

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Ind AS Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
AXISCADES Engineering Technologies Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Ind AS Financial Results of AXISCADES Engineering Technologies Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate for the quarter ended June 30, 2020 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.
4. The Statement includes the results of the entities as stated in Note 11 of the Statement.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

6. Emphasis of Matter

- i. We draw attention to Note 3 of the accompanying consolidated Ind AS financial Results, which describes Management's assessment of the impact of uncertainties caused by COVID-19 pandemic and its consequential impact it may have on the operations of the Group. Our opinion is not modified in respect of this matter.
 - ii. We draw attention to Note 6 to the accompanying consolidated Ind AS financial results in respect of dispute between the Company and Shareholders of Mistral Solutions Private Limited in relation to the implementation of the Share Purchase Agreement ('SPA') dated 1 December 2017. The matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently. Our opinion is not modified in respect of this matter.
7. The accompanying Statement includes the unaudited Ind AS financial results and other unaudited financial information, of eleven subsidiaries, whose Ind AS financial results reflect Group's share of total revenues of Rs 3,749.96 lakhs, Group's share of total net profit after tax of Rs 91.21 lakhs and Group's share of total comprehensive income of Rs 87.74 lakhs, for the quarter ended June 30, 2020, which have been reviewed by their respective independent auditors. The independent auditor's reports on Ind AS financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries, is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.
Our conclusion on the Statement in respect of matters stated in paragraph 7 above is not modified with respect to our reliance on the work done and the reports of the other auditors.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

**SUNIL
GAGGAR**

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Date: 2020.09.14 20:09:16 +05'30'

per Sunil Gagar
Partner

Membership No.: 104315
UDIN: 20104315AAAACI6773

Place: Bengaluru
Date: September 14, 2020

AXISCADES Engineering Technologies Limited

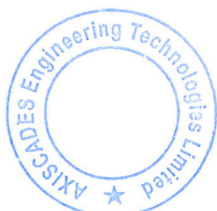
CIN NO: L72200KA1990PLC084435

Regd. Office: Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560024, Karnataka, India
Website: www.axiscades.com, Email: info@axiscades.com, Tel: +91 80 4193 9000, Fax: +91 80 4193 9099

(₹ In Lakhs)

Statement of unaudited consolidated financial results for the quarter ended June 30, 2020

Particulars	Quarter ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
I. REVENUE		[Refer Note 7]		
(a) Revenue from contracts with customers	10,389.49	18,849.59	15,268.48	66,497.83
(b) Other operating income	243.94	388.46	169.69	788.55
(c) Other income	428.72	135.87	126.66	761.80
TOTAL REVENUE	11,062.15	19,373.92	15,564.83	68,048.18
II. EXPENSES				
(a) Cost of materials consumed	782.04	4,080.16	2,496.91	10,255.05
(b) Employee benefits expense	6,714.55	8,674.57	8,531.59	36,116.86
(c) Finance costs	659.73	645.74	700.62	2,830.39
(d) Depreciation, amortisation and impairment loss (Refer note 8)	674.48	1,168.44	741.34	3,273.78
(e) Other expenses	2,275.88	3,161.21	2,851.05	11,749.28
TOTAL EXPENSES	11,106.68	17,730.12	15,321.51	64,225.36
III. PROFIT / (LOSS) BEFORE NON-CONTROLLING INTEREST / SHARE IN NET PROFIT OF ASSOCIATE (I-II)	(44.53)	1,643.80	243.32	3,822.82
IV. Share in net profit of associate	22.49	8.44	7.30	15.72
V. PROFIT/(LOSS) BEFORE TAX AND NON CONTROLLING INTEREST	(22.04)	1,652.24	250.62	3,838.54
VI. Tax expense:				
- Current tax	116.88	438.51	155.25	1,130.69
- Tax for earlier period / years	(43.77)	29.97	-	27.29
- Deferred tax credit	(10.28)	(453.34)	(12.84)	(348.95)
VII. PROFIT/(LOSS) AFTER TAX	(84.87)	1,637.10	108.21	3,029.51
VIII. Other Comprehensive Income, net of tax [(loss)/profit]				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
a) Remeasurement losses in defined benefit plans	(9.29)	(50.76)	(9.46)	(79.15)
Income tax effect	2.34	12.26	2.76	20.52
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
a) Gain / (losses) on cash flow hedges	123.22	(260.76)	(39.72)	(297.31)
Income tax effect	(31.45)	65.52	11.17	76.02
b) Exchange differences on translation of foreign operations	99.93	118.45	67.61	328.00
Income tax effect	-	-	-	-
IX. TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/YEAR	99.88	1,521.81	140.57	3,077.59
Total profit/(loss) attributable to				
Owners of the Company	(97.41)	1,624.32	94.48	2,975.41
Non controlling interest	12.54	12.78	13.73	54.10
Total Comprehensive income attributable to				
Owners of the Company	87.34	1,509.03	126.84	3,023.49
Non controlling interest	12.54	12.78	13.73	54.10
X. Paid up equity share capital (₹ 5/- each)	1,889.51	1,889.51	1,889.51	1,889.51
XI. Other equity				29,623.46
XII. Earnings per share ('EPS') (of ₹ 5 each) (not annualised)				
Basic EPS (in ₹)	(0.26)	4.30	0.25	7.87
Diluted EPS (in ₹) (refer note 10)	(0.26)	4.20	0.25	7.69



For AXISCADES Engineering Technologies Limited

[Signature]
Director

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(₹ In Lakhs)

Statement of unaudited consolidated financial results for the quarter ended June 30, 2020

Notes

1. In terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the aforesaid Statement of unaudited consolidated financial results for the quarter ended June 30, 2020 of the Company has been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on September 14, 2020. The aforesaid consolidated financial results for the quarter ended June 30, 2020 have been subjected to a limited review by the statutory auditors of the Company.

2. The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013, as amended read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019.

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

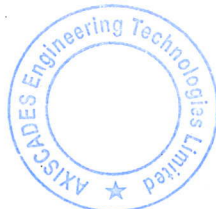
4. The financial results of the Company on standalone basis is as follows:

Particulars	Quarter ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Total revenue (including other income)	3,431.61	6,233.36	5,507.59	23,475.01
Profit/(Loss) before tax	(384.84)	285.22	(18.84)	(100.49)
Profit/(Loss) after tax	(367.52)	86.01	(218.84)	(448.32)
Total Comprehensive Loss for the quarter/year ended	(295.58)	(141.31)	(225.94)	(696.17)

5. The segment reporting of the Group has been prepared in accordance with Ind AS-108 on 'Operating Segments'. The business segments of the Group comprises of (a) "Engineering Design Services" and (b) "Strategic Technology Solutions".

Segment wise revenue, results, assets and liabilities

Particulars	Quarter ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1. Segment revenue				
(a) Engineering design services	9,070.79	12,670.92	12,110.40	50,374.08
(b) Strategic technology solutions	1,562.64	6,567.13	3,327.77	16,912.30
Total	10,633.43	19,238.05	15,438.17	67,286.38
Less: inter segment revenue	-	-	-	-
Net sales/income from operations	10,633.43	19,238.05	15,438.17	67,286.38
2. Segment results				
(Profit/(Loss) before tax, interest and other income from each segment)				
(a) Engineering design services	401.41	1,230.59	1,099.33	4,734.77
(b) Strategic technology solutions	(3.27)	1,105.54	(47.72)	2,045.48
(c) Unallocable	-	-	-	-
Total	398.14	2,336.13	1,051.61	6,780.25
Less: i) Interest expenses	(659.73)	(645.74)	(700.62)	(2,830.39)
ii) Share in net profit of associate	22.49	8.44	7.30	15.72
iii) Other unallocable expenditure	(211.66)	(182.46)	(234.33)	(888.84)
Add: i) Other income	428.72	135.87	126.66	761.80
Total profit/(loss) before tax	(22.04)	1,652.24	250.62	3,838.54



For AXISCADES Engineering Technologies Limited

[Signature]
Director

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(₹ In Lakhs)

Statement of unaudited consolidated financial results for the quarter ended June 30, 2020

	Quarter ended			
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
3. Segment assets				
(a) Engineering design services	31,106.86	30,820.12	29,346.05	30,820.12
(b) Strategic technology solutions	34,609.05	36,540.73	31,082.38	36,540.73
(c) Unallocable assets	19,244.17	18,496.29	18,592.62	18,496.29
Total	84,960.08	85,857.14	79,021.05	85,857.14
4. Segment liabilities				
(a) Engineering design services	17,411.01	17,544.22	17,165.61	17,544.22
(b) Strategic technology solutions	34,359.25	35,198.90	31,269.42	35,198.90
(c) Unallocable liabilities	1,110.87	1,156.84	1,774.37	1,156.84
Total	52,881.13	53,899.96	50,209.40	53,899.96

6. The Company entered into a Share Purchase Agreement ("SPA") on December 1, 2017, to acquire 100% stake in Mistral Solutions Private Limited ("MSPL") along with its subsidiaries ("MSPL Group") in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control on MSPL effective December 01, 2017.

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

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

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

The revenues (including other income) and profit of MSPL included in the consolidated results for the quarter ended June 30, 2020 is INR 2,706.33 lakhs and INR 167.33 lakhs, respectively.

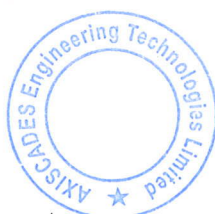
The Company has also obtained a legal opinion to validate that the Company is entitled to all rights and obligations as laid out in the SPA and continues to exercise control on MSPL. Pending the final outcome of the matter, the Company believes there is no effect on the Company and no adjustment is required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

7. The figures for the quarter ended March 31, 2020 are the derived balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures upto third quarter of the financial year. Also, the figures upto the end of the third quarter were only reviewed and not subjected to audit.

8. During the previous quarter and year ended March 31, 2020, the Group has recognised an impairment loss on property, plant and equipment of Rs 403.69 lakhs.

9. The previous quarter figures have been regrouped / rearranged wherever necessary to conform with the current quarter/year presentation.

10. For the purpose of computation of diluted EPS for the quarter ended June 30, 2020, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive. Hence basic and diluted EPS are same.



For AXISCADES Engineering Technologies Limited

[Signature]
Director

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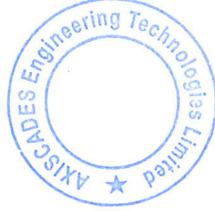
(₹ In Lakhs)

Statement of unaudited consolidated financial results for the quarter ended June 30, 2020

11. These quarterly consolidated financial results as well as the year to date results includes the results of the following entities:

- a. AXISCADES Engineering Technologies Limited
- b. AXISCADES, Inc.
- c. Cades Studec Technologies (India) Private Limited
- d. AXISCADES Aerospace & Technologies Private Limited
- e. AXISCADES UK Limited
- f. AXISCADES Technology Canada Inc.
- g. Axis Mechanical Engineering Design (Wuxi) Co., Ltd.,
- h. AXISCADES GmbH
- i. AXISCADES Aerospace & Infrastructure Private Limited
- j. Mistral Solutions Private Limited
- k. Mistral Solutions Inc.
- l. Aero Electronics Private Limited
- m. Mistral Technologies Private Limited
- n. Mistral Solutions Pte Ltd
- o. Enertec Controls Limited
- p. ASSYSTEM AXISCADES Engineering Private Limited (Associate)

12. The above unaudited consolidated financial results of the Company are available on the Company's website (www.axiscades.com) and also on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com), where the shares of the Company are listed.



For AXISCADES Engineering Technologies Limited


Director