive Director	Mr. Sharadhi Chandra Babupampapathy
Chairman and Independent Director	Mr. Vivek Mansingh (stepped down as chairman w.e.f 31 May 2019 and term completed on 8 September 2019)
Chairman and Non - Executive Director	Mr. David Bradley (appointed w.e.f 5 March 2019 and as Chairman w.e.f 31 May 2019)
Independent Director	Mr. Kailash Mohan Rustagi (till 29 September, 2020)
Independent Director	Mr. Pradeep Dadlani (till 29 September, 2020)
Independent Director	Mr. Srinath Batni (till 8 September, 2019)
Independent Director	Mrs. Mariam Mathew
Independent Director	Mr. Desh Raj Dogra (appointed w.e.f. 29 September 2020)
Independent Director	Mr. Dhiraj Mathur (appointed w.e.f. 29 September 2020)
Non - Executive Director	Mr. Sudhakar Gande
Non - Executive Director	Mr. Ashwani Kumar Dutta (resigned w.e.f. 29 August 2019)
Non - Executive Director	Mr. Ajay Lakothia (appointed on 02 february 2019 and resigned on 30 March 2020)
Non - Executive Director	Mr. Harold David Walker (appointed w.e.f. 29 June 2020)
Executive Director	Mr. Anees Ahmed (resigned w.e.f 21 August, 2019)
<b>III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year</b>	
<b>Key Management Personnel (KMP):</b>	
Chief Financial Officer (CFO)	Mr. Anumanchipalli Srinivas (appointed w.e.f 7 June, 2019)
Chief Financial Officer (CFO)	Mr. Kaushik Sarkar (resigned w.e.f 7 June, 2019)
Company Secretary	Ms. Shweta Agarwal
<b>Company in which Director is Interested</b>	Inkers Technology Private Limited

## IV Transactions with related parties:

Nature of transactions	Relationship	Year ended	
		31 March 2021	31 March 2020
<b>Remuneration (Refer note (IV) (a) below)</b>			
Mr. Kaushik Sarkar	Key management personnel	-	39.97
Ms. Shweta Agrawal (refer note c below)	Key management personnel	25.60	30.31
Mr. Anumanchipalli Srinivas (refer note c and d below)	Key management personnel	314.57	123.65
Mr. Anees Ahmed (March 31, 2020: ₹ 5 remuneration)	Key management personnel	-	0.00
Mr. Sharadhi Chandra Babupampapathy (refer note c below)	Key management personnel	119.06	128.08
<b>Service received from (intangible assets under development)</b>			
Inkers Technology Private Limited	Company in which a Director is Interested	-	25.00
<b>Revenue from operations</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	63.60	86.83

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(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Relationship	Year ended	
		31 March 2021	31 March 2020
<b>Sitting fees paid to directors</b>			
Mr. Vivek Mansingh	Chairman and Independent Director	-	4.00
Mr. Kailash Mohan Rustagi	Independent Director	5.00	15.00
Mr. Pradeep Dadlani	Independent Director	7.00	13.00
Mr. Srinath Batni	Independent Director	-	8.00
Mrs. Mariam Mathew	Independent Director	8.00	7.00
Mr. David Bradley	Chairman and Non - Executive Director	3.00	2.40
Mr. Ashwani Kumar Dutta	Non - Executive Director	-	1.80
Mr. Dhiraj Mathur	Independent Director	3.00	-
Mr. Desh Raj Dogra	Independent Director	4.00	-
Mr. Sudhakar Gande	Non - Executive Director	2.40	2.70
Mr. Harold David Walker	Non - Executive Director	0.90	-
Mr. Ajay Lakhota	Non - Executive Director	-	1.80
<b>Reimbursement of Expenses incurred on behalf of related party</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	65.14	45.60
<b>Intercorporate deposits received</b>			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	-	500.00
Jupiter Capital Private Limited	Holding Company	-	100.00
<b>Intercorporate deposits repaid</b>			
Jupiter Capital Private Limited	Holding Company	-	100.00
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	500.00	-
<b>Liability written back during the year</b>			
Indian Aero Ventures Private Limited	Fellow subsidiary	27.82	-
<b>Interest expense on Inter corporate deposits</b>			
Jupiter Capital Private Limited	Holding Company	-	0.30
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	49.87	21.55

- (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.
- (b) Tayana Digital Private Limited, is merged with Jupiter Capital Private Limited with effect from October 17, 2018. However, it is to be noted that underlying shares in the depositories are still held in the name of Tayana Digital Private Limited, hence the details of shares held by the holding Company and subsidiaries of holding Company contains the information of Tayana Digital Private Limited.
- (c) Total employee benefit expense includes employee stock compensation expense of ₹ 28.25 Lakhs (31 March, 2020 - ₹ 14.66 Lakhs) for Mr. Anumanchipalli Srinivas, ₹ 28.25 Lakhs (31 March, 2020 - ₹ 14.66 Lakhs) for Mr. Sharadhi Chandra Babupampapathy and ₹ 1.45 Lakhs (31 March, 2020 - ₹ 3.50 Lakhs) for Ms. Shweta Agrawal respectively.
- (d) Includes incentive of ₹ 150 lakhs paid by AXISCADES Aerospace & Technologies Private Limited ('ACAT'), subsidiary of the Company, for the services rendered to ACAT.

## V Balances as at the year end:

Nature of transactions	Relationship	As at	
		31 March 2021	31 March 2020
<b>Interest payable</b>			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	-	19.52
<b>Remuneration payable (refer note (IV) (a) above)</b>			
Ms. Shweta Agrawal	Key management personnel	4.72	2.00
Mr. Anumanchipalli Srinivas	Key management personnel	67.35	36.86
Mr. Sharadhi Chandra Babupampapathy	Key management personnel	35.37	44.37

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

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Nature of transactions	Relationship	As at 31 March 2021	As at 31 March 2020
<b>Other receivable</b>			
Jupiter Capital Private Limited	Holding Company	-	10.38
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	19.27	23.14
<b>Investment in equity shares</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	233.23	188.47
<b>Trade payables</b>			
Indian Aero Infrastructure Private Limited	Fellow subsidiary	6.23	6.23
<b>Capital creditors</b>			
Inkers Technology Private Limited	Company in which a Director is Interested	-	2.50
<b>Trade Receivable</b>			
ASSYSTEMS AXISCADES Engineering Private Limited		18.40	19.09
<b>Inter corporate deposit</b>			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	-	500.00
<b>Advances from</b>			
Indian Aero Ventures Private Limited	Fellow subsidiary	-	27.82

## 37 RIGHT OF USE ASSET AND LEASE LIABILITIES

### Group as a lessee

The Group has entered into property leases for office, product assembling space and other business operations. These leases are for a period of three to nine years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	As at 31 March 2021	As at 31 March 2020
<b>Balance as on transition date 01 April</b>	9,343.58	9,265.36
Additions	1,835.19	1,453.47
Deletions	(200.54)	-
Depreciation expense (refer note 31)	(1,359.56)	(1,375.25)
<b>Carrying amount as on 31 March</b>	<b>9,618.67</b>	<b>9,343.58</b>

Below are the carrying amounts of lease liabilities and the movements during the year:

	As at 31 March 2021	As at 31 March 2020
<b>Balance as on transition date 01 April</b>	2,776.64	2,958.77
Additions	1,551.92	1,078.42
Deletions	(258.09)	-
Accretion of interest (refer note 32)	349.93	326.99
Payment of principal portion of lease liabilities	(969.96)	(1,260.55)
Payment of Interest portion of lease liabilities	(317.68)	(326.99)
<b>Carrying amount as on 31 March</b>	<b>3,132.76</b>	<b>2,776.64</b>
Current	1,038.40	1,026.88
Non-current	2,094.36	1,749.76
<b>Total</b>	<b>3,132.76</b>	<b>2,776.64</b>

The weighted average incremental borrowing rate for lease liabilities is between 9% -12.17% per annum, with maturities between financial year 2020-2028 for leasehold properties.

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

	31 March 2021	31 March 2020
Less than one year	1,189.66	1,120.80
one to five years	2,310.15	1,920.49
more than five years	184.35	359.92

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(All amounts in ₹ lakhs, unless otherwise stated)

The following are the amounts recognised in the statement of profit or loss:

	31 March 2021	31 March 2020
Depreciation expense of right-of-use assets	1,359.56	1,375.25
Interest expense on lease liabilities	349.93	326.99
Expense relating to short-term leases and low value leases (included in other expenses)	438.34	613.92
<b>Total amount recognised in profit or loss</b>	<b>2,147.83</b>	<b>2,316.16</b>

The Group had total cash outflows for leases of ₹ 1,287.64 Lakhs for the year ended 31 March, 2021 (31 March, 2020: ₹ 1,587.54 lakhs). The Group has made non-cash additions of ₹ 1,835.19 lakhs (31 March, 2020: ₹ 1,453.47 lakhs) and ₹ 1,730.96 lakhs (31 March, 2020: ₹ 1,078.42 lakhs) to right-of-use assets and lease liabilities for the year ended 31 March, 2021. There are no future cash outflows relating to leases that have not yet commenced.

## 38 CONTINGENT LIABILITIES AND COMMITMENTS

### Capital and other commitments

	As at 31 March 2021	As at 31 March 2020
Capital commitment*	250.75	29.75

\* Mainly pertains to commitment towards purchase of capital assets of ₹ 250.75 lakhs (31 March, 2020: ₹ 29.75 lakhs)

### Bank guarantees

	As at 31 March 2021	As at 31 March 2020
i) Bank guarantees to government authorities and others	-	210.16

Bank guarantees are issued in favor of government authorities and others towards financial, performance guarantees and earnest money deposit as part of bidding process.

### Tax contingencies

	As at 31 March 2021	As at 31 March 2020
i) Direct tax matters under dispute / pending before Income Tax Authorities	1,687.11	1,106.04
ii) Indirect tax matters for demands pending before various appellate authorities	1,150.90	1,242.65
	<b>2,838.01</b>	<b>2,348.68</b>

### Notes:

- The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. Group determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Group has implemented the above judgement on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.
- The Group has reviewed all its pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its financial statements where financial outflow is not probable. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 39 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued 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 breaches in the financial covenants of any interest-bearing loans and borrowing in the current period as mentioned in note 20.

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 includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	As at 31 March 2021	As at 31 March 2020
Borrowings including current maturities of long term borrowings (refer note 20 & 22)	7,277.61	14,423.45
Less: Cash and cash equivalents (refer note 16)	(5,269.93)	(4,477.69)
<b>Net debt</b>	<b>2,007.68</b>	<b>9,945.76</b>
Equity share capital (refer note 18)	1,889.51	1,889.51
Other equity (refer note 19)	27,971.44	29,623.46
<b>Capital and net debt</b>	<b>31,868.63</b>	<b>41,458.73</b>
Gearing ratio	6%	24%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

The Group is not subject to any externally imposed capital requirements.

## 40 INCOME TAX

The major components of income tax expense are:

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Current income tax:</b>		
Current income tax charge	951.19	1,157.98
Deferred tax (credit) / expense	131.42	(348.95)
<b>Income tax expense reported in Statement of Profit and Loss</b>	<b>1,082.61</b>	<b>809.03</b>
<b>Deferred tax related to items recognised in OCI</b>		
Income tax relating to re-measurement gains / (losses) on defined benefit plans	7.60	20.52
Income tax relating to loss on cash flow hedges	(82.08)	76.02
	<b>(74.48)</b>	<b>96.54</b>

### Reconciliation of deferred tax (net)

	As at 31 March 2021	As at 31 March 2020
<b>Opening balance</b>	<b>3,012.24</b>	2,549.57
Tax (credit) / expense during the year recognized in the Statement of Profit and Loss	(131.42)	348.95
Tax (credit) / expense during the year recognised in OCI	(74.48)	96.54
Exchange translation difference	-	17.18
<b>Closing balance</b>	<b>2,806.34</b>	<b>3,012.24</b>



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for the year ended 31 March 2021

(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 2021	Year ended 31 March 2020
<b>Accounting loss before tax</b>	<b>(1,037.94)</b>	<b>(3,838.54)</b>
Tax on accounting profit at statutory income tax rate	(257.07)	1,099.91
Foreign tax expensed during the year	80.94	60.62
Provision related to impairment of investments in subsidiaries	1,674.39	-
Purchase consideration re-measurement	(547.33)	-
Tax benefit on utilisation/expected utilisation of benefit on previously unrecognised tax losses	(48.04)	(573.58)
Weighted deduction on research and development expenditure	-	(99.91)
Reversal of deferred tax on account of change in tax rates	-	122.36
Others (net)	179.73	199.63
<b>At the effective income tax rate of 104.30% [31 March, 2020: 21.08% ]</b>	<b>1,082.61</b>	<b>809.03</b>
Income tax expense reported in the Statement of Profit and Loss	1,082.61	809.03

\* Deferred tax is recognized to the extent that the future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised.

Certain entities within the Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has re-measured its Deferred tax asset basis the rate prescribed in the said section. Accordingly, deferred tax asset have reduced by Nil (31 March 2020 : ₹ 122.36 lakhs ). The tax charge for the year have increased by ₹ 122.36 lakhs.

## Deferred taxes

	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	1,100.68	1,551.58
Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes	482.59	580.19
Unutilised tax losses	112.87	229.93
Hedge Liability	24.60	109.10
Minimum alternate tax credit entitlement	737.22	403.19
Deferred tax impact on Ind AS 116 reserves	52.49	36.40
Unabsorbed depreciation and carried forward losses	152.51	-
Expenses disallowed under Section 35DD of Income-tax Act, 1961	126.16	18.52
Other adjustments	50.74	100.11
	<b>2,839.85</b>	<b>3,029.02</b>
<b>Deferred tax liability</b>		
Fair valuation of security deposits to fair value	-	16.78
Other items	33.51	-
	<b>33.51</b>	<b>16.78</b>
<b>Deferred tax asset, net</b>	<b>2,806.34</b>	<b>3,012.24</b>

## Reflected in the balance sheet as follows:

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	2,839.85	3,029.02
Deferred tax liabilities	(33.51)	(16.78)
<b>Deferred tax assets, net</b>	<b>2,806.34</b>	<b>3,012.24</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 41 FAIR VALUE MEASUREMENTS

### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Investments (Current and Non Current) (refer note 9)	0.05	4,756.40	-	4,756.45	4,756.45
Loans (Current and Non Current) (refer note 11)	1,074.29	-	-	1,074.29	1,074.29
Trade receivables (Current) (refer note 10)	12,754.68	-	-	12,754.68	12,754.68
Other financial assets (Current and Non Current) (refer note 12)	6,293.66	-	-	6,293.66	6,293.66
Cash and cash equivalents (refer note 16)	5,269.93	-	-	5,269.93	5,269.93
Bank balances other than cash and cash equivalents (refer note 17)	3,208.31	-	-	3,208.31	3,208.31
<b>Total</b>	<b>28,600.92</b>	<b>4,756.40</b>	<b>-</b>	<b>33,357.32</b>	<b>33,357.32</b>
<b>Liabilities:</b>					
Borrowings (refer note 20)	5,144.19	-	-	5,144.19	5,144.19
Lease liability (refer note 37)	3,132.76	-	-	3,132.76	3,132.76
Trade payables (refer note 21)	5,061.50	-	-	5,061.50	5,061.50
<b>Other financial liabilities (refer note 22)</b>	<b>20,635.30</b>	<b>3,416.47</b>	<b>92.02</b>	<b>24,143.79</b>	<b>24,143.79</b>
<b>Total</b>	<b>33,973.74</b>	<b>3,416.47</b>	<b>92.02</b>	<b>37,482.24</b>	<b>37,482.24</b>

The carrying value and fair value of financial instruments by categories as of 31 March 2020 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Investments (Current and Non Current) (refer note 9)	0.05	3,248.51	-	3,248.56	3,248.56
Loans (Current and Non Current) (refer note 11)	1,132.44	-	-	1,132.44	1,132.44
Trade receivables (Current) (refer note 10)	16,640.89	-	-	16,640.89	16,640.89
Other financial assets (Current and Non Current) (refer note 12)	8,008.09	-	5.20	8,013.29	8,013.29
Cash and cash equivalents (refer note 16)	4,477.69	-	-	4,477.69	4,477.69
Bank balances other than cash and cash equivalents (refer note 17)	2,538.30	-	-	2,538.30	2,538.30
<b>Total</b>	<b>32,797.46</b>	<b>3,248.51</b>	<b>5.20</b>	<b>36,051.17</b>	<b>36,051.17</b>
<b>Liabilities:</b>					
Borrowings (refer note 20)	12,218.81	-	-	12,218.81	12,218.81
Lease liability (refer note 37)	2,776.64	-	-	2,776.64	2,776.64
Trade payables (refer note 21)	4,981.61	-	-	4,981.61	4,981.61
Other financial liabilities (refer note 22)	20,836.77	5,069.50	392.15	26,298.42	26,298.42
<b>Total</b>	<b>40,813.83</b>	<b>5,069.50</b>	<b>392.15</b>	<b>46,275.48</b>	<b>46,275.48</b>

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

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### (ii) Fair value 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.

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**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 2021:

Particulars	Date of valuation	Quoted Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost, FVTPL and FVTOCI for which fair values are disclosed</b>					
Investments (Current and Non Current) (refer note 9)	31 March 2021	4,756.45	3,335.31	1,421.09	0.05
Loans (Current and Non Current) (refer note 11)	31 March 2021	1,074.29	-	-	1,074.29
Trade receivables (Current) (refer note 10)	31 March 2021	12,754.68	-	-	12,754.68
Other financial assets (Current and Non Current) (refer note 12)	31 March 2021	6,293.66	-	-	6,293.66
Cash and cash equivalents (refer note 16)	31 March 2021	5,269.93	-	-	5,269.93
Bank balances other than cash and cash equivalents (refer note 17)	31 March 2021	3,208.31	-	-	3,208.31
<b>Liabilities carried at amortised cost and FVTOCI for which fair value are disclosed :</b>					
Borrowings (refer note 20)	31 March 2021	5,144.19	-	-	5,144.19
Lease liability (refer note 37)	31 March 2021	3,132.76	-	-	3,132.76
Trade payables (refer note 21)	31 March 2021	5,061.50	-	-	5,061.50
Other financial liabilities (refer note 22 and note(iii) below)	31 March 2021	24,143.79	-	92.02	24,051.77

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 2020:

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost, FVTPL and FVTOCI for which fair values are disclosed</b>					
Investments (Current and Non Current) (refer note 9)	31 March 2020	3,248.56	3,000.80	247.71	0.05
Loans (Current and Non Current) (refer note 11)	31 March 2020	1,132.44	-	-	1,132.44
Trade receivables (Current) (refer note 10)	31 March 2020	16,640.89	-	-	16,640.89
Other financial assets (Current and Non Current) (refer note 12)	31 March 2020	8,013.29	-	5.20	8,008.09
Cash and cash equivalents (refer note 16)	31 March 2020	4,477.69	-	-	4,477.69
Bank balances other than cash and cash equivalents (refer note 17)	31 March 2020	2,538.30	-	-	2,538.30
<b>Liabilities carried at amortised cost and FVTOCI for which fair value are disclosed :</b>					
Borrowings (refer note 20)	31 March 2020	12,218.81	-	-	12,218.81
Lease liability (refer note 37)	31 March 2020	2,776.64	-	-	2,776.64
Trade payables (refer note 21)	31 March 2020	4,981.61	-	-	4,981.61
Other financial liabilities (refer note 22 and note(iii) below)	31 March 2020	26,298.42	-	392.15	25,906.27

### (iii) Valuation technique used to determine fair value

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and Currency options are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2021, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

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## (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.

## 42 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 its 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. 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 ₹ 12,754.68 lakhs as at 31 March 2021 [31 March 2020: ₹ 16,640.89 lakhs].

### Assets under credit risk:

	As at 31 March 2021	As at 31 March 2020
Trade receivables (Current ) (refer note 10)	12,754.68	16,640.89
Other receivables (refer note 12)	19.27	33.52
Security deposit (Current and Non Current) (refer note 11)	923.72	1,130.73
Unbilled revenue (refer note 12)	4,055.94	5,989.41
	<b>17,753.59</b>	<b>23,794.55</b>

## A1 Trade receivables and unbilled revenue.

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 balances for the year ended 31 March 2021 is ₹ 2,178.46 lakhs ( 31 March 2020 is ₹ 2,464.24 lakhs).

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning	2,464.24	2,206.46
Impairment loss recognised	52.88	493.82
Impairment loss reversed	(338.66)	(236.04)
	<b>2,178.46</b>	<b>2,464.24</b>

## 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.

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(All amounts in ₹ lakhs, unless otherwise stated)

## Financial assets that are neither past due nor impaired

Cash and cash equivalents, bank balances other than cash and cash equivalents, other receivables, 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 ₹ 2,178.46 lakhs and ₹ 2464.24 lakhs and unbilled revenue of ₹ 104.97 lakhs and ₹ 104.97 lakhs as at 31 March 2021 and 31 March 2020 respectively. The Group's credit period generally ranges from 30-180 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 2021	As at 31 March 2020
Financial assets that are neither past due nor impaired	13,791.03	16,810.59
Financial assets that are past due but not impaired		
Past due 0-60 days	1,427.94	3,333.23
Past due 61-180 days	821.06	2,109.92
Past due over 180 days	770.58	376.56
<b>Total past due but not impaired</b>	<b>3,019.58</b>	<b>5,819.71</b>
<b>Total</b>	<b>16,810.61</b>	<b>22,630.30</b>

## (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 2021 and 31 March 2020, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

## Maturities of financial liabilities

As at 31 March 2021	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 20)	3,061.45	2,082.74	-	5,144.19
Lease liability (refer note 37)	1,038.40	2,094.36	-	3,132.76
Trade payable (refer note 21)	5,061.50	-	-	5,061.50
Other financial liabilities (refer note 22)	19,436.27	4,707.52	-	24,143.79
<b>Total</b>	<b>28,597.62</b>	<b>8,884.62</b>	<b>-</b>	<b>37,482.24</b>

As at 31 March 2020	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 20)	8,325.74	3,893.07	-	12,218.81
Lease liability (refer note 37)	1,026.88	1,749.76	-	2,776.64
Trade payable (refer note 21)	4,981.61	-	-	4,981.61
Other financial liabilities (refer note 22)	20,029.02	6,269.40	-	26,298.42
<b>Total</b>	<b>34,363.25</b>	<b>11,912.23</b>	<b>-</b>	<b>46,275.48</b>

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## (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 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 Indian 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 Included In	Currency	As at 31 March 2021		As at 31 March 2020	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
<b>Financial assets</b>					
Trade receivables	USD	42.45	3,108.80	69.80	5,261.89
	EURO	25.09	2,154.72	42.93	3,565.61
	SGD	0.21	11.37	0.33	17.61
	DKK	8.04	93.04	4.47	49.99
Unbilled revenue	USD	9.85	721.36	19.28	1,453.78
	EURO	0.40	34.35	0.11	9.11
	DKK	0.92	10.67	2.32	25.05
Cash and bank balances	USD	5.90	432.35	3.74	282.27
	EURO	6.71	576.38	16.90	1,403.20
	AED	1.59	31.75	1.61	30.26
	DKK	18.76	217.22	16.40	177.11
Receivable from bank	USD	-	-	3.10	233.41
Other financial assets	AED	0.56	11.24	0.56	10.55
Loans and advances	EURO	0.17	14.84	0.43	35.75
Other current assets	USD	-	-	0.18	13.73
	EURO	1.06	91.17	1.60	133.04
	DKK	-	-	0.03	0.37
<b>Financial liabilities</b>					
Trade payables	USD	11.95	875.15	12.06	909.03
	EURO	18.49	1,587.92	18.18	1,510.04
	GBP	0.22	22.18	0.06	5.82
	DKK	0.74	8.55	2.96	31.96
Unearned Revenue	USD	0.08	5.86	1.35	101.93
	EURO	-	-	-	-
Dues to employees	EURO	-	-	1.36	113.14
	DKK	-	-	1.01	10.88
Duties and taxes payable	EURO	1.19	102.00	7.10	589.40
	DKK	0.89	10.26	1.01	10.93
Creditors for capital goods	EURO	-	-	0.20	16.29
Lease Liability	EURO	-	-	0.70	57.87
Interest accrued but not due on borrowings	USD	0.10	7.49	0.40	29.81
Advance from Customers	USD	-	-	1.05	78.84
Borrowings	USD	87.03	6,373.57	119.83	9,033.69
	EURO	-	-	11.97	994.10

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 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	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
<b>Sensitivity</b>				
INR/USD	(30.00)	30.00	(29.08)	29.08
INR/EURO	11.82	(11.82)	18.66	(18.66)
INR/AED	0.43	(0.43)	0.41	(0.41)
INR/SGD	0.11	(0.11)	0.18	(0.18)
INR/GBP	(0.22)	0.22	(0.06)	0.06
INR/DKK	3.02	(3.02)	1.98	(1.98)

## 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	As at 31 March 2020	As at 31 March 2019
<b>Forward Contracts</b>		
In USD ( 31 March, 2021 - Nil, 31 March, 2020 - 69.10 lakhs)	-	5,209.17
In CAD ( 31 March, 2021- Nil, 31 March, 2020- 4.50 Lakhs)	-	239.39

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:

Foreign exchange forward contracts (highly probable forecast sales)	As at 31 March 2021		As at 31 March 2019	
	Notional amount (in ₹ lakhs)	Average forward rate	Notional amount (in ₹ lakhs)	Average forward rate
Not later than one month				
- In USD	-	-	196.00	72.55
Later than one month and not later than three months				
- In USD	-	-	1,017.71	72.71
Later than three months and not later a year				
- In USD	-	-	3,995.46	74.72
- In CAD	-	-	239.39	55.38

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Balance as at the beginning of the year</b>	<b>(401.69)</b>	(104.38)
Changes in fair value of effective portion of derivatives	258.45	(341.85)
Net gain reclassified to statement of profit and loss on occurrence of hedged transactions	59.90	44.54
Gain/(Loss) on cash flow hedging derivatives, net	<b>318.35</b>	<b>(297.31)</b>
<b>Balance as at the end of the year</b>	<b>(83.34)</b>	(401.69)
Deferred tax liability thereon	24.34	106.42
<b>Balance as at the end of the year, net of deferred tax</b>	<b>(59.00)</b>	(295.27)

## Interest rate risk

At 31 March 2021, the Company and ACAT had an interest rate swap agreement in place whereby the Company and ACAT pays a fixed rate of interest of 7.75% and receives interest at a variable rate equal to 6 months LIBOR+415 Bps on the notional amount. The swap is being used to hedge the exposure to changes in the variable interest rate on its 6 months LIBOR+415 Bps secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Company and ACAT uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the balance sheet as at 31 March 2021 and 31 March 2020 is, as follows:

Fair value hedge	As at 31 March 2021		As at 31 March 2020		Line item in balance sheet where hedging instrument is disclosed
	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	
<b>Interest rate risk</b>	<b>USD 56.16</b>	<b>92.02</b>	USD 73.07	217.19	Other Current and Non current Financial Liability
- Interest rate swap					

The impact of the hedged item on the balance sheet as at 31 March 2021 and 31 March 2020 is, as follows:

Fair value hedge	As at 31 March 2021		As at 31 March 2020		Line item in balance sheet where hedging instrument is disclosed
	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	
<b>Interest rate risk</b>	<b>4,094.90</b>	<b>92.02</b>	5,484.63	217.19	Long Term borrowings and current Financial Liability.
- Interest rate swap					



# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 43 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 2021 is ₹ 814.96 lakhs [31 March 2020: ₹ 865.69 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 2021 is ₹ 1,033.14 lakhs [31 March 2020: ₹ 1,617.21 lakhs].

### 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 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.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

**(i) Changes in the present value of the defined benefit obligation are as follows**

Particulars	Gratuity	
	As at 31 March 2021	As at 31 March 2020
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at the beginning of the year	1,371.66	1,198.77
Current service cost	167.43	159.59
Interest cost	89.03	86.33
Benefits paid	(153.98)	(157.04)
Actuarial gain / (loss) arising from change in financial assumptions	64.80	16.73
Actuarial gain / (loss) arising from change in experience assumptions	(27.27)	37.77
Actuarial gain / (loss) arising from change in demographic assumptions	13.17	29.51
Defined benefit obligation at the end of the year	<b>1,524.85</b>	<b>1,371.66</b>

**(ii) Reconciliation of present value of plan asset:**

Plan assets as at 1 April	365.64	129.99
Expected return on plan assets	25.72	10.21
Return on assets excluding interest income	20.03	4.86
Contributions	202.98	252.94
Benefits settled	(25.56)	(32.36)
Plan assets as at 31 March at fair value	<b>588.81</b>	<b>365.64</b>

**(iii) Reconciliation of net defined benefit asset/(liability)**

Present value of obligation as at 31 March, 2021	(1,524.85)	(1,371.66)
Plan assets at 31 March, 2021 at fair value	588.81	365.64
Amount recognised in balance sheet liability	<b>(936.04)</b>	<b>(1,006.02)</b>

**(iv) Components of costs are:**

<b>Employee benefits expense</b>		
Current service cost and past service cost	167.43	159.59
<b>Finance cost</b>		
Interest on defined benefit obligation	63.32	76.12
<b>Remeasurement loss</b>	30.68	79.15
Expenses recognised in the Statement of profit and loss for the year	<b>261.43</b>	314.86

**(v) Components Remeasurement losses/ (gains) in other comprehensive income**

Recognised net actuarial loss arising from change in financial assumptions	54.09	16.73
Recognised net actuarial loss arising from change in demographic assumptions	-	37.77
Recognised net actuarial (gain) / loss arising from experience variance	(3.38)	29.51
Expected return on plan assets	(20.03)	(4.86)
Remeasurement loss in other comprehensive income	<b>30.68</b>	<b>79.15</b>

**(vi) Investment details:**

	% Invested	% Invested
Insurer managed funds	99.89%	99.84%
Others	0.11%	0.16%

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

**(vii) The principal assumptions used in determining gratuity obligations for the Group's plans are disclosed below:**

	Year ended 31 March 2021	Year ended 31 March 2020
Discount rate	5.52% - 6.70%	6.23%-6.95%
Salary escalation rate	5%-9%	0%-17%
Attrition rate	1.00% - 32.00%	1%-29%
Retirement age	58 Years - 60 Years	58 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.

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 2021 and 31 March 2020 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.

Particulars	Gratuity			
	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (Increase or decrease by 1%)	(124.56)	138.35	(115.13)	129.52
Salary growth rate (Increase or decrease by 1%)	102.79	(96.16)	97.19	(89.28)
Attrition rate (Increase or decrease by 50% of attrition rates)	1.31	(13.88)	20.22	(32.86)
Mortality rate (Increase or decrease by 10% of mortality rates)	0.20	(0.23)	0.47	(0.48)

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 sensitivity analysis from previous period.

**(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 plan is estimated to be between 3.42 to 9.82 years (31 March, 2020: 5.06 to 8 years). Following is a collective maturity profile of the defined benefit obligation of the plans as at 31 March, 2021.

Expected cash flows over the next: (valued on undiscounted basis)	Gratuity	
	As at 31 March 2021	As at 31 March 2020
1 year	157.97	143.53
2 - 5 years	579.60	503.26
6 - 10 years	508.04	504.79
More than 10 years	1,817.03	1,712.17

# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 44 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, 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.

Segment information for the reporting period is as follows:

### A Segment revenues and profits

	Year ended 31 March 2021		Year ended 31 March 2020	
	Engineering design services	Strategic Technology Solutions	Engineering design services	Strategic Technology Solutions
<b>Revenue</b>				
From external customers	36,737.47	15,647.19	50,374.08	16,912.30
<b>Segment Revenues</b>	<b>36,737.47</b>	<b>15,647.19</b>	<b>50,374.08</b>	<b>16,912.30</b>
Segment Results	1,834.84	2,962.04	4,734.77	2,045.48
<b>Segment Results</b>	<b>1,834.84</b>	<b>2,962.04</b>	<b>4,734.77</b>	<b>2,045.48</b>

### Reconciliation of profit

	Year ended 31 March 2021	Year ended 31 March 2020
Segment profit / (loss)	4,796.88	6,780.25
Share in net profit/ (loss) of associate	44.76	15.72
Exceptional items (refer note 34)	(4,079.80)	-
Finance costs	(2,250.40)	(2,830.39)
Unallocable income net of unallocable expenditure	450.62	(127.04)
<b>Profit / (Loss) before tax</b>	<b>(1,037.94)</b>	<b>3,838.54</b>

### B Segment assets and liabilities

	As at 31 March 2021		As at 31 March 2019	
	Engineering design services	Strategic Technology Solutions	Engineering design services	Strategic Technology Solutions
Segment assets	28,140.22	25,858.96	30,820.12	36,540.73
Segment liabilities	13,573.11	29,151.64	17,544.22	35,198.90

### B1 Reconciliation of Segment assets

	Year ended 31 March 2021	Year ended 31 March 2020
Total reportable segment assets	53,999.18	67,360.85
Unallocable assets	20,236.86	18,496.31
<b>Total Assets</b>	<b>74,236.04</b>	<b>85,857.16</b>

# Notes to Consolidated Financial Statements

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(All amounts in ₹ lakhs, unless otherwise stated)

## B2 Reconciliation of Segment liabilities

	Year ended 31 March 2021	Year ended 31 March 2020
Total reportable segment liabilities	42,724.75	52,743.12
Unallocable liabilities	1,160.17	1,156.74
<b>Total Liabilities</b>	<b>43,884.92</b>	<b>53,899.86</b>

## C The Group's revenues from external customers are divided into the following geographical areas:

	Year ended 31 March 2021	Year ended 31 March 2020
India (country of domicile)	14,071.40	11,447.64
Outside India	38,313.26	55,838.74
	<b>52,384.66</b>	<b>67,286.39</b>

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):

	Year ended 31 March 2021	Year ended 31 March 2020
India (country of domicile)	32,313.10	40,417.11
Outside India	309.37	245.36
	<b>32,622.46</b>	<b>40,662.47</b>

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 and deferred tax assets.

## E Revenue from major customers

During the year, ₹ 13,313.54 lakhs (31 March 2020: ₹ 15,471.02 lakhs) of the Group's revenue from operations were generated from two customers.

## 45 SHARE BASED PAYMENTS

The Group has the following Employees stock option schemes outstanding as at 31 March, 2021:

### Employee Stock Option Plan 2010

The Board of Directors of 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.

Particulars	31 March 2021	31 March 2020
Options outstanding as at beginning of the year	2,37,000	2,37,000
Options granted during the year	1,39,000	-
Options vested during the year	-	-
Options forfeited during the year	-	-
Options exercised during the year	8,000	-
Shares allotted against options exercised during the year	8,000	-
Options expired during the year	-	-
Options outstanding at the end of the year	3,68,000	2,37,000
Options exercisable as at the end of the year	2,29,000	2,37,000
Weighted average price per option (₹)	5.00	5.00

# Notes to Consolidated Financial Statements

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(All amounts in ₹ lakhs, unless otherwise stated)

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 granted 1,39,000 option (31 March 2020: Nil option) during the year.

## AXISCADES Engineering Employee Stock Option Plan- Series 1 & 2

The Company has two ESOP schemes titled "AXISCADES Employee Stock Option Plan- Series 1 & 2" under which option to subscribe for the Company's shares can be granted to certain executive and senior employees.

During the current year, the Nomination and Remuneration Committee of the Board of Directors of the Company has granted 22,03,462 options to the eligible employees of the Company and its Subsidiaries and 5,64,315 options were proposed to be granted to the eligible employees of the Company and its Subsidiaries and is subject to shareholders approval pursuant to the AXISCADES Employee Stock Option Plan- Series 1 & 2 ('Schemes'). The exercise price of the share options is equal to the 90-day average closing price as on date prior to the date of nomination and remuneration committee approval for the grant of options under the scheme. 33.3% of the share options will vest at the end of first year, second year and third year from the date of grant of options;

The fair value of the options granted is estimated using Black-Scholes model of pricing, taking into account the terms and conditions upon which the share options were granted.

The share options can be exercised up to eight years from the grant date. There are no cash settlement alternatives. The Company accounts for the scheme as an equity-settled plan.

	31 March 2021	31 March 2020
Expense arising from equity-settled share-based payment transactions	140.89	171.88
Total expense arising from share-based payment transactions	140.89	171.88

## The movement in the options under the plan is set out below:

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

	31 March 2021 <sup>1</sup>		31 March 2020	
	Number	WAEP (₹)	Number	WAEP (₹)
Outstanding at 1 April	8,77,300	52.70	-	-
Granted during the year *	22,03,462	51.20	9,02,300	52.70
Lapsed during the year	(60,000)	52.65	(25,000)	52.65
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at 31 March</b>	<b>30,20,762</b>	<b>51.54</b>	<b>8,77,300</b>	<b>52.70</b>
Exercisable at 31 March	-	-	-	-
Options exercisable as at the year/period ended	-	-	-	-

<sup>1</sup>The weighted average share price at the date of exercise of these options was ₹ 51.54 (31 March, 2020: ₹ 52.70 ).

The weighted average remaining contractual life for the share options outstanding as at 31 March 2021 was 7.43 years (31 March, 2020: 7.09 years ).

The weighted average fair value of options granted during the year was ₹ 29.54 (31 March, 2020: ₹ 29.31).

The range of exercise prices for options outstanding at the end of the year was ₹ 51.20 to ₹ 52.95 (31 March, 2020: ₹ 52.65 to ₹ 52.95 ).

The following table list the input to the model used for the scheme for the year ended 31 March, 2021 and 31 March, 2020 respectively.

	31 March 2021	31 March 2020
Weighted average fair values at the measurement date	29.54	29.31
Dividend yield (%)	-	-
Expected volatility (%)	55.30%-59.90%	59.90%
Risk-free interest rate (%)	5.48%-7.25%	6.95%-7.25%
Expected life of share options(years)	5.5 years	4.5 years
Weighted average exercise price (INR)	51.54	52.70
Model used	Black-Scholes	Black-Scholes

# Notes to Consolidated Financial Statements

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(All amounts in ₹ lakhs, unless otherwise stated)

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## 46 DISCLOSURE IN ACCORDANCE WITH GUIDANCE NOTE ON ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:

	Year ended 31 March 2021		Year ended 31 March 2020
a) Gross amount required to be spent by the Group during the year	44.46		23.84
(b) Amount spent during the year ending on 31 March, 2021:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	44.46	-	44.46
(c) Amount spent during the year ending on 31 March, 2020:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	23.84	-	23.84
	Year ended 31 March 2021		Year ended 31 March 2020
i) Contribution to Public Trust	5.60		11.00
ii) Contribution to Charitable Trust	38.86		12.84
iii) Unspent amount in relation to:			
- Ongoing project	-		-
- Other than ongoing project	-		-

47 The current financial year has been a challenging year for our business. The year began amidst a strict lockdown post the emergence of COVID-19 towards the end of the last financial year. The economy gradually opened post June 2020 and the second half of the year was progressing towards recovery. However, a much stronger second wave of COVID -19 infections hit the country subsequent to 31 March, 2021 and may result in significant disruption to our business operations due to the lockdown restrictions. The Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of the assets. Similarly, the Group has also evaluated its ability to meet the financial commitments to its lender etc. in view of expected impact of COVID- 19 on its revenue and profitability. Based on the current estimates, the Group expects the carrying amount of these assets will be recovered. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates which may differ from that considered as at the date of approval of these financial statements. Given the nature of the pandemic, the Group will continue to closely monitor any material changes to future economic conditions.

## 48 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 2021 following a detailed transfer pricing study conducted for the financial year ended 31 March 2020. 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.

# Notes to Consolidated Financial Statements

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(All amounts in ₹ lakhs, unless otherwise stated)

(All amounts in ₹ lakhs, unless otherwise stated)

Sl. No	Name of the entity	Country of incorporation	Relationship as at 31 March 2021	Percentage of effective ownership interest held (directly and indirectly)		Net assets, i.e. total assets minus total liabilities		Share in total comprehensive income			
				As at 31 March 2021	As at 31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020		
				As a % of consolidated net assets	As a % of consolidated net assets	₹ in lakhs	₹ in lakhs	As a % of total comprehensive income	₹ in lakhs	As a % of total comprehensive income	₹ in lakhs
<b>A. Parent</b>											
	AXISCADES Technologies Limited	India	Holding Company			15,849.31	21,910.36	354.76%	(6,197.89)	-22.62%	(696.17)
<b>B. Subsidiaries</b>											
1	AXISCADES, Inc.	USA	Subsidiary	100%	100%	2,009.10	1,986.84	6.62%	538.63	29.76%	915.91
2	AXISCADES UK Limited	United Kingdom	Step down subsidiary	100%	100%	345.06	241.57	1.14%	99.48	-0.93%	(28.70)
3	AXISCADES Technology Canada Inc.	Canada	Subsidiary	100%	100%	2,983.10	2,693.12	9.83%	40.42	10.16%	312.73
4	AXISCADES GmbH	Germany	Subsidiary	100%	100%	53.02	45.61	0.17%	5.90	0.34%	10.50
5	AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.	China	Subsidiary	100%	100%	(108.06)	(75.90)	-0.36%	(29.35)	-1.38%	(42.56)
6	Cades Studtec Technologies (India) Private Limited	India	Subsidiary	76%	76%	2,065.45	1,859.34	6.81%	206.12	7.47%	229.83
7	AXISCADES Aerospace and Technologies Private Limited	India	Subsidiary	100%	100%	13,173.33	11,598.17	43.40%	1,575.16	41.21%	1,268.41
8	AXISCADES Aerospace Infrastructure Private Limited	India	Step down subsidiary	100%	100%	7,805.78	7,845.75	25.72%	(39.98)	-1.45%	(44.71)
9	Enertec Controls Limited	India	Step down subsidiary	100%	100%	3,539.65	3,499.43	11.66%	40.22	1.90%	58.37
10	Mistral Solutions Private Limited	India	Subsidiary	100%	100%	11,272.31	9,732.45	37.14%	1,535.38	39.95%	1,229.53
11	Aero Electronics Private Limited	India	Step down subsidiary	100%	100%	(15.18)	(13.57)	-0.05%	(1.61)	-0.04%	(1.19)
12	Mistral Technologies Private Limited	India	Step down subsidiary	100%	100%	728.24	695.65	2.40%	32.60	4.32%	133.10
13	Mistral Solutions Inc.	USA	Step down subsidiary	100%	100%	695.88	554.76	2.29%	158.28	-4.98%	(153.38)
14	Mistral Solutions Pte Limited	Singapore	Step down subsidiary	100%	100%	-	-	0.00%	-	-	-
	Translation adjustment					-	-	-	(2.76)	1.57%	48.36
<b>Total</b>						<b>60,396.99</b>	<b>62,573.58</b>	<b>195.80%</b>	<b>116.73%</b>	<b>105.28%</b>	<b>3,240.03</b>
<b>C. Minority Interest</b>											
	Cades Studtec Technologies (India) Private Limited	India	Subsidiary	24%	24%	(490.17)	(444.33)	-1.39%	292.33	-5.28%	(162.44)
	Adjustment arising out of Consolidation					(29,555.70)	(30,171.95)	-94.41%	(1,747.07)		
	<b>Consolidated net assets/ Total comprehensive income</b>					<b>30,351.12</b>	<b>31,957.30</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>3,077.59</b>



# Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ lakhs, unless otherwise stated)

## 50 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/-  
**Sunil Gaggar**

Partner

Membership Number: 104315

Place: Bengaluru

Date: June 11, 2021

For and on behalf of the Board of Directors of

**Axiscades Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-  
**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 11, 2021

Sd/-  
**Anumanchipalli Srinivas**  
Chief Financial Officer

Place: Bengaluru

Date: June 11, 2021

Sd/-  
**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 11, 2021

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

Place: Ghaziabad

Date: June 11, 2021

## Notice

**NOTICE** is hereby given that the Thirty first (31st) Annual General Meeting (AGM) of the members of **AXISCADES Technologies Limited** (formerly AXISCADES Engineering Technologies Limited) will be held on Tuesday, **28th September, 2021 at 4.00 p.m.** by way of Video Conferencing (VC) / Other Audio Visual Means ("OAVM") to transact the following businesses:

### ORDINARY BUSINESS

#### **Item No. 1 Adoption of Audited Financial Statements (Standalone & Consolidated)**

To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2021 including the Audited Balance sheet as on 31st March 2021, 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. Sharadhi Chandra Babupampapathy, liable to retire by rotation**

To appoint a Director in place of Mr. Sharadhi Chandra Babupampapathy (DIN No:02809502), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

#### **Item No. 3 Approval for increase in the pool of ESOP by adding additional Equity shares under existing AXISCADES ESOP 2018 SERIES 2 (THE "SCHEME" / THE "PLAN") and grant of Stock Options to the eligible employees/Directors of the Company and its Subsidiary Companies.**

To consider and if thought fit to pass, with or without modification, the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013, and the rules thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "**SEBI SBEB Regulations**"), circular dated June 16, 2015 issued by the Security and Exchange Board of India with respect to SEBI SBEB Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, further to the shareholders' approval dated 31.03.2018 and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "**Board**" which term shall be deemed to include the Nomination and Remuneration Committee (hereinafter referred to as the "**Compensation Committee**"), to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company including Director(s) of the Company whether whole-time or otherwise, (Other than Independent Directors, Promoters) of the Company, or person belonging to promoter group, or a Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), or of a subsidiary in India or outside India or of the holding company of the company, (excluding the Independent Directors, Promoters of the Company, or person belonging to promoter group,

or a Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) whether working in India or out of India, options exercisable into equity shares of face value of ₹5/(Rupees Five only) each fully paid-up, **additionally** 26,43,167 (Twenty Six lakhs, forty three thousand, one hundred and sixty seven only) equity shares under existing pool of 15,10,381 equity shares under scheme -**AXISCADES ESOP 2018 Series 2, thereby the total pool under both the ESOP Series 1 & 2 shall not exceed 56,63,929** (Fifty Six lakhs, sixty three thousand, nine hundred and twenty nine only) shares or 15% of the paid up equity shares of the Company from time to time, on payment of the requisite exercise price to the Company, under existing schemes -**AXISCADES ESOP 2018 Series 1 and Series 2 (the "Scheme")**, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board and / or the Compensation Committee in accordance with the provisions of the law and guidelines issued by the relevant Authority.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issue, sale of division, split or consolidation of shares or such other event of the Company, the number of above mentioned options shall be appropriately adjusted.

**RESOLVED FURTHER THAT** the Board is authorised to issue and allot Equity Shares upon exercise of options from time to time in accordance with the Scheme and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under the AXISCADES ESOP 2018 SERIES 2 on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

**RESOLVED FURTHER THAT** the Board or the Compensation Committee be and is hereby authorised to clarify all questions, difficulties or doubts that may arise in relation to the implementation of the Plan in accordance with all applicable laws and regulations, including at the time of listing of securities but not limited to the Companies Act, 2013, and the rules thereunder, the SEBI SBEB Regulations, circular dated June 16, 2015 issued by the Security and Exchange Board of India with respect to SEBI SBEB Regulations, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**RESOLVED FURTHER THAT** the Board or the Compensation Committee, subject to the approval of shareholders be and is hereby authorized to make from time to time such modification, variations, alterations or revisions in the said Scheme as it may deem fit in conformity with the provisions of the Companies Act 2013, and other applicable laws.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions the Board or the Compensation Committee be and is hereby authorised to do all such deeds, matters and things and execute all such deeds documents and writings as it may in its

absolute discretion deem necessary and incur expenses in relation thereto.”

\*Pursuant to the change of the name of company from AXISCADES Engineering Technologies Limited to AXISCADES Technologies Limited, the name of both the schemes stands changed to AXISCADES ESOP 2018- Series 1 and AXISCADES ESOP 2018- Series 2

**Item No. 4 APPROVAL FOR GRANT OF ADDITIONAL STOCK OPTIONS TO EMPLOYEES & DIRECTORS OF THE SUBSIDIARY COMPANIES UNDER THE AXISCADES ESOP 2018 SERIES 2 (THE “SCHEME” / THE “PLAN”)**

To consider and if thought fit to pass, with or without modification, the following Resolution as a **Special Resolution**:

“RESOLVED FURTHER THAT pursuant to the applicable provisions of the Companies Act, 2013, and the rules thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “SEBI SBEB Regulations”), circular dated June 16, 2015 issued by the Security and Exchange Board of India with respect to SEBI SBEB Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, further to the shareholders’ approval dated 31.03.2018 and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include the Nomination and Remuneration Committee (hereinafter referred to as the “Compensation Committee”), to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the subsidiary Company(ies) whether working in India or out of India, and to Directors of the subsidiary company(ies) (excluding the Independent Directors, Promoters of the Company, or person belonging to promoter group, or a Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) whether working in India or out of India, options exercisable into equity shares of face value of ₹5/-(Rupees Five only) each fully paid-up, **additionally** 26,43,167 (Twenty Six lakhs, forty three thousand, one hundred and sixty seven only)) equity shares under existing pool of 15,10,381 equity shares under scheme -**AXISCADES ESOP 2018 Series 2** not exceeding 41,53,548 (Forty One lakhs, Fifty three thousand, five hundred and forty eight only) equity shares or 11% of the paid up equity shares of the Company from time to time, on payment of the requisite exercise price to the Company, under AXISCADES ESOP 2018 Series 2 in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board or the Compensation Committee in accordance with the provisions of the law or guidelines issued by the relevant Authority.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issue, sale of division, split or consolidation of shares or such other event of the Company, the number of above mentioned options shall be appropriately adjusted.

**RESOLVED FURTHER THAT** the Board is authorised to issue and allot Equity Shares upon exercise of options from time to time in

accordance with the Scheme and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under the AXISCADES ESOP 2018 SERIES 2 on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

**RESOLVED FURTHER THAT** the Board or the Compensation Committee be and is hereby authorised to clarify all questions, difficulties or doubts that may arise in relation to the implementation of the Plan in accordance with all applicable laws and regulations, including at the time of listing of securities but not limited to the Companies Act, 2013, and the rules thereunder, the SEBI SBEB Regulations, circular dated June 16, 2015 issued by the Security and Exchange Board of India with respect to SEBI SBEB Regulations, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**RESOLVED FURTHER THAT** the Board or the Compensation Committee, subject to the approval of shareholders be and is hereby authorized to make from time to time such modification, variations, alterations or revisions in the said Scheme as it may deem fit in conformity with the provisions of the Companies Act 2013, and other applicable laws.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions the Board or the Compensation Committee be and is hereby authorised to do all such deeds, matters and things and execute all such deeds documents and writings as it may in its absolute discretion deem necessary and incur expenses in relation thereto.”

**Item No. 5 APPROVAL FOR GRANT OF ADDITIONAL 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 ESOP 2018- SERIES 2 (THE “SCHEME” / THE “PLAN”)**

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013, and the rules thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “SEBI SBEB Regulations”), circular dated June 16, 2015 issued by the Security and Exchange Board of India with respect to SEBI SBEB Regulations, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include Nomination and Remuneration Committee (hereinafter referred to as the “Compensation Committee”), to

create, issue, offer and allot to identified employees during any one year, stock options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) at the time of grant of option under the “**AXISCADES ESOP 2018- Series 1 and Series 2 Scheme**”, exercisable into equity shares of face value of ₹5/- (Rupees Five only) each fully paid-up, not exceeding 56,63,929 (Fifty Six lakhs, Sixty three thousand, nine hundred and twenty nine only) equity shares or 15% of the paid up equity shares of the Company from time to time, on payment of the requisite exercise price to the Company, under AXISCADES ESOP 2018 Series 1 and Series 2, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board or the Compensation Committee in accordance with the provisions of the law or guidelines issued by the relevant Authority.

**RESOLVED FURTHER THAT** the Board is authorised to issue and allot Equity Shares upon exercise of options from time to time in accordance with the Scheme and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under the AXISCADES ESOP 2018 SERIES 1 AND SERIES 2 on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

**RESOLVED FURTHER THAT** the Board or the Compensation Committee be and is hereby authorised to clarify all questions, difficulties or doubts that may arise in relation to the implementation of the Plan in accordance with all applicable laws and regulations, including at the time of listing of securities but not limited to the Companies Act, 2013, and the rules thereunder, the SEBI SBEB Regulations, circular dated June 16, 2015 issued by the Security and Exchange Board of India with respect to SEBI SBEB Regulations, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**RESOLVED FURTHER THAT** the Board or the Compensation Committee, subject to the approval of shareholders be and is hereby authorized to make from time to time such modification, variations, alterations or revisions in the said Scheme as it may deem fit in conformity with the provisions of the Companies Act 2013, and other applicable laws.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board or the Compensation Committee be and is hereby authorised to do all such deeds, matters and things and execute all such deeds documents and writings as it may in its absolute discretion deem necessary and incur expenses in relation thereto.”

**Item No. 6 APPROVAL FOR MATERIAL RELATED PARTY TRANSACTION-Consultancy agreement between Wholly Owned Subsidiary AXISCADES Inc. & INBIS where Chairman Mr. David Bradley is interested.**

To consider and if thought fit, to pass, with or without modifications, the following resolution as **ordinary resolution**.

“Resolved that pursuant to the provisions of section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meeting of the Board and its Powers) Rules, 2014, Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (Listing Regulations) and other applicable provisions, if any of the Listing Regulations, Companies Act, 2013 and Rules made thereunder including statutory modification(s) or re-enactment thereof for the time being in force and as may be notified from time to time, and Company’s Policy, consent of the members of the company be and is hereby accorded to the Board of Directors of the company to allow Mr. David Bradley, Chairman and Director (Non Executive), to enter into contract(s)/ arrangement(s)/ transaction(s) with AXISCADES Inc. (Wholly Owned Subsidiary) through INBIS Consultants Limited where Mr. David Bradley is interested in the capacity of Director and CEO and holds majority stake on such terms and conditions as the Board of directors deem fit, for a period of one year and at an Annual Fees of USD 120,000.”

**Item No. 7 REVISION IN THE REMUNERATION OF MR. SHARADHI CHANDRA BABUPAMPAPATHY, CEO & EXECUTIVE DIRECTOR**

To consider and if thought fit, to pass, with or without modifications, the following resolution as **Special resolution**.

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and other applicable provisions of the Companies Act, 2013, if any, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company be and hereby approves revision in the remuneration of Mr. Sharadhi Chandra Babupampapathy (DIN No. 02809502), Acting Chief Executive Officer (CEO) and Executive Director, as detailed herein below:

**Remuneration effective from 1st July 2021:**

**Basic Salary** - ₹90,00,000/ per annum

Subject to Applicable Law and internal policies of the Company, the Executive shall also be entitled for the following **perquisites and allowances**:

- Contribution by the Company shall be at the rate of twelve percent (12%) to the provident fund.
- Gratuity payable at the rate of half a month’s salary calculated on the basis of twenty six (26) days’ in a month, for each completed year of service.
- The Company shall reimburse all expenses for running and maintenance of car a maximum of Rupees Forty Thousand Only (₹ 40,000/-) per month.
- Eligible for leaves as per the leave rules of the Company.
- Reimbursement of all expenses including entertainment and traveling incurred in the course of the business of the Company.
- Medical Insurance coverage upto Rupees Seven Lakh Only (₹ 7,00,000/-) for self, family and dependents.
- Personal Accident Insurance coverage up to Rupees Forty Lakh Only (₹ 40,00,000/-) for self.

**Performance linked incentive:** The Company shall subject to its discretion and based on the performance of the Executive, pay a performance linked bonus of Rupees Fifty Three Lakhs Thirty Thousand Only (₹ 53,30,000/-) per year. This component is linked to the performance of the Company and the performance of the Executive which shall be evaluated by the Nomination & Remuneration Committee for every completed Financial Year and paid accordingly subject to deduction of applicable taxes.

**Special Officiating Allowance:** The Company shall subject to its discretion and based on the performance of the Executive, pay a special officiating allowance of Rupees Thirty One Lakh Seventy Thousand Only (₹ 31,70,000/-) per year. This component is linked to the performance of the Company and the performance of the Executive which shall be evaluated by the Nomination & Remuneration Committee for every completed work anniversary and paid accordingly subject to deduction of applicable taxes. If the contract come to end before the completion on any work anniversary then the amount shall be prorated and calculated accordingly.

Place: Ghaziabad  
Date: 7th August 2021

**Registered office**

Block C, 2nd Floor, Kirloskar Business Park,  
Bengaluru-560024.  
CIN: L72200KA1990PLC0084435,  
e-mail: info@axiscades.in

**Sitting Fee:** No sitting fees shall be paid to the Executive for attending the meeting of the Board or committee thereof.”

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration of Mr. Sharadhi Babu subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 or as approved under this resolution, whichever is higher.

**RESOLVED FURTHER THAT** any Non Independent Director of the Company or the Chief Financial Officer of the Company or Ms. Shweta Agrawal, Company Secretary, be and are hereby severally authorized to make an application, sign and execute all necessary documents, file necessary forms – manual or online, do all acts, deeds, matters and things as deem necessary, proper or desirable with any regulatory authorities, as may be required, and to execute all such deeds, documents, application, as it may deem necessary or incidental to giving effect to this resolution.”

By Order of the Board of Directors  
For **AXISCADES Technologies Limited**

Sd/-  
**Shweta Agrawal**  
Company Secretary

**EXPLANATORY STATEMENT FOR ITEM 3,4,5**

The members are apprised that the Employee Stock Option Scheme, 2018 (ESOP Scheme/Plan)- Series 1& 2 of the Company, was approved by its shareholders by way of special resolution on 31st March 2018. As the Company is proposing to increase the number of grants and the employee base, the ESOP Scheme- Series 2 requires necessary amendments and variations in compliance with the Companies (Share Capital and Debentures) Rules, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (the “SEBI (SBEB) Regulations”) and related circulars. As per SEBI (SBEB) Regulations, the necessary amendments and variations to the ESOP Scheme- Series 2 need to be approved by the shareholders of the Company by way of a special resolution and accordingly the same is being placed before the shareholders for their approval. The amended ESOP Scheme- Series 2 shall be applicable from the date of passing of this resolution.

The Nomination & Remuneration Committee and Board of Directors vide resolution passed on 5th February 2021 & 7th August 2021 has approved the amendments proposed in the Scheme- Series 2.

The salient features of the ESOP Scheme- Series 2 of the Company are given hereinbelow:

The **AXISCADES ESOP 2018- Series 2 Scheme** envisages grant of share options to eligible employees of the company and its subsidiaries.

The terms of the Scheme are as follows:

**1. Brief description of the Scheme**

The objective of **AXISCADES ESOP 2018- Series 2 Scheme** is to motivate and retain talent, align key employee’s interest with that of the shareholders and provide wealth creation opportunities to critical employees. The Company views employee stock options as instruments that would enable the Employees to share the value they would create and contribute for the Company in the years to come.

**2. TOTAL NUMBER OF OPTIONS TO BE GRANTED**  
**AXISCADES ESOP 2018-Series 2 Scheme**

The total number of Options will not exceed 15,10,381 (Fifteen Lakh, Ten thousand Three Hundred and Eighty One) plus additional 26,43,167 (Twenty Six lakhs, forty three thousand, one hundred and sixty seven only) equity shares of the

Company from time to time, which will be available for grant to eligible employees of the Company under the Scheme. Each option (after it is vested) will be exercisable for one Equity share of ₹5 (Rupees Five only) each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees

#### Details of Variation in ESOP Series 2

Clause No	New Provision	Existing Provision
Clause 14.1	• The total number of option rights granted shall not, at any time, exceed 26,43,167 (Twenty six Lakh, forty three thousand One Hundred and sixty seven).	• The total number of option rights granted shall not, at any time, exceed 15,10,381 (Fifteen Lakh Ten Thousand Three Hundred and Eighty-One only).
Clause 14.3	• The Company has set aside 26,43,167 (Twenty six Lakh, forty three thousand One Hundred and sixty seven only) shares from the authorized capital for the purpose of this Plan. Each Option entitles the Grantee thereof to apply for and be allotted one equity share of the Company at the Exercise Price.	• The Company has set aside 15,10,381 (Fifteen Lakh Ten Thousand Three Hundred and Eighty-One only) shares from the authorized capital for the purpose of this Plan. Each Option entitles the Grantee thereof to apply for and be allotted one equity share of the Company at the Exercise Price.

### 3. IDENTIFICATION OF CLASSES OF EMPLOYEES ENTITLED TO PARTICIPATE AND BE BENEFICIARIES IN THE SCHEME

The following employees would be entitled to participate in the AXISCADES ESOP 2018- Series 2 Scheme:

- Permanent employees of the Company working in India or out of India;
- Directors of the Company;
- An employee as defined in clause (a) or (b) of a subsidiary, in India or outside India.

Following persons are not eligible:

- An employee who is a Promoter or belongs to the Promoter Group;
- a Director who either by himself or through his relatives or through any Body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- an Independent Director

The Board or the Compensation Committee will determine the specific employees or class of employees who will be eligible for award of stock options based on the performance criteria.

### 4. Requirements of vesting and period of vesting

#### AXISCADES Engineering ESOP 2018- Series 2 Scheme

The Options granted shall vest so long as the employee continues to be in the employment of the Company as the case may be. Vesting of the options shall take place over a maximum period of four years from the date of grant. The minimum vesting period will be 1 (One) year from the date of grant.

The Board or the Compensation Committee may at its absolute discretion at the time of granting the Options include any such criteria such as individual performance, company performance or any other criteria besides tenure as a requirement of vesting.

### 5. Maximum Period in which the Options will be vested

#### AXISCADES ESOP 2018- Series 2 Scheme

Maximum period in which the options shall be vested shall be within four years from the date of grant.

or otherwise would be available for being re-granted at a future date.

In case of any corporate action (s) the Board or the Compensation Committee shall make a fair and reasonable adjustment to the options granted.

### 6. Exercise Price

The options will be issued at a predetermined exercise price. 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.

### 7. Excise Period and Process

The Exercise period shall commence from the date of vesting of Options. The Exercise period shall be decided by the Board or the Compensation Committee subject to a maximum period of 8 (eight) years from the date of grant of options.

The options shall be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee at its sole discretion.

### 8. The appraisal process for determining the eligibility of employees for the scheme(s).

The appraisal process for determining the eligibility of the employees for the ESOP grant will be specified by the Compensation Committee and will be at its sole discretion.

### 9. Maximum number of options to be issued per employee and in aggregate

#### AXISCADES ESOP 2018- Series 2

The Compensation Committee to decide the maximum number of options to be granted per employee and in aggregate, however the aggregate number of options under the Scheme shall not exceed 25,10,381 (Twenty Five Lakh, Ten thousand Three Hundred and Eighty-One).

### 10. Maximum quantum of benefits to be provided per employee under a Scheme

THE MAXIMUM QUANTUM OF BENEFITS UNDERLYING THE OPTIONS ISSUED TO AN EMPLOYEE UNDER THE AXISCADES ESOP 2018- SERIES 2 SCHEME SHALL BE EQUAL TO THE DIFFERENCE BETWEEN THE MARKET PRICE OF THE SHARES ON THE EXERCISE DATE AND OPTION EXERCISE PRICE.

**11. Whether the scheme(s) is to be implemented and administered directly by the company or through a trust**  
AXISCADES ESOP 2018- Series 2 Scheme will be implemented by the Company directly.

**12. Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both**  
AXISCADES ESOP 2018- SERIES 2 SCHEME WILL INVOLVE ISSUE OF NEW SHARES BY THE COMPANY AND WILL NOT INVOLVE ANY SECONDARY ACQUISITION.

**13. THE AMOUNT OF LOAN TO BE PROVIDED FOR IMPLEMENTATION OF THE SCHEME(S) BY THE COMPANY TO THE TRUST, ITS TENURE, UTILIZATION, REPAYMENT TERMS, ETC.**

Not applicable under the AXISCADES ESOP 2018- Series 2 Scheme.

**14. Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s).**

Not applicable under the AXISCADES ESOP 2018- Series 2

**15. A statement to the effect that the company shall conform to the accounting policies specified in regulation 15**

The Company shall follow the Guidance as mentioned under the 'Indian Accounting Standard (Ind AS) 102 Share-based

Payment' or the relevant accounting standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

**16. The method which the company shall use to value its options;**

The Company shall calculate the employee compensation cost in respect of options using the fair value of the options as per the applicable laws. The Compensation Committee shall determine from time to time the valuation and accounting methodology for the options issued under the Scheme as per changes in the applicable law. The company shall comply with all the relevant disclosures mentioned under Indian Accounting Standard (Ind AS) 102 Share-based Payment.

**17. The following statement, if applicable:**

Not applicable (Fair Value Method to be applied as per Indian Accounting Standard (Ind AS) 102 Share-based Payment.

None of the Directors are concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the Scheme.

The members' approval is sought for the Scheme.

#### ITEM 6:

The Company's Act, 2013, aims to ensure transparency in the transactions and dealing with Related parties of the Company. The provisions of section 188(1) (f) govern the related party's appointment to any office or place of profit, in the company, its subsidiary or associate company.

Mr, David Bradley, was appointed as the Director of the company w.e.f 5th March 2019 and as the Chairman w.e.f. 31st May 2019. He brings immense value in his role as Chairman having led a large global Engineering services company.

Mr. David Bradley was instrumental in developing and scaling several accounts into USD 50+Mn relationships in the global Engineering industry. He also served as a Member of the Management Board of Assystem since December 13, 2007 and was CEO of Assystem UK Ltd. Assystem GPS is currently known as Expleo, has a presence in 25 countries and more than 14,000 employees with Euro 1Bn in revenues in 2017.

Mr. David is spending considerable time with the Company in mentoring senior management team and in improving and scaling up the organisation processes. Some of the efforts are visible in the form of client mining, new customer acquisition, higher profitability over the last two years and the cash that is being generated from operations.

The proposed resolution seeks approval of the members for remunerating Mr. David Bradley, Chairman and Director (Non Executive) partly for his efforts through his company INBIS Consultants Limited, where he is interested in the capacity of Director

and CEO and holds majority stake. The consultancy agreement shall be between AXISCADES Inc. (Wholly Owned Subsidiary) and INBIS.

This agreement shall commence on 1st April 2021 and shall continue until 31st March 2022 at which time the agreement may be renewed on mutually acceptable terms & conditions.

Based on the recommendation and approval of the Nomination & Remuneration Committee and Audit Committee, the Board of Directors, in their meeting held on 11th June 2021 approved this Contract for the said limit and with the terms agreed and recommends the same for shareholders approval.

Mr David's present role is crucial to provide impetus in expanding the global business in the emerging market business of the company. Considering his qualification, experience, present role, prescribed limit of the Companies Act, 2013 is not commensurate, hence require approval of the Shareholders. Section 188 of the Company's Act, 2013, provides that no company shall enter into any contract or arrangement with the related party except with the consent of the Board of Directors and in case it exceeds the threshold, then with the consent of shareholders as well.

Members are informed that no member shall vote on this resolution, if such member is a related party.

The Board recommends the said resolution for approval of the members as ordinary resolution.

Mr. David Bradley is deemed to be interested in the said resolution.

Apart from the above, none of the Director or Key Management personnel is in any way concerned or interested in this Resolution.

**ITEM 7:**

Keeping in view the growth, operations and size of the Company, performance evaluation and based on the recommendation of the Nomination Remuneration Committee and Board, remuneration of Mr. Sharadhi Chandra Babubampapathy Executive Director & Acting Chief Executive officer (CEO) of the Company, is proposed to be increased, in compliance of the provisions of the Act.

**STATEMENT OF INFORMATION AS PER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013:**

Your Company is in the business of providing mainly Engineering Design services. It was incorporated on 24.08.1990 and ventured into the domain of Engineering Design in January 2004.

Financial Performance indicators of the Company for the year 2020-2021 are as follows:

Particulars	Standalone (₹ Lakhs)	Consolidated (₹ Lakhs)
Total Income	13,516.58	53830.73
Profit Before Tax (PBT)	(6,145.81)	(1037.94)
Net Profit after Tax (PAT) (before Minority Interest)	(6,324.81)	(2120.55)
Earning per Equity Share (Basic & Diluted)	(16.75)	(5.74)

**Export performance & Net foreign exchange collaborations:**

- The Company has registered STPI units and is an exporter. The export earnings for the year 2020-2021 stood at ₹14,684.48 lakhs
- The Company has no foreign collaborations.

**Foreign investments:**

As as 31st March 2021, the Company has an investment of ₹14.89 crs. in its wholly owned subsidiary AXISCADES Inc. in US and ₹0.43 cr. in Axis Mechanical Design (Wuxi) Co. Limited in China & ₹4,596/- in Cades Canada Technology Inc. in Canada and ₹18.86 lakhs in AXISCADES GmbH. The subsidiary is engaged in a similar line of business.

**Past Remuneration:**

Mr. Sharadhi Babu is serving the company as Chief Executive Officer (CEO) & Director (whole time) since 2019 and his remuneration was approved by the shareholders in the Annual General meeting held on 30th September 2019. He was entitled for 121.50 lakhs pa including performance linked variable pay. Based on his performance in the company it is proposed to increase his remuneration to ₹175 laks pa.

**Director's Profile**

Sharadhi is an Aeronautical Engineer, a Software Professional and an Entrepreneur with over 25 years of industry experience.

Sharadhi has served as an Aeronautical Engineering Officer in the Indian Air Force handling technology and operations of Radar, Communication, Data Handling and associated systems. His work

experience in the field of Software Engineering spans across several cutting edge technologies, Product Development, Systems and Application Development, Designing, Architecting, Building and Delivering several innovative products and many huge, complex Software Systems of Networking, Wireless and Wire-line Communications and blend of Open and Embedded Systems domain expertise.

Sharadhi co-founded M/s Adama Technology and worked as its Chief Operating Officer.

The proposed remuneration is mentioned in the proposed resolution.

The remuneration of Mr. Babu is fully justifiable and comparable to that prevailing in the Industry, keeping in view the profile and position of Chief Executive Officer & Director and enriched knowledge and vast and varied experience. Mr. Babu is driving the overall Strategy of the Company and is responsible for large OEM Relationship Management, M&A Strategy, in addition overseeing Business affairs of the company. He is accountable to the Board of Directors of the company.

Mr. Babu has no pecuniary relationship with the company or with any managerial personnel except the emoluments (Salary) being approved by the members by way of this resolution.

Currently Company is into growth phase and transforming to next level of organization. Further company is increasing offshoring mix which will improve the margins way forward.

The increase in remuneration specified above is now placed before the members for their approval.

This explanation together with the accompanying notice should be treated as an abstract under the Section 190 of the Companies Act, 2013 in respect of the remuneration of Mr. Sharadhi Babu, Chief Executive Officer & Executive Director.

The resolution seeks the approval of the shareholders for payment of proposed remuneration to Mr. Sharadhi Babu as Acting Chief Executive Officer & Executive Director of the Company, subject to the compliance of the provisions of the Companies Act, 2013, from July 1st 2021.

This Notice has been issued pursuant to the above provisions of the Act and as required under Rule 13 of Companies (Appointment and Qualifications of Directors) Rules 2014, individual Notices have been sent through electronic mode to those members who have provided their e-mail addresses to the Company and to others by permitted mode. This Notice has been also placed on the website of the Company at [www.axiscades.com](http://www.axiscades.com).

No director, key managerial personnel or their relatives, except Mr. Sharadhi Babu to whom the resolutions relate, is interested or concerned in the resolution



**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**

**Mr. Sharadhi Chandra Babupampapathy**



Sharadhi is an Aeronautical Engineer, a Software Professional and an Entrepreneur with over 25 years of industry experience. Sharadhi co-founded M/s Adamya Technocrats and worked as its Chief Operating Officer.

Date of Birth: 20.06.1965

He does not hold Directorship in any other listed entity and is not a member of any Committee of the Board.

He is an Executive Director (KMP) in AXISCADES Aerospace & Technologies Private Limited (ACAT), wholly owned subsidiary.

He is not related to any Director inter-se and does not hold any Equity shares of the Company.

**NOTES:**

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses is annexed hereto and forms part of the Notice.
  2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated January 13 2021 read with circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the AGM through VC / OAVM, without the physical presence of Members. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
  3. ALTHOUGH, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/ HERSELF, BUT SINCE THIS MEETING IS BEING HELD THROUGH VC/OAVM UNDER THE FRAMEWORK OF MCA CIRCULARS ON ACCOUNT OF THREAT POSED BY COVID-19, WHERE PHYSICAL PRESENCE OF MEMBERS HAS BEEN DISPENSED WITH, THE FACILITY OF APPOINTMENT OF PROXY WILL NOT BE AVAILABLE. AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED HERETO.
  4. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
  5. Pursuant to the provisions of Sections 112 and 113 of the Act, representatives of the Corporate Members may be appointed for the purpose of voting through remote e-voting or for participation and voting at the AGM through e-voting facility.
- Body corporates are entitled to appoint authorized representative(s) to attend the AGM through VC/ OAVM and to cast their votes through remote e-voting/ e-voting at the AGM. In this regard, the body corporates are required to send a latest certified copy of the Board Resolution/ Authorization Letter/ Power of Attorney authorising their representative(s) to attend the meeting and vote on their behalf through e-voting. The said resolution/ letter/ power of attorney shall be sent by the body corporate through its registered e-mail ID to the Scrutinizer by email through its registered email address to khamankarcs@gmail.com with a copy marked to einward.ris@kfintech.com(KFIN's ID).

**ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT**

6. In accordance with the MCA Circulars and SEBI Circulars:
  - a) Notice of the AGM along with the Annual Report for the financial year 2020-21 is being sent to the Members and to all other persons so entitled in electronic mode only, whose email addresses has been registered with the Company/ Depository Participants ('DPs')/ Depository/ KFIN. Members are requested to verify/ update their details such as email address, mobile number etc. with their DPs, in case the shares are held in electronic form and with KFIN, in case the shares are held in physical form.
  - b) Those Members who have not yet registered their email addresses and consequently, have not received the Notice and the Annual Report, are requested to get their email addresses and mobile numbers registered with KFIN, by following the guidelines mentioned below.

**Guidelines to register email address:**

- i) Visit the link <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>
- ii) Select the company name i.e. AXISCADES Technologies Limited.
- iii) Enter DPID-CLIENT ID (in case shares are held in electronic form)/ Physical Folio No. (in case shares are held in physical form) and PAN.
- iv) If PAN details are not available in the system, the system will prompt to upload a self-attested copy of the PAN card for updating the records.
- v) In case shares are held in physical form and PAN is not available in the records, please enter any one of the Share Certificate No. in respect of the shares held by you.
- vi) Enter the email address and Mobile No.
- vii) System will check the authenticity of DPID-CLID/ Physical Folio No. and PAN/Certificate No., as the case may be, and will send the OTPs at the registered Mobile No. as well as email address for validation.
- viii) Enter the OTPs received by SMS and email to complete the validation process. Please note that the OTPs will be valid for 5 minutes only.
- ix) The Company through KFIN will send the Notice, Annual Report and the e-voting instructions along with the User ID and Password to the email address given by you.

Alternatively, Members may send a copy of the share certificate (in case shares are held in physical form) along with scanned copy of the signed request letter mentioning Name, Folio Number, Share certificate number, complete address, email address and mobile number, and scanned copy of self-attested PAN card to enable KFIN to register their e-mail address and to provide them the Notice, Annual Report and the e-voting instructions along with the User ID and Password at the email id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

In order to enable the Company to comply with MCA circulars and to participate in the green initiative in Corporate Governance, members are requested to register their email addresses in respect of shares held in electronic form with their Depository Participant(s) permanently for sending the Annual report, Notice of AGM and the e-voting instructions.

- x) Kindly note that in case the shares are held in electronic form, the above facility is only for temporary registration of email address for receipt of Notice, Annual Report and the e-voting instructions along with the User ID and Password. Such Members will have to register their email address with their DPs permanently, so that all communications are received by them in electronic form.
- xi) In case of queries, Members are requested to write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call at the toll free number 1800 309 4001.

7. The notice of AGM along with Annual Report will be sent to those members / beneficial owners whose name will appear in the register of members/ list of beneficiaries received from the depositories as on Friday, 20th August.
8. The Notice of the AGM and the Annual Report for the financial year 2020-21 will be available on the website of the Company ([www.axiscades.com](http://www.axiscades.com)), on the website of KFIN (<https://evoting.kfintech.com/public/downloads.aspx>) and on the website of National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and BSE Limited ([www.bseindia.com](http://www.bseindia.com)), in compliance with the MCA Circulars.

**PROCEDURE FOR JOINING THE AGM THROUGH VC/ OAVM**

9. The Company is providing VC/OAVM facility to its members for joining/participating at the AGM. Members may join the Meeting through Desktops, Laptops, Smartphones, Tablets and iPads. Further, Members are requested to use Internet with a good speed to avoid any disturbance during the Meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
10. Members are requested to follow the procedure given below to attend the AGM through VC / OAVM or view the live webcast:
  - i) Launch internet browser (latest version of Chrome/ Firefox/Safari/ Internet Explorer 11 or MS Edge) by typing the URL: <https://emeetings.kfintech.com>.
  - ii) Enter the login credentials (i.e., User ID and password for e-voting provided by KFIN).
  - iii) After logging in, click on "Video Conference" option.
  - iv) Then click on camera icon appearing against AGM event of AXISCADES Technologies Limited to attend the AGM. Please do the echo test once you enter into the AGM room.
11. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions.
12. The facility for joining the AGM shall open 15 minutes before the time scheduled for AGM and will continue till the expiry of 15 minutes after conclusion of the AGM. Large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel and Auditors are encouraged to attend the AGM.
13. The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password. On successful login, select 'Post Your Question' option which will be opened 9:00 A.M. (IST) on Friday, September 24, 2021 and will end at 5:00 P.M. (IST) on Sunday, September 26, 2021.
14. To ensure smooth transmission and co-ordination during the Q&A Session, the Company is providing the facility of Speaker Registration. Members who would like to express their views

or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The facility of 'Speaker Registration' will open at 9:00 A.M. (IST) on Friday, September 24, 2021 and will end at 5:00 P.M. (IST) on Sunday, September 26, 2021. Only those members who are registered will be allowed to express their views or ask questions.

1. Members who wish to ask questions during the AGM, can do so by registering themselves as a 'Speaker', by following the instructions, as mentioned below:
  - (i) Click on the following URL:  
<https://emeetings.kfintech.com>
  - (ii) Use e-voting User ID and Password, to register as a 'Speaker'.
  - (iii) Only those Members holding shares either in physical form or in electronic form, as on the cut-off date of **Tuesday, 21st September 2021**, may register themselves as a 'Speaker' from **Friday, 24th September 2021 (9:00 A.M.)** upto **Sunday, 26th September 2021 (5:00 P.M.)**. This will enable KFIN to make requisite arrangements for the said Members to ask questions during the AGM through VC.
  - (iv) Only those Members who have registered themselves as a 'Speaker', as aforesaid, will be able to ask questions during the AGM.
  - (v) The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
2. Members who wish to post their queries may do so before the AGM, up to Sunday, 26th September 2021 (5.00 P.M.) by following the instructions, as mentioned below:
  - (i) Click on the following URL: <https://emeetings.kfintech.com>
  - (ii) Use e-voting User ID and Password, to post queries.
15. Members can submit their questions in advance with regard to the accounts or any other matter to be placed at the AGM by sending an e-mail to the Company at [secretary@axiscades.in](mailto:secretary@axiscades.in) and marking a copy to [evoting@KFintech.com](mailto:evoting@KFintech.com) mentioning their name, DP ID-Client ID / Folio number on or before Sunday, September 26, 2021 or they can post their questions from 9:00 A.M. (IST) on Friday, September 24, 2021 to 5:00 P.M. (IST) on Sunday, September 26, 2021, by logging on to <https://emeetings.kfintech.com>. They can also upload their video by registering themselves as speaker by accessing the facility provided at <https://emeetings.kfintech.com->speaker-registration>. The maximum time limit of the video should be three minutes. At the AGM, such questions will be replied by the Company suitably. The Company reserves the right to restrict the number of questions and number of speakers,

depending upon the availability of time, for smooth conduct of the AGM.

16. In case of any query relating to the procedure for attending AGM through VC/ OAVM or for any technical assistance, Members may call on toll free no.: 1800 309 4001 or send an e-mail at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
17. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
18. The recorded transcript of this meeting, shall as soon as possible, be made available on the website of the Company at [www.axiscades.com](http://www.axiscades.com).
19. Institutional shareholders are encouraged to attend and vote at the AGM.

#### **PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM**

20. In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Act, Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by listed entities, the Company is pleased to provide the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM.
21. The Company is providing e-voting facility to its members to enable them to cast their votes electronically. The Company has engaged the services of KFin as the Authorised Agency to provide remote e-voting facility (i.e. the facility of casting votes by a member by using an electronic voting system from a place other than the venue of a general meeting). The instructions for e-voting are given below:
  - I. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Entities" e-Voting process has been enabled for all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/Depository Participants (DPs) in order to increase the efficiency of the voting process.
  - II. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
22. The Members attending the AGM who have not cast their vote by remote e-voting shall be entitled to vote at AGM through e-voting system. Facility to cast vote at the AGM will be made available on the Video Conferencing screen and will remain active throughout the Meeting.

23. The members can opt for only one mode of voting i.e. remote e-voting or e-voting at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered final and e-voting at AGM will not be considered. The members who have cast their vote by remote e-voting may also attend the AGM but can't vote at the AGM.
24. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
25. The remote e-voting facility will be available during the following period:
- Commencement of remote e-voting:**  
From 9.00 a.m. (IST) on September 25, 2021
- End of remote e-voting:**  
Upto 5.00 p.m. (IST) on September 27, 2021
26. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by KFIN upon expiry of aforesaid period.
27. The voting rights of Members for remote e-voting and for e-voting at AGM shall be in proportion to the paid up value of their shares in the equity share capital of the Company as at close of business hours on Tuesday, September 21, 2021 ('cut-off date').
28. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the

depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting / e-voting at AGM. The person who is not a member/ beneficial owner as on the cut-off date should treat this Notice for information purpose only.

29. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
30. The members who will be present in attending the AGM through VC / OAVM and have not already cast their vote(s) through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

#### INFORMATION AND INSTRUCTIONS FOR REMOTE E-VOTING

31. The details of the process and manner for remote e-Voting are explained herein below:

**Step 1:** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2:** Access to KFin e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

#### Details on Step 1 are mentioned below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1. <b>User already registered for IDeAS facility:</b> <ol style="list-style-type: none"> <li>i) Visit URL: <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a></li> <li>ii) Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>iii) On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>iv) Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> </li> <li>2. <b>User not registered for IDeAS e-Services</b> <ol style="list-style-type: none"> <li>i) To register click on link: <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a></li> <li>ii) Select "Register Online for IDeAS" or click at <a href="https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>iii) Proceed with completing the required fields.</li> <li>iv) Follow steps given in points 1.</li> </ol> </li> <li>3. <b>Alternatively by directly accessing the e-Voting website of NSDL</b> <ol style="list-style-type: none"> <li>i) Open URL: <a href="https://www.evoting.nSDL.com/">https://www.evoting.nSDL.com/</a></li> <li>ii) Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>iii) A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>iv) Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e KFin</li> <li>v) On successful selection, you will be redirected to KFin e-Voting page for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Existing user who have opted for Easi/Easiest               <ol style="list-style-type: none"> <li>i) Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>ii) Click on New System Myeasi</li> <li>iii) Login with your registered user id and password.</li> <li>iv) The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFin e-Voting portal.</li> <li>v) Click on e-Voting service provider name to cast your vote.</li> </ol> </li> <li>2. User not registered for Easi/Easiest               <ol style="list-style-type: none"> <li>i) Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>ii) Proceed with completing the required fields.</li> <li>iii) Follow the steps given in point 1</li> </ol> </li> <li>3. Alternatively, by directly accessing the e-Voting website of CDSL               <ol style="list-style-type: none"> <li>i) Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>ii) Provide your demat Account Number and PAN No.</li> <li>iii) System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>iv) After successful authentication, user will be provided links for the respective ESP, i.e KFin where the e- Voting is in progress.</li> </ol> </li> </ol>
Individual Shareholders login through their demat accounts / Website of Depository Participant	<ol style="list-style-type: none"> <li>1. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</li> <li>2. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>3. Click on options available against company name ore-Voting service provider –Kfin and you will be redirected to e-Voting website of KFin for casting your vote during the remote e-Voting period without any further authentication.</li> </ol>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990 and 1800 22 44 30</b>
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022- 23058738 or 022-23058542-43</b>

#### Details on Step 2 are mentioned below:

Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

- a) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFin which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:
  - i. Launch internet browser by typing the URL:<https://emeetings.kfintech.com/>
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting the vote.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. 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 value (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 may also enter a secret question and answer of your choice 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.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'AXISCADES TECHNOLOGIES LIMITED' and click on "Submit"
  - vii. On the voting page, 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 "AGAINST" but

the total number in “FOR/AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on “Submit”.
  - xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution (s), 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).
  - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ID [khamankarcs@gmail.com](mailto:khamankarcs@gmail.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com). The scanned image of the above-mentioned documents should be in the naming format “Corporate Name Even No.”
- b) Any person who becomes member of the Company after dispatch of the Notice of AGM and is holding shares as on the cut-off date i.e Tuesday, September 21, 2021 may obtain the User ID and password in the manner as mentioned below:
- a) If the mobile number of the member is registered against Folio No./ DPID Client ID, the Member may send SMS: MYEPWD E-Voting Event Number +Folio no. or DPID Client ID to +91-9212993399 Example for NSDL: MYEPWDIN12345612345678 Example for CDSL: MYEPWD1402345612345678 Example for Physical: MYEPWD XXXX1234567890
  - b) If e-mail address or mobile number of the member is registered against Folio No. / DPID Client ID, then on the home page of <https://evoting.kfintech.com>, the member may click “Forgot Password” and enter Folio No. or DPID Client ID and PAN to generate a password.
  - c) Member may Call KFin’s Toll free number 1800 3094 001
  - d) Member may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com)

In order to enable the Company to comply with MCA circulars and to participate in the green initiative in Corporate Governance, members are requested to register their email addresses in respect of shares held in electronic form with their Depository Participant(s) permanently for sending the Annual report, Notice of AGM and the e-voting instructions.

After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

32. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
33. In case of any query pertaining to e-voting, please visit Help & FAQs section available at KFIN website (<https://evoting.kfintech.com/public/Faq.aspx>). In case of any other queries/grievances connected to remote e-voting or shares, you may contact Mr. Raj Kumar Kale, an official of KFIN, at telephone number: 040-67162222 or the toll free number 1800-309-4001 or at email: [evoting@kfintech.com](mailto:evoting@kfintech.com).
34. The Board of Directors has appointed Mr. Anant Khamankar ((Membership No. 3198)), as the Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.
35. The Scrutinizer, after scrutinizing the voting through e-voting / remote e-voting at AGM and through remote e-voting shall, within Forty Eight (48) Hours from conclusion of the AGM, make a consolidated scrutinizer’s report of the votes cast in favour or against, if any, and submit the same to the Chairman of the meeting or a person authorised by him. The Chairman or the authorized person shall declare the results. The results declared shall be available on the website of the Company ([www.axiscales.com](http://www.axiscales.com)) and on the website of KFIN (<https://evoting.kfintech.com>). The results shall simultaneously be communicated to the Stock Exchanges. The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favour of the resolutions.

**PROCEDURE FOR INSPECTION OF DOCUMENTS:**

36. All documents referred to in the Notice will be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM i.e. Tuesday, September 28, 2021. Members seeking to inspect such documents can send an email to [secretary@axiscales.in](mailto:secretary@axiscales.in).
37. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and all the documents referred to in the Notice and explanatory statement, including certificate from the Auditors of the Company under Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2014 will be available electronically for inspection by the members during the AGM.

**OTHER INFORMATION:**

38. Information regarding particulars of the Directors to be re-appointed requiring disclosure in terms of the Secretarial Standard 2, Listing Regulations and the explanatory statement pursuant to Section 102 of the Act are annexed hereto. The directorships held by the Directors considered for the purpose of disclosure do not include the directorships held in foreign companies. The committee chairmanships/ memberships considered for the purpose of disclosure are those prescribed under Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies.
39. As per Regulation 40 of Listing Regulations, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or KFIN for assistance in this regard.
40. Members who are holding shares in physical form are requested to address all correspondence concerning registration of transmissions, sub-division, consolidation of shares or any other share related matters and/ or change in address or updation thereof to KFIN. Members, whose shareholding is in electronic format are requested to direct change of address notifications, registration of e-mail address and updation of bank account details to their respective DPs.
41. Non-resident Indian shareholders are requested to inform about the following to the Company or KFIN or the concerned DP, as the case may be, immediately of:
- The change in the residential status on return to India for permanent settlement;
  - The particulars of the NRE Account with a Bank in India, if not furnished earlier.
42. Securities and Exchange Board of India has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to KFIN.
43. Members who are holding shares in physical form in identical names in more than one folio are requested to write to KFIN enclosing their share certificates to consolidate their holding into one folio.
44. Members may contact the Company or KFIN for conveying grievances, if any, relating to the conduct of the AGM, at the following address:

**AXISCADES Technologies Limited**

Shweta Agrawal  
 Company Secretary & Compliance Officer  
 secretary@axiscades.in

**KFin Technologies Private Limited**

Unit: Axiscades Technologies Limited.  
 Selenium Tower B, Plot Nos. 31 & 32  
 Financial District, Nanakramguda,  
 Serilingampally Mandal,  
 Hyderabad, Telangana - 500032  
 Toll Free No.1800 3094 001

Email: einward.ris@kfintech.com

**Contact Person:**

Shri Raj Kumar Kale,  
 Assistant General Manager(RIS)

By Order of the Board of Directors  
 For **AXISCADES Technologies Limited**

Place: Ghaziabad  
 Date: 7th August 2021

Sd/-  
**Shweta Agrawal**  
 Company Secretary



**AXISCADES Technologies Limited**  
**(formerly AXISCADES Engineering Technologies Limited)**  
Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560 024  
[www.axiscades.com](http://www.axiscades.com)