

Financial Statements and Auditors' Report

**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**

31 March 2023



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of M/s. AXIS MECHANICAL ENGINEERING DESIGN (WUXI) COMPANY LIMITED**

**Report on the standalone Financial Statements**

**Opinion**

We have audited the accompanying financial statements of M/s. **AXIS MECHANICAL ENGINEERING DESIGN (WUXI) COMPANY LIMITED**, which comprise the Balance Sheet as of March 31, 2023, and the Statement of Profit and Loss 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 financial statements give the information required by The Companies Act, 2013 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, 2023, its profit for the year ended on that date.

**Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules there under, 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 opinion.

**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 financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.





This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for the 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 is also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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.
- 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 financial statements, including the disclosures, and whether the 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and the Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as of March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

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

- i) The company does not have pending litigations which would impact its financial position.
- ii) The company does not have any long-term contracts requiring a provision for material foreseeable losses.
- iii) The company does not have any amounts required to be transferred to the Investor Education and Protection Fund.
- iv) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf





of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (iii) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- v) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
- vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, and reporting under this clause is not applicable for the financial year ended March 31 2023.
- vii) As required by the Companies (Auditors Report) Order, 2015 ("the Order") issued by requirements of the Companies (Auditors Report) order ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, are not applicable.

Place: Bangalore  
Date: May 17, 2023



For G D & ASSOCIATES  
Chartered Accountants  
Firm Registration No - 011187S

  
DINESHA M S  
Partner.  
Membership No.215946

UDIN - 23215946BGTELP8114

**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**  
**Balance Sheet as at 31 March 2023**

(Amount in RMB)

	Note	As At 31 March 2023	As At 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	27,263	51,861
Intangible assets	4	-	467
		<u>27,263</u>	<u>52,328</u>
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	5	-	7,20,043
Cash and cash equivalents	6	10,01,739	3,34,166
Other financial assets	7	1,06,845	9,434
Other current assets	8	1,10,794	99,392
		<u>12,19,378</u>	<u>11,63,036</u>
<b>Total assets</b>		<u><u>12,46,641</u></u>	<u><u>12,15,364</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	4,50,476	4,50,476
Other equity	10	(13,20,151)	(13,88,305)
		<u>(8,69,675)</u>	<u>(9,37,829)</u>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	11	21,16,316	21,53,193
		<u>21,16,316</u>	<u>21,53,193</u>
<b>Total equity and liabilities</b>		<u><u>12,46,641</u></u>	<u><u>12,15,364</u></u>

**Summary of significant accounting policies** 2

The Accompanying notes are intergal Part of Standalone Ind AS financial statements

As per our report of even date

for G D & ASSOCIATES

Chartered Accountants



**DINESHA M S**

Partner

Membership No - 215946

Bengaluru

Date : 17 May 2023



For and on behalf of the Board of Directors of AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.



**Sreedhar Rao Ellentala**  
Director

Bengaluru

Date : 17 May 2023





**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**  
**Statement of Profit and Loss for the year ending 31 March 2023**

		(Amount in RMB)	
	Note	Year ended 31 March 2023	Year ended 31 March 2022
<b>Income</b>			
Revenue from operations	12	5,39,654	10,91,709
Other income	13	10,912	3,150
<b>Total income</b>		<b>5,50,566</b>	<b>10,94,859</b>
<b>Expenses</b>			
Employee benefits expense	14	3,24,236	7,39,560
Other expenses	15	1,33,111	2,89,823
Depreciation and amortisation expense	16	25,064	35,135
<b>Total expenses</b>		<b>4,82,411</b>	<b>10,64,519</b>
<b>Profit before tax</b>		<b>68,155</b>	<b>30,340</b>
Tax expense			
- Current tax		-	-
- Deferred tax charge		-	-
<b>Profit after tax</b>		<b>68,155</b>	<b>30,340</b>
<b>Other comprehensive income(OCI)</b>		-	-
<b>Total comprehensive income</b>		<b>68,155</b>	<b>30,340</b>
<b>Earnings per share</b>			
Basic and diluted	17	68,154.58	30,340.34
<b>Summary of significant accounting policies</b>	2		

The Accompanying notes are intergal Part of Standalone Ind AS financial statements

for G D & ASSOCIATES

Chartered Accountants



**DINESHA M S**  
**Partner**  
**Membership No - 215946**

Bengaluru  
 Date : 17 May 2023



For and on behalf of the Board of Directors of AXIS  
 MECHANICAL ENGINEERING DESIGN CO.  
 (WUXI) LTD.



**Sreedhar Rao Ellentala**  
**Director**

Bengaluru  
 Date : 17 May 2023



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**

**Statement of Changes in Equity for the year ended 31 March 2023**

**A. Equity share capital**

Equity shares of RMB 450,476, fully paid-up

As at 1 April 2021

Add: Issued and subscribed during the year

As at 31 March 2022

Add: Issued and subscribed during the year

As at 31 March 2023

Equity shares	
Number	Amount
1	4,50,476
-	-
1	4,50,476
-	-
1	4,50,476

**B. Other equity**

	Reserves and Surplus	Total
	Surplus in the Statement of Profit and Loss	
Balance as at 1 April 2021	(14,18,645)	(14,18,645)
Profit for the year	30,340	30,340
<b>Total comprehensive income</b>	<b>(13,88,305)</b>	<b>(13,88,305)</b>
Balance as at 31 March 2022	(13,88,305)	(13,88,305)
Profit for the year	68,155	68,155
<b>Total comprehensive income</b>	<b>68,155</b>	<b>68,155</b>
Balance as at 31 March 2023	(13,20,150)	(13,20,150)

**Summary of significant accounting policies**

The Accompanying notes are intergal Part of Standalone Ind AS financial statements

As per our report of even date

for G D & ASSOCIATES  
Chartered Accountants



**DINESHA M S**  
Partner  
Membership No - 215946



Bengaluru  
Date : 17 May 2023

For and on behalf of the Board of Directors of AXIS  
MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.



**Sreedhar Rao Ellentala**  
Director

Bengaluru  
Date : 17 May 2023





**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**  
**Statement of Cash Flows for the year ended 31 March 2023**

(Amount in RMB)

	As At 31 March 2023	As At 31 March 2022
<b>(A) Cash flows from operating activities</b>		
Profit before tax	68,155	30,340
<b>Adjustments for:</b>		
Depreciation and amortisation expense	25,064	35,135
Interest expense	-	-
Interest income	(4,150)	(3,150)
Provision no longer required written back	-	-
<b>Operating profit before working capital changes</b>	<u>89,069</u>	<u>62,325</u>
<b>Adjustments for working capital changes</b>		
Decrease/(Increase) in trade receivables	7,20,043	(5,15,744)
(Increase)/Decrease in other financial assets	(97,411)	44,933
(Increase)/Decrease in other current assets	(11,402)	54,453
Decrease in trade payables	(36,876)	(6,03,603)
<b>Cash used in operations</b>	<u>6,63,423</u>	<u>(9,57,636)</u>
Direct taxes paid (net of refunds)	-	-
<b>Net cash used in operating activities (A)</b>	<u><u>6,63,423</u></u>	<u><u>(9,57,636)</u></u>
<b>(B) Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	0	-
Interest received	4,150	3,150
<b>Net cash used in investing activities (B)</b>	<u><u>4,150</u></u>	<u><u>3,150</u></u>
<b>(C) Cash flows from financing activities</b>		
Movement in other equity	-	-
Proceeds from working capital loan, net	-	-
<b>Net cash generated from financing activities (C)</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	6,67,573	(9,54,486)
Cash and cash equivalents at beginning of the year	<u>3,34,166</u>	<u>12,88,652</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>10,01,739</u></u>	<u><u>3,34,166</u></u>

As per our report of even date

for G D & ASSOCIATES  
Chartered Accountants



DINESHA M S  
Partner  
Membership No - 215946

Bengaluru  
Date : 17 May 2023



For and on behalf of the Board of Directors of AXIS  
MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.



Sreedhar Rao Ellentala  
Director

Bengaluru  
Date : 17 May 2023



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023**

**1. General Information:**

AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD. ('the Company'), operates in the business of Engineering Design Services.

**2. Summary of significant accounting policies**

**a) Basis of accounting and preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Company.

The Comparative Standalone Ind AS 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 RMB and all values are rounded off.

**b) Use of estimates**

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

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

**Significant management judgements**

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

*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.



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023**

*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.

**c) Current versus non-current classification**

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

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

**d) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

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

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

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

	Useful lives (in years)
Computers	3
Furniture and fixtures	7
Office equipment	5
Leasehold improvements	Period of lease

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 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.

Depreciation/amortisation is charged on a proportionate basis for all the assets purchased and sold during the year. Fixed assets individually costing less than \$ 100 are fully depreciated/ amortised in the year of purchase.



## AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

### e) Impairment of property, plant and equipment

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

### f) Revenue recognition

Revenue from contracts with customers is recognized 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

#### Sale of services

The Company/Group 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.

Revenues in excess of invoicing are classified as contract assets (also referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (also referred as unearned revenues).

#### Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the goods/services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Goods/services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional goods/services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

#### Contract balances

##### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group/Company performs by transferring goods or 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.

##### Trade receivables

A receivable represents the Group's/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 (t) Financial instruments – initial recognition and subsequent measurement

##### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group/Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group/Company performs under the contract

##### Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group Incremental costs to fulfil a contract to be recognised as an asset if certain criteria are met. Any capitalised contract costs assets must be recognised as an expense when the entity transfer of the related goods or services to the customer.

Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in profit or loss.





**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023**

**g) Employee benefits**

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

*Defined contribution plan*

The Company contributes to social security charges for its 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.

*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

**h) Borrowing costs**

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

**l) Investments in subsidiaries**

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment 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.

**j) Provisions and contingencies**

*Provisions*

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

*Contingent liabilities*

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

*Contingent assets*

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

*Onerous contracts*

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

**k) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

**Subsequent measurement**

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

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



## AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

#### i. Debt instruments at amortised cost

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

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

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

#### ii. Debt instrument at FVTOCI

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- 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 & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & 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 & loss.

#### iv. Equity investments

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

#### De-recognition of financial assets

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

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

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

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





## AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

### Financial liabilities

#### Initial recognition and measurement

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

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

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

#### Subsequent measurement

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

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

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

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

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

##### *Loans and borrowings*

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

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 as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

##### *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.

#### 1) Impairment of financial assets

##### 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.



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023**

**m) 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

**n) Cash and cash equivalents**

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

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

**o) 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.

**p) 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 holders 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.



(Amount in RMB)

3 Property, plant and equipment

	Computers	Furniture and fixtures	Office equipments	Total
<b>Gross block</b>				
Balance as at 1 April 2021	83,633	9,709	43,786	1,37,128
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>83,633</b>	<b>9,709</b>	<b>43,786</b>	<b>1,37,128</b>
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>83,633</b>	<b>9,709</b>	<b>43,786</b>	<b>1,37,128</b>
<b>Accumulated depreciation</b>				
Balance as at 1 April 2021	39,909	1,896	9,056	50,862
Depreciation charge for the year	26,765	1,387	6,252	34,405
Disposals	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>66,675</b>	<b>3,283</b>	<b>15,308</b>	<b>85,266</b>
Depreciation charge for the year	16,958	1,387	6,252	24,598
Disposals	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>83,633</b>	<b>4,670</b>	<b>21,561</b>	<b>1,09,864</b>
<b>Net block</b>				
Balance as at 31 March 2022	16,958	6,426	28,477	51,861
Balance as at 31 March 2023	0	5,039	22,225	27,263

Note:

a. Contractual obligations

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

b. Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2023 (31 March 2022: Nil).

4 Other intangible assets

Particulars	Software	Total
<b>Gross block</b>		
Balance as at 1 April 2021	-	-
Additions during the year	2,195	2,195
Disposals during the year	-	-
<b>Balance as at 31 March 2022</b>	<b>2,195</b>	<b>2,195</b>
Additions during the year	-	-
Disposals during the year	-	-
<b>Balance as at 31 March 2023</b>	<b>2,195</b>	<b>2,195</b>
<b>Accumulated amortisation</b>		
Balance as at 1 April 2021	-	-
Amortisation charge for the year	998	998
Disposals during the year	730	730
<b>Balance as at 31 March 2022</b>	<b>1,728</b>	<b>1,728</b>
Amortisation charge for the year	467	467
Disposals during the year	-	-
<b>Balance as at 31 March 2023</b>	<b>2,195</b>	<b>2,195</b>
<b>Net Block</b>		
Balance as at 31 March 2022	467	467
Balance as at 31 March 2023	-	-



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**

Notes to financial statements for the year ended 31 March 2023

(Amount in RMB)

	As at 31 March 2023	As at 31 March 2022
<b>5 Trade receivables</b>		
<b>Current</b>		
(a) Receivables from related parties	-	7,20,043
(b) Trade Receivables considered good - Unsecured;	-	-
	<u>-</u>	<u>7,20,043</u>

**Trade receivables ageing schedule as on 31st March 2023**

Particulars	Not Due	Outstanding for the following periods from the due date of payment		Total
		Less than 6 months	6 months- 1 year	
(i) Undisputed trade receivables- considered good	-	-	-	-
(ii) Undisputed trade receivables- which has significant increase in credit risk	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	-	-	-
(iv) Disputed trade receivables- considered doubtful	-	-	-	-
(v) Disputed trade receivables- which has significant increase in credit risk	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Trade receivables ageing schedule as on 31st March 2022**

Particulars	Not Due	Outstanding for the following periods from the		Total
		Less than 6 months	6 months- 1 year	
(i) Undisputed trade receivables- considered good	5,67,665	73,296	79,082	7,20,043
(ii) Undisputed trade receivables- which has significant increase in credit risk	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	-	-	-
(iv) Disputed trade receivables- considered doubtful	-	-	-	-
(v) Disputed trade receivables- which has significant increase in credit risk	-	-	-	-
(vi) Disputed trade receivables- credit impaired	-	-	-	-
<b>Total</b>	<u>5,67,665</u>	<u>73,296</u>	<u>79,082</u>	<u>7,20,043</u>

	As at 31 March 2023	As at 31 March 2022
<b>6 Cash and cash equivalents</b>		
Cash on hand	-	-
Balances with banks	-	-
- on current accounts	10,01,739	3,34,166
	<u>10,01,739</u>	<u>3,34,166</u>

	As at	As at
<b>7 Other financial assets</b>		
<b>Current</b>		
Unsecured, considered good		
Unbilled revenue	1,03,500	-
Security deposits	3,345	9,434
Advances to subsidiaries	-	-
	<u>1,06,845</u>	<u>9,434</u>

	As at 31 March 2023	As at 31 March 2022
<b>8 Other assets</b>		
<b>Current</b>		
Unsecured, considered good		
Prepaid expenses	9,866	5,405
Duties and taxes recoverable	1,00,928	93,987
	<u>1,10,794</u>	<u>99,392</u>

This space has been left blank intentionally





AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

Notes to financial statements for the year ended 31 March 2023

(Amount in RMB)

9 Equity share capital

Authorised

Equity shares with no par value, fully paid up

As at 31 March 2023		As at 31 March 2022	
Number	Amount	Number	Amount
1	4,50,476	1	4,50,476
1	4,50,476	1	4,50,476

Issued, subscribed and paid-up

Equity shares with no par value, fully paid up

1	4,50,476	1	4,50,476
1	4,50,476	1	4,50,476

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Equity shares with no par value, fully paid up

Balance at the beginning of the year

Add: Issued and subscribed during the year

Balance at the end of the year

As at 31 March 2023		As at 31 March 2022	
Number	Amount	Number	Amount
1.00	4,50,476	1	4,50,476
-	-	-	-
1.00	4,50,476	1	4,50,476

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having no par value. Each share is entitled to one vote per share. The Company declares and pays dividends in RMB. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shares held by the holding company and subsidiary of holding company

Holding company:

AXISCADES Engineering Technologies Limited

As at 31 March 2023		As at 31 March 2022	
Number	Amount	Number	Amount
1.00	4,50,476	1	4,50,476

d. Details of shareholders holding more than 5% shares:

Holding company:

AXISCADES Engineering Technologies Limited

Number	Amount	Number	Amount
1.00	100%	1	100%

10 Other equity

Balance at the beginning of the year

Surplus in the Statement of Profit and Loss

As at 31 March 2023	As at 31 March 2022
Amount	Amount
(13,88,305)	(14,18,645)
68,155	30,340
(13,20,151)	(13,88,305)

11 Trade payables

Current

Dues to holding company

Accrued expenses

As at 31 March 2023	As at 31 March 2022
21,16,256	21,16,256
60	36,937
21,16,316	21,53,193



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**  
Notes to financial statements for the year ended 31 March 2023

(Amount in RMB)

	Year ended 31 March 2023	Year ended 31 March 2022
<b>12 Revenue from operations</b>		
<b>Sale of services</b>		
IT enabled services	5,39,654	10,91,709
	<b>5,39,654</b>	<b>10,91,709</b>
<b>13 Other income</b>		
Interest income	4,150	3,150
Unrealised forex gain/loss	6,763	-
	<b>10,912</b>	<b>3,150</b>
<b>14 Employee benefit expenses</b>		
Salaries, wages and bonus	2,89,574	6,88,008
Contribution to social security	34,662	51,553
Staff welfare	-	-
	<b>3,24,236</b>	<b>7,39,560</b>
<b>15 Other expenses</b>		
Legal and professional charges	33,962	1,26,927
Travelling and conveyance	76,800	1,09,671
Rent	11,930	39,739
Communication expenses	-	12
Office maintenance expense	280	1,780
Net gain on foreign currency transactions and translation	-	2,361
Electricity charges	-	1,852
Rates and taxes	9,257	5,456
Bank charges	882	2,027
	<b>1,33,111</b>	<b>2,89,823</b>
<b>16 Depreciation and amortisation expenses</b>		
Depreciation of tangible assets	24,598	34,405
Amortisation of intangible assets	467	730
	<b>25,064</b>	<b>35,135</b>
<b>17 Earnings per share (EPS)</b>		
a) Profit after tax attributable to equity shares (in RMB)	68,155	30,340
b) Weighted average number of shares outstanding	1	1
c) Basic and diluted loss per share (in RMB)	68,155	30,340





**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**  
Notes to financial statements for the year ended 31 March 2023

**18 RELATED PARTY DISCLOSURES**

*i. Parties where control exists :*

Nature of relationship  
Holding Company

Name of party  
The Company is a subsidiary of AXISCADES Technologies Limited

*ii. Transactions with related parties*

(Amount in RMB)

	Nature of Transaction	Holding company / Intermediate holding company	
		31 March 2023	31 March 2022
a)	Revenue AXISCADES Technologies Limited AXISCADES, Inc.	4,14,241 -	5,67,665 1,36,786

*iii. Balances as at the year end*

	Nature of Transaction	Holding Company / Intermediate Holding Company	
		31 March 2023	31 March 2022
a)	<i>Trade payables</i> AXISCADES Technologies Limited	21,16,256	21,16,256
b)	<i>Trade receivables</i> AXISCADES, Inc. AXISCADES Technologies Limited	- -	1,52,378 5,67,665
c)	<i>Unbilled receivables</i> AXISCADES Technologies Limited	1,03,500	-



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**  
**Notes to financial statements for the year ended 31 March 2023**

**19 Fair value measurements**

**(i) Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2023, March 31, 2022 are as follows:

Particulars	Carrying Value		Fair Value	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
<b>Financial Assets at amortised cost</b>				
Cash and cash equivalents	10,01,739	3,34,166	10,01,739	3,34,166
Trade receivable	-	7,20,043	-	7,20,043
Other financial assets	1,06,845	9,434	1,06,845	9,434
Other Current Assets	1,10,794	99,392	1,10,794	99,392
<b>Total</b>	<b>12,19,379</b>	<b>11,63,036</b>	<b>12,19,379</b>	<b>11,63,036</b>
<b>Financial Liabilities at amortised cost</b>				
Trade payable	21,16,316	21,53,193	21,16,316	21,53,193
<b>Total</b>	<b>21,16,316</b>	<b>21,53,193</b>	<b>21,16,316</b>	<b>21,53,193</b>

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

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

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

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

**(iii) 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.

**a) Assets and liabilities measured at amortised cost for which fair values are disclosed**

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount. The Company does not have any financial asset / liability requiring measurement at fair value as all the financial assets and liabilities of the Company are being measured at amortised cost.



## AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

Notes to financial statements for the year ended 31 March 2023

### 20 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. 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.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 30%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short term deposits.

	31 March 2023	31 March 2022
Trade payables	21,16,316	21,53,193
Less: Cash and short term deposits	(10,01,739)	(3,34,166)
<b>Net debt</b>	<b>11,14,577</b>	<b>18,19,026</b>
Equity	4,50,476	4,50,476
Other Equity	(13,20,151)	(13,88,305)
<b>Capital and net debt</b>	<b>2,44,902</b>	<b>8,81,197</b>
Gearing ratio	455.11%	206.43%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023.

### 21 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 the customer.

#### (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 Nil RMB as of 31 March 2023.

Trade receivables are unsecured and are derived from revenue from services rendered to its customer. The Company operates under cost plus mark up arrangement with its significant shareholder.

Credit risk from balances with banks is managed in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components as at the Balance sheet date are the carrying amounts as furnished in Note 8. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

Assets under credit risk:	31 March 2023	31 March 2022
Trade receivable	-	7,20,043
<b>Total</b>	<b>-</b>	<b>7,20,043</b>

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

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



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**  
**Notes to financial statements for the year ended 31 March 2023**

**21 Financial risk management (cont'd)**

**(A) Credit risk (cont'd)**

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

There is no other class of financial assets that is past due but not impaired. The Company's credit period generally ranges from 60-180 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due, is given below:

<b>Particulars</b>	<b>March 31,2023</b>	<b>March 31,2022</b>
Financial assets that are neither past due nor impaired	-	5,67,665
Financial assets that are past due but not impaired	-	-
Past due 0-60 days	-	9,644
Past due 61-180 days	-	1,42,734
<b>Total past due but not impaired</b>	<b>-</b>	<b>7,20,043</b>

**22 Segment Information**

The financial report of the Group would include segment information, therefore no separate disclosure on segment information is given in these standalone financial statements.

**23 Previous year comparatives**

Previous years figures have been regrouped / reclassified wherever necessary, to conform to this year's classification.

The Accompanying notes are integral Part of Standalone Ind AS financial statements

for G D & ASSOCIATES

Chartered Accountants



**DINESHA M S**

**Partner**

**Membership No - 215946**



**For and on behalf of the Board of Directors of  
AXIS MECHANICAL ENGINEERING DESIGN  
CO. (WUXI) LTD.**



**Sreedhar Rao Ellentala**

**Director**

Bengaluru

Date : 17 May 2023

Bengaluru

Date : 17 May 2023

