AXISCADES Aerospace & Technologies Private Limited

Balance Sheet as at 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	821.74	357.90	235.23
Capital work-in-progress	4	-	508.10	302.08
Goodwill	5	-	2.33	2.33
Intangible assets	5	0.32	0.01	3.20
Financial assets				
Investments	6	10,634.78	10,634.88	10,337.38
Loans	7	412.91	796.08	846.38
Other financial assets	8	0.54	807.73	2,281.38
Deferred tax asset, net	30	657.10	658.21	1,012.88
Non-current tax assets, net	9	651.17	401.73	462.12
Other non-current assets	10	21.66	24.78	1.41
		13,200.22	**14,191.75**	**15,484.39**
Current assets				
Inventories	11	1,414.60	195.31	300.84
Financial assets				
Loans	7	382.37	15.79	15.16
Trade receivables	12	1,773.59	1,400.55	1,886.77
Cash and cash equivalents	13	60.92	640.96	1.93
Bank balances other than cash and cash equivalents	14	2,980.20	2,680.99	1,054.50
Other financial assets	8	972.29	1,975.17	7,231.44
Other current assets	10	887.64	887.16	4,092.75
		8,471.61	**7,795.93**	**14,583.39**
TOTAL ASSETS		**21,671.83**	**21,987.68**	**30,067.78**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	1,683.85	1,683.85	1,494.58
Other equity	16	11,243.44	11,481.22	9,838.41
		12,927.29	**13,165.07**	**11,332.99**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	17	3,931.01	2,882.60	4,215.67
Trade payables	20	-	24.97	-
Provisions	19	69.61	82.48	65.27
Other non-current liabilities	21	-	-	239.05
		4,000.62	**2,990.05**	**4,519.99**
Current liabilities				
Financial liabilities				
Borrowings	17	3,017.57	2,594.63	2,033.16
Trade payables	20	655.84	1,435.11	1,119.44
Other financial liabilities	18	67.48	740.19	5,530.89
Provisions	19	202.22	169.88	687.56
Other current liabilities	21	800.81	892.75	4,843.75
		4,743.92	**5,832.56**	**14,214.80**
TOTAL EQUITY AND LIABILITIES		**21,671.83**	**21,987.68**	**30,067.78**

The accompaning notes are integral part of Ind AS finanical statements

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

Sd-
per Sunil Gaggar
Partner
Membership Number : 104315
Bengaluru
30 May 2018

For and on behalf of the Board of Directors of
AXISCADES Aerospace & Technologies Private Limited
CIN: U72900KA2001PTC028394

Sd-
Sharadhi Chandra Babupampathy
Director
DIN : 02809502
Bengaluru
30 May 2018

Sd-
E Sreedhar
Director
DIN : 00117324
Bengaluru
30 May 2018

Sd-
Sonal Kishore Dudani
Company Secretary
Membership No. : 40415
Bengaluru
30 May 2018

Sd-
N.K. Vijaya Raghavan
Chief Financial Officer

Bengaluru
30 May 2018

AXISCADES Aerospace & Technologies Private Limited

Statement of Profit and Loss for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
INCOME			
Revenue from operations	22	4,532.56	11,097.04
Other income	23	761.56	979.42
TOTAL INCOME		**5,294.12**	**12,076.46**
EXPENSES			
Cost of materials consumed	24	1,992.53	6,695.57
Employee benefits expense	25	926.61	894.25
Finance costs	26	611.36	1,336.18
Depreciation and amortisation expense	27	188.16	143.66
Other expenses	28	1,735.12	2,265.59
TOTAL EXPENSES		**5,453.78**	**11,335.25**
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEM AND TAX		**(159.66)**	**741.21**
Add: Exceptional items	29	-	97.67
PROFIT/(LOSS) BEFORE TAX		**(159.66)**	**838.88**
Less : Tax Expense	30		
Current tax		-	152.09
Deferred tax		25.94	354.39
PROFIT/(LOSS) AFTER TAX		**(185.60)**	**332.40**
Other comprehensive income (OCI)			
Items that will not be reclassified into Statement of Profit and Loss:			
a) Remeasurement loss in defined benefit plans (refer note 36)		(11.40)	(12.97)
b) Income tax effect on above		3.14	4.29
Net other comprehensive income not to be reclassified to Statement of Profit and Loss:		**(8.26)**	**(8.68)**
Items that will be reclassified into Statement of Profit and Loss in the subsequent periods			
a) Gain on cash flow hedges		-	19.22
b) Income tax effect on above		-	(6.65)
Net other comprehensive income to be reclassified to Statement of Profit and Loss		**-**	**12.57**
Other comprehensive income, net of tax		**(8.26)**	**3.89**
Total comprehensive Income		**(193.86)**	**336.29**
Earning per share (in ₹)			
Basic and diluted	31	(1.10)	2.22

The accompaning notes are integral part of Ind AS finanical statements

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Chief Financial Officer

Bengaluru
30 May 2018

AXISCADES Aerospace & Technologies Private Limited

Statement of Cash Flows for the year ended 31 March 2018

(All amounts in ₹ lakhs, unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
A	**Cash flow from operating activities**		
	Profit/(Loss) before tax	(159.66)	838.88
	Adjustment to reconcile profit before tax to net cash flow :		
	Reversal of provision of capital work-in-progress	-	(97.67)
	Depreciation & Amortisation	188.16	143.66
	Profit on sale of fixed assets	(0.17)	(52.62)
	Impairment of Investment	0.10	
	Interest income	(324.17)	(452.63)
	Provision for gratuity and compensated absences	-	
	Provision for doubtful debts and advances	-	31.57
	Advances to suppliers written off	31.01	-
	Liabilities no longer required written back	(351.42)	-
	Asset retirement obligation	0.74	8.71
	Finance costs	605.15	1,336.18
	Operating profit before working capital changes	**(10.27)**	**1,756.08**
	Movements in working capital		
	Decrease/(increase) in inventories	(711.20)	105.53
	Decrease/(increase) in loans	(7.92)	3,083.43
	Decrease/(increase) in trade receivables	(362.26)	483.19
	Decrease in other assets	1,362.86	2,288.09
	Increase/(decrease) in trade payables and other liabilities	(1,209.76)	(5,561.85)
	Increase/(decrease) in provisions	11.22	(1,227.10)
	Cash generated from operating activities	**(927.32)**	**927.37**
	Direct taxes paid (net)	(274.27)	(909.07)
	Net cash used in operating activities (A)	**(1,201.59)**	**18.30**
B	**Cash flow from investing activities**		
	Purchase of tangible assets and capital work-in-progress	(668.67)	(1,318.87)
	Investments in subsidiaries	-	(297.50)
	Incorportate deposit (given)/received back	37.00	65.00
	Investment in fixed deposits	(360.26)	(1,626.49)
	Proceeds from sale of investment	-	2,638.48
	Proceeds from sale of fixed assets	350.84	1,000.00
	Interest received	441.07	92.08
	Net cash generated from investment activities (B)	**(200.02)**	**552.70**
C	**Cash flow from financing activities**		
	Proceeds from issue of shares	-	1,500.00
	Proceeds from borrowings (net)	1,376.00	(838.44)
	Finance costs paid	(554.44)	(593.53)
	Net cash generated from financing activities (C)	**821.56**	**68.03**
	Net Increase in cash and cash equivalents (A+B+C)	(580.04)	639.03
	Cash and cash equivalents as at beginning of the year	640.96	1.93
	Cash and cash equivalents as at end of the year (Also, refer note 13)	**60.92**	**640.96**

The accompaning notes are integral part of Ind AS finanical statements

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
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For and on behalf of the Board of Directors of
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N.K. Vijaya Raghavan
Chief Financial Officer
Bengaluru
30 May 2018

AXISCADES Aerospace & Technologies Private Limited
Statement of Changes in Equity for the year ended 31 March 2018
(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Numbers	Amount
Equity shares of ₹ 10 each, fully paid-up		
As at 1 April 2016	14,945,768	1,494.58
Add: Issued and subscribed during the year	1,892,744	189.27
As at 31 March 2017	**16,838,512**	**1,683.85**
Add: Issued and subscribed during the year	-	-
As at 31 March 2018	**16,838,512**	**1,683.85**

B. Other equity

Particulars	Reserves and Surplus			Items of OCI		Total
	Securities premium reserve	Retained earnings	Capital Contribution reserve	Hedge Reserve	Other items of other comprehensive Income/(loss)	
Balance as at 1 April 2016 (refer note 40)	8,009.43	1,676.10	165.28	(12.57)	0.17	9,838.41
Profit/(Loss) for the year	-	332.40	-	-	-	332.40
Addition for the year	1,310.73	-	-	-	-	1,310.73
Loss on settlement of loan with fellow subsidaiary	-	-	(4.21)	-	-	(4.21)
Fair value changes on derivatives designated as cash	-	-	-	12.57	-	12.57
Other Comprehensive Income, net of tax	-	-	-	-	(8.68)	(8.68)
Total comprehensive income	**1,310.73**	**332.40**	**(4.21)**	**12.57**	**(8.68)**	**1,642.81**
Balance as at 31 March 2017	**9,320.16**	**2,008.50**	**161.08**	**-**	**(8.51)**	**11,481.22**
Profit/(Loss) for the year	-	(185.62)		-	-	(185.62)
Loss on settlement of loan with ultimate holding Company, net of tax		-	(43.90)	-	-	(43.90)
Other Comprehensive Income, net of tax	-	-		-	(8.26)	(8.26)
Total comprehensive income	**-**	**(185.62)**	**(43.90)**	**-**	**(8.26)**	**(237.78)**
Balance as at 31 March 2018	**9,320.16**	**1,822.88**	**117.18**	**-**	**(16.77)**	**11,243.44**

The accompaning notes are integral part of Ind AS finanical statements

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

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N.K. Vijaya Raghavan
Chief Financial Officer

Bengaluru
30 May 2018

1 General Information:

AXISCADES Aerospace & Technologies Private Limited ('the Company') was incorporated under the provisions of the Companies Act, 1956 ('the Act') on 3 January 2001. The Company is engaged in system integration activities for defense & offsets business. The Company is partnering with major original equipment manufacturers (OEM's) in the areas of strategic electronics, avionics, radar data processing and electronic warfare etc.

During the year ended 31 March 2017, pursuant to the approval by the Hon'ble Court of Karnataka on 4 November 2016 of scheme of amalgamation under Section 391 to 394 of the Companies Act, 1956 for the amalgamation of Indian Aviation Training Institute Private Limited ('IAT') with AXISCADES Engineering Technologies Limited ('ACETL'), with effect from 1 April 2016, appointed date, the Company has become a 100% wholly owned subsidiary of ACETL, a listed company for trading on the National Stock Exchange of India Limited and BSE Limited in India.

The registered office of the Company is "Vaswani Centropolis, Langford Road, Bangalore - 560027, Karnataka, India"

2 Summary of significant accounting policies

a Basis of accounting and preparation

Financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 . The first Indian Accounting Standards (Ind AS) financial statements to be reported by the Company is for the year ending 31 March 2018, and the transition date to Ind AS is 1 April 2016. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 30 May 2018.

For periods up to and including the year ended 31 March 2017, the Company prepared and presented its financial statements in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with the paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statments for the year ended 31 March 2018 are the first the Company has prepared in accordance with Ind AS. Refer note 40 for explanation of transition from Indian GAAP to Ind AS.

The Ind AS Financial Statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

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

The Ind AS financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

b Use of judgements, estimates & assumptions

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

Significant management judgements

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

Classification of leases
The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

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

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Capitalisation of internally developed intangible assets
Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalised costs may be impaired.

Evaluation of indicators for impairment of assets
The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Recoverability of advances / receivables
At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

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

Defined benefit obligation (DBO)
Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

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

Provision for litigations and contingencies
The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

Provision for warranty
The Company, in the usual course of sale of its products, gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years.

Decommissioning liability
The estimated valuation of decommissioning liability are based on management's historical experience and best estimate of restoring the premises on lease in its original condition. Assumptions and judgments made by management when assessing an decommissioning liability include i) the existence of a legal obligation; ii) estimated probabilities, amounts, and timing of settlements; iii) the credit-adjusted risk-free rate to be used.

c Current versus non-current classification

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

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

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

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

d Property, plant and equipment

The Company has elected to fair value for all of its property, plant and equipment as at 1 April 2016 and considered fair value as deemed cost at the transition date, viz., 1 April 2016.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of respective asset if the recognition criteria for a provision are met.

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

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

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

	Useful lives (in years)
Computers	3
Furniture and fixtures *	7
Plant & Machinary*	7
Office equipment *	7
Electrical installations *	7
Vehicles *	5

* Based on an internal assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

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

e Intangible assets

The Company has elected to continue with the carrying value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company depreciates intangible assets over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

	Useful lives (in years)
Softwares*	3

f Impairment of non financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. An asset's recoverabe amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

g Revenue recognition

Revenue from contracts with customers, is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

Sale of goods
Revenue from the sale of goods is recognised on delivery and acceptance by the customer.

Sale of services
The Company derives its revenue primarily from strategic technology solutions. Service Income primarily comprises of fixed price contracts. Revenue from fixed price contracts is recognised based on time proportionate basis or on completion of services depending on the contract. 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 revenues' represent revenues recognised on services rendered as per contractual terms, for which amounts are to be billed in subsequent periods. The related billings are expected to be performed as per milestones provided in the contracts.

'Unearned revenues' included in other liabilities represent billings in excess of revenues recognised. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Interest income

Interest income is is reported on an accrual basis using the effective interest method and is included under the head “other income” in the Statement of Profit and Loss.

h Retirement and other employee benefits

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

Defined contribution plan
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan
Gratuity
The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company’s defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to Statement of Profit and Loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

Compensated absences
The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

i Inventories
Inventories comprising of project work in progress and finished goods, are valued at lower of cost and net realisable value. Cost includes direct material, direct labour and related production expenses. Cost is determined on First In First Out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Obsolete and defective inventories are duly provided for basis the management estimates.

j Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Finance Lease
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying asset, in which case they are capitalised in accordance with the Company and general borrowing cost policy. Contingent rentals are recognised as expense in which they are incurred.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term.

Operating Lease
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

k Foreign currency transactions

Functional and presentation currency
The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupee (₹).

Transactions and balances
- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity’s net investment in that foreign operation.

- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

l Borrowing costs

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

m Investments in subsidiaries

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

n Income Tax

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ('MAT') paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax is recognised for MAT credit available only to the extent that is probable that the Company will pay normat income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset is created by way of credit to the Statement of 'profit and loss and shown as Deferred Tax asset. The Company reviews the "MAT credit entitlement" at each reporting date and writes down the asset to the extent that it no longer probable that it will pay normal tax during the specified year.

o Provisions and contingencies

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

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

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

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

Provision for warranty
The Company, in the usual course of sale of its products, gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years.

p Financial instruments
A financial instrument is any contract that gives raise to a financial asset of one entity and financial liability or equity instrument to other entity.

Financial assets

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL); and
iv. Equity investments

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

ii. Debt instrument at FVTOCI
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and oss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition of financial assets
A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Financial liabilities

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

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

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

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

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

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

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

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

This category generally applies to borrowings.

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

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

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

Derivative financial instruments and Hedge accounting

Initial recognition and subsequent measurement
The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted sales. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.
At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains seperately in equity until the forecast transaction occurs.

Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

a. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Trade receivables
The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

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

q Fair value measurement

The company measures financial instruements, such as derivatives at fair value at each balance sheet date.

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of Fair value disclosures, the Company has determined the classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liabilities and the level of fair value hierarchy as explained above.

r Cash and cash equivalents

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

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

Amendment to Ind AS 7 - Statement of Cash Flows
The amendment requires entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The effect on on adoption of Ind AS 7 on the standalone Ind As financial statements is insignificant.

s Segment reporting

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

t Earnings per Share (EPS)

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

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

u Business combinations
Business combinations between entities under common control is accounted for at carrying value under the provisions of Ind AS 103, Business Combinations

Transaction costs that the Company incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

v Corporate Social Responsibility (CSR) expenditure
CSR expenditure as per provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is charged to the Statement of Profit and Loss as expense as when incurred.

w Standards issued but not yet effective
The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.
The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the standalone financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers:

Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supercede all current revenue recognition requirements under Ind AS.

Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

"(ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).
The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.
The Company continues to evaluate various areas such as gross versus net revenue presentation for certain contracts, identification and treatment of performance obligations associated with certain contracts etc. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed."

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(All amounts in ₹ lakhs, unless otherwise stated)

3 Property, plant and equipment

	Computers	Electrical fittings	Furniture & fixtures	Plant & machinery	Office equipment	Vehicles	Total
Gross block							
Deemed cost as at 1 April 2016	**46.90**	**11.16**	**53.84**	**56.60**	**50.61**	**16.12**	**235.23**
Additions	231.58	-	-	2.97	7.06	21.53	263.14
Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2017	**278.48**	**11.16**	**53.84**	**59.57**	**57.67**	**37.65**	**498.37**
Additions	25.26	-	0.32	618.02	6.20	-	649.80
Disposals	-	-	-	0.61	0.42	-	1.03
Balance as at 31 March 2018	**303.74**	**11.16**	**54.16**	**676.98**	**63.45**	**37.65**	**1,147.14**
Accumulated depreciation							
As at 1 April 2016	-	-	-	-	-	-	-
Charge for the year	84.50	3.50	15.21	15.99	14.08	7.19	140.47
Deletions	-	-	-	-	-	-	-
Balance as at 31 March 2017	**84.50**	**3.50**	**15.21**	**15.99**	**14.08**	**7.19**	**140.47**
Charge for the year	97.16	2.49	15.23	47.43	14.65	8.81	185.77
Deletions	-	-	-	0.61	0.23	-	0.84
Balance as at 31 March 2018	**181.66**	**5.99**	**30.44**	**62.81**	**28.50**	**16.00**	**325.40**
Net Block							
As at 1 April 2016	**46.90**	**11.16**	**53.84**	**56.60**	**50.61**	**16.12**	**235.23**
As at 31 March 2017	**193.98**	**7.66**	**38.63**	**43.58**	**43.59**	**30.46**	**357.90**
As at 31 March 2018	**122.08**	**5.17**	**23.72**	**614.17**	**34.95**	**21.65**	**821.74**

Note:

a. **Deemed carrying cost**

For property, plant and equipment ('PPE) existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used fair value of assets as deemed costs.

All classes of PPE held by the Company was fair valued as at 1 April 2016 based on an independent valuation carried out on 16 April 2018. The fair value of these class of PPE approximates the carrying value as at 1 April 2016 as per previous GAAP and hence no gain / loss has been recognised.

Fair value of all classes of PPE was determined by using depreciated replacement cost method. Gross current replacement cost of each item of PPE is assessed after considering different factors. According to the specifications and use of the items of PPE , its economical life is estimated and depreciation by straight line method is calculated to arrive at the depreciated replacement cost of PPE. As at the date of fair valuation, the properties' fair values are based on valuations performed by J R S & Co, Chartered Accountants who has relevant valuation experience for similar office properties in India.

b. **Contractual obligations**

There are no contractual commitments for the acquisition of property, plant and equipment.

c. **Capitalised borrowing cost**

No borrowing costs has been capitalised during the year ended 31 March 2018 (31 March 2017: Nil; 1 April 2016:Nil).

d. **Decommissioning cost**

A provision has been recognised for decommissioning costs associated with the premises taken on lease. The Company is committed to decommissioning the premises as a result of improvements made to the premises (also refer note 19)

e. **Property, plant and equipment pledged as security**

Details of properties pledged have been provided in Note 17(c).

4 Capital work-in-progress

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Opening capital work-in-progress	508.10	302.08	597.71
Additions during the year	-	508.35	3.23
Less: Provision for impairment	-	-	(298.86)
Add: Reversal of provision for impairment	-	298.86	-
Less: Deletion during the year	(508.10)	(601.19)	-
Closing Capital Work-in-progress	**-**	**508.10**	**302.08**

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(All amounts in ₹ lakhs, unless otherwise stated)

5 Intangible assets and goodwill

5.a Intangible assets

	Software	Trademark (Refer note 40 C6 -1)	Total
Gross block			
Deemed cost as at 1 April 2016	**3.20**	**-**	**3.20**
Additions	547.38	-	547.38
Deletions	547.38	-	547.38
Balance as at 31 March 2017	**3.20**	**-**	**3.20**
Additions	0.37	-	0.37
Deletions	-		-
Balance as at 31 March 2018	**3.57**	**-**	**3.57**
Accumulated amortisation			
As at 1 April 2016	-	-	-
Charge for the year	3.19	-	3.19
Deletions	-	-	-
Balance as at 31 March 2017	**3.19**	**-**	**3.19**
Charge for the year	0.06	-	0.06
Deletions	-	-	-
Balance as at 31 March 2018	**3.25**	**-**	**3.25**
Net Block			
At 1 April 2016	**3.20**	**-**	**3.20**
At 31 March 2017	**0.01**	**-**	**0.01**
As at 31 March 2018	**0.32**	**-**	**0.32**

5.b Goodwill

	Goodwill	Total
Gross block		
Deemed cost as at 1 April 2016	**2.33**	**2.33**
Additions	**-**	**-**
Deletions	**-**	**-**
Balance as at 31 March 2017	**2.33**	**2.33**
Additions	-	-
Deletions		**-**
Balance as at 31 March 2018	**2.33**	**2.33**
Accumulated amortisation		
As at 1 April 2016	-	-
Deemed cost as at 1 April 2016	**-**	**-**
Charge for the year	-	-
Deletions	-	-
Balance as at 31 March 2017	**-**	**-**
Impaired for the year	2.33	2.33
Deletions	-	-
Balance as at 31 March 2018	**2.33**	**2.33**
Net Block		
At 1 April 2016	**2.33**	**2.33**
At 31 March 2017	**2.33**	**2.33**
As at 31 March 2018	**-**	**-**

Note:

a For intangible assets existing as on the date of transition to Ind AS i.e, 1 April 2016, carrying amount as per previous GAAP has been considered as the deemed cost.

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6 Investments	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade (Unquoted, valued at cost)			
Investment in equity shares of subsidiaries			
Enertec Controls Limited	2,655.00	2,655.00	2,655.00
707,999 (31 March 2017: 707,999; 1 April 2016: 707,999) equity shares ₹10 each			
AXISCADES Aerospace Infrastructure Private Limited	7,979.78	7,979.78	7,682.28
4,172,519 (31 March 2017: 4,172,519; 1 April 2016: 3,999,986) equity shares ₹10 each (refer note below)			
	10,634.78	**10,634.78**	**10,337.28**
Other Investments at FVTPL			
Raaga Axis Avicom Private Limited*	-	0.10	0.10
1,000 (31 March 2017: 1000; 1 April 2016: 1,000) equity shares of ₹10 each			
	10,634.78	**10,634.88**	**10,337.38**

Note:- AXISCADES Aerospace Infrastructure Private Limited ('AAIPL') at its meeting held on 12 June 2015 approved the scheme of arrangement ("Scheme") under section 391 to 394 of the Companies Act, 1956 between the AAIPL and Indian Aero Infrastructures Private Limited ('IAIPL), wherein the Hassan Airport Division ('HAP') business conducted through AAIPL would be demerged into IAIPL. Subsequently, the said Scheme was sanctioned by the Hon'ble High Court of Karnataka vide its order dated 20 August 2016 (certified copy of which was received on 1 September 2016). In accordance with clause 7 of the Scheme, the subscribed and paid-up equity share capital of AAIPL was reduced proportionately from ₹ 2,926.26 lakhs divided into 29,262,580 equity shares of ₹ 10 each fully paid up to ₹ 400 lakhs, divided into 4,000,000 equity shares of ₹ 10 each fully paid. In consideration of reduction of share capital of AAIPL, the Company received 9,89,072 equity shares of ₹ 10 each aggregating to ₹ 5,697.53 lakhs of IAIPL which was sold to Indian Aero Ventures Private Limited on 21 October 2016.

* In current year, the Company has impaired the investment in Raaga Axis Avicom Private Limited of ₹ 0.10 lakhs, as this company is in the process of liquidation. The impairment on the investment is recognised within other expenses in the Statement of Profit and Loss. Since the amount is not material, it is not seperately disclosed in the financial statements.

7 Loans	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-Current			
(Unsecured, considered good, unless otherwise stated)			
Intercorporate deposit ('ICD') to related party(refer note (i) & (ii) below) (refer note 32)	158.00	182.50	239.26
Security deposit to related parties (refer note 32)	-	326.10	325.00
Security deposit to others	241.00	287.48	282.12
Loans to employees	13.91	-	-
	412.91	**796.08**	**846.38**
Current			
(Unsecured, considered good, unless otherwise stated)			
Security deposit to related parties (refer note 32)	362.55	-	-
Security deposit to others	9.66	-	-
Loans to employees	10.16	15.79	15.16
	382.37	**15.79**	**15.16**

(i) During the year , the Company has given an ICD to AXISCADES Aerospace Infrastructure Private Limited, a wholly owned subsidiary, amounting to ₹ 158 Lakhs as per the agreement dated 8 November, 2017 for a period of three years. The ICD carries an interest rate of 12% per annum.

(ii) During the year ended 31 March 2016, the Company has given an ICD to Indian Aero Infrastructure Private Limited ('IAIPL'), a fellow subsidiary for a period of five years as per agreement dated 13 October 2015 amounting to ₹ 239.26 Lakhs. The ICD carries an interest rate of 12% per annum. Balance outstanding as at year ended 31 March 2018 is ₹ Nil (31 March 2017 : ₹ 182.50 lakhs; 1 April 2016 : ₹ 239.26 lakhs)

8 Other financial assets	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Non-current			
(Unsecured, considered good, unless otherwise stated)			
Retention money receivable	-	462.92	406.39
Deposits with remaining maturity more than twelve months	0.54	64.00	1,874.99
Unbilled revenue	-	280.81	-
	0.54	**807.73**	**2,281.38**
Current			
(Unsecured, considered good, unless otherwise stated)			
Receivable from related parties (refer note 32)	-	-	5,697.53
Retention money receivable	-	308.03	1,302.48
Unbilled revenue	-	326.11	139.56
Accrued interest	87.63	198.12	89.44
Duties recoverable from customers	-	13.36	-
Receivables for capital goods	755.85	1,106.33	-
Deposits with remaining maturity less than twelve months	124.50	-	-
Interest accrued on ICD to related parties (refer note 32)	4.31	23.22	2.43
	972.29	**1,975.17**	**7,231.44**
(Unsecured, considered doubtful)			
Accrued interest	-	-	0.93
Receivables for capital goods	3.87	5.67	-
	3.87	**5.67**	**0.93**
Less: Allowance for doubtful receivables	3.87	5.67	0.93
	972.29	**1,975.17**	**7,231.44**

9 Non-current tax assets, net	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Non-current			
Advance income taxes [net of provision for tax ₹ 1,717.57 lakhs (31 March 2017: ₹ 1,717.57 lakhs; 1 April 2016: ₹ 2,193.05 lakhs)]	651.17	401.73	462.12
	651.17	**401.73**	**462.12**

10 Other assets	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Non-current			
Prepaid expenses	21.66	24.78	1.41
	21.66	**24.78**	**1.41**
Current			
Balances with revenue authorities	307.17	309.89	441.22
Prepaid expenses	74.60	75.65	91.08
Advance to suppliers	499.30	497.08	3,558.49
Advance to employees	6.57	4.54	1.96
	887.64	**887.16**	**4,092.75**

11 Inventories	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Work in progress (valued at lower of cost and net realisable value)			
Project work-in-progress	1,414.60	195.31	300.84
	1,414.60	**195.31**	**300.84**

12 Trade receivables	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Unsecured			
Considered good	1,773.59	1,400.55	1,886.77
Considered doubtful	9.00	17.98	16.60
	1,782.59	**1,418.53**	**1,903.37**
Less: Allowance for doubtful receivables	9.00	17.98	16.60
	1,773.59	**1,400.55**	**1,886.77**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or Private Companies respectively in which any director is a partner, a director or a member.

13 Cash and cash equivalents	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Cash on hand	-	-	-
Balances with banks:			
- Current accounts	60.92	640.96	1.93
	60.92	**640.96**	**1.93**
For the purpose of statement of cash flow, cash and cash equivalents comprises of the following			
Cash and cash equivalents	60.92	640.96	1.93
Cash and cash equivalents reported in cash flow statement	**60.92**	**640.96**	**1.93**

14 Bank balances other than cash and cash equivalents	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Deposits with maturity more than 3 months but less than 12 months (refer notes below)	2,980.20	2,680.99	1,054.50
	2,980.20	**2,680.99**	**1,054.50**

Notes:

1. Under lien with Yes Bank Limited as security to avail various facilities (Bank Guarantees, Letter of Credit, Buyers Credit etc.) [₹ 1,750 lakhs (31 March 2017: ₹ 1,750 lakhs; 1 April 2016: ₹ 1750 lakhs)]
2. Under lien with RBL Bank Limited as security to avail foreign currency term loan [₹ 330.20 lakhs (31 March 2017: Nil; 1 April 2016: Nil)]
3. Under lien with Corporation Bank Limited as security to avail bank guarantees to be issued to various authorities and customers [₹ 61.04 lakhs (31 March 2017: ₹ 60.98 lakhs; 1 April 2016: ₹ 450.49 lakhs)]

Breakup of financial assets carried at amortised cost	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Loans (Current and Non Current) (refer note 7)	795.27	811.87	861.54
Other financial assets (Current and Non Current) (refer note 8)	972.83	2,782.90	9,512.82
Trade receivables (refer note 12)	1,773.59	1,400.55	1,886.77
Cash and cash equivalents (refer note 13)	60.92	640.96	1.93
Bank balances other than cash and cash equivalents (refer note 14)	2,980.20	2,680.99	1,054.50

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15 Equity Share Capital

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Authorised						
Equity shares of ₹ 10 each	170.00	1,700.00	170.00	1,700.00	170.00	1,700.00
	170.00	**1,700.00**	**170.00**	**1,700.00**	**170.00**	**1,700.00**
Issued, subscribed and paid up						
Equity shares of ₹ 10 each, fully paid	168.39	1,683.85	168.39	1,683.85	149.46	1,494.58
	168.39	**1,683.85**	**168.39**	**1,683.85**	**149.46**	**1,494.58**

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Equity shares of ₹ 10 each, par value						
Balance as at the beginning of the year	168.39	1,683.85	149.46	1,494.58	149.46	1,494.58
Add: Issued and subscribed during the year (refer note (i) below)	-	-	18.93	189.27	-	-
Balance at the end of the year	**168.39**	**1,683.85**	**168.39**	**1,683.85**	**149.46**	**1,494.58**

(i) During the previous year Company issued 1,892,744 shares to AXISCADES Engineering Technologies Limited at a premium of ₹ 69.25 per share.

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian Rupee. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding Company

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Indian Aviation Training Institute Private Limited (refer note below)	-	-	-	-	**149.46**	1,494.58
AXISCADES Engineering Technologies Limited	**168.39**	1,683.85	**168.39**	1,683.85	-	-
	168.39	**1,683.85**	**168.39**	**1,683.85**	**149.46**	**1,494.58**

d. Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Indian Aviation Training Institute Private Limited (refer note below)	-	-	-	-	14.95	100%
AXISCADES Engineering Technologies Limited	**168.39**	99.99%	**168.39**	99.99%	-	-
	168.39	**99.99%**	**168.39**	**99.99%**	**14.95**	**100%**

Note:
As at 1 April 2016, the equity shares of the Company were held by Indian Aviation Training Institute Private Limited ("IAT"). During the year ended 31 March 2017, IAT was merged with AXISCADES Engineering Technologies Limited ("AXISCADES") pursuant to scheme of amalgamation between IAT and AXISCADES. In accordance with Appendix C, Business combinations of entities under common control, to Ind AS 103, Business combinations, the financial information in the financial statements for common control business transactions in respect of prior periods have been restated as if the business combination had occurred from the beginning of the first period presented in the financial statements, irrespective of the actual date of combination. Consequent to the above the related disclosures have been restated.

e. In the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares pursuant to contract without payment being received in cash or any bonus shares or has bought back any shares.

16 Other equity	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security premium account	9,320.16	9,320.15	8,009.43
Retained earnings	1,822.88	2,008.50	1,676.10
Capital Contribution reserve	117.18	161.08	165.28
Hedge reserve	-	-	(12.57)
Other comprehensive income	(16.77)	(8.51)	0.17
	11,243.44	**11,481.22**	**9,838.41**

Note:
Securities premium

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

17 Borrowings	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current			
From Banks, (secured)			
Term loan from banks (refer note (i))	3,691.48	-	-
From related parties (Unsecured, considered good)			
Intercorporate deposits from related parties (refer note (ii) to (v)) and (refer note 32)	239.53	2,882.60	4,215.67
	3,931.01	**2,882.60**	**4,215.67**
Current			
Secured, considered good			
Term loan from banks (refer note (i))	537.86	-	-
Cash credit from bank (refer note (vi)	855.14	-	1,345.55
Buyers Credit (refer note (viii)	28.65	341.26	-
Packing credit in foreign currency (refer note (vii)	1,595.92	1,773.46	87.68
Unsecured, considered good			
ICD from related parties (refer note (ii) to (v)) and (refer note 32)	-	479.91	599.93
	3,017.57	**2,594.63**	**2,033.16**

Notes:

a (i) During the year, the Company has borrowed term loan from RBL Bank Limited amounting to USD 66.15 lakhs (equivalent ₹4,300 lakhs) and carries interest rate of 7.75% per annum. The loan is repayable in 16 quarterly instalments beginning from 31 December 2018. The amount outstanding as at 31 March 2018 was ₹ 4,229.34 lakhs.(31 March 2017 : ₹ Nil ; 1 April 2016 : ₹ Nil)

(ii) Till 31 March 2017, the Company availed an ICD of ₹ 3,128.81 lakhs from Jupiter Capital Private Limited, the ultimate holding company which carried an interest rate of 12% per annum payable on annual basis. During the year the entire ICD was repaid in full. The amount outstanding as at 31 March 2018 was ₹ Nil (31 March 2017 : ₹ 3,128.81 lakhs; 1 April 2016 : ₹ 2,271.74 lakhs)

(iii) During the year ended 31 March 2015, the Company borrowed an ICD of ₹ 928.86 lakhs from Hindustan Infrastructure Projects & Engineering Private Limited, a fellow subsidiary company which carries an interest rate of 12% per annum payable on annual basis. The amount outstanding as at 31 March 2018 was ₹ Nil.(31 March 2017 : ₹ Nil ; 1 April 2016 : ₹ 928.86 lakhs).

(iv) During the year ended 31 March 2015, the Company borrowed an ICD of ₹ 1,375 lakhs from AXISCADES Engineering Technologies Limited, the holding Company amounting which carries an interest rate of 12% per annum payable on annual basis. The amount outstanding as at 31 March 2018 was ₹ Nil lakhs.(31 March 2017 : ₹ Nil lakhs; 1 April 2016 : ₹ 1375 lakhs)

(v) During the year ended 31 March 2015 the Company borrowed an ICD of ₹ 240 lakhs from Cades Studec Technologies (India) Private Limited, a fellow subsidiary company. The agreement was renewed during the previous year for the further period of 3 years. The ICD carries an interest rate of 11% per annum payable on annual basis. The amount outstanding as at 31 March 2018 was ₹ 239.53 lakhs.(31 March 2017 : ₹ 233.70 lakhs; 1 April 2016 : ₹ 240 lakhs)

(vi) Cash credit from Yes bank is carrying interest of 6 months MCLR + 3.05% (current 6 months MCLR is 9.30%, therefore interest rate is 12.35%), computed on monthly basis on the actual amount utilised, revolving and tenure is 12 months.

(vii) Packing credit in foreign currency loan from bank bearing an interest rate of 2% - 6% are repayable over maximum tenure of 180 days from the date of respective availment.

(viii) Buyer's credit in foreign currency loan from bank bearing an interest rate of 2% - 6% are repayable over maximum tenure of 12 months from the date of respective availment.

b Details of security of borrowings

Cash credit facility (inclusive of buyers credit and packing credit facility in foreign currency) from Yes Bank Limited are secured by first exclusive charge on all current assets and movable property, plant and equipments of the Company, equitable mortgage on property owned by it's subsidiary Enertec Controls Ltd situated at 14-15, I Phase, Electronic city, Bangalore.
Term loan facility from RBL Bank Limited are secured by First Pari Passu charge on all Movable Fixed assets (tangible), Current Assets of the Company both present and future. First Pari Passu charge by way of equitable mortgage on proprety owned by it's subsidiary Enertec Controls Ltd situated at 14-15, I Phase, Electronic city, Bangalore.

c Loan covenants

The term loan from bank contains certain financial covenants such as debt service coverage ratio ('DSCR), total debt as a percentage of total net-worth etc. The Company has satisfied all other debt covenants prescribed in the terms of bank loan except DSCR. The management is of the view that this is minor breach and hence no adjustments are made to these financial statements in this respect.

(All amounts in ₹ lakhs, unless otherwise stated)

d Changes in liabilities arising from financing activities

Particulars	As at 1 April 2017	Cash flows	Change in fair value	Others	As at 31 March 2018
Current and non current borrowings	5,477.23	1,376.00		95.35	6,948.58
Total liabilities from financing activities	**5,477.23**	**1,376.00**	**-**	**95.35**	**6,948.58**

Particulars	As at 1 April 2016	Cash flows	Change in fair value	Others	As at 31 March 2017
Current and non current borrowings	6,248.83	(838.44)		66.84	5,477.23
Total liabilities from financing activities	**6,248.83**	**- 838.44**	**-**	**66.84**	**5,477.23**

18 Other financial liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current			
Dues to related parties (refer note 32)			
Interest accrued on ICD	-	345.56	416.65
Payable towards purchase of trademark	-	-	1,688.00
Others	-	317.78	3,316.19
Hedge liability	-	-	19.22
Creditors for capital goods	16.12	34.62	-
Dues to employees	51.36	42.23	90.83
	67.48	**740.19**	**5,530.89**

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19 Provisions	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Non-current			
Employee defined benefits liability			
- Gratuity (refer note 36)	62.55	73.38	57.36
Asset retirement obligation (refer note below)	7.06	9.10	7.91
	69.61	**82.48**	**65.27**
Current			
Employee defined benefits liability			
- Provision for gratuity (refer note 36)	18.45	2.79	6.27
- Compensated absences	71.97	62.06	61.27
Provision for warranty (refer note below)	111.80	105.03	620.02
	202.22	**169.88**	**687.56**

Asset retirement obligation

The Company has recognised a provision for asset retirement obligation associated with premises taken on lease. In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost to dismantle and remove furnitures and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2018 is ₹ 7.06 lakhs (31 March 2017 : ₹ 9.10 lakhs; 1 April 2016 : ₹ 7.91 lakhs). The Company estimates the costs would be realised within 3-5 years time upon the expiration of lease and calculates the provision using the DCF method based on the following assumptions:

1) Estimated range of cost : 15 days - 30 days lease rental expense
2) Discount rate: 14 percent per annum

Provision for warranty

A provision is recognised for expected warranty claims on products sold, based on the past experience of the level of repairs and returns. It is expected that most of these costs will incurred during next financial year and all have been incurred within two years after the reporting date. Assumptions used to calculate the provisions for warranty were based on the current sales level and current information available about the warranty claims based on the previous warranty period for all the products sold.

	Asset retirement obligation
As 1 April 2016	7.91
Unwinding of discount	1.19
As 31 March 2017	**9.10**
Unwinding of discount	(2.04)
As 31 March 2018	**7.06**

	Provision for warranty
As at 1 April 2016	620.02
Net Reversal of provision during the year	(514.99)
As 31 March 2017	**105.03**
Net Additional provision during the year	6.77
As 31 March 2018	**111.80**

20 Trade payables	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Non-current			
Dues to others	-	24.97	-
	-	**24.97**	**-**
Current			
Dues to related parties (refer note 32)	26.58	349.85	22.60
Dues to others	629.26	1,085.26	1,096.84
	655.84	**1,435.11**	**1,119.44**

a) Based on the information available with the Company, there are no suppliers who are registered as micro, small and medium enterprises under Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March 2018, 31 March 2017 and 1 April 2016.

21 Other liabilities	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Non current			
Unearned revenue	-	-	239.05
	-	**-**	**239.05**

(All amounts in ₹ lakhs, unless otherwise stated)

Current			
Duties and taxes payable	55.75	193.12	67.49
Advances from customers	745.06	567.37	738.72
Unearned revenue	-	132.26	4,037.54
	800.81	**892.75**	**4,843.75**

Breakup of financial liabilities carried at amortised cost	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Borrowings (Current and Non Current) (refer note 17)	6,948.58	5,477.23	6,248.83
Trade payables (Current and Non Current) (refer note 20)	655.84	1,460.08	1,119.44
Other financial liabilities (Current and Non Current) (refer note 18)	67.48	740.19	5,530.89

22 Revenue from operations	**Year ended 31 March 2018**	**Year ended 31 March 2017**
Sale of products	2,737.84	8,532.89
Sale of services	1,794.72	2,564.15
	4,532.56	**11,097.04**

23 Other income	**Year ended 31 March 2018**	**Year ended 31 March 2017**
Interest income		
- from financial assets carried at amortised cost (refer note 32)	86.20	78.36
- from income tax refund	-	149.27
- from fixed deposits	235.40	223.07
- from others	2.57	1.93
Profit on sale of assets	0.17	52.62
Rental income	42.97	18.10
Maintenance charges recovered	42.83	29.80
Warranty provision no longer required written back	-	287.30
Liabilities no longer required written back	351.42	138.97
	761.56	**979.42**

24 Cost of material consumed	**Year ended 31 March 2018**	**Year ended 31 March 2017**
Opening inventory	195.31	300.84
Add: Purchases	3,211.82	6,590.04
	3,407.13	6,890.88
Less: Closing inventory	1,414.60	195.31
	1,992.53	**6,695.57**

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(All amounts in ₹ lakhs, unless otherwise stated)

25 Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	789.45	789.11
Contribution to provident and other funds	34.67	28.34
Staff welfare expenses	45.27	45.23
Provision for gratuity (refer note 36)	13.44	14.54
Provision for compensated absences	43.78	17.03
	926.61	**894.25**

26 Finance cost

	Year ended 31 March 2018	Year ended 31 March 2017
Bank guarantee commission	31.43	56.17
Interest expense		
- on intercorporate deposits from related parties (refer note 32)	241.26	710.18
- on payable for trademark from related party (refer note 32)	-	95.58
- on term loan	179.17	-
- on buyers credit facility	0.27	1.71
- on income tax dues	-	13.55
- on bank overdraft facility	81.15	81.01
- on packing credit foreign currency loan	40.07	17.44
Comfort fees to related party (refer note 32)	7.58	318.06
Processing fees	24.22	33.21
Net interest on net defined benefit obligation	5.47	8.08
Asset retirement obligation	0.74	1.19
	611.36	**1,336.18**

27 Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of tangible assets (refer note 3)	185.77	140.47
Amortisation of intangible assets (refer note 5)	2.39	3.19
	188.16	**143.66**

28 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Rent (refer note 34)	489.52	525.29
Electricity charges	44.38	44.28
Travel expenses	199.36	127.06
Advances to suppliers written off	31.01	-
Communication charges	30.52	40.77
Bank charges	10.16	6.92
Hire charges - equipments	3.55	9.19
Legal and professional charges	188.52	134.62
Foreign exchange loss, net	45.33	34.61
Consultancy charges	268.13	357.46
Warranty cost	6.77	-
Selling and marketing expenses	44.08	407.59
Printing and stationery charges	8.44	10.33
Rates and taxes	22.78	40.90
Auditor's remuneration*	10.00	6.90
Books and periodicals	0.44	0.49
Conveyance	50.64	60.52
Office maintenance expenses	157.97	165.57
Insurance expenses	24.23	25.32
Bad debts written off	-	1.69
Repairs and maintenance	62.96	130.20
Service charges (refer note 32)	4.59	65.33
Freight outward	1.34	26.20
Provision for doubtful debts and advances	-	8.71
Corporate social responsibility expenses	28.70	33.50
Miscellaneous expenses	1.70	2.14
	1,735.12	**2,265.59**

*Auditors remuneration

As a auditor		
Statutory audit fee	8.50	5.50
Tax audit fee	1.50	0.50
Tax representation	-	0.90
	10.00	**6.90**

(All amounts in ₹ lakhs, unless otherwise stated)

29 Exceptional items

	Year ended 31 March 2018	Year ended 31 March 2017
Revarsal of provision for write-off of capital work-in-progress (refer note below)	-	97.67
	-	**97.67**

Note - During the year ended 31st March 2017, the Company has re-assessed impairment of capital working progress and has reversed impairment provided during the earlier year to the extent of recoverable amount.

30 Tax expense

The major components of income tax expense for the year ended 31 March 2018 & 31 March 2017 are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Current income tax		
Current income tax charge	-	152.09
Deferred tax charge/ (credit)		
Relating to the origination and reversal of temporary differences	25.94	95.82
Increase in minimum alternate tax credit entitlement	-	79.90
Relating to changes in deferred tax recorded on short term	-	178.67
Tax expense reported under Statement of Profit and Loss	**25.94**	**354.39**
Deferred tax related to items recognised in OCI		
Relating to hedge liability		6.65
Income tax relating to remeasurement gains on defined benefit plans	(3.14)	(4.29)
Tax credit expense reported under other comprehensive income (OCI)	**(3.14)**	**2.36**

Notes:

1 Reconciliation of deferred tax (net):

	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance	658.21	1,012.88
Tax credit/ (expense) during the year recognized in Statement of Profit and Loss	(25.94)	(274.49)
Tax expense during the year recognized in OCI	3.14	(2.36)
Deferred tax on fair valuation of loan with related party reclassified to capital contribution reserve	21.69	2.08
Tax credits utilised under minimum alternate tax credit entitlement during the year	-	(79.90)
Closing balance	**657.10**	**658.21**

2 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2018	Year ended 31 March 2017
Accounting profit /(loss) before income tax	(159.66)	838.88
At India's statutory income tax rate 31 March 2018: 27.55% (31 March 2017: 33.06%)	(43.99)	277.36
Reconciling items:		
Expenses disallowed under the provisions of Income tax Act, 1961	4.27	36.92
Reversal of deferred tax asset on certain losses	-	178.67
Reversal of deferred tax asset on account of change in tax rate	65.66	28.85
Deferred tax on fair valuation of loan with related party relcassified to capital contribution reserve	-	2.08
Rate difference on capital gains	-	(17.40)
At the effective income tax rate at 31 March 2018: 116.25% (31 March 2017: 60.38%)	**25.94**	**506.48**
Income tax expense reported in the Statement of Profit and Loss	25.94	506.48

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(All amounts in ₹ lakhs, unless otherwise stated)

3 Deferred tax asset, net	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax asset			
Gratuity and other employee obligations	49.32	55.75	72.65
Provision for impairment on capital work-in-progress	-	-	103.43
Allowance for financial assets and other advances	-	7.82	5.74
Amortisation of financial assets	3.55	4.22	8.33
Borrowings	1.09	-	-
Unused tax losses	117.70	-	178.67
Hedge liability	-	-	6.65
Minimum alternate tax credit entitlement	267.96	267.96	188.06
Other temporary differences	2.32	5.02	0.52
Property, plant and equipment	215.29	347.98	503.92
	657.23	**688.75**	**1,067.97**
Deferred tax liability			
Borrowings	0.13	30.54	(55.09)
	0.13	**30.54**	**(55.09)**
Total deferred tax asset, net	**657.10**	**658.21**	**1,012.88**

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31 Earnings per share (EPS)

	Year ended 31 March 2018	Year ended 31 March 2017
a) Profit/(Loss) after tax attributable to equity shares (in ₹ lakhs)	(185.60)	332.40
b) Weighted average number of shares outstanding (in lakhs)	168.39	149.51
c) Nominal value per share (in ₹)	10	10
d) Basic and diluted earning per share (in ₹)	(1.10)	2.22

32 Related party disclosure

Nature of relationship	Name of party
I Parties where control exists:	
Holding Company	AXISCADES Engineering Technologies Limited
Ultimate Holding Company	Jupiter Capital Private Limited
Subsidiary Companies	Enertec Controls Limited
	AXISCADES Aerospace Infrastructure Private Limited (formerly known as Jupiter Aviation Services Pvt Ltd)
II Other related parties with whom transactions happened during the period	
Fellow subsidiary Company	Cades Studec Technologies (India) Private Limited
Fellow subsidiaries of holding Company	Indian Aero Ventures Private Limited
	Hindustan Infrastructure Projects and Engineering Private Limited
	Indian Aero Infrastructure Private Limited
	Niramaya Retreats Kovalam Private Limited
III Key Management Personnel (KMP) with whom transactions happened during the period	
Whole-time director	Mr. Sharadhi Chandra Babupampathy
Chief Financial Officer	Mr. N K Vijayaraghavan (w.e.f 10/02/2017)
Non-Executive Director	Mr. Ravinarayan Sampath (resigned on 31/03/2018)

VI Transactions with related parties

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Rent Security deposit paid to lessor		
Enertec Controls Limited	36.45	55.00
Investments		
AXISCADES Aerospace Infrastructure Private Limited	-	297.50
Inter corporate deposits from related parties		
AXISCADES Engineering Technologies Limited	-	125.00
Jupiter Capital Private Limited	85.80	1,175.00
Inter corporate deposits to related parties		
AXISCADES Aerospace Infrastructure Private Limited	158.00	-
Intercorporate deposits repaid to related parties		
Jupiter Capital Private Limited	3,214.61	359.93
Hindustan Infrastructure Projects and Engineering Private Limited	-	960.00
AXISCADES Engineering Technologies Limited	-	1,500.00
Intercorporate deposits refunded by related parties		
Indian Aero Infrastructure Private Limited	195.00	65.00
Interest income on Inter corporate deposits to related parties		
AXISCADES Aerospace Infrastructure Private Limited	4.79	-
Indian Aero Infrastructure Private Limited	35.90	34.04
Rent income		
AXISCADES Engineering Technologies Limited	2.97	-
Interest expense on Inter corporate deposits and payable on trademark from related parties		
Jupiter Capital Private Limited	209.10	467.12
Hindustan Infrastructure Projects and Engineering Private Limited	-	102.85
Cades Studec Technologies (India) Private Limited	32.16	28.90
AXISCADES Engineering Technologies Limited	-	206.89

(All amounts in ₹ lakhs, unless otherwise stated)

Service charges (Other expenses)		
Jupiter Capital Private Limited	4.59	65.33
Comfort fees (Finance cost)		
Jupiter Capital Private Limited	7.58	318.06
Selling and marketing expense (Other expenses)		
Niramaya Retreats Kovalam Private Limited	-	86.94
Share application money received		
AXISCADES Engineering Technologies Limited	-	1,500.00
Right share allotted		
AXISCADES Engineering Technologies Limited	-	1,500.00
Rent paid		
AXISCADES Engineering Technologies Limited	-	14.81
Enertec Controls Limited	24.00	24.00
Remuneration *		
Mr. Sharadhi Chandra Babupampathy	62.32	57.42
Mr. N K Vijayaraghavan	51.97	6.87
Cross charge / sharing of expenses		
Salary reimbursement		
Indian Aero Ventures Private Limited	-	4.25
Office maintenance charges paid		
AXISCADES Engineering Technologies Limited	-	1.57
Engineering / Business development services availed		
AXISCADES Engineering Technologies Limited	77.92	226.09
Internet charges		
Jupiter Capital Private Limited	-	0.60

* As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not include above.

V Outstanding balances as at year end with related parties:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Intercorporate deposits to related parties			
Non current			
Indian Aero Infrastructure Private Limited	-	182.50	239.26
AXISCADES Aerospace Infrastructure Private Limited	158.00	-	-
Interest accrued on Intercorporate deposits to related parties			
Indian Aero Infrastructure Private Limited	-	23.22	2.43
AXISCADES Aerospace Infrastructure Private Limited	4.31		
Rent security deposits to lessor			
Enertec Controls Limited	362.55	326.10	325.00
Investments			
AXISCADES Aerospace Infrastructure Private Limited	7,979.78	7,979.78	7,682.28
4,172,519 (31 March 2017: 4,172,519; 1 April 2016: 3,999,986) equity shares ₹10 each (refer note below)			
Enertec Controls Limited	2,655.00	2,655.00	2,655.00
707,999 (31 March 2017: 707,999; 1 April 2016: 707,999) equity shares ₹10 each			
Other financial assets			
Indian Aero Ventures Private Limited	-	-	5,697.53

(All amounts in ₹ lakhs, unless otherwise stated)

Inter corporate deposit from related parties			
Non Current			
Jupiter Capital Private Limited	-	2,648.90	1,911.81
Hindustan Infrastructure Projects and Engineering Private Limited	-	-	928.86
AXISCADES Engineering Technologies Limited	-	-	1,375.00
Cades Studec Technologies (India) Private Limited	239.53	233.70	-
Current			
Jupiter Capital Private Limited	-	479.91	
Cades Studec Technologies (India) Private Limited	-	-	240.00
Interest accrued on Intercorporate deposits from related parties			
Jupiter Capital Private Limited	-	204.72	290.12
AXISCADES Engineering Technologies Limited	-	140.84	28.99
Hindustan Infrastructure Projects and Engineering Private Limited	-	-	97.54
Payable towards purchase of trademark			
Jupiter Capital Private Limited	-	-	1,688.00
Other current financial liabilities			
Jupiter Capital Private Limited	-	317.78	245.49
Ravinarayan Sampath	-	-	11.65
Trade payables			
Current			
AXISCADES Engineering Technologies Limited	-	271.60	-
Niramaya Retreats Kovalam Private Limited	-	78.25	22.60
Cades Studec Technologies (India) Private Limited	11.79	-	-
Enertec Controls Limited	14.79	-	-

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33 Segment reporting

The Board of Directors of the Company has been identified as Chief Operating Decision Maker ('CODM') as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company performance and allocates resources based on analysis of services.

The Company has only one business segment, Strategic Technology Solutions and earns the revenue primarily from sources within France and India. Accordingly, primary and secondary reporting disclosures for business and geographical segment as envisaged in IND AS 108, Operating Segment is not applicable to the Company

34 Operating leases

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2018 was ₹ 489.52 lakhs (31st March 2017 was ₹ 525.29 lakhs). The details of lease commitments in terms of minimum lease payments with the non- cancellable period are as follows:

Payments falling due:	**As at 31 March 2018**	**As at 31 March 2017**
Payable not later than 1 year	385.62	60.65
Payable later than 1 year not later than five years	435.04	-
Payable later than five years	-	-
	820.66	**60.65**

The Company's significant lease arrangements are in respect of operating leases for office premises, which includes both cancellable and non-cancellable leases and range between 11 months to 5 years, are usually renewable by mutual consent on mutually agreeable terms.

35 Contingent liabilities and commitments

	As at 31 March 2018	**As at 31 March 2017**	**As at 1 April 2016**
Bank guarantees to Government departments and others (refer note (i), (ii) & (iv) below)	755.52	5,306.32	3,315.35
Letter of credit (refer note (iii) below)	106.77	63.67	-
Amount relating to Karnataka Value Added Tax Act, 2003 (refer note (v) below)	2,229.42		
Amount relating to Service tax demands disputed by the Company (refer note (vi) below)	50.25		
	3,141.96	**5,369.99**	**3,315.35**

Notes

(i) Bank guarantees to Government departments and others have been issued towards financial and performance guarantees and earnest money deposit as part of bidding process.

(ii) Advance bank guarantee and performance bank guarantees have been issued by Yes Bank Limited in favour of its customer.

(iii) Letter of credit has been issued by Yes Bank Limited to purchase raw materials/ tools/ apparatus/ paraphernalia required for projects implemented by the Company.

(iv) Advance bank guarantee, letter of credit and performance bank guarantees from Yes Bank Limited are secured by first exclusive charge on all current assets and property, plant and equipements of the Company, pari-passu equitable mortgage on property owned by it's subsidiary Enertec Controls Limited situated at 14-15, I Phase, Electronic city, Bangalore. The details of the amounts and nature of assets pledged have been specified in Note 17(c).

(v) The Company has received demand through Financial Year 2011-12 to 2012-13 towards submission of statutory forms out of which the Company has submitted forms to the extent of ₹ 178.24 lakhs.

(vi) The Company has received demand for the period April 2008 to June 2012 of ₹ 47.94 lakhs towards non payment of service tax and from April 2014 to September 2015 of ₹ 2.31 lakhs towards ineligible Cenvat Credit.

(vii) The Income tax department has disallowed ₹ 2,442.23 lakhs on account of dissallowance under section 14A of Income Tax, Act 1961 from Assessment Year 2009-10 to 2014-15. The Company's appeal against the said dissallowance are pending before Income Tax Appeallate Tribunal for ₹ 668.39 lakhs and with The Commissioner of Income Tax (Appeals) of ₹ 1773.84 lakhs.

The Company is contesting the demands/ litigations and the Management believes that its position will be upheld in the appellate process or assessment process and therefore, will not impact these financial statements. Consequently, no provision has been created in the financial statements for the above.

36 Defined benefit obligations

A Defined benefit contributions

The Company makes contribution to statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952 for its employees. This is a defined contribution plan as per Ind AS 19, Employee benefits. Contribution made during the year ended 31 March 2018 is ₹ 33.59 lakhs (31st March 2017 ₹ 27.94 lakhs).

B Defined benefit plans

B1 Gratuity

The Company has provided for gratuity liability, for its employees as per actuarial valuation carried out by an independent actuary on the Balance Sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

a Interest rate risk
The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

b Liquidity risk
This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash and cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

c Salary escalation risk
The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d Demographic risk
The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e Regulatory risk
Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act,1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

(i) Changes in the present value of the defined benefit obligation are as follows

	Year ended 31 March 2018	Year ended 31 March 2017
Defined benefit obligation at the beginning of the year	76.17	63.63
Current service cost	10.98	14.54
Interest cost	5.47	4.15
Benefits paid	(25.48)	(19.12)
Actuarial loss arising from change in financial assumptions	(3.81)	2.91
Actuarial loss / (gain) arising from experience adjustments	15.21	10.06
Past service cost	2.46	
Defined benefit obligation at the end of the year	**81.00**	**76.17**

(ii) Components of defined benefit cost recognised in Statement of Profit and Loss

	Year ended 31 March 2018	Year ended 31 March 2017
Employee benefits expense		
Current service cost	10.98	14.54
Finance cost		
Interest on defined benefit obligation	5.47	4.15
Past service cost	2.46	-
Expenses recognised in the Statement of Profit and Loss for the year	**18.91**	**18.69**

(iii) Components of defined benefit cost recognised in other comprehensive income

	Year ended 31 March 2018	Year ended 31 March 2017
Remeasurement on the net defined benefit liability:		
Recognised net actuarial loss arising from change in financial assumptions	(3.81)	2.91
Recognised net actuarial loss arising from experience variance	15.21	10.06
Remeasurement loss in other comprehensive income	**11.40**	**12.97**

(All amounts in ₹ lakhs, unless otherwise stated)

(iv) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below :-

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate	7.80%	7.19%	7.68%
Salary escalation rate	7.50%	7.50%	7.50%
Attrition rate	5.00%	5.00%	5.00%
Retirement age	58 Years	58 Years	58 Years
Mortality rate [as a percentage of Indian assured lives mortality (2006-2008)]	100%	100%	100%

The assumptions were developed by management with the assistance of independent actuary. Discount factors are determined close to each year-end by reference to market yields of Government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 and as at 31 March 2017 are shown below:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The following table summarizes the impact of change in the defined benefit obligation resulting from the specified percentage change in the aforementioned assumptions.

Particulars (Gratuity)	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (increase or decrease by 1%)	(5.61)	6.47	(5.75)	6.67
Salary growth rate (increase or decrease by 1%)	6.43	(5.67)	5.92	(5.38)
Attrition rate (increase or decrease by 50% of attrition rates)	(0.13)	0.08	(0.62)	0.73
Mortality rate (increase or decrease by 10% of mortality rates) (the impact of change in mortality rate by 10% as at 31 March 2018 is ₹ 220 for increase and ₹ (220) for decrease).	0.00	(0.00)	-	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods.

(v) Effect of plan on entity's future cash flows

The scheme is managed on an unfunded basis and hence no funding arrangements or future contributions are applicable. The weighted average duration of the plan is estimated to be 7 years (31 March 2017 - 9 years). Following is a maturity profile of the defined benefit obligation as at 31 March 2018 and as at 31 March 2017.

Expected cash flows over the next: (valued on undiscounted basis)	As at 31 March 2018	As at 31 March 2017
1 year	18.45	2.79
2 - 5 years	22.66	29.12
6 - 10 years	39.03	30.14
More than 10 years	94.55	103.48

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(All amounts in ₹ lakhs, unless otherwise stated)

37 Fair value measurements

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2018 are as follows

Particulars	NOTE	Amortised cost	Financials assets/liabilities at FVTPL	Financials assets/liabilities at FVOCI	Carrying value	Fair value
Financial Assets						
Non current						
Loans	7	412.91	-	-	412.91	412.91
Other financial assets	8	0.54	-	-	0.54	0.54
Current						
Trade receivables	12	1,773.59	-	-	1,773.59	1,773.59
Cash and cash equivalents	13	60.92	-	-	60.92	60.92
Bank balances other than cash and cash equivalents	14	2,980.20	-	-	2,980.20	2,980.20
Loans	7	382.37	-	-	382.37	382.37
Other financial assets	8	972.29	-	-	972.29	972.29
Total		**6,582.82**	**-**	**-**	**6,582.82**	**6,582.82**
Financial Liabilities						
Non current						
Borrowings	17	3,931.01	-	-	3,931.01	3,931.01
Current						
Borrowings	17	3,017.57	-	-	3,017.57	3,017.57
Trade payables	20	655.84	-	-	655.84	655.84
Other financial liabilities	18	67.48	-	-	67.48	67.48
Total		**7,671.90**	**-**	**-**	**7,671.90**	**7,671.90**

The carrying value and fair value of financial instruments by categories as of 31 March 2017 are as follows

Particulars	NOTE	Amortised cost	Financials assets/liabilities at FVTPL	Financials assets/liabilities at FVOCI	Carrying value	Fair value
Financial Assets						
Non current						
Investment in equity shares	6	-	0.10	-	0.10	0.10
Loans	7	796.08	-	-	796.08	796.08
Other financial assets	8	807.73	-	-	807.73	807.73
Current						
Trade receivables	12	1,400.55	-	-	1,400.55	1,400.55
Cash and cash equivalents	13	640.96	-	-	640.96	640.96
Bank balances other than cash and cash equivalents	14	2,680.99	-	-	2,680.99	2,680.99
Loans	7	15.79	-	-	15.79	15.79
Other financial assets	8	1,975.17	-	-	1,975.17	1,975.17
Total		**8,317.27**	**0.10**	**-**	**8,317.37**	**8,317.37**
Financial Liabilities						
Non current						
Borrowings	17	2,882.60	-	-	2,882.60	2,882.60
Trade payables	20	24.97	-	-	24.97	24.97
Current						
Borrowings	17	2,594.63	-	-	2,594.63	2,594.63
Trade payables	20	1,435.11	-	-	1,435.11	1,435.11
Other financial liabilities	18	740.19	-	-	740.19	740.19
Total		**7,677.50**	**-**	**-**	**7,677.50**	**7,677.50**

(All amounts in ₹ lakhs, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as of 1 April 2016 are as follows

Particulars	NOTE	Amortised cost	Financials assets/liabilities at FVTPL	Financials assets/liabilities at FVOCI	Carrying value	Fair value
Financial Assets						
Non current						
Investment in equity shares	6	-	0.10	-	0.10	0.10
Loans	7	846.38	-	-	846.38	846.38
Other financial assets	8	2,281.38	-	-	2,281.38	2,281.38
Current						
Trade receivables	12	1,886.77	-	-	1,886.77	1,886.77
Cash and cash equivalents	13	1.93	-	-	1.93	1.93
Bank balances other than cash and cash equivalents	14	1,054.50	-	-	1,054.50	1,054.50
Loans	7	15.16	-	-	15.16	15.16
Other financial assets	8	7,231.44	-	-	7,231.44	7,231.44
Total		**13,317.56**	**0.10**	**-**	**13,317.66**	**13,317.66**
Financial Liabilities						
Non current						
Borrowings	17	4,215.67	-	-	4,215.67	4,215.67
Current						
Borrowings	17	2,033.16	-	-	2,033.16	2,033.16
Trade payables	20	1,119.44	-	-	1,119.44	1,119.44
Other financial liabilities	18	5,511.67	-	-	5,511.67	5,511.67
Hedge liability			-	19.22	19.22	19.22
Total		**12,879.94**	**-**	**19.22**	**12,899.16**	**12,899.16**

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other current financial assets, trade payables, other current financial liabilities and working capital loans approximate the carrying amount due to short-term maturity of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(b) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

(c) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.
Level 2: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Quantative disclosure fair value measurement hierarchy as at 31 March 2018

Particulars	Date of valuation	Carrying value	Quoated price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed					
Non current					
Investment in equity shares	31 March 2018	10,634.78	-	-	10,634.78
Loans	31 March 2018	412.91	-	-	412.91
Other financial assets	31 March 2018	0.54	-	-	0.54
Current					
Trade receivables	31 March 2018	1,773.59	-	-	1,773.59
Cash and cash equivalents	31 March 2018	60.92	-	-	60.92
Bank balances other than cash and cash equivalents	31 March 2018	2,980.20	-	-	2,980.20
Loans	31 March 2018	382.37	-	-	382.37
Other financial assets	31 March 2018	972.29	-	-	972.29

(All amounts in ₹ lakhs, unless otherwise stated)

	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Liabilities carried at amortised cost for which fair value are disclosed					
Non current					
Borrowings	31 March 2018	3,931.01	-	-	3,931.01
Current					
Borrowings	31 March 2018	3,017.57	-	-	3,017.57
Trade payables	31 March 2018	655.84	-	-	655.84
Other financial liabilities	31 March 2018	67.48	-	-	67.48

Quantative disclosure fair value measurement hierarchy as at 31 March 2017

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed					
Non current					
Investment in equity shares	31 March 2017	10,634.88	-	-	10,634.88
Loans	31 March 2017	796.08	-	-	796.08
Other financial assets	31 March 2017	807.73	-	-	807.73
Current					
Trade receivables	31 March 2017	1,400.55	-	-	1,400.55
Cash and cash equivalents	31 March 2017	640.96	-	-	640.96
Bank balances other than cash and cash equivalents	31 March 2017	2,680.99	-	-	2,680.99
Loans	31 March 2017	15.79	-	-	15.79
Other financial assets	31 March 2017	1,975.17	-	-	1,975.17
Liabilities carried at amortised cost for which fair value are disclosed					
Non current					
Borrowings	31 March 2017	2,882.60	-	-	2,882.60
Trade payables	31 March 2017	24.97	-	-	24.97
Current					
Borrowings	31 March 2017	2,594.63	-	-	2,594.63
Trade payables	31 March 2017	1,435.11	-	-	1,435.11
Other financial liabilities	31 March 2017	740.19	-	-	740.19

Quantative disclosure fair value measurement hierarchy as at 1 April 2016

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed					
Non current					
Investment in equity shares	1 April 2016	10,337.38	-	-	10,337.38
Loans	1 April 2016	846.38	-	-	846.38
Other financial assets	1 April 2016	2,281.38	-	-	2,281.38
Current					
Trade receivables	1 April 2016	1,886.77	-	-	1,886.77
Cash and cash equivalents	1 April 2016	1.93	-	-	1.93
Bank balances other than cash and cash equivalents	1 April 2016	1,054.50	-	-	1,054.50
Loans	1 April 2016	15.16	-	-	15.16
Other financial assets	1 April 2016	7,231.44	-	-	7,231.44

	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Liabilities carried at amortised cost for which fair value are disclosed					
Non current					
Borrowings	1 April 2016	4,215.67	-	-	4,215.67
Trade payables	1 April 2016	-	-	-	-
Current					
Borrowings	1 April 2016	2,033.16	-	-	2,033.16
Trade payables	1 April 2016	1,119.44	-	-	1,119.44
Other financial liabilities	1 April 2016	5,511.67	-	-	5,511.67
Hedge liability	1 April 2016	19.22	-	19.22	-

(All amounts in ₹ lakhs, unless otherwise stated)

38 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period except as mentioned in note 17 (c).

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to share holders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 40%. The Company includes within net debt, interest bearing loans and borrowings, less cash.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Borrowings (refer note 17)	6,948.58	5,477.23	6,248.83
Less: Cash and cash equivalents (refer note 13)	(60.92)	(640.96)	(1.93)
Net debt	**6,887.66**	**4,836.27**	**6,246.90**
Equity share capital (refer note 15)	1,683.85	1,683.85	1,494.58
Other equity (refer note 16)	11,243.44	11,481.22	9,838.41
Capital and net debt	**19,814.95**	**18,001.34**	**17,579.89**
Gearing ratio	**34.76%**	**26.87%**	**35.53%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2018.

39 Financial risk management

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 37. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management activity focuses on actively securing its short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

A Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore, not subject to interest rate risk as defined in Ind AS 107, Financial Instruments - Disclosures, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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39 Financial risk management (Cont'd)

B Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

Foreign currency risk

Most of the Company's transactions are carried out in Indian National Rupee (INR). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in United States Dollars (USD) or Euros (EUR).

To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored and forward exchange contracts are entered into in accordance with the Company's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. These include outstanding derivatives contracts entered into by the Company and unhedged foreign currency exposures.

Particulars		As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
Included In	**EUR/ USD**	**Amount in foreign currency (in lakh)**	**Amount in ` lakh**	**Amount in foreign currency (in lakh)**	**Amount in ` lakh**	**Amount in foreign currency (in lakh)**	**Amount in ` lakh**
Financial assets							
Trade receivables	EUR	17.09	1,377.54	11.43	791.79	14.52	1,090.66
Retention money receivable	EUR	-	-	11.13	770.95	22.76	1,708.87
Unbilled revenue	EUR	-	-	8.71	603.11	1.86	139.56
Cash and cash equivalents	EUR	0.47	37.56	5.79	375.19	-	-
Financial liabilities							
Trade payables	EUR	1.25	101.04	0.96	66.20	3.00	225.29
Creditors for capital goods	EUR	0.20	16.12	-	-	-	-
Working capital loans	USD	66.59	4,331.57	5.26	341.26	-	-
Working capital loans	EUR	19.80	1,595.92	25.61	1,773.46	-	-

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts **(In ₹ lakhs)**

Particulars	31 March 2018	31 March 2017	1 April 2016
Forward Contracts			
In EUR	-	-	881.91

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

(In ₹ lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Not later than one month	-	-	-
Later than one month and not later than three months	-	-	-
Later than three months and not later a year	-	-	881.91

The following table details the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/INR exchange rate and EUR/INR exchange rate 'all other things being equal'. It assumes a +/- 1% change of the INR/USD and INR/EUR exchange rate for the year ended at 31 March 2018 (2016-17: 1%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

Currency	As at 31 March 2018		As at 31 March 2017	
	Increase	**Decrease**	**Increase**	**Decrease**
INR/USD	(43.31)	43.31	(3.64)	3.64
INR/EUR	(2.97)	2.97	7.27	(7.27)

C Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, resulting in a financial loss. The Company is exposed to this risk for various financial instruments. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March 2018, 31 March 2017 & 1 April 2016 as summarised below:

39 Financial risk management (Cont'd)

Assets under credit risk:	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Intercorporate deposits advanced and interest accrued thereon	162.31	205.72	241.69
Security deposits	613.21	613.58	607.12
Retention money receivable	-	770.95	1,708.87
Unbilled revenue	-	606.92	139.56
Receivables for capital goods	755.85	1,106.33	-
Trade receivables	1,773.59	1,400.55	1,886.77
	3,304.96	**4,704.05**	**4,584.01**

Financial assets that are neither past due nor impaired:
Cash and cash equivalents, advances to subsidiary, loans and advances to employees, security deposit, other financial assets and unbilled revenue are neither past due nor impaired.

Financial assets that are past due but not impaired:
There is no other class of financial assets that is past due but not impaired except for receivables of ₹ 12.87 lakhs ₹ 23.66 lakhs and ₹ 14.95 lakhs as of 31 March 2018, 31 March 2017 and 1 April 2016, respectively. The Company's credit period generally ranges from 60-180 days from invoicing date. The ageing analysis of the receivables has been considered from the date the invoice falls due. The age-wise break up of receivables, net of allowances that are past due, is given below:

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Financial assets that are neither past due nor impaired (A)	**375.65**	**884.51**	**1,837.13**
Financial assets that are past due but not impaired			
Past due 0-60 days	56.15	355.95	37.41
Past due 61-180 days	991.46	160.09	5.51
Past due over 180 days	350.33	-	6.72
Total past due but not impaired (B)	**1,397.94**	**516.04**	**49.64**
Total (A+B)	**1,773.59**	**1,400.55**	**1,886.77**

C1 Trade and other receivables

Trade receivables and unbilled revenue are unsecured and are derived from revenue earned from customers primarily located in India and Europe. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Other receivables include receivables of nature other than the usual trade of the Company. On account of adoption of Ind AS 109, Financial Instruments, the Company has used expected credit loss model to assess the allowance for doubtful debts. The provision for expected credit loss takes into account available external and internal credit risk factors including the Company's historical experience for customers.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 12 & 8. The evaluated credit risk on trade and other receivables based on their credit rating are as follows -

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Balance at the beginning	23.66	14.95
Impairment loss recognised	-	8.71
Impairment loss reversed	(10.79)	-
Balance at the end of the year	**12.87**	**23.66**

C2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

D Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 March 2018, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Within 1 year	1 to 5 years	Later than 5 years
As at 31 March 2018			
Borrowings	3,017.57	3,931.01	-
Trade payables	655.84	-	-
Other financial liabilities	67.48	-	-
Total	**3,740.89**	**3,931.01**	-
As at 31 March 2017			
Borrowings	2,594.63	2,882.60	-
Trade payables	1,435.11	24.97	-
Other financial liabilities	740.19	-	-
Total	**4,769.93**	**2,907.57**	-
As at 1 April 2016			
Borrowings	2,033.16	4,215.67	-
Trade payables	1,119.44	-	-
Other financial liabilities	5,530.89	-	-
Total	**8,683.49**	**4,215.67**	-

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40 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

Accordingly, the Company has prepared financial statements for the comparative period data as at and for the year ended 31 March 2017 that comply with the Ind AS applicable, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1 April 2016 and the comparative financial statements as at and for the year ended 31 March 2017.

A. Ind AS optional exemptions

A1 Deemed cost for property, plant and equipment and intangible assets

Ind AS 101, First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to fair value for all of its property, plant and equipment and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Ind AS 101, First-time adoption of Indian Accounting Standards, also permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment at their fair value as at the transition date and use that as deemed cost as on the date of transition. The Company has elected to measure its intangible assets at their previous GAAP carrying value.

A2 Deemed cost for investments in subsidiaries

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in subsidiaries as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investments in subsidiaries in the financial statements at their previous GAAP carrying value.

A3 Leases

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time Adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

B. Ind AS mandatory exemptions

B1 Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP, except for impairment of financial assets based on expected credit loss model (ECL) on the date of transition as there were not required as per previous GAAP.

B2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109, Financial Instruments, are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

a) The effects of the retrospective application or retrospective restatement are not determinable;
b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or
c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

B3 De-recognition of financial assets and liabilities

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

40 First time adoption of Ind AS (Cont'd)

C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

C1 Reconciliation of other equity

	Notes (C6)	As at 31 March 2017	As at 1 April 2016
Equity as per previous GAAP		14,094.98	12,283.16
Other adjustments:			
(i) Impairment of trademark	1	(1,439.56)	(1,599.56)
(ii) Deferred tax impact on the above		475.97	553.58
		(963.59)	**(1,045.98)**
Ind AS adjustments:			
1 Valuation of inter corporate deposit (borrowings) at amortised cost	2	92.10	158.94
2 Impact on accounting of asset retirement obligation	3	(9.02)	(6.83)
3 Valuation of inter corporate deposit (loans advanced) at amortised cost	4	(12.50)	(20.74)
4 Expected credit loss assessment for trade and other receivables	5	(23.65)	(14.95)
5 Reversal of rent recorded on account of straightlining	6	4.36	23.54
6 Reversal of amortisation of goodwill arising on business combination		2.33	-
7 Deferred tax impact on the above	7	(19.94)	(50.80)
8 Deferred tax impact on other comprehensive income	7	-	6.65
		33.68	**95.81**
Equity as per Ind AS		**13,165.07**	**11,332.99**

C2 Reconciliation of Balance Sheet as at 1 April 2016 (date of transition to Ind AS)

	Notes (C6)	Indian GAAP *	Other adjustments	Ind AS adjustments	Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	3	234.15	-	1.08	235.23
Capital work-in-progress		302.08	-	-	302.08
Intangible assets	1	1,605.09	(1,599.56)	-	5.53
Financial assets					
Investments	8	16,034.91	-	(5,697.53)	10,337.38
Loans	4	867.12	-	(20.74)	846.38
Other financial assets		2,281.38	-	-	2,281.38
Deferred tax asset, net	7	503.45	553.58	(44.15)	1,012.88
Non-current tax asset, net		462.12	-	-	462.12
Other non-current assets		1.41	-	-	1.41
		22,291.71	**(1,045.98)**	**(5,761.34)**	**15,484.39**
Current assets					
Inventories		300.84	-	-	300.84
Financial assets					
Trade receivables	5	1,901.72	-	(14.95)	1,886.77
Cash and cash equivalents		1.93	-	-	1.93
Bank balances other than cash and cash equivalents		1,054.50	-	-	1,054.50
Loans		15.16	-	-	15.16
Other financial assets	8	1,533.91	-	5,697.53	7,231.44
Other current assets		4,092.75	-	-	4,092.75
		8,900.81	**-**	**5,682.58**	**14,583.39**
TOTAL ASSETS		**31,192.52**	**(1,045.98)**	**(78.76)**	**30,067.78**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		1,494.58	-	-	1,494.58
Other equity	10 and 12	10,788.58	(1,045.98)	95.81	9,838.41
		12,283.16	**(1,045.98)**	**95.81**	**11,332.99**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	2	4,734.54	-	(518.87)	4,215.67
Provisions	3 and 6	57.36	-	7.91	65.27
Other non-current liabilities		1,527.05	-	(1,288.00)	239.05
		6,318.95	**-**	**(1,798.96)**	**4,519.99**
Current liabilities					
Financial liabilities					
Borrowings		1,673.23	-	359.93	2,033.16
Trade payables		1,119.44	-	-	1,119.44
Other financial liabilities		4,242.89	-	1,288.00	5,530.89
Provisions		711.10	-	(23.54)	687.56
Other current liabilities	6	4,843.75	-	-	4,843.75
		12,590.41	**-**	**1,624.39**	**14,214.80**
TOTAL EQUITY AND LIABILITIES		**31,192.52**	**(1,045.98)**	**(78.76)**	**30,067.78**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

C3 Reconciliation of equity as at 31 March 2017

	Notes (C6)	Indian GAAP *	Other adjustments	Ind AS adjustments	Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	3	357.82	-	0.08	357.90
Capital work-in-progress		508.10	-	-	508.10
Intangible assets	1	1,439.57	(1,439.56)	2.33	2.34
Financial assets					
Investments		10,634.88	-	-	10,634.88
Loans	4	808.58	-	(12.50)	796.08
Other financial assets		807.73	-	-	807.73
Deferred tax asset, net	7	202.18	475.97	(19.94)	658.21
Non-current tax asset, net		401.73	-	-	401.73
Other non-current assets		24.78	-	-	24.78
		15,185.37	**(963.59)**	**(30.03)**	**14,191.75**
Current assets					
Inventories		195.31	-	-	195.31
Financial assets					
Trade receivables	5	1,418.53	-	(17.98)	1,400.55
Cash and cash equivalents		640.96	-	-	640.96
Bank balances other than cash and cash equivalents		2,680.99	-	-	2,680.99
Loans		15.79	-	-	15.79
Other financial assets	5	1,980.84	-	(5.67)	1,975.17
Other current assets		887.16	-	-	887.16
		7,819.58	**-**	**(23.65)**	**7,795.93**
TOTAL ASSETS		**23,004.95**	**(963.59)**	**(53.68)**	**21,987.68**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		1,683.85	-	-	1,683.85
Other equity	10 and 12	12,411.13	(963.59)	33.68	11,481.22
		14,094.98	**(963.59)**	**33.68**	**13,165.07**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	2	2,974.70	-	(92.10)	2,882.60
Trade payables		24.97	-	-	24.97
Provisions	3 and 6	73.38	-	9.10	82.48
		3,073.05	**-**	**(83.00)**	**2,990.05**
Current liabilities					
Financial liabilities					
Borrowings		2,594.63	-	-	2,594.63
Trade payables		1,435.11	-	-	1,435.11
Other financial liabilities		740.19	-	-	740.19
Provisions		174.24	-	(4.36)	169.88
Other current liabilities	6	892.75	-	-	892.75
		5,836.92	**-**	**(4.36)**	**5,832.56**
TOTAL EQUITY AND LIABILITIES		**23,004.95**	**(963.59)**	**(53.68)**	**21,987.68**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

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C4 Reconciliation of Statement of Profit and Loss for the year ended 31 March 2017

	Notes (C6)	Indian GAAP *	Other adjustments	Ind AS adjustments	Ind AS
INCOME					
Revenue from operations		11,097.04	-	-	11,097.04
Other income	4	971.18	-	8.24	979.42
TOTAL INCOME		**12,068.22**	**-**	**8.24**	**12,076.46**
EXPENSES					
Cost of materials consumed		6,695.57	-	-	6,695.57
Employee benefits expense	9	915.30	-	(21.05)	894.25
Finance costs	2	1,266.36	-	69.82	1,336.18
Depreciation and amortisation expense	1 and 3	304.99	(160.00)	(1.33)	143.66
Other expenses	5 and 6	2,237.71	-	27.88	2,265.59
TOTAL EXPENSES		**11,419.93**	**(160.00)**	**75.32**	**11,335.25**
Profit / (Loss) before tax and exceptional items		648.29	160.00	(67.08)	741.21
Exceptional items		(97.67)	-	-	(97.67)
Profit before tax		**745.96**	**160.00**	**(67.08)**	**838.88**
Tax expense:					
Current tax		152.09	-	-	152.09
Deferred tax	7	301.27	77.61	(24.49)	354.39
Profit / (Loss) after tax		**292.60**	**82.39**	**(42.59)**	**332.40**
Other Comprehensive Income (OCI)	10				
OCI not to be reclassified to Statement of Profit and Loss in subsequent periods:					
Remeasurement (losses)/gains in defined benefit plans	10	-	-	(12.97)	(12.97)
Income tax effect		-	-	4.29	4.29
Total		**-**	**-**	**(8.68)**	**(8.68)**
OCI to be reclassified to Statement of Profit and Loss in subsequent periods:					
Gain on cash flow hedges	10	-	-	19.22	19.22
Income tax relating to items that will be reclassified to profit or loss		-	-	(6.65)	(6.65)
Total		**-**	**-**	**12.57**	**12.57**
Total Comprehensive Income for the Year		**292.60**	**82.39**	**(38.70)**	**336.29**

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

C5 Reconciliation of Cash flow statement for the year ended 31 March 2017

	Indian GAAP *	Adjustments	Ind AS
Net cash (used in) / generated from operating activities	(1,543.19)	-	(1,543.19)
Net cash (used in) / generated from investing activities	2,114.19	-	2,114.19
Net cash (used in) / generated from financing activities	68.03	-	68.03
Net increase/(decrease) in cash and cash equivalents	**639.03**	**-**	**639.03**
Cash and cash equivalents at the beginning of the year	1.93	-	1.93
Cash and cash equivalents at the end of the year	**640.96**	**-**	**640.96**

C6 Notes

1 Other adjustment:

The Company had recorded the acquisition of the trademark "AXISCADES" at the carrying value under the previous GAAP. However, basis management's internal estimates the management believes that this amount is not recoverable and therefore, the Company had not recorded an impairment of ₹ 1,599.56 lakhs under the previous GAAP. This has now been adjusted in the opening financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 . Consequently, the amortisation previously charged under previous GAAP has been adjusted during the year ended 31 March 2017.

2 Borrowing and other non current liabilities

Under previous GAAP, all financial liabilities were carried at cost. Under Ind AS 109, Financial Instruments, borrowings from related parties have been measured at amortised cost. The difference between carrying value of borrowings and fair value on initial recognition has been considered as additional contribution by the related parties and shown as part of 'Other equity'. Interest expenses on amortised cost is charged to the Statement of Profit and Loss using the effective interest method.

3 Asset retirement obligation

As per Ind AS 16, Property, Plant and Equipment, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Decommissioning liability is measured at best estimate of cost required to settle the liability, discounted to its present value at the time when asset becomes ready to use, using pre tax discount rate that reflects market assessment of time value of money between date of capitalisation and time of settlement of such obligation. The adjustment made in property, plant and equipment is depreciated over its expected useful life and interest recognised on corresponding provision using the aforementioned discount rate that accretes the provision to the amount expected to be settled in future.

4 Financial assets

Under Indian GAAP, financial assets were carried at cost. Under Ind AS 109, Financial Instruments, advances and inter-corporate deposits (ICD) to related parties have been measured at amortised cost. The difference between the nominal value of the ICD to fellow subsidiaries and fair value on initial recognition has been recorded in 'other equity'. Interest income on amortised cost is credited to the Statement of Profit and Loss using the effective interest method.

5 Expected credit loss assessment for trade receivables

Under previous GAAP, the Company had created a provision for impairment of receivables only with respect to specific amount for losses incurred . Under Ind AS 109, Financial Instruments, impairment allowance has been determined based on Expected Credit Loss model (ECL) on application of the ECL model, the Company impaired part of it's trade receivable on 1 April 2016 which has been adjusted with retained earnings. The impact for year ended on 31 March 2017 has been recognised in the Statement of Profit and Loss.

6 Reversal of rent recorded on account of straightlining of lease rentals
Under previous GAAP, the Company was straightlining the lease rental payables, over the term of the lease and accordingly creating provision for lease rent. Under Ind AS 17, Leases, if the escalation in the rent as per the agreement is in-line with the average general inflation rate of the country in which the asset is located, then straight-lining of the rent over the lease term is not required. In the current circumstance these escalations approximate the general inflation applicable and hence the impact of this has been reversed.

7 Income tax
Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS 12, Income Tax, deferred taxes are recognized following the balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base.

8 Accounting for common control transaction
Under the previous GAAP, AXISCADES Aerospace Infrastructure Private Limited, the Company's subsidiary had demerged one of its division to Indian Aero Infrastructure Private Limited in consideration of equity shares of Indian Aero Infrastructure Private Limited. These shares were sold to Indian Aero Ventures Private Limited. Although, the appointed date for the de-merger was 1 April 2015, this transaction was accounted from the date of the approval by the honourable High Court of Karnataka received on 1 September 2016. Consequently the transaction was effected during the year ended 31 March 2017.
Under Ind AS, common control transactions are accounted for using the pooling of interest method similar to previous GAAP. However, the financial information in the financial statements in respect of prior periods shall be restated as if the business combination had occurred from the beginning of the first period presented in the financial statements, irrespective of the actual date of the combination. Therefore, this de-merger has been effected from 1 April 2016 and consequently, the sale of shares of Indian Aero Infrastructure Private Limited to Indian Aero Ventures Private Limited have been accounted as of that date.

9 Defined benefit obligations

Under previous GAAP, actuarial gains and losses were recognized in the Statement of Profit and Loss, and interest cost was recognized under employee benefit expense. Under Ind AS, the actuarial gain and loss form part of remeasurement of net defined benefit liability/ asset which is recognised in other comprehensive income in the respective periods. Interest cost on defined benefit obligations shall be presented under finance cost in the Statement of Profit and Loss.

10 Other comprehensive income
Under Ind AS, all items of income and expense recognised in a period should be included in Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as ‘other comprehensive income’ includes effective portion of gains and losses on cash flow hedging instruments on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

11 Revenue from operations
The Company has entered into forwards contracts to hedge its revenue from foreign currency fluctuations. The unrealised gain/(loss) on such hedges are recognised in the hedge reserve. Under Previous GAAP, the gain/(loss) on such hedges were reclassified to the Statement of Profit and Loss under other income/expense (foreign exchange gain/loss) on maturity of such contracts. Under Ind AS, the gains/(losses) are recognised in revenue.

12 Other equity
Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

41 Standards issue but not yet effective
The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.
The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

A Ind AS 115 -Revenue from Contracts with Customers
Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supercede all current revenue recognition requirements under Ind AS.
Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The standard permits two possible methods of transition:
(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors.
(ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)
The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.
The Company continues to evaluate various areas such as gross versus net revenue presentation for certain contracts, identification and treatment of performance obligations associated with certain contracts etc. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

42 Previous Year Comparatives

Previous year's figures have been regrouped / reclassified wherever necessary, to confirm to this year's classification.

The comparative financial information of the Company for the year ended 31 March 2017 and the opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in this financial statements are based on the financial statements audited by predecessor auditor T. Velupillai & Co., Chartered Accountants vide their report dated 7 May, 2018.

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

Sd-
per Sunil Gaggar
Partner
Membership Number : 104315
Bengaluru
30 May 2018

For and on behalf of the Board of Directors of
AXISCADES Aerospace & Technologies Private Limited
CIN: U72900KA2001PTC028394

Sd-
Sharadhi Chandra Babupampathy
Director
DIN : 02809502
Bengaluru
30 May 2018

Sd-
E Sreedhar
Director
DIN : 00117324
Bengaluru
30 May 2018

Sd-
Sonal Kishore Dudani
Company Secretary
Membership No. : 40415
Bengaluru
30 May 2018

Sd-
N.K. Vijaya Raghavan
Chief Financial Officer

Bengaluru
30 May 2018