



**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone financial statements of **M/s. AXIS MECHANICAL ENGINEERING DESIGN (WUXI) COMPANY LIMITED** which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit and loss, and its cash flows for the year ended on that date

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibility of Management for the Standalone Financial Statements**

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

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

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

**Auditor's Responsibility for the Audit of the Financial Statements**

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





**Report on other legal and regulatory requirements**

1. As required by the Companies (Auditors Report) Order, 2015 ("the Order") issued by requirements of the Companies (Auditors Report) order ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, are not applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

Place: Bangalore  
Date: May 29, 2020



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

DINESHA M S  
Partner.  
Membership No.215946

UDIN - 20215946AAAADA9931



**AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.**  
**Balance Sheet as at 31 March 2020**

(Amount in RMB)

	Note	As At 31 March 2020	As At 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,21,907	2,190
Intangible assets		1,927	-
Financial assets		-	-
Investments		-	-
Non-current tax asset, net	3	-	-
		<u>1,23,834</u>	<u>2,190</u>
<b>Current assets</b>			
<b>Financial assets</b>			
Trade receivables	4	7,56,385	7,91,609
Cash and cash equivalents	5	43,81,613	16,21,795
Loans	6	9,180	-
Other financial assets	6.1	1,99,338	4,15,149
Other current assets	7	22,074	11,517
		<u>53,68,590</u>	<u>28,40,070</u>
<b>Total assets</b>		<u><u>54,92,424</u></u>	<u><u>28,42,260</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	8	4,50,476	4,50,476
Other equity	9	(11,50,708)	(8,54,945)
		<u>(7,00,232)</u>	<u>(4,04,469)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities, net		-	-
		<u>-</u>	<u>-</u>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings		-	-
Trade payables	10	61,34,578	32,46,729
Other financial liabilities		-	-
Provisions	11	-	-
Other current liabilities	12	58,078	-
		<u>61,92,656</u>	<u>32,46,729</u>
<b>Total equity and liabilities</b>		<u><u>54,92,424</u></u>	<u><u>28,42,260</u></u>
<b>Summary of significant accounting policies</b>	2		

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

As per our report of even date

for G D & ASSOCIATES  
Chartered Accountants



DINESHA M S  
Partner  
Membership No - 215946



Bengaluru  
Date : May 29, 2020

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



Sreedhar Rao Ellentala  
Director

Bengaluru  
Date : May 29, 2020



AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.  
Statement of Profit and Loss for the year ending 31 March 2020

		(Amount in RMB)	
	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations		38,39,485	28,88,358
Other income	13	8,832	122
<b>Total income</b>		<b>38,48,317</b>	<b>28,88,480</b>
<b>Expenses</b>			
Employee benefits expense		13,01,771	3,45,875
Direct project expenses	14	24,66,738	24,36,569
Other expenses		4,65,344	3,41,838
Depreciation and amortisation expense	15	14,345	1,143
Finance costs		-	-
<b>Total expenses</b>		<b>42,48,198</b>	<b>31,25,425</b>
<b>Profit before tax</b>		<b>(3,99,881)</b>	<b>(2,36,945)</b>
Tax expense		-	-
- Current tax		-	-
- Deferred tax charge		-	-
<b>Profit after tax</b>		<b>(3,99,881)</b>	<b>(2,36,945)</b>
<b>Other comprehensive income(OCI)</b>		-	-
<b>Total comprehensive income</b>		<b>(3,99,881)</b>	<b>(2,36,945)</b>
Basic and diluted		(3,99,880.53)	(2,36,944.57)

**Summary of significant accounting policies**

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

for G D & ASSOCIATES

Chartered Accountants



DINESHA M S  
Partner  
Membership No - 215946



Bengaluru  
Date : May 29, 2020

For and on behalf of the Board of Directors of AXIS  
MECHANICAL ENGINEERING DESIGN CO.



Sreedhar Rao Ellentala  
Director

Bengaluru  
Date : May 29, 2020



AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.  
(formerly known as Axis, Inc.)  
Statement of Cash Flows for the year ended 31 March 2020

(Amount in RMB)

	As At 31 March 2020	As At 31 March 2019
<b>(A) Cash flows from operating activities</b>		
Loss before taxation	(3,99,881)	(2,36,945)
Adjustments for:		
Depreciation and amortisation expense	14,345	1,143
Interest expense	-	-
Interest income	-	-
Provision no longer required written back	-	-
<b>Operating profit before working capital changes</b>	<b>(3,85,536)</b>	<b>(2,35,802)</b>
Adjustments for working capital changes		
Increase in trade receivables	35,224	1,52,636
(Increase) in other current assets	2,15,811	(1,52,618)
Decrease in loans and advances	(9,180)	-
(Increase) in other current assets	(10,556)	-
Increase in trade payables	28,87,849	20,11,566
Increase in other current liabilities	58,078	(68,535)
<b>Cash used in operations</b>	<b>27,91,690</b>	<b>17,07,247</b>
Direct taxes paid (net of refunds)	-	-
<b>Net cash used in operating activities (A)</b>	<b>27,91,690</b>	<b>17,07,247</b>
<b>(B) Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	(1,35,989)	(88)
<b>Net cash used in investing activities (B)</b>	<b>(1,35,989)</b>	<b>(88)</b>
Difference in Equity portion		
<b>(C) Cash flows from financing activities</b>		
Movement in other equity	1,04,117	(97,353)
Proceeds from working capital loan, net	-	-
<b>Net cash generated from financing activities (C)</b>	<b>1,04,117</b>	<b>(97,353)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>27,59,818</b>	<b>16,09,806</b>
Cash and cash equivalents at beginning of the year	16,21,795	11,989
<b>Cash and cash equivalents at the end of the year</b>	<b>43,81,613</b>	<b>16,21,795</b>

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

As per our report of even date

for G D & ASSOCIATES  
Chartered Accountants

DINESHA M S  
Partner  
Membership No - 215946



Bengaluru  
Date : May 29, 2020

For and on behalf of the Board of Directors of AXIS  
MECHANICAL ENGINEERING DESIGN CO.

Sreedhar Rao Ellentala  
Director

Bengaluru  
Date : May 29, 2020



AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.  
Statement of Changes in Equity for the period ended 31 March 2020

A. Equity share capital

Equity shares of RMB 450,476, fully paid-up  
As at April 1, 2018  
Add: Issued and subscribed during the year  
As at March 31, 2019

Equity shares	
Number	Amount
1.00	4,50,476.00
-	-
1.00	4,50,476.00

B. Other equity

	Reserves and Surplus Surplus in the Statement of Profit and Loss	Total
Balance as at April 1, 2019 (refer note )	(7,50,828)	(7,50,828)
Loss for the year	(3,99,881)	(3,99,881)
Other comprehensive income	-	-
Movement on transition to Ind AS	-	-
<b>Total comprehensive income</b>	-	-
Issue of share capital	(11,50,708)	(11,50,708)
Addition during the year	-	-
<b>Balance as at March 31, 2020</b>	<b>(11,50,708)</b>	<b>(11,50,708)</b>

Summary of significant accounting policies

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

As per our report of even date

for G D & ASSOCIATES  
Chartered Accountants



DINESHA M S  
Partner  
Membership No - 215946



Bengaluru  
Date : May 29, 2020

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



Sreedhar Rao Ellentala  
Director

Bengaluru  
Date : May 29, 2020



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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

**1. General Information:**

AXISCADES GmbH. ('the Company'), operates in the business of Engineering Design Services.

**2. Summary of significant accounting policies**

**a) Basis of accounting and preparation**

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

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

The financial statements are presented in EUR and all values are rounded off.

**b) Use of estimates**

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

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

**Significant management judgements**

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

**b) Use of estimates (Cont'd)**

*Useful lives of depreciable / amortisable assets*

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





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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

*Fair value measurements*

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

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

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

**d) Property, plant and equipment**

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

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

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

**d) Property, plant and equipment (cont'd)**

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

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

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

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

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





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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

**f) Impairment of property, plant and equipment**

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

**g) Revenue recognition**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

**Sale of services**

The Company/Group derives its revenues primarily from engineering design services. Service income comprises of income from time and material contracts and fixed-price contracts. Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

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

**Contract modification**

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

**Contract balances**

**Contract assets**

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

**Trade receivables**

A receivable represents the Group's/Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (t) Financial instruments – initial recognition and subsequent measurement

**Contract liabilities**

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

**Cost to obtain a contract**

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

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





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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
**h) Employee benefits**

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

*Defined contribution plan*

The Company contributes to social security charges for its employees. The plans are defined contribution plan and contributions paid or payable is recognised as an expense in these periods in which the employee renders services.

*Short-term employee benefits*

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

**k) Borrowing costs**

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

**l) Investments in subsidiaries**

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

**n) Provisions and contingencies**

*Provisions*

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

*Contingent liabilities*

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

*Contingent assets*

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

*Onerous contracts*

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

**o) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

**Subsequent measurement**

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

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





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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

**i. Debt instruments at amortised cost**

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

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

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

**ii. Debt instrument at FVTOCI**

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

- 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 & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**iii. Debt instrument at FVTPL**

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

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

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

**iv. Equity investments**

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

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

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

**De-recognition of financial assets**

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

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

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

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





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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

**Financial liabilities**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

*Financial liabilities at fair value through profit or loss*

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

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

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

*Loans and borrowings*

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

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

This category generally applies to borrowings.

*Financial guarantee contracts*

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**p) Impairment of financial assets**

**Other financial assets**

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





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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**  
**q) Fair value measurement**

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

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

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

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

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

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

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

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

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

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

**r) Cash and cash equivalents**

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

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

**s) Segment reporting**

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

**t) Earnings/ (Loss) per Share (EPS)**

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.



Summary of significant accounting policies and other explanatory information for the year ended 30 September, 2019 (Cont'd)

3 Property, plant and equipment

(Amount in RMB)

	Computers	Furniture and fixtures	Office equipments	Process Manual	Total
<b>Gross block</b>					
Balance as at April 1,2019	3,333	-	-	-	3,333
Additions during the year	-	-	-	-	-
Disposals during the year	80,300	9,709	43,786	-	1,33,795
Balance as at March 31,2020	-	-	-	-	-
	<u>83,633</u>	<u>9,709</u>	<u>43,786</u>	<u>-</u>	<u>1,37,128</u>
<b>Accumulated depreciation</b>					
Balance as at April 1,2019	1,231	-	-	-	1,231
Depreciation charge for the year	10,840	509	2,640	-	13,990
Disposals	-	-	-	-	-
Balance as at March 31,2020	-	-	-	-	-
	<u>12,071</u>	<u>509</u>	<u>2,640</u>	<u>-</u>	<u>15,221</u>
<b>Net block</b>					
Balance as at March 31,2019	2,190	-	-	-	2,190
Balance as at March 31,2020	71,562	9,200	41,146	-	1,21,907





AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (cont'd)

		(Amount in RMB)	
		31 March 2020	31 March 2019
<b>3</b>	<b>Non-current tax asset, net</b>		
	Advance income taxes (net of provision for tax .....	-	-
		<u>-</u>	<u>-</u>
<b>4</b>	<b>Trade receivables</b>		
	<b>Current</b>		
	(a) Trade Receivables considered good - Secured	7,56,384.70	7,91,609
	(b) Trade Receivables considered good - Unsecured;	-	-
	(c) Trade Receivables which have significant increase in Credit Risk; and	-	-
	(d) Trade Receivables - credit impaired	-	-
		<u>7,56,385</u>	<u>7,91,609</u>
<b>5</b>	<b>Cash and cash equivalents</b>		
	Cash on hand	-	-
	Balances with banks	43,81,613.14	16,21,795
	- on current accounts	-	-
		<u>43,81,613</u>	<u>16,21,795</u>
<b>6</b>	<b>Loans</b>		
	<b>Current</b>		
	(a) Loans Receivables considered good - Secured	-	-
	(b) Loans Receivables considered good - Unsecured	-	-
	(c) Loans Receivables which have significant increase in	-	-
	(d) Loans Receivables - credit impaired	-	-
	Security deposits	9,180.00	-
		<u>9,180</u>	<u>-</u>
<b>6.1</b>	<b>Other financial assets</b>		
	<b>Current</b>		
	Unsecured, considered good	1,99,338.30	4,15,149
	Unbilled revenue	-	-
	Advances to subsidiaries	-	-
		<u>1,99,338</u>	<u>4,15,149</u>
<b>7</b>	<b>Other assets</b>		
	<b>Current</b>		
	Unsecured, considered good		
	Prepaid expenses	21,973.71	-
	Duties and taxes recoverable	-	11,517.19
	Prepaid expenses	-	-
	Advance to employees	99.87	-
	Recoverable from customer	-	-
		<u>22,073.58</u>	<u>11,517.19</u>

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AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (cont'd)

		(Amount in RMB)			
		31 March 2020		31 March 2019	
		Number	(Amount in RMB)	Number	(Amount in RMB)
<b>8 Equity share capital</b>					
<b>Authorised</b>					
Equity shares with no par value, fully paid up					
		1	4,50,476.00	1	4,50,476.00
		1	4,50,476.00	1	4,50,476.00
<b>Issued, subscribed and paid-up</b>					
Equity shares with no par value, fully paid up					
		1	4,50,476.00	1	4,50,476.00
		1	4,50,476.00	1	4,50,476.00
<b>a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>					
		31 March 2020		31 March 2019	
		Number	(Amount in RMB)	Number	(Amount in RMB)
<b>Equity shares with no par value, fully paid up</b>					
Balance at the beginning of the year					
		1.00	4,50,476.00	1.00	4,50,476.00
Add: Issued and subscribed during the year					
		-	-	-	-
<b>Balance at the end of the year</b>					
		1.00	4,50,476.00	1.00	4,50,476.00
<b>b. Terms and rights attached to equity shares</b>					
The Company has only one class of equity shares having no par value. Each share is entitled to one vote per share. The Company declares and pays dividends in RMB. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.					
<b>c. Details of shares held by the holding company and subsidiary of holding company</b>					
		31 March 2020		31 March 2019	
		Number	(Amount in RMB)	Number	(Amount in RMB)
<b>Holding company:</b>					
AXISCADES Engineering Technologies Limited					
		1.00	4,50,476.00	1.00	4,50,476.00
<b>d. Details of shareholders holding more than 5% shares:</b>					
		- <th colspan="2" style="text-align: center;">- </th>		-	
		Number	(Amount in RMB)	Number	(Amount in RMB)
<b>Holding company:</b>					
AXISCADES Engineering Technologies Limited					
		1.00	100%	1.00	100%
<b>9 Other equity</b>					
		31 March 2020		31 March 2019	
		-	-	-	-
Balance at the beginning of the year			(7,50,828)		(6,18,000)
Surplus in the Statement of Profit and Loss			(3,99,880.53)		(2,36,945)
			<b>(11,50,708)</b>		<b>(8,54,945)</b>

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AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (cont'd)

(Amount in RMB)

		31 March 2020	31 March 2019
<b>10 Trade payables</b>			
<b>Current</b>			
Dues to holding company		59,72,185.43	(21,996.08)
Dues to others		32,393.43	-
Accrued expenses		1,29,999.40	32,68,725.00
		<u>61,34,578.26</u>	<u>32,46,728.92</u>
		-	-
		-	-
<b>11 Other financial liabilities</b>			
<b>Current</b>			
Bank overdraft		-	-
Dues to employees		-	-
Interest accrued		-	-
		<u>-</u>	<u>-</u>
		-	-
		-	-
<b>11 Provisions</b>			
<b>Current</b>			
Foreign tax, net of advance tax		-	-
		<u>-</u>	<u>-</u>
		-	-
		-	-
<b>12 Other liabilities</b>			
<b>Current</b>			
Advance from customers		-	-
Duties and taxes payable		58,077.96	-
Unearned revenue		-	-
		<u>58,077.96</u>	<u>-</u>
		-	-
		-	-

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

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (cont'd)**

**13 RELATED PARTY DISCLOSURES**

*i. Parties where control exists :*

Nature of relationship  
Holding Company

Name of party

The Company is a subsidiary of AXISCADES Engineering Technologies Limited (ACETL, formerly Axis-IT&T Limited).

*ii. Transactions with related parties*

Nature of Transaction	(Amount in RMB)	
	Holding company / Intermediate holding company	
	March 31,2020	March 31,2019
a) <b>Services received from</b> AXISCADES Engineering Technologies Limited   Holding Company	24,66,738	24,36,569

**13 RELATED PARTY DISCLOSURES (CONT'D)**

*iii. Balances as at the year end*

Nature of Transaction	Holding Company / Intermediate Holding Company	
	March 31,2020	March 31,2019
a) <i>Trade payables</i> AXISCADES Engineering Technologies Limited	58,12,825	31,93,885
b) <i>Other Payable</i> AXISCADES Engineering Technologies Limited	1,59,360	3,11,562





AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (cont'd)

	(Amount in RMB)	
	Period ended 31 March 2020	Year ended 31 March 2019
<b>13 Revenue from operations</b>		
<b>Sale of services</b>		
IT enabled services	38,39,485	28,88,358
	<u>38,39,485</u>	<u>28,88,358</u>
<b>14 Other income</b>		
Interest income	8,832	122
	<u>8,832</u>	<u>122</u>
<b>14 Employee benefit expenses</b>		
Salaries, wages and bonus	11,71,771	3,45,875
Staff welfare	1,30,000	-
	<u>13,01,771</u>	<u>3,45,875</u>
<b>15 Other expenses</b>		
Direct project expenses	24,66,738	24,36,569
Legal and professional charges	92,437	3,41,700
Travelling and conveyance	1,06,837	-
Rent	1,52,825	-
Software subscription charges	615	-
Communication expenses	15,105	-
Postage and courier charges	-	-
Printing & stationery charges	-	-
Repairs and maintenance	-	-
- Buildings	32,121	-
Electricity charges	959	-
Rates and taxes	62,027	-
Bank charges	2,413	138
Miscellaneous expenses	5.04	-
	<u>29,32,082</u>	<u>27,78,407</u>



**16 Depreciation and amortisation expenses**Depreciation of tangible assets  
Amortisation of intangible assets

14,077	1,143
268	-
<b>14,345</b>	<b>1,143</b>

<b>Period ended 31</b>	<b>Year ended 31</b>
<b>March 2020</b>	<b>March 2019</b>

**16 Loss per share (EPS)**a) Loss after tax attributable to equity shares (in CNY)  
b) Weighted average number of shares outstanding  
c) Basic and diluted loss per share (in CNY)

-	3,99,881	-	2,36,945
	1		1
-	3,99,881	-	2,36,945





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

for G D & ASSOCIATES Trade receivables  
Chartered Accountants



DINESHA M S  
Partner  
Membership No - 215946

Bengaluru  
Date : May 29, 2020



Sreedhar Rao Ellental  
Director

Bengaluru  
Date : May 29, 2020

