

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of AXISCADES, Inc.

**Report on the Audit of Special Purpose Indian Accounting Standards (Ind AS) Financial Statements****Opinion**

We have audited the accompanying Special Purpose Ind AS Financial Statements of AXISCADES, Inc. (the "Company"), which comprises the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended March 31, 2020 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Ind AS Financial Statements"). These Special Purpose Ind AS Financial Statements have been prepared by the Management as per group accounting policies of AXISCADES Engineering Technologies Limited (the Holding Company) to prepare the consolidated financial statements of the Holding Company.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS Financial Statements are prepared in all material respects in accordance with the basis of preparation as set out in Note 2.1 of the notes to the accompanying Special Purpose Ind AS Financial Statements.

**Basis for Opinion**

We conducted our audit of the Special Purpose Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the ICAI 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 Special Purpose Ind AS Financial Statements.

**Emphasis of Matter and Restriction of distribution and Use**

We draw attention to Note 2.1 of the notes to the accompanying Special Purpose Ind AS Financial Statements, which describe the basis of preparation.

This report on the Special Purpose Ind AS Financial Statements has been issued solely to assist AXISCADES Engineering Technologies Limited, the Holding Company to prepare its consolidated Ind AS financial statements and is intended solely for the information and use of the Board of Directors or Management of the entity in connection with the aforementioned purpose. It should not be used for any other purpose or provided to other parties.

We also draw attention to Note 36 of the accompanying Special Purpose Ind AS Financial Statements, which describes Management's assessment of the impact of uncertainties caused by COVID-19 pandemic and its consequential impact it may have on the operations of the Company.



Our opinion is not modified in respect of the above matters.

**Management's Responsibility for the Special Purpose Ind AS Financial Statements**

The Company's Board of Directors are responsible for preparation of these Special Purpose Ind AS Financial Statements in accordance with the basis of preparation as set out in Note 2.1 of the Special Purpose Ind AS Financial Statements. This responsibility also includes maintenance of adequate accounting records 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 relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements, the 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 the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 Special Purpose 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 Special Purpose 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting



# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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 Special Purpose 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 Company to cease to continue as a going concern.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, that we identify during our audit.

We also provide Board of Directors 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.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



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per Sunil Gaggar

Partner

Membership Number: 104315

UDIN: 20104315AAAABG9327



Place of Signature: Bengaluru

Date: June 10, 2020

AXISCADES, Inc.  
Balance Sheet as at March 31, 2020

(Amount in USD)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	39,125	36,548
Intangible asset	4	5,873	-
Right-of-use assets	5	1,83,242	-
Financial asset			
Investment	6	5,18,100	11,49,031
Deferred tax asset, net	7	9,35,673	7,01,996
		<u>16,82,013</u>	<u>18,87,575</u>
<b>Current assets</b>			
<b>Financial assets</b>			
Loans	8	1,86,519	3,00,669
Trade receivables	9	39,87,293	48,48,766
Cash and cash equivalent	10	90,267	1,80,039
Other financial assets	11	10,43,092	6,92,262
Other current assets	12	56,712	4,04,548
		<u>53,63,883</u>	<u>64,26,284</u>
<b>Total assets</b>		<u>70,45,896</u>	<u>83,13,859</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	13	22,47,227	22,47,227
Other equity	14	(2,42,493)	(8,98,203)
		<u>20,04,734</u>	<u>13,49,024</u>
<b>Non-current liabilities</b>			
<b>Financial Liability</b>			
Lease liabilities	15	77,956	-
		<u>77,956</u>	<u>-</u>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	16	22,39,476	30,38,078
Lease liabilities	15	1,20,190	-
Trade payables	17	14,69,920	32,73,470
Other financial liabilities	18	7,73,218	5,78,293
Other current liabilities	19	4,181	602
Liabilities for current tax, net	20	3,56,221	74,392
		<u>49,63,206</u>	<u>69,64,835</u>
<b>Total equity and liabilities</b>		<u>70,45,896</u>	<u>83,13,859</u>

The accompanying notes are an integral part of these special purpose 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 Number : 104315

Date: June 10, 2020  
Place: Bengaluru



For and on behalf of the Board of Directors of AXISCADES, Inc.

Ajay Sarin  
Chief Executive Officer and Executive Director

Date: June 10, 2020  
Place: Bengaluru

Sharadhi Chandra Babupampapathy  
Director  
DIN : 02809502

Date: June 10, 2020  
Place: Bengaluru



AXISCADES, Inc.  
Statement of Profit and Loss for the year ended March 31, 2020

(Amount in USD)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Income</b>			
Revenue from contracts with customers	21	2,31,12,594	2,16,48,624
Other income	22	-	38,052
<b>Total income</b>		<b>2,31,12,594</b>	<b>2,16,86,676</b>
<b>Expenses</b>			
Employee benefits expense	23	1,58,71,869	1,48,95,116
Depreciation and amortisation expenses	24	1,29,667	20,161
Finance cost	25	2,15,176	1,56,238
Other expenses	26	53,84,349	68,29,584
<b>Total expense</b>		<b>2,16,01,061</b>	<b>2,19,01,099</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>15,11,533</b>	<b>(2,14,423)</b>
Exceptional items	27	6,30,931	-
<b>Profit/(Loss) before tax</b>		<b>8,80,602</b>	<b>(2,14,423)</b>
Current tax	28	1,20,635	1,14,728
Adjustment of tax relating to earlier years	28	32,552	-
Deferred tax credit	28	(2,33,677)	(7,03,692)
<b>Income tax expense</b>		<b>2,19,510</b>	<b>(5,88,964)</b>
<b>Profit after tax</b>		<b>6,61,092</b>	<b>3,74,541</b>
<b>Other comprehensive income (OCI)</b>			
<b>Total comprehensive income for the year, net of tax</b>		<b>6,61,092</b>	<b>3,74,541</b>
<b>Earnings per equity share</b>	29		
Basic and diluted		33.52	18.99

The accompanying notes are an integral part of these special purpose financial statements

As per our report of even date

For S R Batliboi & Associates I.I.P  
Chartered Accountants  
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar  
Partner  
Membership Number : 104315

Date: June 10, 2020  
Place: Bengaluru



For and on behalf of the Board of Directors of AXISCADES, Inc.

Ajay Saru  
Chief Executive Officer and  
Executive Director

Date: June 10, 2020  
Place: Bengaluru

Shradha Chandra Babupampapathy  
Director  
DIN : 00143632

Date: June 10, 2020  
Place: Bengaluru

AXISCADES, Inc.  
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

Equity shares fully paid up  
As at April 1, 2018  
Issued during the year  
As at March 31, 2019  
Issued during the year  
As at March 31, 2020

		(Amount in USD)
Number	Amount	
19,725		22,47,227
-		-
<b>19,725</b>		<b>22,47,227</b>
-		-
<b>19,725</b>		<b>22,47,227</b>

B. Other equity

As at April 1, 2018  
Profit for the year  
As at March 31, 2019  
Profit for the year  
Effect of adoption of Ind AS 116 (refer note (i) below)  
As at March 31, 2020

		(Amount in USD)
Retained earnings	Total	
<b>(12,72,744)</b>		<b>(12,72,744)</b>
3,74,541		3,74,541
<b>(8,98,203)</b>		<b>(8,98,203)</b>
6,61,092		6,61,092
(5,382)		(5,382)
<b>(2,42,493)</b>		<b>(2,42,493)</b>

Note

(i) On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of USD 288,731 and a lease liability of USD 294,037. The cumulative effect of applying the standard, amounting to USD 5,382 was debited to retained earnings.

The accompanying notes are an integral part of these special purpose 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 Number : 104315  
Date: June 10, 2020  
Place: Bengaluru



For and on behalf of the Board of Directors of AXISCADES, Inc

Ajay Srinivas  
Chief Executive Officer and Executive Director

Date: June 10, 2020  
Place: Bengaluru

Shanmugh Chandra Babupampapathy  
Director  
DIN : 02809502

Date: June 10, 2020  
Place: Bengaluru

AXISCADES, Inc.  
Statement of Cash Flows for the year ended March 31, 2020

(Amount in US\$)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>(A) Cash flow from operating activities</b>		
Profit/(Loss) before tax	8,80,602	(2,14,421)
Adjustments for:		
Impairment in the value of investment	6,30,931	-
Depreciation of property, plant and equipment and right-of-use assets	1,28,713	20,161
Amortization of intangible assets	954	-
Finance cost	2,15,176	1,56,238
Expected credit loss for trade receivables	5,559	14,47,357
Operating profit before working capital changes	18,61,935	14,09,334
Adjustments for working capital changes		
(Increase) / decrease in trade receivables	8,55,656	(12,86,742)
(Increase) / decrease in loans	1,14,150	1,38,685
(Increase) / decrease in other financial assets	(3,50,830)	47,825
(Increase) / decrease in other assets	3,47,836	(2,74,425)
Increase / (decrease) in trade payables	(18,03,247)	4,15,433
Increase / (decrease) in other financial liabilities	1,71,369	96,677
Increase / (decrease) in other liabilities	3,579	(74,238)
Cash generated from operating activities	12,00,448	4,72,548
Direct taxes paid (net of refunds)	(1,71,358)	-
Net cash generated from operating activities (A)	10,29,090	4,72,548
<b>(B) Cash flow from investing activities</b>		
Purchase of property, plant and equipment, intangible assets	(9,109)	(30,571)
Net cash used in investing activities (B)	(9,109)	(30,571)
<b>(C) Cash flow from financing activities</b>		
Proceeds/ (repayment) of short term borrowings	(11,48,602)	4,90,994
Proceeds from inter corporate deposit	13,50,000	14,00,000
Repayment of inter corporate deposit	(10,00,000)	(19,15,000)
Payment of principal portion of lease liabilities	(96,133)	-
Payment of interest portion of lease liabilities	(20,248)	-
Interest paid	(1,94,770)	(1,54,943)
Net cash generated used in financing activities (C)	(11,09,753)	(1,78,950)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(89,772)	2,63,028
Cash and cash equivalents at beginning of the year (refer note 10)	1,80,039	(82,989)
Cash and cash equivalents at the end of the year (refer note 10)	90,267	1,80,039

The accompanying notes are an integral part of these special purpose financial statements.

As per our report of even date

For S R Balliboi & Associates LLP  
Chartered Accountants

ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar  
Partner

Membership Number : 104315

Date: June 10, 2020

Place: Bengaluru



For and on behalf of the Board of Directors of AXISCADES, Inc.

Ajay Sarin  
Chief Executive Officer and Executive Director

Date: June 10, 2020

Place: Bengaluru

Sharadhi Chandra Babupampapathy  
Director

DIN : 02809502

Date: June 10, 2020

Place: Bengaluru



**AXISCADES, Inc.**  
**Notes to the special purpose financial statement for the year ended March 31, 2020**  
*(Amount in USD)*

**1 General Information:**

AXISCADES, Inc. ('the Company'), operates in the business of IT Enabled Services. The registered office of the Company is located at 3008, W Willow Knolls, Dr. Peoria, Illinois- 61614 in the United States of America.

**2 Significant accounting policies**

**2.1 Basis of preparation**

These special purpose financial statements ('financial statements') of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) issued by the Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles in India ('Indian GAAP'). The aforesaid financial statements have been approved by the Board of Directors in the meeting held on June 10, 2020.

The financial statements have been prepared by the Management solely to assist AXISCADES Engineering Technologies Limited, the Holding Company, to prepare its consolidated Ind AS financials statements and also to enable the holding Company to meet the requirement of Section 136 of the Companies Act, 2013, where every Company having a subsidiary shall place separate audited accounts in respect of each of its subsidiary on its website and provide a copy of separate audited financials statement in respect of its subsidiary, to any shareholder of the Company who asks for it.

The special purpose 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 prepared in United States Dollar 'USD' and all values are in full figures, except when otherwise indicated.

**2.2 Summary of significant accounting policies**

**(a) 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 realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

All other assets are classified as non-current.

A liability is treated as current when :

- It is expected to be settled in the 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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

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**AXISCADES, Inc.**

**Notes to the special purpose financial statement for the year ended March 31, 2020**

*(Amount in USD)*

**2 Significant accounting policies (continued)**

**2.2 Summary of significant accounting policies (continued)**

**(b) Property plant and equipment and intangible assets**

**(i) Property plant and equipment**

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

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

The cost and related accumulated depreciation are eliminated from the 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:

<u>Category of assets</u>	<u>Useful life estimated by Management</u>
Office equipment's	7 years
Furniture & fixtures	7 years
Computers	3 years

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16, Property, plant and equipment and has not identified any significant component having different useful lives.

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

**(ii) 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.

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

The Company depreciates intangible assets over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

<u>Category of assets</u>	<u>Useful life estimated by Management</u>
Software	3 years



**2 Significant accounting policies (continued)**

**2.2 Summary of significant accounting policies (continued)**

**(c) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired based on internal and external factors. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

**(d) 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.

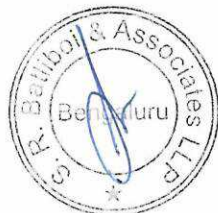
**(e) Leases**

The Company has lease contracts for buildings used in its operations. Lease terms generally ranges between 2 and 5 years.

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

**Company as lessee**

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



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AXISCADES, Inc.

Notes to the special purpose financial statement for the year ended March 31, 2020

(Amount in USD)

**2 Significant accounting policies (continued)**

**2.2 Summary of significant accounting policies (continued)**

**Right-of-use assets**

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2(q) for policy on impairment of non-financial assets.

**Lease liabilities**

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

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

**Short-term leases and leases of low-value assets**

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

**(f) 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 plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.



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**AXISCADES, Inc.**

**Notes to the special purpose financial statement for the year ended March 31, 2020**

*(Amount in USD)*

- 2 Significant accounting policies (continued)**
- 2.2 Summary of significant accounting policies (continued)**
- (f) Financial instruments (continued)**

*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 instruments

*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.

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 or loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

*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 or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

*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 or loss.

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**AXISCADES, Inc.**

**Notes to the special purpose financial statement for the year ended March 31, 2020**

*(Amount in USD)*

- 2 Significant accounting policies (continued)**
- 2.2 Summary of significant accounting policies (continued)**
- (f) Financial instruments (continued)**

*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 OCI 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 or loss.

*Derecognition*

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

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) 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 (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) 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.

*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, lifetime 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.



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**AXISCADES, Inc.**

**Notes to the special purpose financial statement for the year ended March 31, 2020**

*(Amount in USD)*

- 2 Significant accounting policies (continued)**  
**2.2 Summary of significant accounting policies (continued)**  
**(f) Financial instruments (continued)**

*Impairment of financial assets (continued)*

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 (P&L). This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

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

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

c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

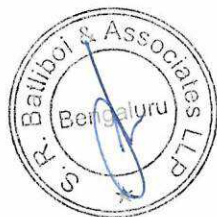
**Trade receivables**

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

**Other financial assets**

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

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AXISCADES, Inc.

Notes to the special purpose financial statement for the year ended March 31, 2020

(Amount in USD)

- 2 Significant accounting policies (continued)
- 2.2 Summary of significant accounting policies (continued)
- (f) Financial instruments (continued)

#### 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, or payables, 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.

##### *Subsequent measurement*

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

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

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

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

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

##### *Loans and borrowings*

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 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.

##### *Derecognition*

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.



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AXISCADES, Inc.

Notes to the special purpose financial statement for the year ended March 31, 2020

(Amount in USD)

- 2 Significant accounting policies (continued)
- 2.2 Summary of significant accounting policies (continued)

(g) Revenue from contract with customer

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

**Contract balances**

*Contract assets:*

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

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

*Trade receivables*

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2 (f) Financial instruments – initial recognition and subsequent measurement.

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AXISCADES, Inc.

Notes to the special purpose financial statement for the year ended March 31, 2020

(Amount in USD)

**2 Significant accounting policies (continued)**

**2.2 Summary of significant accounting policies (continued)**

**(h) Foreign currencies**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The Company's financial statements are presented in USD, which is also the Company's functional and presentation currency.

*Transactions and balances*

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

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

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

**(i) Investment in Subsidiary**

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

**(j) 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.

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AXISCADES, Inc.

Notes to the special purpose financial statement for the year ended March 31, 2020

(Amount in USD)

2 Significant accounting policies (continued)  
2.2 Summary of significant accounting policies (continued)

(k) Taxes

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

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

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

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

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

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

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

(l) Provisions

*General*

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net off any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.



12

**AXISCADES, Inc.**

**Notes to the special purpose financial statement for the year ended March 31, 2020**

*(Amount in USD)*

- 2 Significant accounting policies (continued)**  
**2.2 Summary of significant accounting policies (continued)**

**(m) 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, cash in 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.

**(n) Segment accounting policies**

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 IT-enabled services, which constitutes single reportable segment.

**(o) 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement 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.



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AXISCADES, Inc.

Notes to the special purpose financial statement for the year ended March 31, 2020

(Amount in USD)

- 2 Significant accounting policies (continued)  
2.2 Summary of significant accounting policies (continued)

(p) Use of judgements, estimates and assumptions

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

**Significant management judgements**

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

**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.

**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.

**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.

(q) Employee benefits

*Overseas social security*

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

*Short-term employee benefits*

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



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**AXISCADES, Inc.**

**Notes to the special purpose financial statement for the year ended March 31, 2020**

(Amount in USD)

**2 Significant accounting policies (continued)**

**2.3 Changes in accounting policies and disclosures**

**New and amended standards**

The Company applied Ind AS 116 leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

**(i) Ind AS 116 - Leases**

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (appendix C of Ind AS 17 determining whether an arrangement contains a lease, appendix A of Ind AS 17 operating leases-incentives and appendix B of Ind AS 17 evaluating the substance of transactions involving the legal form of a lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of financial statements for year ended March 31, 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

**The effect of adoption Ind AS 116 as at April 01, 2019 (increase/(decrease)) is, as follows-**

	<u>April 01, 2019</u>
<b>Assets</b>	
Right-of-use asset	86,069
<b>Equity</b>	
Retained earnings	(5,382)
<b>Liabilities</b>	
Lease liability	91,451

Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to note 2.2(e) Leases for the accounting policy prior to 01 April 2019.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases, leases of low-value assets and variable lease. Refer to note 2.2(e) Leases for the accounting policy beginning 01 April 2019. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The following is the summary of practical expedients elected on initial application:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application



1

AXISCADES, Inc.

Notes to the special purpose financial statement for the year ended March 31, 2020

(Amount in USD)

**2 Significant accounting policies (continued)**

**2.3 Changes in accounting policies and disclosures (continued)**

**(ii) Appendix C to Ind AS 12: Uncertainty over income tax treatment**

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It 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 Appendix 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

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. The Appendix did not have an impact on the financial statements of the Company.

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**3 Property, plant and equipment (PPE)**

	(Amount in USD)			
	Computers	Furniture and fixtures	Office equipments	Total
<b>Gross carrying value</b>				
As at April 01, 2018	23,624	29,290	879	53,793
Additions	29,199	1,089	282	30,570
Disposals	-	-	-	-
As at March 31, 2019	<b>52,823</b>	<b>30,379</b>	<b>1,161</b>	<b>84,363</b>
Additions	25,877	-	-	25,877
Disposals	-	-	-	-
As at March 31, 2020	<b>78,699</b>	<b>30,379</b>	<b>1,161</b>	<b>1,10,239</b>
<b>Accumulated depreciation</b>				
As at April 01, 2018	9,356	17,898	400	27,654
Charge for the year	12,575	7,417	169	20,161
Disposals	-	-	-	-
As at March 31, 2019	<b>21,931</b>	<b>25,315</b>	<b>569</b>	<b>47,815</b>
Charge for the year	19,669	1,631	-	21,300
Disposals	-	-	-	-
As at March 31, 2020	<b>41,600</b>	<b>28,946</b>	<b>569</b>	<b>71,115</b>
<b>Net block</b>				
As at March 31, 2019	<b>30,892</b>	<b>5,064</b>	<b>592</b>	<b>36,548</b>
As at March 31, 2020	<b>37,099</b>	<b>1,433</b>	<b>592</b>	<b>39,125</b>

- (i) There are no contractual commitments for the acquisition of property, plant and equipment
- (ii) There are no borrowing costs capitalised during the year ended March 31, 2020 (March 31, 2019: Nil).
- (iii) Details of Property, plant and equipment pledged as security - refer note 16

**4 Intangible Asset**

	Software	Total
<b>Gross carrying value</b>		
As at March 31, 2018	-	-
Additions	-	-
Disposals	-	-
As at March 31, 2019	-	-
Additions	6,827	6,827
Disposals	-	-
As at March 31, 2020	<b>6,827</b>	<b>6,827</b>
<b>Accumulated amortisation</b>		
As at March 31, 2018	-	-
Charge for the year	-	-
Disposals	-	-
As at March 31, 2019	-	-
Charge for the year	954	954
Disposals	-	-
As at March 31, 2020	<b>954</b>	<b>954</b>
<b>Net block</b>		
As at March 31, 2019	-	-
As at March 31, 2020	<b>5,873</b>	<b>5,873</b>



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AXISCADES, Inc.  
 Notes to the special purpose financial statement for the year ended March 31, 2020

5 Right of use of Asset

	Leasehold Buildings	Total
Gross carrying amount		
As at April 1, 2019	86,069	86,069
Additions	2,02,586	2,02,586
Disposals	-	-
As at March 31, 2020	<u>2,88,655</u>	<u>2,88,655</u>
Accumulated amortization		
As at April 1, 2019	-	-
Charge for the year	1,05,413	1,05,413
Disposals	-	-
Balance at March 31, 2020	<u>1,05,413</u>	<u>1,05,413</u>
Net carrying Amount		
As at March 31, 2020	<u>1,83,242</u>	<u>1,83,242</u>

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15

**AXISCADES, Inc.**  
**Notes to the special purpose financial statement for the year ended March 31, 2020**

**6 Investment**

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
Trade (unquoted, valued at cost)		
Investments in equity instrument of subsidiary		
AXISCADES UK Limited 575,476 equity shares of GBP 1 each (March 31, 2019 - 575,476)	11,49,031	11,49,031
Less: Impairment allowance (refer note (i) below)	(6,30,931)	-
	<b>5,18,100</b>	<b>11,49,031</b>
Aggregate value of unquoted investments	11,49,031	11,49,031
Aggregate amount of impairment in value of investments	6,30,931	-

Note-

- (i) The recoverable amount of the investment in AXISCADES UK Limited of USD 518,100 as at March 31, 2020, has been determined based on a equity valuation calculated using cash flow projections covering a four-year period. It was concluded that the recoverable amount did not exceed the carrying amount. As a result of this analysis, Management has recognised an impairment charge of USD 630,931 in the current year against the investment, previously carried at USD 1,149,031. The impairment charge is recorded in the statement of profit and loss as an exceptional item.

**(ii) Description of valuation techniques used and key inputs to valuation on equity valuation of subsidiary:**

Assumptions	For the year ended March 31, 2020
- Valuation technique	DCF
- Significant unobservable Inputs	
Discount rate	11.30%
Long term sustainable annual growth	1.00%

**7 Deferred tax asset, net**

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
- on Expected credit loss for trade receivables	7,68,141	7,01,529
- on Impairment of investment	1,71,392	-
- on Property, plant and equipment - ROU asset	2,566	2,163
<b>Total deferred tax asset (i)</b>	<b>9,42,099</b>	<b>7,03,692</b>
<b>Deferred tax liability</b>		
On Depreciation	6,426	1,696
<b>Total deferred tax liability (ii)</b>	<b>6,426</b>	<b>1,696</b>
<b>Deferred tax asset, net [i-ii]</b>	<b>9,35,673</b>	<b>7,01,996</b>

**8 Loans**

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Other receivable from related parties (refer note 30)	1,79,782	2,95,432
Security deposits	6,737	5,237
	<b>1,86,519</b>	<b>3,00,669</b>

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



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9 Trade receivables

(Amount in USD)

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
Trade receivables	68,03,154	48,48,766
	<b>68,03,154</b>	<b>48,48,766</b>
<b>Break up of trade receivables for security details</b>		
Secured, considered good		
Unsecured, considered good	39,87,293	48,48,766
Trade Receivables which have significant increase in credit risk		
Trade Receivables - credit impaired (refer note (ii) below)	28,15,861	28,10,302
	<b>68,03,154</b>	<b>76,59,068</b>
<b>Impairment Allowance (allowance for bad and doubtful debts)</b>		
Trade Receivables which have significant increase in credit risk		
Trade Receivables - credit impaired (refer note (iii) below)	28,15,861	28,10,302
	<b>28,15,861</b>	<b>28,10,302</b>
	<b>39,87,293</b>	<b>48,48,766</b>

Note

- (i) No trades or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days
- (iii) The impairment allowance pertains to receivables from customer whose payments are significantly delayed. The Management is taking necessary steps including legal actions, where necessary, to recover these outstanding receivables

10 Cash and cash equivalent

(Amount in USD)

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- on current accounts	90,267	1,80,039
	<b>90,267</b>	<b>1,80,039</b>

11 Other financial asset

(Amount in USD)

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good)		
Contract asset - Unbilled revenue	10,43,092	6,92,262
	<b>10,43,092</b>	<b>6,92,262</b>

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**AXISCADES, Inc.**

Notes to the special purpose financial statement for the year ended March 31, 2020

**12 Other current assets**

(Amount in USD)

(Unsecured, considered good)

Prepaid expenses  
Advance to employees  
Advance to vendors

		(Amount in USD)	
		As at	As at
		March 31, 2020	March 31, 2019
		46,540	3,78,616
		5,172	25,932
		5,000	-
		<b>56,712</b>	<b>4,04,548</b>

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

Loans  
Trade receivables  
Cash and cash equivalent  
Other financial assets  
**Total financial assets carried at amortised cost**

			(Amount in USD)	
Note	As at	As at		
	March 31, 2020	March 31, 2019		
8	1,86,519	3,00,669		
9	39,87,293	48,48,766		
10	90,267	1,80,039		
11	10,43,092	6,92,262		
	<b>53,07,171</b>	<b>60,21,736</b>		

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AXISCADES, Inc.

Notes to the special purpose financial statements for the year ended March 31, 2020

13 Equity share capital	(Amount in USD)			
	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares with no par value, fully paid up	19,725	22,47,227	19,725	22,47,227
	<b>19,725</b>	<b>22,47,227</b>	<b>19,725</b>	<b>22,47,227</b>
<b>Issued, subscribed and paid-up share capital</b>				
Equity shares with no par value, fully paid up	19,725	22,47,227	19,725	22,47,227
	<b>19,725</b>	<b>22,47,227</b>	<b>19,725</b>	<b>22,47,227</b>

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

	(Amount in USD)			
	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Equity shares with no par value, fully paid				
At the beginning of the year	19,725	22,47,227	19,725	22,47,227
Add: Issued and subscribed during the year	-	-	-	-
Outstanding at the end of the year	<b>19,725</b>	<b>22,47,227</b>	<b>19,725</b>	<b>22,47,227</b>

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. Equity share holders are entitled to receive dividend out of profits declared by Board of Directors. 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

	(Amount in USD)			
	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
AXISCADES Engineering Technologies Limited	19,725	22,47,227	19,725	22,47,227

d. Details of shareholders holding more than 5% shares in the Company

	(Amount in USD)			
	As at March 31, 2020		As at March 31, 2019	
	Number	Percentage	Number	Percentage
AXISCADES Engineering Technologies Limited	19,725	100%	19,725	100%

e. In the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or any bonus shares or has bought back any shares

14 Other equity

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
<b>Retained earnings</b>		
Balance at the beginning of the year	(8,98,203)	(12,72,744)
Add: Profit for the year	6,61,092	3,74,541
Effect of adoption of Ind AS 116 (refer note (i) below)	(5,382)	-
Balance at the end of the year	<b>(2,42,493)</b>	<b>(8,98,203)</b>

Note

- (i) On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of USD 288,731 and a lease liability of USD 294,037. The cumulative effect of applying the standard, amounting to USD 5,382 is debited to retained earnings.



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AXISCADES, Inc.

Notes to the special purpose financial statements for the year ended March 31, 2020

19 Other current liabilities

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
Duties and taxes payable	4,181	602
	<u>4,181</u>	<u>602</u>

20 Liability for current tax, net

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
Provision for taxes (net of advance tax)	3,56,221	74,392
	<u>3,56,221</u>	<u>74,392</u>

Breakup of financial liabilities carried at amortised cost

	Note	(Amount in USD)	
		As at March 31, 2020	As at March 31, 2019
Lease liabilities	15	1,98,146	-
Borrowings	16	22,39,476	30,38,078
Trade payables	17	14,69,920	32,73,470
Other current financial liabilities	18	7,73,218	5,78,293
Total financial liabilities carried at amortised cost		<u>46,80,760</u>	<u>68,89,841</u>

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**AXISCADES, Inc.**

**Notes to the special purpose financial statements for the year ended March 31, 2020**

**21 Revenue from contracts with customers**

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Sale of services		
IT enabled services	2,31,12,594	2,16,48,624
	<b>2,31,12,594</b>	<b>2,16,48,624</b>

**21.1 Contract balances**

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Trade receivables (refer note 9)	39,87,293	48,48,766
Contract assets- Unbilled revenue (refer note 11)	10,43,092	6,92,262

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. In March 31, 2020, USD 2,815,861 (March 31, 2019: USD 2,810,302) was recognised in statement of profit and loss as provision for expected credit losses on trade receivables.

Contract asset (unbilled revenue) 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.

**21.2 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 March 31, 2020

**22 Other income**

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Miscellaneous income	-	38,052
	-	<b>38,052</b>

**23 Employee benefits expense**

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus (refer note (i) and (ii) below)	1,42,57,662	1,33,12,104
Contribution to social security	9,11,144	8,89,398
Staff welfare expenses	7,03,063	6,93,614
	<b>1,58,71,869</b>	<b>1,48,95,116</b>

Note-

(i) Expenses cross charged to Holding Company USD 126,395 (March 2019:USD 366,631) and subsidiary USD 5,774 (March 2019:USD Nil) respectively (refer note 30)

(ii) Expenses cross charged by Holding Company USD 366,791 (March 31, 2019 : USD Nil) (refer note 30)

**24 Depreciation and amortization expense**

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of Property, plant and equipment (refer note 3)	23,300	20,161
Amortization of intangible assets (refer note 4)	954	-
Amortization of Right-of-use assets (refer note 5)	1,05,413	-
	<b>1,29,667</b>	<b>20,161</b>



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**AXISCADES, Inc.**

**Notes to the special purpose financial statements for the year ended March 31, 2020**

**25 Finance cost**

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on loans from bank	1,12,123	77,322
Interest on Inter-corporate deposit (refer note 30)	82,805	78,916
Interest on lease liabilities (refer note 31)	20,248	-
	<b>2,15,176</b>	<b>1,56,238</b>

**26 Other expenses**

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Software subscription charges (refer note (i) and (ii) below)	2,69,617	1,65,919
Sub-contracting charges (refer note (iii) below)	32,95,356	34,72,478
Legal and professional charges (refer note (iv) below)	5,78,151	4,69,785
Payment to auditors (refer note (v) below)	11,000	11,000
Travelling and conveyance (refer note (vi) below)	2,01,759	4,96,057
Rent	74,448	2,01,054
Recruitment and training expenses	1,10,672	80,443
Insurance expenses	43,064	57,561
Communication expenses	35,194	25,228
Project expenses	2,65,844	-
Postage and courier charges	15,085	15,940
Repairs and maintenance		
- Buildings	35,281	35,743
- Others	63,985	-
Advertising and marketing expenses	2,58,199	2,92,338
Power and fuel	18,156	12,397
Rates and taxes	61,085	3,608
Expected credit loss for trade receivables	5,559	14,47,357
Donation	1,000	-
Bank charges	12,799	7,900
Miscellaneous expenses	28,095	34,776
	<b>53,84,349</b>	<b>68,29,584</b>

Note-

- (i) Expenses cross charged to Holding Company of USD 236,229; (March 2019: USD 196,519) (refer note 30)
- (ii) Expenses cross charged by Holding Company of USD 7,736; (March 2019: Nil) (refer note 30)
- (iii) Includes services received from the Holding Company USD 3,070,124 (March 2019: USD 3,253,857) and subsidiary USD 13,432 (March 2019: USD Nil) (refer note 30).
- (iv) Expenses cross charged by Holding Company USD 12,985; (March 2019: Nil) (refer note 30).
- (v) Payment to auditors

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Audit fees	11,000	11,000
	<b>11,000</b>	<b>11,000</b>

- (vi) Expenses cross charged by Holding Company USD 6,981; (March 2019: USD 241,546) (refer note 30).



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AXISCADES, Inc.

Notes to the special purpose financial statements for the year ended March 31, 2020

27 Exceptional item

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Impairment in the value of investment (refer note 6 (i))	6,30,931	-
	<u>6,30,931</u>	<u>-</u>

28 Income Tax

The major components of income tax expense are:

	(Amount in USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Current Income tax-</b>		
Current income tax charge	4,20,635	1,14,728
Adjustment of tax relating to earlier years	32,552	-
<b>Deferred tax credit-</b>		
Relating to origination and reversal of temporary differences	(2,33,677)	(7,03,692)
Income tax expense reported in Statement of profit and loss	<u>2,19,510</u>	<u>(5,88,964)</u>

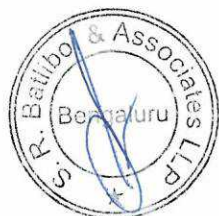
Reconciliation of tax expenses and the accounting profit multiplied by domestic tax rate

	(Amount in USD)	
	As at March 31, 2020	As at March 31, 2019
Accounting Profit/(loss) before tax	8,80,602	(2,14,423)
Tax on accounting profit/loss at statutory income tax rate	2,39,215	(53,605)
Adjustment of tax relating to earlier years	(32,552)	-
Deferred tax created on expected credit loss for trade receivables pertaining to earlier	-	(3,40,737)
Tax impact on utilisation of losses of earlier years on which no deferred tax was created	(7,541)	(2,11,090)
Other non deductible expenses	20,389	16,468
Tax expense at the effective income tax rate	<u>2,19,510</u>	<u>(5,88,964)</u>
Income tax reported in the Statement of Profit and Loss	2,19,510	(5,88,964)

29 Earnings per share (EPS)

The following reflects the profit and share data used in basic and diluted EPS

	Year ended March 31, 2020	Year ended March 31, 2019
a) Profit after tax attributable to equity shares (Amount in USD)	6,61,092	3,74,541
b) Total number of equity shares at the end of the year (in numbers)	19,725	19,725
c) Weighted average number of shares outstanding for computation of basic and diluted EPS (in numbers)	19,725	19,725
d) Earnings per share- Basic and Diluted (Amount in USD)	33.52	18.99



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**AXISCADES, Inc.**

Notes to the special purpose financial statements for the year ended March 31, 2020

**30 Related party disclosures**

i. Name of related party where control exists irrespective of whether transaction have occurred or not :

Nature of relationship	Name of party
Holding Company	AXISCADES Engineering Technologies Limited
Subsidiary Company	AXISCADES UK Limited (formerly known as Axis EU Europe Limited)

ii. Name of other related parties as per Ind AS 24 with whom transaction have taken place during the year :

Nature of relationship	Name of party
Fellow Subsidiary	AXISCADES Technology Canada Inc (formerly known as Cades Technology Canada Inc )

iii. List of Key management personnel

Director	Sharadhi Chandra Babupampapathy
Director	Kailash Mohan Rustagi
Director and CEO	Mr. Ajay Sarin (appointed as CEO w e f September 03, 2019 and Director w e f November 12, 2019 )
Director and CEO	Mr. Srinivasulu Reddy Pulikam (till July 20, 2018 )

iv. Transactions with above related parties during the year :

Name of Related Party	Nature of Transaction	(Amount in USD)	
		March 31, 2020	March 31, 2019
AXISCADES Engineering Technologies Limited	<b>Expenses incurred on behalf of the Holding Company, cross charged</b>		
	Software subscription charges	2,36,229	1,96,519
	Employee benefit expense	1,26,396	3,66,631
	<b>Expenses incurred by Holding Company on behalf of the Company, cross charged</b>		
	Software subscription charges	7,736	-
	Legal expenses	12,985	-
	Travelling and conveyance	6,981	2,41,546
	Employee benefit expense	3,66,791	-
	<b>Sub contracting services provided by the Holding Company</b>		
	Sub-contracting charges	30,70,124	32,53,857
AXISCADES Technology Canada Inc	Inter-corporate deposit received	13,50,000	14,00,000
	Inter-corporate deposit repaid	10,00,000	19,15,000
	Interest expense	82,805	78,916
AXISCADES UK Limited	<b>Expenses incurred on behalf of subsidiary, cross charged</b>		
	Employee benefit expenses	5,774	-
	<b>Sub contracting services provided by the subsidiary</b>		
	Sub-contracting charges	13,432	-
Mr. Srinivasulu Reddy Pulikam	Remuneration (refer note (i) below)	-	6,90,393
Mr Ajay Sarin	Remuneration	1,46,404	-

Note-

(i) Includes employee benefit expenses of USD 243,767 for March 31, 2019 cross-charged to AXISCADES Engineering Technologies Limited

v Balances as at the year end

Name of Related Party	Nature of balance	(Amount in USD)	
		March 31, 2020	March 31, 2019
AXISCADES Engineering Technologies Limited	Trade payables	10,84,277	30,38,392
	Loans - other receivables	1,79,782	2,95,432
AXISCADES Technology Canada Inc	Inter-corporate deposit payable	17,50,000	14,00,000
	Other current liabilities - Interest accrued on ICD	20,400	20,182
AXISCADES UK Limited	Investment, net of impairment allowance (refer note 6 (i))	5,18,100	11,49,031
	Trade payables	5,774	-
Mr. Ajay Sarin	Remuneration payable	76,517	-

**Terms and conditions of transactions with related parties**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free (except in case of ICD) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: USD Nil). This assessment is undertaken every financial year through examining the financial position of the related party and the market in which the related party operates.



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**AXISCADES, Inc.**

**Notes to the special purpose financial statements for the year ended March 31, 2020**

**31 Leases**

**Company as a lessee**

The Company has entered into property leases consisting of Company's offices. These leases are for a period of two to five years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Generally, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options.

The Company also has certain leases of premises with lease terms of 12 months or less and leases of premises with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

	(Amount in USD)	
	Leasehold Buildings	Total
As at April 01, 2019	86,069	86,069
Additions / (deletions)	2,02,586	2,02,586
Amortization expense	(1,05,413)	(1,05,413)
As at March 31, 2020	<b>1,83,242</b>	<b>1,83,242</b>

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

	(Amount in USD)	
	Leasehold Buildings	Total
As at April 01, 2019	91,451	91,451
Additions / (deletions)	2,02,586	2,02,586
Accretion of interest	20,248	20,248
Interest payments	(20,248)	(20,248)
Principal payments	(96,133)	(96,133)
As at March 31, 2020	<b>1,97,904</b>	<b>1,97,904</b>
Current		1,20,190
Non-current		77,714
		<b>1,97,904</b>

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

	(Amount in USD)
	March 31, 2020
Less than one year	1,38,320
One to five years	77,206
More than five years	-
	<b>2,15,527</b>

d) The effective interest rate for lease liabilities is 9.90%, with maturity between 2021-2023 for leasehold buildings.

e) The following are the amounts recognised in the statement of profit and loss:

(Amount in USD)

	Year ended March 31, 2020
Depreciation expense of right-of-use assets	1,05,508
Interest expense on lease liabilities	20,248
Expense relating to short-term leases (included in other expenses)	55,367
Expense relating to leases of low-value assets (included in other expenses)	19,070
Total amount recognised in profit or loss	<b>2,00,193</b>

The Company had total cash outflows for leases of USD 190,829 for the year ended March 31, 2020. The Company also had non-cash additions to right-of-use assets and lease liabilities of USD 288,731 and USD 294,037 for the year ended March 31, 2020. There are no future cash outflows relating to leases that have not yet commenced.

**f) Transition**

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of financial statements for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of USD 288,731 and a lease liability of USD 294,037. The cumulative effect of applying the standard, amounting to USD 5,382 was debited to retained earnings. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

g) The following is the summary of practical expedients elected on initial application:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application



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**32 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 design services.

The Company is primarily engaged in a single segment (business and geographical) and earns the revenue primarily from sources within United State of America. As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Ind AS 108 on 'Operating Segments'.

**33 Fair value measurements****(i) Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2020 and March 31, 2019 are as follows:

Particulars	Note	Carrying Value		Fair Value	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Amount in USD)					
<b>Financial assets at amortised cost</b>					
<b>Assets:</b>					
Loans	8	1,86,519	3,00,669	1,86,519	3,00,669
Trade receivables	9	39,87,293	48,48,766	39,87,293	48,48,766
Cash and cash equivalent	10	90,267	1,80,039	90,267	1,80,039
Other financial assets	11	10,43,092	6,92,262	10,43,092	6,92,262
<b>Total</b>		<b>53,07,171</b>	<b>60,21,736</b>	<b>53,07,171</b>	<b>60,21,736</b>
<b>Financial liabilities at amortised cost</b>					
<b>Liabilities:</b>					
Lease liabilities	15	1,98,146	-	1,98,146	-
Borrowings	16	22,39,476	30,38,078	22,39,476	30,38,078
Trade payables	17	14,69,920	32,73,470	14,69,920	32,73,470
Other financial liabilities	18	7,73,218	5,78,293	7,73,218	5,78,293
<b>Total</b>		<b>46,80,760</b>	<b>68,89,841</b>	<b>46,80,760</b>	<b>68,89,841</b>

The Management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, borrowings and other financial liabilities, as applicable 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.

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3.3 Fair value measurements (continued)

(i) 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

The following table provides fair value measurement hierarchy of financial assets and liabilities of the Company as at March 31, 2020 and March 31, 2019

Quantitative disclosure fair value measurement hierarchy as at March 31, 2020

Particulars	Note	Date of Valuation	Carrying value	(Amount in USD)		
				Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost and cost for which fair values are disclosed</b>						
Investment (refer note 6 (i))	6	March 31, 2020	5,18,100	-	-	5,18,100
Loans	8	March 31, 2020	1,86,519	-	-	1,86,519
Trade receivables	9	March 31, 2020	39,87,293	-	-	39,87,293
Cash and cash equivalent	10	March 31, 2020	90,267	-	-	90,267
Other financial assets	11	March 31, 2020	10,43,092	-	-	10,43,092
<b>Liabilities carried at amortised cost for which fair value are disclosed</b>						
Lease liabilities	15	March 31, 2020	1,98,146	-	-	1,98,146
Borrowings	16	March 31, 2020	22,39,476	-	-	22,39,476
Trade payables	17	March 31, 2020	14,69,920	-	-	14,69,920
Other financial liabilities	18	March 31, 2020	7,73,218	-	-	7,73,218

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

Quantitative disclosure fair value measurement hierarchy as at March 31, 2019

Particulars	Date of Valuation	Carrying value	(Amount in USD)		
			Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost and cost for which fair values are disclosed</b>					
Investment (refer note 6 (i))	6	March 31, 2019	11,49,031	-	11,49,031
Loans	8	March 31, 2019	3,00,669	-	3,00,669
Trade receivables	9	March 31, 2019	48,48,766	-	48,48,766
Cash and cash equivalent	10	March 31, 2019	1,80,039	-	1,80,039
Other financial assets	11	March 31, 2019	6,92,262	-	6,92,262
<b>Liabilities carried at amortised cost for which fair value are disclosed</b>					
Borrowings	16	March 31, 2019	30,38,078	-	30,38,078
Trade payables	17	March 31, 2019	32,73,470	-	32,73,470
Other financial liabilities	18	March 31, 2019	5,78,293	-	5,78,293

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

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**34 Capital management**

For the purpose of the Company's capital management, capital includes issued capital and all equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company's capital management is to maximise the shareholders 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 requirement. 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 borrowings as at year end.

The Company manages its capital structure and makes adjustments, in light of the changes in economic conditions or business requirements. The Company monitors capital using a gearing ratio which is net debt divided by total equity plus net debt as shown below:

- Net debt includes borrowings (long term and short term) less cash and cash equivalents and
- Total equity comprises of issued share capital and all other equity components attributable to equity shareholders

Particulars	Note	(Amount in USD)	
		March 31, 2020	March 31, 2019
Borrowings	16	22,39,476	10,18,078
Cash and cash equivalent	10	(90,267)	(1,80,939)
Net Debt (A)		21,49,209	28,58,039
Equity share capital	11	22,47,227	22,47,227
Other equity	14	(2,42,493)	(8,98,203)
Total capital (B)		20,04,734	13,49,024
<b>Capital and net debt (C= A+B)</b>		<b>41,53,943</b>	<b>42,07,063</b>
<b>Gearing Ratio (D = A/C)</b>		<b>51.74%</b>	<b>67.93%</b>

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

**35 Financial risk management**

The Company's principal financial liabilities comprise loans and borrowings & trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations.

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 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 counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to USD 3,987,291 as of March 31, 2020 (March 31, 2019: USD 4,448,766).

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in The United States of America. 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. In accordance with 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 worthiness of the various customers and Company's historical experience for customers.

Assets under credit risk:	(Amount in USD)	
	March 31, 2020	March 31, 2019
Trade receivables	19,87,291	48,48,766
Loans	1,86,519	3,80,669
Other financial assets	10,43,092	6,92,262
Total	52,16,904	58,41,697

**Credit risk exposure**

The allowance for life time expected credit loss on customer balances for the year ended March 31, 2020 was USD 28,15,861 (March 31, 2019: USD 28,10,302).

	(Amount in USD)	
	March 31, 2020	March 31, 2019
Balance at the beginning of the year	28,10,302	13,62,945
Impairment loss recognised	5,559	14,47,357
Impairment loss reversed	-	-
<b>Balance at the end of the year</b>	<b>28,15,861</b>	<b>28,10,302</b>

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

Financial assets that are neither past due nor impaired:

Cash and cash equivalents, other receivables, security deposit 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 USD 28,15,861 as at March 31, 2020 and USD 28,10,302 as at March 31, 2019. The Company's credit period generally ranges from 30 to 120 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due.



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35 Financial risk management (continued)

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. As of March 31, 2020, the Company had a working capital of USD 400,676, (Negative working capital as on March 31, 2019: USD 538,551) including cash and cash equivalents of USD 90,267 (March 31, 2019: USD 180,039).

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

(Amount in USD)					
As at March 31, 2020	Note	Less than 1 year	1 year to 5 years	More than 5 years	Total
Lease liabilities	15	1,20,190	77,956	-	1,98,146
Borrowings	16	22,39,476	-	-	22,39,476
Trade payables	17	14,69,920	-	-	14,69,920
Other current financial liabilities	18	7,73,218	-	-	7,73,218
<b>Total</b>		<b>46,02,804</b>	<b>77,956</b>	<b>-</b>	<b>46,80,760</b>

(Amount in USD)					
As at March 31, 2019	Note	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	16	30,38,078	-	-	30,38,078
Trade payables	17	32,73,470	-	-	32,73,470
Other current financial liabilities	18	5,78,293	-	-	5,78,293
<b>Total</b>		<b>68,89,841</b>	<b>-</b>	<b>-</b>	<b>68,89,841</b>

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise interest rate risk, currency risk etc. The Company is not exposed to currency risks as the Company has no outstanding receivables/ payables in foreign currency.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2020, the Company's borrowings at variable rate were mainly denominated in USD.

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 cashflows will fluctuate because of a change in market interest rates.

Interest rate risk

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	(Amount in USD)	
	March 31, 2020	31 March 2019
Variable rate borrowing	4,89,476	16,38,078
Fixed rate borrowing	17,50,000	14,00,000
	<b>22,39,476</b>	<b>30,38,078</b>

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates

	(Amount in USD)	
	March 31, 2020	31 March 2019
Interest rates – increase by 50 basis points	5,663	8,016
Interest rates – decrease by 50 basis points	(5,663)	(8,016)

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**AXISCADES, Inc.**

**Notes to the special purpose financial statements for the year ended March 31, 2020**

36 During the year ended March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, various governments had imposed restrictions like lock down, which has impacted the business activities of the Company. The Company has been taking various precautionary measures to protect employees and their family from COVID-19. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these standalone Ind AS financial results, in determination of the recoverability and carrying value of the assets. Similarly, the Company has also evaluated its ability to meet the financial commitments to its lender etc. in view of the expected adverse impact of COVID-19 on its revenue and profitability. Based on the current estimates, the Company expects the carrying amount of these assets will be recovered. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates which may differ from that considered as at the date of approval of these standalone Ind AS financial results. Given the nature of the pandemic, the Company will continue to closely monitor any material changes to future economic conditions.

**37 Previous Year Comparatives**

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

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 Number : 104315

Date: June 10, 2020  
Place: Bengaluru



For and on behalf of the Board of Directors of AXISCADES, Inc.

Ajay Srinivas  
Chief Executive Officer and Executive Director

Date: June 10, 2020  
Place: Bengaluru

Shanmug Chandra Babupampapathy  
Director  
DIN : 02809502

Date: June 10, 2020  
Place: Bengaluru