

CONTINUOUS
TRANSFORMATION
THROUGH INNOVATION
AND EXCELLENCE



ANNUAL
REPORT
2018-19



pg# 02 ▶
Future, Built Here



pg# 04 ▶
Chairman's Letter



pg# 11 ▶
Management Discussion &
Analysis

STORIES INSIDE

Corporate Overview

- ▶ Engineering a digital and greener tomorrow... **01**
- ▶ Future, Built Here... **02**
- ▶ Transformation... Enabled through Innovation, Driven by Passion... **03**
- ▶ Chairman's Letter... **04**
- ▶ Our Synergy... Your Success... **06**
- ▶ Board of Directors... **07**
- ▶ Your preferred partner for end-to-end solutions... **08**
- ▶ Many Services, One Brand... **09**
- ▶ Intensive Technologies... Delivered by Passionate Prodigies... **10**

Statutory Reports

- ▶ Management Discussion & Analysis... **11**
- ▶ Board's Report & Annexures... **18**
- ▶ Report on Corporate Governance... **51**

Financial Statements

- ▶ Standalone... **66**
- ▶ Consolidated... **125**

Notice... **206**

FORWARD-LOOKING STATEMENT

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this report. AXISCADES Engineering Technologies Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

The Engineering services industry is undergoing a radical shift worldwide. The Design aspects are being reimagined to address the creative appetite, digital enablement and futuristic needs of a greener, safer and sustainable world. Manufacturing is increasingly adopting Industry 4.0 standards as the base, a scenario marked by an increase of simulation, automation and data exchange. Customers are demanding integrated digital-led service offerings at competitive prices and expect long-term partners to set up innovation and broaden offerings. This unique scenario has created newer challenges and opportunities that can be capitalized through inspired and innovative solutions.

Over the next few years, our strategy will entail consistent transformation by integrating and digitalizing our offerings, building new capabilities and solutions in Engineering for a greener tomorrow. As we evolve into a next-generation digital engineering services company built on our strong foundation of classical engineering, we will focus on extending offerings encompassing the entire product lifecycle and multiplying competencies by forming alliances with innovative companies.

The ramp-up strategy in Defense business is to capitalize on our deep expertise in product development, extensive experience in offset implementation and our global OEM clientele.

Our entire leadership team is aligned, with well-defined metrics, towards ensuring the success of this consistent and continuous transformation.

Engineering a digital and greener tomorrow



FUTURE, BUILT HERE ...



AXISCADES is amongst India's leading Engineering Solutions Companies.

With 2,250+ skilled workforce with an average of seven years of industry experience, versatile competencies, strong domain knowledge and strategic alliances, we are driven by our vision to deliver futuristic, digitally-enabled engineering solutions. We have deep domain expertise and proven capabilities across six technology-intensive industries.

AXISCADES' holistic offerings cover the entire scale of product lifecycle, comprising research and development, design, manufacturing, integration, testing, in-service and integrated logistics management. Our excellence in mechanical engineering, embedded electronics, software/hardware, system integration and digitization makes us the preferred partner to build the future.

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

We are a preferred strategic partner with 8 COEs to better serve customers, facilitating us to build deep-rooted relations with industry leaders. We reach closer to customers through 15 locations across North America, Europe and Asia-Pacific. We also have proximity centers at Toulouse, Hamburg, Augsburg, Peoria, and Denmark. We deliver one-stop solution for multiple requirements through our reliable ecosystem, with the support of our 18 partners.

We follow best practices and have ISO, ISO/IEC, AS9100D ISO 13485, AUTOSAR, DO 178B, CEMILAC certifications.

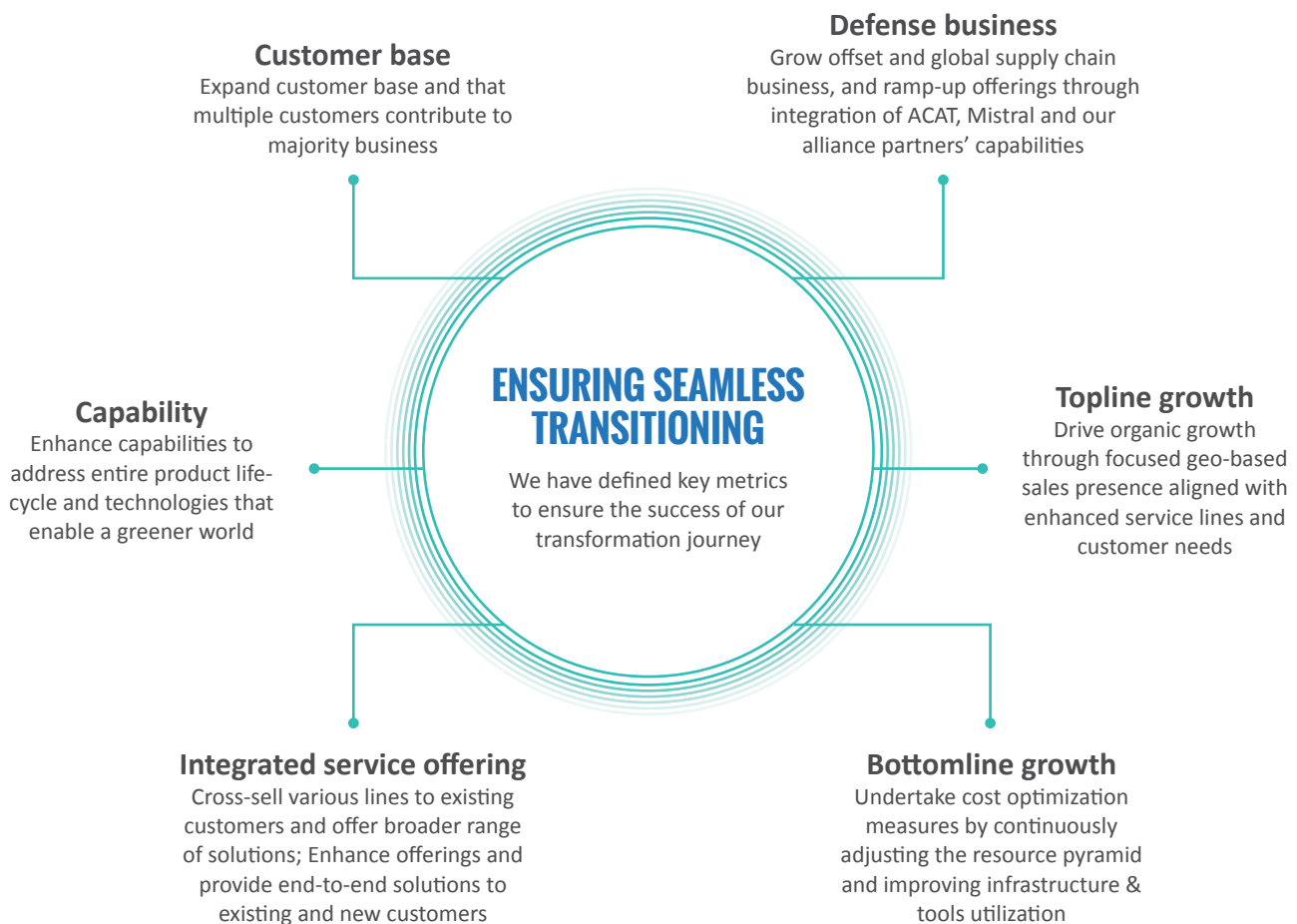


TRANSFORMATION... ENABLED THROUGH INNOVATION, DRIVEN BY PASSION

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

OUR STRATEGY TO TRANSFORM

| Build digital & green engineering capabilities | Grow defense business | Enter strategic alliances |
|--|--|--|
| <ul style="list-style-type: none"> ▶ Integrate core mechanical, electrical, electronics and software ▶ Incubate green technologies ▶ Incorporate digital & product lifecycle management capabilities as a part of engineering service offerings | <ul style="list-style-type: none"> ▶ Develop product strategy in niche areas such as Radar, electronic warfare, drones, etc. ▶ Focus on offset opportunity arising out of large defense procurements ▶ Leverage partner ecosystem for an upgraded industrial organization | <ul style="list-style-type: none"> ▶ Forge alliances with innovative companies to strengthen competencies for Industry 4.0 ▶ Offer risk sharing partnership model to strategic customers |



CHAIRMAN'S LETTER



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Staying true to the core values of offering strong technical capabilities and solutions to the market will be the key to ensuring that the value addition provided by AXISCADES is recognized by strategic customers.

Dear Stakeholders,

It gives me pleasure to present to you the first report of AXISCADES since joining the Board of the Company.

Though a new entrant to the Board, I can see that 2019 was a mixed year for the Company, with our strategic customer relationships steering positive external market changes, while the internal environment saw management changes following the Company's decision to appoint Mr. Sharadhi Babu as CEO and ED from early January 2019, to replace Mr. Mritunjay Singh. In addition, the acquisition of Mistral Solutions in December 2017 is yet to translate into the full benefits of what this exciting group of highly talented technologists can bring to the AXISCADES capability offering.

From what I can see, AXISCADES has many of the required ingredients to become a global player in the Engineering Services market and I, as the new Chairman, will bring 30 years of my experience to realize this potential of your Company in the coming months and years. During what will be a period of change, I will, along with your Board, provide the support and insight that the management team needs to build on the clear successes

achieved in recent years, and address any areas for operational improvement to deliver the value creation expected by all stakeholders.

2019 Performance Review

From the perspective of financial performance, too, FY 2018-19 proved to be a mixed year for your Company. The revenue from operations for the year increased by 17% to ₹ 6,077 million, as compared to ₹ 5,192 million in FY 2017-18. The Company benefited from the full year consolidation of Mistral Solutions, together with growth in Engineering Services, but there was a decline in the Defense sector due to unforeseen contract delays. Profitability came down to ₹ 210 million with a margin of 3.4%, due to one-off events that amounted to ₹ 258 million. These events included provisions on receivables, POC inventory and loss on restatement of forex borrowings. Without these effects, operating margin would have been 7.6% compared to 6.1% in the previous year. Underlying operating profit is, however, below what should be expected of AXISCADES, and focus is being targeted at addressing several areas of operational inefficiency and duplication caused by the recent acquisitions.

It is my understanding that AXISCADES has made significant investments, in

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The focus must be on building on the existing foundations, and delivering what is planned to customers, employees and shareholders alike.

recent years, in global positioning and capability expansion, which have been well received by existing and emerging strategic accounts. I believe that now is the time to capitalize on the potential of these investments by selectively realizing the organic growth offered to the Company. Staying true to the core values of offering strong technical capabilities and solutions to the market will be the key to ensuring that the value addition provided by AXISCADES is recognized by strategic customers. It will also be the path to avoid the battle for the lower added value commodity services addressed by others.

It is clear that the previously reported Mega Trends have sustained across all sectors - from Aerospace, Capital Equipment, to Defense and Energy. Investment cycles are, however, different and specific between sectors. This can provide resilience as well as frustration for short-term growth, and the key, in my opinion, is modeling these differences into the annual operating plans. Amid the growing need for change to the onshore/offshore delivery solution, 90% plus offshore, long seen as a goal for many IT Services businesses, is no longer universally feasible for Engineering Services. Global politics are adding to this difference, with stronger demands, to respect the need for both local and global support/skills retentions. This plays well for AXISCADES' business model

and multicultural delivery teams across the globe.

With the pace of growth around Industry 4.0, IoT and Digitization, AXISCADES is already building its platforms for the future solutions-based offers, as well as decoupling of revenue and resources. Customer pilot projects have already confirmed the Company's capability to operate in this area, deploying in-house and partner capabilities, with AI and machine learning to offer solutions decoupled to the resources needed to deliver. This new and exciting potential will require AXISCADES to build/deploy additional and complementary business models.

Outlook

As is evident, 2019 has seen new opportunities, disruptive change and encouraging innovation backed by new offers and engagements. These have come at a cost but one that is, I believe, an investment for the future performance of your Company. The investments during 2019 in new service delivery and significant new contract additions provide AXISCADES with a platform for growth for the years to come.

With the market trends well known in the sectors served by AXISCADES, the focus must be on building on the existing

foundations, and delivering what is planned to customers, employees and shareholders alike. Change will be continuous across all facets of the business, and I see it as the area of focus for myself as your Chairman, together with all the Board members. We remain committed to supporting the Executive Management to deliver the required value to all stakeholders.

Before I conclude, I would like to extend my personal gratitude, and that of the other Board members, to the outgoing Chairman, Dr. Vivek Mansingh. His visionary business approach has led to the emergence of AXISCADES as a powerful player in its business niche and will continue to guide us to further raise the bar of the Company's performance, going forward.

I would also like to express the Board's appreciation for the contribution of Dr. Vivek Mansingh and Mr. Srinath Batni, who are also relinquishing charge as Independent Directors with effect from 8 September, 2019. I wish them the best in their future endeavors.

Warm regards,

David Bradley

Chairman

OUR SYNERGY... YOUR SUCCESS



Adding alliances and multiplying competencies

The industry is evolving rapidly and technologies are getting outdated faster than ever. In such a scenario, it is important to be agile, multiply competencies and augment capabilities to be able to deliver tomorrow. AXISCADES comes with solid fundamentals and rich pedigree in engineering, and has a strong track record of successful acquisitions and seamless mergers.

AXISCADES continues to pursue inorganic opportunities, form alliances with niche and innovative companies to keep up with the fast-evolving industry requirements. This enables us to gain access to newer technologies, broaden our reach and offerings and expand our client base, thereby reducing our time-to-market.

BOARD OF DIRECTORS



David Bradley*
Chairman &
Non-Executive Director



**Sharadhi Chandra
Babupampapathy**
CEO & Executive Director



Kailash M Rustagi
Independent Director,
Chairman Audit Committee



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



Sudhakar Gande
Non-Executive Director



Ajay Lakhota
Non-Executive Director



Vivek Mansingh**
Independent Director,
Chairman CSR Committee



Pradeep Dadlani
Independent Director,
Chairman Stakeholders
Relationship Committee



Mariam Mathew
Independent Director

Key Management Personnel



**Sharadhi Chandra
Babupampapathy**
CEO & Executive Director



Srinivas A
Chief Financial Officer



Shweta Agrawal
Company Secretary &
Compliance Officer

*David Bradley was appointed as the Chairman w.e.f. 31 May, 2019, subsequent to Dr. Vivek Mansingh stepping down as Chairman

**The term of Dr. Vivek Mansingh and Mr. Srinath Batni, Independent Directors is completing on 8 September, 2019

Note:

1. Mr. Anees Ahmed resigned from the Directorship w.e.f. 21 August, 2019
2. Mr. Ashwani Datta resigned from the Directorship w.e.f. 29 August, 2019
3. Mr. Kaushik Sarkar resigned as CFO w.e.f. 7 June, 2019

YOUR PREFERRED PARTNER FOR END-TO-END SOLUTIONS

STEPPING UP TO BE A PREFERRED PARTNER

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

At AXISCADES, we have always been driven by the vision of becoming a valued business partner to our customers through focus on innovation, ability to provide multiple offering and end-to-end support, thereby exceeding customer expectations. Besides, AXISCADES specializes in nurturing relationships by investing in specific skills, trainings, processes, tools and infrastructure. This has been instrumental in our growing relations with existing customers and ability to attract new ones. Our track record of servicing high profile customers and getting repeat business from them validates the strong proposition that we offer.

ART-TO-PART PARTNERSHIP

We offer customers unparalleled support by working closely with them to deliver unconventional services and solutions that meet their diverse and evolving requirements. We ensure seamless support, right from conceptualization to the final product that is manufactured. Further, through simulation blended with virtual reality, we facilitate a thorough assessment and validation of solutions before customers make actual investments in product development infrastructure, thereby enabling them to take right decisions.

ONE-STOP SHOP

With our capability, we offer end-to-end solutions for every vertical that we specialize in, we are a one-stop shop for customers.

We consistently strengthen and enhance our capabilities and offerings by allying with right entities, enabling us to address full/larger scope of customer requirement.

We ensure unhindered services by reaching closer to them through our direct presence at 15 engineering centers across the globe.



MANY SERVICES, ONE BRAND

Aerospace

- ▶ Primary & Secondary Structures
- ▶ Aircraft Interiors
- ▶ Mechanical System Installation and Electrical System Installation
- ▶ Electrical Harness
- ▶ Manufacturing Engineering / Concessions
- ▶ In-Service Support
- ▶ In-Flight Entertainment & Display Systems

Defense

- ▶ Avionics & Airborne Systems
- ▶ Radar and Electronic Warfare Systems
- ▶ Automated Test Equipment (ATE)
- ▶ Simulators
- ▶ Ground Handling Equipment / Ground Support Equipment
- ▶ Unmanned Aerial Vehicle / Remotely Piloted Aircraft System
- ▶ System Integration
- ▶ Offset Management
- ▶ Manufacturing Ecosystem

Heavy Engineering

- ▶ Structures & CAB
- ▶ Engines & Powertrain
- ▶ Electrical, Lube & Hydraulic Systems
- ▶ Machine Control, Off Board & Safety Systems, Telematics, Fleet Management
- ▶ Virtual Manufacturing & Digital Factory

Energy

- ▶ Major Wind Turbine Assemblies - Tower, Generator, Hub, Blade, Spinner, Nacelle, Yaw
- ▶ Mechanical & Electrical Routing
- ▶ Wind Resource Analysis & Siting
- ▶ Cost Optimization and Automation

Automotive

- ▶ BIW, Interior & Exterior
- ▶ Engines, Powertrain and Chassis Systems
- ▶ Telematics & ADAS, Infotainment, Active Safety, AUTOSAR
- ▶ Digital Manufacturing & Prototyping
- ▶ Cost Optimization & Localization

Semi-conductor

- ▶ Platform Development
- ▶ Product on Modules (PoM) / System on Modules (SoM)
- ▶ Chip Support Packages
- ▶ BSP & Firmware
- ▶ Middleware
- ▶ Power Management
- ▶ Testing

Medical Devices

- ▶ Health Monitoring Devices
- ▶ Wearable Electronics
- ▶ Drug Delivery Systems
- ▶ ICU Beds
- ▶ Remediation

Design (CAD)
Analysis (CAE)
PLM/PDM
Manufacturing
Engineering

Embedded Electronics
Software Development
Hardware Development
System Integration

Test Solutions
Production Support
Integrated Logistics
Solutions
Technical Publication

In-Service Support
Repair Engineering
Mid-life Upgrade
Obsolescence
Management

INTENSIVE TECHNOLOGIES... DELIVERED BY PASSIONATE PRODIGIES



Building a team of highly capable and passionate people

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

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

CAPABILITY DEVELOPMENT

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

LEADERSHIP DEVELOPMENT

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

EMPLOYEE WELFARE

We have incorporated employee best practices to ensure a congenial and fair workplace. We follow a fair and transparent appraisal process and ensure our pay-outs are in line with the industry.

RETENTION

We value our people and follow the practise of retaining the employees of the acquired company, ensuring a healthier integration and building up of talent pool. This work culture of appreciating and valuing employees ensures a low attrition rate.

Management Discussion and Analysis

SECTOR OVERVIEW

ER&D sector covers products, services, and solutions catering to the design and engineering needs of manufacturing industries across the entire value chain. Major drivers that have led to the growth in the globalization of ER&D sourcing include global markets and local products, cost arbitrage, a larger pool of resources, a need for lesser time to market requiring 24/7 productivity, innovation, government regulations, etc.

The National Association of Software and Services Companies (NASSCOM) expects the engineering and R&D (ER&D) sector in India to grow to US\$ 42 billion by FY2022 and is projected to touch US\$ 2 trillion globally by 2022. Six major trends that are currently driving digital ER&D across multiple sectors globally are Internet of Things, Big Data Analytics, Artificial Intelligence and Machine Learning, Cybersecurity, Advanced Robotics, Mobile Applications and Digital Reality.

The Indian ER&D industry is taking huge strides over the past and is now focused on digital services to sustain its leadership position. This is leading to Indian Service Providers and Global In-house Centre (GIC) stepping up the value ladder in capturing global opportunities. Outsourcers have a positive outlook for offshoring ER&D services work to India across different verticals and the key growth drivers for the industry are going to be India's capabilities in the Automotive, Aerospace, Construction and Heavy Engineering (C&HE) markets, which is being accentuated by local talent and rising domestic demand. Due to the availability of high-skilled talent, many international companies have announced GICs in India, which currently account for 55% of the overall ER&D export revenues. GICs are also said to be maturing into capability centers, and are investing heavily on talent and innovation, building dedicated centers focused on digital technologies. This is enabling digital services to now outpace growth in conventional revenue segments, with Industry 4.0, electric vehicles, autonomous, connected vehicles, smart products and automation leading the way, and the digital spend in the sector is set to increase to 30% by 2025.

Industry leaders are redesigning their customer offerings, capabilities and operating model to take full advantage of digital technologies to keep step with the "connected" consumer and attract talent. Others are creating qualitatively new business models and tremendous value around disruptive digital opportunities. This major change can be encapsulated as an 'intersection of the traditional ER&D services with digital technologies' to re-engineer the entire product lifecycle processes to deliver, not just a standalone product, service or solution, but an experience to the consumer.

Leveraging Industry 4.0 technologies along with advanced sensors, automation and data analytics to adopt paradigms of 'Smart Product' and 'Connected Factory' is another major driver of changing trends within the industry. Other key themes such as Sustainability, Digitization, Localization, Platform Consolidation, and Cost Efficiencies also continue to remain relevant for the customers. Hence, service providers with deep and differentiated 'Digital Engineering' capabilities aligned with the digital products that customers want to invest in are expected to find greater favor. These trends have resulted in key ER&D players within the industry to invest heavily in developing digital capabilities or acquire those capabilities either through acquisitions or joint ventures or technical alliances. Also, an increasing number of digital transformation deals are coming in the way of ER&D players because they have a far deeper understanding of customers' products and value chain.

ER&D MARKET & OPPORTUNITY

ER&D Services: Global

As per Zinnov Zones 2018 report, the Global Corporate ER&D spends in 2018 were more than US\$ 1.228 trillion with the Corporate R&D spends by companies worldwide topping at US\$ 975 billion. This translated into a growth of 11.9% over 2017 total ER&D spends US\$ 1.097 trillion and 13.9% for the global R&D spends US\$ 856 billion in 2017. Zinnov also expects the total ER&D spends to touch US\$ 1.722 trillion mark by 2023, translating into a CAGR of 7%.

With digital products disrupting nearly all industries, and purely digital companies capturing most of the value growth ahead of traditional behemoths, ER&D spends are increasingly shifting from traditional areas towards Digital Engineering themes. The Zinnov Zone 2018 report expects Digital Engineering spends to have a share of 37% in the total ER&D spends by 2023. This is a massive jump from 15% contribution in 2013 and 24% in 2018 (US\$ 293 billion). Digital Engineering spends by companies can be broadly categorized into two areas:

1. Digital Infrastructure to either digitize the Product Lifecycle process or invest in new digital technologies such as AR/VR and AI
2. Digital Products or Services that are smart, connected and responsive such as connected cars, wearables, predictive asset maintenance, etc.

The underlying objective of the companies in doing so is to improve product development speed and customer experience, generate alternate revenues and make processes more efficient for higher quality. Digital Engineering spends continue to remain skewed towards the North American



region which has a 58% share, followed by APAC at 22% and Western Europe at 20%. Chinese companies account for more than one-third of APAC's share.

The Global ER&D services outsourcing industry is pegged to grow at 14–16% to reach a size of US\$ 145–155 billion by 2020 from the 2017 levels of more than US\$ 100 billion. Another estimate by Wiseguy Consultants anticipates the market size to cross US\$ 650 billion by 2025. Increasing ER&D spends and access to quality talent would mean that India and China will continue to be the leading low-cost destinations for outsourcing of ER&D services. Increasing spends on Digital Engineering by the customers are likely to translate into an increasing share of Digital Engineering deals for the Service Providers. Digital Engineering deals are projected to reach a share of 25–30% by 2022 from 10–15% in 2017. Major deals are likely to be in the area of development of Customer Experience Platform using digital technologies, Digital Products, IoT System Integration, API Economy, Modernization & Digitization of Legacy Systems, etc. with the client's focus on renewing the old and building the new.

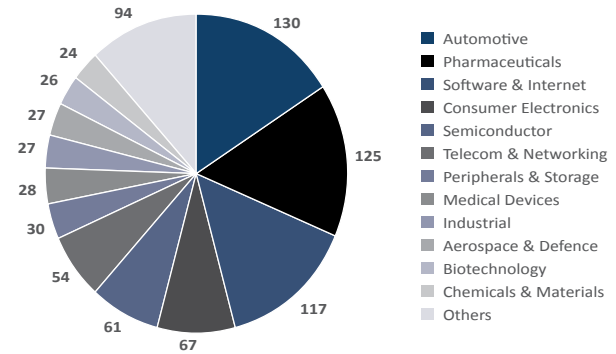
ER&D Services: India

ER&D services outsourcing segment is one of the major segments within the overall global services sourcing from India. This segment has a diverse set of players such as captive R&D centers of global corporations, specialized full spectrum ER&D players, niche players and large IT-ITES behemoths that cater to the global demand for ER&D services from India. NASSCOM's 2019 Strategic Review report estimated that ER&D continued to remain as the fastest-growing segment at 13% YOY growth over FY2018 and contributed 16% of the overall US\$ 181 billion revenue of the Indian IT-ITES industry in FY2019. While ER&D exports from India are expected to touch US\$ 30-38 billion by 2020, ER&D services demand within India is also likely to soar on the back of 'Make in India' initiative of the Government of India attracting global OEMs to move manufacturing here, India's own economic growth coupled with global ambitions of Indian companies and a sustained thrust for indigenization efforts, especially in industries such as Defence, Automotive and Heavy Engineering. Indian Government's policy initiatives such as offset program for defence imports, increasing percentage of Make in India mandate for defence procurements, advanced launch of BS-VI norms by 2020, FAME policies for promoting Electric Vehicles with target share of 30% by 2030, etc. are also giving a thrust to demand for ER&D services in the country. The escalating trade war between the United States and China is also likely to push more companies to diversify their manufacturing presence and thus benefit India. Considering these factors Indian ER&D segment is expected to grow 3X to reach anywhere between US\$ 70–90 billion by 2025, a CAGR of 15%.

TRENDS IN KEY VERTICALS

Traditional R&D spend of Z1000 organizations rose to US\$ 812 billion in 2018 with the following distribution among verticals:

Z1000* R&D Spends (2018) in US\$ billion



*Z1000 are the top global corporations in terms of R&D Spends as identified by Zinnov

Considering the verticals that AXISCADES is active in, the total addressable Global ER&D market is over US\$ 300 billion. The ER&D spend outsourced to India is expected to reach US\$ 42 billion by 2022. AXISCADES is strongly placed to address both the global and Indian industry needs and capture a large share of this ER&D pie.

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

- Global Aerospace & Defence Industry was forecasted to reach US\$ 2.5 trillion by 2024 as per an article in EMSNow, an online news portal for the Electronics Manufacturing Services industry
- Growing commercial aircraft production to cater to the massive growth in passengers and strong defence spending due to continued geopolitical tensions are likely to sustain the growth of Aerospace and Defence companies in 2019 as per the Global Aerospace and Defence Industry Outlook report published by Deloitte
- A backlog of commercial aircraft orders at a peak of 14,000+ and a total of 38,000 commercial aircraft to be produced globally to meet the growing passenger and old aircraft replacement demand according to Deloitte
- While the United States continues to be the leading spender on defence, the major growth is coming from countries like China, India, Saudi Arabia and now Europe, where the NATO countries are targeting to achieve a spend of 2% of GDP on defence
- India is one amongst the largest arms importers, which now contributes 12% of the total arms deals. The offset opportunity is likely to grow considering the upcoming modernization of defence forces and increasing pace of offset obligations maturing
- The global auto industry is yet to recover from a slump in demand seen in the latter half of 2018, with projected growth of only 0.5% in 2019. 2020 is also likely to see only a modest recovery to 0.8% as per Moody's. However, the auto industry continues to be the largest ER&D spender
- Globally Wind and Solar contributed more than 50% of new power generation capacity additions in the recent past. Renewables are expected to be more than 50% of the total installed power generation capacity by 2035. Solar and wind

generation are expected to surge by 60 and 13 times respectively, from 2015 to 2050. (McKinsey & Company)

- Global nuclear energy demand is estimated to grow at a CAGR of over 4% in the period 2015 to 2022 from a level of 2,400 TWh in 2014
- Global medical devices market size was expected to touch US\$ 409.5 billion by 2023, according to a market report published by Lucintel, at a CAGR of 4.5% from 2018 to 2023
- The global semiconductor market saw its size grow by 13.7% to US\$ 468.8 billion in sales with a shipment of 1 trillion units to customers (Source: Semiconductor Industry Association). While Gartner has forecasted a higher CAGR of 5.1% from 2017 to 2022 as compared to 2.6% from 2011 to 2016, the growth is likely to dip to 2.6% in 2019 from the highs of 2018

COMPANY OVERVIEW & OPERATIONAL HIGHLIGHTS

Company Overview

AXISCADES Engineering Technologies Limited is a leading engineering solutions provider 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 many global leaders in these verticals with complex supply chains, mission-critical applications, and highly advanced technologies. It supports customers' across their entire value chain from concept design to manufacturing to aftermarket solutions throughout the Product Lifecycle. Its comprehensive engineering capabilities and a suite of offerings cover:

- Mechanical & Electrical Engineering Solutions: Product Design & Development, 3D CAD Modeling, Value Engineering, Simulation & Analysis (CAE), etc
- Electronics and Embedded Systems: Avionics, Control Systems, Telematics, Autonomous Mobility, Test Solutions, System Integration, Simulators etc
- Manufacturing Solutions: Production Support, Manufacturing Execution Systems, Shop Floor Automation, IIoT, etc
- Digital Solutions: AI, Machine Learning, Product Lifecycle Management, AR/VR, etc
- Business Consulting: Product Throughput & Productivity, Business Process Design, etc
- Aftermarket Solutions: Technical Publications, Platform Migration, Reverse Engineering, etc

AXISCADES is a preferred strategic partner for global OEMs and suppliers for delivering end-to-end Engineering Solutions and Products across the globe, amply illustrated by 8 ODCs operations managed by the Company. Its pool of 2,300+ highly-skilled engineers delivers value from their base in one of the 16 Global Engineering Centres (GECs) in North America, Europe, and APAC, which includes India and China. Out of these 16, proximity GECs are based in

Toulouse, Hamburg, Augsburg, Donauworth, Peoria, and Denmark. It also includes a sizable pool of relationship managers, consultants, and engineers based out of its sales offices and client locations. The average experience of its engineers is more than 7 years with the best mix of engineering, domain, and digital capabilities.

AXISCADES is trusted by its clients to work in perfect collaboration to always achieve their technical and business objectives by staying committed to quality processes and industry best practices. In addition to a series of acquisitions to acquire the full spectrum of capabilities in the ER&D space, the Company has also entered into various alliances and joint ventures to develop a partner ecosystem. This includes its Joint Venture Assystem AXISCADES Engineering Pvt Ltd with the French multinational Assystems Engineering Operation Services (AEOS) to cater to the Energy (both Conventional and Nuclear Energy) and Infrastructure sector's engineering needs in India and across the world. It has also entered into partnerships with VRM Technologies to cater to Aerospace & Defence requirements, and other suppliers for expertise in specific applications and/or technologies. AXISCADES has a total of 18 partners to enable it to be a one-stop-shop solution provider by developing an ecosystem that can be leveraged to address internal competency gaps. AXISCADES' license for Defence manufacturing and being a preferred India Offset Partner further enables it to collaborate with global OEMs for Manufacturing or Sourcing from India either in Defence or other verticals. MISTRAL, its subsidiary, has won 20+ awards for its designs of electronic products and systems, and more than 100 of its designs have been commercially exploited. MISTRAL has on-boarded more than 350 skilled embedded engineers and it has alliances with 24 technology partners to deliver Embedded Systems & Products from concept to deployment for Aerospace & Defence, Homeland Security, and various other products for varied uses.

The Company is headquartered in Bengaluru and is publicly listed on the Bombay Stock Exchange (532395) and National Stock Exchange (AXISCADES).

OPERATIONAL HIGHLIGHTS

Strategy & Business Model

AXISCADES has aligned its business strategy to seamlessly align with the transformation and disruption being faced by companies that operate in the verticals that it caters to. In line with this approach, it has embarked on a journey of change from being a Services Organization to being a Solutions Organization that is the partner of choice and leading ER&D partner for all marquee OEMs, Tier 1 and Tier 2 suppliers in its target verticals. To this end, it has identified four major elements of this change within which the Company will roll out specific tactical amendments and strategic initiatives.

Business

- High stress on acquiring end-to-end engineering services capabilities including Mechanical, Electrical, Electronics, and Embedded

- Use both organic and inorganic approach to achieve this objective.
- Focus on identified “Must Grow” and “Must Win” accounts and growing the top two relationships

Technology

- Integrate digital technologies such as AI/Machine Learning with core Engineering Services to address the Digital Engineering paradigm that is the most strategic need of the customers. Similarly, leverage digital competencies to strengthen its Industrial Internet of Things (IIoT) / Industry 4.0 offerings
- Balance the revenue portfolio with higher growth in Embedded and PLM offerings vis-à-vis core Product Engineering solutions
- Implement automation of the delivery process and utilize Machine Learning solutions for internal use to improve our efficiency

Industry

- Specialize and concentrate on Aerospace, Defence, Heavy Engineering, Energy, Automotive, Medical Devices and Semiconductor verticals
- Develop “Engineering Stack” for offering targeted Digital Engineering solutions for each of the above verticals
- Deepen expertise by forming practices and develop products in new technology areas for industry-specific solutions

Talent Pool & Reach

- Greater focus on expanding presence in North America and Europe vs. growth in APAC, specifically India
- Enter into more alliances with specialist companies in digital technologies such as AI, Machine Learning, Additive Manufacturing, PLM, IoT etc
- Form R&D partnerships with academic institutions in India and across the world

AXISCADES business model creates value through deep competencies and global delivery management. Its competencies help the Company offer distinct and high impact solutions leading to greater trust and higher wallet share from each client. Its Global Engineering Centres help offer a balanced value proposition of lower costs, lower program risks, faster time to market, and sustainable innovation to its customers.

Some of the major verticals addressed by AXISCADES did not see much growth in ER&D spends and there was a decline in volumes in the second half of 2018. This impacted the business momentum in FY2019 for the Company, however, the market is now poised for growth with an increasing focus to outsource/right shore ER&D needs because companies increasingly find it difficult to develop diverse capabilities that would be required to insource intricate solutions at

the intersection of digital and engineering technologies. In addition to this ‘Make In India’ is likely to give thrust to its demand for its products and offerings in Defence and Homeland Security vertical. AXISCADES has in place a capable and experienced management team that is focused on the execution of the right strategy that has been chosen and delivers value accretion for stakeholders.

Key Strengths

- AXISCADES has grown its large accounts portfolio from just a single customer in FY2008 to 14 in FY2018 and has added 7 new logos in FY2019. These are top-tier companies and global leaders in their respective verticals. These accounts contributed 80% plus revenue in FY2019. Two accounts are contributing more than US\$ 20 million and five contributing between US\$ 5–20 million
- AXISCADES has proven itself as a reliable, long-term partner as seen in its repeated business rate of 90% in FY2019. It has retained of large accounts that are more than five years old
- AXISCADES has expertise in ER&D space across six different domains and can offer end-to-end offerings to qualify as a strategic partner
- Scaled and skilled talent pool available across the globe (onshore, nearshore and offshore) aided by a reliable partner ecosystem of alliances
- The Company is strongly committed to quality and has implemented a comprehensive Quality and Compliance Management Framework that includes a Quality Management System developed to accommodate not only the customer and certification requirements but statutory, regulatory, and business requirements as well. Various certifications acquired by AXISCADES and its subsidiaries are ISO9001:2015, ISO27001:2013, AS9100D, ISO13485, CMMI, DO-178B, and CEMILAC certifications. Besides, it has also accomplished compliance with global industry standards and has secured authorizations/licenses, such as AUTOSAR, AP1020, and India Offset Partner

Key Business Highlights

Heavy Engineering

- Heavy Engineering was the top vertical segment for AXISCADES with a contribution of 41.3% to the group revenue in FY2019
- Longstanding position as the leading Engineering Services Provider to a North American off-highway OEM
- Added 4 large off-highway/heavy engineering customers in FY2019

Aerospace

- Aerospace is the second-largest vertical segment for AXISCADES with a contribution of 31.5% to the group revenue in FY2019

- Strategic partner to top 3 of 10 OEMs of Commercial, Business, Military and Special Purpose aircraft
- Maintained its position as an 'A' category supplier with one of the world's leading aircraft manufacturers by completing a Technical Development Capability Assessment audit
- Achieved considerable growth in volumes for the account for supporting extended requirements

Defence & Homeland Security

- Defence, on the other hand, contributed 21.3% of the total revenue in FY2019
- Aligning with the global OEMs to deliver to the domestic market given the increasing defence procurement by India, and increasing participation in the global supply chain business of these OEMs in parallel
- The extended time-frame for contract closures in domestic defence programs, adversely impacted business from the Defence sector

Automotive

- Automotive is one of the growth verticals for the Company because of its ER&D spends and growth potential. At present, it contributes a small share of 3.4% in the total FY2019 revenue
- Acquired several OEMs as customers in Europe and India in this vertical which have the potential to be strategic customers in future

Energy

- In addition to the Wind Energy sector that it is used to cater to, AXISCADES now also tenders services to the Conventional and Nuclear Energy sectors through its Assystem JV. FY2019 revenue from this sector was 2.3% of the total
- Operates a dedicated Offshore Development Centre for a European OEM
- Signed a multi-year contract with a German wind energy company

Medical & Healthcare

- With its expertise in operating in a highly regulated sector such as Aerospace and Defence, and added Embedded capabilities of MISTRAL, AXISCADES is better placed to expand its presence in this vertical. In FY2019 share of this vertical went up from 0.17% in FY2018 to 0.20%
- Two new customers were signed-up from this vertical in FY2019

Other Highlights

- Overall new client additions across a different group of companies were 74 with MISTRAL adding 44 new clients and AXISCADES adding 29 new logos on a standalone basis

- The closing order book for Engineering Services was US\$ 63 million and for Product & Solutions was US\$ 33 million
- AXISCADES joined Siemens' MindSphere partner ecosystem for IIoT services catering to Aerospace, Automotive, and Industrial verticals
- The Company has undertaken cost rationalization measures to reduce costs by ₹ 100 million on an annualized basis from FY2020
- Opened a new facility in Pune to support expansion
- AXISCADES introduced a Finishing School Concept where it works with Engineering Colleges to build additional depth of Engineering concepts in students in line with the Company's requirements

Inorganic Expansion

- After completing Phase 1 of MISTRAL acquisition in FY2018 with the acquisition of 43.38% stake and board control of Mistral Solutions for a consideration of ₹ 701.3 million, AXISCADES acquired an additional 44.62% stake as part of Phase 2 of the acquisition in FY2019. As per the accounting standards, since the Company has management control of MISTRAL, its financials are consolidated with AXISCADES financials effective from 1 December, 2017

FINANCIAL PERFORMANCE

FY2019 is the first full financial year for consolidation of Mistral Solutions' financial as against 4 months in FY2018. Consolidated operating revenue for the full year in US\$ terms was US\$ 87.1 million, as against US\$ 79.9 million in FY2018. Overall operating revenue (in ₹) growth in FY2019 was 17% on a YOY basis over FY2018. On an organic basis, the movement in revenue was a YOY growth of 0.1% in the reported period. Aerospace, Heavy Engineering, Automotive, Product and Solutions verticals contributed to revenue buoyancy whereas Energy verticals either shrunk or were flattish. Engineering Services segment's performance in FY2019 was a growth of 15.6% as against Strategic Technology Solutions segment which grew by 22.8%.

The operating margin for the group in FY2019 declined to 3.4% vis-à-vis 6.1% in FY2018. Breaking down this decline between segments, Strategic Technology Solution business' operating margins declined from 18.8% in FY2018 to 3.0% in FY2019 and Engineering Services margins grew to 3.6% from 2.1% in the previous year. Major reasons for the declining margins were provisions for bad debts (₹ 100 million from a US-based Hi-Tech start-up) other one-time provisions and FOREX losses. In addition to the operating level impact on profit, there was also a non-cash impact related to MISTRAL acquisition amounting to ₹ 135 million and an exceptional income of ₹ 145 million arising from the re-estimation of the fair value of a contingent liability. Profit after tax in FY2019 was ₹ (77) million as against ₹ (78) million in FY2018.

KEY RISKS

Managing and mitigating risks to the sustainable achievement of goals and longevity of the business is a key responsibility of the management team at AXISCADES. Based on the nature of its business, the Company is exposed to a specific set of risks, which have been identified and a risk management plan has been developed. 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. Principal among these risks and the approach taken to manage and mitigate these risks are given below

Economic Environment & Demand Risks

Sluggish economic environment may impact demand for the Company's services from affected regional or vertical markets. Such situations may also impact business from one or more of large customers of the Company as well. The resulting decline in volumes can impact the financial results of the Company.

Risk Mitigation

Major mitigation approach is to diversify customer and market portfolio of the Company to spread demand risk by reducing overdependence on a small set of customers or a region/ industry. This can minimize the severity of impact in the event of adverse economic environment affecting business from a small subset of customers. The Company has an active strategy of expanding its presence in more countries and add new products targeting newer verticals, while simultaneously acquiring new customers in existing markets. In addition to this, the periodic study of industry trends and market research helps the Company understand shifts in customer's stated and unstated needs.

Operating Environment & Technological Evolution Risk

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. An increase in competitive pressure in the market is also likely to affect the Company's performance.

Risk Mitigation

Such risks can be mitigated through investments in:

1. Dedicated client relationship teams that can develop a significantly better understanding of client's needs and operating environment. This will not only help to align the Company's services to emerging needs but also keep competition at bay.
2. 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.

3. Partnerships with technology partners, internal R&D, institutionalized knowledge building and skill development to develop capabilities in line with technological changes and strengthen the value proposition to keep ahead of the competition.
4. Productivity improvement initiatives to target continuous improvement in operational efficiencies to either reduce costs or offer higher value to clients.

Currency Valuation Risk

A major proportion of the Company's business originates in international markets, and hence it is paid in currencies other than Indian Rupees. Fluctuations in the valuation of these currencies from the time of bidding to project budgeting to delivery to realization creates a significant risk.

Risk Mitigation

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:

1. Diversification in regional markets by increasing the exposure to a wider basket of currencies.
2. Develop a risk management policy that involves proactive hedging of incremental exposures through available financial instruments.

Human Resource Risks

Human talent is the base on which the Company delivers solutions to its clients. Risks to the deployment of right competencies in the right quantities or productivity of its manpower may arise from the inability to attract and retain personnel, cultural mismatch in recruitment and M&A integrations, changes in rules governing international mobility of personnel and other factors.

Risk Mitigation

The Company is continually focused on building and nurturing capabilities by implementing best practices to attract, motivate and retain the best of human talent with the organization, including maintaining an optimal resource bench. Ensuring two-way communication flow and employee engagement initiatives, especially at the time of inorganic integrations, to align the employees with Company's stated culture and goals. AXISCADES' business model takes local manpower hiring to staff most of its client-side requirements into account, and thus deliveries are not affected due to visa restrictions.

Intellectual Property & Data Security Risks

Unauthorized access and/ or exploitation of IP or sensitive data residing within the Company that may belong to either Company or clients or any other third party may expose the Company to a

financial and reputation loss through litigation or financial claims or fines or extra costs or loss of business. This may be done either through cyber-attacks or unauthorized physical access or rogue employees.

Risk Mitigation

Formulation and strict enforcement of a comprehensive IT Security Management framework covering systems, processes, manpower and overall infrastructure is the holistic way of managing IP and Data Security risks. Some of the basic principles that are incorporated in this framework design are restricted need-based access, physical security, established protocols for breach management, and regular audits and reviews of security protocols.

Execution Risks

Operational mismanagement or unplanned disruptions may lead to liability claims from clients due to deficient delivery or unplanned incurrence of costs. Systemic disruptions may occur due to the failure of telecommunications, power or IT systems from human error or mechanical failure or natural/ man-made disasters.

Risk Mitigation

Disaster Recovery Site and a Business Continuity Plan to ensure service continuity in spite of disruptions is the first step. This also includes building an optimal system redundancies and ensuring data backups. The Company has also ensured service levels including uptime are committed through agreements by service providers. Further to limit financial damage, the Company has also taken adequate insurance covers to protect against unforeseen mishaps, disasters, and liabilities. Continuous and consistent monitoring of operations is a part of the management philosophy at the Company to ensure quality and completeness of delivery.

Regulatory Risks

AXISCADES caters to clients from some of the most highly regulated industries and these require it to adhere and follow a broad array of laws, compliances, and regulations, in addition to local requirements of countries it has a presence in. Failure to comply with these requirements can lead to claims, liabilities, business closure, loss of reputation and in some cases even imprisonment.

Risk Mitigation

All applicable laws, compliances, and regulations that the Company needs to comply with are identified, responsibility assigned and compliance monitored. These are managed with a thorough Compliance Management System. Assigning appropriately qualified resources to manage such compliances and continual education of operations staff involved is equally necessary. Periodic review and internal audit reports to the board are part of the risk management process.

Additional comments

- *The Global ER&D services outsourcing industry is pegged to grow at 14–16% to reach a size of US\$ 145–155 billion by 2020 from the 2017 levels of more than US\$ 100 billion - This information is believed to be from Zinnov Report and is not verified*
- NASSCOM's 2019 Strategic Review report estimated that ER&D continued to remain as the fastest growing segment at 13% YOY growth over FY2018 and contributed 16% of the overall US\$ 181 billion revenue of the Indian IT-ITES industry in FY2019.



Board's Report

To,
The Members,

Your Directors have pleasure in presenting the 29th Annual Report on the business and operations of the Company, together with the Financial Statement of the Company, for the financial year (FY) ended 31 March, 2019. The Consolidated performance of the Company and its subsidiaries has been referred to, wherever required.

1. FINANCIAL RESULTS

| Particulars | (₹ Lakhs) | | | |
|---|------------|-----------|--------------|-----------|
| | Standalone | | Consolidated | |
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Total income | 22,679.93 | 23,951.76 | 61,676.54 | 53,422.69 |
| Total expenditure (before interest & depreciation) | 22,097.02 | 22,646.79 | 59,579.60 | 50,157.13 |
| Earnings before interest, depreciation, amortization and extra-ordinary items | 582.91 | 1,304.97 | 20,96.94 | 3,265.56 |
| Interest & finance charges | 1,667.64 | 720.32 | 2,357.41 | 1,368.97 |
| Depreciation & amortization | 907.01 | 1370.11 | 1,974.81 | 1,876.32 |
| Earnings/before Tax and Exceptional Items | (1,991.74) | (785.46) | (2,235.28) | 20.27 |
| Share in net profit/(Loss) of associate | - | - | (54.75) | - |
| Exceptional item | (1,450.68) | 298.69 | (1,450.68) | 298.69 |
| Profit/(Loss) before Tax (PBT) | (541.06) | (1084.15) | (839.35) | (278.42) |
| Provision for Tax – Current & Deferred | (141.67) | (142.34) | (71.89) | 502.78 |
| Net Profit/(Loss) after Tax (PAT) | (399.39) | (941.81) | (767.46) | (781.20) |
| Minority Interest | - | 0.00 | 45.82 | 43.78 |
| Profit/(Loss) for the period | (399.39) | (941.81) | (813.28) | (824.98) |

Performance Review

The Company enhanced its engagement with clients in aerospace, heavy engineering, industrial products and auto industry. The Company's engineering services revenue has grown significantly in Heavy Engineering vertical. The Strategic Technologies vertical is also showing positive momentum with various defense related contracts in the production stage and confirmed deliveries. The margins however got impacted due to difficulties faced with the two clients and write-offs coupled with higher cost during the quarter due to organizational restructuring. The Management has implemented various cost reduction initiatives and the impact of these measures are already visible.

Financial Highlights – Standalone

Total Income decreased marginally by 5.31% in 2018-19. EBIDTA decreased by 55.35% to ₹ (582.91) Lakhs in 2018-19. Loss before tax and exceptional items is ₹ (1991.74) Lakhs in 2018-19. Net loss after tax is ₹ (399.39) Lakhs in 2018-19.

Financial Highlights – Consolidated

Total Income increased by 15.5% to ₹ 61,677 Lakhs in 2018-19. EBIDTA decreased by 35.8 % to ₹ 2,097 Lakhs in 2018-19.

Profit before tax and exceptional items decreased from ₹ 20 lacs to ₹ (2235) lacs 2018-19. Net Profit/(loss) after tax, before minority interest, decreased by 1.8% to ₹ (767) Lakhs in 2018-19.

RESERVES

The Company has not transferred any amount to its reserves for the Financial Year ended 31 March, 2019.

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 2018-19.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in the Annual Report. The Company has not provided any loan or guarantee to any body corporate, during the year.

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.

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 15 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 8 March, 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.

Management Discussion and Analysis

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



BUSINESS STRUCTURE

Subsidiaries

The Company has the following subsidiaries:

Overseas Subsidiaries

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

Indian Subsidiaries

| Sl. No | Name of the subsidiary | Location/Country | %age Shareholding |
|--------|--|------------------|---|
| 1 | Cades Studec Technologies (India) Private Limited (CSTI) | Bengaluru, India | 76% |
| 2. | AXISCADES Aerospace & Technologies Pvt. Limited (ACAT) | Bengaluru, India | 100% |
| 3. | AXISCADES Aerospace Infrastructure Private Limited (AAIPL) | Bengaluru, India | 99.99 % shares are held by ACAT |
| 4. | Enertec Controls Limited (ECL) | Bengaluru, India | 51.84 % is held by ACAT and 48.16% by AAIPL |

| Sl. No | Name of the subsidiary | Location/Country | %age Shareholding |
|--------|-------------------------------|------------------|--|
| 5. | Mistral Solutions Pvt. Ltd. | Bengaluru, India | 100% (refer note 6(a) 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. |

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. The copies of these documents will be sent if requested by any shareholder of the Company/subsidiary interested in obtaining the same. These documents will also be made available for inspection at the Registered Office of the Company during business hours on working days.

Consolidated Financial Statements

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

2. ORGANIZATION DEVELOPMENT

BOARD OF DIRECTORS

Retirements and Reappointments

In the ensuing Annual General Meeting, Mr. Sudhakar Gande & Mr. Ajay Lakhotia, Directors, retire by rotation, and being eligible, offers themselves for re-appointment

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

Mr. Sudhakar Gande, Director, stepped down as a Vice Chairman & Executive Director w.e.f. 30.07.2018, due to change in the role & responsibilities and continuing as Non-Executive Director.

Induction and cessation of Directors and KMP

| Sl. No. | Name of the Director | Category | Date of Appointment / reappointment | Date of Approval by Shareholder | Date of Resignation / cessation |
|---------|-------------------------------------|--------------------------|-------------------------------------|---------------------------------|--|
| 1. | Mr. Anees Ahmed | Executive Director | 28.07.2018 | 10.09.2018 | |
| 2. | Mr. Ashwani Datta | Non-Executive Director | 28.07.2018 | 10.09.2018 | |
| 3. | Mr. Ajay Lakhotia | Non-Executive Director | 02.02.2019 | 22.04.2019 | |
| 4. | Mr. David Bradley | Non-Executive Director | 05.03.2019 | 22.04.2019 | |
| 5. | Mr. Sidhartha Mehra | Non-Executive Director | 10.08.2016 | - | 04.02.2019 |
| 6. | Mr. Mritunjay Singh | CEO & Executive Director | 02.01.2018 | - | 19.01.2019 |
| 7. | Ms. Mariam Mathew | Independent Director | 13.02.2018 | 31.03.2018 | - |
| 8. | Mr. Kedarnath Choudhury | Non-Executive Director | 31.10.2008 | - | 30.05.2018 |
| 9. | Mr. Rohitasava Chand | Non-Executive Director | 28.07.1999 | | 30.07.2018 |
| 10. | Mr. Sharadhi Chandra Babupampapathy | CEO & Executive Director | 21.01.2019 | In ensuing AGM | - |
| 11. | Mr. Sudhakar Gande | Non-Executive Director | 14.08.2015 | | Stepped down as Vice Chairman & Executive Director w.e.f. 30.07.2018 |

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. Company's commits to provide safe and healthy work environment to all the employees.

The Employee strength of the Company, on consolidated basis stood at 2147 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. As on 31 March, 2019, no stock options were granted under the Scheme.

The Nomination & Remuneration Committee has granted 7,52,300 ESOPs to the employees vide its resolution dated 29th April 2019 under ESOP Series 2.

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

| Particulars | AXISCADES Engineering ESOP 2018 -Series 1 | AXISCADES Engineering ESOP 2018 -Series 2 |
|--|---|--|
| A. Description of each Employee Stock Option Plan/Scheme that existed at any time during the year, including the general terms and conditions of each such Scheme/Plan | | |
| a) Date of shareholders' approval | 31 March, 2018 | |
| b) Total number of options approved under ESOS | 15,10,381 | 15,10,381 |
| c) Vesting requirements | Not less than 1 year from date of grant and maximum period in which the options shall be vested shall be within five years from the date of grant. | Not less than 1 year from date of grant and maximum period in which the options shall be vested shall be within four years from the date of grant. |
| d) Exercise price or pricing formula | The exercise price shall be decided by the Board or the Compensation Committee in line with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and any other applicable guidelines. | |
| e) Maximum term of option granted | Exercise period would be eight years from the date of grant of options | |
| f) Source of shares (primary, secondary or combination) | Primary | |

The Grants made under the Scheme(s) would be effective from **29 April, 2019**. Thus, as on 31 March, 2019, no stock options were granted under the Scheme. Other disclosures in relation to Method used to account for ESOP, Option movement during the year, Employee wise details of options granted to, Description of the method and significant assumptions used during the year to estimate the fair value of options, is not applicable as no grant has been made during the financial year 2018-19.

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

| S.No. | Particulars | Details |
|-------|---|--|
| 1 | Brief details of options granted | Grant of 7,52,300 stock options to 32 employees of the Company / its subsidiaries under ESOP Series 2. |
| 2 | Whether the scheme is in terms of SEBI (SBEB) Regulations, 2014 (if applicable) | Yes |
| 4 | Pricing formula/Exercise Price | ₹ 52.65/- (Closing market price, on the SE having large trading volume, on the trading day prior to the NRC approval). |
| 5 | Options vested/Vesting Schedule | <ul style="list-style-type: none"> 50% of the options vest on the 29 April, 2020 50% of the options vest on the 29 April, 2021 |
| 6 | Time within which option may be Exercised | 8 years from the Grant Date. |

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

Particulars of Employees

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

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

3. CORPORATE GOVERNANCE

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

Meetings of the Board

The Board of the Company met 10 (ten) times during the year. The dates, attendance and other particulars of the meetings are furnished in the Report on Corporate Governance attached to this Report. The intervening gap between any two meetings was within the limit prescribed by the provisions of Companies Act, 2013.

Committees of the Board

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

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

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

Declaration From Independent Directors

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

Performance Evaluation of the Board, Committees and Directors

The Board of Directors 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.

Policy on Director's Appointment and Remuneration

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

Risk Management Policy

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

The Company has a risk identification and management frame work appropriate to its size and the environment under which it operates. The risk management process involves identification and periodic assessment of potential risks and their impact on the operations, profitability, growth and continuity of the business and focuses on risk elements pertaining to competitive position in the key market segments, business environment, statutory and regulatory

changes, global economy and business scenario, Currency exchange rate fluctuations, resource constraints etc. and initiating timely preventive as well as remedial actions.

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

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

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

Prevention of Sexual Harassment of Women at Workplace

In order to prevent sexual harassment of women at work place your Company has adopted a Policy for prevention of Sexual Harassment of Women at Workplace and has proper mechanism to control the same which is commensurate with the nature and size of the business of the Company. During the financial year 2018-19, 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 24 August, 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 2018-19. 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.

Extract of Annual Return

The extract of Annual Return of your Company as on 31 March, 2019, prepared pursuant to Section 92(3) of the Companies Act 2013 and the Rules made thereunder, in Form MGT-9 is attached as Annexure VII to this Report and the same is available as part of Annual report FY 19 at www.axiscades.com.



Internal Financial Controls

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

Corporate Social Responsibility (CSR)

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

6. CONSERVATION OF ENERGY, FOREIGN EXCHANGE EARNINGS ETC

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

Conservation of Energy

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

Foreign Exchange Earnings and Outgo (Standalone)

| | (₹ Lakhs) | |
|---|-----------|-----------|
| | 2018-19 | 2017-18 |
| Foreign Exchange Earnings (actual inflows) | 21,315.16 | 20,126.71 |
| Foreign Exchange Outgo (actual outflows) | 11,844.69 | 11,701.25 |

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

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

Acknowledgements

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

For and on behalf of the Board of Directors

Sd/-
Sharadhi Chandra Babupampapathy
CEO & Executive Director

Sd/-
Sudhakar Gande
Director

Place: Bengaluru

Date: 8th May, 2019

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:

| Sl. 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. | Inkers Technology Private Limited | Jupiter Capital | | | | | | | | | | |
| | Nature of relationship | Wholly Owned Subsidiary | Wholly Owned Subsidiary Stepdown Subsidiary | Wholly Owned Subsidiary | Wholly Owned Subsidiary | Wholly Owned Subsidiary | Wholly Owned Subsidiary | Subsidiary | Associate JV company | Related Party (Director is interested) | Holding Company | | | | | | | | | | |
| (b) | Nature of contracts/ arrangements/ transaction | Buy & Sale of service / Cross charge transactions | Buy & Sale of service, reimbursement / payment of expenses/ Cross charge transactions | Sale of service, reimbursement / payment of expenses/ Cross charge transactions | Sale of service | Cross charge transactions/ sub-lease | Cross charge transactions | Inter-corporate Deposits | Investment | Service Contract | Expenses incurred on behalf | | | | | | | | | | |
| (c) | Duration of the contracts/ arrangements/ transaction | 1. 36 Months from 1 st Apr 2019 in respect of sale of services 2. Other transactions on ongoing basis | 1. 36 Months from 1 st Apr 2019 in respect of sale of services 2. 36 Months from 1st Sept 2016 in respect of purchase of services 3. Other transactions on ongoing basis | 1. 36 Months from 1 st Apr 2019 in respect of sale of services 2. Other transactions on ongoing basis | 1. 36 Months from 1 st Apr 2017 in respect of sale of services | Transactions on ongoing basis/24 Months contract | NA | Tenure 3 years till 20 December, 2020 | NA | 1 Year from 1 st Jan 2019 | | | | | | | | | | | |

| Sl. No. | Particulars | Details | | | | | | | | | |
|---------|--|--|---|---|--|----------------|-------------|------------------|-------------|-----------|-----------|
| (d) | Salient terms of the contracts or arrangements or transaction including the value, if any Value of transactions during the year. (₹) | 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 | Tenure 2 years | | Interest 9% p.a. | | | |
| | 1. Sale of services | 22,76,07,201 | 37,86,078 | 11,72,11,145 | 2,52,68,777 | - | 1,80,10,505 | - | - | - | - |
| | 2. Expenses incurred on behalf of | 1,68,87,113 | 1,770,188 | 4,169,000 | - | 630,000 | - | - | 7,330,000 | - | 1,038,400 |
| | 3. Software subscription charges incurred by | 1,37,57,276 | - | - | - | - | - | - | - | - | - |
| | 4. Salaries, wages and bonus incurred on behalf of | 2,42,61,557 | 1,27,48,726 | - | - | - | - | - | - | - | - |
| | 5. Salaries, wages and bonus recovered / staff welfare expense incurred by | - | - | 12,244,000 | - | - | - | - | 5140139 | - | - |
| | 6. Investment | - | - | - | - | - | - | - | 2,27,50,000 | - | - |
| | 7. ICD availed from* | - | - | - | - | - | - | - | - | - | - |
| | 8. Services received from | - | - | - | - | - | - | - | - | 50,00,000 | - |
| | 9. Interest Expenses | - | - | - | - | - | - | 22,50,001 | - | - | - |
| | 14. Rent incurred by | - | - | - | - | 5,00,511 | - | - | - | - | - |
| (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

Place: Bengaluru
Date: 8 May, 2019

Sd/-
Sharadhi Chandra Babupampapathy
CEO & Executive Director

Sd/-
Sudhakar Gande
Director

Sd/-
Kaushik Sarkar
Chief Financial Officer

ANNEXURE - II

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)

PART A - Subsidiaries

| Sl. Particulars No. | Name of the subsidiary | | | | | | | | | | | | |
|---|------------------------|------------------------|--|---|--------------------------|---|--|--|---|--|--|--|--|
| | AXISCADES Inc. (USA) | AXISCADES UK Ltd. (UK) | Axis Mechanical Engineering Design (Wuxi) Co. Ltd. (China) | AXISCADES Technology Canada Inc. (Canada) | AXISCADES GmbH (Germany) | Cades Studtec India Private Limited (India) | AXISCADES Aerospace & Technologies Private Limited (India) | 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. |
| Financial period ended | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 | 31-Mar-19 |
| Date of acquisition of Control | 2004 | 2004 | 7-Dec-12 | 24-Mar-14 | 12-Jul-16 | 24-Mar-14 | 5-Dec-16 | 5-Dec-16 | 5-Dec-16 | 1-Dec-17 | 1-Dec-17 | 1-Dec-17 | 1-Dec-17 |
| Reporting currency and Exchange rate 2.1. Reporting Currency | USD | GBP | RMB | CAD | EUR | INR | INR | INR | INR | INR | INR | INR | USD |
| 2.2 Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (closing rate) | 69.1713 | 90.4756 | 10.2963 | 51.6741 | 77.7024 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 69.1713 |
| 2.2 Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Average rate) | 69.9122 | 91.7364 | 10.4203 | 53.3211 | 80.9470 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 69.9122 |
| 3 Share capital | 155,443,585 | 52,023,470 | 4,638,245 | 5,167 | 1,942,560 | 6,250,000 | 168,385,000 | 41,725,330 | 13,658,690 | 18,987,000 | 100,000 | 100,000 | 44,518,649 |
| 4 Reserves & surplus | -62,144,859 | (25,785,546) | (8,802,787) | 230,931,464 | 1,343,220 | 156,700,724 | 864,591,000 | 747,320,914 | 330,446,000 | 835,858,000 | (1,337,869) | 56,155,277 | 21,494,981 |
| 5 Total assets | 575,080,426 | 61,722,547 | 29,264,818 | 297,027,779 | 15,170,575 | 193,206,040 | 2,034,680,611 | 827,006,629 | 390,753,006 | 1,128,081,474 | 39,244,765 | 87,811,332 | 123,042,877 |
| 6 Total Liabilities* | 575,080,426 | 61,722,547 | 29,264,818 | 297,027,779 | 15,170,575 | 193,206,040 | 2,034,680,611 | 827,006,629 | 390,753,006 | 1,128,081,474 | 39,244,765 | 87,811,332 | 123,042,877 |
| 7 Investments | 79,479,949 | - | - | - | - | 10,847,988 | 1,063,477,662 | 120,300,000 | - | 290,689,000 | - | 11,499,533 | - |
| 8 Turnover | 1,513,502,913 | 192,371,231 | 30,098,829.92 | 324,245,609 | 19,495,267 | 191,600,992 | 359,713,931 | - | - | 1,339,999,948 | 102,732,533 | 244,633,904 | - |
| 9 Profit before taxation | -14,990,671 | 14,219,142 | (2,469,034) | 51,998,737 | 777,229 | 26,220,023 | 271,097,072 | -14,609,464 | 1,393,401 | 219,009,677 | (115,224) | 22,625,702 | -12,419,361 |
| 10 Provision for taxation | -41,175,769 | (7,522,385) | - | 13,223,633 | 56,824.79 | 7,125,000 | -17,341,337 | - | 268,090 | 48,733,000 | 6,305,009 | 2,552,145 | - |
| 11 Profit after taxation | 26,185,074 | 21,741,527 | (2,469,034) | 38,780,436 | 720,404 | 19,094,979 | 253,755,734 | -14,609,464 | 1,125,311 | 170,276,954.4 | (115,224) | 16,320,693 | 9,867,198 |
| 12 Proposed Dividend | | | | | | | | | | | | | |
| 13 % of shareholding | 100% | 100% | 100% | 100% | 100% | 76% | 100% | 99.999% Subsidiary of ACAT | 51.84 % Subsidiary of ACAT and 48.16% Subsidiary of AAIPL | 100% (refer note 6(a) of the Standalone Financial Statement) | 100% Subsidiary of Mistral Solutions Pvt. Ltd. | 100% Subsidiary of Mistral Solutions Pvt. Ltd. | 100% Subsidiary of Mistral Solutions Pvt. Ltd. |

* Total liabilities includes Share capital and Reserves & Surplus.

Subsidiary's performance and financial position:

1. AXISCADES, Inc : The revenue grew by 29.20 % as compared to last year due to new customer acquisition, however the losses were due to increased sales and marketing expenses and competence building activities.
2. AXISCADES UK Ltd: The revenue increased by 10.15 % due to significant change in customer budgetary allocation. The losses were due to maintenance of basic work force to be kept ready for new business opportunity.
3. AXISCADES Technology Canada Inc: The revenue decreased by 3.78 % as compared to previous year due to outsourcing consolidation at customer end. The profit came down due to lower revenue.
4. Cades Studec: The Revenue has grown by 5.42% .
5. Axis China: The revenue for the year RMB 1.14 Million, The Company is working to obtain customer contract.
6. AXISCADES GmbH : The revenue increase by 758.15% compared to last year.
7. AXISCADES Aerospace Technologies Pvt. Ltd: The Operating revenue has reduced by 20.64% during the year. The resultant loss (₹ 25.34 Cr.) can be attributed to the same.
8. AXISCADES Aerospace Infrastructure Pvt Ltd.: It is an investment company. Hence no revenue.
9. Enertec Controls Limited: This is an investment company earning rental income. The net profit after tax for the year was ₹ 11.25 Lakhs as against ₹ 10.42 Lakhs in the previous year.
10. Mistral Solutions Pvt. Ltd.: Revenue for the period was ₹ 133.99 Cr.
11. Aero Electronics Pvt Ltd: This is a 100% subsidiary of Mistral Solutions Pvt Ltd and there is no revenue for the period.
12. Mistral Technologies Pvt Ltd: This is a 100% subsidiary of Mistral Solutions Pvt Ltd and revenue for the period is ₹ 10.27 Cr.
13. Mistral Solutions Inc: This is a 100% subsidiary of Mistral Solutions Pvt Ltd and revenue for the period is USD 3.5 Mn.
14. Mistral Solutions Pte. Ltd. is a Company incorporated in Singapore and is a Wholly Owned Subsidiary of Mistral Solutions Pvt. Ltd. It is a dormant company. It has only a liability of S\$15000.

For and on behalf of the Board of Directors

Sd/-
Sharadhi Chandra Babupampapathy
CEO & Executive Director

Sd/-
Sudhakar Gande
Director

Sd/-
Kaushik Sarkar
CFO

Sd/-
Shweta Agrawal
Company Secretary

Place: Bengaluru
Date: 8 May, 2019

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 | 31 March, 2019 |
| 2. Date on which the Associate or Joint Venture was associated or acquired | 31 August, 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 Lakhs |
| 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 (unaudited) | ₹ 172.75 Lakhs (50%) |
| 7. Loss for the year (unaudited) | ₹ (109.50) Lakhs |
| i. Considered in Consolidation | ₹ (54.75) Lakhs |
| ii. Not Considered in Consolidation | ₹ (54.75) Lakhs |

- 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
 CEO & Executive Director

Sd/-
Sudhakar Gande
 Director

Sd/-
Kaushik Sarkar
 CFO

Sd/-
Shweta Agrawal
 Company Secretary

Place: Bengaluru
 Date: 8 May, 2019



ANNEXURE - III

Independent Auditor's Report on the AXISCADES Engineering Employee Stock Option Plan 2018- Series 1 & 2, as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

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

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

MANAGEMENT'S RESPONSIBILITY

3. Management is responsible for:
 - i. Maintaining the information and documents, which are required to be kept and maintained under the relevant laws and regulations;
 - ii. Implementing the Schemes in accordance with the SEBI Guidelines and the resolutions passed at the 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 Management to issue employee stock options to the employees and directors of the Company; and
 - iii. 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, and according to the information and explanations given to us, we report that the Schemes are in compliance with 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 National Stock Exchange of India Limited and the BSE Limited, Mumbai. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

Sd/-
per Sunil Gaggar
Partner
Place: Bengaluru
Date: 17 June, 2019
Membership Number: 104315

ANNEXURE - III-A

Details under section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Rate | Particulars | | | |
|--------|---|----|--|--------|
| (i) | The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year | a. | Sudhakar Gande | 18.32 |
| | | b. | Mritunjay Singh* | 69.05 |
| | | c. | Sharadhi Babu** | 02.44 |
| | | d. | Anees Ahmed*** | - |
| (ii) | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year | a. | Sudhakar Gande | (67.5) |
| | | b. | Mritunjay Singh* | 886.5 |
| | | c. | Sharadhi Babu** | NA |
| | | d. | Anees Ahmed | NA |
| | | e. | Kaushik Sarkar | 70.4 |
| | | f. | Shweta Agrawal | (3.7) |
| (iii) | The percentage increase in the median remuneration of employees in the financial year. | | (1.15%) | |
| (iv) | The number of permanent employees on the rolls of the Company | | 1200 | |
| (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. | | 2.47% (excluding managerial personnel) | |
| | | | 2.43% (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.

* Mritunjay Singh was appointed as CEO & Executive Director w.e.f. 2 January, 2018 and resigned w.e.f. 19 January, 2019.

** Sharadhi Babu was appointed as Acting CEO and Executive Director w.e.f. 21 January, 2019.

*** Mr. Anees Ahmed was appointed as Executive Director on 28 July, 2018 at a remuneration of ₹ 1 pm.

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 8 May, 2019

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 |
|-------------------------|------------------------------------|---------------------------------------|--|---------------------|------------------------------------|-----|---|
| Kaushik Sarkar | Chief Financial Officer | 1,97,16,928 | Masters of Commerce, FCA and ACMA | 24 | 12-09-2014 | 49 | Independent Consulting (Consultant) |
| Mritunjay Singh* | CEO & Executive Director | 1,74,98,193 | BE (Hons) in Mechanical Engineering | 26 | 02-01-2018 | 48 | Persistent |
| Abhay Sharma | VP-Sales | 1,25,98,691 | BE | 25 | 24-09-2012 | 46 | Satyam Computer Service Limited (Program & Relationship Manager) |
| Sriram Jayakrishna | VP-Delivery | 1,15,17,336 | BE | 25 | 09-04-2015 | 46 | Tata Technologies Ltd. (Aero Engineering & Design-Program Management) |
| Sudhakar Gande** | Vice Chairman & Executive Director | 1,04,06,204 | M.Tech in Electronics & Computers, MBA (Finance) | 30 | 14-08-2015 | 61 | AXISCADES Aerospace Technologies Pvt. Ltd. (Vice Chairman & ED) |
| Monsieur Sinnasse Canda | VP-Sales | 99,65,343 | MBA | 32 | 01-10-2015 | 59 | Bull – ATOS Technologies (Vice President) |
| Oliver Brotzki | General Manager | 91,75,775 | Graduated Mechanical Engineer | 22 | 20-01-2012 | 50 | 3D Contech (Branch Manager) |
| Kai Fanslau-Ahnfeld | Assistant Technical Manager | 71,13,249 | Graduated Automotive Engineer | 12 | 01-04-2012 | 40 | 3D Contech |
| Juergen Kaehm | Lead Engineer | 69,88,286 | Aircraft Engineer | 5 | 01.12.2013 | 60 | 3D CONTECH, Hamburg |
| Felix Danam | Project Manager | 68,25,166 | Diplomas Universitaire en Technologie. Genius Mécanique et Productique.MBA | 1 | 02.05.2018 | 45 | 3D CONTECH, Hamburg |

* Mr. Mritunjay Singh resigned as CEO & Executive Director w.e.f. 19 January, 2019.

**Mr. Sudhakar Gande stepped down as Vice Chairman & Executive Director w.e.f. 30 July, 2018 and continued as Non-Executive Director.

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

Notes:

1. Nature of employment: All the above are in regular employment of the Company.
2. Remuneration includes company's contribution to P.F., variable pay and excludes the value of perquisites.
3. None of the above (together with their spouse and dependent children) holds 2% or more of the equity shares of the Company except Mr. Sudhakar Gande who holds 4.61% 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: 8 May, 2019

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

Objective:

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

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

Effective Date:

This policy shall be effective from 1 April, 2014.

Constitution of the Nomination and Remuneration Committee:

The Board has renamed its Remuneration Committee as Nomination and Remuneration Committee on 27 March, 2014. The current Nomination and Remuneration Committee comprises of the following Directors:

- | | |
|-----------------------|--------------------------|
| • Mr. Srinath Batni | (Independent Director) |
| • Mr. Pradeep Dadlani | (Independent Director) |
| • Mr. Sudhakar Gande | (Non Executive Director) |
| • Mr. Ashwani Datta | (Non Executive Director) |
| • Ms. Shweta Agrawal | (Secretary) |

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

Applicability:

The Policy is applicable to

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

General

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

PART – A

Matters to be dealt with and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down.
- Recommend to the Board, appointment of Director, KMP and Senior Management Personnel.
- Performance Evaluation of each Director KMP and Senior Management Personnel for the purpose of appraisal or removal/ replacement.
- Policy for Remuneration for Director, KMP and Senior Management Personnel.
- Monitor the Board Diversity and balanced Board
- Succession planning-** recommends to the Board from time to time on long term succession plan and also contingency plan in case of exigencies, relating to both Board as well as Executive management.
- Retirement policy-**The retirement age of the directors is fixed by the Board of Directors in consultation with the Nomination & Remuneration Committee.



PART – B

Policy for appointment and removal & Remunertaion of Director, KMP and Senior Management

- Appointment criteria and qualifications:
 1. The Committee shall identify and ascertain the qualification, expertise, attributes and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
 2. For Recommending any person as Executive Director the Committee shall take into consideration the provisions of the Companies Act, 2013 read together with the Rules prescribed there under and Schedule V.
 3. For recommending any person as Non-Executive Director/ Independent Director the Committee shall take into consideration the provisions of the Companies Act, 2013 read together with the Rules prescribed there under and Schedule IV along with the criteria for independence defined under Listing Agreement.
- The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).
- Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or on the basis of performance evaluation, the Committee may recommend, to the Board with reasons recorded in writing, removal / replacement of a Director, KMP or Senior Management

Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lakhs per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- An Independent Director shall not be entitled to any stock option of the Company.

PART – C

Committee Proceedings

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

ANNEXURE - VI

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies act, 2013 & Rule 9 of the Companies appointment and Remuneration of Managerial Personnel Rules, 2014]

To,
The Members,

AXISCADES Engineering Technologies Limited

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

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

Based on our verification of 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 31 March, 2019 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 31 March, 2019 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, 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 (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, 1998 – Not applicable as the Company has not bought back / proposed to buyback 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 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.

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. Pursuant to the Order dated 15 June, 2018 passed by the Hon'ble National Company Law Tribunal, Bengaluru bench

and in accordance with the provisions of Section 230 to 232 of the Companies Act, 2013 members and creditors in their meetings held on 3 August, 2018 approved the Scheme of Amalgamation between AXISCADES Engineering Technologies Limited (Transferee) and Explosoft Tech Solutions Private Limited (Formally Explore India Leisure and Hospitality Private Limited) (Transferor) and their respective shareholders and creditors. The Scheme of Amalgamation has been approved by the National Company Law Tribunal, Bengaluru Bench at Bengaluru vide their Order dated 8 March, 2019.

2. The Company has entered in to a joint venture (JV) agreement on 10th April 2018 with Assystem Engineering and Operation Service SAS (AEOS) France, for establishing in India a joint venture Company for carrying out the business in energy and nuclear sector and acting as a dedicated engineering service center for the parties in these segments. The terms of JV were approved by the Board in its meeting held on 30th May 2017. In terms of JV a company by name "ASSYSTEM AXISCADES ENGINEERING PRIVATE LIMITED" has been incorporated in Hyderabad on 31 August, 2018.
3. The Company has entered into a deed of pledge with Yes Bank on 9 October, 2018. As per the pledge agreement, the Company has secured a loan of Rupees Sixty Seven Crore Fifty Lakhs Only by pledging 26% of the equity share capital of its subsidiary Company Mistral Solutions Private Limited, valued at ₹ 450.00 MN.

For Anant B Khamankar & Co.

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

Place: Mumbai
Date: 7 May, 2019

Annexure to Secretarial Auditors' Report

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

Our Secretarial Audit Report for the Financial Year ended March 31, 2019, of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to the secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For Anant B Khamankar & Co.

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

Place: Mumbai
Date: 7 May, 2019



ANNEXURE - VII

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2019

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

I REGISTRATION & OTHER DETAILS

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

| Sl. No. | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---------|---|---------|----------------------------------|--------------------------------------|-----------------------|
| 1 | AXISCADES Inc. (formerly Axis Inc.) 3008 W. Willow Knolls Dr. Peoria, Illinois 61614-USA | NA | Subsidiary | 100% | Section 2(87)(ii) |
| 2 | AXISCADES UK Ltd. (formerly Axis EU Europe Limited (UK) The Pump House, Unit 15, Narborough Wood Park, Enderby, Leicestershire, LE19 4XT, UK | NA | Stepdown subsidiary | 100% subsidiary of AXISCADES Inc. | Section 2(87)(ii) |
| 3 | Axis Mechanical Engineering Design (Wuxi) Co. Ltd. Tian shan Road NO.8-1504, New District,Wuxi, China | NA | Subsidiary | 100% | Section 2(87)(ii) |
| 4 | AXISCADES Technology Canada Inc. (formerly Cades Technology Canada Inc.(USA) 1200 McGill College Avenue, Suite 1100, Montreal, Quebec H3B 4G7 | NA | Subsidiary | 100% | Section 2(87)(ii) |
| 5 | AXISCADES GmbH Hein Saß Weg 36, 21129 Hamburg, Germany | NA | Subsidiary | 100% | Section 2(87)(ii) |

| Sl. No. | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---------|---|-----------------------|----------------------------------|---|-------------------------------------|
| 6 | Mistral Solutions Inc. 43092 Christy Street Fremont, CA 94538-3183, USA | NA | Stepdown subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | Section 2(87)(ii) |
| 7 | Mistral Solutions PTE Ltd. 10 Anson Road #32-15 International Plaza Singapore 079903 | NA | Stepdown subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | Section 2(87)(ii) |
| 8 | Cades Studec Technologies (India) Private Limited No.11, 3rd Cross, Ganganagar North, Bangaluru-560032 | U72900KA2006PTC049241 | Subsidiary | 76% | Section 2(87)(ii) |
| 9 | AXISCADES Aerospace & Technologies Private Limited (ACAT) Vaswani Centropolis, Langford Road Bangalore - 560027 | U72900KA2001PTC028394 | Subsidiary | 100% | Section 2(87)(ii) |
| 10 | Mistral Solutions Private Limited #60, Adarsh Regent, 100 Feet Ring Road, Domlur, Bangalore - 560071 | U72200KA1999PTC025232 | Subsidiary | 100% (refer note 6(a) of the Standalone Financial Statement) | Section 2(87)(ii) |
| 11 | AXISCADES Aerospace Infrastructure Private Limited (AAIPL) Jupiter Innovision Centre No. 54, Richmond Road Bangalore 560025 | U85110KA2000PTC028009 | Stepdown subsidiary | 99.9% subsidiary of ACAT | Section 2(87)(ii) |
| 12 | Enertec Controls Limited PLOT NO.14/15,ELECTRONIC CITY,HOSUR ROAD BANGALORE-29. HOSUR ROAD,BANGALORE-29 | U31101KA1988PLC008860 | Stepdown subsidiary | 51.84% subsidiary of ACAT | Section 2(87)(ii) |
| 13 | Aero Electronics Pvt. Ltd. #60, 'ADARSH REGENT' 100 FEET RING ROAD DOMLUR EXTENSION BANGALORE KA 560071 IN | U72211KA2010PTC056180 | Stepdown subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | Section 2(87)(ii) |
| 14 | Mistral Technologies Pvt. Ltd. Flat No. 412 International Trade Power Nehru Place New Delhi South Delhi DL 110019 IN | U72300DL2014PTC269016 | Stepdown subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | Section 2(87)(ii) |
| 15 | Jupiter Capital Private Limited No.54, Richmond Road, Jupiter Innovision Center, Bengaluru-560025 | U67120KA2004PTC033653 | Holding | 18.20% | Section 2(46) &Section 2(87)(ii) |
| 16 | Tayana Digital Private Limited* No.54, Richmond Road, Jupiter Innovision Center, Bengaluru-560025 | U72900KA2008PTC045597 | Subsidiary of Holding | 32.16% | Section 2(87)(ii) |
| 17 | Indian Aero Ventures Private Limited No.54, Richmond Road, Jupiter Innovision Center, Bengaluru-560025 | U62200KA2007PTC041886 | Subsidiary of Holding | 16.30% | Section 2(87)(ii) |
| 18 | ASSYSTEM AXISCADES Engineering Private Limited 2nd Floor, Building No. 8, Plot No.64 Raheja Mindspace, Ranga Reddy Hyderabad TG 500081 IN | U74999TG2018PTC126388 | Associate | 50.00% | Section 2(6) |

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

i CATEGORY-WISE SHAREHOLDING

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 1 April, 2018) | | | | No. of Shares held at the end of the year (As on 31 March, 2019) | | | | % change during the year |
|---------------------------------------|---|----------|-------------------|-------------------|--|----------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt. or State Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporates | 24,945,271 | - | 24,945,271 | 66.06 | 25,168,537 | - | 25,168,537 | 66.65 | -0.59 |
| d) Bank/FI | - | - | - | - | - | - | - | - | 0.00 |
| e) Any other | - | - | - | - | - | - | - | - | 0.00 |
| SUB TOTAL:(A) (1) | 24,945,271 | - | 24,945,271 | 66.06 | 25,168,537 | - | 25,168,537 | 66.65 | 0.59 |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | - | - | - | - | - | - | - | - | 0.00 |
| b) Other Individuals | - | - | - | - | - | - | - | - | 0.00 |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | 0.00 |
| d) Banks/FI | - | - | - | - | - | - | - | - | 0.00 |
| e) Any other... | - | - | - | - | - | - | - | - | 0.00 |
| SUB TOTAL (A) (2) | - | - | - | - | - | - | - | - | 0.00 |
| Total Shareholding of Promoter | 24,945,271 | - | 24,945,271 | 66.06 | 25,168,537 | - | 25,168,537 | 66.65 | 0.59 |
| (A)= (A)(1)+(A)(2) | | | | | | | | | |

B. PUBLIC SHAREHOLDING

(1) Institutions

| | | | | | | | | | |
|----------------------------------|----------------|----------|----------------|-------------|---------------|----------|---------------|-------------|--------------|
| a) Mutual Funds | 293,009 | - | 293,009 | 0.78 | 46,742 | - | 46,742 | 0.12 | -0.65 |
| b) Banks/FI | 93,618 | - | 93,618 | 0.25 | 44,979 | - | 44,979 | 0.12 | -0.13 |
| c) Central govt | - | - | - | - | - | - | - | - | 0.00 |
| d) State Govt. | - | - | - | - | - | - | - | - | 0.00 |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | 0.00 |
| f) Insurance Companies | - | - | - | - | - | - | - | - | 0.00 |
| g) FIIS(including FPI) | 58,686 | - | 58,686 | 0.16 | - | - | - | - | -0.16 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | 0.00 |
| i) Others | - | - | - | - | - | - | - | - | 0.00 |
| SUB TOTAL (B)(1): | 445,313 | - | 445,313 | 1.18 | 91,721 | - | 91,721 | 0.24 | -0.94 |

(2) Non Institutions

| | | | | | | | | | |
|----------------------|-----------|---|-----------|------|-----------|---|-----------|------|-------|
| a) Bodies corporates | | | | | | | | | |
| i) Indian | 1,830,130 | - | 1,830,130 | 4.85 | 1,635,648 | - | 1,635,648 | 4.33 | -0.52 |
| ii) Overseas | - | - | - | - | - | - | - | 0.00 | 0.00 |

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 1 April, 2018) | | | | No. of Shares held at the end of the year (As on 31 March, 2019) | | | | % change during the year |
|--|---|---------------|-------------------|-------------------|--|---------------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of total shares | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh | 5,833,661 | 40,385 | 5,874,046 | 15.56 | 6,215,032 | 39,960 | 6,254,992 | 16.57 | 1.01 |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 Lakh | 4,266,387 | - | 4,266,387 | 11.30 | 4,216,243 | - | 4,216,243 | 11.17 | -0.13 |
| c) Others (specify) | | | | - | | | | 0.00 | 0.00 |
| Non Resident Indian | 202,435 | - | 202,435 | 0.54 | 207,796 | - | 207,796 | 0.55 | 0.01 |
| Clearing Member | 76,588 | - | 76,588 | 0.20 | 57,558 | - | 57,558 | 0.15 | -0.05 |
| Trusts | 1,500 | - | 1,500 | 0.00 | 500 | - | 500 | 0.00 | 0.00 |
| MGT | 5,250 | - | 5,250 | 0.01 | 5,250 | - | 5,250 | 0.01 | 0.00 |
| Non Resident Indian Non Repatriable | 112,610 | - | 112,610 | 0.30 | 121,285 | - | 121,285 | 0.32 | 0.02 |
| SUB TOTAL (B)(2): | 12,328,561 | 40,385 | 12,368,946 | 32.76 | 12,459,312 | 39,960 | 12,499,272 | 33.10 | 0.35 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 12,773,874 | 40,385 | 12,814,259 | 33.94 | 12,551,033 | 39,960 | 12,590,993 | 33.35 | -0.59 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | 0.00 |
| Grand Total (A+B+C) | 37,719,145 | 40,385 | 37,759,530 | 100.00 | 37,719,570 | 39,960 | 37,759,530 | 100.00 | |

ii SHAREHOLDING OF PROMOTERS

| Sl No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|--------------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|---|
| | | No. of shares | % of total shares of the Company | % of shares pledged encumbered to total shares held | No. of shares | % of total shares of the Company | % of shares pledged encumbered to total shares held | |
| 1 | TAYANA DIGITAL PRIVATE LIMITED | 12,142,100 | 32.16 | 94.71% | 12,142,100 | 32.16 | 100% | 0 |
| 2 | INDIAN AERO VENTURES PRIVATE LIMITED | 6,154,219 | 16.30 | 0 | 6,154,219 | 16.30 | 0 | 0 |
| 3 | JUPITER CAPITAL PRIVATE LIMITED | 6,648,952 | 17.61 | 0 | 6,872,218 | 18.20 | 100% | 1 |
| | Total | 24,945,271 | 66.06 | | 25,168,537 | 66.65 | | 1 |

The promoter Company, Tayana Digital Private Limited (TDPL), is merged with the Promoter Group Company, Jupiter Capital Private Limited (JC) with effect from 17 October, 2018. The same was intimated by the Company on 18 October, 2018. As a result of the merger, Jupiter Capital Private Limited is now the Promoter of the Company. However it is to be noted that underlying shares in the depositories are still held in the name of Tayana Digital Private Company (TDPL), hence the Shareholding Pattern contains the information of Tayana Digital Private Company separately.

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

| Sl. No. | | Share holding at the beginning of the Year | | Cumulative Share holding during the year | |
|-----------|--|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No of shares | % of total shares of the Company |
| 01 | JUPITER CAPITAL PRIVATE LIMITED | | | | |
| | At the beginning of the year 1 April, 2018 | 6,648,952 | 17.61 | 6,648,952 | 17.61 |
| | 04.07.2018 (Purchase of Shares) | 65,399 | | 6,714,351 | 17.78 |
| | 06.07.2018 (Purchase of Shares) | 27,502 | | 6,741,853 | 17.85 |
| | 09.07.2018 (Purchase of Shares) | 8,000 | | 6,749,853 | 17.88 |
| | 12.07.2018 (Purchase of Shares) | 15,000 | | 6,764,853 | 17.92 |
| | 16.07.2018 (Purchase of Shares) | 15,000 | | 6,779,853 | 17.96 |
| | 18.07.2018 (Purchase of Shares) | 30,000 | | 6,809,853 | 18.03 |
| | 20.07.2018 (Purchase of Shares) | 45,001 | | 6,854,854 | 18.15 |
| | 24.07.2018 (Purchase of Shares) | 10,000 | | 6,864,854 | 18.18 |
| | 21.08.2018 (Purchase of Shares) | 5,000 | | 6,869,854 | 18.19 |
| | 06.09.2018 (Purchase of Shares) | 2,364 | | 6,872,218 | 18.20 |
| | At the end of the year 31 March, 2019 | | | 6,872,218 | 18.20 |

iv SHAREHOLDING OF TOP TEN SHAREHOLDERS* (Other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company |
| 01 | SUMER CHAND AND COMPANY LLP | | | | |
| | At the beginning of the year 1 April, 2018 | 374,896 | 0.99 | 374,896 | 0.99 |
| | 14.12.2018 (Purchase of Shares) | 374,896 | | 749,792 | 1.99 |
| | 14.12.2018 (Sale of Shares) | -374,896 | | 374,896 | 0.99 |
| | At the end of the year 31 March, 2019 | | | 374,896 | 0.99 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company |
| 02 | PUSHPA POONAMCHAND JAIN | | | | |
| | At the beginning of the year 1 April, 2018 | 150,000 | 0.40 | 150,000 | 0.40 |
| | 27.04.2018 (Purchase of Shares) | 50,000 | | 200,000 | 0.53 |
| | 18.05.2018 (Purchase of Shares) | 15,000 | | 215,000 | 0.57 |
| | 25.05.2018 (Purchase of Shares) | 1,500 | | 216,500 | 0.57 |
| | 08.06.2018 (Purchase of Shares) | 25,000 | | 241,500 | 0.64 |
| | 15.06.2018 (Sale of Shares) | -6,500 | | 235,000 | 0.62 |
| | 03.08.2018 (Purchase of Shares) | 15,000 | | 250,000 | 0.66 |
| | At the end of the year 31 March, 2019 | | | 250,000 | 0.66 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|-----------|--|----------------------------------|---|----------------------------------|-------------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company | |
| 03 | FAISAL ZUBAIR HAWA | | | | |
| | At the beginning of the year 1 April, 2018 | 262,057 | 0.69 | 262,057 | 0.69 |
| | 29.06.2018 (Sale of Shares) | -100,000 | | 162,057 | 0.43 |
| | 06.07.2018 (Purchase of Shares) | 15,897 | | 177,954 | 0.47 |
| | 20.07.2018 (Purchase of Shares) | 484 | | 178,438 | 0.47 |
| | 28.09.2018 (Purchase of Shares) | 33,737 | | 212,175 | 0.56 |
| | At the end of the year 31 March, 2019 | | | 212,175 | 0.56 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|-----------|--|----------------------------------|---|----------------------------------|-------------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company | |
| 04 | ADITHYA B S | | | | |
| | At the beginning of the year 1 April, 2018 | 3,231 | 0.01 | 3,231 | 0.01 |
| | 26.10.2018 (Purchase of Shares) | 119,269 | | 122,500 | 0.32 |
| | 02.11.2018 (Purchase of Shares) | 10,346 | | 132,846 | 0.35 |
| | 09.11.2018 (Purchase of Shares) | 42,154 | | 175,000 | 0.46 |
| | 04.01.2018 (Purchase of Shares) | 28,200 | | 203,200 | 0.54 |
| | At the end of the year 31 March, 2019 | | | 203,200 | 0.54 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|-----------|--|----------------------------------|---|----------------------------------|-------------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company | |
| 05 | ROHITASAVA CHAND | | | | |
| | At the beginning of the year 1 April, 2018 | 197,312 | 0.52 | 197,312 | 0.52 |
| | At the end of the year 31 March, 2019 | | | 197,312 | 0.52 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|-----------|--|----------------------------------|---|----------------------------------|-------------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company | |
| 06 | SARAH FAISAL HAWA | | | | |
| | At the beginning of the year 1 April, 2018 | 424,920 | 1.13 | 424,920 | 1.13 |
| | 08.06.2018 (Sale of Shares) | -8,942 | | 415,978 | 1.10 |
| | 15.06.2018 (Sale of Shares) | -94,418 | | 321,560 | 0.85 |
| | 22.06.2018 (Sale of Shares) | -126,680 | | 194,880 | 0.52 |
| | 13.07.2018 (Purchase of Shares) | 55,022 | | 249,902 | 0.66 |
| | 25.01.2019 (Sale of Shares) | -14,550 | | 235,352 | 0.62 |
| | 01.02.2019 (Sale of Shares) | -37,185 | | 198,167 | 0.52 |
| | 08.02.2019 (Sale of Shares) | -6,488 | | 191,679 | 0.51 |
| | 29.03.2019 (Sale of Shares) | -6,950 | | 184,729 | 0.49 |
| | At the end of the year 31 March, 2019 | | | 184,729 | 0.49 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|-----------|---|----------------------------------|---|----------------------------------|-------------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company | |
| 07 | GANDHI SECURITIES & INVESTMENT PRIVATE LIMITED | | | | |
| | At the beginning of the year 1 April, 2018 | 116,500 | 0.31 | 116,500 | 0.31 |
| | At the end of the year 31 March, 2019 | | | 116,500 | 0.31 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|-----------|---|----------------------------------|---|----------------------------------|------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company | |
| 08 | ZEN SECURITIES LTD | | | | |
| | At the beginning of the year 1 April 2018 | 61,175 | 0.16 | 61,175 | 0.16 |
| | 06.04.2018 (Purchase of Shares) | 378 | | 61,553 | 0.16 |
| | 06.04.2018 (Sale of Shares) | -175 | | 61,378 | 0.16 |
| | 13.04.2018 (Purchase of Shares) | 4,314 | | 65,692 | 0.17 |
| | 27.04.2018 (Purchase of Shares) | 11,314 | | 77,006 | 0.20 |
| | 04.05.2018 (Sale of Shares) | -500 | | 76,506 | 0.20 |
| | 18.05.2018 (Purchase of Shares) | 100 | | 76,606 | 0.20 |
| | 08.06.2018 (Purchase of Shares) | 701 | | 77,307 | 0.20 |
| | 15.06.2018 (Sale of Shares) | -1,179 | | 76,128 | 0.20 |
| | 22.06.2018 (Purchase of Shares) | 100 | | 76,228 | 0.20 |
| | 06.07.2018 (Sale of Shares) | -28 | | 76,200 | 0.20 |
| | 13.07.2018 (Sale of Shares) | -100 | | 76,100 | 0.20 |
| | 20.07.2018 (Sale of Shares) | -1,000 | | 75,100 | 0.20 |
| | 21.09.2018 (Purchase of Shares) | 8,901 | | 84,001 | 0.22 |
| | 28.09.2018 (Sale of Shares) | -1 | | 84,000 | 0.22 |
| | 05.10.2018 (Purchase of Shares) | 200 | | 84,200 | 0.22 |
| | 19.10.2018 (Sale of Shares) | -200 | | 84,000 | 0.22 |
| | 26.10.2018 (Purchase of Shares) | 25 | | 84,025 | 0.22 |
| | 02.11.2018 (Purchase of Shares) | 25 | | 84,050 | 0.22 |
| | 09.11.2018 (Sale of Shares) | -1,050 | | 83,000 | 0.22 |
| | 16.11.2018 (Purchase of Shares) | 50 | | 83,050 | 0.22 |
| | 23.11.2018 (Purchase of Shares) | 755 | | 83,805 | 0.22 |
| | 30.11.2018 (Sale of Shares) | -805 | | 83,000 | 0.22 |
| | 21.12.2018 (Purchase of Shares) | 1,000 | | 84,000 | 0.22 |
| | 28.12.2018 (Purchase of Shares) | 500 | | 84,500 | 0.22 |
| | 31.12.2018 (Sale of Shares) | -95 | | 84,405 | 0.22 |
| | 04.01.2019 (Purchase of Shares) | 575 | | 84,980 | 0.23 |
| | 04.01.2019 (Sale of Shares) | -1,000 | | 83,980 | 0.22 |
| | 11.01.2019 (Purchase of Shares) | 130 | | 84,110 | 0.22 |
| | 11.01.2019 (Sale of Shares) | -225 | | 83,885 | 0.22 |
| | 18.01.2019 (Sale of Shares) | -300 | | 83,585 | 0.22 |
| | 25.01.2019 (Purchase of Shares) | 1,519 | | 85,104 | 0.23 |
| | 01.02.2019 (Purchase of Shares) | 8,055 | | 93,159 | 0.25 |
| | 08.02.2019 (Purchase of Shares) | 1,964 | | 95,123 | 0.25 |
| | 08.02.2019 (Sale of Shares) | -1,096 | | 94,027 | 0.25 |
| | 15.02.2019 (Purchase of Shares) | 25 | | 94,052 | 0.25 |
| | 15.02.2019 (Sale of Shares) | -467 | | 93,585 | 0.25 |
| | 22.02.2019 (Sale of Shares) | -50 | | 93,535 | 0.25 |
| | 08.03.2019 (Purchase of Shares) | 300 | | 93,835 | 0.25 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company |
| | 15.03.2019 (Sale of Shares) | -300 | 93,535 | 0.25 |
| | 22.03.2019 (Purchase of Shares) | 2,000 | 95,535 | 0.25 |
| | 29.03.2019 (Purchase of Shares) | 1,502 | 97,037 | 0.26 |
| | 30.03.2019 (Purchase of Shares) | 1,500 | 98,537 | 0.26 |
| | At the end of the year 31 March, 2019 | | 98,537 | 0.26 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|------------------------|--|----------------------------------|---|----------------------------------|-------------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company | |
| 09 HARISH AHUJA | | | | | |
| | At the beginning of the year 1 April, 2018 | 98,605 | 0.26 | 98,605 | 0.26 |
| | 01.06.2018 (Sale of Shares) | -2,994 | | 95,611 | 0.25 |
| | At the end of the year 31 March, 2019 | | | 95,611 | 0.25 |

| Sl. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|-----------------------------|--|----------------------------------|---|----------------------------------|-------------|
| | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company | |
| 10 HARSHAD D PANCHAL | | | | | |
| | At the beginning of the year 1 April 2018 | 56,045 | 0.15 | 56,045 | 0.15 |
| | 20.04.2018 (Purchase of Shares) | 400 | | 56,445 | 0.15 |
| | 27.04.2018 (Purchase of Shares) | 600 | | 57,045 | 0.15 |
| | 04.05.2018 (Purchase of Shares) | 5,000 | | 62,045 | 0.16 |
| | 08.06.2018 (Sale of Shares) | -5,000 | | 57,045 | 0.15 |
| | 29.06.2018 (Sale of Shares) | -1,000 | | 56,045 | 0.15 |
| | 03.08.2018 (Purchase of Shares) | 50 | | 56,095 | 0.15 |
| | 03.08.2018 (Sale of Shares) | -2,000 | | 54,095 | 0.14 |
| | 10.08.2018 (Sale of Shares) | -4,000 | | 50,095 | 0.13 |
| | 28.09.2018 (Purchase of Shares) | 5,000 | | 55,095 | 0.15 |
| | 12.10.2018 (Purchase of Shares) | 2,000 | | 57,095 | 0.15 |
| | 25.01.2019 (Purchase of Shares) | 3,000 | | 60,095 | 0.16 |
| | 01.02.2019 (Purchase of Shares) | 200 | | 60,295 | 0.16 |
| | 08.02.2019 (Sale of Shares) | -1,000 | | 59,295 | 0.16 |
| | 22.02.2019 (Sale of Shares) | -100 | | 59,195 | 0.16 |
| | 08.03.2019 (Sale of Shares) | -100 | | 59,095 | 0.16 |
| | 15.03.2019 (Purchase of Shares) | 500 | | 59,595 | 0.16 |
| | At the end of the year 31 March, 2019 | | | 59,595 | 0.16 |

*Excluding Clearing Members



v SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company |
| 1 | SUDHAKAR GANDE | | | | |
| | At the beginning of the year 1 April 2018 | 1,699,180 | 4.50 | 1,699,180 | 4.50 |
| | 19.06.2018 (Purchase of Shares) | 20,000 | | 1,719,180 | 4.55 |
| | 21.06.2018 (Purchase of Shares) | 5,000 | | 1,724,180 | 4.57 |
| | 27.06.2018 (Purchase of Shares) | 15,000 | | 1,739,180 | 4.61 |
| | At the end of the year 31 March 2019 | | | 17,39,180 | 4.61 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company |
| 2 | KAUSHIK SARKAR | | | | |
| | At the beginning of the year 1 April 2018 | 0 | 0.00 | | 0.00 |
| | 11.02.2019 (Purchase of Shares) | 6,000 | | 6,000 | 0.02 |
| | 12.02.2019 (Purchase of Shares) | 15,000 | | 21,000 | 0.06 |
| | 13.02.2019 (Purchase of Shares) | 2,000 | | 23,000 | 0.06 |
| | 14.02.2019 (Purchase of Shares) | 7,740 | | 30,740 | 0.08 |
| | 15.02.2019 (Purchase of Shares) | 9,719 | | 40,459 | 0.11 |
| | 20.02.2019 (Purchase of Shares) | 2,324 | | 42,783 | 0.11 |
| | 21.02.2019 (Purchase of Shares) | 3,691 | | 46,474 | 0.12 |
| | 25.02.2019 (Purchase of Shares) | 3,032 | | 49,506 | 0.13 |
| | 26.02.2019 (Purchase of Shares) | 7,000 | | 56,506 | 0.15 |
| | At the end of the year 31 March 2019 | | | 56,506 | 0.15 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company |
| 3 | SHWETA AGRAWAL | | | | |
| | At the beginning of the year 1 April 2018 | 1 | 0.00 | 1 | 0.00 |
| | Buy/Sale during the year | 0 | | 0 | 0.00 |
| | At the end of the year 31 March 2019 | | | 1 | 0.00 |

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No of shares | % of total shares of the Company |
| 4 | SHARADHI CHANDRA BABU | | | | |
| | At the date of Appointment 21.01.2019 | 1,200 | 0.00 | 1,200 | 0.00 |
| | Buy/Sale during the year | 0 | | 0 | 0.00 |
| | At the end of the year 31 March 2019 | | | 1,200 | 0.00 |

V INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|-------------------|------------|-----------------------|
| Indebtedness at the beginning of the financial year 1 April, 2018 | | | | |
| i) Principal Amount | 631,487,000 | 25,000,000 | NIL | 656,487,000 |
| ii) Interest due but not paid | - | - | NIL | - |
| iii) Interest accrued but not due | 3,154,904 | 506,713 | NIL | 3,661,617 |
| Total (i+ii+iii) | 634,641,904 | 25,506,713 | | 660,148,617 |
| Change in Indebtedness during the financial year | | | | |
| Additions | 961,983,948 | - | NIL | 961,983,948 |
| Reduction | 786,186,517 | - | NIL | 786,186,517 |
| Net Change | 175,797,431 | - | NIL | 175,797,431 |
| Indebtedness at the end of the financial year 31 March, 2019 | | | | |
| i) Principal Amount | 807,284,431 | 25,000,000 | NIL | 832,284,431 |
| ii) Interest due but not paid | - | - | NIL | - |
| iii) Interest accrued but not due | 1,750,350 | 499,315 | NIL | 2,249,665 |
| Total (i+ii+iii) | 809,034,781 | 25,499,315 | NIL | 834,534,096 |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | | | Total Amount |
|----------|--|---|--|--|---|-------------------|
| | | Sudhakar Gande Vice Chairman & Executive Director* | Mritunjay Singh CEO & Executive Director** | Sharadhi Chandra Babu CEO & Executive Director*** | Anees Ahmed Executive Director **** | |
| 1 | Gross salary | | | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income Tax, 1961. | 5,356,452 | 41,431,032 | 1,117,258 | 8 | 47,904,750 |
| (b) | Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 893,200 | 31,723 | - | - | 924,923 |
| (c) | Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - | - | - |
| 2 | Stock option | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - |
| 4 | Commission as % of profit | - | - | - | - | - |
| 5 | Others***** | 6,276,445 | 749,806 | 387,593 | - | 7,413,844 |
| | Total (A) | 12,526,097 | 42,212,561 | 1,504,851 | 8 | 56,243,517 |
| | Ceiling as per the Act | The Company has taken requisite approval from the Shareholders for all the Executive Directors in compliance of the provisions of Companies Act, 2013, (as amended) read together with Schedule V and the circulars issued in this regard. | | | | |

*For the period 1 April, 2018 to 29 July, 2018 since Mr. Sudhakar Gande stepped down as Vice Chairman & ED w.e.f. 30 July, 2018

** For the period 1 April, 2018 to 18 January, 2019, since Mr. Mritunjay Singh resigned as CEO & Director w.e.f. 19 January, 2019

*** Mr. Sharadhi Babu was appointed as CEO & ED w.e.f. 21 January, 2019

**** Mr. Anees Ahmed was appointed as Executive Director w.e.f. 28 July, 2018

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

B. Remuneration to other directors:

| Sl. No | Particulars of Remuneration | Name of the Directors | | | | | | Total Amount |
|----------|--|--|-------------------------|----------------------|----------------------|-------------------------|----------------------|--------------|
| 1 | Independent Directors | Vivek Mansingh | Pradeep Dadlani | K.M. Rustagi | Srinath Batni | Mariam Mathew | | |
| | (a) Fee for attending board committee meetings | 1,600,000 | 1,800,000 | 1,800,000 | 1,800,000 | 900,000 | | |
| | (b) Commission | - | - | - | - | - | | |
| | (c) Others, please specify | - | - | - | - | - | | |
| | Total (1) | 1,600,000 | 1,800,000 | 1,800,000 | 1,800,000 | 900,000 | 7,900,000 | |
| 2 | Other Non Executive Directors | Sudhakar Gande | Rohitasava Chand | Ashwani Datta | Ajay Lakhotia | Siddhartha Mehra | David Bradley | |
| | (a) Fee for attending board committee meetings | 330,000 | 90,000 | 150,000 | 30,000 | 270,000 | 30,000 | |
| | (b) Commission | - | - | - | - | - | | |
| | (c) Others, please specify. | - | - | - | - | - | | |
| | Total (2) | 330,000 | 90,000 | 150,000 | 30,000 | 270,000 | 30,000 | |
| | Total (B)=(1+2)-Total Managerial Remuneration | | | | | | 8,800,000 | |
| | Overall Ceiling as per the Act. | Non-Executive Directors- Sitting fee not exceeding ₹ 1,00,000/- per meeting/Director | | | | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total | |
|----------|--|--------------------------|------|-----------------------|------------------|-------------------|
| | | ED | CEO* | CFO Company Secretary | | |
| 1 | Gross Salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | | | 19,020,688 | 2,116,476 | 21,137,164 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | | 39,600 | - | 39,600 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | | | - | - | - |
| 2 | Stock Option | | | - | - | - |
| 3 | Sweat Equity | | | - | - | - |
| 4 | Commission as % of profit | | | - | - | - |
| 5 | Others** | | | 3,696,240 | 143,400 | 3,839,640 |
| | Total | | | 22,756,528 | 2,259,876 | 25,016,404 |

*Particulars of Remuneration of KMPs who are Director, are given under point VI(A) above.

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

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for the year ending 31 March, 2019.

ANNEXURE - VIII

Annual Report on Corporate Social Responsibility (CSR) Activities (Pursuant to Section 135 of Companies Act 2013)

1. Company's CSR objectives and policy

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

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

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

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

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

| Name/ details of implementing agency | CSR project/ activity identified | Sector in which the project is covered | Location of projects/ programmes | Amount outlay/ approved (₹ In Lakhs) | Cumulative expenditure upto the reporting period (₹ In Lakhs) | Amount spent direct/ overheads (₹ In Lakhs) |
|---|---|--|--|---|---|--|
| Dream A Dream | <ul style="list-style-type: none"> Employee Participation in After School Life Skills Programmes Career guidance workshops Life skills through Creative Arts (sessions) Dream outdoor experiential camp | Education and employment enhancing vocational skills | Bengaluru | 5.00 | 65.67 | 5.00 |
| Broadwell Hospital | Provide Medical and Healthcare for underprivileged | Healthcare | Bengaluru | 14.00 | 30.00 | 14.000 |

4. The average net profit for the last three financial years ended is ₹ 1611.98 Lakhs

5. Prescribed CSR spend @ 2% of average net profit for the last three financial years is ₹ **32.24 Lakhs**.

6. CSR spend during the financial year:

| | (₹ Lakhs) |
|-----------------------------|-----------|
| a. Total amount to be spent | 32.24 |
| b. Amount committed | 32.24 |
| c. Amount disbursed | 32.24 |
| d. Amount unspent (a-c) | NIL |

| Name/ details of implementing agency | CSR project/ activity identified | Sector in which the project is covered | Location of projects/ programmes | Amount outlay/ approved (₹ In Lakhs) | Cumulative expenditure upto the reporting period (₹ In Lakhs) | Amount spent direct/ overheads (₹ In Lakhs) |
|---|---|--|--|---|---|--|
| Aastha Foundation | Upliftment of differently abled people through educational training and sports | Education, including special education and employment enhancing vocational skills Scholarships | Bengaluru | 3.24 | 33.24 | 3.24 |
| Bhawna institute for the D.D.P. | Upliftment of differently abled people through education. | Education, including special education and employment enhancing vocational skills | Fatehpur | 10.00 | 10.00 | 10.00 |

Notes:

- i. All amounts mentioned above as spent relate to amounts spent through implementing agency, unless stated otherwise.
- ii. There is no expenditure on overheads in the above list.

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

Place: Bengaluru
Date: 8 May, 2019

Sd/-
Sharadhi Chandra Babupampapathy
CEO & Executive Director

Sd/-
Pradeep Dadlani
Director & Member, CSR Committee

Report on Corporate Governance

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

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

II. BOARD OF DIRECTORS

- i. As on 31 March, 2019, the Company has Eleven directors. Out of these eleven Directors, eight (82%) are Non-Executive (including independent directors), including one woman director and five (45%) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of SEBI (LODR), Regulations, 2015 and Companies Act, 2013. The Chairman of the Company is a Non-Executive, Independent Director.
- ii. None of the director is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies have been made by the directors.
- iii. None of the directors are related interse. The changes in the composition of the Board of Directors that took place during the year have been duly informed to the Stock Exchanges from time to time

- iv. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Act.
- v. The 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. None of the Independent Director resigned/stepped down during the financial year 2018-19.
- 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 14 January, 2019. 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 2018-2019** | | Attendance Last AGM** | No. of other Directorships*** and Committee Membership/Chairmanship held as on 31 March, 2019 | | |
|--|-----------|------------------------------|----------|-----------------------|---|-----------------------|-------------------------|
| | | Held | Attended | | Other Directorships | Committee Memberships | Committee Chairmanships |
| Dr. Vivek Mansingh (Chairman) | ID | 10 | 9 | No | 1 | 2 | - |
| Mr. Sharadhi Chandra Babupampapathy ¹ (CEO) | ED | 2 | 2 | NA | - | - | - |
| Mr. Anees Ahmed ² | ED | 7 | 6 | No | 3 | - | - |
| Mr. Sudhakar Gande ³ | NED | 10 | 10 | Yes | 2 | - | - |
| Mr. Kailash M. Rustagi | ID | 10 | 10 | Yes | 1 | 1 | - |
| Mr. Srinath Batni | ID | 10 | 9 | Yes | 2 | - | - |
| Mrs. Mariam Mathew | ID | 10 | 9 | Yes | 0 | - | - |
| Mr. Pradeep Dadlani | ID | 10 | 8 | Yes | 3 | - | - |
| Mr. Ashwani Kumar Datta ⁴ | NED | 7 | 4 | Yes | - | - | - |
| Mr. Ajay Lakhotia ⁵ | NED | 1 | 1 | NA | - | - | - |
| Mr. David Bradley ⁶ | NED | 1 | 1 | NA | - | - | - |
| Mr. Kedarnath Choudhury ⁷ | NED | 1 | 0 | NA | - | - | - |
| Mr. Rohitasava Chand ⁸ | NED | 3 | 2 | NA | - | - | - |
| Mr. Mritunjay Singh ⁹ | ED | 8 | 5 | Yes | - | - | - |
| Mr. Sidhartha Mehra ¹⁰ | NED | 9 | 9 | 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. Appointed as Acting Chief Executive Officer & Executive Director w.e.f. 21 January, 2019
2. Appointed as Executive Director w.e.f. 28 July, 2018
3. Stepped down as Executive Director and Vice Chairman of the Company and continued as Non-Executive Director w.e.f. 30 July 2018.
4. Appointed as Non-Executive Director w.e.f. 28 July, 2018
5. Appointed as Non-Executive Director w.e.f. 02 February, 2019
6. Appointed as Non-Executive Director w.e.f. 05 March, 2019

Resignations during the Year:

7. Mr. Kedarnath Choudhury Resigned from the office of Directorship w.e.f. 30 May, 2018
8. Mr. Rohitasava Chand Resigned from the office of Directorship w.e.f. 30 July, 2018
9. Mr. Mritunjay Kumar Singh Resigned from the office of Directorship w.e.f. 19 January, 2019
10. Mr. Sidhartha Mehra Resigned from the office of Directorship w.e.f. 04 February, 2019

ix. Mr. Srinath Batni is an Independent Director in Cigniti Technologies Limited (Listed entity) and Dr. Vivek Mansingh is an Independent director in Royal Orchid Hotels Limited (Listed entity).

x. Ten Board meetings were held during the fiscal year 2018-2019 and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held 30 May, 2018; 26 June, 2018; 28 July, 2018; 09 August, 2018; 10 September, 2018; 11 November, 2018; 14 January, 2019; 19 January, 2019; 02 February, 2019 and 27 March, 2019.

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 4.61% of equity shares of the Company.

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:

- 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.

- 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-

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

III. COMMITTEES OF THE BOARD

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

A. AUDIT COMMITTEE

- i. The Audit committee of the Company is constituted in line with the requirements of provisions of Regulation 18 of SEBI (LODR), Regulations, 2015, 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 10 September, 2018. All the members have Accounting and Financial management expertise.
- vi. During the fiscal year 2018-2019, five meetings of the Audit Committee were held and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:
- 30 May, 2018; 09 August, 2018; 11 November, 2018; 19 January, 2019 and 02 February, 2019.
- The necessary quorum was present for all the meetings.
- vii. The composition of Audit Committee and the details of meetings attended by its members are given below:

| Name of the Member | Category [#] | No. of meetings attended (Held - 5) |
|-------------------------------------|-----------------------|-------------------------------------|
| Mr. Kailash M. Rustagi, Chairman | ID | 5 |
| Dr. Vivek Mansingh | ID | 5 |
| Mr. Srinath Batni | ID | 4 |
| Mr. Pradeep Dadlani | ID | 4 |

ID – Independent Director; NED – Non Executive Director

B. NOMINATION & REMUNERATION COMMITTEE

- i. The constitution of the Committee is in conformity with the provisions of Section 178 of Companies Act 2013.
- ii. The terms of reference of the Nomination and Remuneration Committee are as under:
- The Committee is primarily responsible to oversee nomination process for appointments of Directors, 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 2018-19 four meetings of Nomination & Remuneration Committee were held on 28 July, 2018; 19 January, 2019; 02 February, 2019 and 27 March, 2019.
 - iv. The Chairman of the Committee is an Independent Director and was present at the last AGM held on 10 September, 2018.
 - v. The composition of the nomination and remuneration committee and the details of meetings attended by its members are given below:

| Name of the Member | Category [#] | No. of meetings attended (Held -4) |
|--------------------------------|-----------------------|------------------------------------|
| Mr. Srinath Batni, Chairman | ID | 4 |
| Mr. Pradeep Dadlani | ID | 4 |
| Mr. Rohitasava Chand* | NED | 1 |
| Mr. Sudhakar Gande | NED | 3 |

ID – Independent Director, NED – Non Executive Director

*Resigned from the office of directorship w.e.f. 30 July, 2018.

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. Apart from this, at present, no other remuneration is being paid to Non- Executive Directors.

Details of the sitting fees for the year ended 31 March, 2019 are as follows:

| Sl. No. | Name | Category# | Amount in ₹ |
|--------------|------------------------|-----------|------------------|
| 1 | Dr. Vivek Mansingh | ID | 16,00,000 |
| 2 | Mr. Kailash M. Rustagi | ID | 18,00,000 |
| 3 | Mr. Pradeep Dadlani | ID | 18,00,000 |
| 4 | Mr. Srinath Batni | ID | 18,00,000 |
| 5 | Mr. Rohitasava Chand* | NED | 90,000 |
| 6 | Mr. Sidhartha Mehra** | NED | 2,70,000 |
| 7 | Mrs. Mariam Mathew | ID | 9,00,000 |
| 8 | Mr. Sudhakar Gande | NED | 3.30,000 |
| 9. | Ashwani Datta | NED | 1,50,000 |
| 10. | Ajay Lakhotia | NED | 30,000 |
| 11. | David Bradley | NED | 30,000 |
| Total | | | 88,00,000 |

ID – Independent Director, NED- Non Executive Director

*Resigned as Director w.e.f. 30 July, 2018

** Resigned as Director w.e.f 4 February, 2018

Remuneration to Executive Directors

| Name of the Director | Fixed Salary | | | Performance linked Variable pay | Total | Service Contract |
|---------------------------|--------------|-------------|------------------|---------------------------------|-------------|--|
| | Salary | Perquisites | Retiral Benefits | | | |
| Mr. Sudhakar Gande | 5,356,452 | 8,93,200 | 6,42,774 | 56,33,671 | 1,25,26,097 | Resigned as VC & ED w.e.f. 30.07.2018 |
| Mr. Mritunjay Singh | 4,14,31,032 | 31,723 | 7,49,806 | - | 4,22,12,561 | Resigned as CEO & ED w.e.f. 19.01.2019 |
| Mr. Anees Ahmed | 8 | - | - | - | 8 | 5 years w.e.f. 28.07.2018 |
| Mr. Sharadhi Chandra Babu | 11,17,258 | - | 42,387 | 3,45,206 | 15,04,851 | Acting CEO & ED for interim |

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 4.61% of equity shares in the Company. The Company has not issued any convertible debentures.

AXISCADES Engineering Technologies Limited

C. STAKEHOLDER'S RELATIONSHIP COMMITTEE

- i. The constitution of the Committee is in conformity with the provisions of Section 178 of Companies Act, 2013.
- ii. During the year FY2018-19, one meeting was held on 02 February, 2019.

- iii. The composition of the stakeholder & relationship committee and the details of meetings attended by its members are given below:

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

ID – Independent Director, NED – Non Executive Director

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

- iv. The main function of Stakeholders' Relationship Committee is to look into the various aspects of interest of shareholders and other security holders. The Committee also oversees share transfer process.
- v. Details of investor complaints received and redressed during the financial year 2018-2019 are as follows:

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

2. GENERAL BODY MEETINGS

- i. 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 |
|----------------------|--------------------------------|---|---|
| 31 March, 2016 | 26 September, 2016; 11.00 a.m. | Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bengaluru-560029, | 1. Amendments to the Memorandum of Association (MOA) of the Company 2. Adoption of new set of Articles of Association (AOA) of the Company |
| 31 March, 2017 | 24 August, 2017; 11.30 a.m. | Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bengaluru-560029, | Approval for Investments in excess of the limits specified under Section 186 of Companies Act, 2013 |
| 31 March, 2018 | 10 September, 2018; 11:30 a.m. | The Chancery Pavilion, 135, Residency Road, Bangalore | None |

- ii. **Postal Ballot**

During the fiscal year 2018-19 two postal ballot processes were conducted and one special resolution were passed through postal ballot, the details of which are as under:

| Resolutions | Votes cast in favour | | Votes cast against | | Date of declaration of results |
|---|----------------------|--------------------------|----------------------|-------|--------------------------------|
| | Number of votes cast | % to the paid-up capital | Number of votes cast | % | |
| 1. To approve the arrangement embodied in the Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited. | 2,99,54,235 | 99.99% | 1306 | 0.01% | 6 August, 2018 |
| 1. Appointment of Director, Mr. Ajay Lakhota | 2,73,43,152 | 100% | 6 | 0 | 24 April, 2019 |
| 2. Appointment of Director, Mr. David Bradley | 2,73,41,942 | 99.99% | 807 | 0.003 | |
| 3. Ratification/Approval of the terms of agreement entered into at the time of release of Mr. Mritunjay Singh, Ex-CEO & Executive Director | 2,73,41,226 | 99.99% | 1523 | 0.005 | |

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. One meeting was held during the year on 02 February, 2019.

- ii. **BUSINESS STRATEGY COMMITTEE (BSC)**

The Board of Directors redefined Merger & Acquisition Committee as Business and Strategy Committee (BSC) to evaluate various business opportunities, strategies and opportunities for the inorganic growth of the Company. One meeting was held during the year on 11 November, 2018.

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

Procedure of Postal Ballot

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

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

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

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

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

V. DISCLOSURES

i. Related Party Transactions

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

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

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

http://www.axiscades.com/investors_data/corp_gov_report/ACET_RTP_Policy.pdf

ii. Details of non-compliance

The Company has paid a fine of ₹ 5000 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-

http://www.axiscades.com/investors_data/corp_gov_report/ACET_Whistle_Blower_Policy.pdf

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

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

The Company has complied with all the mandatory requirements.

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

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.

vi. Code of Conduct:

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

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

(vii) Internal Code of Conduct for Prevention of Insider Trading

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 which has come into force with effect from 15 May, 2015 and the amendment thereof which has come into force with effect from 01 April, 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

During the year under review the Company closed its trading window seven days prior to the Board meeting, to approve and declare quarterly financial results, and till 48 hours after the publication of such results. Subsequent to the amendment to SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from 01 April, 2019 trading window shall be 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.

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 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-

http://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. The results are also displayed on the Company's website www.axiscades.com. Press notes/ releases/presentations to the Institutional Investors and analysts, other announcement and Notices are posted promptly on the Website of the Company in addition to Stock Exchange Communication.

VIII. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting

Date: 30 September, 2019

Time: 11.30 a.m.

Venue: The Chancery Pavilion, 135, Residency Road, Bangalore

ii. Financial Calendar

Financial Year: 01 April to 31 March (2018-2019)

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 2019-2020 as applicable have been paid to all the above Stock Exchanges.



iv. Dematerialization of Equity Shares

Equity shares of the Company representing 99.89% of the Company's equity share capital are dematerialized as on 31 March, 2019.

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

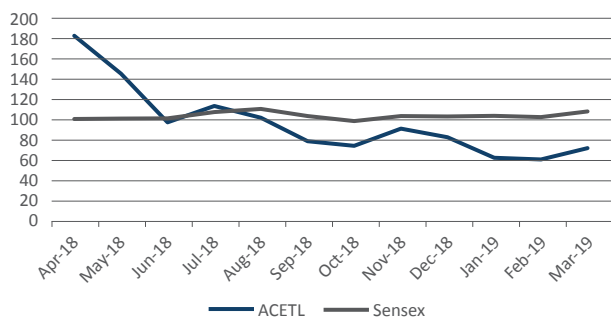
v. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence as on 31 March, 2019 the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

vi. Market Price Data

Monthly High, low market price data in the Financial Year 2018-2019 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 | 187.20 | 135.50 | 187.00 | 136.10 |
| May | 185.00 | 142.70 | 185.00 | 141.30 |
| June | 140.00 | 90.25 | 139.00 | 90.00 |
| July | 128.40 | 95.00 | 127.90 | 95.05 |
| August | 120.00 | 97.80 | 120.10 | 98.00 |
| September | 115.40 | 77.30 | 115.00 | 77.00 |
| October | 80.50 | 61.95 | 82.00 | 63.20 |
| November | 99.80 | 73.40 | 99.80 | 72.70 |
| December | 92.80 | 80.15 | 91.95 | 77.40 |
| January | 86.80 | 58.00 | 86.75 | 58.10 |
| February | 65.70 | 50.80 | 68.70 | 51.00 |
| March | 77.00 | 58.00 | 76.90 | 58.90 |

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



*Based on the Closing Market Price

viii. Registrar and Transfer Agent

Name and Address : Karvy Fintech 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

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 30 September, 2019 and 31 March, 2019.

x. Shareholding as on 31 March, 2019:

a. Distribution of equity shareholding as on 31 March, 2019:

| No. of Shares | Holding | % to Capital | No. of accounts | % to total accounts |
|--------------------|-------------------|---------------|-----------------|---------------------|
| 1-5000 | 5,495,069 | 14.55 | 17324 | 98.61 |
| 5001-10000 | 898,008 | 2.38 | 120 | 0.68 |
| 10001-20000 | 783,675 | 2.08 | 55 | 0.31 |
| 20001-30000 | 762,021 | 2.02 | 30 | 0.17 |
| 30001-40000 | 417,313 | 1.11 | 12 | 0.07 |
| 40001-50000 | 450,682 | 1.19 | 10 | 0.06 |
| 50001-100000 | 506,233 | 1.34 | 7 | 0.04 |
| 100001 and above | 28,446,529 | 75.34 | 11 | 0.06 |
| Grand Total | 37,759,530 | 100.00 | 17569 | 100.00 |

b. Categories of equity shareholders as on 31 March, 2019:

| Category | No. of shares | Percentage |
|------------------------------------|-------------------|----------------|
| Promoters Group – Indian | 24,945,271 | 66.06 |
| Indian Public | 9,714,274 | 25.73 |
| Bodies Corporate | 1,814,330 | 4.80 |
| NRIs/ OCBs/ Foreign Nationals/FIIs | 373,759 | 0.99 |
| Others | 911,896 | 2.42 |
| Total | 37,759,530 | 100.00% |

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.

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

xii. **Auditors' Certificate**

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

xvi. Credit Ratings: The Company has obtained the credit rating CARE BBB and CARE A3 from CARE India Limited for Bank facilities.

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.

xvii. There were no such mandatory matters where the Board had not accepted any recommendation by the Committees. in the financial year 2018-2019.

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 ₹ 75,50,000 (excluding out of pocket expenses).

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

xix. Disclosures in relation to the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013 during the FY 2018-19

xv. Registered Office & Address for correspondence:

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

| | |
|--|-----|
| No. of Complaints filed | Nil |
| No. of Complaints disposed off | Nil |
| No. of Complaints pending as on 31 March, 2019 | Nil |

- xx. The Company has received a Certificate from Sameer Bhatnagar, a 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: 8 May, 2019

Sd/-
Sharadhi Chandra Babupampapathy
CEO & Executive Director

Sd/-
Sudhakar Gande
Director



Practising Company Secretaries' Certificate on Corporate Governance

To

The Members of
AXISCADES Engineering Technologies Limited

We have examined the compliance of the conditions of Corporate Governance by AXISCADES Engineering Technologies Limited ('the Company') for the year ended on March 31, 2019, 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, 2019.

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.

Date: May 8, 2019
Place: Mumbai

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

Sd/-
Anant B Khamankar
FCS No.: 3198
CP No.: 1860



(CEO/CFO certificate under Clause 17 of LR)

To
The Board of Directors
AXISCADES Engineering Technologies Limited

Dear Sirs,
Certification under Regulation 17 of the Listing Regulations for the financial year ended 31 March, 2019

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

- (a) We have reviewed the financial statements and the cash flow statement for the year ended 31 March, 2019 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 quarter 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: 8 May, 2019

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

Sd/-
Kaushik Sarkar
Chief Financial Officer

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

To,
The Shareholders
AXISCADES Engineering Technologies Limited

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

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31 March, 2019.

Sd/-

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director
AXISCADES Engineering Technologies Limited



Independent Auditor's Report

as at 31 March, 2019

To the Members of 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 Engineering Technologies Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, 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 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 ("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, 2019, its loss including other comprehensive income 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.

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, 2019. 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>Valuation of Purchase consideration payable for business acquisition <i>(as described in note 6(a)(i) of the standalone Ind AS financial statements)</i></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, 2019, the Company has purchase consideration payable of ₹ 20,401.81 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"> We understood, evaluated and tested Management's controls over the assessment of the purchase consideration payable; We evaluated performance forecasts used in the computation of purchase consideration payable and engaged expert to assess the assumptions adopted by the Management with reference to MSPL Group's business plan and historical actual results to assess the quality of MSPL Group's financial projection including assumption related to discount rates & growth rates; and |

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| <p>The assessment of purchase consideration payable made by the Management involves significant estimates and judgments in relation to the post-acquisition performance of the MSPL Group and discount rates applied in determining the fair value of purchase 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"> We tested the mathematical accuracy of the underlying computation of purchase consideration payable and validated as per the terms of the SPA. |
| <p>Assessment of impairment of investments in certain subsidiaries (as described in note 6(d) 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 investments in Mistral Solutions Private Limited ('MSPL') and AXISCADES Aerospace and Technologies Limited ('AATL'). The carrying value of the investments in MSPL and AATL aggregated ₹ 24,213.97 lakhs and ₹ 11,962.04 lakhs respectively. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment was required to be recognised.</p> <p>For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows.</p> <p>Further, the determination of the recoverable amount of the investments in MSPL and AATL involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of these investments.</p> <p>Accordingly, the impairment of investments in MSPL and AATL 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"> We understood, evaluated and validated Management's key controls over the impairment assessment process; 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 experts involved in the process; We engaged experts to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates and methodologies used by the Management to determine the recoverable amount. We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used; and We tested the arithmetical accuracy of the impairment testing models. |



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 the 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 system 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, 2019 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 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 44 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

Sunil Gaggar

Partner

Membership Number: 104315

Place: Bengaluru
Date: 8 May, 2019



Annexure - A to the Auditor's Report

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 of the Act are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of loans and advances given, investments made, guarantees and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and the information and explanations given to us, there are no dues of income-tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute. The disputed dues on account of service tax are as follows:

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

- (viii) In our opinion and according to the information and explanations given by the Management, the Company has not defaulted in repayment of loans or borrowing to 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 by way of initial public offer/further public offer/debt instruments. During the year, the Company has obtained a foreign currency term loan towards purchase of

hardware and software. In our opinion and according to the information and explanations given by the Management, the aforesaid loan has been utilised 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 explanation given by the Management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the Management, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year 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 the Act.

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

Sunil Gaggar

Partner

Place: Bengaluru

Date: 8 May, 2019

Membership Number: 104315



Annexure - B 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 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")

We have audited the internal financial controls over financial reporting of AXISCADES Engineering Technologies Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting with reference to these 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 internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

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

A Company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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 OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019, based on the

internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Bengaluru
Date: 8 May, 2019

Sd/-
Sunil Gaggar
Partner
Membership Number: 104315



Balance Sheet

as at 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Note | As at | |
|--|------|------------------|------------------|
| | | 31 March 2019 | 31 March 2018 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 1,200.78 | 1,367.07 |
| Other intangible assets | 4 | 479.47 | 950.38 |
| Intangible assets under development | 5 | 50.00 | - |
| Financial assets | | | |
| Investments | 6 | 38,673.88 | 38,446.38 |
| Trade receivables | 7 | - | 11.14 |
| Loans | 8 | 773.88 | 695.58 |
| Other financial assets | 9 | 119.75 | 196.14 |
| Deferred tax assets, net | 34 | 818.62 | 658.51 |
| Non-current tax asset, net | 10 | 1,238.01 | 664.94 |
| Other non-current assets | 11 | 29.62 | 78.02 |
| | | 43,384.01 | 43,068.16 |
| Current assets | | | |
| Financial assets | | | |
| Trade receivables | 7 | 6,975.99 | 6,004.69 |
| Cash and cash equivalents | 12 | 433.82 | 765.06 |
| Bank balances other than cash and cash equivalents | 13 | 101.78 | 218.51 |
| Loans | 8 | 313.27 | 144.67 |
| Other financial assets | 9 | 2,612.18 | 2,803.85 |
| Other current assets | 11 | 2,024.15 | 1,923.34 |
| | | 12,461.19 | 11,860.12 |
| Total assets | | 55,845.20 | 54,928.28 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 14 | 1,889.51 | 1,889.51 |
| Other equity | 15 | 20,683.74 | 21,061.48 |
| | | 22,573.25 | 22,950.99 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 2,083.48 | 2,824.91 |
| Other financial liabilities | 17 | 9,698.97 | 10,325.23 |
| Provisions | 18 | 438.56 | 395.23 |
| Other non-current liabilities | 19 | 27.82 | 27.82 |
| | | 12,248.83 | 13,573.19 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 5,360.44 | 3,739.96 |
| Trade payables | 20 | | |
| (a) Total outstanding dues of micro and small enterprises | | 11.69 | - |
| (b) Total outstanding dues of creditors other than micro and small enterprises | | 1,501.72 | 2,154.76 |
| Other financial liabilities | 17 | 13,117.27 | 11,632.25 |
| Provisions | 18 | 283.11 | 262.96 |
| Other current liabilities | 19 | 748.89 | 614.17 |
| | | 21,023.12 | 18,404.10 |
| Total equity and liabilities | | 55,845.20 | 54,928.28 |

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

per Sunil Gaggur

Partner

Membership no.: 104315

Place: Bengaluru

Date: 8 May, 2019

For and on behalf of the Board of Directors of

AXISCADES Engineering Technologies Limited

CIN No: L72200KA1990PLC084435

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director

DIN: 02809502

Kaushik Sarkar

Chief Financial Officer

Place: Bengaluru

Date: 8 May, 2019

Sudhakar Gande

Non Executive Director

DIN: 00987566

Shweta Agrawal

Company Secretary

Membership No.: 14148

Place: Bengaluru

Date: 8 May, 2019

Statement of Profit and Loss

for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Note | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from contracts with customers | 21 | 22,519.26 | 23,258.02 |
| Other income | 22 | 160.67 | 693.74 |
| Total income | | 22,679.93 | 23,951.76 |
| Expenses | | | |
| Employee benefits expense | 23 | 14,390.59 | 14,533.54 |
| Finance costs | 24 | 1,667.64 | 720.32 |
| Depreciation and amortization expense | 25 | 907.01 | 1,370.11 |
| Project consultancy charges | | 1,679.35 | 1,950.30 |
| Other expenses | 26 | 6,027.08 | 6,162.95 |
| Total expenses | | 24,671.67 | 24,737.22 |
| Loss before exceptional items and tax | | (1,991.74) | (785.46) |
| Exceptional items | 27 | 1,450.68 | (298.69) |
| Loss before tax | | (541.06) | (1,084.15) |
| Tax expense: | 34 | | |
| (i) Current tax | | - | 156.47 |
| (ii) Adjustment of tax relating to earlier years | | - | 58.79 |
| (iii) Deferred tax credit | | (141.67) | (357.60) |
| Income tax expense | | (141.67) | (142.34) |
| Loss after tax for the year | | (399.39) | (941.81) |
| Other Comprehensive Income | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| Remeasurement losses in defined benefit plans | 37 | (14.89) | (0.03) |
| Income tax effect | | 4.34 | 0.01 |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | | (10.55) | (0.02) |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| Gain/ (losses) on cash flow hedges | | 30.55 | (279.50) |
| Income tax effect | | (8.90) | 96.75 |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | 21.65 | (182.75) |
| Other comprehensive income for the year, net of tax | | 11.10 | (182.77) |
| Total comprehensive income for the year, net of tax | | (388.29) | (1,124.58) |
| Earnings per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2018 : ₹ 5)] | | | |
| Basic and diluted | 28 | (1.06) | (2.49) |

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

per Sunil Gaggar

Partner
Membership no.: 104315

Place: Bengaluru
Date: 8 May, 2019

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

Sharadhi Chandra Babupampapathy
Chief Executive Officer and Executive Director
DIN: 02809502

Kaushik Sarkar
Chief Financial Officer

Place: Bengaluru
Date: 8 May, 2019

Sudhakar Gande
Non Executive Director
DIN: 00987566

Shweta Agrawal
Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 8 May, 2019

Statement of Cash Flows

for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| A. Cash flow from operating activities | | |
| Loss before tax | (541.06) | (1,084.15) |
| Adjustments to reconcile loss before tax to net cash flows: | | |
| Depreciation and amortization expense | 907.01 | 1,370.11 |
| Interest income (including fair value change in financial instruments) | (130.79) | (219.82) |
| Interest expense (including fair value change in financial instruments) | 1,667.64 | 691.63 |
| Exceptional Item (Change in Purchase consideration) | (1,450.68) | - |
| Provision no longer required written back | (8.10) | (115.67) |
| Bad debts written off | 7.53 | 11.92 |
| Profit on sale of Property, plant and equipment | (7.61) | - |
| Net unrealized foreign exchange (gain)/ loss | 754.36 | (180.30) |
| Operating profit before working capital changes | 1,198.30 | 473.72 |
| Movements in working capital | | |
| (Increase)/Decrease in trade receivables | (1,070.46) | (1,454.10) |
| (Increase)/Decrease in other assets | 556.62 | (1,503.10) |
| (Increase)/Decrease in loans and advances | (193.67) | 78.02 |
| (Decrease)/Increase in trade payables and other liabilities | (247.62) | 1,463.83 |
| (Decrease)/Increase in provisions | 14.32 | 16.62 |
| Cash generated from/(used in) operating activities | 257.49 | (925.01) |
| Direct taxes paid (net of refunds) | (573.07) | (183.25) |
| Net cash generated used in operating activities (A) | (315.58) | (1,108.26) |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment, intangible assets and Intangible assets under development | (300.64) | (738.69) |
| Proceeds from sale of property, plant and equipment | 10.00 | - |
| Interest received | 63.72 | 379.03 |
| Investments in fixed deposits, net | (171.87) | 24.35 |
| Investment in subsidiaries | - | (3,523.02) |
| Investment in associate | (227.50) | - |
| Net cash used in investing activities (B) | (626.29) | (3,858.33) |

Statement of Cash Flows

for the year ended 31 March 2019

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| C. Cash flow from financing activities | | |
| Repayments of intercorporate deposits | - | (73.00) |
| Proceeds from intercorporate deposits | - | 250.00 |
| Repayments/Proceeds from long-term borrowings | (395.70) | 2,942.04 |
| Proceeds from working capital loans | 1,745.75 | 971.77 |
| Interest paid | (739.42) | (273.04) |
| Net cash generated from financing activities (C) | 610.63 | 3,817.77 |
| Net decrease in cash and cash equivalents (A+B+C) | (331.24) | (1,148.82) |
| Cash and cash equivalents at the beginning of the year [refer note 12(a)] | 765.06 | 1,913.88 |
| Cash and cash equivalents at the end of the year [refer note 12(a)] | 433.82 | 765.06 |

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

per Sunil Gaggar

Partner
Membership no.: 104315

Place: Bengaluru
Date: 8 May, 2019

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

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director
DIN: 02809502

Kaushik Sarkar

Chief Financial Officer

Place: Bengaluru
Date: 8 May, 2019

Sudhakar Gande

Non Executive Director
DIN: 00987566

Shweta Agrawal

Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 8 May, 2019



Statement of Changes in Equity

for the year ended 31 March 2019

A. Equity share capital

(All amounts in ₹ Lakhs, unless otherwise stated)

| Equity shares of ₹ 5 each (31 March, 2018: ₹ 5 each), fully paid-up | Equity shares | |
|---|---------------|-----------------|
| | Number | Amount |
| At 01 April 2017 | 377.60 | 1,889.51 |
| Add: Issued and subscribed during the year | - | - |
| At 31 March 2018 | 377.60 | 1,889.51 |
| Add: Issued and subscribed during the year | - | - |
| At 31 March 2019 | 377.60 | 1,889.51 |

B. Other equity

| Particulars | Reserves and Surplus | | | Items of OCI | | Total |
|--|----------------------------|---|-----------------|-----------------|--|-------------------|
| | Securities premium account | Surplus in the Statement of Profit and Loss | Capital reserve | Hedge reserve | Other items of other comprehensive income / (loss) | |
| Balance as at 1 April 2017 | 10,077.23 | 7,753.65 | 4,227.97 | 146.95 | (19.74) | 22,186.06 |
| Loss for the year | - | (941.81) | - | - | - | (941.81) |
| Fair value Loss on derivatives instruments, net of tax | - | - | - | (182.75) | - | (182.75) |
| Re-measurement losses in defined benefit plans, net of tax | - | - | - | - | (0.02) | (0.02) |
| Total comprehensive income | - | (941.81) | - | (182.75) | (0.02) | (1,124.58) |
| Balance as at 31 March 2018 | 10,077.23 | 6,811.84 | 4,227.97 | (35.80) | (19.76) | 21,061.48 |
| Loss for the year | - | (399.39) | - | - | - | (399.39) |
| Fair value gain on derivatives instruments, net of tax | - | - | - | 21.65 | - | 21.65 |
| Re-measurement losses in defined benefit plans, net of tax | - | - | - | - | (10.55) | (10.55) |
| Other tax adjustments | - | - | - | 10.55 | - | 10.55 |
| Total Comprehensive Income | - | (399.39) | - | 32.20 | (10.55) | (377.74) |
| Balance as at 31 March 2019 | 10,077.23 | 6,412.45 | 4,227.97 | (3.60) | (30.31) | 20,683.74 |

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

per Sunil Gaggar

Partner
Membership no.: 104315

Place: Bengaluru
Date: 8 May, 2019

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

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director
DIN: 02809502

Kaushik Sarkar

Chief Financial Officer

Place: Bengaluru
Date: 8 May, 2019

Sudhakar Gande

Non Executive Director
DIN: 00987566

Shweta Agrawal

Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 8 May, 2019

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ lakhs, unless otherwise stated)

1. GENERAL INFORMATION

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

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

2 (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 08 May, 2019.

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.

Classification of leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including,

but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

The Company bases its estimates and assumptions on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized 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 utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Capitalization of internally developed intangible assets

Distinguishing the research and development phases of a new customized project and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, Management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized 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



Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

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 recognized 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.

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 capitalized 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 capitalized only when

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

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 recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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

| Asset Category | Useful lives (in years) |
|--------------------------|-------------------------|
| Computers | 3 |
| Furniture and fixtures * | 7 |
| Office equipment * | 7 |
| Office buildings * | 61 |
| Vehicles * | 5 |

* Based on an internal assessment, the Management believes that the useful lives as given above represents the period over which Management expects to use the assets. Hence, the useful lives for these assets 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 amortization 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 recognized in the Statement of Profit and Loss when the asset is derecognized.

Process manuals are amortized over the remaining project term or the useful life of the process manual, whichever is shorter. Software's are amortized over the period of 3 years.

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

Intangible assets under development

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

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

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

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

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized 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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortization 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 Company earns revenue from contract with customer primarily from sale of services.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer Note 2(g) – Significant accounting policies – Revenue Recognition - in the annual report of the Company for the year ended 31 March, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

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 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 amortized 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 amortized 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 recognized 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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

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 recognized 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 recognized as an expense in these periods in which the employee renders services in those respective countries.

Defined benefit plan

Gratuity

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

Compensated absences

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

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

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

number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

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

Short-term employee benefits

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

i) Leases

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

Finance Lease

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

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

Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the



Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

j) Foreign currency transactions

Functional and presentation currency

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

Transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized 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 capitalized 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 in 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 recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognized 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized 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 recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized 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 utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognized 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 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 recognized 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 recognized 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 recognized 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 recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

Onerous contracts

Present obligations arising under onerous contracts are recognized 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 recognized 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 amortized 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 amortized cost
A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

- 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

ii. Debt instrument at FVTOCI

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognized 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 recognized 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 derecognized (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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/

loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized 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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized 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 recognized 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 recognized 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.



Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

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 recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized 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 recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item.

p) Impairment of financial assets

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

The Company tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the

original EIR. When estimating the cash flows, an entity is required to consider:

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

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

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

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

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized 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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

q) Fair value measurement

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

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

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

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

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

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

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

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

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

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

For assets and liabilities that are recognized 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 equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

u) Business combinations

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



Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

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) 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(II) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in during the year ending 31 March, 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for providing services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. The Company do not have any significant impact on adoption of Ind AS 115 for the current year.

2(III) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

i) Ind AS 116: Leases

On March 30, 2019, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 116, "Leases", will replace existing Ind AS on Lease. It replaces Ind AS 17, "Leases" and is applicable for all accounting periods commencing on or after April 1, 2019. The standard introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. For lessees, Ind AS 116 removes distinctions between operating leases and finance leases. These are replaced by a model where a right of use asset and a corresponding liability are recognized for all leases except for short-term leases and low value assets. In contrast to lessee accounting, Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The standard permits two possible methods of transition:

Full Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented.

Modified Retrospective approach - Under this approach the entity shall not restate the comparative information. Instead, the entity shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings at the date of initial application.

The Company has established an implementation team to implement Ind AS 116 related to the identification and recognition of leases and continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

During the year, the Company has made progress in a number of areas including the identification of leases and contracts that could be determined to include a lease; the collation of lease data required for the calculation of the impact assessment; identification of areas of complexity or judgement relevant to the Company; identification of necessary changes to systems and processes required to enable reporting and accounting in accordance with Ind AS 116; and development of initial estimates for discount rates.

From the work performed to date and based on the undiscounted lease commitments presented in note 31, it is anticipated that implementation of the new standard using the modified retrospective approach

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (All amounts in ₹ Lakhs, unless otherwise stated)

will have impact on the reported assets and liabilities of the Company.

These adjustments will lead to an increase in total assets and total liabilities at the date of transition as a result of the recognition of the right of use assets and the corresponding lease liabilities.

In addition, the implementation of the standard will impact the income statement and classification of cash flows.

While the total amount of expenses charged over the term of the lease remains the same, the distribution of such expenses over time and the breakdown of the same into depreciation on the right of use asset and interest expense on the lease liability.

A reliable estimate of the financial impact on the Company's results is dependent on a number of unresolved areas, including; choice of transition option, refinement of approach to discount rates, estimates of lease-term for leases with options to break and renew and conclusion of data collection. In addition, the financial impact is dependent on the facts and circumstances at the time of transition. For these reasons, it is not yet practicable to determine a reliable estimate of the financial impact on the Company.

ii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- b) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

iii) Appendix C to Ind AS 12 uncertainty over income tax treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. Since the Company operates in a complex tax environment, applying the interpretation may affect its financial statements. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the interpretation on a timely basis.



Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT (PPE)

| Particulars | Leasehold land | Computers | Furniture and fixtures | Office equipment | Office building | Vehicles | Leasehold improvements | Total |
|----------------------------------|----------------|-----------|------------------------|------------------|-----------------|----------|------------------------|----------|
| Cost* | | | | | | | | |
| Balance as at 1 April 2017 | 815.88 | 488.01 | 50.25 | 88.89 | 136.19 | 50.21 | 16.18 | 1,645.61 |
| Additions | - | 147.88 | 19.21 | 39.16 | - | - | - | 206.25 |
| Balance as at 31 March 2018 | 815.88 | 635.89 | 69.46 | 128.05 | 136.19 | 50.21 | 16.18 | 1,851.86 |
| Additions | - | 49.27 | 12.65 | 7.56 | - | - | - | 69.48 |
| Disposals | - | - | - | - | - | (30.78) | - | (30.78) |
| Balance as at 31 March 2019 | 815.88 | 685.16 | 82.11 | 135.61 | 136.19 | 19.43 | 16.18 | 1,890.56 |
| Accumulated depreciation | | | | | | | | |
| Balance as at 1 April 2017 | - | 115.25 | 13.58 | 21.24 | 2.96 | (0.87) | 10.92 | 163.08 |
| Depreciation charge for the year | - | 266.69 | 12.77 | 22.03 | 2.86 | 16.69 | 0.67 | 321.71 |
| Balance as at 31 March 2018 | - | 381.94 | 26.35 | 43.27 | 5.82 | 15.82 | 11.59 | 484.79 |
| Depreciation charge for the year | - | 175.58 | 14.11 | 24.30 | 2.70 | 16.70 | - | 233.39 |
| Disposals | - | - | - | - | - | (28.40) | - | (28.40) |
| Balance as at 31 March 2019 | - | 557.52 | 40.46 | 67.57 | 8.52 | 4.12 | 11.59 | 689.78 |
| Net block | | | | | | | | |
| As at 31 March 2018 | 815.88 | 253.95 | 43.11 | 84.78 | 130.37 | 34.39 | 4.59 | 1,367.07 |
| As at 31 March 2019 | 815.88 | 127.64 | 41.65 | 68.04 | 127.67 | 15.31 | 4.59 | 1,200.78 |

a. Contractual obligations

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

b. Capitalized borrowing cost

There is no borrowing costs capitalized during the year ended 31 March 2019 (31 March 2018: Nil).

c. Property, plant and equipment pledged as security

Details of properties pledged are as per note 16.

d. Decommissioning cost

A provision has been recognized 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).

* For Property, plant and equipment existing as on the date of transition to Ind AS i.e., 1 April 2016, the Company has used fair value as at 1 April 2016 as deemed cost. Thereafter, all the additions to Property, plant and equipment are recognized at cost.

4. OTHER INTANGIBLE ASSETS

| Particulars | Software | Process manuals | Total |
|----------------------------------|----------|-----------------|----------|
| Cost | | | |
| Balance as at 1 April 2017 | 615.94 | 1,540.03 | 2,155.97 |
| Additions | 318.03 | 214.41 | 532.44 |
| Balance as at 31 March 2018 | 933.97 | 1,754.44 | 2,688.41 |
| Additions | 202.71 | - | 202.71 |
| Balance as at 31 March 2019 | 1,136.68 | 1,754.44 | 2,891.12 |
| Accumulated amortization | | | |
| Balance as at 1 April 2017 | 199.45 | 490.18 | 689.63 |
| Amortization charge for the year | 246.70 | 801.70 | 1,048.40 |
| Balance as at 31 March 2018 | 446.15 | 1,291.88 | 1,738.03 |
| Amortization charge for the year | 294.54 | 379.08 | 673.62 |
| Balance as at 31 March 2019 | 740.69 | 1,670.96 | 2,411.65 |
| Net block | | | |
| As at 31 March 2018 | 487.82 | 462.56 | 950.38 |
| As at 31 March 2019 | 395.99 | 83.48 | 479.47 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

5. INTANGIBLE ASSETS UNDER DEVELOPMENT

| Particulars | Software | Total |
|--|----------|-------|
| Balance as at 1 April 2017 | - | - |
| Additions during the year | - | - |
| Balance as at 31 March 2018 | - | - |
| Additions during the year (refer note (i) below) | 50.00 | 50.00 |
| Balance as at 31 March 2019 | 50.00 | 50.00 |

(i) Intangible assets under development pertains to development of an application with an objective to bring more efficiency in delivery of certain products.

6. INVESTMENTS

i) Unquoted Investments carried at cost

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Non-current | | |
| Investment in equity shares of subsidiaries: | | |
| AXISCADES Inc. 19,725 equity shares (31 March 2018: 19,725) of no par value | 1,489.06 | 1,489.06 |
| Cades Studec Technologies (India) Private Limited 475,000 equity shares (31 March 2018: 475,000) of ₹ 10 each | 719.66 | 719.66 |
| AXISCADES Technology Canada Inc. (formerly Cades Technology Canada Inc.) 100 equity shares (31 March 2018: 100) of Canadian Dollar 1 each | 0.05 | 0.05 |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. 1 equity share (31 March 2018: 1) of no par value | 42.68 | 42.68 |
| AXISCADES GmbH 1 equity share (31 March 2018: 1) of no par value | 18.87 | 18.87 |
| AXISCADES Aerospace & Technologies Private Limited (refer note (c) below) 16,838,512 equity shares (31 March 2018: 16,838,512) of ₹ 10 each | 11,962.04 | 11,962.04 |
| Mistral Solutions Private Limited (refer note (a) below) 3,797,400 equity shares (31 March 2018: 3,797,400) of ₹ 5 each | 24,213.97 | 24,213.97 |
| Investment in equity shares of associate: | | |
| ASSYSTEMS AXISCADES Engineering Private Limited (refer note (b) below) 455,000 equity shares (31 March 2018: Nil) of ₹ 50 each | 227.50 | - |
| Total investment carried at cost | 38,673.83 | 38,446.33 |

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

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Axis Cogent Global Limited 946,822 (31 March 2018: 946,822) equity shares of ₹ 10 each | - | - |
| Datum Technology Limited 50,000 (31 March 2018: 50,000) equity shares of ₹ 10 each | - | - |
| Total investment carried at fair value through profit or loss | - | - |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

iii) Other investments (at amortized cost)

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| National savings certificates | 0.05 | 0.05 |
| Total investment carried at amortized cost | 0.05 | 0.05 |
| Aggregate value of investments | 38,673.88 | 38,446.38 |

- a) i) During the previous year, 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 MSPL effective December 01, 2017.

As per the SPA, the amount of purchase consideration payable is dependent on revenues and profit after tax generated by MSPL Group since the acquisition date through the financial year ended March 2022. As on the acquisition date, the fair value of the purchase consideration aggregated ₹ 24,213.97 Lakhs, payable over a period specified in the SPA. The fair value of the purchase consideration payable as at 31 March 2019, aggregated ₹ 20,401.81 Lakhs (31 March, 2018: ₹ 21,028.07 Lakhs).

| Particulars | As at | As at |
|--|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Opening balance of purchase consideration payable | 21,028.07 | - |
| Add: Additions during the year | - | 24,213.97 |
| Add: Unwinding of discount (interest expense) | 824.42 | 337.12 |
| Less: Payments made during the year | - | (3,523.02) |
| Less: Fair value gain recognized during the year | (1,450.68) | - |
| Closing balance of purchase consideration payable | 20,401.81 | 21,028.07 |

During the year, the Company has recognized a fair value gain of ₹ 1,450.68 Lakhs on re-estimation of the purchase consideration payable and has recognized an interest expense of ₹ 824.42 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 current year's actual performance of MSPL Group.

The Company has engaged an independent external valuer for valuation of purchase 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.

Out of the aforesaid purchase consideration payable at the year end, ₹ 9,698.97 Lakhs (31 March, 2018: ₹ 10,325.23 Lakhs) is disclosed under Other Non-current financial liabilities; and ₹ 10,702.84 Lakhs (₹ 10,702.84 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 (erstwhile holding company of MSPL) 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. As the registered office of the Explosoft Tech Solutions Pvt Ltd is situated in the state of Maharashtra, the scheme has also been filed with NCLT, Mumbai for approval. Presently the Company is awaiting for final hearing for the approval. Pending necessary approval from NCLT Mumbai, bench no effect is given to aforesaid scheme of amalgamation.

- b) During the year, 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.

- c) The Board of Directors of the Company at its meeting held on 14 August 2015, had approved the acquisition of AXISCADES Aerospace & Technologies Private Limited ("ACAT"), an aerospace, defence and homeland security technologies Company by way of a Scheme of Amalgamation ("Scheme") of India Aviation Training Institute Private Limited ("IAT") with the Company. ACAT is a 100% subsidiary of IAT.

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

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

- d) The Company is carrying an investment of ₹ 11,962.04 Lakhs and ₹ 24,213.97 in its subsidiaries, AXISCADES Aerospace & Technologies Private Limited and Mistral Solutions Private Limited respectively. The Company has engaged an independent external valuer to carry out an assessment of any impairment in the carrying value of these subsidiaries. The Company has carried out valuation of the aforementioned investment in subsidiaries, using a discounted cash flow method and the recoverable value of these investments are higher than the carrying amount of these investments.

7. TRADE RECEIVABLES

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Non-current | | |
| (a) Trade Receivables | - | 11.14 |
| | - | 11.14 |
| Current | | |
| (a) Trade Receivables | 4,484.97 | 3,849.19 |
| (b) Receivables from related parties(refer note:30) | 2,491.02 | 2,155.50 |
| Total Trade receivables | 6,975.99 | 6,004.69 |
| Break-up for security details: | | |
| Trade receivables (Current and Non Current) | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 6,975.99 | 6,015.83 |
| Trade Receivables which have significant increase in credit risk | 4.77 | 2.57 |
| Trade Receivables - credit impaired | 5.33 | - |
| | 6,986.09 | 6,018.40 |
| Impairment Allowance (allowance for bad and doubtful debts) | | |
| Trade Receivables which have significant increase in credit risk | (4.77) | (2.57) |
| Trade Receivables - credit impaired | (5.33) | - |
| Total Trade receivables | 6,975.99 | 6,015.83 |

As at 31 March 2019, trade receivables include a sum of ₹ 21.78 lakhs (31 March 2018: ₹ 21.78 Lakhs) foreign currency receivables outstanding for more than 365 days. In this regard, the Company has filed for extension with its Authorized Dealer as per the required provisions of Foreign Exchange Management Act,1999.

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

8. LOANS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---------------------------------------|------------------------|------------------------|
| Non-current | | |
| (Unsecured, considered good) | | |
| Security deposits | 773.88 | 695.58 |
| | 773.88 | 695.58 |
| Current (refer note (b) below) | | |
| (Unsecured, considered good) | | |
| Other receivables from: | | |
| -Subsidiaries (refer note 30) | 237.39 | 73.45 |
| -Holding Company (refer note 30) | 10.38 | - |
| -Associate (refer note 30) | 65.50 | - |
| Security deposits | - | 71.22 |
| | 313.27 | 144.67 |

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

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

9. OTHER FINANCIAL ASSETS

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Non-current | | |
| (Unsecured, considered good) | | |
| Margin money deposits with banks against bank guarantees [refer note 13] | 119.75 | 196.14 |
| | 119.75 | 196.14 |
| Current * | | |
| (Unsecured, considered good) | | |
| Interest accrued on fixed deposits | 23.93 | 10.09 |
| Margin money deposits with banks against bank guarantees [refer note 13] | 364.99 | - |
| Contract assets- Unbilled revenue # | 2,223.26 | 2,793.76 |
| | 2,612.18 | 2,803.85 |
| (Unsecured, considered doubtful) | | |
| Contract assets- Unbilled revenue | 104.97 | 104.97 |
| | 104.97 | 104.97 |
| Less: | | |
| Allowance for contract assets | (104.97) | (104.97) |
| | (104.97) | (104.97) |
| | 2,612.18 | 2,803.85 |

Includes ₹ 193.20 Lakhs (31 March, 2018: ₹ 439.96 Lakhs) from related parties (refer note:30)

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

10. NON-CURRENT TAX ASSET, NET

| Particulars | As at | As at |
|---|-----------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Advance income tax (net of provision for tax) | 1,238.01 | 664.94 |
| | 1,238.01 | 664.94 |

11. OTHER ASSETS

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Non-current | | |
| (Unsecured, considered good) | | |
| Prepaid expenses | 29.62 | 78.02 |
| | 29.62 | 78.02 |
| Current * | | |
| (Unsecured, considered good) | | |
| Duties and taxes recoverable | 1,539.23 | 1,363.07 |
| Prepaid expenses | 357.30 | 478.13 |
| Advance to suppliers | 63.87 | 28.63 |
| Advance to employees | 63.75 | 53.51 |
| | 2,024.15 | 1,923.34 |
| Unsecured, considered doubtful | | |
| Duties and taxes recoverable | 27.67 | 27.67 |
| | 27.67 | 27.67 |
| Less: Allowance for duties and taxes recoverable | (27.67) | (27.67) |
| | (27.67) | (27.67) |
| | 2,024.15 | 1,923.34 |

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

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

12. CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Cash on hand | | |
| Balances with banks | 0.36 | 0.43 |
| - on current accounts | 433.46 | 664.63 |
| - Deposits with original maturity of less than three months | - | 100.00 |
| | 433.82 | 765.06 |

- (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 31 March, 2019, the Company has ₹ 1,778.10 Lakhs (31 March, 2018: ₹ 1,435.13 Lakhs) of undrawn committed borrowing facilities.
- (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:

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Cash and cash equivalents | 433.82 | 765.06 |
| Cash and cash equivalents reported in cash flow statement | 433.82 | 765.06 |

13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Margin money deposits with banks | 586.52 | 414.65 |
| | 586.52 | 414.65 |
| Less : Amounts disclosed as other non-current financial assets (refer note 9) | (119.75) | (196.14) |
| Less : Amounts disclosed as other current financial assets (refer note 9) | (364.99) | - |
| | 101.78 | 218.51 |

- (i) Fixed deposits of a carrying amount ₹ 552.85 Lakhs (31 March 2018: ₹ 382.86 Lakhs) have been deposited as margin money against the packing credit facility availed from a bank.
- (ii) Deposits of a carrying amount ₹ 33.67 Lakhs (31 March 2018: ₹ 31.79 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 amortized cost

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Investments (refer note 6) | 0.05 | 0.05 |
| Loans (Current and Non Current) (refer note 8) | 1,087.15 | 840.25 |
| Trade receivables (Current and Non Current) (refer note 7) | 6,975.99 | 6,015.83 |
| Other financial assets (Current and Non Current) (refer note 9) | 2,731.93 | 2,999.99 |
| Cash and cash equivalents (refer note 12) | 433.82 | 765.06 |
| Bank balances other than cash and cash equivalents (refer note 13) | 101.78 | 218.51 |
| | 11,330.72 | 10,839.69 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

14. SHARE CAPITAL

| Particulars | As at | | As at | |
|---|----------------------|------------------|----------------------|------------------|
| | 31 March 2019 | | 31 March 2018 | |
| | Number (in Lakhs) | Amount | Number (in Lakhs) | Amount |
| Authorized share capital | | | | |
| 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 |
| | 2,041.00 | 10,300.00 | 2,041.00 | 10,300.00 |
| Issued share capital | | | | |
| 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 (31 March, 2018 ₹ 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 |
| | 377.60 | 1,889.51 | 377.60 | 1,889.51 |

* 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

| Equity shares of ₹ 5 each, par value | | | | |
|---|---------------|-----------------|---------------|-----------------|
| Balances as at the beginning of the year | 377.60 | 1,889.51 | 377.60 | 1,889.51 |
| Add: Issued and subscribed during the year | - | - | - | - |
| Balance at the end of the year | 377.60 | 1,889.51 | 377.60 | 1,889.51 |

(b) Terms and rights attached to equity shares

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

| Particulars | As at | | As at | |
|---|----------------------|--------|----------------------|--------|
| | 31 March 2019 | | 31 March 2018 | |
| | Number (in Lakhs) | Amount | Number (in Lakhs) | Amount |
| Holding Company: | | | | |
| Jupiter Capital Private Limited (refer note:1 below) | 68.72 | 343.61 | 66.49 | 332.45 |
| Subsidiaries of Holding Company: | | | | |
| 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.

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | Number (in Lakhs) | Percentage holding | Number (in Lakhs) | Percentage holding |
| Equity shares of ₹ 5 each, par value | | | | |
| 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) | 68.72 | 18.20% | 66.49 | 17.61% |
| 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 | 2017 - 18 | 2016 - 17 | 2015 - 16 | 2014 - 15 | 2013 - 14 |
|--|-----------|-----------|-----------|-----------|-----------|
| Equity shares: | | | | | |
| Allotted as fully paid up under Scheme of Amalgamation (Refer note:6(c)) | - | 105.70 | - | 72.29 | - |

(g) Shares reserved for issue under options

The ESOP scheme titled "AXISCADES Engineering Employee Stock Option Plan- Series 1 & 2" 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.

15. OTHER EQUITY

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Securities premium | 10,077.23 | 10,077.23 |
| Hedge reserve | (3.60) | (35.80) |
| Surplus in the Statement of Profit and Loss | 6,412.45 | 6,811.84 |
| Capital reserve [reserve credited pursuant to the Scheme of Amalgamation] [refer note:6(c)] | 4,227.97 | 4,227.97 |
| Other reserves | (30.31) | (19.76) |
| | 20,683.74 | 21,061.48 |

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 recognized in the hedging reserve. Amounts recognized 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.

Other reserve

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

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

16. BORROWINGS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Non current | | |
| Secured | | |
| Term loan from banks [refer note {(a) (ii) and (b)(iii) (iv)}] | 2,083.48 | 2,574.91 |
| Unsecured | | |
| Intercorporate deposit from subsidiary Company [refer note 30 and b(ii) below] | - | 250.00 |
| | 2,083.48 | 2,824.91 |
| Current | | |
| Secured | | |
| Working capital loan [refer note (a)(i) and (b)(i)] | 3,458.19 | 3,285.32 |
| Cash credit from banks [refer note (a)(iii) and (b)(v)] | 1,652.25 | 454.64 |
| Unsecured | | |
| Intercorporate deposit from subsidiary [refer note 30 and b(ii) below] | 250.00 | - |
| | 5,360.44 | 3,739.96 |

a) Details of security for borrowings

- (i) Packing credit facility in foreign currency ("PCFC") is from a bank are secured by first exclusive charge on current assets, exclusive charge on movable assets and exclusive charge on 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 and Technologies Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹ 4,500.00 Lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained.
- (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, pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹ 4,500.00 Lakhs, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (the Company and AXISCADES Aerospace and Technologies Private 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.
- (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 and technologies limited), pledge of 26% shares of Mistral Solutions Private Limited valued at ₹ 4,500.00 Lakhs. 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 5.5% - 7.5% per annum (31 March 2018: 2.5% - 5.5% per annum) are repayable over a maximum tenure of 180 days from the date of respective availment.
- (ii) During the previous year, the Company has availed Intercorporate deposits from Cades Studec Technologies (India) Private Limited aggregating ₹ 250.00 Lakhs carrying rate of interest at 9% per annum, repayable on or before December 20, 2020.
- (iii) During the previous year, the Company has availed term loan from bank aggregating USD 46.15 Lakhs carrying an effective interest rate of 8.5% per annum (31 March, 2018: 8.5% per annum). The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of availment.
- (iv) During the current year, the Company has availed term loan from bank aggregating USD 2.92 Lakhs carrying an interest rate of 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 11.76 % per annum (31 March 2018: 11.55% per annum) and are repayable on demand over a maximum tenure of 12 months from the date of respective availment.

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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 EBIDTA. The Management is of the view that this is a minor breach and hence no adjustments are made to standalone Ind AS financial statements in this respect.

Changes in liabilities arising form financing activities:

| Particulars | Term loan from Banks and Working Capital loan | Inter-corporate Deposit | Total |
|---|---|----------------------------|-----------------|
| Balance as at 31 March 2017 | 2,399.03 | 73.00 | 2,472.03 |
| Cash flows | 3,913.81 | 177.00 | 4,090.81 |
| Other adjustments | 2.03 | | 2.03 |
| Balance as at 31 March 2018 | 6,314.87 | 250.00 | 6,564.87 |
| Cash flows(Including current maturities of ₹ 878. 91 Lakhs)(refer note:17) | 1,350.05 | - | 1,350.05 |
| Other adjustments | 20.26 | - | 20.26 |
| Balance as at 31 March 2019 | 7,685.18 | 250.00 | 7,935.18 |

d) Assets pledged as security

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

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|-------------------------------|------------------------|------------------------|
| Current | | |
| First charge | | |
| Financial assets | 10,437.04 | 9,936.78 |
| Other current assets | 2,024.15 | 1,923.34 |
| Non-current | | |
| First charge | | |
| Property, plant and equipment | 252.64 | 416.23 |
| Land | 815.88 | 815.88 |
| Buildings | 127.67 | 130.37 |

17. OTHER FINANCIAL LIABILITIES

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Non-current | | |
| Purchase consideration payable on acquisition of subsidiary (FVTPL) [refer note 6(a)] | 9,698.97 | 10,325.23 |
| | 9,698.97 | 10,325.23 |
| Current | | |
| Dues to holding Company [refer note 30] | - | 5.80 |
| Creditors for capital goods | 74.94 | 45.78 |
| Hedge liability | 67.34 | 54.77 |
| Purchase consideration payable on acquisition of subsidiary (FVTPL) [refer note 6(a)] | 10,702.84 | 10,702.84 |
| Dues to employees | 1,388.24 | 823.06 |
| Current maturities of long term borrowings | 878.91 | - |
| Interest payable to subsidiary [refer note 30] | 5.00 | - |
| | 13,117.27 | 11,632.25 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

18. PROVISIONS

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Non-current | | |
| Employee defined benefits liability | | |
| - Provision for gratuity (refer note 37) | 419.32 | 375.99 |
| Asset retirement obligation | 19.24 | 19.24 |
| | 438.56 | 395.23 |
| Current | | |
| Employee defined benefits liability | | |
| - Provision for gratuity (refer note 37) | 35.81 | 19.67 |
| - Provision for compensated absences | 247.30 | 243.29 |
| | 283.11 | 262.96 |

Asset retirement obligation

The Company has recognized a provision for asset retirement obligation associated with premises taken on lease. In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost to dismantle and remove furniture and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2019 is ₹ 19.24 Lakhs (31 March 2018: ₹ 19.24 Lakhs). The Company estimates the costs would be realized within 4 - 5 years time upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:

- 1) Estimated range of cost : 15 days lease rental expense
- 2) Discount rate : 9 percent per annum (31 March 2018: 9 percent per annum)

19. OTHER LIABILITIES

| Particulars | As at | As at |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Non-current | | |
| Advances from related party (refer note 3) | 27.82 | 27.82 |
| | 27.82 | 27.82 |
| Current | | |
| Advances received from customers | - | 8.10 |
| Duties and taxes payable | 731.08 | 574.52 |
| Interest accrued but not due on borrowings* | 17.81 | 31.55 |
| | 748.89 | 614.17 |

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

20. TRADE PAYABLES

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Dues of micro and small enterprises (refer note 29)# | 11.69 | - |
| Dues of creditors other than micro and small enterprises# | 1,501.72 | 2,154.76 |
| | 1,513.41 | 2,154.76 |

Includes ₹ 278.04 Lakhs (31 March, 2018: ₹ 378.84 Lakhs) from related parties (refer note:30)

Breakup of financial liabilities carried at amortized cost

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Borrowings (refer note 16) | 7,443.92 | 6,564.87 |
| Other financial liabilities (refer note 17) | 22,748.90 | 21,902.71 |
| Trade payables (refer note 20) | 1,513.41 | 2,154.76 |
| | 31,706.23 | 30,622.34 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

| Particulars | Year ended | Year ended |
|-----------------------------|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Sale of services | | |
| Engineering design services | 22,519.26 | 23,258.02 |
| | 22,519.26 | 23,258.02 |

21.1 DISAGGREGATED REVENUE INFORMATION

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

| Particulars | Year ended |
|--|------------------|
| | 31 March 2019 |
| India | 3,998.17 |
| Outside India | 18,521.09 |
| Total revenue from contracts with customers | 22,519.26 |

21.2 CONTRACT BALANCES

| Particulars | Year ended |
|--|---------------|
| | 31 March 2019 |
| Trade receivables (refer note 7) | 6,975.99 |
| Contract Assets- Unbilled revenue (refer note 9) | 2,223.26 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. In 31 March 2019, ₹ 10.10 Lakhs (31 March 2018: ₹ 2.57 Lakhs) was recognized as provision for expected credit losses on trade receivables.

Contract assets are initially recognized 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 recognized as contract assets are reclassified to trade receivables. In 31 March 2019, ₹ 104.97 Lakhs (31 March 2018: ₹ 104.97 Lakhs) was recognized as provision for expected credit losses on contract assets.

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 2019.

22. OTHER INCOME

| Particulars | Year ended | Year ended |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Gain on foreign currency transactions and translation (net) | - | 357.01 |
| Interest income | | |
| - from fixed deposits with banks | 38.16 | 58.49 |
| - from financial assets carried at amortized cost | 53.23 | 51.93 |
| - from income tax refund | 39.40 | 109.40 |
| Provision no longer required, written back | 8.10 | 115.67 |
| Profit on sale of property, plant and equipment | 7.61 | - |
| Miscellaneous income | 14.17 | 1.24 |
| | 160.67 | 693.74 |

23. EMPLOYEE BENEFITS EXPENSE

| Particulars | Year ended | Year ended |
|---|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Salaries, wages and bonus | 12,770.91 | 12,872.89 |
| Contribution to provident and other funds | 376.29 | 363.02 |
| Contribution to overseas social security | 805.04 | 904.14 |
| Provision for gratuity (refer note 37) | 75.56 | 70.75 |
| Provision for compensated absences | 62.69 | 42.53 |
| Staff welfare expense | 300.10 | 280.21 |
| | 14,390.59 | 14,533.54 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

24. FINANCE COSTS

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Interest expense | | |
| - on loan from bank | 667.40 | 290.98 |
| - on Inter corporate deposit (refer note 30) | 22.50 | 13.61 |
| Other borrowing cost | 928.58 | 372.02 |
| Net interest expense on defined benefit liability | 49.16 | 41.80 |
| Unwinding of discount on asset retirement obligation | - | 1.91 |
| | 1,667.64 | 720.32 |

25. DEPRECIATION AND AMORTIZATION EXPENSE

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Depreciation of PPE (refer note 3) | 233.39 | 321.71 |
| Amortization of intangible assets (refer note 4) | 673.62 | 1,048.40 |
| | 907.01 | 1,370.11 |

26. OTHER EXPENSES

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Rent (refer note 31) | 1,228.31 | 1,174.61 |
| Power and fuel | 285.26 | 260.80 |
| Travelling and conveyance | 1,305.28 | 1,723.44 |
| Legal and professional charges | 524.30 | 462.42 |
| Repairs and maintenance | | |
| - Building | 315.51 | 260.02 |
| - Others | 54.16 | 64.61 |
| Auditor's remuneration (refer note 39) | 63.85 | 65.39 |
| Equipment hire charges | 133.64 | 89.40 |
| Recruitment and training expenses | 99.81 | 132.52 |
| Marketing and advertising expenses | 241.54 | 269.76 |
| Communication expenses | 263.76 | 269.37 |
| Software subscription charges | 809.18 | 918.22 |
| Printing and stationery | 31.12 | 34.80 |
| Security charges | 55.27 | 56.91 |
| Rates and taxes | 113.80 | 131.17 |
| Insurance expenses | 28.61 | 48.14 |
| Bank charges | 76.95 | 32.56 |
| Postage and courier charges | 20.54 | 16.24 |
| Bad debts written off | 7.53 | 11.92 |
| Directors sitting fees (refer note 30) | 88.00 | 84.00 |
| Corporate social responsibility expenses (refer note 40) | 32.24 | 51.00 |
| Net loss on foreign currency transaction and translation | 240.42 | - |
| Miscellaneous expenses | 8.00 | 5.65 |
| | 6,027.08 | 6,162.95 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

27. EXCEPTIONAL ITEM

| Particulars | Year ended | Year ended |
|--|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Expenses relating to the Scheme of Amalgamation (refer note 6(c)) | - | (161.27) |
| Expenses relating to the acquisition of subsidiary (refer note 6(a)) | - | (137.42) |
| Income relating to fair value change in purchase consideration (refer note 6(a)) | 1,450.68 | - |
| | 1,450.68 | (298.69) |

28. EARNINGS PER SHARE (EPS) (BASIC AND DILUTED)

| Particulars | Year ended | Year ended |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| a) Loss after tax attributable to equity shareholders (₹) | (399.39) | (941.81) |
| 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 (₹) | (1.06) | (2.49) |
| e) Number of equity shares used to compute diluted earnings per share | 377.60 | 377.60 |
| f) Diluted earnings per share (₹) | (1.06) | (2.49) |

29. 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 31 March, 2019 and 31 March, 2018. The details in respect of such dues are as follows:

| Particulars | Year ended | Year ended |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Principal amount remaining unpaid to any supplier as at the end of the accounting year | 11.69 | - |
| 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 2019

(All amounts in ₹ lakhs, unless otherwise stated)

30. RELATED PARTY DISCLOSURES

| Nature of relationship | Name of party |
|--|--|
| I Parties where control exists: | |
| Holding Company | Jupiter Capital Private Limited ('JCPL') * |
| * JCPL and its subsidiaries Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 66.65 percent voting rights of the Company as at 31 March 2019 (31 March 2018: 66.07 percent) (refer note IV (b)) | |
| Subsidiary companies | AXISCADES Inc. AXISCADES UK Limited (a step down subsidiary) Cades Studec Technologies (India) Private Limited AXISCADES Technology Canada Inc. Axis Mechanical Engineering Design (Wuxi) Co., Ltd. AXISCADES GmbH AXISCADES Aerospace & Technologies Private Limited Enertec Controls Limited (a step down subsidiary) AXISCADES Aerospace Infrastructure Private Limited (a step down subsidiary) Mistral Solutions Private Limited (w.e.f 1 December 2017) Mistral Solutions Inc (w.e.f 1 December 2017) (a step down subsidiary) Aero Electronics Private Limited (w.e.f 1 December 2017) (a step down subsidiary) Mistral Solutions Pte Ltd (w.e.f 1 December 2017) (a step down subsidiary) Mistral Technologies Private Limited (w.e.f 1 December 2017) (a step down subsidiary) |
| Associate | ASSYSTEMS AXISCADES Engineering Private Limited (w.e.f. 31 August 2018) |
| II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year: | |
| Fellow subsidiary | Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL) |
| Key Management Personnel (KMP): | |
| Chief Executive Officer & Executive Director | Mr. Sharadhi Chandra Babupampapathy (w.e.f 21 January 2019) |
| Chief Executive Officer & Executive Director | Mr. Mritunjay Kumar Singh (Resigned on 19 January 2019) |
| Non - Executive Director | Mr. Sudhakar Gande (resigned as Vice Chairman and Executive Director w.e.f. 30 July 2018) |
| Chairman and Independent Director | Mr. Vivek Mansingh |
| Independent Director | Mr. Kailash Mohan Rustagi |
| Independent Director | Mr. Pradeep Dadlani |
| Independent Director | Mr. Srinath Batni |
| Non - Executive Director | Mr. Rohitasava Chand (resigned w.e.f 02 February 2019) |
| Non - Executive Director | Mr. Siddarth Mehra (resigned w.e.f. 04 February 2019) |
| Independent Director | Mrs. Mariam Mathew (appointed w.e.f 13 February 2018) |
| Executive Director | Mr. Anees Ahmed (appointed w.e.f. 28 July 2018) |
| Non - Executive Director | Mr. Ashwani Kumar Dutta (appointed w.e.f. 28 July 2018) |
| Non - Executive Director | Mr. Ajay Lakothia (appointed w.e.f. 02 February 2019) |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Nature of relationship | Name of party |
|--------------------------|---|
| Non - Executive Director | Mr. S. Valmeekanathan (resigned w.e.f 13 September 2017) |
| Non - Executive Director | Mr. David Bradley (appointed as Director w.e.f 05 March 2019) |
| Non - Executive Director | Mr. Kedarnath Choudhury (resigned w.e.f 30 May 2018) |

III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year:

| | |
|---------------------------------------|-----------------------------------|
| Chief Financial Officer | Mr. Kaushik Sarkar |
| Company Secretary | Ms. Shweta Agarwal |
| Company in which Director is a member | Inkers Technology Private Limited |

IV Transactions with related parties:

| Nature of transactions | Relationship | Year ended | |
|---|---------------------------------------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| Revenue from operations | | | |
| AXISCADES Inc. | Subsidiary | 2,276.07 | 1,789.70 |
| AXISCADES UK Limited | Step down subsidiary | 37.86 | 65.89 |
| AXISCADES Technology Canada Inc. | Subsidiary | 1,172.11 | 1,363.27 |
| AXISCADES Gmbh | Subsidiary | 180.11 | - |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 252.69 | 107.67 |
| Remuneration (Refer note (IV) (a) below) | | | |
| Mr. Sudhakar Gande | Key Management personnel | 109.90 | 338.36 |
| Mr. Mritunjay Kumar Singh (refer note 41) | Key Management personnel | 414.31 | 42.00 |
| Mr. Kaushik Sarkar | Key Management personnel | 220.21 | 129.24 |
| Ms. Shweta Agarwal | Key Management personnel | 22.60 | 23.47 |
| Mr. Sharadhi Chandra Babupampapathy | Key Management personnel | 14.62 | - |
| Service received from (Intangible assets under development) | | | |
| Company in which Director is a member Inkers Technology Pvt. Ltd. | Company in which Director is a member | 50.00 | - |
| Sitting fees paid to directors | | | |
| Mr. S. Valmeekanathan | Non - Executive Director | - | 0.30 |
| Mr. Vivek Mansingh | Chairman and Independent Director | 16.00 | 18.00 |
| Mr. Kailash Mohan Rustagi | Independent Director | 18.00 | 19.00 |
| Mr. Pradeep Dadlani | Independent Director | 18.00 | 19.00 |
| Mr. Srinath Batni | Independent Director | 18.00 | 18.00 |
| Mr. Rohitasava Chand | Non - Executive Director | 0.90 | 3.60 |
| Mr. Siddarth Mehra | Non - Executive Director | 2.70 | 3.30 |
| Mr. Kedarnath Choudhury | Non - Executive Director | - | 1.80 |
| Mrs. Mariam Mathew | Independent Director | 9.00 | 1.00 |
| Mr. David Bradley | Non - Executive Director | 0.30 | - |
| Mr. Ashwani Kumar Dutta | Non - Executive Director | 1.50 | - |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | Year ended | |
|--|--------------------------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| Mr. Sudhakar Gande | Non - Executive Director | 3.30 | - |
| Mr. Ajay Lakothia | Non - Executive Director | 0.30 | - |
| Expenses incurred on behalf of | | | |
| AXISCADES Inc. | Subsidiary | 168.87 | 10.31 |
| AXISCADES UK Limited. | Step down subsidiary | 17.70 | 2.19 |
| AXISCADES Technology Canada Inc. | Subsidiary | 41.69 | 41.70 |
| AXISCADES GmbH | Subsidiary | - | 6.08 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 6.30 | - |
| Jupiter Capital Private Limited | Holding Company | 10.38 | - |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 73.30 | - |
| Software subscription charges charged by | | | |
| AXISCADES Inc. | Subsidiary | 137.57 | 117.48 |
| Salaries, wages and bonus charged to | | | |
| AXISCADES Technology Canada Inc. | Subsidiary | 122.44 | 58.74 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 77.92 |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 51.40 | - |
| Salaries, wages and bonus charged by | | | |
| AXISCADES Inc. | Subsidiary | 242.62 | 212.36 |
| AXISCADES UK Limited | Step down subsidiary | 127.49 | 76.50 |
| Services received from | | | |
| AXISCADES UK Limited | Step down subsidiary | - | 124.85 |
| Stamp duty expenses charged by | | | |
| Jupiter Capital Private limited | Holding Company | - | 20.04 |
| Rent expenses charged by | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 5.01 | 2.97 |
| Intercompany deposits repaid | | | |
| Jupiter Capital Private limited | Holding Company | - | 73.00 |
| Intercompany deposits availed from | | | |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | Year ended | |
|---|-----------------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | - | 250.00 |
| Interest expense on intercorporate deposit | | | |
| Jupiter Capital Private Limited | Holding Company | - | 8.54 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 22.50 | 5.07 |
| Investment | | | |
| Mistral Solutions Private Limited | Subsidiary | - | 24,213.97 |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 227.50 | - |

- (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 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.

V Balances as at the year end:

| Nature of transactions | Relationship | As at | |
|---|----------------------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| Trade receivables | | | |
| AXISCADES Inc. | Subsidiary | 1,932.83 | 1,695.97 |
| AXISCADES UK Limited. | Step down subsidiary | 13.64 | 87.10 |
| AXISCADES Technology Canada Inc. | Subsidiary | 143.32 | 372.43 |
| AXISCADES Gmbh | Subsidiary | 72.38 | - |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 328.85 | - |
| Unbilled revenue | | | |
| AXISCADES Technology Canada Inc. | Subsidiary | 123.87 | 154.69 |
| AXISCADES Inc. | Subsidiary | - | 169.06 |
| AXISCADES UK Limited. | Step down subsidiary | - | 5.37 |
| AXISCADES Gmbh | Subsidiary | 37.25 | - |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 32.08 | 110.84 |
| Investments | | | |
| AXISCADES, Inc. | Subsidiary | 1,489.06 | 1,489.06 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 719.66 | 719.66 |
| AXIS Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 42.68 | 42.68 |
| AXISCADES Technology Canada Inc. | Subsidiary | 0.05 | 0.05 |
| AXISCADES Gmbh | Subsidiary | 18.87 | 18.87 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | As at | |
|---|--------------------------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 11,962.04 | 11,962.04 |
| Mistral Solutions Private Limited | Subsidiary | 24,213.97 | 24,213.97 |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 227.50 | - |
| Intercorporate deposit payable | | | |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 250.00 | 250.00 |
| Advances from | | | |
| Indian Aero Ventures Private Limited | Fellow subsidiary | 27.82 | 27.82 |
| Interest payable | | | |
| Jupiter Capital Private Limited | Holding Compan | - | 5.80 |
| Other Receivables | | | |
| Expenses recoverable | | | |
| AXISCADES, Inc. | Subsidiary | 171.48 | 17.90 |
| AXISCADES UK Limited | Step down subsidiary | 5.43 | 4.61 |
| AXISCADES Technology Canada Inc. | Subsidiary | 60.48 | 41.78 |
| AXISCADES Gmbh | Subsidiary | - | 9.16 |
| Jupiter Capital Private Limited | Holding Company | 10.38 | - |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 65.50 | - |
| Trade payables | | | |
| AXISCADES, Inc. | Subsidiary | 204.35 | 282.40 |
| AXISCADES UK Limited | Step down subsidiary | 62.00 | 91.88 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 11.69 | - |
| Cades Studec Technologies (India) Private Limited | Subsidiary | - | 4.56 |
| Interest Payable | | | |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 5.00 | - |
| Remuneration payable (Refer note (IV) (a) above) | | | |
| Mr. Sudhakar Gande | Key Management Personnel | 95.56 | 93.23 |
| Mr. Mritunjay Kumar Singh (refer note 41) | Key Management Personnel | 229.97 | - |
| Mr. Kaushik Sarkar | Key Management Personnel | 37.52 | 3.80 |
| Ms. Shweta Agarwal | Key Management Personnel | 3.20 | 1.47 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | As at | |
|-------------------------------------|--------------------------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| Mr. Sharadhi Chandra Babupampapathy | Key Management Personnel | 14.62 | - |

31. DISCLOSURES IN RESPECT OF OPERATING LEASES

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2019 is ₹ 1,228.31 Lakhs (31 March 2018 : ₹ 1,174.61 Lakhs).

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

Payments falling due:

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Not later than one year | 197.66 | 418.73 |
| Later than one year but not later than 5 years | 79.21 | 237.56 |
| Later than 5 years | - | - |
| | 276.87 | 656.29 |

The Company's significant leasing arrangements in respect of operating leases for office premises, which includes both cancellable and non cancellable leases generally range between 11 months to 5 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 26 to the financial statements.

32. COMMITMENTS

As at 31 March, 2019, the Company has a commitment towards purchase of capital assets of ₹ 77.23 Lakhs (31 March, 2018: Nil)

33. 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 no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period except as mentioned in note 16(c).

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.

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Borrowings including current maturities of long term borrowings (refer note 16,17) | 8,322.83 | 6,564.87 |
| Less: Cash and cash equivalents (refer note 12) | (433.82) | (765.06) |
| Net debt | 7,889.01 | 5,799.81 |
| Equity (refer note 14) | 1,889.51 | 1,889.51 |
| Other Equity (refer note 15) | 20,683.74 | 21,061.48 |
| Capital and net debt | 30,462.26 | 28,750.80 |
| Gearing ratio | 26% | 20% |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019.

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

34. INCOME TAX

The major components of income tax expense are:

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Current income tax: | | |
| Current income tax charge | - | 156.47 |
| Adjustment of tax relating to earlier years | - | 58.79 |
| Deferred tax credit | | |
| Relating to the origination and reversal of temporary differences | (141.67) | (357.60) |
| Income tax expense reported in Statement of Profit and Loss | (141.67) | (142.34) |
| Deferred tax related to items recognized in OCI | | |
| Income tax relating to re-measurement gains on defined benefit plans | 4.34 | 0.01 |
| Income tax relating to gain / (losses) on cash flow hedges | (8.90) | 96.75 |
| | (4.56) | 96.76 |

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

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Accounting profit before tax | (541.06) | (1,084.15) |
| Tax on accounting profit at statutory income tax rate [29.12%] (31 March, 2018 : 34.608%). | (157.56) | (375.20) |
| Foreign tax expensed during the year | - | 156.47 |
| Effect of change in tax rate | 104.97 | - |
| Purchase consideration re-measurement | (168.26) | - |
| Other non-deductible expenses | 79.18 | 76.39 |
| At the effective income tax rate of 26.18% [31 March, 2019: 13.13%] | (141.67) | (142.34) |
| Income tax expense reported in the Statement of Profit and Loss | (141.67) | (142.34) |

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Deferred tax asset | | |
| Provision for employee benefits | 204.54 | 221.13 |
| Expenses disallowed under Section 35DD of Income-tax Act, 1961 | 30.62 | 116.02 |
| Allowance for trade receivables | - | 0.72 |
| Allowance for unbilled revenue | 30.57 | 36.33 |
| Unabsorbed depreciation and carried forward losses | 301.20 | 84.36 |
| Processing fee | 9.61 | 2.81 |
| Amortization of trade receivables | - | 0.69 |
| Depreciation and amortization | 233.19 | 181.33 |
| Hedge liability | 8.89 | 18.95 |
| | 818.62 | 662.34 |
| Deferred tax liability | | |
| Fair valuation of property, plant and equipment | - | 3.83 |
| | - | 3.83 |
| Deferred tax asset / (liability), net | 818.62 | 658.51 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

35. FAIR VALUE MEASUREMENTS

i Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2019 are as follows:

| Particulars | Amortized cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Carrying value | Fair value |
|--|------------------|---------------------------------------|--|------------------|------------------|
| Assets: | | | | | |
| Other Investments (refer note 6) | 0.05 | - | - | 0.05 | 0.05 |
| Cash and cash equivalents (refer note 12) | 433.82 | - | - | 433.82 | 433.82 |
| Bank balances other than cash and cash equivalents (refer note 13) | 101.78 | - | - | 101.78 | 101.78 |
| Trade receivable (refer note 7) | 6,975.99 | - | - | 6,975.99 | 6,975.99 |
| Loans (refer note 8) | 1,087.15 | - | - | 1,087.15 | 1,087.15 |
| Other financial assets (refer note 9) | 2,731.93 | - | - | 2,731.93 | 2,731.93 |
| Total | 11,330.72 | - | - | 11,330.72 | 11,330.72 |
| Liabilities: | | | | | |
| Borrowings (refer note 16) | 7,443.92 | - | - | 7,443.92 | 7,443.92 |
| Trade payable (refer note 20) | 1,513.41 | - | - | 1,513.41 | 1,513.41 |
| Other financial liabilities (refer note 17) | 22,748.90 | - | 67.34 | 22,816.24 | 22,816.24 |
| Total | 31,706.23 | - | 67.34 | 31,773.57 | 31,773.57 |

The carrying value and fair value of financial instruments by categories as at 31 March 2018 are as follows:

| Particulars | Amortized cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Carrying value | Fair value |
|--|------------------|---------------------------------------|--|------------------|------------------|
| Assets: | | | | | |
| Other Investments (refer note 6) | 0.05 | - | - | 0.05 | 0.05 |
| Cash and cash equivalents (refer note 12) | 765.06 | - | - | 765.06 | 765.06 |
| Bank balances other than cash and cash equivalents (refer note 13) | 218.51 | - | - | 218.51 | 218.51 |
| Trade receivable (current and non-current) (refer note 7) | 6,015.83 | - | - | 6,015.83 | 6,015.83 |
| Loans (refer note 8) | 840.25 | - | - | 840.25 | 840.25 |
| Other financial assets (refer note 9) | 2,999.99 | - | - | 2,999.99 | 2,999.99 |
| Total | 10,839.69 | - | - | 10,839.69 | 10,839.69 |
| Liabilities: | | | | | |
| Borrowings (refer note 16) | 6,564.87 | - | - | 6,564.87 | 6,564.87 |
| Trade payable (refer note 20) | 2,154.76 | - | - | 2,154.76 | 2,154.76 |
| Other financial liabilities (refer note 17) | 21,902.71 | - | 54.77 | 21,957.48 | 21,957.48 |
| Total | 30,622.34 | - | 54.77 | 30,677.11 | 30,677.11 |

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

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

(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 2019:

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|---|-------------------|----------------|---|--|---|
| Assets carried at amortized cost, cost , FVTPL and FVTOCI for which fair values are disclosed: | | | | | |
| Other Investments (refer note 6) | 31 March 2019 | 0.05 | - | - | 0.05 |
| Cash and cash equivalents (refer note 12) | 31 March 2019 | 433.82 | - | - | 433.82 |
| Bank balances other than cash and cash equivalents (refer note 13) | 31 March 2019 | 101.78 | - | - | 101.78 |
| Trade receivable (refer note 7) | 31 March 2019 | 6,975.99 | - | - | 6,975.99 |
| Loans (refer note 8) | 31 March 2019 | 1,087.15 | - | - | 1,087.15 |
| Other financial assets (refer note 9) | 31 March 2019 | 2,731.93 | - | - | 2,731.93 |

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|--|-------------------|----------------|---|--|---|
| Liabilities carried at amortized cost for which fair value are disclosed: | | | | | |
| Borrowings (refer note 16) | 31 March 2019 | 7,443.92 | - | - | 7,443.92 |
| Trade payable (refer note 20) | 31 March 2019 | 1,513.41 | - | - | 1,513.41 |
| Other financial liabilities (refer note 17) | 31 March 2019 | 22,748.90 | - | - | 22,748.90 |
| Derivative contracts [refer note (1) below] (refer note 17) | 31 March 2019 | 67.34 | - | 67.34 | - |

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 2018:

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|---|-------------------|----------------|---|--|---|
| Assets carried at amortized cost, cost , FVTPL and FVTOCI for which fair values are disclosed: | | | | | |
| Other Investments (refer note 6) | 31 March 2018 | 38,446.38 | - | - | 38,446.38 |
| Cash and cash equivalents (refer note 12) | 31 March 2018 | 765.06 | - | - | 765.06 |
| Bank balances other than cash and cash equivalents (refer note 13) | 31 March 2018 | 218.51 | - | - | 218.51 |
| Trade receivable (Current and non-current) (refer note 7) | 31 March 2018 | 6,015.83 | - | - | 6,015.83 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|---|-------------------|----------------|---|--|---|
| Loans (refer note 8) | 31 March 2018 | 840.25 | - | - | 840.25 |
| Other financial assets (refer note 9) | 31 March 2018 | 2,999.99 | - | - | 2,999.99 |
| Liabilities carried at amortized cost for which fair value are disclosed | | | | | |
| Borrowings (refer note 16) | 31 March 2018 | 6,564.87 | - | - | 6,564.87 |
| Trade payable (refer note 20) | 31 March 2018 | 2,154.76 | - | - | 2,154.76 |
| Other financial liabilities (refer note 17) | 31 March 2018 | 21,902.71 | - | - | 21,902.71 |
| Derivative contracts [refer note (1) below] (refer note 17) | 31 March 2018 | 54.77 | | 54.77 | 54.77 |

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

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.

(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.

36. 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 counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 6,975.99 Lakhs as of 31 March 2019 (31 March 2018 ₹ 6,015.83 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.

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

Assets under credit risk

| Particulars | As at | As at |
|----------------------------------|------------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Trade receivable (refer note 7) | 6,975.99 | 6,015.83 |
| Other receivables (refer note 8) | 313.27 | 73.45 |
| Security deposits (refer note 8) | 773.88 | 766.80 |
| Unbilled revenue (refer note 9) | 2,223.26 | 2,793.76 |
| Total | 10,286.40 | 9,649.84 |

Credit risk exposure

The allowance for life time expected credit loss on customer balances for the year ended 31 March 2019 is ₹ 10.10 Lakhs (31 March 2018 is ₹ 2.57 Lakhs).

| Particulars | As at | As at |
|----------------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Balance at the beginning | 2.57 | 3.21 |
| Impairment loss recognized | 7.53 | - |
| Impairment loss reversed | - | (0.64) |
| Balance at the end | 10.10 | 2.57 |

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.

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 ₹ 10.10 Lakhs and ₹ 2.57 Lakhs as at 31 March 2019 and 31 March 2018 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, net of allowances that are past due, is given below:

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Financial assets that are neither past due nor impaired | 5,008.61 | 3,638.94 |
| Financial assets that are past due but not impaired | | |
| Past due 0-60 days | 845.42 | 1,786.79 |
| Past due 61-180 days | 893.97 | 458.02 |
| Past due over 180 days | 227.99 | 132.08 |
| Total past due but not impaired | 1,967.38 | 2,376.89 |
| Total | 6,975.99 | 6,015.83 |

(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 2019, the Company has the negative working capital of ₹ 8,561.93 Lakhs (31 March 2018: ₹ 6,543.98) including purchase consideration payable to Mistral Solutions Private Limited of ₹ 10,702.84 Lakhs (31 March 2018: ₹ 10,702.84 Lakhs) and cash and cash equivalents of ₹ 433.82 Lakhs (31 March 2018: ₹ 765.06 Lakhs). The Company has an option to settle the aforementioned purchase consideration payable through its own equity shares or in cash.

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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 2019 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|------------------|-------------------|-------------------|------------------|
| Borrowings (refer note 16) | 5,360.44 | 2,083.48 | - | 7,443.92 |
| Trade payable (refer note 20) | 1,513.41 | - | - | 1,513.41 |
| Other financial liabilities (refer note 17) | 13,117.27 | 9,698.97 | - | 22,816.24 |
| Total | 19,991.12 | 11,782.45 | - | 31,773.57 |

| As at 31 March 2018 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|------------------|-------------------|-------------------|------------------|
| Borrowings (refer note 16) | 3,739.96 | 2,824.91 | - | 6,564.87 |
| Trade payable (refer note 20) | 2,154.76 | - | - | 2,154.76 |
| Other financial liabilities (refer note 17) | 11,632.25 | 10,325.23 | - | 21,957.48 |
| Total | 17,526.97 | 13,150.14 | - | 30,677.11 |

(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.

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

| Particulars | Currency | As at 31 March 2019 | | As at 31 March 2018 | |
|-------------------------|----------|----------------------------|-------------|----------------------------|-------------|
| | | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ |
| Financial assets | | | | | |
| Trade receivables | USD | 77.77 | 5,379.45 | 68.92 | 4,482.99 |
| | EURO | 4.02 | 312.43 | 4.10 | 330.19 |
| | GBP | 0.15 | 13.64 | 0.94 | 87.10 |
| | CAD | 2.77 | 143.32 | 7.30 | 369.09 |
| | CNY | 31.94 | 328.85 | - | - |
| Unbilled revenue | USD | 21.89 | 1,514.43 | 31.31 | 2,036.23 |
| | EURO | 1.45 | 112.75 | 1.75 | 141.45 |
| | GBP | - | - | 0.06 | 5.37 |
| | CAD | 2.40 | 123.87 | 3.06 | 154.69 |
| | CNY | 3.12 | 32.08 | 10.69 | 110.84 |
| Advance to subsidiaries | USD | 2.48 | 171.48 | 0.28 | 17.89 |
| | EURO | - | - | 0.11 | 9.15 |
| | GBP | 0.06 | 5.43 | 0.05 | 4.61 |
| | CAD | 1.17 | 60.48 | 0.83 | 41.78 |
| Cash and bank balances | USD | 3.78 | 261.61 | 4.52 | 294.19 |
| | EURO | 1.18 | 91.36 | 2.59 | 209.14 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Currency | As at 31 March 2019 | | As at 31 March 2018 | |
|------------------------------|----------|----------------------------|-------------|----------------------------|-------------|
| | | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ |
| | AED | 1.61 | 30.26 | 1.61 | 28.62 |
| | DKK | 4.61 | 48.35 | 11.96 | 129.68 |
| | KRW | 9.57 | 0.58 | 9.56 | 0.58 |
| Other financial assets | AED | 0.55 | 10.31 | 0.54 | 9.56 |
| Other current assets | EURO | 0.35 | 27.30 | 1.78 | 143.48 |
| | CAD | 0.09 | 4.50 | - | - |
| Financial liabilities | | | | | |
| Trade payables | USD | 4.95 | 342.40 | 8.90 | 579.20 |
| | EURO | 2.53 | 196.55 | 4.90 | 395.19 |
| | GBP | - | - | 1.29 | 119.08 |
| | DKK | - | - | 1.83 | 19.89 |
| Dues to employees | EURO | 0.32 | 24.83 | 1.24 | 100.33 |
| | DKK | 0.66 | 6.92 | 2.88 | 31.27 |
| Duties and taxes payable | EURO | 5.87 | 455.86 | 3.16 | 254.63 |
| | DKK | 3.95 | 41.35 | 5.87 | 63.65 |
| Creditors for capital goods | EURO | 0.05 | 3.84 | - | - |
| Borrowings | USD | 93.30 | 6,453.98 | 90.10 | 5,860.23 |

Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key Management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

| Particulars | 31 March 2019 | | 31 March 2018 | |
|-------------|---------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Sensitivity | | | | |
| INR/USD | 5.31 | (5.31) | 4.12 | (4.12) |
| INR/EURO | (1.37) | 1.37 | 1.89 | (1.89) |
| INR/GBP | 0.19 | (0.19) | (0.07) | 0.07 |
| INR/CAD | 3.32 | (3.32) | 5.66 | (5.66) |
| INR/AED | 0.41 | (0.41) | 0.38 | (0.38) |
| INR/DKK | 0.00 | (0.00) | 0.31 | (0.31) |
| INR/KRW | 0.01 | (0.01) | 0.01 | (0.01) |
| INR/CNY | 3.61 | (3.61) | 1.11 | (1.11) |

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.

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Forward Contracts | | |
| In USD (31 March, 2019 - 25.50 Lakhs, 31 March, 2018 - 49.00 Lakhs) | 1,763.87 | 3,187.16 |
| In EURO (31 March, 2019 - 0.50 Lakhs, 31 March, 2018 - 18.00 Lakhs) | 38.85 | 1,451.20 |

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Not later than one month | 488.46 | 161.24 |
| Later than one month and not later than three months | 484.20 | 725.59 |
| Later than three months and not later a year | 830.06 | 3,751.53 |

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 | As at |
|--|---------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Balance as at the beginning of the year | (54.77) | 224.73 |
| Changes in fair value of effective portion of derivatives | (209.41) | 76.39 |
| Net gain reclassified to statement of profit and loss on occurrence of hedged transactions | 259.11 | (355.89) |
| Gain on cash flow hedging derivatives, net | 49.70 | (279.50) |
| Balance as at the end of the year | (5.07) | (54.77) |
| Deferred tax liability thereon | 1.47 | 18.97 |
| Balance as at the end of the year, net of deferred tax | (3.60) | (35.80) |

Interest rate risk

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, Financial Instruments- Disclosures, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

37. 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 2019 : ₹ 358.54 Lakhs (31 March 2018 : ₹ 350.04 Lakhs) (refer note 23)

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 recognized as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2019: ₹ 805.04 Lakhs (31 March 2018 : ₹ 904.14 Lakhs) (refer note:23)

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

B Defined benefit plans

The Company has provided for gratuity, for its employees as per actuarial valuation carried out by an independent actuary on the Balance Sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of Defined Benefit Obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The gratuity plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this Act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary 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 2019 | As at 31 March 2018 |
| Defined benefit obligation at the beginning of the year | 395.66 | 368.56 |
| Current service cost | 75.56 | 70.75 |
| Interest cost | 30.44 | 26.70 |
| Benefits paid | (61.42) | (70.32) |
| Actuarial gain arising from change in financial assumptions | (39.85) | (23.90) |
| Actuarial loss arising from change in demographic assumptions | 32.30 | - |
| Actuarial loss arising from experience adjustments | 22.44 | 23.87 |
| Defined benefit obligation at the end of the year | 455.13 | 395.66 |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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

| Particulars | Gratuity | |
|--|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Employee benefits expense | | |
| - Current service cost | 75.56 | 70.75 |
| Finance costs | | |
| - Interest expense on defined benefit obligation | 30.44 | 26.70 |
| Expenses recognized in the Statement of profit and loss for the year | 106.00 | 97.45 |

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

| Particulars | Gratuity | |
|--|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Remeasurement on the net defined benefit liability : | | |
| Recognized net actuarial gain arising from change in financial assumptions | (39.85) | (23.90) |
| Recognized net actuarial loss arising from change in demographic assumptions | 32.30 | - |
| Recognized net actuarial loss arising from experience variance | 22.44 | 23.87 |
| Remeasurement loss / (gain) in other comprehensive income | 14.89 | (0.03) |

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

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Discount rate | 7.60% | 7.70% |
| Salary escalation rate | 4.40% | 5.20% |
| Attrition rate | | |
| - up to 5 years | 19.00% | 19.00% |
| - more than 5 years | 5.00% | 3.00% |
| Retirement age | 60 Years | 60 Years |
| Mortality rate [as a percentage of Indian assured lives mortality (2006-2008)] | 100% | 100% |

The assumptions were developed by Management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of Government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and Management's historical experience.

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 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%) | (42.53) | 49.99 |
| Salary growth rate (Increase or decrease by 1%) | 51.12 | (44.12) |
| Attrition rate (Increase or decrease by 50% of attrition rate) | 20.09 | (32.23) |
| Mortality rate (Increase or decrease by 10% of mortality rate) | 0.44 | (0.44) |

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

| Particulars | Gratuity | |
|--|----------|----------|
| | Increase | Decrease |
| Discount rate (Increase or decrease by 1%) | (46.51) | 56.03 |
| Salary growth rate (Increase or decrease by 1%) | 56.90 | (47.93) |
| Attrition rate (Increase or decrease by 50% of attrition rate) | 8.26 | (12.74) |
| Mortality rate (Increase or decrease by 10% of mortality rate) | 0.48 | (0.48) |

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 10 years. Following is a maturity profile of the defined benefit obligation as at 31 March 2019 and 31 March 2018.

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

| Particulars | Gratuity | |
|---------------------------|---------------|---------------|
| | As at | As at |
| | 31 March 2019 | 31 March 2018 |
| Within the next 12 months | 35.81 | 19.67 |
| Between 2 - 5 years | 143.39 | 86.59 |
| Between 6 - 10 years | 193.63 | 127.01 |
| More than 10 years | 833.08 | 1,119.50 |

38. 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 ₹ 12,446.41 Lakhs (31 March, 2018: ₹ 12,106.53 Lakhs), ₹ 2,748.97 Lakhs (31 March, 2018: ₹ 2,169.18 Lakhs) and ₹ 2,276.07 Lakhs (31 March, 2018: ₹ 1,864.95) respectively, which is more than 10% of the total revenue of the Company for the year ended 31 March, 2019.

The Company is domiciled in India. The Company's revenue from operations from external customers primarily relate to operations outside India and majority of the non-current assets of the Company are located in India.

39. AUDITOR'S REMUNERATION*

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|------------------------|-----------------------------|-----------------------------|
| Statutory audit fees | 35.50 | 35.50 |
| Tax audit fees | - | 2.50 |
| Other fees | 19.25 | 21.00 |
| Out of pocket expenses | 9.10 | 6.39 |
| | 63.85 | 65.39 |

* excluding service tax / goods and service tax

Notes to Standalone Financial Statements for the year ended 31 March 2019

(All amounts in ₹ lakhs, unless otherwise stated)

40. DISCLOSURE IN ACCORDANCE WITH GUIDANCE NOTE ON ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:

| Particulars | Year ended | | Year ended |
|--|----------------|-------------------------------|---------------|
| | 31 March 2019 | | 31 March 2018 |
| (a) Gross amount required to be spent by the Company during the year | 32.24 | | 51.00 |
| (b) Amount spent during the year ending on 31 March, 2019: | In cash | Yet to be paid in cash | Total |
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | 32.24 | - | 32.24 |
| (c) Amount spent during the year ending on 31 March, 2018: | In cash | Yet to be paid in cash | Total |
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | 51.00 | - | 51.00 |

41. The Company entered into a Separation and Release Agreement with Mr. Mritunjay Singh (Ex-CEO and Executive Director) dated January 19, 2019, whereby both the parties have mutually agreed with the termination of the employment agreement of the latter. Pursuant to the aforesaid agreement, the Company agreed to pay the latter a sum of ₹ 258.52 Lakhs as a full and final settlement, which included all dues and expenses incurred for the work done by Mr. Mritunjay Singh as of the cessation date. The above remuneration agreed to be paid to Mr. Mritunjay Singh exceeded the limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013. Accordingly, the Company has obtained the shareholders' approval on 22 April, 2019, by passing a special resolution through postal ballot in order to comply with the aforesaid provisions of the Companies Act, 2013.

42. TRANSFER PRICING

The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective 1 April 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing the Return of Income. The Company is in the process of updating the Transfer Pricing documentation for the financial year ended 31 March 2019 following a detailed transfer pricing study conducted for the financial year ended 31 March 2018. In the opinion of the Management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

43. Disclosure as per Part A of Schedule V of securities (listing obligations and disclosures requirements) Regulations, 2015 as regards the inter-corporate deposits, loans and advances granted to subsidiaries and holding companies and other companies in which the directors are interested:

| Name of the entity | Amount outstanding as at | | Maximum amount outstanding during the year ended | | Investment by loanee in shares of the parent Company |
|--|--------------------------|---------------|--|---------------|--|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 | |
| AXISCADES, Inc. | 171.48 | 17.90 | 171.61 | 48.50 | Nil |
| AXISCADES UK Limited | 5.43 | 4.61 | 9.57 | 11.32 | Nil |
| AXISCADES Technology Canada Inc. | 60.48 | 41.78 | 61.94 | 78.70 | Nil |
| AXISCADES GmbH | - | 9.16 | 9.16 | 9.47 | Nil |
| AXISCADES Aerospace & Technologies Private Limited | - | - | - | 1,890.81 | Nil |
| Jupiter Capital Private Limited | 10.38 | - | 10.38 | - | Nil |
| ASSYSTEMS AXISCADES Engineering Private Limited | 65.50 | - | 65.50 | - | 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 2019

(All amounts in ₹ lakhs, unless otherwise stated)

44. CONTINGENT LIABILITY

| Particulars | As at | As at |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| i) Amounts relating to service tax demands disputed by the Company out of which ₹ 85.54 Lakhs has been paid during 2012 * | 956.39 | 956.39 |

* The Company has received service tax orders from the service tax authorities arising primarily on levy of service tax on business auxiliary service under reverse charge mechanism for period 2006 - 2010. The Company's appeal against the said demands are pending before Customs, Excise and Service Tax Appellate Tribunal ('CESTAT').

The Company is contesting the demands/ litigations and the Management believes that its position will be upheld in the appellate process and therefore, will not impact these financial statements. Consequently, no provision has been created in the financial statements for the above.

- ii) 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 28th February, 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.

45. 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

per Sunil Gaggar

Partner

Membership no. : 104315

For and on behalf of the Board of Directors of

AXISCADES Engineering Technologies Limited

CIN No: L72200KA1990PLC084435

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director

DIN: 02809502

Kaushik Sarkar

Chief Financial Officer

Sudhakar Gande

Non Executive Director

DIN: 00987566

Shweta Agrawal

Company Secretary

Membership No.: 14148

Place: Bengaluru

Date: 8 May, 2019

Place: Bengaluru

Date: 8 May, 2019

Place: Bengaluru

Date: 8 May, 2019

Independent Auditor's Report

To the Members of 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 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 31 March, 2019, 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 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2019, their consolidated loss including other comprehensive income, 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 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.

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 31 March, 2019. 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 our audit procedures, including the 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>Valuation of purchase consideration payable for business acquisition (as described in note 7(c) of the Consolidated Ind AS financial statements)</p> <p>The Holding Company entered into a Share Purchase Agreement ('SPA') effective 1 December, 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 31 March, 2019, the Holding Company has purchase consideration payable of ₹ 20,401.81 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"> We understood, evaluated and tested Management's controls over the assessment of the purchase consideration payable; We evaluated performance forecasts used in the computation of purchase consideration payable and engaged experts to assess the assumptions adopted by the Management with reference to MSPL Group's business plan and historical actual results to assess the quality of MSPL Group's financial projection including assumptions related to discount rates and growth rates; and |

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| <p>The assessment of purchase consideration payable made by the Management involves significant estimates and judgments in relation to the post-acquisition performance of the MSPL Group and discount rates applied in determining the fair value of purchase 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> | <ul style="list-style-type: none"> We tested the mathematical accuracy of the underlying computation of purchase consideration payable and validated as per terms of the SPA. |
| <p>Assessment of impairment of Goodwill and other intangible assets (as described in note 7(b) of the consolidated Ind AS financial statements)</p> <p>The Group's Balance Sheet includes ₹ 21,217.13 lakhs of goodwill and other intangible assets, representing 27.52% of total Group assets.</p> <p>Goodwill and other intangible assets must be tested for impairment on at least an annual basis. The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires judgement on the part of Management in both identifying and then valuing the relevant CGUs. Recoverable amounts are based on Management's view of variables and market conditions such as volume growth rates, the timing of future operating expenditure, discount rates and long term growth rates.</p> <p>The inputs to the impairment testing model which have the most significant impact on CGUs recoverable value include:</p> <ul style="list-style-type: none"> - Projected revenue growth, operating margins and operating cash-flows; - Stable long-term growth rates in perpetuity; and - Business specific discount rates (pre-tax). <p>The impairment testing model includes sensitivity testing of key assumptions, including revenue growth, operating margin and discount rate.</p> <p>The annual impairment testing is considered a significant accounting judgement and estimate and a key audit matter because the assumptions on which the tests are based are judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the financial statements as a whole.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We understood, evaluated and validated Management's key controls over the impairment assessment process; 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 experts involved in the process; We engaged experts to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates and methodologies used by the Management to determine the recoverable amount. We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used; and We tested the arithmetical accuracy of the impairment testing models. |

Other Information

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.

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.

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 the other information is materially inconsistent with the consolidated Ind AS 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 Consolidated Ind AS Financial Statements

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 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 system 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 31 March, 2019 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

(a) We did not audit the financial statements and other financial information, in respect of eleven subsidiaries, whose Ind AS financial statements include total assets of ₹ 29,145.98 lakhs as at 31 March, 2019, and total revenues of ₹ 22,281.85 lakhs and net cash inflows of ₹ 1,652.88 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 loss of ₹ 54.75 lakhs for the year ended 31 March, 2019, as considered in the consolidated Ind AS financial statements, in respect of a 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 associate 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 and associate, 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 31 March, 2019 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 31 March, 2019 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 over financial reporting with reference to these 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 31 March, 2019 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 37(b) 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 31 March, 2019;

- 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 31 March, 2019.

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: 8 May, 2019



Annexure 1 to the Independent Auditor's Report

of Even Date on the Consolidated Ind AS Financial Statements of AXISCADES ENGINEERING TECHNOLOGIES LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of AXISCADES Engineering Technologies Limited as of and for the year ended 31 March, 2019, we have audited the internal financial controls over financial reporting of AXISCADES Engineering Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate company, 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established

and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at 31 March, 2019, 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.

OTHER MATTERS

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

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: 8 May, 2019



Consolidated Balance Sheet

as at 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | As at | |
|--|------|------------------|------------------|
| | | 31 March, 2019 | 31 March, 2018 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 12,695.21 | 12,399.36 |
| Other intangible assets | 4 | 4,624.25 | 5,501.28 |
| Intangible assets under development | 5 | 50.00 | - |
| Capital work-in-progress | 6 | 11.89 | 50.48 |
| Goodwill | 7 | 16,592.88 | 16,474.25 |
| Investment in an associate | 8 | 172.75 | - |
| Financial assets | | | |
| Investments | 9 | 799.28 | 0.09 |
| Trade receivables | 10 | - | 11.14 |
| Loans | 11 | 1,082.65 | 1,161.98 |
| Other financial assets | 12 | 449.95 | 196.69 |
| Deferred tax assets, net | 39 | 2,549.57 | 1,615.33 |
| Non-current tax assets, net | 13 | 2,312.59 | 1,694.22 |
| Other non-current assets | 14 | 2,151.27 | 2,075.54 |
| | | 43,492.29 | 41,180.36 |
| Current assets | | | |
| Inventories | 15 | 2,017.01 | 3,013.49 |
| Financial assets | | | |
| Investments | 9 | 2,021.67 | 625.14 |
| Trade receivables | 10 | 15,285.00 | 16,588.90 |
| Loans | 11 | 353.28 | 279.99 |
| Cash and cash equivalents | 16 | 3,057.83 | 1,377.32 |
| Bank balances other than cash and cash equivalents | 17 | 2,772.89 | 4,816.00 |
| Other financial assets | 12 | 2,937.16 | 4,674.94 |
| Other current assets | 14 | 5,159.80 | 3,199.77 |
| | | 33,604.64 | 34,575.55 |
| Total assets | | 77,096.93 | 75,755.91 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 18 | 1,889.51 | 1,889.51 |
| Other equity | 19 | 26,577.35 | 27,282.72 |
| Non controlling interests | | 390.23 | 344.41 |
| Total equity | | 28,857.09 | 29,516.64 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 4,896.09 | 7,263.63 |
| Other financial liabilities | 22 | 9,698.97 | 10,325.24 |
| Provisions | 23 | 1,116.50 | 1,057.88 |
| Deferred tax liabilities, net | 39 | - | 1.10 |
| Other non-current liabilities | 24 | 27.82 | 27.82 |
| | | 15,739.38 | 18,675.67 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 8,254.01 | 6,515.21 |
| Trade payables | 21 | - | - |
| (a) Total outstanding dues of micro and small enterprises | | 73.78 | - |
| (b) Total outstanding dues of creditors other than micro and small enterprises | | 3,460.53 | 5,003.93 |
| Other financial liabilities | 22 | 15,552.17 | 12,647.40 |
| Provisions | 23 | 771.80 | 822.97 |
| Current tax liability, net | 25 | 306.00 | 86.51 |
| Other current liabilities | 24 | 4,082.17 | 2,487.58 |
| | | 32,500.46 | 27,563.60 |
| Total equity and liabilities | | 77,096.93 | 75,755.91 |

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date attached

For **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number : 101049W/E300004

For and on behalf of the Board of Directors of

AXISCADES Engineering Technologies Limited

CIN NO: L72200KA1990PLC084435

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

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

Sd/-
Sudhakar Gande
Non Executive Director
DIN: 00987566

Sd/-
Kaushik Sarkar
Chief Financial Officer

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

Place: Bengaluru
Date: 8 May, 2019

Place: Bengaluru
Date: 8 May, 2019

Place: Bengaluru
Date: 8 May, 2019

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | Year Ended 31 March, 2019 | Year Ended 31 March, 2018 |
|---|------|------------------------------|------------------------------|
| INCOME | | | |
| Revenue from contracts with customers | 26 | 60,433.53 | 51,915.67 |
| Other operating Income | 27 | 340.77 | - |
| Other income | 28 | 902.23 | 1,507.02 |
| Total income | | 61,676.53 | 53,422.69 |
| EXPENSES | | | |
| Cost of materials consumed | 29 | 9,450.73 | 5,488.40 |
| Employee benefits expense | 30 | 35,006.43 | 28,366.22 |
| Depreciation and amortisation expense | 31 | 1,974.81 | 1,876.32 |
| Finance costs | 32 | 2,357.41 | 1,368.97 |
| Project consultancy charges | | 2,472.69 | 5,455.43 |
| Other expenses | 33 | 12,649.75 | 10,847.08 |
| Total expenses | | 63,911.82 | 53,402.42 |
| (Loss) / Profit before Share of loss of an associate, exceptional items and tax | | (2,235.29) | 20.27 |
| Share of loss of an associate | 8 | (54.75) | - |
| (Loss) / Profit before exceptional items and tax | | (2,290.04) | 20.27 |
| Exceptional items | 34 | 1,450.68 | (298.69) |
| Loss before tax and non controlling interest | | (839.36) | (278.42) |
| Tax expense: | 39 | | |
| (i) Current tax | | 827.40 | 801.36 |
| (ii) Adjustment of tax relating to earlier years | | - | 58.79 |
| (iii) Deferred tax credit | | (899.29) | (357.37) |
| Loss after tax for the year | | (767.47) | (781.20) |
| Other comprehensive income | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| Remeasurement losses on defined benefit plans | 42 | (53.29) | (0.84) |
| Income tax effect | | 18.30 | (0.65) |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | (34.99) | (1.49) |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| a) Losses on cash flow hedges, net | | (53.30) | (327.46) |
| Income tax effect | | 14.44 | 112.64 |
| | | (38.86) | (214.82) |
| b) Exchange differences on translation of foreign operations | | 60.17 | 113.31 |
| Income tax effect | | - | - |
| | | 60.17 | 113.31 |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods: | | 21.31 | (101.51) |
| Other comprehensive income for the year, net of tax | | (13.68) | (103.00) |
| Total comprehensive income for the year, net of tax | | (781.15) | (884.20) |
| Total loss attributable to: | | | |
| Equity holders of the Company | | (813.30) | (824.98) |
| Non-controlling interest | | 45.83 | 43.78 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | (826.98) | (927.98) |
| Non-controlling interest | | 45.83 | 43.78 |
| Earnings per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2018: ₹ 5)] | | | |
| Basic and diluted | 35 | (2.15) | (2.18) |

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date attached

For **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number : 101049W/E300004

For and on behalf of the Board of Directors of

AXISCADES Engineering Technologies Limited

CIN NO: L72200KA1990PLC084435

Sd/-

per **Sunil Gaggar**

Partner

Membership no.: 104315

Sd/-

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director

DIN: 02809502

Sd/-

Kaushik Sarkar

Chief Financial Officer

Sd/-

Sudhakar Gande

Non Executive Director

DIN: 00987566

Sd/-

Shweta Agrawal

Company Secretary
Membership No.: 14148

Place: Bengaluru
Date: 8 May, 2019

Place: Bengaluru
Date: 8 May, 2019

Place: Bengaluru
Date: 8 May, 2019

Consolidated Statement of Cash Flows

for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Year Ended 31 March, 2019 | Year Ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before tax | (839.36) | (278.42) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 1,974.81 | 1,876.33 |
| Interest income (including fair value change in financial instruments) | (446.68) | (615.32) |
| Net gain on financial asset measured at fair value through profit and loss | (90.17) | - |
| Exceptional Items (refer note 34) | (1,450.68) | - |
| Dividend income from mutual funds | (15.83) | (7.52) |
| Interest expense (including fair value change in financial instruments) | 2,357.41 | 1,368.97 |
| Impairment of investment | 0.04 | 0.10 |
| Provision / liabilities no longer required written back | (257.08) | (564.00) |
| Share of loss of an associate | 54.75 | - |
| Bad debts written off | 185.71 | 49.38 |
| Provision for inventories (refer note 15) | 268.32 | - |
| Provision for foreseeable loss on contracts | 7.41 | - |
| Provision for doubtful debts and advances | 1,254.08 | 878.41 |
| Stock compensation expense (refer note 30) | - | 2.25 |
| (Profit) / Loss on sale of Property, plant and equipment | (20.57) | 0.29 |
| Net unrealised foreign exchange loss / (gain) | 984.50 | (160.86) |
| Operating profit before working capital changes | 3,966.66 | 2,549.61 |
| Movements in working capital | | |
| Decrease / (Increase) in trade receivables | (202.10) | (5,270.21) |
| Decrease / (Increase) in inventories | 728.16 | (1,101.23) |
| (Increase) / Decrease in other assets | (628.16) | 213.97 |
| Decrease / (Increase) in loans and advances | 240.40 | (111.12) |
| Increase in trade payables and other liabilities | 923.86 | 506.81 |
| (Decrease) / Increase in provisions | (89.45) | 270.64 |
| Cash generated from operating activities | 4,939.37 | (2,941.53) |
| Direct taxes paid (net of refunds) | (1,226.28) | (854.50) |
| Net cash generated from / (used in) operating activities (A) | 3,713.09 | (3,796.03) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments for purchase of property, plant and equipment, intangible assets and intangible assets under development | (1,459.02) | (1,675.87) |
| Proceeds from sale of property, plant and equipment | 705.08 | 353.83 |
| Interest received | 175.70 | 890.65 |
| Investment in mutual funds, other funds and equity shares of other companies | (2,105.59) | (507.06) |
| Redemption in fixed deposits, net | 1,549.36 | 99.03 |
| Dividend received | 15.83 | 4.70 |
| Investment in subsidiaries | - | (3,523.02) |
| Investment in associate | (227.50) | - |
| Net cash used in investment activities (B) | (1,346.14) | (4,357.74) |

Consolidated Statement of Cash Flows (Contd.)

for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Year Ended 31 March, 2019 | Year Ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Intercompany deposits repaid | - | (2,916.52) |
| Proceeds from intercompany deposits | - | 195.00 |
| Proceeds from borrowings | 731.02 | 8,265.07 |
| Interest paid | (1,383.37) | (830.79) |
| Net cash generated from financing activities (C) | (652.35) | 4,712.76 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 1,714.60 | (3,441.01) |
| Effect of exchange rate changes, net | 19.90 | 32.68 |
| Cash and cash equivalents as at beginning of the year [refer note 16 (a)] | 1,323.33 | 3,609.91 |
| Cash and cash equivalents acquired on account of business combinations (refer note 7) | - | 1,121.75 |
| Cash and cash equivalents at the end of the year [refer note 16(a)] | 3,057.83 | 1,323.33 |

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date attached

For **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number : 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Membership no.: 104315

Place: Bengaluru

Date: 8 May, 2019

For and on behalf of the Board of Directors of

AXISCADES Engineering Technologies Limited

CIN NO: L72200KA1990PLC084435

Sd/-

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director

DIN: 02809502

Sd/-

Kaushik Sarkar

Chief Financial Officer

Place: Bengaluru

Date: 8 May, 2019

Sd/-

Sudhakar Gande

Non Executive Director

DIN: 00987566

Sd/-

Shweta Agrawal

Company Secretary

Membership No.: 14148

Place: Bengaluru

Date: 8 May, 2019





Consolidated Statement of Changes in Equity

for the year ended 31 March, 2019

A. EQUITY SHARE CAPITAL

(All amounts in ₹ lakhs, unless otherwise stated)

| | Equity shares | |
|--|-------------------|----------|
| | Number (in lakhs) | Amount |
| Equity shares of ₹ 5 each (31 March, 2018 : ₹ 5 each), fully paid-up | | |
| As at 1 April, 2017 | 377.60 | 1,889.51 |
| Add: Issued and subscribed during the year | - | - |
| As at 31 March, 2018 | 377.60 | 1,889.51 |
| Add: Issued and subscribed during the year | - | - |
| As at 31 March, 2019 | 377.60 | 1,889.51 |

B. OTHER EQUITY

| | Reserves and surplus | | | | Items of OCI | | | Total other equity | 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) |
| Balance as at 1 April, 2017 | 3.39 | 10,077.23 | 12,380.48 | 155.17 | - | 5,698.31 | (208.11) | 179.70 | (30.23) | 28,255.94 | 300.63 | 28,556.57 |
| Loss for the year | - | - | (824.98) | - | - | - | - | - | - | (824.98) | 43.78 | (781.20) |
| Additions on account of acquisition of subsidiary (refer note 7) | - | - | - | - | 2.25 | - | - | - | - | - | 2.25 | 2.25 |
| Loss on settlement of loan from ultimate holding company | - | - | - | (47.49) | - | - | - | - | - | (47.49) | - | (47.49) |
| Fair value changes on derivatives designated as cash flow hedge, net of tax | - | - | - | - | - | - | - | (214.82) | - | (214.82) | - | (214.82) |
| Re-measurement losses in defined benefit plans, net of tax | - | - | - | - | - | - | - | - | (1.49) | (1.49) | - | (1.49) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | 113.31 | - | - | 113.31 | - | 113.31 |
| Total comprehensive income | - | - | (824.98) | (47.49) | 2.25 | - | 113.31 | (214.82) | (1.49) | (973.22) | 43.78 | (929.44) |
| Balance as at 31 March, 2018 | 3.39 | 10,077.23 | 11,555.50 | 107.68 | 2.25 | 5,698.31 | (94.80) | (35.12) | (31.72) | 27,282.72 | 344.41 | 27,627.13 |

| | Reserves and surplus | | | | Items of OCI | | | Total other equity | Non-controlling interests | Total |
|---|----------------------|--------------------|-------------------|-----------------|-----------------------------------|-----------------|--------------------------------------|--------------------|---------------------------|------------------|
| | General reserve | Securities premium | Retained earnings | Capital Reserve | Share options outstanding account | Capital reserve | Foreign currency translation reserve | | | |
| Loss for the year | - | - | (813.30) | - | - | - | - | - | 45.83 | (767.47) |
| Fair value changes on derivatives designated as cash flow hedge, net of tax | - | - | - | - | - | - | (38.86) | - | - | (38.86) |
| Re-measurement losses in defined benefit plans, net of tax | - | - | - | - | - | - | - | (34.99) | - | (34.99) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 181.78 | - | - | - | 181.78 |
| Other adjustments | - | - | - | - | - | - | - | - | (0.01) | (0.01) |
| Total comprehensive income | - | - | (813.30) | - | - | 181.78 | (38.86) | (34.99) | 45.82 | (659.55) |
| Balance as at 31 March 2019 | 3.39 | 10,077.23 | 10,742.20 | 107.68 | 2.25 | 5,698.31 | 86.98 | (66.71) | 390.23 | 26,967.58 |

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date attached

For **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number : 101049W/E300004

For and on behalf of the Board of Directors of

AXISCADES Engineering Technologies Limited

CIN NO: L72200KA1990PLC084435

Sd/-

per **Sunil Gaggar**

Partner

Membership no.: 104315

Sd/-

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director

DIN: 02809502

Sd/-

Sudhakar Gande

Non Executive Director

DIN: 00987566

Sd/-

Kaushik Sarkar

Chief Financial Officer

Sd/-

Shweta Agrawal

Company Secretary

Membership No.: 14148

Place: Bengaluru

Date: 8 May, 2019

Place: Bengaluru

Date: 8 May, 2019



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

1. GENERAL INFORMATION

AXISCADES Engineering Technologies Limited ('the Company' / 'the Holding Company' / 'ACETL'), a public limited company, operates in the business of Engineering Design Services 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.

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 and an associate ('the Group') listed below:

Information about subsidiaries:

| Name of the subsidiaries | Country of incorporation | Ownership interest (%) | |
|---|--------------------------|------------------------|----------------|
| | | 31 March, 2019 | 31 March, 2018 |
| AXISCADES, Inc. (formerly known as Axis Inc.) | USA | 100% | 100% |
| AXISCADES UK Limited (formerly known as Axis EU Europe Limited), Subsidiary of AXISCADES Inc. ('AXISCADES UK') | UK | 100% | 100% |
| AXISCADES Technology Canada Inc. (formerly known as Cades 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) ¹ | India | 100% | 100% |
| Aero Electronics Private Limited, subsidiary of MSPL (AEPL) ¹ | India | 100% | 100% |
| Mistral Technologies Private Limited, subsidiary of MSPL (MTPL) ¹ | India | 100% | 100% |
| Mistral Solutions Inc., subsidiary of MSPL (MSI) ¹ | USA | 100% | 100% |
| Mistral Solutions Pte Limited, subsidiary of MSPL (MSP) ¹ | Singapore | 100% | 100% |

Associate

The Group has a 50% interest in ASSYSTEM AXISCADES Engineering Private Limited ("AAEPL") w.e.f. 31 August, 2018 (31 March, 2018: Nil) (refer note 8).

¹ During the previous year, ACETL entered into a shareholder's agreement to acquire 100% stake in Mistral Solutions Private Limited ('MSPL') alongwith its subsidiaries in a phased manner. MSPL is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of MSPL effective 1 December, 2017.

2(i) 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, 2019. 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

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed 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 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, 2019. 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;



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

- 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 08 May, 2019.

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 non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities

representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12, Income Tax, and Ind AS 19, Employee Benefits respectively.
- Liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payments arrangement of the Group entered into to replace share-based arrangements of the acquiree are measured in accordance with Ind AS 102, Share-based Payments at the acquisition date
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit and Loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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 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.



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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.

Classification of leases

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

Recognition of deferred tax assets

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

Capitalisation of internally developed intangible assets

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

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets 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



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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.

Effective 1 April, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April, 2018). The



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer Note 2(i) – Significant accounting policies – Revenue Recognition - in the annual report of the Group for the year ended 31 March, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Group is insignificant.

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 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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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.

Define Contribution Plan

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 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.



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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.

l) Leases

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

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance lease :

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

Operating lease :

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments

made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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.

o) Inventories

Inventories comprising of project work in progress and finished goods, are valued at lower of cost and net realisable value. Cost comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:

Traded goods are valued at first in first out method.

Finished goods / work in progress - Cost of materials including costs of conversion, where cost of material is determined under first in first out method. Cost of conversion is considered at actuals.

Goods in transit are valued at actual cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete and defective inventories are duly provided for basis the Management estimate.

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.



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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."

iii. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss 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



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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;

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.



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

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

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in during the year ending 31 March, 2019, but do not have an impact on the Consolidated Ind AS financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for providing services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption. The Group do not have any significant impact on adoption of Ind AS 115 for the current year.

2(iii) Standards issued but not yet effective

The standards issued, but not yet effective up to the date of issuance of the Group's Consolidated Ind AS financial statements are disclosed below. The Group intends to adopt these standards when they become effective.



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

i) Ind AS 116: Leases

On 30 March, 2019, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 (“amended rules”). As per the amended rules, Ind AS 116, “Leases”, will replace existing Ind AS on Lease. It replaces Ind AS 17, “Leases” and is applicable for all accounting periods commencing on or after 1 April, 2019.

The standard introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. For lessees, Ind AS 116 removes distinctions between operating leases and finance leases. These are replaced by a model where a right of use asset and a corresponding liability are recognised for all leases except for short-term leases and low value assets.

In contrast to lessee accounting, Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The standard permits two possible methods of transition:

Full Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented.

Modified Retrospective approach - Under this approach the entity shall not restate the comparative information. Instead, the entity shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings at the date of initial application.

The Group has established an implementation team to implement Ind AS 116 related to the identification and recognition of leases and continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

During the year, the Group has made progress in a number of areas including the identification of leases and contracts that could be determined to include a lease; the collation of lease data required for the calculation of the impact assessment; identification of areas of complexity or judgement relevant to

the Group; identification of necessary changes to systems and processes required to enable reporting and accounting in accordance with Ind AS 116; and development of initial estimates for discount rates.

From the work performed to date and based on the undiscounted lease commitments presented in note 37, it is anticipated that implementation of the new standard using the modified retrospective approach will have impact on the reported assets and liabilities of the Group.

These adjustments will lead to an increase in total assets and total liabilities at the date of transition as a result of the recognition of the right of use assets and the corresponding lease liabilities.

In addition, the implementation of the standard will impact the income statement and classification of cash flows.

While the total amount of expenses charged over the term of the lease remains the same, the distribution of such expenses over time and the breakdown of the same into depreciation on the right of use asset and interest expense on the lease liability.

A reliable estimate of the financial impact on the Group’s results is dependent on a number of unresolved areas, including; choice of transition option, refinement of approach to discount rates, estimates of lease-term for leases with options to break and renew and conclusion of data collection. In addition, the financial impact is dependent on the facts and circumstances at the time of transition. For these reasons, it is not yet practicable to determine a reliable estimate of the financial impact on the Group.

ii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On 30 March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, ‘Employee Benefits’, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and



Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

- b) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April, 2019. The Group does not have any impact on account of this amendment.”

iii) **Appendix C to Ind AS 12 uncertainty over income tax treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination

The interpretation is effective for annual reporting periods beginning on or after 1 April, 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex tax environment, applying the interpretation may affect its financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the interpretation on a timely basis.



Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT (PPE)

| Particulars | Leasehold land (refer note 1 below) | Freehold land (refer note 2 below) | Computers | Furniture and fixtures | Test equipments | Office equipments | Electrical installations | Vehicles | Office building | Leasehold improvements | Plant and machinery | Total |
|--|-------------------------------------|------------------------------------|-----------------|------------------------|-----------------|-------------------|--------------------------|---------------|-----------------|------------------------|---------------------|------------------|
| Cost * | | | | | | | | | | | | |
| Balance as at 1 April 2017 | 5,610.51 | 3,370.50 | 823.26 | 140.49 | - | 169.96 | 10.08 | 87.86 | 493.39 | 32.92 | 59.56 | 10,798.53 |
| Additions for the year | 99.76 | - | 200.59 | 21.71 | - | 45.48 | - | 26.00 | 119.78 | 5.50 | 749.38 | 1,268.20 |
| Acquisition of a subsidiary [refer note 7] | 940.00 | - | 159.24 | 29.24 | 239.27 | 7.87 | - | 163.06 | - | 3.34 | 21.77 | 1,563.79 |
| Disposals during the year | - | - | (2.61) | (0.43) | - | (0.42) | - | - | - | - | (2.92) | (6.38) |
| Other adjustments [refer note 3 below] | - | - | 24.27 | 4.22 | - | 8.03 | - | - | - | 1.09 | - | 37.61 |
| Balance as at 31 March 2018 | 6,650.27 | 3,370.50 | 1,204.75 | 195.23 | 239.27 | 230.92 | 10.08 | 276.92 | 613.17 | 42.85 | 827.79 | 13,661.75 |
| Additions for the year | 81.70 | - | 134.47 | 18.62 | 17.77 | 26.43 | - | - | 8.21 | 5.36 | 758.76 | 1,051.32 |
| Disposals during the year | - | - | - | - | - | (2.46) | - | (49.84) | - | (8.49) | - | (60.79) |
| Other adjustments [refer note 3 below] | - | - | 2.19 | 1.19 | - | 0.24 | - | - | - | - | - | 3.62 |
| Balance as at 31 March 2019 | 6,731.97 | 3,370.50 | 1,341.41 | 215.04 | 257.04 | 255.13 | 10.08 | 227.08 | 621.38 | 39.72 | 1,586.55 | 14,655.90 |
| Accumulated Depreciation | | | | | | | | | | | | |
| Balance as at 1 April 2017 | - | - | 215.97 | 39.44 | - | 32.75 | 2.49 | 6.32 | 8.91 | 16.41 | 15.99 | 338.28 |
| Depreciation charge for the year | - | - | 405.03 | 40.38 | 9.02 | 46.87 | 2.49 | 42.66 | 8.84 | 6.08 | 93.17 | 654.54 |
| Acquisition of a subsidiary [refer note 7] | - | - | 48.80 | 11.09 | 130.59 | 3.61 | - | 33.37 | - | 3.13 | 8.18 | 238.77 |
| Disposals during the year | - | - | (0.45) | (0.43) | - | (0.23) | - | - | - | - | (1.16) | (2.27) |
| Other adjustments [refer note 3 below] | - | - | 19.71 | 4.24 | - | 8.03 | - | - | - | 1.09 | - | 33.07 |
| Balance as at 31 March 2018 | - | - | 689.06 | 94.72 | 139.61 | 91.03 | 4.98 | 82.35 | 17.75 | 26.71 | 116.18 | 1,262.39 |
| Depreciation charge for the year | - | - | 349.42 | 43.23 | 37.10 | 55.11 | 2.49 | 58.03 | 10.78 | 3.58 | 190.18 | 749.92 |
| Disposals during the year | - | - | - | - | - | (2.27) | - | (46.36) | - | (7.90) | - | (56.53) |
| Other adjustments [refer note 3 below] | - | - | 4.37 | 0.29 | - | 0.25 | - | - | - | - | - | 4.91 |
| Balance as at 31 March 2019 | - | - | 1,042.85 | 138.24 | 176.71 | 144.12 | 7.47 | 94.02 | 28.53 | 22.39 | 306.36 | 1,960.69 |
| Net book | | | | | | | | | | | | |
| As at 31 March 2018 | 6,650.27 | 3,370.50 | 515.69 | 100.51 | 99.66 | 139.89 | 5.10 | 194.57 | 595.42 | 16.14 | 711.61 | 12,399.36 |
| As at 31 March 2019 | 6,731.97 | 3,370.50 | 298.56 | 76.80 | 80.33 | 111.01 | 2.61 | 133.06 | 592.85 | 17.33 | 1,280.19 | 12,695.21 |

Notes:

1 Leasehold land includes the following:

- Karnataka Industrial Areas Development Board (KIADB) vide letter dated 12 September 2017, had allotted 20.8 acres of land in 'Bengaluru Aerospace Park' to AAIPL, a step-down subsidiary of the Company, for which AAIPL has paid an advance of ₹ 3,757.69 lakhs. As per the allotment letter, the land is allotted on a lease cum sale basis, wherein, the land would be transferred to AAIPL after a period of 10 years from the date on which the conditions specified in the allotment letter are fulfilled. Out of the total area of 20.8 acres of land, AAIPL has received possession of 40 acres of land and the possession of remaining 10.8 acres is yet to be received. AAIPL has capitalised ₹ 1,801.01 lakhs as leasehold land, pertaining to 10 acres of land and ₹ 1,956.68 lakhs for the remaining 10.8 acres is treated as capital advance.



Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

- b. Karnataka Industrial Areas Development Board (KIADB) vide letter dated 23 January 2014, had allotted 2 acres of land in 'Bengaluru Aerospace Park' to AEPL, a step-down subsidiary of the Company, for which AEPL has paid an advance of ₹ 360 lakhs. As per the allotment letter, the land is allotted on a lease cum sale basis, wherein, the land would be transferred to AAIPL after a period of 10 years from the date on which the conditions specified in the allotment letter are fulfilled.
- c. Industrial plot bearing plot no. 30 situated in Block - D of Sector-03 within New Okhla Industrial Development Authority Area (NOIDA), Gautam Budh Nagar, Uttar Pradesh, acquired by executing sale cum lease agreement dated 18 January 2000 with Noida for a period of 99 years.
2. Freehold Land includes land held by the Company at plot No. 14&15 in Keonics Electronic city in Sy. No 2 of Konappana Agrahara Village Begur Hobli, Bangalore South Taluk, which was transferred pursuant to the amalgamation scheme (refer note 48).
3. Represents adjustments consequent to translation of property, plant and equipment in foreign geographies.
4. **Contractual obligations**
There are no contractual commitments for the acquisition of property, plant and equipment.
5. **Capitalised borrowing cost**
There is no borrowing costs capitalised during the year ended 31 March, 2019 (31 March, 2018: Nil).
6. **Property, plant and equipment pledged as security**
Details of properties pledged are as per note 20.
7. **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).

* For Property, plant and equipment existing as on the date of transition to Ind AS i.e., 1 April, 2016, the Group has used fair value as at 1 April, 2016 as deemed cost. Thereafter, all the additions to Property, plant and equipment are recognized at cost.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

4. OTHER INTANGIBLE ASSETS

| Particulars | Computer software | Non-compete fee | Customer contract | Process manuals | Total |
|--|-------------------|-----------------|-------------------|-----------------|-----------------|
| Cost* | | | | | |
| Balance as at 1 April 2017 | 634.15 | - | - | 1,671.39 | 2,305.54 |
| Additions for the year | 346.86 | - | - | 83.05 | 429.91 |
| Acquisition of a subsidiary [refer note 7] | 97.83 | 1,500.87 | 3,127.52 | - | 4,726.22 |
| Disposals during the year | - | - | - | - | - |
| Other adjustments [refer note 1 below] | 9.17 | - | - | - | 9.17 |
| Balance as at 31 March 2018 | 1,088.01 | 1,500.87 | 3,127.52 | 1,754.44 | 7,470.84 |
| Additions for the year | 253.42 | - | - | 93.93 | 347.35 |
| Other adjustments [refer note 1 below] | - | - | - | 0.79 | 0.79 |
| Balance as at 31 March 2019 | 1,341.43 | 1,500.87 | 3,127.52 | 1,849.16 | 7,818.98 |
| Accumulated amortisation | | | | | |
| Balance as at 1 April 2017 | 206.35 | - | - | 490.18 | 696.53 |
| Acquisition of a subsidiary [refer note 7] | 45.14 | - | - | - | 45.14 |
| Amortisation charge for the year | 265.80 | 50.03 | 104.25 | 801.70 | 1,221.78 |
| Other adjustments [refer note 1 below] | 6.11 | - | - | - | 6.11 |
| Balance as at 31 March 2018 | 523.40 | 50.03 | 104.25 | 1,291.88 | 1,969.56 |
| Amortisation charge for the year | 335.03 | 150.08 | 312.76 | 427.02 | 1,224.89 |
| Other adjustments [refer note 1 below] | - | - | - | 0.28 | 0.28 |
| Balance as at 31 March 2019 | 858.43 | 200.11 | 417.01 | 1,719.18 | 3,194.73 |
| Net block | | | | | |
| As at 31 March 2018 | 564.61 | 1,450.84 | 3,023.27 | 462.56 | 5,501.28 |
| As at 31 March 2019 | 483.00 | 1,300.76 | 2,710.51 | 129.98 | 4,624.25 |

Notes:

1 Represents adjustments consequent to translation of other intangible assets in foreign geographies.

* For other intangible assets existing as on the date of transition to Ind AS i.e., 1 April 2016, the Group has used carrying value as at 1 April 2016 as its deemed cost. Thereafter, all the additions to other intangible assets are recognized at cost.

5. INTANGIBLE ASSETS UNDER DEVELOPMENT

| Particulars | Software | Total |
|--|--------------|--------------|
| Balance as at 1 April 2017 | - | - |
| Additions during the year | - | - |
| Balance as at 31 March 2018 | - | - |
| Additions during the year (refer note (i) below) | 50.00 | 50.00 |
| Balance as at 31 March 2019 | 50.00 | 50.00 |

(i) Intangible assets under development pertains to development of an application with an objective to bring more efficiency in delivery of certain products.

6. CAPITAL WORK-IN-PROGRESS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|---------------------|---------------------|
| Opening capital work-in-progress | 50.48 | 587.59 |
| Additions during the year | 6.41 | 82.77 |
| Acquisition of a subsidiary (refer note 7) | - | 5.48 |
| Capitalised during the year | (45.00) | (625.36) |
| Closing capital work-in-progress | 11.89 | 50.48 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

7. GOODWILL

| (a) Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Carrying value at the beginning of the year | 16,474.25 | 3,870.48 |
| Translation differences | 118.63 | 20.72 |
| Acquisition of subsidiary (MSPL) (refer note c(iii) below) | - | 12,583.05 |
| Carrying value at the end of the year | 16,592.88 | 16,474.25 |

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. An amount of ₹ 16,592.88 lakhs (31 March 2018: ₹ 16,474.25 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 2019 and 31 March 2018 is as below:

| Entity | Allocated operating segment | As at 31 March 2019 | As at 31 March 2018 |
|--|-----------------------------|------------------------|------------------------|
| AXISCADES UK Limited | Engineering design services | 116.56 | 118.89 |
| AXISCADES Inc. | Engineering design services | 2,027.22 | 1,906.26 |
| Cades Studec Technologies India Private Limited | Engineering design services | 446.07 | 446.07 |
| AXISCADES Aerospace & Technologies Private Limited | System integration services | 1,419.98 | 1,419.98 |
| Mistral Solutions Private Limited | Engineering design services | 12,583.05 | 12,583.05 |
| | | 16,592.88 | 16,474.25 |

- (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:

- (i) Revenue growth rates, operating margins
- (ii) Discount rates
- (iii) 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

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

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% to 17% 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 2% to 5% for computation of value in use.

As at 31 March 2019, the estimated recoverable amount of each of the CGU’s exceeded its carrying amount, hence there is no impairment loss recognised in the consolidated financial statements. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

- (c) i. During the previous year, 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 MSPL effective 1 December 2017.

As per the SPA, the amount of purchase consideration payable is dependent on revenues and profit after tax generated by MSPL Group since the acquisition date through the financial year ended March 2022. As on the acquisition date, the fair value of the purchase consideration aggregated ₹ 24,213.97 lakhs, payable over a period specified in the SPA. The fair value of the purchase consideration payable as at 31 March 2019, aggregated ₹ 20,401.81 lakhs (March 31, 2018: ₹ 21,028.07 lakhs).

| Particulars | 31 March 2019 | 31 March 2018 |
|--|------------------|------------------|
| Opening balance of purchase consideration payable | 21,028.07 | - |
| Add: Additions during the year | - | 24,213.97 |
| Add: Unwinding of discount (interest expense) | 824.42 | 337.12 |
| Less: Payments made during the year | - | 3,523.02 |
| Less: Fair value gain recognised during the year | 1,450.68 | - |
| Closing balance of purchase consideration payable | 20,401.81 | 21,028.07 |

During the year, the Company has recognised a fair value gain of ₹ 1,450.68 lakhs on re-estimation of the purchase consideration payable and has recognised an interest expense of ₹ 824.42 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 current year’s actual performance of MSPL Group

The Company has engaged an independent external valuer for valuation of purchase 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.

Out of the aforesaid purchase consideration payable at the year end, ₹ 9,698.97 lakhs (March 31, 2018: ₹ 10,325.24 lakhs) is disclosed under Other Non-current financial liabilities; and ₹ 10,702.85 lakhs (March 31, 2018: ₹ 10,702.85 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 Explsoft Tech Solutions Pvt Ltd (erstwhile holding company of MSPL) 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. As the registered office of the Explsoft Tech Solutions Pvt Ltd is situated in the state of Maharashtra, the scheme has also been filed with NCLT, Mumbai for approval. Presently, the Company is awaiting for final hearing for the approval. Pending necessary approval from NCLT Mumbai, bench, no effect is given to aforesaid scheme of amalgamation.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

iii. Business combination- Acquisition

Assets and liabilities assumed:

The fair values of the identifiable assets and liabilities of MSPL as at the date of acquisition were:

| Particulars | Fair value recognised on acquisition |
|--|--------------------------------------|
| Assets | - |
| Property, plant and equipment | 772.03 |
| Capital work-in-progress | 11.77 |
| Intangible assets | 52.69 |
| Cash and cash equivalents and bank balances | 2,691.36 |
| Trade receivables | 3,472.22 |
| Inventories | 1,208.86 |
| Other assets | 2,315.35 |
| Total assets | 10,524.28 |
| Liabilities | |
| Borrowings | 211.83 |
| Trade payables | 1,868.59 |
| Other liabilities | 1,994.33 |
| Total Liabilities | 4,074.75 |
| Total net assets | 6,449.53 |
| Customer Contracts | 3,127.52 |
| Non-compete Fee | 1,500.87 |
| Gain on fair Valuation of Land | 553.00 |
| Total identifiable net assets at fair value | 11,630.92 |
| Goodwill arising on acquisition | 12,583.05 |
| Purchase consideration transferred | 24,213.97 |

From the acquisition date, results from operations of the Group for the year ended 31 March 2018 includes total revenue ₹ 7,368.86 lakhs and net profit of ₹ 1,198.18 lakhs. If the combination had taken place at the beginning of the previous year, the results from operations of the Group for the year ended 31 March 2018 would include total revenues of ₹ 14,036.99 lakhs and the net profit of ₹ 984.41 lakhs (For the year ended 31 March 2019: total revenues amounted ₹ 16,490.90 lakhs and the net profit amounted ₹ 1,778.02 lakhs).

The net cash flow as on the date of acquisition is as below:

| Purchase consideration | Amount |
|--|-------------------|
| Amount paid to the shareholders of MSPL | 3,523.02 |
| Deferred consideration | 20,690.95 |
| Total consideration | 24,213.97 |
| Analysis of cash flows on acquisition | |
| Purchase consideration paid | (3,523.02) |
| Net cash acquired with the subsidiary | 1,121.75 |
| Transaction costs of the acquisition | (137.42) |
| Net cash flow on acquisition | (2,538.69) |

Transaction costs of ₹ 137.42 lakhs have been expensed and are included in exceptional items.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

8. INVESTMENT IN AN ASSOCIATE

During the year, 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:

| Particulars | As at 31 March 2019 |
|-------------------------------------|------------------------|
| Current assets | 522.76 |
| Non-current assets | 42.40 |
| Current liabilities | (215.49) |
| Non-current liabilities | (4.18) |
| Equity | 345.49 |
| Proportion of the Group's ownership | 50% |
| Carrying amount of the investment | 172.75 |

| Particulars | Year ended 31 March 2019 |
|--|-----------------------------|
| Revenue from contracts with customers | 155.78 |
| Depreciation and amortisation | (0.59) |
| Employee benefits expense | (172.66) |
| Other expense | (125.60) |
| Loss before tax | (143.07) |
| Deferred tax credit | 33.57 |
| Loss for the year | (109.50) |
| Total comprehensive income for the year | (109.50) |
| Group's share of loss for the year | (54.75) |

The associate had no contingent liabilities or capital commitments as at 31 March 2019.

9. INVESTMENTS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Non-current | | |
| Unquoted | | |
| i) Investments (at amortised cost) | | |
| National savings certificate | 0.05 | 0.09 |
| Total investment carried at amortised cost | 0.05 | 0.09 |
| ii) Investment in equity shares of other companies (at FVTPL) | | |
| Axis Cogent Global Limited | - | - |
| 946,822 (31 March 2018: 946,822) equity shares of ₹ 10 each | | |
| Datum Technology Limited | - | - |
| 50,000 (31 March 2018: 50,000) equity shares of ₹ 10 each | | |
| Raaga Axis Avicom Private Limited * | - | - |
| 1,000 (31 March 2018: 1,000) equity shares of ₹ 10 each | | |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| iii) Other Investment (at FVTPL) | | |
| Investment in real estate fund | 271.32 | - |
| Quoted | | |
| iv) Other Investment (at FVTPL) | | |
| Investment in other funds | 517.90 | - |
| Investment in mutual funds | 10.01 | - |
| Total investment carried at fair value through profit or loss | 799.23 | - |
| Aggregate value of investments | 799.28 | 0.09 |
| Current | | |
| Quoted | | |
| i) Investment in equity shares of other companies (at FVTPL) | | |
| Investment in equity shares # | 194.63 | 65.15 |
| ii) Other investments (at FVTPL) | | |
| Investment in mutual funds | 1,827.04 | 559.99 |
| Total investment carried at fair value through profit or loss | 2,021.67 | 625.14 |

* In the previous year, ACAT has impaired the investment in Raaga Axis Aviacom Private Limited of ₹ 0.10 lakhs, as this company has become dormant under section 455 of Companies Act, 2013. The impairment of the investment was recognised with other expenses in the statement of profit and loss account. Since the amount is not material, it is not separately disclosed in the Consolidated Ind AS Financial Statements.

Pertains to 1,98,000 shares investment in Astra Microwave Products Limited.

10. TRADE RECEIVABLES

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Non-current | | |
| (a) Trade Receivables | - | 11.14 |
| | - | 11.14 |
| Current** | | |
| (a) Trade Receivables | 15,285.00 | 16,588.90 |
| Break-up for security details: | 15,285.00 | 16,588.90 |
| Trade receivables (Current and Non Current) | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 15,285.00 | 16,600.04 |
| Trade Receivables which have significant increase in credit risk | 4.77 | 966.48 |
| Trade Receivables - credit impaired* | 1,965.65 | - |
| | 17,255.42 | 17,566.52 |
| Impairment Allowance (allowance for bad and doubtful debts) | | |
| Trade Receivables which have significant increase in credit risk | (4.77) | (966.48) |
| Trade Receivables - credit impaired* | (1,965.65) | - |
| Total Trade receivables | 15,285.00 | 16,600.04 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

As at 31 March 2019, trade receivables include a sum of ₹ 21.78 lakhs (31 March 2018: ₹ 21.78 Lakhs) foreign currency receivables outstanding for more than 365 days. In this regard, the Company has filed for extension with its Authorized Dealer as per the required provisions of Foreign Exchange Management Act, 1999.

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

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

*The impairment allowance pertains to receivable from customers whose payments are significantly delayed. The Board in its meeting held on January 14, 2019, took note of all relevant information and various steps taken by the Management to recover the dues from one party and in that context has approved legal action inter alia to hasten the process of recovery.

** Refer note 20 for details of assets pledged as security for borrowings.

11. LOANS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Non-current | | |
| (Unsecured, considered good) | | |
| Loans to employees | 7.52 | 13.91 |
| Security deposit | 1,075.13 | 1,148.07 |
| | 1,082.65 | 1,161.98 |
| Current* | | |
| (Unsecured, considered good) | | |
| Intercompany deposit to related party [refer note 36] | - | 22.78 |
| Intercompany deposit to others [refer note (a) below] | 175.00 | 175.00 |
| Other receivables from : | | |
| - Holding Company (refer note 36) | 10.38 | - |
| - Associate (refer note 36) | 65.50 | - |
| Security deposit | 102.40 | 82.21 |
| | 353.28 | 279.99 |

(a) During the previous year, MSPL has given an unsecured intercompany loans of ₹ 175.00 lakhs to Valdel Infratech Private Limited at an interest rate of 10% p.a. for a period of 6 months.

(b) 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.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

12. OTHER FINANCIAL ASSETS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Non-current | | |
| (Unsecured, considered good) | | |
| Margin money deposits with banks against bank guarantee (refer note 17) | 449.95 | 196.69 |
| | 449.95 | 196.69 |
| Current * | | |
| (Unsecured, considered good) | | |
| Interest accrued on fixed deposits | 127.01 | 90.39 |
| Hedge asset | - | 0.97 |
| Margin money deposits with banks against bank guarantee (refer note 17) | 364.99 | 124.50 |
| Receivables for capital goods | 78.68 | 758.93 |
| Loans to employees | 42.05 | 42.71 |
| Others | 24.29 | 29.65 |
| Contract assets - Unbilled revenue | 2,300.14 | 3,627.79 |
| | 2,937.16 | 4,674.94 |
| (Unsecured, considered doubtful) | | |
| Receivables for capital goods | 236.04 | 3.87 |
| Contract assets - Unbilled revenue | 104.97 | 104.97 |
| | 341.01 | 108.84 |
| Less : | | |
| Allowance for doubtful receivables for capital goods | (236.04) | (3.87) |
| Allowance for Contract assets - Unbilled revenue | (104.97) | (104.97) |
| | (341.01) | (108.84) |
| | 2,937.16 | 4,674.94 |

* Refer note 20 for details of assets pledged as security for borrowings.

13. NON-CURRENT TAX ASSETS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Advance income tax (net of provision for tax) | 2,312.59 | 1,694.22 |
| | 2,312.59 | 1,694.22 |

14. OTHER ASSETS

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Non-current | | |
| (Unsecured, considered good) | | |
| Duties and taxes recoverable | 71.54 | - |
| Prepaid expenses | 79.53 | 99.68 |
| Capital advances | 1,991.98 | 1,956.58 |
| Deferred rent | 8.22 | 19.28 |
| | 2,151.27 | 2,075.54 |
| (Unsecured, considered doubtful) | | |
| capital advances | 178.38 | 178.38 |
| | 178.38 | 178.38 |
| Less : Allowance for capital advances | (178.38) | (178.38) |
| | 2,151.27 | 2,075.54 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Current * | | |
| (Unsecured, considered good) | | |
| Advances to employees | 130.41 | 113.04 |
| Duties and taxes recoverable | 2,620.23 | 1,800.58 |
| Prepaid expenses | 734.54 | 681.40 |
| Advance to suppliers | 563.23 | 593.08 |
| Export incentive receivable | 173.02 | - |
| Contract assets | 927.03 | - |
| Deferred rent | 11.34 | 11.67 |
| | 5,159.80 | 3,199.77 |
| (Unsecured, considered doubtful) | | |
| Duties and taxes recoverable | 27.67 | 27.67 |
| | 27.67 | 27.67 |
| Less : Allowance for duties and taxes recoverable | (27.67) | (27.67) |
| | (27.67) | (27.67) |
| | 5,159.80 | 3,199.77 |

* Refer note 20 for details of assets pledged as security for borrowings.

15. INVENTORIES *

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Raw material /components [including goods-in-transit of ₹ 103.04 lakhs (31 March 2018: ₹ 1,030.17 lakhs)] | 701.79 | 1,364.60 |
| Project work-in-progress | 1,437.91 | 1,511.55 |
| Finished goods | 47.32 | 6.90 |
| Traded goods [including goods-in-transit of ₹ 5.49 lakhs (31 March 2018: ₹ 2.78 lakhs)] | 98.31 | 130.44 |
| | 2,285.33 | 3,013.49 |
| Less: Provision for slow / non-moving inventory (refer note 1 below) | 268.32 | - |
| | 2,017.01 | 3,013.49 |

1 The cost of materials consumed includes ₹ 268.32 lakhs (31 March, 2018: Nil) in respect of write-downs of inventory to net realisable value.

* Refer note 20 for details of assets pledged as security for borrowings.

16. CASH AND CASH EQUIVALENTS*

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Cash on hand | 1.00 | 1.81 |
| Balances with banks | | |
| - in current accounts | 2,401.24 | 1,209.57 |
| - in cash credit accounts | 655.05 | 65.94 |
| - Margin money deposits with banks against bank guarantee (refer note 17) | 0.54 | 100.00 |
| | 3,057.83 | 1,377.32 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

- (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 March 31, 2019, the Group has ₹ 2,967.61 lakhs (March 31, 2018: ₹ 2,155.42 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:*

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Cash and cash equivalents | 3,057.83 | 1,377.32 |
| Less: Bank overdraft repayable on demand (refer note 22) | - | (53.99) |
| | 3,057.83 | 1,323.33 |

17. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Margin money deposits with banks against bank guarantee | 3,588.37 | 5,237.19 |
| | 3,588.37 | 5,237.19 |
| Less: Amounts disclosed as other non-current financial assets (refer note 12) | (449.95) | (196.69) |
| Less: Amounts disclosed as other current financial assets (refer note 12) | (364.99) | (124.50) |
| Less: Amounts disclosed as cash and cash equivalents (refer note 16) | (0.54) | (100.00) |
| | 2,772.89 | 4,816.00 |

Note:

- (i) Fixed deposits of a carrying amount ₹ 3,484.99 lakhs (31 March 2018: ₹ 4,023.22 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.
- (ii) Deposits of a carrying amount ₹ 103.38 lakhs (31 March 2018: ₹ 92.83 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.
- (iii) Refer note 20 for assets pledged as security for borrowings.

- a) *Breakup of financial assets carried at amortized cost*

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Investments (refer note 9) | 0.05 | 0.09 |
| Loans (Current and Non Current) (refer note 11) | 1,435.93 | 1,441.97 |
| Trade receivables (Current and Non Current) (refer note 10) | 15,285.00 | 16,600.04 |
| Other financial assets (Current and Non Current) (refer note 12) | 3,387.11 | 4,870.66 |
| Cash and cash equivalents (refer note 16) | 3,057.83 | 1,377.32 |
| Bank balances other than cash and cash equivalents (refer note 17) | 2,772.89 | 4,816.00 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

18. EQUITY SHARE CAPITAL

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|----------------------|------------------|----------------------|------------------|
| | Number (in Lakhs) | Amount | Number (in Lakhs) | Amount |
| Authorized share capital | | | | |
| 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 |
| | 2,041.00 | 10,300.00 | 2,041.00 | 10,300.00 |
| Issued share capital | | | | |
| 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 (31 March, 2018 ₹ 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 |
| | 377.60 | 1,889.51 | 377.60 | 1,889.51 |

* 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

| Equity shares of ₹ 5 each, par value | | | | |
|--|---------------|-----------------|---------------|-----------------|
| Balances as at the beginning of the year | 377.60 | 1,889.51 | 377.60 | 1,889.51 |
| Add: Issued and subscribed during the year | - | - | - | - |
| Balance at the end of the year | 377.60 | 1,889.51 | 377.60 | 1,889.51 |

(b) Terms and rights attached to equity shares

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

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|----------------------|--------|----------------------|--------|
| | Number (in Lakhs) | Amount | Number (in Lakhs) | Amount |
| Holding Company: | | | | |
| Jupiter Capital Private Limited (refer note (1) below) | 68.72 | 343.61 | 66.49 | 332.45 |
| Subsidiaries of Holding Company: | | | | |
| 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 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.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

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

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|--|----------------------|-----------------------|----------------------|-----------------------|
| | Number (in Lakhs) | Percentage holding | Number (in Lakhs) | Percentage holding |
| Equity shares of ₹ 5 each, par value | | | | |
| 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) | 68.72 | 18.20% | 66.49 | 17.61% |
| 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 | 2017 - 18 | 2016 - 17 | 2015 - 16 | 2014 - 15 | 2013 - 14 |
|--|-----------|-----------|-----------|-----------|-----------|
| Equity shares: | | | | | |
| Allotted as fully paid up under Scheme of Amalgamation (Refer note:48) | - | 105.70 | - | 72.29 | - |

(g) *Shares reserved for issue under options*

The ESOP scheme titled "AXISCADES Engineering Employee Stock Option Plan- Series 1 & 2" 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.

19. OTHER EQUITY

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Securities premium | 10,077.23 | 10,077.23 |
| Capital reserve | 5,698.31 | 5,698.31 |
| Hedge reserve | (73.98) | (35.12) |
| Foreign currency translation reserve | 86.98 | (94.80) |
| Surplus in the Statement of Profit and Loss | 10,742.20 | 11,555.50 |
| General reserve | 3.39 | 3.39 |
| Share options outstanding account | 2.25 | 2.25 |
| Capital contribution Reserve | 107.68 | 107.68 |
| Other reserves | (66.71) | (31.72) |
| Total | 26,577.35 | 27,282.72 |

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.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

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 options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees of MSPL under Employee Stock Option Plan.

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

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Non current | | |
| Secured | | |
| Term loan from banks [refer note a(ii),b(ii),b(iii),f(i),g(ii),h] | 4,896.09 | 7,263.63 |
| | 4,896.09 | 7,263.63 |
| Current | | |
| Secured | | |
| Buyer's credit [refer note f(iv) and g(i)] | - | 28.65 |
| Working capital loans [refer note a(i),b(i),e,f(iii),g(i)] | 4,591.27 | 3,580.86 |
| Packing credit in foreign currency [refer note a(i),b(i),f(iii),g(i)] | 919.22 | 1,595.92 |
| Cash credit from bank [refer note a(iii),b(iv),f(ii),g(i)] | 2,743.52 | 1,309.78 |
| | 8,254.01 | 6,515.21 |

I AXISCADES Engineering Technologies Limited

a) Details of security for borrowings

- (i) Packing credit facility in foreign currency ("PCFC") is from a bank are secured by first exclusive charge on current assets, exclusive charge on movable assets and exclusive charge on 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 and Technologies Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹ 4,500.00 lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained.
- (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, pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹ 4,500.00 lakhs, pledge of shares to the extent of 1.40 times of the exposure of both of the Companies (the Company and its subsidiary, AXISCADES Aerospace and Technologies Private 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.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

(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 and Technologies limited), pledge of 26% shares of Mistral Solutions Private Limited valued at ₹ 4,500.00 lakhs. 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 5.5% - 7.5% per annum (31 March 2018: 2.5% - 5.5% per annum) is repayable over a maximum tenure of 180 days from the date of respective availment.

(ii) During the previous year, the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an effective interest rate of 8.5% per annum (March 31, 2018: 8.5% per annum). The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of availment.

(iii) During the current year, the Company has availed term loan from bank aggregating USD 2.92 lakhs carrying an interest rate of 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 11.76 % per annum (31 March 2018: 11.55% per annum) and is 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.

d) Assets pledged as security

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

| Particulars | As at | As at |
|-------------------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Current | | |
| First charge | | |
| Financial assets | 10,437.04 | 9,936.78 |
| Other current assets | 2,024.15 | 1,923.34 |
| Non-current | | |
| First charge | | |
| Property, plant and equipment | 252.64 | 416.23 |
| Land | 815.88 | 815.88 |
| Building | 127.67 | 130.37 |

II AXISCADES, Inc.

e) The working capital loan carries effective interest rate ranging from LIBOR plus 2.75% to 3.5% p.a. (March 31, 2018 : LIBOR plus 2.75% p.a). The loan is repayable within one year from the date of availment. The working capital loan is secured by all the assets of the Company, of every kind and nature, now existing and hereafter acquired and arising and wherever located, including without limitation, accounts receivables (including health care insurance receivables and Credit card receivables), Deposit accounts, Commercial Trot Claims, Letter of Credit Rights, Chattel papers (including Electronic Chattel paper), Documents, Instruments, Investment Property, General Intangibles (including Payment Intangibles), software goods, inventory, equipment, furniture & fixtures, all supporting's obligations of the foregoing and all cash and non-cash proceeds and Products (including without limitation insurance proceeds) of the foregoing, and all the additions and accessions thereto, Substitution therefore and replacements thereof.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

III AXISCADES Aerospace & Technologies Private Limited

f) Terms of borrowings and rate of interest

- (i) During the previous year, ACAT has borrowed foreign currency term loan from a bank amounting to USD 66.15 lakhs and carries interest rate of 8.75% per annum (31 March, 2018: 7.75% per annum). The loan is repayable in 16 quarterly instalments starting from 31 December 2018.
- (ii) Cash credit from bank is carrying interest of 6 months MCLR + 4.05% (previous year MCLR + 3.05%) (current 6 months MCLR is 9.55% (31 March 2018: 9.30%), therefore interest rate is 13.60% (31 March 2018: 12.35%), computed on monthly basis on the actual amount utilised, revolving and tenure is 12 months.
- (iii) Packing credit in foreign currency loan from bank bearing an interest rate of 2.5% - 3.75% p.a are repayable over maximum tenure of 180 days from the date of respective availment.
- (iv) Buyer's credit in foreign currency loan from bank bearing an interest rate of 2% - 6% p.a are repayable over maximum tenure of 12 months from the date of respective availment.

g) Details of security of borrowings

- (i) Cash credit facility (inclusive of buyers credit and packing credit facility in foreign currency) from a bank are secured by first exclusive charge on all current assets and movable plant, property and equipment of ACAT, equitable mortgage on property owned by it's subsidiary Enertec Controls Ltd situated at 15-16, 1st 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 of the exposure of both of the Companies (the Company and ACAT) 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.

h) 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. 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 minor breach and hence no adjustments are made to the Consolidated financial statements in this respect.

Changes in liabilities arising form financing activities:

| Particulars | Term loan from banks | Inter-corporate Deposit | Current borrowing |
|------------------------------------|----------------------|-------------------------|-------------------|
| Balance as at 1 April 2017 | - | 2,791.89 | 5,396.25 |
| Cash flows | 7,156.04 | (2,791.52) | 1,109.03 |
| Other adjustments | 107.59 | (0.37) | 9.93 |
| Balance as at 31 March 2018 | 7,263.63 | - | 6,515.21 |
| Cash flows | (1,007.78) | - | 1,738.80 |
| Other adjustments | - | - | - |
| Balance as at 31 March 2019 | 6,255.85 | - | 8,254.01 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

21. TRADE PAYABLES

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Current | | |
| Dues of micro and small enterprises (refer note below) | 73.78 | - |
| Dues of creditors other than micro and small enterprises * | 3,460.53 | 5,003.93 |
| | 3,534.31 | 5,003.93 |

* Includes ₹ 7.88 lakhs (March 31, 2018: Nil) 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 March 31, 2019 and March 31, 2018. The details in respect of such dues are as follows:

| Particulars | Year ended | Year ended |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Principal amount remaining unpaid to any supplier as at the end of the accounting year | 73.78 | - |
| 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 Group.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

22. OTHER FINANCIAL LIABILITIES

| Particulars | As at | As at |
|--|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Non-current | | |
| Purchase consideration payable on acquisition of subsidiary [refer note 7] | 9,698.97 | 10,325.24 |
| | 9,698.97 | 10,325.24 |
| Current | | |
| Purchase consideration payable on acquisition of subsidiary [refer note 7] | 10,702.85 | 10,702.85 |
| Dues to holding company (refer note 36) | - | 5.80 |
| Dues to employees | 2,397.70 | 1,590.27 |
| Interest accrued on ICD | - | 31.49 |
| Hedge liability | 214.06 | 54.77 |
| Creditors for capital goods | 90.48 | 104.02 |
| Current maturities of long term borrowings | 2,022.90 | - |
| Bank overdraft | - | 53.99 |
| Others | 124.18 | 104.21 |
| | 15,552.17 | 12,647.40 |

23. PROVISIONS

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Non-current | | |
| Employee defined benefits liability | | |
| - Provision for gratuity (refer note 42) | 997.14 | 951.65 |
| - Provision for compensated absences | 86.12 | 73.78 |
| Asset retirement obligation (refer note (a) below) | 33.24 | 32.45 |
| | 1,116.50 | 1,057.88 |
| Current | | |
| Employee defined benefits liability | | |
| - Provision for gratuity (refer note 42) | 71.64 | 61.52 |
| - Provision for compensated absences | 349.00 | 344.08 |
| Provision for foreseeable loss on contract (refer note (b) below) | 7.41 | - |
| Provision for disputed tax dues (refer note (b) below) | - | 6.70 |
| Provision for liquidated damages (refer note (b) below) | 269.09 | 224.21 |
| Provision for warranty (refer note (b) below) | 74.66 | 186.46 |
| | 771.80 | 822.97 |

(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 March 2019 is ₹ 33.24 lakhs (31 March 2018: ₹ 32.45 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

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Asset retirement obligation |
|---|-----------------------------|
| As at 1 April 2017 | 37.38 |
| Unwinding of discount | 3.36 |
| Impact on account of extension of lease agreement | (8.29) |
| As at 31 March 2018 | 32.45 |
| Unwinding of discount | 0.79 |
| As at 31 March 2019 | 33.24 |

- (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 lease payments | Provision for foreseeable losses on contracts | Provision for warranty (refer note a below) | Provision for disputed tax dues | Provision for liquidated damages |
|---|------------------------------|---|---|---------------------------------|----------------------------------|
| Provision as at 1 April 2017 | 1.96 | - | 105.04 | - | - |
| Balances on date of acquisition of subsidiary i.e. 1 December 2017 (refer note 7) | - | 17.20 | 49.44 | 6.70 | 227.56 |
| Provisions made during the period | - | - | 137.02 | - | 0.34 |
| Utilizations/reversals during the period | (1.96) | (17.20) | (105.03) | - | (3.69) |
| Provision as at 31 March 2018 | - | - | 186.47 | 6.70 | 224.21 |
| Provisions made during the year | - | 7.41 | 44.83 | - | 291.96 |
| Utilizations/reversals during the year | - | - | (156.64) | (6.70) | (247.08) |
| Provision as at 31 March 2019 | - | 7.41 | 74.66 | - | 269.09 |

A provision is recognised for expected warranty claims on products sold, based on the past experience of the level of repairs and returns. Assumptions used to calculate the provisions for warranty were based on the current sales level and current information available about the warranty claims based on the previous warranty period for all the products sold. During the year, warranty provisions no longer required has been written back, as no warranty claims for the unexpired warranty period are expected on the basis of past experiences.

24. OTHER LIABILITIES

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---------------------|---------------------|
| Non-current | | - |
| Advances from related party (refer note 36) | 27.82 | 27.82 |
| | 27.82 | 27.82 |
| Current | | |
| Duties and taxes payable | 1,085.10 | 1,019.57 |
| Contract liability - Unearned revenue | 121.21 | 187.87 |
| Contract liability - Advance from customer | 2,858.05 | 1,248.59 |
| Interest accrued but not due on borrowings* | 17.81 | 31.55 |
| | 4,082.17 | 2,487.58 |

* For details of interest rates, repayments and others, refer note 20

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

25. CURRENT TAX LIABILITY

| Particulars | As at | As at |
|---------------------------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Provision for tax, net of advance tax | 306.00 | 86.51 |
| | 306.00 | 86.51 |

a) Breakup of financial liabilities carried at amortized cost

| Particulars | As at | As at |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Borrowings (refer note 20) | 13,150.10 | 13,778.84 |
| Trade payables (refer note 21) | 3,534.31 | 5,003.93 |
| Other financial liabilities (refer note 22) | 25,037.08 | 22,917.87 |

26. REVENUE FROM CONTRACTS WITH CUSTOMERS

| Particulars | Year ended | Year ended |
|--------------------------------|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Sale of services | | |
| Engineering design services | 45,161.18 | 41,209.40 |
| Strategic technology solutions | 1,149.86 | 3,190.95 |
| Sale of goods | | |
| Engineering design services | 2,278.23 | - |
| Strategic technology solutions | 11,844.26 | 7,515.32 |
| | 60,433.53 | 51,915.67 |

26.1 DISAGGREGATED REVENUE INFORMATION

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

| Particulars | Year ended |
|--|------------------|
| | 31 March 2019 |
| India | 13,198.05 |
| Outside India | 47,235.48 |
| Total revenue from contracts with customers | 60,433.53 |

26.2 CONTRACT BALANCES

| Particulars | Year ended |
|--|---------------|
| | 31 March 2019 |
| Trade receivables (refer note 10) | 15,285.00 |
| Contract Assets- Unbilled revenue (refer note 12 and 14) | 3,227.17 |
| Contract liability - Unearned revenue (refer note 24) | 121.21 |
| Contract liability - Advance from customer (refer note 24) | 2,858.05 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. As at 31 March 2019, ₹ 1,970.42 lakhs (31 March 2018: ₹ 966.48 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 March 31, 2019: ₹ 104.97 lakhs (31 March 2018: ₹ 104.97 lakhs) was recognised as provision for expected credit losses on contract assets.

Contract liabilities include short-term advances received against the sale of products and services in the future. The outstanding balances of these accounts increased in 2018-19 due to the continuous increase in the Group's customer base.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (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 2019.

27. OTHER OPERATING INCOME

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|-------------------|-----------------------------|-----------------------------|
| Export incentives | 340.77 | - |
| | 340.77 | - |

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 ₹ 340.77 lakhs (March 31, 2018: Nil). 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

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Interest income | | |
| - from fixed deposits with banks | 172.92 | 310.92 |
| - from financial assets carried at amortised cost | 234.36 | 195.00 |
| - from income tax refund | 39.40 | 109.40 |
| Profit on sale of property, plant and equipment | 20.57 | 0.46 |
| Net gain on financial asset measured at fair value through profit and loss | 90.17 | - |
| Net gain on foreign currency transaction and translation | - | 229.81 |
| Miscellaneous income | 71.92 | 53.50 |
| Provision/Liabilities no longer required, written back | 257.08 | 564.00 |
| Rent | - | 36.41 |
| Dividend income | 15.83 | 7.52 |
| | 902.23 | 1,507.02 |

29. COST OF MATERIAL CONSUMED

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Opening inventory | 1,745.84 | 195.31 |
| Transferred consequent to acquisition of subsidiary | - | 327.37 |
| Add: Purchases during the year | 9,721.90 | 6,711.56 |
| | 11,467.74 | 7,234.24 |
| Less: Closing inventory | (2,017.01) | (1,745.84) |
| | 9,450.73 | 5,488.40 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

30. EMPLOYEE BENEFITS EXPENSE

| Particulars | Year ended | Year ended |
|--|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Salaries, wages and bonus | 31,351.97 | 25,034.97 |
| Contribution to provident and other funds | 791.98 | 667.62 |
| Contribution to overseas social security | 1,616.62 | 1,571.58 |
| Provision for gratuity (refer note 42) | 157.75 | 239.33 |
| Provision for compensated absences | 91.82 | 92.67 |
| Stock compensation expense (refer note 44) | - | 2.25 |
| Staff welfare expense | 996.29 | 757.80 |
| | 35,006.43 | 28,366.22 |

31. DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | Year ended | Year ended |
|--|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Depreciation of PPE (refer note 3) | 749.92 | 654.54 |
| Amortisation of intangible assets (refer note 4) | 1,224.89 | 1,221.78 |
| | 1,974.81 | 1,876.32 |

32. FINANCE COSTS

| Particulars | Year ended | Year ended |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Interest | | |
| - on facilities from banks | 1,254.43 | 627.19 |
| - on Intercorporate deposit from related parties (refer note 36) | - | 220.87 |
| - on financial liabilities carried at amortised cost | 5.01 | 3.22 |
| Comfort fee to related party (refer note 36) | - | 7.58 |
| Other borrowing cost (processing fees) | 994.01 | 387.96 |
| Net interest expense on net defined benefit obligation (refer note 42) | 89.48 | 34.02 |
| Unwinding of discount on asset retirement obligation (refer note 23(a)) | 0.79 | 3.35 |
| Bank guarantee commission | 13.69 | 31.43 |
| Miscellaneous | - | 53.35 |
| | 2,357.41 | 1,368.97 |

33. OTHER EXPENSES

| Particulars | Year ended | Year ended |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Rent [refer note 37(a)] | 2,217.55 | 1,946.50 |
| Power and fuel | 423.92 | 360.29 |
| Travelling and conveyance | 2,079.52 | 2,414.89 |
| Legal and professional charges | 1,402.27 | 1,140.23 |
| Consultancy expense | 488.14 | 268.13 |
| Repairs and maintenance | | |
| - Building | 435.46 | 295.45 |
| - Others | 171.02 | 173.65 |
| - Plant and machinery | 57.42 | 1.37 |
| Recruitment and training expenses | 165.54 | 192.49 |
| Office maintenance expense | 58.09 | 158.12 |
| Communication expenses | 349.78 | 368.90 |
| Equipment hire charges | 146.98 | 95.72 |
| Auditor's remuneration [refer note (a) below] | 85.91 | 87.84 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Year ended | Year ended |
|--|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Printing and stationery | 40.54 | 50.21 |
| Security charges | 59.88 | 61.79 |
| Rates and taxes | 171.98 | 187.00 |
| Software subscription charges | 976.59 | 1,045.24 |
| Directors sitting fees (refer note 36) | 88.00 | 84.40 |
| Marketing and advertising expenses | 524.62 | 571.63 |
| Insurance expenses | 129.95 | 134.64 |
| Provision for inventories (refer note 15 (1)) | 268.32 | - |
| Bank charges | 175.25 | 77.42 |
| Postage and courier charges | 32.01 | 25.59 |
| Corporate social responsibility expenses (refer note 45) | 63.88 | 79.70 |
| Service charges | - | 4.59 |
| Provision for foreseeable loss on contracts | 7.41 | - |
| Freight outward | 1.79 | 1.34 |
| Provision for warranty | - | 31.98 |
| Bad debts written off | 185.71 | 49.37 |
| Loss on disposal of property, plant and equipment | - | 0.75 |
| Net loss on foreign currency transaction and translation | 485.61 | 20.70 |
| Miscellaneous expenses | 102.53 | 36.19 |
| Provision for doubtful debts and advances | 1,254.08 | 878.41 |
| Net loss on financial asset measured at fair value through profit and loss | - | 2.55 |
| | 12,649.75 | 10,847.08 |

a) Auditor's remuneration *

| Particulars | Year ended | Year ended |
|------------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Statutory audit fees | 55.19 | 55.00 |
| Tax audit fees | - | 4.00 |
| Other fees | 21.25 | 22.45 |
| Out of pocket expenses | 9.47 | 6.39 |
| | 85.91 | 87.84 |

* excluding service tax/ goods and service tax.

34. EXCEPTIONAL ITEM

| Particulars | Year ended | Year ended |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Expenses relating to the Scheme of Amalgamation (refer note 48) | - | (161.27) |
| Expenses relating to the acquisition of subsidiary (refer note 7(c)(iii)) | - | (137.42) |
| Income relating to fair value change in purchase consideration (refer note 7(c)(i)) | 1,450.68 | - |
| | 1,450.68 | (298.69) |

35. EARNINGS PER SHARE (EPS) (BASIC AND DILUTED)

| Particulars | Year ended | Year ended |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| a) Loss after tax attributable to equity shareholders (₹) | (813.30) | (824.98) |
| 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 (₹) | (2.15) | (2.18) |
| e) Number of equity shares used to compute diluted earnings per share (in lakhs) | 377.60 | 377.60 |
| f) Diluted earnings per share (₹) | (2.15) | (2.18) |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

36. RELATED PARTY DISCLOSURES

| Nature of relationship | Name of party |
|--|--|
| I Parties where control exists: | |
| Holding Company | Jupiter Capital Private Limited ('JCPL') * |
| | * JCPL and its subsidiaries Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 66.65 percent voting rights of the Company as at 31 March 2019 (31 March 2018: 66.07 percent) (refer note IV (b)) |
| Associate | ASSYSTEMS AXISCADES Engineering Private Limited (w.e.f. August 31, 2018) |
| II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year: | |
| Fellow subsidiary | Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL) Indian Aero Infrastructure Private Limited |
| Key Management Personnel (KMP): | |
| Chief Executive Officer & Executive Director | Mr. Sharadhi Chandra Babupampapathy (w.e.f 21 January, 2019) |
| Chief Executive Officer & Executive Director | Mr. Mritunjay Kumar Singh (Resigned w.e.f 19 January, 2019) |
| Non - Executive Director | Mr. Sudhakar Gande (resigned as Vice Chairman and Executive Director w.e.f. 30 July, 2018) |
| Chairman and Independent Director | Mr. Vivek Mansingh |
| Independent Director | Mr. Kailash Mohan Rustagi |
| Independent Director | Mr. Pradeep Dadlani |
| Independent Director | Mr. Srinath Batni |
| Non - Executive Director | Mr. Rohitasava Chand (resigned w.e.f 02 February 2019) |
| Non - Executive Director | Mr. Siddarth Mehra (resigned w.e.f. 04 February 2019) |
| Non - Executive Director | Mr. Kedarnath Choudhury (resigned w.e.f. 30 May 2018) |
| Independent Director | Mrs. Mariam Mathew (appointed w.e.f 13 February 2018) |
| Non - Executive Director | Mr. Ashwani Kumar Dutta (appointed w.e.f. 28 July 2018) |
| Non - Executive Director | Mr. Ajay Lakothia (appointed w.e.f. 02 February 2019) |
| Non - Executive Director | Mr. S. Valmeekanathan (resigned w.e.f 13 September, 2017) |
| Non - Executive Director | Mr. David Bradley (appointed as Director w.e.f 05 March, 2019) |
| III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year | |
| Key Management Personnel (KMP): | |
| Chief Financial Officer (CFO) | Mr. Kaushik Sarkar |
| Company Secretary | Ms. Shweta Agrawal |
| Company in which a Director is Interested | Inkers Technology Private Limited |

IV Transactions with related parties:

| Nature of transactions | Relationship | Year ended | |
|--|---|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| Remuneration (Refer note (IV) (a) below) | | | |
| Mr. Sudhakar Gande | Key management personnel | 109.90 | 338.36 |
| Mr. Mritunjay Kumar Singh (refer note 46) | Key management personnel | 414.31 | 42.00 |
| Mr. Kaushik Sarkar | Key management personnel | 220.21 | 129.24 |
| Ms. Shweta Agrawal | Key management personnel | 22.60 | 23.47 |
| Mr. Sharadhi Chandra Babupampapathy | Key management personnel | 14.62 | - |
| Service received from (intangible assets under development) | | | |
| Inkers Technology Private Limited | Company in which a Director is Interested | 50.00 | - |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | Year ended | |
|---|-----------------------------------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| Sitting fees paid to directors | | | |
| Mr. S. Valmeekanathan | Non - Executive Director | - | 0.30 |
| Mr. Vivek Mansingh | Chairman and Independent Director | 16.00 | 18.00 |
| Mr. Kailash Mohan Rustagi | Independent Director | 18.00 | 19.00 |
| Mr. Pradeep Dadlani | Independent Director | 18.00 | 19.00 |
| Mr. Srinath Batni | Independent Director | 18.00 | 18.00 |
| Mr. Rohitasava Chand | Non - Executive Director | 0.90 | 3.60 |
| Mr. Siddarth Mehra | Non - Executive Director | 2.70 | 3.30 |
| Mr. Kedarnath Choudhury | Non - Executive Director | - | 1.80 |
| Mrs. Mariam Mathew | Independent Director | 9.00 | 1.00 |
| Mr. David Bradley | Non - Executive Director | 0.30 | - |
| Mr. Ashwani Kumar Dutta | Non - Executive Director | 1.50 | - |
| Mr.Sudhakar Gande | Non - Executive Director | 3.30 | - |
| Mr.Ajay Lakhotia | Non - Executive Director | 0.30 | - |
| Intercorporate deposits availed from | | | |
| Jupiter Capital Private limited | Holding Company | - | 85.80 |
| Intercorporate deposits repaid to | | | |
| Jupiter Capital Private Limited | Holding Company | - | 3,287.61 |
| Cross charge expenses by | | | |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | 7.88 | - |
| Cross charge expenses to | | | |
| Jupiter Capital Private Limited | Holding Company | 10.38 | - |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 124.70 | - |
| Intercorporate deposits repaid by | | | |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | - | 195.00 |
| Interest income on intercorporate deposit | | | |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | - | 35.90 |
| Interest expense on intercorporate deposit | | | |
| Jupiter Capital Private Limited | Holding Company | - | 217.65 |
| Service charges | | | |
| Jupiter Capital Private Limited | Holding Company | - | 4.59 |
| Stamp duty expenses charged by | | | |
| Jupiter Capital Private limited | Holding Company | - | 20.04 |
| Comfort fees | | | |
| Jupiter Capital Private Limited | Holding Company | - | 7.58 |
| Investment | | | |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 227.50 | - |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

- (a) As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to individual is not ascertainable and therefore not included 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.

V Balances as at the year end:

| Nature of transactions | Relationship | As at | |
|---|--------------------------|---------------|---------------|
| | | 31 March 2019 | 31 March 2018 |
| Interest payable | | | |
| Jupiter Capital Private Limited | Holding Company | - | 5.80 |
| Remuneration payable (refer note (IV) (a) above) | | | |
| Mr. Sudhakar Gande | Key management personnel | 95.56 | 93.23 |
| Mr. Mritunjay Kumar Singh | Key management personnel | 229.97 | - |
| Mr. Kaushik Sarkar | Key management personnel | 37.52 | 3.80 |
| Ms. Shweta Agrawal | Key management personnel | 3.20 | 1.47 |
| Mr. Sharadhi Chandra Babupampapathy | Key management personnel | 14.62 | - |
| Other receivable | | | |
| Jupiter Capital Private Limited | Holding Company | 10.38 | - |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 65.50 | - |
| Investment | | | |
| ASSYSTEMS AXISCADES Engineering Private Limited | Associate | 172.75 | - |
| Trade payables | | | |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | 7.88 | - |
| Advances from | | | |
| Indian Aero Ventures Private Limited | Fellow subsidiary | 27.82 | 27.82 |

37. COMMITMENT AND CONTINGENCIES

a. Leases

i. Operating lease commitments - Group as lessee

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2019 is ₹ 2,217.55 lakhs [31 March 2018: ₹ 1,946.50 lakhs].

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

Payments falling due:

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Not later than one year | 767.97 | 1,249.06 |
| Later than one year but not later than 5 years | 486.27 | 1,194.08 |
| Later than 5 years | - | - |
| | 1,254.24 | 2,443.14 |

The Group's significant leasing arrangements in respect of operating leases for office premises, which includes both cancellable and non cancellable leases generally range between 11 months to 9 years (March 31, 2018 : 11 months to 9 years) with varying terms, escalation clauses and renewal rights which are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 33 to the financial statements.

b. Contingent liabilities and commitments

Capital and other commitments

| Particulars | As at | As at |
|--------------------|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Capital commitment | 249.58 | 97.96 |

As at March 31, 2019, the Group has a commitment towards purchase of capital assets of ₹ 77.58 lakhs (March 31, 2018: ₹ 97.96 lakhs).

Enertec, a stepdown subsidiary of the Company has entered into an agreement with Earthenvive Architects for construction of building at property situated at 14-15, Phase 1, Electronic City, Bengaluru for ₹ 202 lakhs against which an advance of ₹ 30 lakhs has been paid.

Bank guarantees

| Particulars | As at | As at |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| i) Bank guarantees to government authorities and others | 1,838.95 | 4,410.04 |

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

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| i) Claims against the Group not acknowledged as debt in respect to Income tax, sales tax and other matters (refer note (a), (b) and (c) below) | 1,083.16 | 3,170.77 |
| ii) Amount relating to Service tax demands disputed by the Group (refer note(d),(e) below) | 1,062.19 | 1,006.62 |
| | 2,145.35 | 4,177.39 |

(a) ACAT has received a demand notice amounting to ₹ 75.82 lakhs (March 31, 2018: ₹ 2,229.42 lakhs) from Deputy Commissioner of Commercial Taxes for the financial year 2014-15 towards non-submission of statutory forms.

(b) ACAT has received demand notices of ₹ 751.12 lakhs (March 31, 2018: ₹ 751.12 lakhs) and ₹ 157.88 lakhs (March 31, 2018: Nil) from income tax authorities for the Assesment Year 2014-15 and 2015-16 towards disallowance under Section 14 A, Income related to unclaimed TDS credit and income tax and interest under Section 234B. ACAT has filed petition before The Commissioner of Income Tax (Appeals) for A.Y. 2014-15 and Deputy Commissioner of Income Tax for A.Y. 2015-16.

(c) Claim against the MSPL (along with its subsidiaries) not acknowledged as debt in respect of service tax, income tax and other matters for the year ended March 31, 2019 : ₹ 98.33 lakhs (March 31, 2018: ₹ 83.60 lakhs).

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

- (d) ACAT has received demand from Office of the Principal Commissioner of Central Tax GST Commissionerate, Bengaluru East for the financial years 2008-15 amounting to ₹105.8 lakhs (March 31, 2018: ₹ 50.25 lakhs) towards non payment of service tax and wrong availment of ineligible Cenvat Credit. Further, ACAT has also paid ₹ 84.41 lakhs (March 31, 2018: Nil) under protest towards the demand notice.
- (e) The Company has received service tax orders amounting to ₹956.39 lakhs (March 31, 2018: ₹956.39 lakhs) from the service tax authorities arising primarily on levy of service tax on business auxiliary service under reverse charge mechanism for period 2006 - 2010. The Company's appeal against the said demands are pending before Customs, Excise and Service Tax Appellate Tribunal ('CESTAT').

The Group is contesting the demands/ litigations and the Management believes that its position will be upheld in the appellate process or assessment process and therefore, will not impact these consolidated financial statements. Consequently, no provision has been created in the consolidated financial statements for the above.

Other matters

The Hon'ble Supreme Court of India in a judgment on Provident Fund ('PF') dated 28 February, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. The 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 28 February, 2019. As a matter of caution, the Group has made a provision on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

38. 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 no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period except 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.

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Borrowings including current maturities of long term borrowings (refer note 20 & 22) | 15,173.00 | 13,778.84 |
| Less: Cash and cash equivalents (refer note 16) | (3,057.83) | (1,377.32) |
| Net debt | 12,115.17 | 12,401.52 |
| Equity share capital (refer note 18) | 1,889.51 | 1,889.51 |
| Other equity (refer note 19) | 26,577.35 | 27,282.72 |
| Capital and net debt | 40,582.03 | 41,573.75 |
| Gearing ratio | 30% | 30% |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

The Group is not subject to any externally imposed capital requirements.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

39. INCOME TAX

The major components of income tax expense are:

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Current income tax: | | |
| Current income tax charge | 827.40 | 801.36 |
| Adjustment of tax relating to earlier years | - | 58.79 |
| Deferred tax credit | | |
| Relating to the origination and reversal of temporary differences | (899.29) | (357.37) |
| Income tax expense reported in Statement of Profit and Loss | (71.89) | 502.78 |
| Deferred tax related to items recognized in OCI | | |
| Income tax relating to re-measurement gains / (losses) on defined benefit plans | 18.30 | (0.65) |
| Income tax relating to gain / (losses) on cash flow hedges | 14.44 | 112.64 |
| | 32.74 | 111.99 |

Reconciliation of deferred tax (net)

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Opening balance | 1,614.23 | 895.99 |
| Tax credit during the year recognized in the Statement of Profit and Loss | 899.29 | 357.37 |
| Tax credit during the year recognised in OCI | 32.74 | 111.99 |
| Deferred tax asset on acquisition of subsidiary [refer note 7] | - | 223.80 |
| Translation difference | 3.31 | 25.08 |
| Closing balance | 2,549.57 | 1,614.23 |

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

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Accounting loss before tax | (839.36) | (278.42) |
| Tax on accounting profit at statutory income tax rate | (77.95) | (114.92) |
| Foreign tax expensed during the year | - | 156.47 |
| Purchase consideration re-measurement | (168.26) | - |
| Adjustment of tax relating to earlier years | - | 58.79 |
| Tax benefit on utilisation/expected utilisation of benefit on previously unrecognised tax losses | (385.79) | - |
| Other non-deductible expenses: | | |
| Expense disallowed under the provisions of Income tax Act, 1961 | - | 57.67 |
| Weighted deduction on research and development expenditure | (145.91) | (100.12) |
| Income taxed at lower rates | - | 37.15 |
| Reversal of deferred tax on account of change in tax rates | 96.98 | 74.66 |
| Deferred tax asset not recorded on loss of subsidiaries * | 618.05 | 282.24 |
| Others (net) | (9.00) | 50.84 |
| At the effective income tax rate of 8.56% [March 31, 2019: 49.54%] | (71.89) | 502.78 |
| Income tax expense reported in the Statement of Profit and Loss | (71.89) | 502.78 |

* 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.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

Deferred taxes

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Deferred tax asset | | |
| Provision for employee benefits | 441.63 | 455.43 |
| Provision for inventories | 74.65 | - |
| Allowance for financial assets and other advances | 515.82 | 37.05 |
| Amortisation of financial assets | - | 4.24 |
| Provision on debtors and capital goods | 65.89 | - |
| Amortisation of inter corporate deposit | - | 0.05 |
| Unused tax losses | 566.21 | 202.06 |
| Hedge Liability | 31.99 | 18.69 |
| Minimum alternate tax credit entitlement | 270.64 | 267.96 |
| Fair valuation of property plant and equipment | - | (3.83) |
| Depreciation and Amortisation | 516.08 | 493.08 |
| Fair valuation of borrowings | - | 3.77 |
| Expenses disallowed under Section 35DD of Income-tax Act, 1961 | 30.62 | 116.02 |
| Other adjustments | 36.04 | 20.81 |
| | 2,549.57 | 1,615.33 |
| Property plant and equipment | - | 1.10 |
| | - | 1.10 |
| Deferred tax asset, net | 2,549.57 | 1,614.23 |

40. FAIR VALUE MEASUREMENTS

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

| Particulars | Amortised cost | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVTOCI | Carrying value | Fair value |
|---|-------------------|---|--|-------------------|------------------|
| Assets: | | | | | |
| Investments (Current and Non Current) (refer note 9) | 0.05 | 2,820.90 | - | 2,820.95 | 2,820.95 |
| Loans (Current and Non Current) (refer note 11) | 1,435.93 | - | - | 1,435.93 | 1,435.93 |
| Trade receivables (Current and Non Current) (refer note 10) | 15,285.00 | - | - | 15,285.00 | 15,285.00 |
| Other financial assets (Current and Non Current) (refer note 12) | 3,387.11 | - | - | 3,387.11 | 3,387.11 |
| Cash and cash equivalents (refer note 16) | 3,057.83 | - | - | 3,057.83 | 3,057.83 |
| Bank balances other than cash and cash equivalents (refer note 17) | 2,772.89 | - | - | 2,772.89 | 2,772.89 |
| Total | 25,938.81 | 2,820.90 | - | 28,759.71 | 28,759.71 |
| Liabilities: | | | | | |
| Borrowings (refer note 20) | 13,150.10 | - | - | 13,150.10 | 13,150.10 |
| Trade payables (refer note 21) | 3,534.31 | - | - | 3,534.31 | 3,534.31 |
| Other financial liabilities (refer note 22) | 25,037.08 | - | 214.06 | 25,251.14 | 25,251.14 |
| Total | 41,721.49 | - | 214.06 | 41,935.55 | 41,935.55 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

| Particulars | Amortised cost | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVTOCI | Carrying value | Fair value |
|---|-------------------|---|--|-------------------|------------------|
| Assets: | | | | | |
| Investments (Current and Non Current) (refer note 9) | 0.09 | 625.14 | - | 625.23 | 625.23 |
| Loans (Current and Non Current) (refer note 11) | 1,441.97 | - | - | 1,441.97 | 1,441.97 |
| Trade receivables (Current and Non Current) (refer note 10) | 16,600.04 | - | - | 16,600.04 | 16,600.04 |
| Other financial assets (Current and Non Current) (refer note 12) | 4,869.69 | - | 0.97 | 4,870.66 | 4,870.66 |
| Cash and cash equivalents (refer note 16) | 1,377.32 | - | - | 1,377.32 | 1,377.32 |
| Bank balances other than cash and cash equivalents (refer note 17) | 4,816.00 | - | - | 4,816.00 | 4,816.00 |
| Total | 29,105.11 | 625.14 | 0.97 | 29,731.22 | 29,731.22 |
| Liabilities: | | | | | |
| Borrowings (refer note 20) | 13,778.84 | - | - | 13,778.84 | 13,778.84 |
| Trade payables (refer note 21) | 5,003.93 | - | - | 5,003.93 | 5,003.93 |
| Other financial liabilities (refer note 22) | 22,917.87 | - | 54.77 | 22,972.64 | 22,972.64 |
| Total | 41,700.64 | - | 54.77 | 41,755.41 | 41,755.41 |

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

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(ii) Fair value hierarchy

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

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

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

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

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

Quantative disclosure of fair value measurement hierarchy as at 31 March 2019:

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|--|-------------------|----------------|---|--|---|
| Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed | | | | | |
| Investments (Current and Non Current) (refer note 9) | 31 March 2019 | 2,820.95 | 2,549.58 | 271.32 | 0.05 |
| Loans (Current and Non Current) (refer note 11) | 31 March 2019 | 1,435.93 | - | - | 1,435.93 |
| Trade receivables (Current and Non Current) (refer note 10) | 31 March 2019 | 15,285.00 | - | - | 15,285.00 |
| Other financial assets (Current and Non Current) (refer note 12) | 31 March 2019 | 3,387.11 | - | - | 3,387.11 |
| Cash and cash equivalents (refer note 16) | 31 March 2019 | 3,057.83 | - | - | 3,057.83 |
| Bank balances other than cash and cash equivalents (refer note 17) | 31 March 2019 | 2,772.89 | - | - | 2,772.89 |
| Liabilities carried at amortised cost and FVTOCI for which fair value are disclosed : | | | | | |
| Borrowings (refer note 20) | 31 March 2019 | 13,150.10 | - | - | 13,150.10 |
| Trade payables (refer note 21) | 31 March 2019 | 3,534.31 | - | - | 3,534.31 |
| Other financial liabilities (refer note 22 and note(1) below) | 31 March 2019 | 25,251.14 | - | 214.06 | 25,037.08 |

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 2018:

| Particulars | Date of valuation | Carrying value | Quoted price in active market (Level 1) | Significant observable input (Level 2) | Significant unobservable inputs (Level 3) |
|--|-------------------|----------------|---|--|---|
| Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed | | | | | |
| Investments (Current and Non Current) (refer note 9) | 31 March 2018 | 625.23 | 625.14 | - | 0.09 |
| Loans (Current and Non Current) (refer note 11) | 31 March 2018 | 1,441.97 | - | - | 1,441.97 |
| Trade receivables (Current and Non Current) (refer note 10) | 31 March 2018 | 16,600.04 | - | - | 16,600.04 |
| Other financial assets (Current and Non Current) (refer note 12) | 31 March 2018 | 4,870.66 | - | 0.97 | 4,869.69 |
| Cash and cash equivalents (refer note 16) | 31 March 2018 | 1,377.32 | - | - | 1,377.32 |
| Bank balances other than cash and cash equivalents (refer note 17) | 31 March 2018 | 4,816.00 | - | - | 4,816.00 |
| Liabilities carried at amortised cost and FVTOCI for which fair value are disclosed : | | | | | |
| Borrowings (refer note 20) | 31 March 2018 | 13,778.84 | - | - | 13,778.84 |
| Trade payables (refer note 21) | 31 March 2018 | 5,003.93 | - | - | 5,003.93 |
| Other financial liabilities (refer note 22 and note(1) below) | 31 March 2018 | 22,972.64 | - | 54.77 | 22,917.87 |

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

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual funds is determined using daily NAV as declared for the particular scheme by the Asset Management Company. The fair value estimates are included in level 2.
- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.

(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.

41. 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 ₹ 15,285.00 lakhs as at 31 March 2019 [31 March 2018: ₹ 16,600.04 lakhs].

Assets under credit risk

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Trade receivables (Current and Non Current) (refer note 10) | 15,285.00 | 16,600.04 |
| Intercompany deposit (refer note 11) | 175.00 | 197.78 |
| Other receivables (refer note 11) | 75.88 | - |
| Security deposit (Current and Non Current) (refer note 11) | 1,177.53 | 1,230.28 |
| Unbilled revenue (refer note 12) | 2,300.14 | 3,627.79 |
| Receivables for sale of capital goods (refer note 12) | 78.68 | 758.93 |
| Earnest money deposit (refer note 12) | 24.29 | 29.65 |
| | 19,116.52 | 22,444.47 |

A1 Trade and other receivables

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

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

The allowance for life time expected credit loss on customer balances for the year ended 31 March 2019 is ₹ 2,206.46 lakhs (31 March 2018 is ₹ 970.35 lakhs).

| Particulars | As at | As at |
|----------------------------|-----------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Balance at the beginning | 970.35 | 30.21 |
| Impairment loss recognized | 1,236.11 | 951.57 |
| Impairment loss reversed | - | (11.43) |
| | 2,206.46 | 970.35 |

A2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, bank balances other than cash and cash equivalents, other receivables, intercorporate deposit, 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 ₹ 2,206.46 lakhs and ₹ 970.35 lakhs, as at 31 March 2019 and 31 March 2018 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 | As at |
|---|------------------|------------------|
| | 31 March 2019 | 31 March 2018 |
| Financial assets that are neither past due nor impaired | 8,929.91 | 7,360.74 |
| Financial assets that are past due but not impaired | | |
| Past due 0-60 days | 4,488.37 | 1,437.87 |
| Past due 61-180 days | 1,286.72 | 1,879.67 |
| Past due over 180 days | 580.00 | 5,921.76 |
| Total past due but not impaired | 6,355.09 | 9,239.30 |
| Total | 15,285.00 | 16,600.04 |

(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.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

As at 31 March 2019, 31 March 2018, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

Maturities of financial liabilities

| As at 31 March 2019 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|------------------|-------------------|-------------------|------------------|
| Borrowings (refer note 20) | 8,254.01 | 4,896.09 | - | 13,150.10 |
| Trade payable (refer note 21) | 3,534.31 | - | - | 3,534.31 |
| Other financial liabilities (refer note 22) | 15,552.17 | 9,698.97 | - | 25,251.14 |
| Total | 27,340.49 | 14,595.06 | - | 41,935.55 |

| As at 31 March 2018 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|------------------|-------------------|-------------------|------------------|
| Borrowings (refer note 20) | 6,515.21 | 7,263.63 | - | 13,778.84 |
| Trade payable (refer note 21) | 5,003.93 | - | - | 5,003.93 |
| Other financial liabilities (refer note 22) | 12,647.40 | 10,325.24 | - | 22,972.64 |
| Total | 24,166.54 | 17,588.87 | - | 41,755.41 |

(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 currency sensitivity

The Group operates internationally and a significant portion of the business is transacted in USD and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

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

| Particulars Included In | Currency | As at 31 March 2019 | | As at 31 March 2018 | |
|----------------------------|----------|-------------------------------|-------------|-------------------------------|-------------|
| | | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ |
| Financial assets | | | | | |
| Trade receivables | USD | 57.89 | 4,004.14 | 70.73 | 4,600.70 |
| | GBP | - | - | 0.01 | 0.81 |
| | EURO | 24.60 | 1,911.23 | 21.45 | 1,729.22 |
| Unbilled revenue | USD | 21.89 | 1,514.43 | 34.11 | 2,218.89 |
| | EURO | 0.97 | 75.50 | 1.75 | 141.45 |
| Cash and bank balances | USD | 3.78 | 261.61 | 4.52 | 294.19 |
| | EURO | 1.81 | 140.32 | 3.06 | 247.04 |
| | AED | 1.61 | 30.26 | 1.61 | 28.62 |
| | DKK | 4.61 | 48.35 | 11.96 | 129.68 |
| | KRW | 9.57 | 0.58 | 9.56 | 0.58 |
| Other financial assets | AED | 0.55 | 10.31 | 0.54 | 9.56 |
| Other current assets | EURO | 0.35 | 27.30 | 1.78 | 143.51 |
| | CAD | 0.09 | 4.50 | - | - |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars Included In | Currency | As at 31 March 2019 | | As at 31 March 2018 | |
|------------------------------|----------|-------------------------------|-------------|-------------------------------|-------------|
| | | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ |
| Financial liabilities | | | | | |
| Trade payables | USD | 2.36 | 163.54 | 27.17 | 1,767.09 |
| | EURO | 8.20 | 636.92 | 6.72 | 541.81 |
| | GBP | - | - | 3.33 | 307.51 |
| | DKK | - | - | 1.83 | 19.89 |
| Dues to employees | EURO | 0.32 | 24.83 | 1.24 | 100.33 |
| | DKK | 0.66 | 6.92 | 2.88 | 31.27 |
| Duties and taxes payable | EURO | 5.87 | 455.86 | 3.16 | 254.77 |
| | DKK | 3.95 | 41.35 | 5.87 | 63.63 |
| Creditors for capital goods | EURO | 0.25 | 19.43 | 0.20 | 16.12 |
| Working capital loans | USD | 151.19 | 10,457.94 | 156.69 | 10,191.76 |
| | EURO | 11.83 | 919.22 | 19.80 | 1,596.32 |

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 | 31 March 2019 | | 31 March 2018 | |
|--------------------|---------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Sensitivity | | | | |
| INR/USD | (48.41) | 48.41 | (48.45) | 48.45 |
| INR/EURO | 0.98 | (0.98) | (3.76) | 3.76 |
| INR/AED | 0.41 | (0.41) | 0.29 | (0.29) |
| INR/GBP | - | - | (3.08) | 3.08 |
| INR/DKK | 0.00 | (0.00) | 0.15 | (0.15) |
| INR/KRW | 0.01 | (0.01) | 0.01 | (0.01) |
| INR/CNY | - | - | 1.11 | (1.11) |
| INR/CAD | 0.04 | (0.04) | - | - |

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 indirectly observable in the marketplace.

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

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--------------------------|------------------------|------------------------|
| Forward Contracts | | |
| In USD | 2,038.48 | 3,349.77 |
| In EURO | 38.85 | 1,451.20 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

| Particulars | As at | As at |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Not later than one month | 488.46 | 161.24 |
| Later than one month and not later than three months | 484.20 | 725.59 |
| Later than three months and not later a year | 1,104.67 | 3,914.14 |

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 | As at |
|--|----------------|-----------------|
| | 31 March 2019 | 31 March 2018 |
| Balance as at the beginning of the year | (53.80) | 273.66 |
| Changes in fair value of effective portion of derivatives | (309.69) | 107.78 |
| Net gain reclassified to statement of profit and loss on occurrence of hedged transactions | 259.11 | (435.24) |
| Gain/(Loss) on cash flow hedging derivatives, net | (50.58) | (327.46) |
| Balance as at the end of the year | (104.38) | (53.80) |
| Deferred tax liability thereon | 30.40 | 18.68 |
| Balance as at the end of the year, net of deferred tax | (73.98) | (35.12) |

Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, Financial Instruments- Disclosures, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

42. 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 2019 is ₹ 791.98 lakhs [31 March 2018: ₹ 667.62 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 2019 is ₹ 1,616.62 lakhs [31 March 2018: ₹ 1,571.58 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.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. 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.

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

| Particulars | Gratuity | |
|---|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Defined benefit obligation at the beginning of the year | 1,041.44 | 546.76 |
| Defined benefit obligation as at 1 December 2017 arising on acquisition of subsidiary * | - | 342.03 |
| Current service cost * | 157.75 | 102.41 |
| Interest cost | 78.96 | 62.52 |
| Benefits paid | (131.57) | (120.52) |
| Actuarial gain arising from change in financial assumptions | (36.53) | (44.06) |
| Actuarial (gain) / loss arising from change in experience assumptions | 66.41 | (2.15) |
| Actuarial loss arising from change in demographic assumptions | 22.31 | 46.02 |
| Past service cost ** | - | 108.42 |
| Defined benefit obligation at the end of the year | 1,198.77 | 1,041.44 |

(ii) Reconciliation of present value of plan asset:

| Particulars | Gratuity | |
|--|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Plan assets as at 1 December 2017 arising on acquisition of subsidiary * | - | 26.54 |
| Plan assets as at 1 April 2018 | 28.27 | - |
| Expected return on plan assets | 2.82 | 2.70 |
| Return on assets excluding interest income | (1.10) | (0.97) |
| Contributions* | 139.78 | 14.74 |
| Benefits settled* | (39.78) | (14.74) |
| Plan assets as at 31 March 2019 at fair value | 129.99 | 28.27 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

(iii) Reconciliation of net defined benefit asset/(liability)

| Particulars | Gratuity | |
|---|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Present value of obligation as at 31 March 2019 | (1,198.77) | (1,041.44) |
| Plan assets at 31 March 2019 at fair value | 129.99 | 28.27 |
| Amount recognised in balance sheet asset / (liability) | (1,068.78) | (1,013.17) |

(iv) Components of costs are:

| Particulars | Gratuity | |
|---|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Employee benefits expense | | |
| Current service cost and past service cost ** | 157.75 | 239.33 |
| Finance cost | | |
| Interest on defined benefit obligation | 76.15 | 34.02 |
| Remeasurement loss | 53.29 | - |
| Expenses recognised in the Statement of profit and loss for the year | 287.19 | 273.35 |

(v) Components Remeasurement losses/ (gains) in other comprehensive income

| Particulars | Gratuity | |
|---|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Recognised net actuarial (gain) / loss arising from change in financial assumptions | (36.53) | 3.74 |
| Recognised net actuarial loss / (gain) arising from change in demographic assumptions | 22.31 | (2.15) |
| Recognised net actuarial loss / (gain) arising from experience variance | 66.41 | (1.72) |
| Expected return on plan assets | 1.10 | 0.97 |
| Remeasurement loss in other comprehensive income | 53.29 | 0.84 |

(vi) Investment details:

| Particulars | % Invested | % Invested |
|-----------------------|------------|------------|
| Insurer managed funds | 99.58% | 98.12% |
| Others | 0.42% | 1.88% |

Notes

* During the previous year, the Group has acquired Mistral Solutions Private Limited ('MSPL') w.e.f 1 December 2017. The actuarial valuation of gratuity for MSPL has been performed for the full year ending on 31 March 2018. The provision for gratuity as at 30 November 2017 was arrived based on management estimate and not as per actuarial report. As such the opening balance as on 1 December 2017 has been taken based on the said management estimate. The current service cost and benefit settled for the period from 1 December 2017 to 31 March 2018 has been arrived at after deducting the expense recognised by the management for the period from 1 April 2017 to 30 November 2017 based on management estimate with the value for the full year as per actuarial report.

** During the previous year intervaluation period, the monetary ceiling under the Payment of Gratuity Act, 1972 was enhanced from INR 1,000,000 to INR 2,000,000. The revised benefit is described in the summary of gratuity benefit set-out in the above notes. This change resulted in a past service cost for the Group in the previous year which has been recognised in the statement of profit or loss account for the previous period.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

(vii) The principal assumptions used in determining gratuity obligations for the Group's plans are disclosed below:

| Particulars | Year ended | Year ended |
|--|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Discount rate | 7.4% - 7.6% | 7.54% - 7.85% |
| Salary escalation rate | 4.40% - 20% | 7.00% - 20% |
| Attrition rate | 1% - 32% | 3% - 25% |
| Retirement age | 58 - 60 years | 58 - 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 2019 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 2019 | | As at 31 March 2018 | |
| Particulars | Increase | Decrease | Increase | Decrease |
| Discount rate (Increase or decrease by 1%) | | | | |
| Salary growth rate (Increase or decrease by 1%) | (126.07) | 100.94 | (105.87) | 113.03 |
| Attrition rate (Increase or decrease by 50% of attrition rates) | 68.00 | (104.78) | 94.14 | (84.12) |
| Mortality rate (Increase or decrease by 10% of mortality rates) | 8.79 | (67.53) | 6.15 | (10.56) |
| | (20.63) | (22.48) | 0.49 | (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.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

(viii) Effect of plans on Group's future cash flows

The schemes are managed on an unfunded basis and hence, no funding arrangements or future contributions are applicable. The weighted average duration of the group's plan is estimated to be between 6 to 10 years (March 31, 2018: 4.72 to 14 years). Following is a collective maturity profile of the defined benefit obligation of the plans as at 31 March 2019.

| Expected cash flows over the next: (valued on undiscounted basis) | Gratuity | |
|---|------------------------|------------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| 1 year | 105.97 | 90.96 |
| 2 - 5 years | 398.31 | 300.21 |
| 6 - 10 years | 272.52 | 1,297.60 |
| More than 10 years | 2,228.83 | 1,143.16 |

43. 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

| Particulars | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|-------------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
| | Engineering design services | Strategic Technology Solutions | Engineering design services | Strategic Technology Solutions |
| Revenue | | | | |
| From external customers | 47,624.37 | 13,149.94 | 41,209.40 | 10,706.27 |
| Segment Revenues | 47,624.37 | 13,149.94 | 41,209.40 | 10,706.27 |
| Segment Results | 1,333.48 | (1,491.50) | (875.26) | 915.06 |
| Segment Results | 1,333.48 | (1,491.50) | (875.26) | 915.06 |

Reconciliation of profit

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Segment profit | (158.02) | 39.80 |
| Share in net loss of associate | (54.75) | - |
| Exceptional items | 1,450.68 | (298.69) |
| Finance costs | (2,357.41) | (1,368.97) |
| Unallocable income net of unallocable expenditure | 280.14 | 1,349.44 |
| Loss before tax | (839.36) | (278.42) |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019

(All amounts in ₹ lakhs, unless otherwise stated)

B Segment assets and liabilities

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
| | Engineering design services | Strategic Technology Solutions | Engineering design services | Strategic Technology Solutions |
| Segment assets | 44,318.86 | 25,330.03 | 42,652.70 | 28,960.55 |
| Segment liabilities | 35,791.71 | 11,400.96 | 33,610.34 | 11,605.09 |

B1 Reconciliation of Segment assets

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---------------------------------|---------------------|---------------------|
| Total reportable segment assets | 69,648.89 | 71,613.25 |
| Unallocable assets | 7,448.04 | 4,142.66 |
| Total Assets | 77,096.93 | 75,755.91 |

B2 Reconciliation of Segment liabilities

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--------------------------------------|---------------------|---------------------|
| Total reportable segment liabilities | 47,192.67 | 45,215.43 |
| Unallocable liabilities | 1,047.17 | 1,023.84 |
| Total Liabilities | 48,239.84 | 46,239.27 |

C The Group's revenues from external customers are divided into the following geographical areas:

| Particulars | Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------------|--------------------------|--------------------------|
| India (country of domicile) | 13,198.05 | 11,287.15 |
| Outside India | 47,235.48 | 40,628.52 |
| | 60,433.53 | 51,915.67 |

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):

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|-----------------------------|---------------------|---------------------|
| India (country of domicile) | 38,538.06 | 38,024.19 |
| Outside India | 72.78 | 170.94 |
| | 38,610.84 | 38,195.13 |

Non current assets of the Group are used interchangeably amongst geographical segments and are not allocable to any of the geographical segments. Assets have been therefore identified on the basis of their geographic location and not on the basis of usage.

Reportable assets for the purpose of this note constitute non-current assets other than financial assets, deferred tax assets and other tax assets.

E Revenue from major customers

During the year, ₹ 13,301.16 lakhs (March 2018: ₹ 12,647.39 lakhs) of the Group's revenue from operations were generated from a single customer. The Group additionally placed reliance on another customer for ₹ 15,778.54 lakhs (March 2018: ₹ 12,660.40 lakhs) of its revenue from operations, who individually contribute more than 10% of the company's revenue from operations.

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

44. SHARE BASED PAYMENTS

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.

The movement in the options under the plan is set out below:

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|
| Options outstanding as at 1 December 2017 | - | 2,37,000 |
| Options outstanding as at beginning of the year | 2,37,000 | - |
| Options granted during the period | - | - |
| Options vested during the period | - | 24,000 |
| Options exercised during the period | - | - |
| Shares allotted against options exercised during the period | - | - |
| Options lapsed during the period | - | - |
| Options outstanding at the end of the year/period | 2,37,000 | 2,37,000 |
| Options exercisable as at the year/period ended | 2,37,000 | 2,37,000 |
| Weighted average price per option (₹) | 5 | 5 |

Fair Value Measurement:

The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. MSPL has not granted any option during the period 1 December 2017 to 31 March 2019.

45. DISCLOSURE IN ACCORDANCE WITH GUIDANCE NOTE ON ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:

| Particulars | Year ended | |
|--|----------------|-------------------------------|
| | 31 March 2019 | 31 March 2018 |
| (a) Gross amount required to be spent by the Company during the year | 63.88 | 79.70 |
| (b) Amount spent during the year ending on 31 March, 2019: | In cash | Yet to be paid in cash |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 63.88 | 63.88 |
| (c) Amount spent during the year ending on 31 March, 2018: | In cash | Yet to be paid in cash |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 79.70 | 79.70 |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

46. The Company entered into a Separation and Release Agreement with Mr. Mritunjay Singh (Ex-CEO and Executive Director) dated January 19, 2019, whereby both the parties have mutually agreed with the termination of the employment agreement of the later. Pursuant to the aforesaid agreement, the Company agreed to pay the latter a sum of ₹ 258.52 lakhs as a full and final settlement, which included all dues and expenses incurred for the work done by Mr. Mritunjay Singh as of the cessation date.

The above remuneration agreed to be paid to Mr. Mritunjay Singh exceeded the limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013. Accordingly, the Company has obtained the shareholders' approval on April 22, 2019, by passing a special resolution through postal ballot in order to comply with the aforesaid provisions of the Companies Act, 2013.

47. 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 2019 following a detailed transfer pricing study conducted for the financial year ended 31 March 2018. 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.

48. The Board of Directors of the Company at its meeting held on 14 August 2015, had approved the acquisition of AXISCADES Aerospace & Technologies Private Limited ("ACAT"), an aerospace, defence and homeland security technologies Company by way of a Scheme of Amalgamation ("Scheme") of India Aviation Training Institute Private Limited ("IAT") with the Company. ACAT is a 100% subsidiary of IAT.

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



Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (All amounts in ₹ lakhs, unless otherwise stated)

49. STATUTORY GROUP INFORMATION

The entities consolidated in the consolidated financial statements are listed below:

| Sl. No | Name of the entity | Country of incorporation | Relationship as at 31 March 2019 | Percentage of effective ownership interest held (directly and indirectly) as at | | Net assets, i.e. total assets minus total liabilities | | Share in total comprehensive income | |
|-----------------------------|--|--------------------------|----------------------------------|---|-----------------------------------|---|------------------|--------------------------------------|-----------------|
| | | | | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| | | | | As a % of consolidated net assets | As a % of consolidated net assets | ₹ in lakhs | ₹ in lakhs | As a % of total comprehensive income | ₹ in lakhs |
| A. Parent | | | | | | | | | |
| | AXISCADES Engineering Technologies Limited | India | Holding Company | - | 78.22% | 22,573.25 | 22,950.99 | 49.71% | (1,124.58) |
| B. Subsidiaries | | | | | | | | | |
| 1 | AXISCADES, Inc. | USA | Subsidiary | 100% | 3.23% | 932.99 | 633.70 | -33.52% | 261.85 |
| 2 | AXISCADES UK Limited | United Kingdom | Step down subsidiary | 100% | 0.91% | 262.38 | 51.50 | -27.77% | 216.95 |
| 3 | AXISCADES Technology Canada Inc. | Canada | Subsidiary | 100% | 8.00% | 2,309.37 | 1,890.93 | -49.65% | 387.81 |
| 4 | AXISCADES GmbH | Germany | Subsidiary | 100% | 0.11% | 32.86 | 26.93 | -0.92% | 7.20 |
| 5 | AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD. | China | Subsidiary | 100% | -0.14% | (41.65) | (7.28) | 3.16% | (24.69) |
| 6 | Cades Studec Technologies (India) Private Limited | India | Subsidiary | 76% | 5.65% | 1,629.51 | 1,439.24 | -24.35% | 190.24 |
| 7 | AXISCADES Aerospace and Technologies Private Limited | India | Subsidiary | 100% | 35.80% | 10,329.75 | 12,927.29 | 332.53% | (2,597.57) |
| 8 | AXISCADES Aerospace Infrastructure Private Limited | India | Step down subsidiary | 100% | 27.34% | 7,890.46 | 8,036.56 | 18.70% | (146.09) |
| 9 | Enertec Controls Limited | India | Step down subsidiary | 100% | 11.92% | 3,441.05 | 3,429.80 | -1.44% | 11.26 |
| 10 | Mistral Solutions Private Limited | India | Subsidiary | 100% | 29.62% | 8,548.45 | 6,869.73 | -214.91% | 1,678.74 |
| 11 | Aero Electronics Private Limited | India | Step down subsidiary | 100% | -0.04% | (12.38) | (11.23) | 0.15% | (1.15) |
| 12 | Mistral Technologies Private Limited | India | Step down subsidiary | 100% | 1.95% | 562.55 | 399.59 | -20.86% | 162.93 |
| 13 | Mistral Solutions Inc. | USA | Step down subsidiary | 100% | 2.29% | 660.14 | 713.88 | 12.63% | (98.67) |
| 14 | Mistral Solutions Pte Limited | Singapore | Step down subsidiary | 100% | 0.00% | - | - | 0.00% | - |
| | Translation adjustment | | | - | - | - | - | -4.86% | 37.97 |
| | Total | | | 204.87% | 59,118.72 | 201,088 | 59,351.64 | 38.60% | (301.51) |
| C. Minority interest | | | | | | | | | |
| | Cades Studec Technologies (India) Private Limited | India | Subsidiary | 24% | -1.35% | (390.23) | (344.41) | - | - |
| | Adjustment arising out of Consolidation | | | - | -103.51% | (29,871.40) | (29,490.59) | 61.40% | (479.63) |
| | Consolidated net assets/ Total comprehensive income | | | 100.00% | 28,857.09 | 100.00% | 29,516.64 | 100.00% | (781.15) |
| | | | | | | | | | 100.00% |
| | | | | | | | | | (884.20) |

Notes to Consolidated Financial Statements for the year ended 31 March, 2019 (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 and are strictly not comparable on account of acquisition of subsidiary, effective 1 December 2017 (refer note 7(c)).

For **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number : 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Membership no.: 104315

Place: Bengaluru

Date: 8 May, 2019

For and on behalf of the Board of Directors of

AXISCADES Engineering Technologies Limited

CIN NO: L72200KA1990PLC084435

Sd/-

Sharadhi Chandra Babupampapathy

Chief Executive Officer and Executive Director

DIN: 02809502

Sd/-

Kaushik Sarkar

Chief Financial Officer

Place: Bengaluru

Date: 8 May, 2019

Sd/-

Sudhakar Gande

Non Executive Director

DIN: 00987566

Sd/-

Shweta Agrawal

Company Secretary

Membership No.: 14148

Place: Bengaluru

Date: 8 May, 2019



Notice

NOTICE is hereby given that the Twenty Ninth (29th) Annual General Meeting (AGM) of the members of **AXISCADES Engineering Technologies Limited** will be held at The Chancery Pavilion, 135, Residency Road, Bangalore - 560025, Karnataka, India, on **Monday, 30 September, 2019 at 11.30 a.m.** to transact the following businesses:

ORDINARY BUSINESS

Item 1. Adoption of Audited Financial Statements

To receive, consider and adopt the Financial Statements of the Company for the year ended 31 March, 2019 including the Audited Balance sheet as on 31 March, 2019, 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 2. Appointment of Director, Mr. Sudhakar Gande, liable to retire by rotation

To appoint a Director in place of Mr. Sudhakar Gande (DIN No:00987566), who retires by rotation and being eligible, offers himself for re-appointment.

Item 3. Appointment of Director, Mr. Ajay Lakhota, liable to retire by rotation

To appoint a Director in place of Mr. Ajay Lakhota (DIN No: 05346091), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

Item 4. Appointment of Mr. Sharadhi Chandra Babupampapathy as Acting Chief Executive Officer & Executive Director

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161, 196, 203 and other applicable provisions of the Companies Act, 2013, if any, read together with the Rules framed thereunder and Articles of Association of the Company and the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Sharadhi Chandra Babupampapathy (DIN No. 02809502), who was appointed as an Additional Director in the capacity of Acting Chief Executive Officer (CEO) and Executive Director effective 21 January, 2019 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Whole Time Director of the Company in the capacity of the Acting Chief Executive Officer (CEO) and Executive Director of the Company with effect from 21 January, 2019 for the interim in compliance of the provisions of the Companies Act, 2013 and he is liable to retire by rotation.”

Item 5. Fixation of Remuneration of Mr. Sharadhi Chandra Babupampapathy as Acting Chief Executive Officer & Executive Director

To consider, and if thought fit, to pass the following resolution as a 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 the remuneration and terms and conditions of appointment of Mr. Sharadhi Chandra Babupampapathy (DIN No. 02809502), as Whole time Director, in the capacity of Acting Chief Executive Officer (CEO) and Executive Director of the Company with effect from 21 January, 2019 for the interim, subject to the compliance of the provisions of Companies Act, 2013, at a remuneration and terms and conditions as detailed herein below:

Remuneration effective from 21 January, 2019 till 31 March, 2019

Remuneration (CTC): ₹ 90 Lakhs per Annum- including

- Employer’s contribution to Provident fund/superannuation fund : As per Rules of the Company
- Gratuity: Gratuity payable shall be at the rate in accordance with the rules.

He shall be entitled for reimbursement of all the expenses including entertainment & travelling incurred in the course of the business of the Company.

He is not entitled to any sitting fees for attending the meetings of the Board or Committee thereof.

Remuneration effective from 1 April, 2019

Basic Salary - ₹ 62,50,000/ 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 Thirty Seven Lakhs Only (₹ 37,00,000/-) 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 Twenty Two Lakhs Only (₹ 22,00,000/-) 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.

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."

Item 6. Appointment of Pradeep Dadlani as an Independent Director
To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the

"Act") read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), Mr. Pradeep Dadlani (DIN No. 00664016), Non-Executive Independent Director of the Company, whose first term of office (as per the Companies Act, 2013) is completing on 8th September 2019, being eligible and in respect of whom the Company has received a recommendation from Nomination & Remuneration Committee and Board proposing his candidature for the office of a Director, be and is hereby reappointed as Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office with effect from 9th September 2019 till 30th Annual General Meeting."

Item 7. Appointment of Kailash Rustagi as an Independent Director
To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), Mr. Kailash Rustagi (holding DIN: 00143632), Non-Executive Independent Director of the Company, whose first term of office (as per the Companies Act, 2013) is completing on 8th September 2019, being eligible and in respect of whom the Company has received a recommendation from Nomination & Remuneration Committee and Board proposing his candidature for the office of a Director, be and is hereby reappointed as Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office with effect from 9th September 2019 till 30th Annual General Meeting."

By Order of the Board of Directors
For **AXISCADES Engineering Technologies Limited**

Sd/-

Shweta Agrawal
Company Secretary

Place: Bengaluru
Date: 7 August, 2019

Registered office
Block C, 2nd Floor, Kirloskar Business Park,
Bengaluru-560024.
CIN: L72200KA1990PLC0084435,
e-mail : info@axiscades.com

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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.

3. A person can act as proxy on behalf of members not exceeding fifty (50) in number and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. The instrument appointing the proxy duly completed should be deposited at the registered office of the Company not less than forty eight hours before the commencement of the meeting.
5. All alterations made in the Form of Proxy should be initialed.
6. Only registered Equity Shareholders, as on 23 September, 2019, of the Applicant Company may attend and vote either in person or by proxy or by an authorised representative under Section 113 of the Companies Act, 2013 at the Equity Shareholders' meeting. The Annual Report is being sent to the shareholders registered with the Company as on 2 August, 2019.
7. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. Registered Equity Shareholders are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Applicant Company in respect of such holding will be entitled to vote.
9. A member shall be entitled, during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 'three days' of notice in writing is given to the Company.
10. All the documents referred to in the accompanying notice, unless otherwise specified, are open for inspection at the Registered office of the Company on all working days, during the business hours between 9.00 am to 6.00 pm, upto the date of the AGM. Register of Directors and their Shareholding and the Register of Contracts and Arrangements in which Directors are interested shall be kept open for inspection at the meeting to any person having right to attend the meeting.
11. For the convenience of the members, an attendance slip is annexed. Members are requested to affix their signatures in the space provided and fill the particulars and hand over the attendance slip at the Registration Counter at the venue of the Meeting.

The members need to furnish the printed Attendance slip along with a valid identity proof such as the PAN card, passport, AADHAR card or driving license to enter the AGM hall.
12. Members, who hold the shares in physical form, are requested to provide their email id, in case the same has not been provided earlier and notify changes if any, in their address/e-mail id/ECS mandate/ bank details to the Registrar & Transfer Agent (RTA) of the Company Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, for the purpose of receiving communication electronically and the members who hold their shares in demat form are requested to do the same through their depository participant.
13. The Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. The shareholders/ transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA. Members holding shares in electronic form are requested to submit their PAN to their Depository Participant(s).
14. A copy of the Annual Report along with the Notice of the 29th Annual General Meeting, stating the process and the manner of e-voting at the AGM, Attendance slip and Proxy form are sent by electronic mode to all those members whose email address are registered with the Company/ Depository Participant(s) unless a member has requested for a hard copy of the same. In respect of members who have not registered their email address physical copies of the Annual Report are sent by the permitted mode.
15. The Annual Report along with the Notice of the 29th Annual General Meeting and other attachments will also be available on the Company's website at www.axiscales.com for download by the members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours on working days upto the date of AGM.
16. Information relating to e-voting are as follows:
 - i. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 (as substituted by Companies (Management and Administration) Amendment Rules, 2015) and Regulation 44 of the SEBI (LODR) Regulations 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service

facility arranged by Karvy Computershare Private Limited (“Karvy”). The facility for voting through Poll will be made available at the meeting and the members attending the meeting who have not cast their votes by remote e-voting shall be able to cast their votes at the meeting through physical Poll.

- ii. The members who have voted through remote e-voting may attend the AGM but shall not be entitled to cast their votes again.
- iii. The Company has engaged the services of Karvy Computershare Private Limited (“Karvy”) as the Agency to provide e-voting facility.
- iv. Voting rights shall be reckoned on the paid up value of equity shares registered in the name of the member/beneficial owner as on **23 September, 2019, being the cutoff date.**
- v. A person, whose name is appearing in the register of members or in the register of beneficial owners maintained by the depositories as on the **cut-off date i. e. 23 September, 2019**, shall only be entitled to avail the facility of remote e-voting/ poll.
- vi. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cutoff date may write to Karvy on their e mail ID evoting@karvy.com, or Karvy Computershare Private Limited (Unit: AXISCADES Engineering Technologies Limited) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or contact Mr. G RAMESH DESAI on phone 040-67161522 requesting for User ID and password. After receipt of above credentials, a member may follow the instructions for e-voting to cast his votes.

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting his votes through remote e-voting.

- 16. The Board of Directors of the Company have appointed Mr. Anant Khamankar (Membership No. 3198) a Practising Company Secretary, Proprietor of M/s Anant B Khamankar & Co., Company Secretaries, Mumbai as the Scrutinizer, for conducting both remote e-voting and Poll voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the purpose.
- 17. The Scrutinizer, after scrutinizing the votes cast at the meeting by Poll and remote e-voting, will not later than forty eight hours of conclusion of the Meeting, make a consolidated Scrutinizer’s Report and submit the same to the Chairman. The Chairman shall declare the results within forty eight hours of the conclusion of the meeting.

The results declared along with the consolidated Scrutinizer’s Report shall be placed on the website of the Company www.axiscades.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.

- 18. Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Meeting i.e. 30 September, 2019..

Instructions for e-voting

- i) Members are requested to carefully read the instructions for e-voting before casting their vote.
- ii) The remote e-voting facility will be open only during the following voting period:

Commencement of remote e-voting: 09:00 a.m. (IST) on Thursday, 26 September, 2019

End of remote e-voting : 05:00 p.m.(IST) on Sunday, 29 September, 2019

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy on expiry of remote e-voting period.

- iii) The procedure for remote e-voting is as under:
 - a) Open your web browser during the voting period by typing the URL: <https://evoting.karvy.com>
 - b) Enter the login credentials (i.e. User ID and password mentioned - in the email forwarding the Notice of AGM, or on the Notice of AGM, in case email id is not registered and physical copy of the Annual Report is being received by you). Your Folio No./DP ID Client ID will be your User ID. However, if you hold shares in demat form and you are already registered with Karvy for e-voting, you may use your existing User ID and password for casting your vote.
 - c) After entering these details appropriately, click on “LOGIN”.
 - d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You will also be required to enter a secret question and answer of your choice to enable you to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**



- e) You need to login again with the new credentials. Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- f) On successful login, the system will prompt you to select the Event Number for AXISCADES Engineering Technologies Limited, as mentioned in the email forwarding the Notice of AGM along with Annual Report of the Company, in case members receiving the documents in electronic form and in the enclosed "Electronic Voting Particulars", in case of a members receiving the documents in physical mode.
- g) On the voting page you will see the Resolution Description and the options "FOR/AGAINST/ABSTAIN" for voting. Enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date, as mentioned above. You may also choose the option "ABSTAIN" in case you do not want to cast vote.
- h) You may then cast your vote by selecting an appropriate option and click on "Submit".
- i) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- j) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- k) Any person who becomes a member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date i.e. 23 September, 2019, may obtain the User ID and password in the manner as mentioned below:
- i) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS :**MYEPWD**<space> E-Voting EVEN Number+Folio No. or DP ID Client ID to **9212993399**
- Example for NSDL:
MYEPWD <SPACE> IN12345612345678
- Example for CDSL :
MYEPWD <SPACE> 1402345612345678
- Example for Physical :
MYEPWD <SPACE> XXXX1234567890
- ii) If e-mail address or mobile number of the member is registered against Folio No. / DP ID
- l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the relevant Board Resolution/Power of Attorney/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at e-mail ID: khamankar@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "axiscades_EVSN Number."
- m) Once the vote on a resolution is cast by a member, the Member shall not be allowed to modify it subsequently.
- n) In case of any queries, you may refer the 'Frequently Asked Questions (FAQs) for shareholders' and 'e-voting user manual for shareholders', available at the download section of <https://evoting.karvy.com> or contact Karvy Computershare Private Limited at 1800 345 4001 (toll free).

By Order of the Board of Directors
For **AXISCADES Engineering Technologies Limited**

Sd/-

Shweta Agrawal
Company Secretary

Place : Bengaluru
Date : 7 August, 2019

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 & 5

Keeping in view the growth, operations and size of the Company and based on the recommendation of the Nomination Remuneration Committee, Mr. Sharadhi Chandra Babubampapathy (DIN-02809502) was appointed as an Additional Director (Executive) in the capacity of Acting Chief Executive officer (CEO) of the Company by the Board of Director in their meeting held on 19 January, 2019 pursuant to Section 161 of the Companies Act, 2013, read with Article 114 of the Articles of Association of the Company, with effect from 21 January, 2019.

In terms of the provisions of Section 161 of the Act Mr. Babu will hold office up to the date of the next Annual General Meeting. His appointment as such has been recommended by the Nomination and Remuneration Committee and Board of directors. The Company has received from Sharadhi Chandra Babu (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies

(Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

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 2018-2019 are as follows:

| Particulars | Standalone (₹ Lakhs) | Consolidated (₹ Lakhs) |
|--|-------------------------|---------------------------|
| Total Income | 22,679.93 | 61,676.54 |
| Profit Before Tax (PBT) | (541.06) | (839.36) |
| Net Profit after Tax (PAT) (before Minority Interest) | (399.39) | (767.47) |
| Earning per Equity Share (Basic & Diluted) | (1.06) | (2.15) |

Export performance & Net foreign exchange collaborations:

- The Company has registered STPI units and is an exporter. The export earnings for the year 2018-2019 stood at ₹ 21,315.16 lakhs.
- The Company has no foreign collaborations.

Foreign investments:

As as 31 March, 2019, 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 being appointed as Chief Executive Officer (CEO) & Director (whole time) in the Company for the first time and he was not in receipt of any remuneration from the Company in the past.

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 Adamya Technocrats 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 of the appointee. Mr. Babu shall drive the overall Strategy of the Company and shall be responsible for large OEM Relationship Management, M&A Strategy, in addition to oversee Business affairs of the Company. He will be 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 terms of appointment and remuneration specified above are 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 appointment of Mr. Sharadhi Babu as Acting Chief Executive Officer & Executive Director of the Company for interim period, subject to the compliance of the provisions of the Companies Act, 2013, from 21 January, 2019 and for payment of proposed remuneration for such time.

Members' attention is specifically drawn to the provisions of Section 161 of the Companies Act, 2013 (the Act) in terms of which an additional director appointed by the Board holds office as such only up to the date of the Annual General Meeting. In terms of Section 196 of the Act, the approval of the shareholders for appointment of a managerial person shall be obtained at the first general meeting held after the date of such appointment.

No director, key managerial personnel or their relatives, except Mr. Sharadhi Babu to whom the resolutions relate, is interested or concerned in the resolution.

Item No. 6 & 7

Based on the recommendation of Nomination and Remuneration Committee, consent received from below mentioned Directors,



the Board of Directors proposes the re-appointment of Mr. Pradeep Dadlani (DIN:00664016) and Mr. Kailash Rustagi (DIN:00143632) as Independent Director, for a second term with effect from September 9, 2019 to 30th Annual General Meeting, not liable to retire by rotation. Pursuant to the provisions of Section 149 of the Act, the first term of 5 years of Mr. Pradeep Dadlani and Mr. Kailash Rustagi as Independent Director is completing on September 08, 2019.

Mr. Pradeep Dadlani and Mr. Kailash Rustagi are eligible and offer themselves for being appointed as an Independent Director for another term effective 9 September 2019.

The Board and the Nomination & Remuneration Committee, considers their appointment as an Independent director of the Company to be beneficial and is in the interest of the Company. The Board recommends the resolution for approval of the members.

The Company has received a declaration from them to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Mr. Pradeep Dadlani is a Consultant and has Corporate experience in varied sectors & functional areas such as IT, Media, Telecom, Environment, Industry.

Mr. Rustagi is a Fellow member of the Institute of Chartered Accountants of India and an Associate Member of the Institute of Company Secretaries of India.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives except to the extent of their shareholding in the Company and except Mr. Pradeep Dadlani & Mr. Kailash Rustagi, to whom the resolution relate, are in any way concerned or interested, financially or otherwise in the Resolution set out at Item No.6 & 7 of the Notice.

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.

By Order of the Board of Directors
For **AXISCADES Engineering Technologies Limited**

Sd/-

Place: Bengaluru
Date: 7 August, 2019

Shweta Agrawal
Company Secretary

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015



MR. SUDHAKAR GANDE

An acknowledged investment banker and a visionary who has architected the success of several venture developments. Chairman, FICCI – Aerospace and Air Defence Task Force and Member, National Executive Committee, FICCI

Date of Birth: 03.09.1957

He does not hold Directorship in any other listed entity and is a member of the Nomination & Remuneration Committee of the Board.

He is not related to any Director inter-se and holds 4.6% Equity shares of the Company.



MR. AJAY LAKHOTIA

He is an MBA (Finance and Strategy) from Indian School of Business. He is a veteran Venture Capitalist in Technology Sector with investments across ecommerce, IOT and Automation Sector will be taking up Board seat to help strategize Company entry into new areas.

Date of Birth: 31.08.1980

He does not hold Directorship in any other listed entity and is not a member of any Committee of the Board.

He is not related to any Director inter-se and does not hold any Equity share of the Company.



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 holds 1200 Equity shares of the Company.



MR. PRADEEP DADLANI

Consultancy and Corporate experience in varied sectors & functional areas such as IT, Media, Telecom, Environment, Industry

Date of Birth: 25.08.1960

He does not hold Directorship in any other listed entity and is a member of Audit Committee, Nomination & Remuneration Committee, CSR Committee & Stakeholders Relationship Committee of the Board.

He is not related to any Director inter-se and does not hold any Equity share of the Company.



MR. KAILASH RUSTAGI

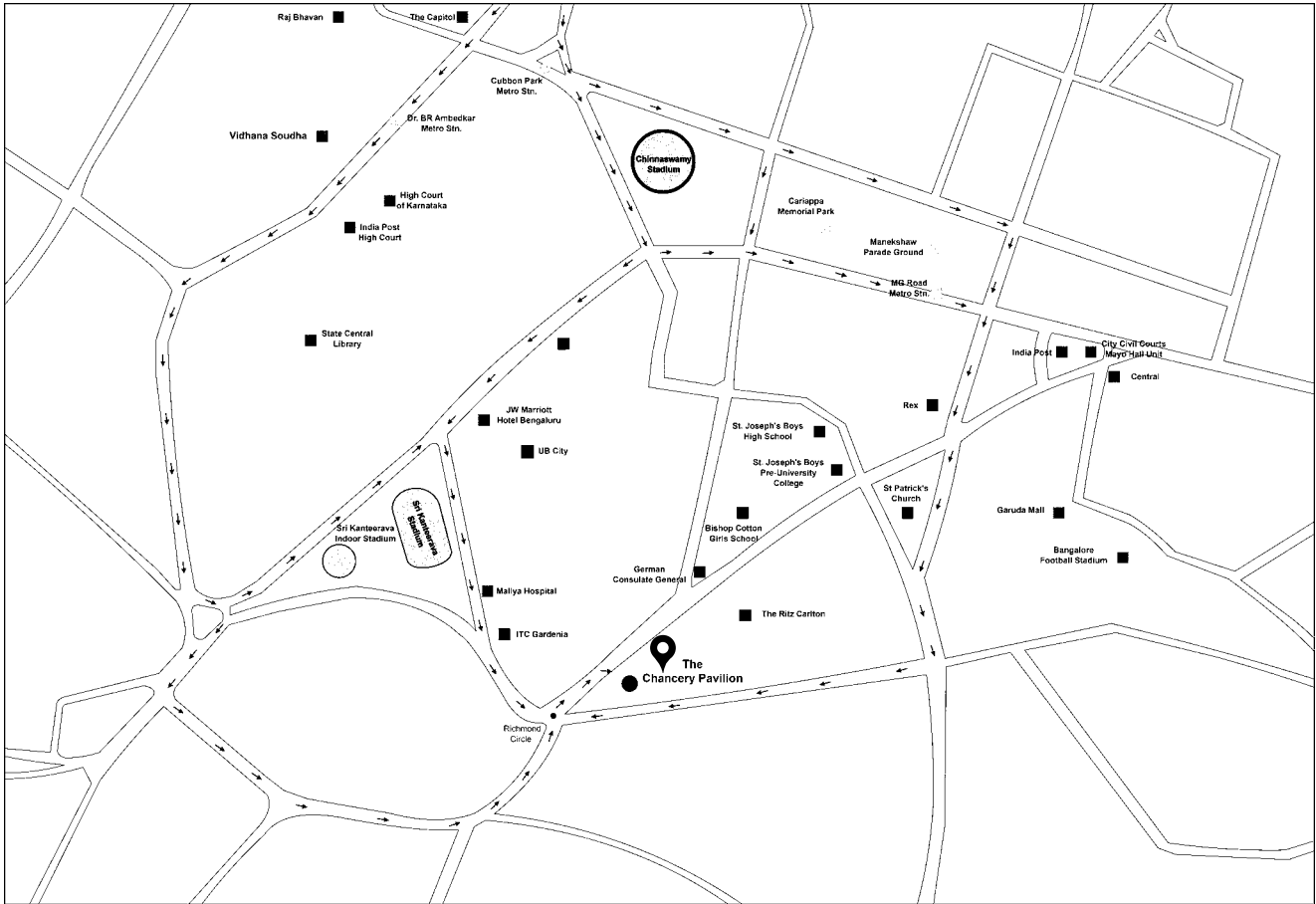
Fellow member of the Institute of Chartered Accountants of India and an Associate Member of the Institute of Company Secretaries of India.

Date of Birth: 04.07.1963

He does not hold Directorship in any other listed entity and is a member of Audit Committee, CSR Committee & Stakeholders Relationship Committee of the Board Committee of the Board.

He is not related to any Director inter-se and does not hold any Equity share of the Company.







AXISCADES Engineering Technologies Limited

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

www.axiscades.com