



## INDEPENDENT AUDITOR'S REPORT

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

We have examined the attached Balance Sheet of M/s. **AXIS MECHANICAL ENGINEERING DESIGN (WUXI) COMPANY LIMITED** 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

AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD

**BALANCE SHEET**

	NOTE	As at 31 March 2017 RMB	As at 31 March 2016 RMB
<b>I EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
Share capital	2	450,476	450,476
Reserves and surplus	3	(593,458)	(556,048)
		<u>(142,982)</u>	<u>(105,572)</u>
<b>2 CURRENT LIABILITIES</b>			
Short-term borrowings		-	-
Trade payables	4	256,823	220,266
Other current liabilities		-	-
Short-term provisions		-	-
		<u>256,823</u>	<u>220,266</u>
<b>TOTAL</b>		<u><b>113,841</b></u>	<u><b>114,694</b></u>
<b>II ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed assets			
Tangible assets		-	-
Intangible assets		-	-
		<u>-</u>	<u>-</u>
<b>2 CURRENT ASSETS</b>			
Cash and cash equivalents	5	113,841	114,694
		<u>113,841</u>	<u>114,694</u>
<b>TOTAL</b>		<u><b>113,841</b></u>	<u><b>114,694</b></u>

Notes 1 to 13 form an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date.

for G D & ASSOCIATES  
Chartered Accountants

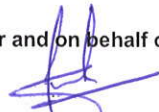


**DINESHA M S**  
Partner  
Membership No - 215946

Bengaluru  
27-May-17



For and on behalf of the Board



**Kirit Manek**  
Supervisor



**Sreedhar Rao Ellentala**  
Executive director & Legal representative.

Bengaluru  
27-May-17



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

**Statement of Profit and Loss**

	NOTE	Year Ended 31 March 2017 RMB	Year Ended 31 March 2016 RMB
<b>I INCOME</b>			
Revenue from operations		-	-
Other income		85	102
<b>TOTAL REVENUE</b>		<b>85</b>	<b>102</b>
<b>II EXPENSES</b>			
Employee benefit expenses	6	-	-
Processing fee and other bank charges	8	-	-
Other expenses	7	37,495	36,404
<b>TOTAL EXPENSES</b>		<b>37,495</b>	<b>36,404</b>
<b>III PROFIT BEFORE TAX (I - II)</b>		<b>(37,410)</b>	<b>(36,302)</b>
<b>IV Tax expenses:</b>			
- Current tax		-	-
- Deferred tax		-	-
<b>V PROFIT FOR THE YEAR (III - IV)</b>		<b>(37,410)</b>	<b>(36,302)</b>
<b>VI Earnings per equity share:</b>			
Basic & diluted		(37,410)	(36,302)

for G D & ASSOCIATES  
Chartered Accountants

For and on behalf of the Board

Kirit Manek  
Supervisor



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



**Sreedhar Rao Ellentala**  
Executive director & Legal representative.

Bengaluru  
27-May-17



Bengaluru  
27-May-17

## Cash Flow Statement

	Year ended 31 March 2017 RMB	Year ended 31 March 2016 RMB
<b>Cash flows from operating activities</b>		
(Loss)/ Profit before taxation	(37,410)	(36,302)
Adjustment for:		
Depreciation and amortisation expense	-	-
Interest expense	-	-
Gain on disposal of fixed assets	-	-
<b>Operating profit before working capital changes</b>	<u>(37,410)</u>	<u>(36,302)</u>
(Increase)/ decrease in trade receivables	-	-
Increase in loans and advances	-	-
Decrease/ (increase) in other current assets	-	-
Increase/ (decrease) in trade payables	36,557	35,847
Increase/ (decrease) in short term provisions	-	-
Increase/ (decrease) in other current liabilities	-	-
<b>Cash used in operations</b>	<u>(853)</u>	<u>(455)</u>
Tax paid	-	-
<b>Net cash used in operating activities</b>	<u><u>(853)</u></u>	<u><u>(455)</u></u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	-	-
<b>Net cash used in investing activities</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Cash flows from financing activities</b>		
Proceeds from working capital, net	-	-
Inter-corporate deposit received from related party	-	-
Inter-corporate deposit repaid to related party	-	-
Interest paid	-	-
<b>Net cash generated from financing activities</b>	<u><u>-</u></u>	<u><u>-</u></u>
Net increase in cash and cash equivalents	(853)	(455)
Cash and cash equivalents at beginning of the year	114,693	115,148
<b>Cash and cash equivalents at the end of the period</b>	<u><u>113,840</u></u>	<u><u>114,693</u></u>

This is the Cash Flow Statement referred to in 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 the Board

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Kirit Manek  
Supervisor

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27-May-17

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

### 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

The financial statements are presented in Renminbi ("RMB") which is the Company's functional currency. All financial information is presented in RMB, 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 and provisions for doubtful debts. 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

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 assets comprises of softwares and are 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	Estimated useful life (Years)
Computers	3
Furniture and fixtures	7
Office equipments	5
Leasehold improvements	Period of lease
Softwares	3

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.



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

### 1 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (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

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

#### (h) Foreign currency transactions

##### *Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### *Conversion*

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss.

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.

#### (j) 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.

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

### 1 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (k) 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.

#### (l) Leases

##### *Operating 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.

##### *Finance leases*

Assets acquired on lease where the entity has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to the Statement of Profit and Loss on accrual basis.

#### (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.

#### (n) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances (including deposits) with original maturity of three months or less.

#### (o) Segment reporting

The accounting policies adopted for segment reporting are in line with those of the Company with the following additional policies for segment reporting:

- a) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- b) Revenues and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate revenues and expenses".
- c) Assets and liabilities, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated corporate assets and liabilities respectively.





Notes to the financial statements for the year ended 31 March 2017 (Contd)

	As at 31 March 2017		As at 31 March 2016	
	Number	RMB	Number	RMB
<b>2 SHARE CAPITAL</b>				
<b>Authorised</b>				
1 Equity Shares of USD 252000/-	1	1,577,520	1	1,577,520
	<b>1</b>	<b>1,577,520</b>	<b>1</b>	<b>1,577,520</b>
<b>Issued, Subscribed and Paid up</b>				
Equity Shares with no par value fully paid up	1	450,476	1	450,476
	<b>1</b>	<b>450,476</b>	<b>1</b>	<b>450,476</b>

a. Reconciliation of the no of shares outstanding at the beginning and at the end of the reporting year is set out below :

	As at 31 March 2017		As at 31 March 2016	
	Number		Number	
Outstanding at the beginning of the year		1		1
Add : Issued during the year		-		-
<b>Balance at the end of the year</b>		<b>1</b>		<b>1</b>

b. Shares held by the holding and intermediate holding companies

	As at 31 March 2017		As at 31 March 2016	
	Number		Number	
Holding Company - AXISCADES Engineering Technologies Limited		1		1
1 Equity Share of USD 252000				

c. Details of shareholders holding more than 5% shares in the company

	As at 31 March 2017		As at 31 March 2016	
	Number	%	Number	%
(i) M/s AXISCADES Engineering Technologies Limited	1	100%	1	100%
	<b>1</b>	<b>100%</b>	<b>1</b>	<b>100%</b>

3 RESERVES AND SURPLUS

	As at 31 March 2017 RMB	As at 31 March 2016 RMB
<b>Securities premium account</b>		
Balance at the beginning of the year	-	-
Add: premium on issue of shares	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Deficit in the statement of profit and loss</b>		
Balance at the beginning of the year	(556,048)	(519,747)
Add : Transferred from statement of profit and loss	(37,410)	(36,302)
Translation Reserve	-	-
<b>Balance at the end of the year</b>	<b>(593,458)</b>	<b>(556,048)</b>



Notes to the financial statements for the year ended 31 March 2017 (Contd)

4 TRADE PAYABLES

	As at 31 March 2017 RMB	As at 31 March 2016 RMB
Dues to others	256,823	220,266
Accrued expenses	-	-
	<u>256,823</u>	<u>220,266</u>

5 CASH & BANK BALANCES

(a) Cash & Cash Equivalents		
Balances with Banks		
In Current Account	113,841	114,694
Cash in hand	-	-
	<u>113,841</u>	<u>114,694</u>

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Notes to the financial statements for the year ended 31 March 2017 (Contd)

	Year Ended 31 March 2017 RMB	Year Ended 31 March 2016 RMB
<b>6 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages and bonus	-	-
	-	-
<b>7 OTHER EXPENSES</b>		
Rent	-	-
Legal and professional charges	36,000	36,000
Bank Charges	832	404
Miscellaneous expenses	663	-
	<u>37,495</u>	<u>36,404</u>
<b>8 FINANCE COSTS</b>		
Interest on loans		
- term loan	-	-
- working capital loan	-	-
- others	-	-
Processing fee and other bank charges	-	-
	-	-
<b>9 VALUE OF IMPORTS ON CIF IN RESPECT OF :</b>	NIL	NIL
<b>10 EARNINGS PER SHARE (EPS)</b>		
(i) Net Profit after tax as per Statement of profit and Loss Account to Equity Shareholders	(37,410)	(36,302)
(ii) Weighted average number of equity shares used as denominator for calculating EPS.	1	1
(iii) Basic and Diluted EPS (in RMB)	(37,410)	(36,302)
(iv) Face Valur per Equity Share	1	1



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

### 11 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). ACETL is a subsidiary of Jupiter Capital Private Limited ('JCPL').

*ii Transactions with related parties:*

There was no transaction during the current financial year and previous financial year.


### 12 SEGMENT REPORTING

The Company has only one business segment, Engineering design services and earns the revenue primarily from sources within China. 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.

### 13 PREVIOUS YEAR FIGURES

Previous year figures have been regrouped or reclassified wherever considered necessary to conform to current year classification.

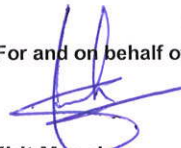
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