



## INDEPENDENT AUDITOR'S REPORT

### **Report on the Financial Statements**

We have examined the attached Balance Sheet of M/s. AXISCADES GMBH as at **March 31, 2017** and the Profit and Loss Account for the year ended on **March 31, 2017**. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the 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 31<sup>st</sup> March 2017 the statement of profit and loss for the year ended on that date

### **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, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, 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:
- The Company does not have any pending litigations which would impact its financial position
  - The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
  - 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 27, 2017

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

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

# Balance Sheet

	NOTE	As at 31 March 2017 EUR
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' FUNDS</b>		
Share capital	2	25,000
Reserves and surplus	3	39
		<u>25,039</u>
<b>CURRENT LIABILITIES</b>		
Short-term Provisions	7	-
Trade payables	5	3,457
Other current liabilities	6	3,064
		<u>6,521</u>
<b>TOTAL</b>		<u><u>31,560</u></u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Tangible assets	8	-
Deferred Tax Assets(net)	4	-
		<u>-</u>
<b>CURRENT ASSETS</b>		
Trade receivables	10	-
Cash and cash equivalents	11	15,888
Short-term loans and advances	12	3,775
Other current assets	13	11,897
		<u>31,560</u>
<b>TOTAL</b>		<u><u>31,560</u></u>

Notes 1 to 20 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

As per our report of even date  
for G D & ASSOCIATES  
Chartered Accountants



**DINESHA M S**  
Partner  
Membership No - 215946  
Bengaluru  
27-May-17



For and on behalf of  
AXISCADES GmbH



**Sreedhar Rao Ellentala**  
Managing Director

Bengaluru  
27-May-17



# Statement of Profit and Loss

	NOTE	Year ended 31 March 2017 EUR
<b>INCOME</b>		
Revenue from operations		14,556
Other Income		-
<b>TOTAL</b>		<b>14,556</b>
<b>EXPENSES</b>		
Employee benefits expense	14	7,824
Direct Project Expenses		-
Other expenses	15	6,693
<b>TOTAL</b>		<b>14,517</b>
<b>EARNINGS/ (LOSS) BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>		<b>39</b>
Depreciation and amortisation expense	16	-
Finance costs	17	-
<b>PROFIT/ (LOSS) BEFORE TAX</b>		<b>39</b>
Tax expense		-
- Current tax		-
- Deferred tax (credit)/ charge		-
<b>PROFIT/ (LOSS) FOR THE YEAR</b>		<b>39</b>
<b>Earnings/ (Loss) per equity share:</b>	18	
Basic and diluted		39.05

Notes 1 to 20 form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

As per our report of even date  
for G D & ASSOCIATES  
Chartered Accountants



**DINESHA M S**  
Partner  
Membership No - 215946  
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27-May-17



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**Sreedhar Rao Ellentala**  
Managing Director

Bengaluru  
27-May-17

# Cash Flow Statement

Year ended  
31 March 2017  
EUR

<b>Cash flows from operating activities</b>	
Profit/ (Loss) before taxation	39
Adjustment for :	
Depreciation and amortisation expense	-
<b>Operating profit before working capital changes</b>	<u>39</u>
Decrease in trade receivables	-
Decrease/ (Increase) in loans and advances	(3,775)
Decrease in other current assets	(11,897)
Increase/ (Decrease) in trade payables	3,457
Increase/ (Decrease) in other current liabilities	3,064
<b>Cash generated from operations</b>	<u>(9,112)</u>
Refund received/ (tax paid)	-
<b>Net cash generated from operating activities</b>	<u>(9,112)</u>
<b>Cash flows from investing activities</b>	
Purchase of fixed assets	-
<b>Net cash used in investing activities</b>	<u>-</u>
<b>Cash flows from financing activities</b>	
Proceeds from issue of share capital	25,000
<b>Net cash used in financing activities</b>	<u>25,000</u>
Net (decrease)/ Increase in cash and cash equivalents	15,888
Cash and cash equivalents at beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	<u>15,888</u>

This is the Cash Flow Statement referred to in our report of even date.

**As per our report of even date**  
for G D & ASSOCIATES  
**Chartered Accountants**



**DINESHA M S**  
Partner  
Membership No - 215946  
Bengaluru  
27-May-17



For and on behalf of  
AXISCADES GmbH



**Sreedhar Rao Ellentala**  
Managing Director

Bengaluru  
27-May-17

**1 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') and comply with the mandatory Accounting Standards ('AS') and other pronouncements as issued by the Institute of Chartered Accountants of India ("ICAI"). The accounting policies applied by the Company are consistent with those used in the previous year unless otherwise stated.

**(b) Use of estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles, which requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and employee benefits. Any revision to accounting estimates are recognised prospectively.

**(c) Revenue recognition**

The Company derives its revenues primarily from engineering design services. Service income comprises of income from time-and-material and fixed-price contracts. Revenue from time-and-material contracts is recognised in accordance with the terms of the contracts with clients. Revenue from fixed-price contracts is recognised using the percentage of completion method, calculated as the proportion of the efforts incurred up to the reporting date to the estimated total efforts. Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Unbilled revenue represent costs incurred and revenue recognised on amounts to be billed in subsequent periods as per contractual terms. The related billings are made within the next operating cycle.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend on investments is recognised when the right to receive dividend is established.

**(d) Fixed assets and depreciation/amortisation**

**i) Tangible**

Fixed assets are carried at the cost less accumulated depreciation and impairment losses. The cost of fixed assets comprises of its purchase price and other costs attributable to bringing such assets to its working condition for its intended use. Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of fixed assets not ready for their intended use before such date are disclosed as capital work-in-progress.

Expenditure on account of modification / alteration in fixed assets, which increases the future benefit from the existing asset beyond its previous assessed standard of performance, is capitalised.

**ii) Intangible**

Intangible asset comprises of software and is stated at cost less accumulated amortisation and impairment losses.

**iii) Depreciation and amortisation**

Depreciation on fixed assets is provided on straight line method at rates based on the management's estimates of useful life, as follows:

Asset category	Depreciation Rate
Office equipment's	20.00%
Computers	33.33%
Furniture & fixtures	14.29%
Softwares	20.00% - 33.33%
Leasehold improvement	Period of lease

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 in the year of purchase.

**(e) Impairment of assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the 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 Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.



**(f) Investments**

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

**(g) Finance costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of assets. Other borrowings cost are recognized as an expense in the period in which they are incurred.

**(h) Foreign currency transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary items outstanding at the Balance Sheet date and denominated in foreign currencies are recorded at the exchange rate prevailing at the end of the year. Differences arising there from are recognised in the Statement of Profit and Loss.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Investments in foreign companies are recorded at the exchange rate prevailing on the date of making the respective investments.

**(i) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits.

*Social security*

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.

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# AXISCADES GmbH

## Notes to the financial statements for the year ended 31 March 2017

### (j) Income taxes

#### *Current tax*

Provision is made for income tax under the tax payable method, based on the liability computed, after taking credit for allowances and exemptions. Net operating losses carryover in accordance with the tax laws which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. Tax expenses comprise both current and deferred taxes.

#### *Deferred tax*

Deferred tax charge or credit reflects the tax effect of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

### (k) Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### (l) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

### (m) Earnings /(Loss) Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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, bonus element in a rights issue, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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**AXISCADES GmbH**

**Notes to the financial statements for the year ended 31 March 2017 (Cont'd)**

2 SHARE CAPITAL	As at 31 March 2017	
	Number	EUR
<b>Authorised</b>		
1 Equity Shares of EUR 25,000/-	1	25,000
	<b>1</b>	<b>25,000</b>
<b>Issued, Subscribed and Paid up</b>		
Equity Shares with no par value fully paid up fully paid	1	25,000
	<b>1</b>	<b>25,000</b>
<b>a. Reconciliation of the equity share capital</b>		
Balance at the beginning of the year	-	-
Add : Issued during the year	1	25,000
<b>Balance at the end of the year</b>	<b>1</b>	<b>25,000</b>

c. Shares held by Holding Company	As at 31 March 2017	
	Number	EUR
AXISCADES Engineering Technologies Limited	1	25,000
<b>d. Details of shareholders holding more than 5% shares in the Company</b>		
AXISCADES Engineering Technologies Limited	1	25,000

3 RESERVES AND SURPLUS	As at 31 March 2017 EUR
<b>Securities premium account</b>	
Balance at the beginning of the year	-
Add: premium on Issue of equity shares	-
<b>Closing Balance</b>	<b>-</b>
<b>Surplus in the Statement of Profit and Loss</b>	
Balance at the beginning of the year	-
Add : Net profit/(loss) for the year	39
<b>Balance at the end of the year</b>	<b>39</b>
<b>Total reserves and surplus</b>	<b>39</b>

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**AXISCADES GmbH**

**Notes to the financial statements for the year ended 31 March 2017 (Cont'd)**

As at  
31 March 2017  
EUR

**4 DEFERRED TAXES**

**Deferred tax liability**

Timing difference on depreciation and amortisation

-

**Total**

-

**Deferred tax asset**

Net operating losses

-

**Total**

-

**Deferred tax asset, net**

-

As at

**5 TRADE PAYABLES**

31 March 2017  
EUR

Trade payables

3,457

3,457

**6 OTHER CURRENT LIABILITIES**

Duties and taxes payable

3,064

Dues to employees

-

3,064

**7 SHORT TERM PROVISIONS**

Provision for Income Tax

-

-

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Notes to the financial statements for the year ended 31 March 2017

(Cont'd)

(Amount in EUR )

8 TANGIBLE ASSETS

	Computer and Design software	Furniture and fixtures	Leasehold improvements	Total
<b>Gross block</b>				
Balance at the beginning of the year	-	-	-	-
Additions / delition during the year	-	-	-	-
<b>Balance as at 31 March 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accumulated depreciation</b>				
Balance at the beginning of the year	-	-	-	-
Charge for the year	-	-	-	-
<b>Balance as at 31 March 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Block</b>				
Balance as at 31 March 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**AXISCADES GmbH**

**Notes to the financial statements for the year ended 31 March 2017 (Cont'd)**

As at  
31 March 2017  
EUR

**9 NON CURRENT INVESTMENT**

(Unquoted, valued at cost unless stated otherwise)

Investments in equity instruments

Trade

Investments in Associated Companies

-  
-  
-

**10 TRADE RECEIVABLES**

(Unsecured, considered good)

Outstanding for a period exceeding six months from the date they are due for collection

Other receivables

-  
-  
-

**11 CASH AND CASH EQUIVALENTS**

Balances with bank in current account

15,888  
15,888  
15,888

**12 LOANS AND ADVANCES**

(Unsecured, considered good)

As at 31 March 2017

Long-term  
EUR

Short-term  
EUR

Other loans and advances

Duties and taxes recoverable

Prepaid expenses

Advance to employees

-	150
-	1,125
-	2,500
<u>-</u>	<u>3,775</u>
<u>-</u>	<u>3,775</u>

**13 OTHER CURRENT ASSETS**

Unbilled revenue

As at  
31 March 2017  
EUR

11,897  
11,897  
11,897



**AXISCADES GmbH****Notes to the financial statements for the year ended 31 March 2017 (Cont'd)**

	Year ended 31 March 2017 EUR
<b>14 EMPLOYEE BENEFITS EXPENSE</b>	
Salaries, wages and bonus	6,527
Contribution to social security	1,297
	<u>7,824</u>
<b>15 OTHER EXPENSES</b>	
Legal and professional charges	3,640
Travelling and conveyance	957
Rates and taxes	2,079
Processing fee and other bank charges	18
	<u>6,693</u>
<b>16 DEPRECIATION AND AMORTISATION EXPENSE</b>	
Depreciation of tangible assets	-
	<u>-</u>
<b>17 FINANCE COSTS</b>	
Interest on other loans	-
Processing fee and other bank charges	-
	<u>-</u>
<b>18 EARNINGS/ (LOSS) PER SHARE (EPS)</b>	
a) Profit/ (loss) after tax attributable to equity shares (in GBP)	39
b) Weighted average number of shares outstanding	1
c) Basic and diluted earnings/ (loss) per share (in GBP)	39.05



## Notes to the financial statements for the year ended 31 March 2017 (Cont'd)

### 19 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	Holding company / Intermediate holding company	Total
		31 March 2017	31 March 2017
a)	Expenses incurred on our behalf by AXISCADES Engineering Technologies Limited	3,457	3,457

### 19 RELATED PARTY DISCLOSURES (CONT'D)

iii. Balances as at the year end

	Nature of Transaction	Holding Company / Intermediate Holding Company	Total
		31 March 2017	31 March 2017
a)	Trade payables AXISCADES Engineering Technologies Limited	3,457	3,457

### 20 SEGMENT REPORTING

The Company has only one business segment, Engineering design services and earns the revenue primarily from sources within Germany. Accordingly, primary and secondary reporting disclosures for business and geographical segment as envisaged in Accounting Standard -17 (Segment reporting) are not applicable to the Company.

As per our report of even date  
for G D & ASSOCIATES  
Chartered Accountants



**DINESHA M S**  
Partner  
Membership No - 215946  
Bengaluru  
27 May 2017

For and on behalf of  
AXISCADES GmbH



**Sreedhar Rao Ellentala**  
Managing Director  
Bengaluru  
27 May 2017

