

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Board of Directors
AXISCADES Technologies Limited

Report on the audit of the Standalone Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of AXISCADES Technologies Limited (the "Company") for the quarter and year ended March 31, 2023 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2023 and of the net loss and other comprehensive loss and other financial information of the Company for the year ended March 31, 2023.

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, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive income/(loss) of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting

records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The Statement includes the results for the quarter ended March 31, 2023 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2023 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sunil
Gaggar

Digitally signed
by Sunil Gaggar
Date: 2023.05.25
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per Sunil Gaggar

Partner

Membership No.: 104315

UDIN: 23104315BGXPYO3805

Place: Bengaluru

Date: May 25, 2023

(₹ in lakhs)

Audited Standalone Balance Sheet as at March 31, 2023

Sl No	Particulars	As at	
		March 31, 2023 (Audited)	March 31, 2022 (Audited)
	Assets		
A	Non-current assets		
	Property, plant and equipment	577.29	447.50
	Other intangible assets	273.96	144.38
	Right of use assets	2,984.61	1,797.15
	Financial assets		
	Investments	38,083.91	33,557.23
	Other financial assets	599.13	403.44
	Deferred tax assets, net	533.60	837.84
	Non-current tax asset, net	1,214.61	699.77
	Other non-current assets	6.51	11.36
	Total non-current assets	44,273.62	37,898.67
B	Current assets		
	Financial assets		
	Loans	10.00	-
	Trade receivables	5,188.34	3,844.45
	Cash and cash equivalents	1,665.01	642.42
	Bank balances other than cash and cash equivalents	228.35	239.44
	Other financial assets	3,418.39	2,614.37
	Other current assets	1,366.70	1,491.42
	Total current assets	11,876.79	8,832.10
	Total assets (A+B)	56,150.41	46,730.77
	Equity and liabilities		
C	Equity		
	Equity share capital	1,911.50	1,897.23
	Other equity	13,700.24	14,729.98
	Total equity	15,611.74	16,627.21
D	Non-current liabilities		
	Financial liabilities		
	Borrowings	17,555.83	250.00
	Lease liabilities	1,794.18	471.06
	Provisions	593.27	610.26
	Total non-current liabilities	19,943.28	1,331.32
E	Current liabilities		
	Financial liabilities		
	Borrowings	13,679.98	3,582.19
	Lease liabilities	573.90	724.61
	Trade payables		
	(a) Total outstanding dues of micro and small enterprises	106.49	26.56
	(b) Total outstanding dues of creditors other than micro and small enterprises	1,684.61	1,311.53
	Other financial liabilities	2,588.16	22,129.01
	Provisions	582.67	446.83
	Other current liabilities	1,379.58	551.51
	Total current liabilities	20,595.39	28,772.24
	Total equity and liabilities (C+D+E)	56,150.41	46,730.77

for AXISCADES Technologies Limited



Arun Krishnamurthi

Arun Krishnamurthi
CEO & Managing Director

Place : Bengaluru
Date : May 25, 2023

(₹ in lakhs)

Statement of audited standalone financial results for the quarter and year ended March 31, 2023

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Audited) (Refer Note 9)	(Unaudited)	(Audited) (Refer Note 9)	(Audited)	(Audited)
I. Income					
(a) Revenue from contracts with customers	7,873.70	7,579.68	5,161.97	28,314.85	18,198.07
(b) Other income	33.55	32.64	13.88	155.13	204.57
Total Income	7,907.25	7,612.32	5,175.85	28,469.98	18,402.64
II. Expenses					
(a) Employee benefits expense	5,289.10	4,387.00	3,093.18	17,293.09	11,403.96
(b) Finance costs	1,326.44	1,081.42	256.39	3,342.48	1,171.56
(c) Depreciation and amortisation expense	304.42	261.49	255.71	1,093.65	950.96
(d) Other expenses	2,471.11	1,638.40	1,511.88	6,941.91	5,271.18
Total expenses	9,391.07	7,368.31	5,117.16	28,671.13	18,797.66
III. Profit/(loss) before exceptional items and tax (I-II)	(1,483.82)	244.01	58.69	(201.15)	(395.02)
IV. Exceptional items, net (refer note 5)		2,780.11	750.42	(1,664.87)	750.42
V. Profit/(loss) before tax (III+IV)	(1,483.82)	3,024.12	809.11	(1,866.02)	355.40
VI. Tax expense					
-Current tax	(113.31)	185.78	109.97	146.21	140.45
-Adjustment of current tax relating to earlier periods/years		(342.68)		(340.79)	
-Deferred tax charge/(credit)	88.20	52.47	(92.93)	311.43	(92.93)
Income Tax expense	(25.11)	(104.43)	17.04	116.85	47.52
VII. Profit/(loss) for the period/year (V - VI)	(1,458.71)	3,128.55	792.07	(1,982.87)	307.88
VIII. Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Re-measurement gains/(losses) in defined benefit plans	60.81	(19.10)	76.11	3.52	34.54
Income tax effect	(16.92)	5.31	(20.05)	(0.98)	(9.61)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	43.89	(13.79)	56.06	2.54	24.93
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Gain/(losses) on cash flow hedges	93.43	48.91	(48.09)	(29.38)	19.08
Income tax effect	(26.00)	(13.57)	11.59	8.17	(5.31)
Net Other comprehensive income to be reclassified to profit or loss in subsequent periods	67.43	35.34	(36.50)	(21.21)	13.77
Other comprehensive income for the year, net of tax	111.32	21.55	19.56	(18.67)	38.70
IX. Total comprehensive income/(loss) for the period/year (VII+VIII)	(1,347.39)	3,150.10	811.63	(2,001.54)	346.58
X. Paid-up equity share capital (₹ 5/- each)	1,911.50	1,911.50	1,897.23	1,911.50	1,897.23
XI. Other equity				13,700.24	14,729.98
XII. Earnings/(loss) per share ("EPS") (of ₹ 5/- Each)*					
Basic EPS (₹)	(3.82)	8.22	2.09	(5.21)	0.81
Diluted EPS (₹) (refer note 7)	(3.82)	7.54	2.02	(5.21)	0.80

* EPS is not annualised for interim periods.

Notes:

1. In terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the aforesaid Statement of audited standalone financial results for the quarter and year ended March 31, 2023 of the AXISCADES Technologies Limited (hereinafter referred to as the "Company") has been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 25, 2023. The aforesaid audited standalone financial results for the quarter and year ended March 31, 2023 have been audited by 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 from time to time.

3. The Company is engaged in the business of "Technology Services and Solutions". These, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Company has not made any additional segment disclosures.

Arun K. Shanmuga



Statement of audited standalone financial results for the quarter and year ended March 31, 2023

4. 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 is situated in the state of Maharashtra, the Scheme has also been filed by Explosoft on May 15, 2018, with NCLT, Mumbai for approval. Pending necessary approval from NCLT Mumbai Bench, no effect of the aforesaid scheme of amalgamation was given in the financial results.

During the quarter ended June 30, 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA along with interest as the scheme of merger has not yet been approved. 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, thereafter initiated arbitration proceedings against the shareholders of MSPL and MSPL contesting the aforesaid claims and seeking Arbitral Tribunal to direct for the completion of acquisition in accordance with the SPA.

The Company has received the Interim Arbitration Award ('Interim Award') on May 26, 2022, dated May 21, 2022, from the Arbitral Tribunal, directing all parties for specific performance of their obligations under the SPA and other definitive agreements, to ensure completion of acquisition of 100% of shares of MSPL by the Company. In accordance with the Interim Award –

- i) the Company has discharged the purchase consideration for all the phases including Phase II and has filed an application to withdraw the Scheme of amalgamation;
- ii) the Company has recorded an additional charge of Rs. 4,444.98 lakhs (including interest of Rs. 2,944.84 lakhs and additional consideration of Rs. 1,500 lakhs) during the quarter ended June 30, 2022 and year ended March 31, 2023 as an exceptional item; and
- iii) during the quarter ended December 31, 2022 and year ended March 31, 2023, consequent to non-approval of the abovementioned Scheme, the Company has acquired 100% shares of Explosoft in cash (including accrued interest of Rs. 2,293.86 lakhs). Accrued interest of Rs. 2,293.86 lakhs has been disclosed as an exceptional item during the quarter ended December 31, 2022 and year ended March 31, 2023.

The Arbitral Tribunal has issued the Final Arbitration Award dated January 13, 2023, stating that all the parties have discharged their obligations in accordance with the Interim Award and accordingly, terminated the Arbitration proceedings.

5. Exceptional item comprises of the following:

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Interest and additional purchase consideration (refer note 4 above)	-	(2,293.86)	-	(6,738.84)	-
Reversal of impairment allowance on investment	-	5,073.97	1,535.80	5,073.97	1,535.80
Fair value change in contingent purchase consideration payable	-	-	(785.38)	-	(785.38)
Total, net	-	2,780.11	750.42	(1,664.87)	750.42

Based on the impairment assessment of investment in subsidiary i.e., MSPL, the Company has reversed an impairment loss aggregating Rs. 5,073.97 lakhs during the quarter ended December 31, 2022 and year ended March 31, 2023 and Rs. 1,535.80 lakhs during the quarter and year ended March 31, 2022. The Company had also recognised a net fair value expense of Rs. 785.38 lakhs during the quarter and year ended March 31, 2022 on re-estimation of the contingent purchase consideration payable as per the terms of the SPA.

6. During the year, the Company has issued Unrated, Unlisted, Secured Non-Convertible Debentures ("NCDs") aggregating Rs. 14,500 lakhs to a financial institution repayable over a period of three years. The interest rate is 15.75% - 16% per annum on the NCDs payable quarterly. The Company has also entered into an Investment Agreement with the aforesaid financial institution and provided a Right to Invest ("Share Warrants") in the Compulsorily Convertible Preference Shares ("CCPS") of the subsidiary, MSPL, at an agreed value and mutually agreed terms and conditions. Share Warrants are classified as Derivative Liability carried at Fair Value through Profit and Loss. The Company has recorded a Share Warrant expense of Rs. 565.18 lakhs in the Statement of Profit and Loss and Derivative Liability of equivalent amount in the Balance Sheet.

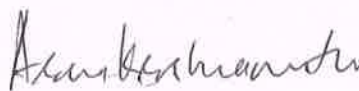
7. For the purpose of computation of diluted EPS for the quarter and year ended March 31, 2023, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive. Hence basic and diluted EPS are same.

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

9. The figures of the last quarter ended March 31, 2023/2022 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2023/2022 and the published unaudited year-to-date figures up to December 31, 2022/2021, being the date of the end of the third quarter of the respective financial year, which were subjected to limited review.

10. The above audited standalone financial results of the Company are available on the Company's website (www.axiscales.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 Technologies Limited



Arun Krishnamurthi
CEO & Managing Director



Place : Bengaluru
Date : May 25, 2023

AXISCADES 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)

Audited standalone statement of cash flows for the year ended the March 31, 2023

	Year ended	
	March 31, 2023 (Audited)	March 31, 2022 (Audited)
A. Cash flow from operating activities		
(Loss)/profit before tax	(1,866.02)	355.40
Adjustments to reconcile (loss)/profit before tax to net cash flows:		
Exceptional items, net (refer note: 5)	1,664.87	(750.42)
Depreciation and amortization expense	1,093.65	950.96
Interest income	(133.60)	(86.34)
Loss on fair valuation of Derivative	565.18	-
Fair value gain on financial instruments at fair value through profit or loss	(5.62)	-
Finance costs	3,342.48	1,171.56
Reversal of bad debts written off	(2.70)	-
Advances written off	60.00	-
Loss on sale of investment in associate	4.95	-
Provision for doubtful debts and advances	28.36	44.10
Share based payment expense	747.77	245.63
Gain on sale of property, plant and equipment	(3.87)	(0.26)
Gain on lease modification	(7.05)	(58.59)
Loss on export incentive receivable	15.17	-
Net unrealised foreign exchange (gain)/loss	(100.03)	60.09
Operating profit before working capital changes	5,403.54	1,932.13
Movements in working capital		
(Increase) in trade receivables	(1,333.65)	(1,022.15)
(Increase) in other assets including financial assets	(778.31)	(143.49)
Increase in trade payables, other liabilities and financial liabilities	2,565.78	756.15
Increase/(decrease) in provisions	49.00	(13.21)
Cash generated from operating activities	5,906.36	1,509.43
Direct taxes paid, net	(320.26)	(430.49)
Net cash generated from operating activities (A)	5,586.10	1,078.94
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(453.98)	(354.98)
Proceeds from sale of property, plant and equipment	22.82	0.26
Payment of deferred purchase consideration	(19,039.57)	-
Purchase of units of mutual funds	(239.77)	-
Loan to subsidiary	(10.00)	-
Proceeds from disposal of stake in associate	222.55	-
Interest received	72.14	47.12
Redemption of fixed deposits (net)	12.96	451.58
Net cash (used in)/generated from investing activities (B)	(19,412.85)	143.98
C. Cash flow from financing activities		
Repayment of principal and interest portion of lease liabilities	(847.83)	(716.25)
Proceeds from long-term borrowings	16,581.40	1,078.88
Repayment of long-term borrowings	(887.12)	(1,959.01)
Proceeds/(repayment) of short term borrowings, net	5,589.86	(341.90)
Proceeds from exercise of share options	150.25	81.57
Interest paid	(5,739.49)	(333.12)
Net cash generated from/(used in) financing activities (C)	14,847.07	(2,189.83)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,020.32	(966.91)
Effect of exchange rate changes, net	2.27	(6.11)
Cash and cash equivalents at the beginning of the year	642.42	1,615.44
Cash and cash equivalents at the end of the year	1,665.01	642.42

Place : Bengaluru
Date : May 25, 2023



for AXISCADES Technologies Limited

Arun Krishnamurthi

Arun Krishnamurthi
CEO & Managing Director