

September 5, 2020

Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex,  
Bandra (E),  
Mumbai- 400051  
BSE Scrip Code : 532395

The Manager  
Dptt. of Corporate Services  
BSE Limited  
Floor 25 Phiroze Jeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai – 400 051  
NSE Symbol: AXISCADES

Dear Sir,

**Sub.: Annual Report of the Company for the financial year ended March 31 2020**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Annual Report of the Company for the financial year 2019-20 along with the notice of the 30<sup>th</sup> Annual General Meeting.

Request you to kindly take the same on your record.

Yours truly,  
For **AXISCADES Engineering Technologies Limited**



**Shweta Agrawal**  
Company Secretary

**AXISCADES Engineering Technologies Limited**

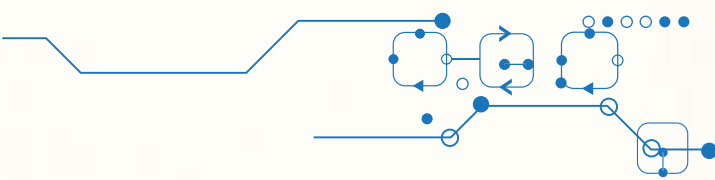
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# Technology-led engineering through passion and innovation



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### About the Company

AXISCADES is a leading technology solutions company focusing on global ER&D sector and strategic technology markets. The Group is at the cutting edge of R&D to address the futuristic needs of its clients in the aerospace, defence, heavy engineering, automotive, industrial, semiconductor, homeland security and healthcare sectors.



**David Bradley**  
Chairman &  
Non-Executive Director



Our strategic proposition has always been to build a diversified set of asset classes, sectors and markets, and that has made us more resilient in the face of an external shock like the coronavirus. The velocity of our actions has been critical during this time and our teams are doing their best, while staying abreast of the recovery rate of our customers.

### Key highlights of FY20

**10.7%**

Growth in revenue

**₹993 MN**

EBITDA

**₹303 MN**

Profit after tax

**₹7.87**

Earnings per share



## Technology-led engineering through passion and innovation

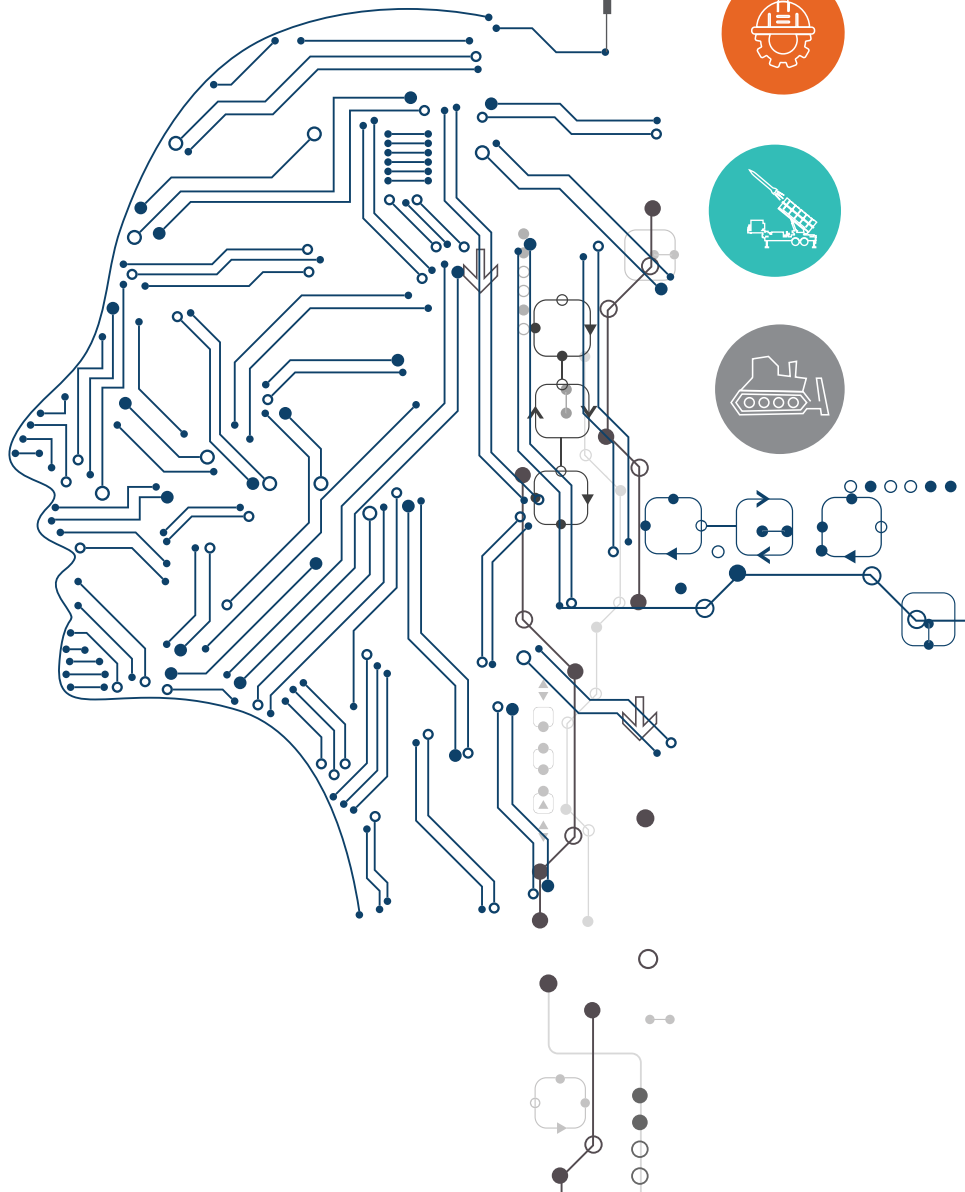
The engineering world is changing – faster than ever before. Businesses are leveraging technology to transform their products, services and operations and revolutionise how we power our societies, produce our goods and how we work, live and move. Accelerating this shift, the pandemic is compelling corporates to reinvent how they source their engineering products and processes. This has resulted in radical changes to the scope and medium of engagement, as well as the governance mechanism. As we explore opportunities presented by this new normal, the role played by technology and engineering companies must be reimaged.

Over the past few years, with the execution of AXISCADES' strategy, we have laid the foundation for our businesses to offer clients a unique value proposition that meets their transformation and innovation needs:

- a) to be a specialist in each of our capabilities and offerings.
- b) to compete in rapidly changing and increasingly digitally enabled industries
- c) to deliver profitable growth.

Our key differentiator has and will be our presence across the product lifecycle, helping companies create customer-focused offerings with cutting-edge technology. With our deep domain knowledge and technology expertise, we engage with customers at every stage of the value chain, helping them design, build, operate, and maintain innovative products and services that keep them ahead of the curve.

Looking ahead, we will continue to take actions to support the next generation of customers with reliable solutions that drives their productivity and competitiveness; provide our employees and partners with new opportunities to grow, develop and realise their full potential; make our processes more efficient and effective; and diversify revenue streams and ensure attractive returns to our shareholders. We will continue to lead with passion and innovation.



# Anatomy of a holistic technology and engineering solutions provider

AXISCADES' offerings span the entire product lifecycle, from research and development, design, manufacturing, integration, testing, in-service and integrated logistics management.

We are a team of 2,000+ skilled and empowered workers and a robust and reliable ecosystem comprising 18 partners, united by a common purpose of delivering futuristic engineering solutions.

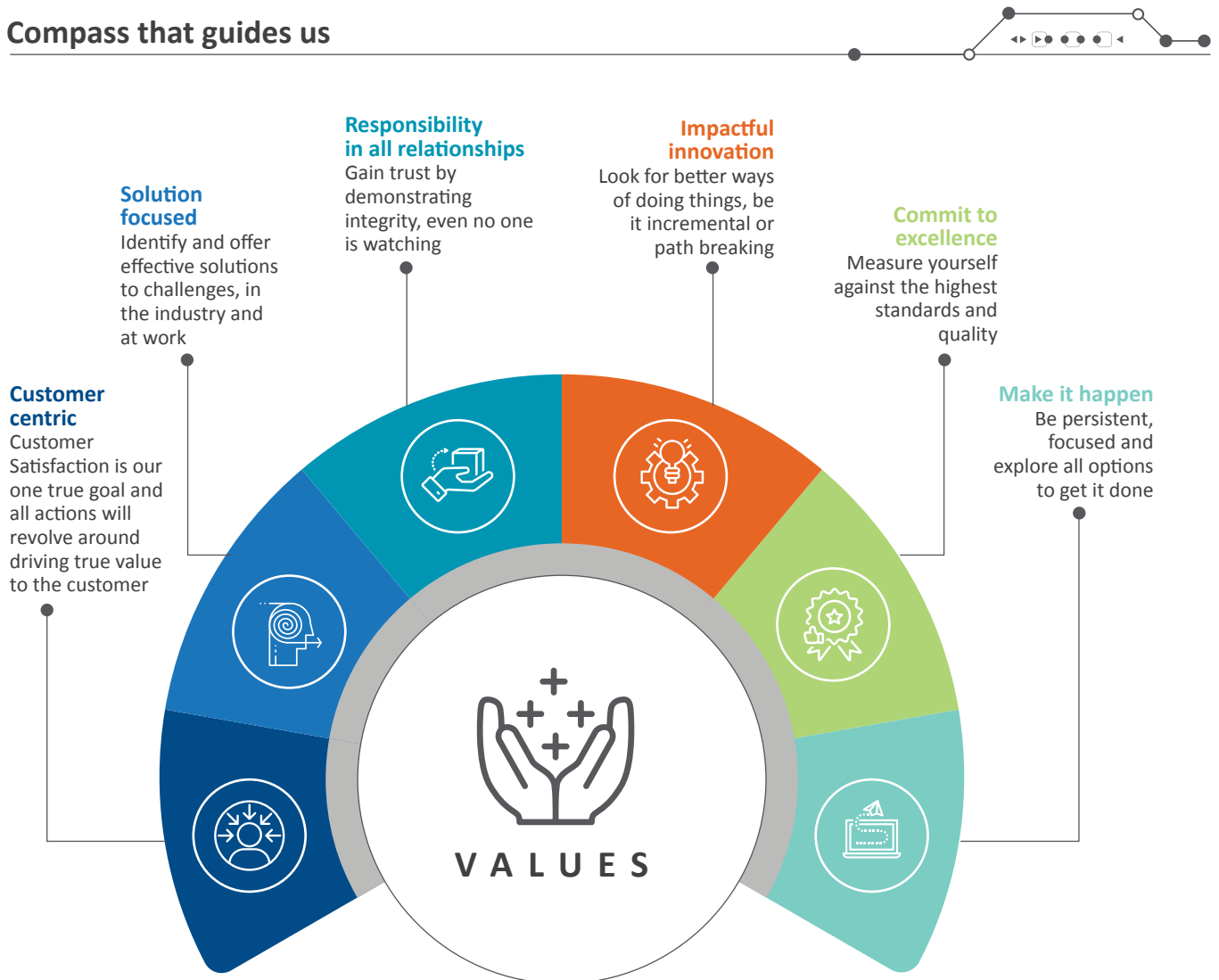
Our proven expertise in product development and solutions engineering enabled through deep domain know-

how and capabilities across mechanical engineering, embedded electronics, software/hardware, system integration and digitisation, make us the preferred partner for as many as eight Centres of Excellence for global OEMs.

Our services are routed through 15 global engineering centres across North America, Europe and the Asia Pacific, including

proximity centres in Toulouse (France), Hamburg and Augsburg (Germany), Peoria (USA) and Copenhagen (Denmark).

## Compass that guides us





**500+**  
Customers



**2,000+**  
Team strength

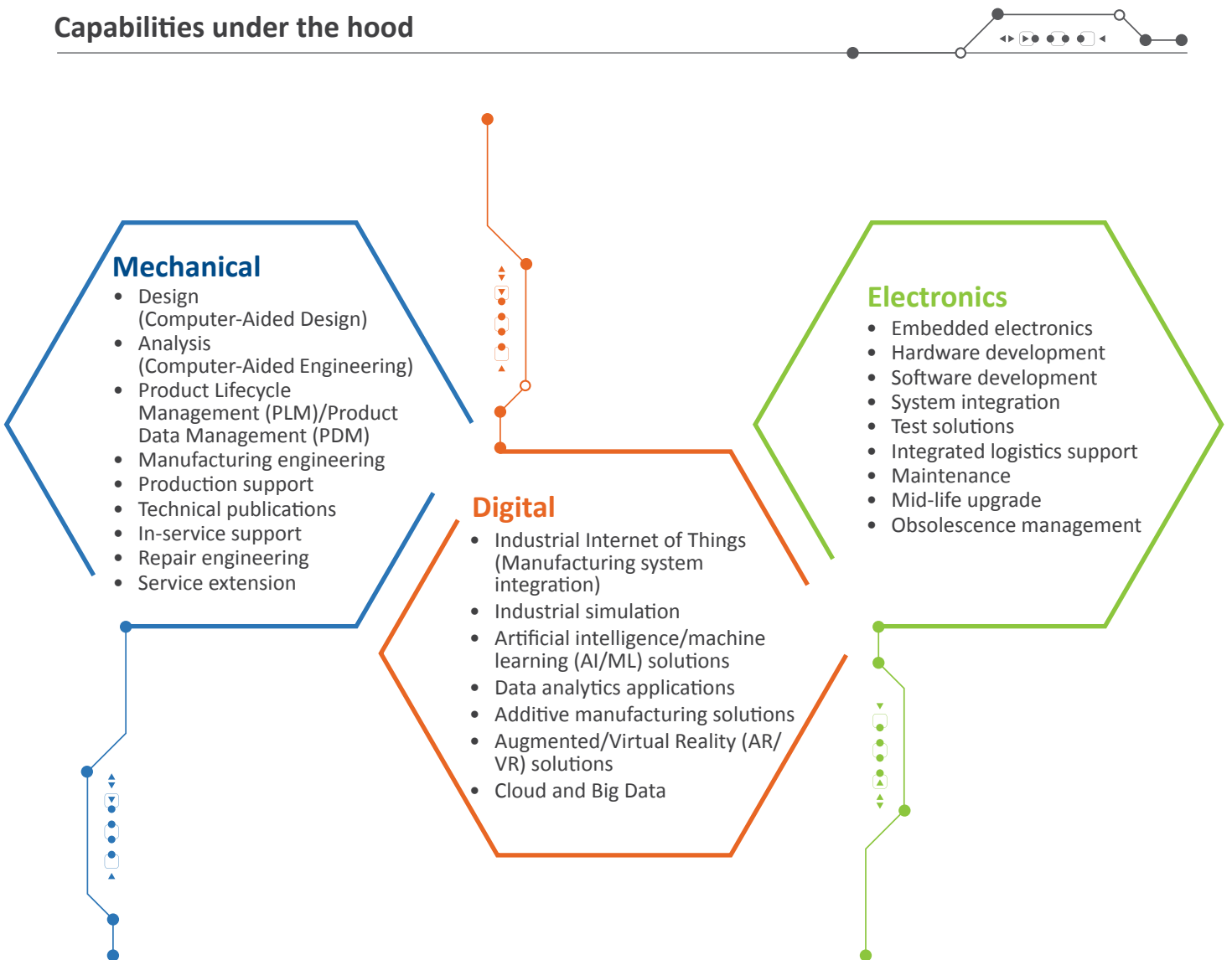


**15**  
Global engineering centres



**18**  
Strategic partnerships

**Capabilities under the hood**



## Industry verticals that we serve

We work to build and sustain enduring relationships with industry leaders in nine verticals.



### AEROSPACE

- Primary and secondary structures
- Aircraft interiors
- Mechanical System Installation (MSI) and Electrical System Installation (ESI)
- Electrical harness
- Manufacturing engineering/concessions
- In-service support
- In-flight entertainment and display systems



### AUTOMOTIVE

- Body-in-White (BIW), interior and exterior
- Engines, powertrain and chassis systems
- Telematics and Advanced Driver-Assistance System (ADAS), infotainment, active safety and Automotive Open System Architecture (AUTOSAR)
- Digital manufacturing and prototyping
- Cost optimisation and localisation



### DEFENCE SOLUTIONS

- Avionics
- Radar and electronic warfare systems
- Automated test equipment
- Simulators (computer based, fixed and motion based)
- Ground Support Equipment (GSE)/ Ground Handling Equipment (GHE)
- Unmanned Aerial Vehicle (UAV)/ Remotely Piloted Aircraft System (RPAS)
- System integration
- Offset management
- Manufacturing ecosystem



### HEAVY ENGINEERING

- Off-highway vehicles
- Structures and cabin
- Engine and powertrain
- Electrical and hydraulic systems
- Machine control, safety systems and telematics



### INDUSTRIAL ENGINEERING

- Digital factory
- Industrial automation
- Process planning and control
- Virtual manufacturing
- Enterprise integration
- Robotic solutions



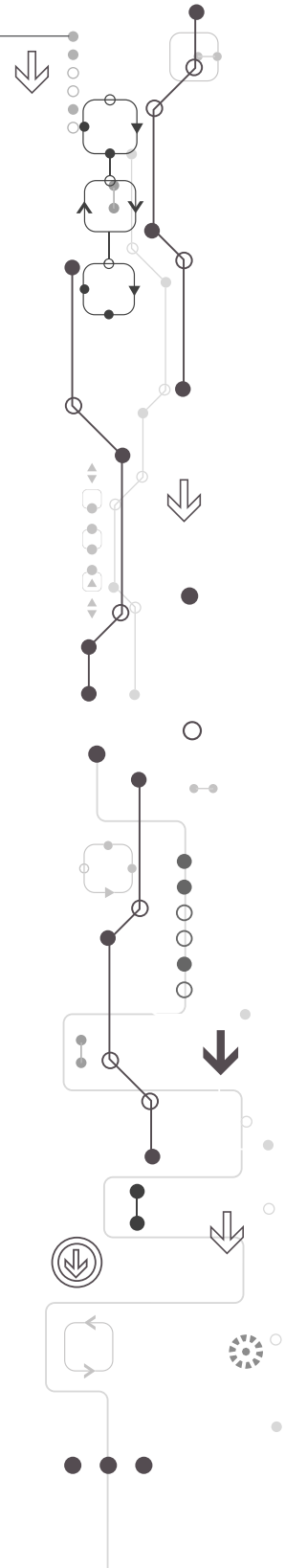
**ENERGY AND ENVIRONMENT**

- Mechanical and electrical engineering, automation, and Internet-of-Things (IoT)
- Major wind turbine assemblies (tower, generator, hub, blade, spinner, nacelle and yaw)
- Mechanical and electrical routing
- Wind resource analysis and siting
- Cost optimisation and automation



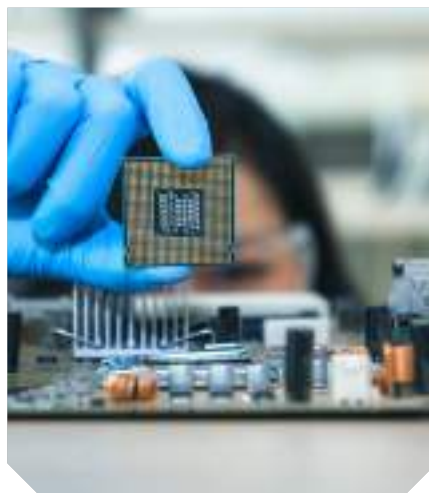
**HOMELAND SECURITY**

- C4ISR solutions
- Communication systems
- Perimeter protection
- VIP security
- Smart and safe city
- Emergency management
- Cybersecurity



**HEALTHCARE AND LIFESCIENCES**

- Medical devices
- Health monitoring devices
- Wearable electronics
- Drug delivery systems
- Intensive Care Unit (ICU) beds
- Remediation



**SEMI-CONDUCTOR**

- Platform development, design, testing
- Product on Modules (PoM)/System on Modules (SoM)
- Chip support packages
- Board Support Package (BSP) and firmware
- Middleware
- Power management
- Testing



# Chairman's statement



## Dear Shareholders,

It has been over a year since I took over as the Chairman and I wish to share how the Company is progressing towards its goal of being a leading technology solutions provider.

First off, let me address the elephant in the room. The opening to the new decade has been eventful, to say the least. The pandemic that is currently ravaging economies and industries worldwide has caused a disruption. There have been major changes in the way our customers and we operate in this new normal. When I evaluated the impact to our portfolio companies with our team, we assessed the following for each company: their employee health and safety precautions; whether they had healthy cash flow; ways to cut cost of operation while keeping talent; ability to shift production less-affected areas; and so on.



**10.7%**  
Growth  
in operating  
revenue



**The Company has demonstrated throughout FY20 that with focus and discipline it possess all the required elements to be a leader in its chosen field, delivering to customer, offering career opportunities to staff and returning the fiscal results rightfully demanded by shareholders.**

Although it is still too soon to say how long-lasting and severe the impact of COVID-19 will be on our portfolio, our strategic proposition has always been to build a diversified set of asset classes, sectors and markets, and that has made us more resilient in the face of an external shock like the coronavirus. The velocity of our actions has been critical during this time and our teams are doing their best, while staying abreast of the recovery rate of our customers. The close collaboration between AXISCADES and its partners has always been our competitive advantage during times of high and low volatility.

While we are evolving our operations to suit the needs of the current market, there are critical elements that have been affecting the industry's recovery. Consumer spending and sentiment have tremendously impacted both aerospace and automotive industries to the extent that the industry's fiscal health is in need of a significant boost from the respective governments. There has been an impact in the supply chain of major OEMs and as a direct result, there is increased caution in working with suppliers.

One trend that we have been fortunate to capitalise on and the industry is increasingly leaning towards, is digital engineering. Top engineering R&D spenders are investing in digital engineering themes to accelerate manufacturing processes and new product development, while also enabling alternative revenue streams. Massive investments are being made towards digital engineering by companies across the globe, including the top global 1000 companies (Z1000). Currently, the global spend towards digital engineering stands at US\$293 billion, which is expected to more than double to a staggering US\$667 billion by 2023. In the next five years, this amount will drive growth in engineering R&D and is expected to account for 39% of the overall spend.

Automotive, for example, is one of the biggest spenders on engineering R&D and its digital engineering spend is expected to touch US\$41 billion by 2023. Automotive

companies are investing this spend in building autonomous vehicles, connected cars, ADAS and Factory 4.0, much of which represent the skills and competencies that we have focused our efforts on building over the last few years

In commercial aviation, companies are experiencing disruption in production and slowing demand, as workers prefer to work from home, passengers stop traveling and customers defer taking delivery of new aircraft. Demand for spare parts is also down since less maintenance is currently required. Aircraft manufacturers are capital intensive and thus raising short-term concerns about cash flow and liquidity. This has, in turn, placed significant stress in the way major OEMs are looking at their ecosystem and we will have to wait for a few more months to ascertain the true impact this would have on our partnerships.

On the defense side, however, the ecosystem is better positioned. While production may slow for the same reasons as in aircraft manufacturing, the demand over the next two years will remain somewhat constant since budgets for these projects had been allocated prior to the pandemic and many of the projects are critical to national defense.

#### FINANCIAL HIGHLIGHTS OF FY20

- Operating revenue grew 7.3% in US\$ terms and 10.7% in INR terms
- Costs remained flat at ₹ 6,422 million in FY20 as compared to ₹ 6,391 million in FY19
- EBITDA grew 4.7 times to ₹ 993 million with EBITDA margin at 14.6%
- Cash generated from operations grew 1.75x to ₹ 649 million
- PAT grew multi-fold to ₹ 303 million
- EPS recorded at ₹ 7.87

#### PERFORMANCE HIGHLIGHTS OF FY20

- New customer additions, expanding relationships and focus on execution drive strong
- Emphasis on cost optimisation and efficiencies further drive profitable growth
- Resilient business model, well entrenched relationships, proven capabilities and strong FY20 performance offer comfort to navigate near to medium term challenges

#### OPERATING HIGHLIGHTS OF FY20

- Won two multi-year, multi-million contracts
- Received additional orders from a European systems OEM, expanding the relationship to US\$ 10 million
- Added 3 new clients in the digital domain
- Added 9 new customers during the year mostly in heavy engineering

and automotive domains (some of the customers have the potential to translate into US\$ 1 million+ accounts in the near future)

When I look back at the year gone by, I am proud of our teams' drive and focus to evolve and transform. From developing new and more efficient products, to harnessing the power of technology to deliver insights-rich solutions, to pioneering disruptive innovations that will help shape the future of engineering R&D – time and again, we used our passion for engineering to address today and tomorrow's challenges. As a result, the Company saw increased engagement with the existing customer base from newer locations and expansion as part of the strategic growth plan for FY20. We are seeing strong traction from our earlier investments in digitisation, as we provide Industry 4.0 offerings to our clients. Existing customers are looking at working with us on newer, more complex assignments and this is the biggest vote of confidence in our future readiness that we could ask for.

While the current market trends and projections are forcing considerable changes across the industries we operate in, we are focused on building on our existing foundations and delivering what is planned to our customers, employees and shareholders alike. Through the concerted efforts of our management team, employees, and partners, we are demonstrating the highest resilience to power through this period of uncertainty. We realise this situation is very dynamic and have contingency plans in place. We remain watchful and ready to adjust the measures in response to changing circumstances.

I would like to finish on a positive note and point out that the Company has demonstrated throughout FY20 that with focus and discipline it possess all the required elements to be a leader in its chosen field, delivering to customer, offering career opportunities to staff and returning the fiscal results rightfully demanded by shareholders.

I wish to thank all our shareholders for their understanding during this year of transformation and to the whole team within the Company for delivering on our collective commitments. FY21 will be difficult for all and I wish everyone the safest journey through this global crisis.

Warm regards,

**David Bradley**

Chairman & Non-Executive Director

# The AXISCADES advantage



## INNOVATION AT THE CORE

We house strong innovation-driven businesses in diverse global markets. We know the future belongs to the disruptors, which is why we strive to foster rapid, pervasive innovation and remain aware of and open to new technologies and advances. We harness innovation in primarily three ways: our core processes in manufacturing; our products and services within each business unit; and disrupting markets and existing business models to strengthen our competitive advantage.



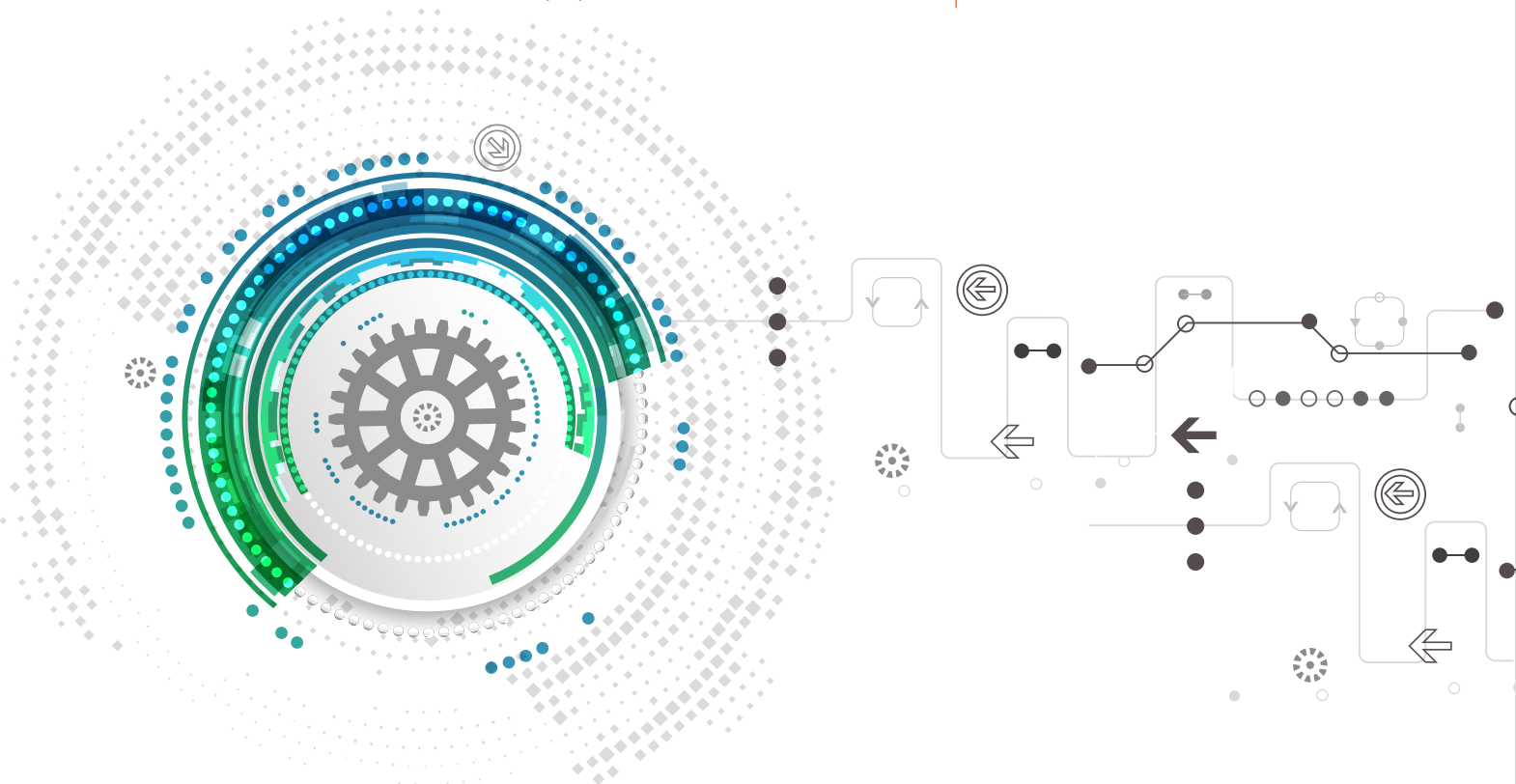
## COMPLETE ENGINEERING OWNERSHIP

The scale and diversity of our capabilities allow us to both serve a variety of verticals and become the one-stop shop in each. Further, we consistently strengthen our capabilities through strategic collaborations, thereby addressing a wider range of customer requirements. Our widespread network of 15 global engineering centres ensure that we provide uninterrupted services to every customer. Our illustrious clientele and the quantum of repeat business validate the strong proposition that we offer.



## MEANINGFUL SYNERGY-BASED PARTNERSHIPS

We come with solid fundamentals and a rich pedigree in engineering, as well as a proven record of successful acquisitions and seamless merge with the evolving needs of the industry, it is but logical to seek out capable organisations, with whom we can differentiate ourselves further. Our ability to integrate operations with such companies has had a multiplier effect on expanding our offerings, reach, capacities and more. We are unlocking value in terms of access to new technologies and clients, thus gaining on time to market.





## UNMATCHED CUSTOMER CENTRICITY

Serving our customers sits at the heart of our business. We offer customers unparalleled support by working closely with them to deliver unconventional solutions that meet their diverse and evolving needs. We ensure seamless service, right from conceptualisation to the final product delivery. With the combination of simulation and virtual reality, we facilitate a thorough assessment and validation of solutions before customers invest in product development infrastructure – thus assisting them in taking the right choice.



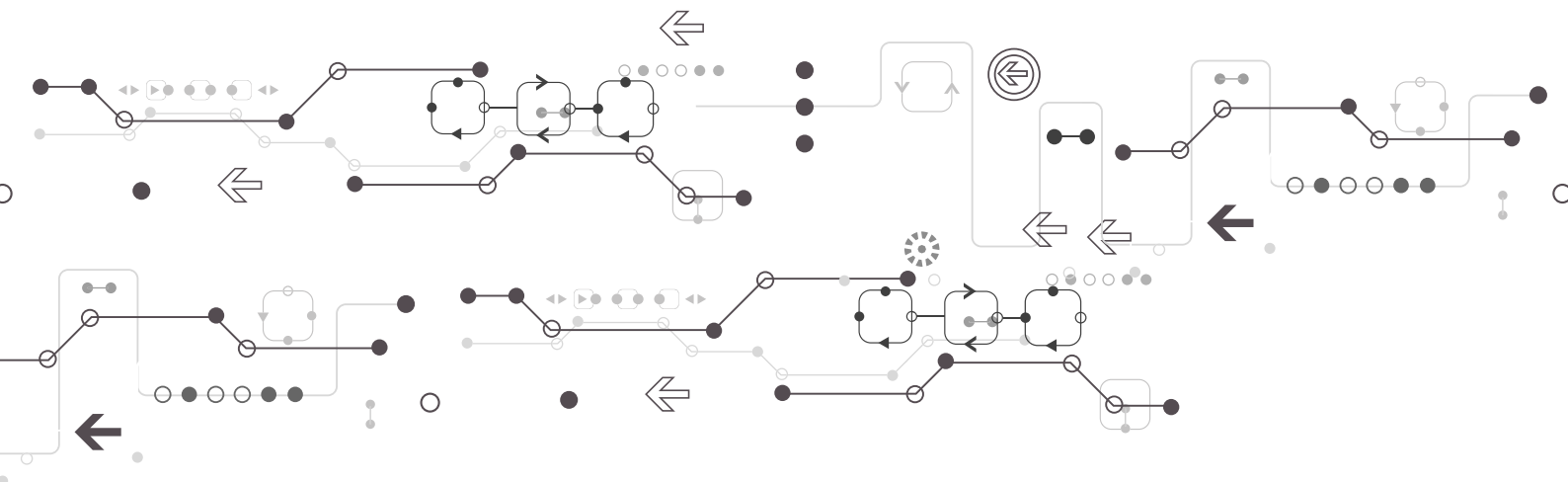
## HIGHLY SKILLED HUMAN CAPITAL WITH VAST TECHNICAL AND PROCESS KNOWLEDGE

We strive to build a purpose-driven culture based on strong and authentic values that resonate with our people. Our core value being customer centricity, we develop the skillsets of our employees to hone strong capabilities in innovation, being solution focused and effective collaboration. Our people are trained through a strong learning and development framework that measures progress through consistent upskilling that is at par with the latest and emerging technology available in the market.



## GLOBALLY BENCHMARKED PROCESSES

Strong results and high customer satisfaction depend on the Company's operating excellence. We are continuously improving our ways of working to improve our standing as a preferred partner for customer. Increased emphasis is given on execution capabilities to advance towards world-class delivery. Certifications that bear testament to our best practices include ISO, ISO/IEC, AS9100D ISO 13485, AUTOSAR, DO 178B and CEMILAC.



## Strategic imperatives for value creation

Our success over the years has been rooted in a consistent strategy of investments in customer-centric product innovations, operational improvements and capability enhancements. For us to not just adapt and survive, but thrive in the new normal, we have identified key imperatives for value creation.



### EXPAND DIGITAL INNOVATION AND BUILD GREEN ENGINEERING CAPABILITIES

Integrate mechanical, electronics and digital capabilities into our core offerings

Ensure products and solutions are digital ready for a smart, connected future with IoT, AI/ML, AR/VR engine embedded

Enable green technologies and processes in our offerings for a cleaner, sustainable future



### ADVANCE DEFENSE AND HOMELAND SECURITY BUSINESS

Embrace the Government of India's 'Atmanirbhar Bharat Abhiyan' initiative to develop a new technology strategy and product roadmap in niche areas, such as radar, electronic warfare, drones, cyber security and more

Capitalise on offset expertise and partnership combined with a robust partner ecosystem to become the most preferred global supply chain partner to OEMs

Build advanced homeland security capabilities including cybersecurity for smart and safe cities




### STRATEGIC ALLIANCES AND PARTNERSHIPS

Forge alliance with innovative companies to strengthen competencies for Industry 4.0

Explore co-production and joint IP creation opportunities with select strategic partners and customers

Acquire a mid-size digital company with cutting edge solutions and products

## Strategy in action




**PRODUCTS**

- Highlight multi-specialist positioning and capabilities
- Move up the value chain to be a systems and subsystems provider
- Expand the digital lab to demonstrate new technology incubation and adoption



**CAPABILITIES**

- Enhance and unite our embedded systems, software development and digital capabilities to provide a holistic offering
- Build product development and services capabilities in healthcare, life science and environment domains
- Expand to being a preferred partner across land, air and water in the defence business




**CLIENTS**

- Increase sales and market presence to promote established service lines to new customers
- Strengthen account management and customer relationship stewards to cross-sell and upsell additional service lines to existing and new customers



**MARKETS**

- Expand footprint in established markets such as Europe and North America, while creating new opportunities in Asia Pacific



**POST COVID-19**

- Capitalise on new opportunities arising due to the pandemic including expansion in new domains and explore partnerships and acquisitions that enhance our current offerings

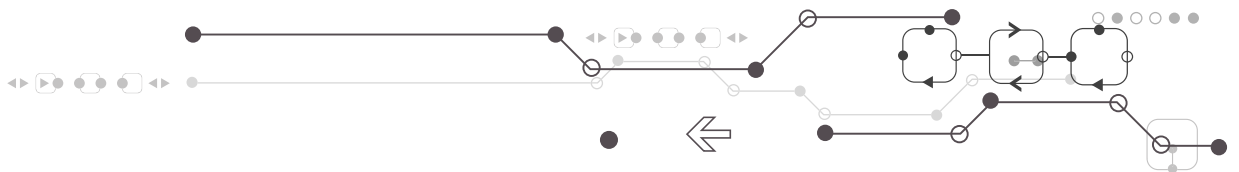
# Unifying culture of passion and innovation

Our people represent our greatest asset, and we continue to develop our workforce to pioneer the engineering R&D industry’s transition to a digital, smart and connected future. Our team comprises people with diverse competencies enabling us to address multiple needs of various customers and provide out-of-the-box solutions.



## EMPOWERING INDIVIDUALS

Being part of an industry as dynamic as ours, we are committed to help employees learn and adapt the required skills to master fast and complex change. We ensure continuous up-skilling, multi-skilling and cross-skilling of people through various online and offline modes to be able to address evolving needs. We provide opportunities to people to work on varied projects across geographies, involving futuristic and complex technologies, enabling them to expand their technical and domain competences.



## STRENGTHENING LEADERSHIP PIPELINE

We identify and nurture high-performing individuals, and provide dedicating learning opportunities to them, as part of the organisation’s succession planning.



## PRIORITISING EMPLOYEE WELLBEING

We endeavour to offer a conducive, fair and transparent working environment, emphasising teamwork, entrepreneurship and accountability. Our remuneration structure and performance review process are benchmarked to the industry.



## KEEPING EMPLOYEES MOTIVATED

We take steps to ensure our people are aligned to the organisation’s purpose and motivated by the same. We engage with them round the year, facilitating healthier integration of new joinees and strengthening of talent pool. This, in turn, translates into lower attrition rates.

# Board of Directors



**DAVID BRADLEY**  
Chairman & Non-Executive Director



**SHARADHI CHANDRA  
BABUPAMPAPATHY**  
CEO & Executive Director



**SUDHAKAR GANDE**  
Non-Executive Director



**KAILASH M RUSTAGI**  
Independent Director



**PRADEEP DADLANI**  
Independent Director



**MARIAM MATHEW**  
Independent Director



**DAVID WALKER**  
Non-Executive Director

## COMMITTEES

- Audit
- Stakeholders Relationship
- Nomination & Remuneration
- Corporate Social Responsibility

(Chair)



## KEY MANAGEMENT PERSONNEL

**SHARADHI CHANDRA  
BABUPAMPAPATHY**  
CEO & Executive Director

**SRINIVAS A**  
Chief Financial Officer

**SHWETA AGRAWAL**  
Company Secretary & Compliance Officer

Note: The Company Secretary Ms. Shweta Agrawal acts as a Secretary of all Board Committees



# Management Discussion and Analysis

## 1. SECTOR OVERVIEW: INDIA LEADS GLOBAL ER&D INDUSTRY; POISED TO BECOME ENGINEERING POWERHOUSE

The engineering R&D (ER&D) services industry is becoming increasingly global in nature, with the emergence of several new, low-cost destinations. The US and Europe, which account for majority of the world ER&D spend, continue to be a leader in terms of establishing global engineering networks; however, they are faced with the scarcity of affordable talent.

Against this backdrop, India has established itself as the premier location for offshore ER&D services and played a strategic role in globalising the ER&D value chain.

India is gradually consolidating its position as an innovation partner to mature markets, especially the US and Europe. India's supply base is currently involved in supporting leading innovations across multiple industries, including automotive (hybrid technology), aerospace (avionics and structures) and medical devices (low-cost devices).

India's ER&D providers are expected to capture 40% of the global offshore revenues in 11 key verticals in 2020. This is due to several unique advantages:

- a strong and diverse service provider pool
- a current and growing employee base of 150,000
- capabilities across verticals
- capabilities in communication
- structural cost benefits
- a range of business models to suit the diverse requirements of global corporations

### 1.1 Key Projections

The growth of the global ER&D sourcing market is expected to come from contributions from all major verticals as well as geographies.

- North America remains the largest market for Indian ER&D services, although its contribution to total revenues is expected to decline from 62% in 2019 to 45% in 2020.
- Europe is opening up and expected to contribute another 30%, while new opportunities from Japan and the rest of the world will contribute 25%
- Automotive, telecom and consumer electronics are expected to remain the highest revenue generating verticals in 2020.

- India's domestic market is expected to contribute ~10-15% of ER&D services market in 2020 driven by several sources of revenue:

- growth of domestic market/companies;
- offset requirements in the aerospace sector;
- planned investment in infrastructure; and
- energy & utilities infrastructure undertaken by both Government of India and corporations

- Growth in global ER&D spend is driven by four emerging trends:

- Continued R&D investment considered an imperative by multinational conglomerates when it comes to pursuing innovation and penetrating new, emerging markets
- Increasing use of electronics, the search for alternate fuel sources and greater fuel efficiency, and the convergence of technologies that enable a single device to perform multiple functions
- Growing sophistication and maturity of the ER&D services industry
- Changing perception of India as a strategic partner focused on innovation rather than simply sustenance and maintenance of existing products.

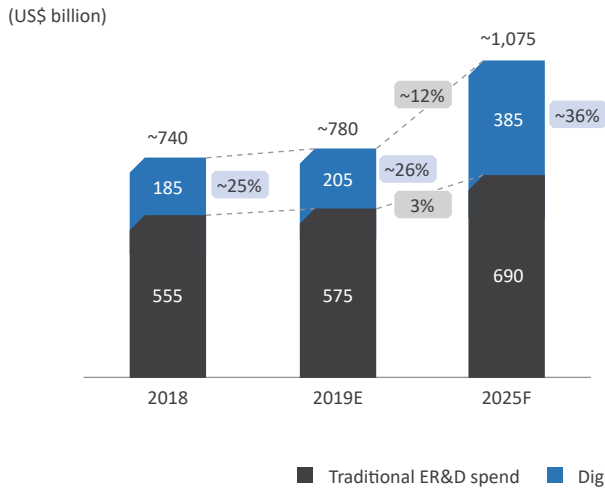
Top ER&D spenders are investing in digital engineering themes to drive velocity in manufacturing processes and new product development, while also enabling alternative revenue streams. Massive investments that are being made towards digital engineering by companies across the globe, including the top global 1000 companies (Z1000).

Currently, the global spend towards digital engineering stands at US\$293 billion, which is expected to more than double to a whopping US\$667 billion by 2023. In the next five years, this will drive the future growth in ER&D and is expected to account for 39% of the overall spend. Automotive for example is one of the biggest spenders on ER&D and its digital engineering spend is expected to touch US\$41 billion by 2023.

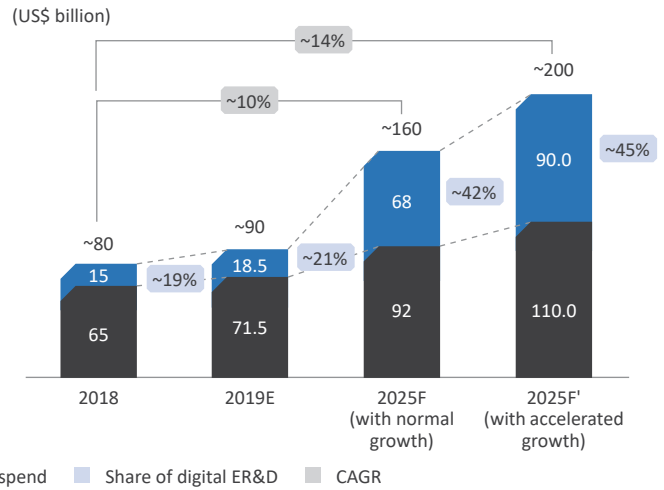
India will account for 41% of the global digital engineering services market by 2025, according to a report by consulting firm Zinnov. At present, India accounts for US\$10.6 billion of the digital engineering market share, which is expected to increase four-fold in the next five years, as per the report.

The global ER&D spend of organisations worldwide stood at US\$1.4 trillion in 2019, and is expected to grow at a CAGR of 8% to cross US\$2.2 trillion by 2025. During the period, digital engineering spend is expected to grow to US\$1.2 trillion and account for 53% of the overall ER&D spend.

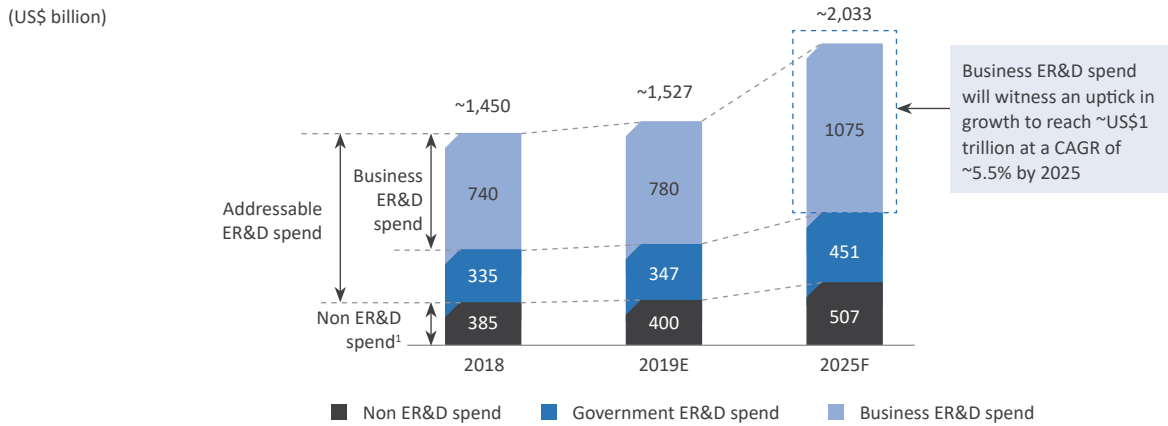
### OVERALL BUSINESS ER&D SPEND



### GLOBAL SOURCED ER&D SPEND



### GLOBAL ER&D SPEND



\*Everest Group Estimates

## 1.2 COVID-19 Impact

### 1.2.1 Aerospace

- Sharp fall in air travel will potentially result in high deferrals, cancellations of new orders and prolonging existing backlog and affect the airline operations and airport ecosystem.
- Aircraft manufacturers and airlines are forced to seek out government bailouts which come with stringent terms and conditions which might affect smooth operations.
- Industry is set to focus more on MRO activities, refurbishments of older aircrafts and cargo conversions as opposed to new product development activities.
- Even though innovation is a crucial interest area, new programmes and designs are deferred by OEMs.
- Demand for smaller aircrafts and private jets are seeing an uptick.

### 1.2.2 Automotive

- New vehicle sales are dented due to conservative spending patterns.

- Supply chain disruption has led to a domino effect on global production.
- The industry is seeing a slowdown in adoption of Electric Vehicles (EVs) due to increased supply chain constraints.
- Taxi and cab aggregators have been negatively affected due to hygiene and safety concerns.
- Large OEMs are seeking bailouts from their respective governments which might further impede their autonomy and smooth operations.
- Concerns over ride sharing might promote ownership of cars which is seen as the silver lining in the industry.
- Innovations is inclining towards increased hygiene and safety measures being embedded within the vehicle.

### 1.2.3 Industrial

- Poor end-user demand has resulted in production stoppages and reduced factory activity which is causing a domino effect through the ecosystem that is surrounding the industry.
- Expected double down on investments across Industry 4.0 and automation initiatives to insulate against future concerns.

#### 1.2.4 Defence

- International and domestic defence production has been affected due to disruption in global supply chain.
- Geopolitical factors are keeping the demand for defence products fairly consistent.
- Atmanirbhar Abhiyan is further set to boost the Indian Defence production in a significant way.

#### 1.2.5 Energy

- Global wind industry is reliant on wind equipment from a wide array of countries and the dependency has caused a shortage in supplies during the lockdown.
- Renewable Energy (RE) plants adversely affected due to reduced availability of spares and personnel.
- Companies that have invested in technology and digitisation reaping benefits from remote monitoring and operations.

#### 1.2.6 Medical Devices

- Delays in elective surgeries are impacting the industry adversely and the focus in on COVID 19 epicentres has been primarily on the treatment of the virus and the postponed demand for other surgeries and procedures are hampering revenue streams.
- Healthcare, now being a top priority has seen a huge surge in devices and accessories primarily due to COVID 19.

#### 1.2.7 Axiscades' Response

AXISCADES Engineering Technologies Limited (AXISCADES) responded swiftly to address the COVID-19 challenges. AXISCADES priority is the health and safety of employees and the continuity of services to clients. Therefore, the Company took protection measures even before the lockdown decisions were announced by the government. AXISCADES deployed work-from-home facility worldwide and immediately activated its business continuity plans that were prepared well in advance. The Company has demonstrated its agility and efficiency, by being able to continue its partner clients without and delay or disruption. AXISCADES intends to take advantage of new opportunities that will emerge.

The key strengths that underline the Company's resilience include:

- An active management of the cost base, using all available levers combined with an agile operating model based on a decentralised delivery structure.
- A diversified client base which assures continued and consistent revenue levels.
- A portfolio of services well suited to the current context with dedicated offerings to help clients tide over with the relevant challenges.
- Capitalise on new opportunities arising out of the pandemic.

## 2. COMPANY OVERVIEW

AXISCADES is a leading technology solutions provider, catering to companies in diverse industries, such as aerospace, defence & homeland security, automotive, heavy engineering, industrial products, energy, semiconductor and medical & healthcare. AXISCADES is a preferred engineering partner for many global OEMs with complex supply chains, mission-critical applications and highly advanced technologies. The Company supports customers across their entire value chain, from concept design to manufacturing to after-market solutions.

AXISCADES' comprehensive engineering capabilities and offerings include:

- **Mechanical & electrical engineering solutions:** Product design & development, 3D CAD modeling, value engineering, simulation & analysis (CAE), etc.
- **Electronics and embedded systems:** Avionics, control systems, telematics, autonomous mobility, test solutions, system integration, simulators etc.
- **Manufacturing solutions:** Production support, manufacturing execution systems, shop floor automation, Industrial Internet of Things (IIoT), etc.
- **Digital solutions:** Artificial Intelligence (AI), Machine Learning (ML), product lifecycle management, Augmented/Virtual Reality (AR/VR), etc.
- **Business consulting:** Product throughput & productivity, business process design, etc.
- **After-market solutions:** Technical publications, platform migration, reverse engineering, etc.

AXISCADES' ability to deliver end-to-end engineering solutions and products across the globe is amply illustrated by the eight Offshore Development Centre (ODC) operations managed by the Company. It has a pool of 2,000+ highly-skilled engineers spread across 15 Global Engineering Centres (GECs) in North America, Europe, and Asia Pacific, including proximity GECs based in Toulouse, Hamburg, Augsburg, Donauworth, Peoria and Copenhagen. The average experience of its engineers is more than seven years with the best mix of engineering, domain and digital capabilities. Besides, the Company also has a sizeable network of relationship managers and consultants based out of its sales offices and client locations.

AXISCADES is trusted by its clients to always work in perfect collaboration, stay committed to quality processes and industry best practices, and achieve the desired technical and business objectives. In addition to the acquisitions necessary to obtain the full spectrum of capabilities in the ER&D space, the Company has entered into various alliances and Joint Ventures (JV) to develop a robust partner ecosystem. This includes Assystem AXISCADES Engineering Private Limited, its JV with the French multinational Assystems Engineering Operation Services (AEOS), to cater to the energy (both conventional and nuclear energy) and infrastructure sector's engineering needs in India and globally. It has also entered into partnerships with VRM Technologies, to cater to the aerospace and defence

sectors, and other suppliers for expertise in specific applications and/or technologies.

AXISCADES has a total of 18 partners, who enable it to be a one-stop-shop provider by developing an ecosystem that can be leveraged to address internal competency gaps. The Company's license for defence manufacturing and position as a preferred India offset partner further enable it to collaborate with global OEMs for manufacturing or sourcing from India, either in defence or other verticals.

MISTRAL, its subsidiary, has won 20+ awards for its design of electronic products and systems, and 100+ of its designs have been commercially exploited. MISTRAL has on-boarded 350+ skilled embedded engineers and partnered with 24 technology providers, to deliver embedded systems & products, from concept to deployment for aerospace & defence, homeland security and miscellaneous other applications.

The Company is headquartered in Bengaluru and is publically listed on the BSE (532395) and National Stock Exchange (AXISCADES).

### 3. STRATEGY

AXISCADES houses strong innovation-driven businesses in diverse global markets. The scale and diversity of our capabilities allow us to both serve a variety of verticals and become the one-stop-shop in each. Further, we consistently strengthen our capabilities through strategic collaborations, thereby addressing a wider range of customer requirements. Serving our customers sits at the heart of our business. We offer customers unparalleled support by working closely with them to deliver unconventional solutions that meet their diverse and evolving needs. We ensure seamless service, right from conceptualisation to the final product delivery. We continually upgrade the skillsets of our teams, while leveraging existing resources and capabilities to cascade proven practices across the organisation. To provide the sophisticated solutions that our customers need, attracting, developing and retaining the best employees is important. To this end, it has identified four major elements of this change within which the Company will roll out specific tactical amendments and strategic initiatives.

#### 3.1 Business

- High stress on acquiring and integrating end-to-end engineering services capabilities including mechanical, electrical, electronics and software capabilities.
- Expand and strengthen industry 4.0 and digital offerings.
- Forge alliance with innovative companies for digital innovation and build green engineering offerings.
- Advance healthcare, life science and energy, and environment verticals.

#### 3.2 Technology

- Integrate digital technologies such as AI and ML with core engineering services to address the digital engineering paradigm, which is the most strategic need of the customers; similarly, leverage digital competencies to strengthen IIoT and Industry 4.0 offerings.

- Develop and advance technology in radar, electronic warfare, drones, cyber security and other niche areas for defence and homeland security.
- Ensure products and solutions are digital ready for a smart and connected future.
- Balance the revenue portfolio with higher growth in Embedded and PLM offerings vis-à-vis core product engineering solutions.
- Implement automation of the delivery process and utilise machine learning solutions for internal use to improve efficiency.
- Enable green technologies and processes in our offerings for a cleaner, sustainable future.

#### 3.3 Industry

- Specialise and concentrate on medical devices, healthcare and homeland security verticals.
- Capitalise on offset expertise and partnership to become the most preferred global supply chain partner to OEMS.
- Develop 'Engineering Stack' for offering targeted digital engineering solutions for each of the above verticals.
- Deepen expertise by forming practices and develop products in new technology areas for industry-specific solutions.
- Collaborate extensively and consolidate the partner ecosystem for robust industrial organisations.

#### 3.4 Talent Pool & Reach

- Expand footprint in established markets such as Europe and North America, while creating new opportunities in Asia Pacific.
- Expand sales footprint and market presence, to offer new service lines to existing customer base and establish offerings to new prospects.
- Enter into more alliances with specialist companies in digital technologies such as AI, ML, Additive Manufacturing, PLM, IoT etc.
- Form R&D partnerships with academic institutions in India and across the world.

### 4. BUSINESS MODEL

AXISCADES' business model creates value through deep competencies and global delivery management. It helps the Company offer distinct and high impact solutions leading to greater trust and higher wallet share from each client. Its GECs help offer a balanced value proposition of lower costs, lower programme risks, faster time to market, and sustainable innovation to its customers. Expand footprint in established markets such as Europe and North America, while creating new opportunities in Asia Pacific

### 5. STRENGTHS

- AXISCADES has several top-tier, Fortune 500 companies in its portfolio that are leaders in their respective verticals.
- AXISCADES has proven itself as a reliable, long term partner as seen in its repeated business rate.

- AXISCADES has expertise in the ER&D space across six different domains and can offer end-to-end offerings to qualify as a strategic partner.
- Scaled and skilled talent pool available across the globe (onshore, nearshore and offshore) aided by a reliable partner ecosystem of alliances.
- The Company is strongly committed to quality and has implemented a comprehensive Quality and Compliance Management Framework that includes a Quality Management System developed to accommodate not only the customer and certification requirements but statutory, regulatory and business requirements as well. Various certifications acquired by AXISCADES and its subsidiaries are ISO9001:2015, ISO27001:2013, AS9100D, ISO13485, CMMI, DO-178B, and CEMILAC certifications. Besides, it has accomplished compliance with global industry standards and secured authorisations/licenses, such as AUTOSAR, AP1020, and India Offset Partner.

## 6. OPERATIONAL HIGHLIGHTS

### 6.1 Business highlights

- Won two multiyear, multi-million contracts.
- Received additional orders from a European systems OEM.
- Expanded relationship with prestigious European systems OEM to US\$10 million.
- Added three clients in the digital domain.
- Added nine new customers during the year in heavy engineering and automotive domain with some having the potential to translate into US\$1 million+ in the near future.

### 6.2 Operations by region

- Europe (41% of Group revenues) continues its growth trajectory, with revenue increasing by 29% in FY20, driven largely by strategic technology solutions.
- North America (42% of Group revenues) increased by 3% in FY20, on the back of new customer wins in heavy engineering sector.
- Asia Pacific (17% of Group revenues) declined by 16.6%, largely owing to lockdowns imposed in the last week of March.

### 6.3 Operations by business

- **Strategic technology solutions:** Security threats have intensified, requiring governments worldwide to continue increasing their defence budgets. In this context, AXISCADES had secured orders of ₹ 1,400 million during FY19. Revenues registered a growth of 21.9% in FY20.
- **Aerospace:** Despite the turbulence in the sector, AXISCADES registered a growth of 10.7% in FY20 as compared to FY19.
- **Heavy engineering:** During FY20, this segment grew by 15.5% over the previous year, largely on account of new customer acquisitions.

## 7. FINANCIAL PERFORMANCE

The Company delivered significant improvement in revenue, EBITDA margins and net profits, on the back of increased and new engagements from customers. This stellar performance is a testament to the Company's approach from the start of the year to be agile, focus on execution and strengthen customer connects in the segments it operates in.

### 7.1 Financial Highlights

- Operating revenue grew 7.3% in US\$ terms and 10.7% in ₹ terms.
- Costs remained flat at ₹ 6,422 million in FY20 as compared to ₹ 6,391 million in FY19.
- EBITDA grew 4.7 times to ₹ 993 million with EBITDA margin at 14.6%.
- Cash generated from operations grew 1.75x to ₹ 649 million
- PAT grew multi-fold to ₹ 303 million.
- EPS recorded at ₹ 7.87.

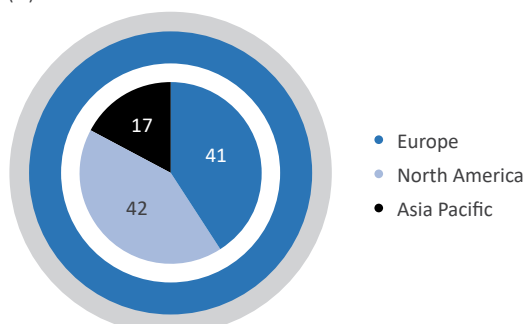
## 8. KEY RISKS

Managing and mitigating risks to the sustainable achievement of goals and longevity of the business is a key responsibility of the management team at AXISCADES. Based on the nature of its business, the Company is exposed to a specific set of risks, which have been identified and a risk management plan has been developed.

After the assessment and estimation of these risks, they have been separated into transactional, strategic and external categories to develop an appropriate management and mitigation approach. Typically, transactional risks are managed through well-defined processes and internal controls. On the other hand, strategic and external risks need to be mitigated with approaches that involve enhancements to and through business strategy, operations and financial management, and human resource initiatives.

## GEOGRAPHY-WISE SHARE IN GROUP REVENUE

(%)



Principal among these risks and the approach taken to manage and mitigate these risks are given below.

Type of risk	Risk description	Mitigation strategy
<b>Economic environment &amp; demand risks</b>	Sluggish economic environment may impact demand for the Company's services from affected regional or vertical markets. Such situations may also impact business from one or more of large customers of the Company as well. The resulting decline in volumes can impact the financial results of the Company.	Major mitigation approach is to diversify customer and market portfolio of the Company to spread demand risk by reducing overdependence on a small set of customers or a region/ industry. This can minimise the severity of impact in the event of adverse economic environment affecting business from a small subset of customers. The Company has an active strategy of expanding its presence in more countries and add new products targeting newer verticals, while simultaneously acquiring new customers in existing markets. In addition to this, the periodic study of industry trends and market research helps the Company understand shifts in customer's stated and unstated needs.
<b>Operating environment &amp; technological evolution risk</b>	The fast pace of change in the industry, disruptive technologies, evolving customer needs in changing the operating environment, etc. may lead to a mismatch in terms of the solutions needed by the customers and those offered by AXISCADES, which causes slippage in performance. An increase in competitive pressure in the market is also likely to affect the Company's performance.	<ul style="list-style-type: none"> <li>• Dedicated client relationship teams that can develop a significantly better understanding of client's needs and operating environment. This will not only help to align the Company's services to emerging needs but also keep competition at bay.</li> <li>• Market research to keep abreast of emerging client needs and new technologies that can affect client's, and Company's, operating environment by reducing costs or increasing productivity or fundamentally disrupting business models.</li> <li>• Partnerships with technology partners, internal R&amp;D, institutionalised knowledge building and skill development to develop capabilities in line with technological changes and strengthen the value proposition to keep ahead of the competition.</li> <li>• Productivity improvement initiatives to target continuous improvement in operational efficiencies to either reduce costs or offer higher value to clients.</li> </ul>
<b>Currency valuation risk</b>	A major proportion of the Company's business originates in international markets, and hence it is paid in currencies other than Indian Rupees. Fluctuations in the valuation of these currencies from the time of bidding to project budgeting to delivery to realisation creates a significant risk.	<p>Apart from the natural hedges through costs and liabilities in the currencies which AXISCADES has exposure to, the FOREX valuation risk can be managed and mitigated through:</p> <ul style="list-style-type: none"> <li>• Diversification in regional markets by increasing the exposure to a wider basket of currencies.</li> <li>• Develop a risk management policy that involves proactive hedging of incremental exposures through available financial instruments.</li> </ul>
<b>Human resource risk</b>	Human talent is the base on which the Company delivers solutions to its clients. Risks to the deployment of right competencies in the right quantities or productivity of its manpower may arise from the inability to attract and retain personnel, cultural mismatch in recruitment and M&A integrations, changes in rules governing international mobility of personnel and other factors.	The Company is continually focused on building and nurturing capabilities by implementing best practices to attract, motivate and retain the best of human talent with the organisation, including maintaining an optimal resource bench. Ensuring two-way communication flow and employee engagement initiatives, especially at the time of inorganic integrations, to align the employees with Company's stated culture and goals. AXISCADES' business model takes local manpower hiring to staff most of its client-side requirements into account, and thus deliveries are not affected due to visa restrictions.
<b>Intellectual property &amp; data security risk</b>	Unauthorised access and/ or exploitation of IP or sensitive data residing within the Company that may belong to either Company or clients or any other third party may expose the Company to a financial and reputation loss through litigation or financial claims or fines or extra costs or loss of business. This may be done either through cyber-attacks or unauthorised physical access or rogue employees.	Formulation and strict enforcement of a comprehensive IT Security Management framework covering systems, processes, manpower and overall infrastructure is the holistic way of managing IP and Data Security risks. Some of the basic principles that are incorporated in this framework design are restricted need-based access, physical security, established protocols for breach management, and regular audits and reviews of security protocols.
<b>Execution risk</b>	Operational mismanagement or unplanned disruptions may lead to liability claims from clients due to deficient delivery or unplanned incurrence of costs. Systemic disruptions may occur due to the failure of telecommunications, power or IT systems from human error or mechanical failure or natural/ man-made disasters.	Disaster Recovery Site and a Business Continuity Plan to ensure service continuity in spite of disruptions is the first step. This also includes building an optimal system redundancies and ensuring data backups. The Company has also ensured service levels including uptime are committed through agreements by service providers. Further to limit financial damage, the Company has also taken adequate insurance covers to protect against unforeseen mishaps, disasters, and liabilities. Continuous and consistent monitoring of operations is a part of the management philosophy at the Company to ensure quality and completeness of delivery.
<b>Regulatory risk</b>	AXISCADES caters to clients from some of the most highly regulated industries and these require it to adhere and follow a broad array of laws, compliances, and regulations, in addition to local requirements of countries it has a presence in. Failure to comply with these requirements can lead to claims, liabilities, business closure, loss of reputation and in some cases even imprisonment.	All applicable laws, compliances, and regulations that the Company needs to comply with are identified, responsibility assigned and compliance monitored. These are managed with a thorough Compliance Management System. Assigning appropriately qualified resources to manage such compliances and continual education of operations staff involved is equally necessary. Periodic review and internal audit reports to the board are part of the risk management process.

# Board's Report

To,  
The Members,

Your Directors have pleasure in presenting the 30th Annual Report on the business and operations of the Company, together with the Financial Statement of the Company, for the financial year (FY) ended 31 March 2020. The Consolidated performance of the Company and its subsidiaries has been referred to, wherever required.

## 1. FINANCIAL RESULTS

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Total income	<b>23,475.01</b>	22,679.93	<b>68,048.18</b>	61,676.53
Total expenditure (before interest & depreciation)	<b>20,335.25</b>	22,097.02	<b>58,121.19</b>	59,579.60
Earnings before interest, depreciation, amortization and extraordinary items	<b>3,139.76</b>	582.91	<b>9,926.99</b>	2,096.94
Interest & finance charges	<b>1,893.31</b>	1,667.64	<b>2,830.39</b>	2,357.41
Depreciation & amortization	<b>1,346.94</b>	907.01	<b>3,273.78</b>	1,974.81
Earnings/before Tax and Exceptional Items	<b>(100.49)</b>	(1,991.74)	<b>3,822.82</b>	(2,235.28)
Share in net profit/(Loss) of associate	-	-	<b>15.72</b>	(54.75)
Exceptional item	-	(1,450.68)	<b>0.00</b>	(1,450.68)
Profit/(Loss) before Tax (PBT)	<b>(100.49)</b>	(541.06)	<b>3,838.54</b>	(839.35)
Provision for Tax – Current & Deferred	<b>347.83</b>	(141.67)	<b>809.03</b>	(71.89)
Net Profit/(Loss) after Tax (PAT)	<b>(448.32)</b>	(399.39)	<b>3,029.51</b>	(767.46)
Minority Interest	-	-	<b>54.10</b>	45.83
Profit/(loss) for the period	<b>(448.32)</b>	<b>(399.39)</b>	<b>2,975.41</b>	(813.28)

### Performance Review

The Company enhanced its engagement with clients in aerospace, heavy engineering, industrial products and auto industry. The Company's engineering services revenue has grown significantly in Heavy Engineering vertical. The Strategic Technologies vertical is also showing positive momentum with various defense related contracts in the production stage and confirmed deliveries. AXISCADES is an authorized India Offset Partner (IOP) and has successfully established strategic partnerships for executing the Offset obligations. The Management has implemented various cost reduction initiatives and the impact of these measures are already visible.

### Financial Highlights – Standalone

Total Income increased marginally by 3.5% in 2019-20. EBITDA increased by 438.6% to ₹ 3,139.76 lakhs in 2019-20. Loss/Profit before tax and exceptional items is ₹ (100.49) lakhs in 2019-20. Net loss/Profit after tax is ₹ (448.32) lakhs in 2019-20.

### Financial Highlights – Consolidated

Total Income increased by 10.33% to ₹ 68,048.18 lakhs in 2019-20. EBITDA increased by 373.4 % to ₹ 9,926.99 lakhs in 2019-20. Profit before tax and exceptional items increased from ₹ (2,235.29) lakhs to ₹ 3,822.82 in 2019-20. Net Profit/(loss) after tax, before minority interest, increased by 494.7% to ₹ 3,029.51 lakhs in 2019-20.

### Reserves

The Company has not transferred any amount to its reserves for the Financial Year ended 31 March 2020.

### Dividend

Considering need for conservation of funds for catering to the growth plans of the Company, your Directors consider it expedient to pass over dividend for 2019-20.

### Particulars of Loans, Guarantees or Investments

Investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in the Annual Report. The Company has provided loan in the form of ICD to its subsidiaries during the year, the details of which form part of Annexure-1 AOC-2.

### Public Deposits

The Company has not accepted/renewed any public deposits and as such no amount on account of principal or interest on public deposits under Section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 2014 was outstanding as on the date of the Balance Sheet.

### Issue and Listing of Shares

The Company's shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Stock performance and stock data are furnished in the section on Corporate Governance.

During the financial year the Company has not issued any shares and therefore there is no change in the Share Capital of the Company.

#### Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 are furnished in the prescribed form AOC 2 as Annexure I to this Report. All transactions with the related parties during the financial year were in the ordinary course of business. The transactions have been approved by the Audit Committee and the Board, if required. Your attention is drawn to the Notes to the financial statement.

The Company has not entered into any transaction with related parties which can be considered material in accordance of with the policy of the Company on material related party transactions formulated as per the requirements of Listing Regulations. The Policy on materiality and dealing with related party transactions formulated and approved by the Board is posted on the website of the Company and is accessible at [www.axiscades.com](http://www.axiscades.com).

#### Material Changes and Commitments

There were no material changes and commitments affecting the financial position of the Company occurred between the financial year end and the date of this report. However, the Company has agreed to acquire Mistral Solutions Pvt. Ltd. (MSPL) in a phased manner, where by in phase I (which was completed on 15 December 2017) it acquired 43% stake in MSPL by way of share acquisition from its existing shareholders and in Phase II by way of Scheme of Amalgamation of the Shareholder Company of MSPL. The National Company Law Tribunal, Bengaluru Bench at Bengaluru vide their Order dated 8 March 2019 has approved the Scheme of Amalgamation of Explosoft Tech Solutions Private Limited with AXISCADES Engineering Technologies Limited and their respective shareholders. The Scheme has also been filed with the National Company Law Tribunal, Mumbai for approval.

#### Management Discussion and Analysis

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation 2015, a detailed chapter on Management discussion and analysis highlighting the Company's strategy, business environment, operations, performance, risks and outlook is provided separately in this Annual Report.

## BUSINESS STRUCTURE

### SUBSIDIARIES

The Company has the following subsidiaries:

#### Overseas Subsidiaries

Sl. No	Name of the subsidiary	Location/Country	%age Shareholding
1	AXISCADES, Inc.	Peoria, Illinois USA	100%
2	AXISCADES UK Ltd.	Leicestershire, UK	100% shares held by AXISCADES Inc.
3	AXISCADES Technology Canada Inc.	Montreal, Quebec, Canada	100%
4	Axis Mechanical Engineering Design (Wuxi) Co Ltd.	Wuxi City, China	100%
5	AXISCADES GmbH	Germany	100%
6	Mistral Solutions Inc.	USA	100% shares held by Mistral Solutions Pvt. Ltd.
7	Mistral Solutions PTE Ltd.	Singapore	100% shares held by Mistral Solutions Pvt. Ltd.

#### Indian Subsidiaries

Sl. No	Name of the subsidiary	Location/Country	%age Shareholding
1	Cades Studec Technologies (India) Pvt. Ltd. (CSTI)	Bengaluru, India	76%
2	AXISCADES Aerospace & Technologies Pvt. Ltd. (ACAT)	Bengaluru, India	100%
3	AXISCADES Aerospace Infrastructure Pvt. Ltd. (AAIPL)	Bengaluru, India	100 % shares are held by ACAT
4	Enertec Controls Limited (ECL)	Bengaluru, India	51.84 % is held by ACAT and 48.16% by AAIPL
5	Mistral Solutions Pvt. Ltd.	Bengaluru, India	43% (read together with note 6(a) of the Standalone Financial Statement)
6	Aero Electronics Pvt. Ltd.	Bengaluru, India	100% shares held by Mistral Solutions Pvt. Ltd.
7	Mistral Technologies Pvt. Ltd.	New Delhi, India	100% shares held by Mistral Solutions Pvt. Ltd.

The Company has incorporated a Joint Venture Company in the name of ASSYSTEM AXISCADES Engineering Pvt. Ltd., on 31.08.2018, having its registered office in Hyderabad. The Company holds 50% stake in this Company and is an associate Company within the meaning of Section 2(6) of the Companies Act, 2013.

A report on the performance and financial position of each of the subsidiaries & Associate as per rule 8(1) of Companies (Accounts)

Rules 2014 is furnished under the statement containing salient features of financial statements of subsidiaries & Associate in Form AOC 1 attached to this Report as Annexure II, pursuant to Section 129(3) of Companies Act 2013.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the audited financial statements of subsidiaries have been placed on the Company's website at [www.axiscades.com](http://www.axiscades.com).



The copies of these documents will be shared if requested by any shareholder of the Company/ subsidiary interested in obtaining the same. These documents will also be made available for inspection at the Registered Office of the Company during business hours on working days.

## 2. ORGANIZATION DEVELOPMENT

### BOARD OF DIRECTORS

#### Retirements and Reappointments

In the ensuing Annual General Meeting, Mr. David Bradley, Director, retire by rotation, and being eligible, offers himself for re-appointment.

The Directors recommend his re-appointment at the ensuing Annual General Meeting.

Mr. David Walker, was appointed as an Additional Director (Non Executive Non Independent) by the Board of Directors w.e.f. 29th June 2020 and is recommended for appointment by the shareholders at the ensuing Annual General Meeting.

The Independent Directors Mr. Pradeep Dadlani & Mr. Kailash Rustagi, are completing their 2<sup>nd</sup> term on the ensuing Annual General Meeting and the Company will consider appointing new independent director(s).

#### Induction and cessation of Directors and KMP

Sl No	Name of the Director	Category	Date of Appointment / reappointment	Date of Approval by Shareholder	Date of Resignation / cessation
1.	Mr. Anees Ahmed	Executive Director	28.07.2018	-	21.08.2019
2.	Mr. Ashwani Datta	Non-Executive Director	28.07.2018	-	29.08.2019
3.	Mr. Ajay Lakhota	Non-Executive Director	02.02.2019	-	30.03.2020
4.	Mr. David Bradley	Non-Executive Director & Chairman	05.03.2019	22.04.2019	Appointed as Chairman w.e.f. 31 May 2020.
5.	Mr. Kaushik Sarkar	Chief Financial Officer	12.09.2014	-	07.06.2019
6.	Mr. Srinivas A.	Chief Financial Officer	07.06.2019	-	

#### Human Resources Development

The Company is committed to build an environment and where employees are inspired to achieve excellence in their area of functioning. The Human Resource Policy of the Company is focused on attracting, building and retaining best talents. In this direction the Company has taken several Human Resource initiatives. Many continuous training and employee development programs are put in place. The Company is committed to provide a safe and healthy work environment to all the employees.

The Employee strength of the Company, on consolidated basis stood at 2,139 employees during the year end.

The applicable disclosures in compliance with regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Rule 12 of companies (Share Capital and Debentures) Rules, 2014 are set out below:

Particulars	AXISCADES Engineering ESOP 2018 -Series 1	AXISCADES Engineering ESOP 2018 -Series 2
A. Description of each Employee Stock Option Plan/Scheme that existed at any time during the year, including the general terms and conditions of each such Scheme/Plan		
a) Date of shareholders' approval	31 March 2018	31 March 2018
b) Total number of options approved under ESOS	15,10,381	15,10,381
c) Vesting requirements	Not less than 1 year from date of grant and maximum period in which the options shall be vested shall be within five years from the date of grant.	Not less than 1 year from date of grant and maximum period in which the options shall be vested shall be within four years from the date of grant.
d) Exercise price or pricing formula	The exercise price shall be decided by the Board or the Compensation Committee in line with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and any other applicable guidelines.	
e) Maximum term of option granted	Exercise period would be eight years from the date of grant of options.	
f) Source of shares (primary, secondary or combination)	Primary	
g) Variation in terms of options	None	

#### Consolidated Financial Statements

Pursuant to the provisions of Section 129(3) of Companies Act 2013 read with Indian Accounting Standards (IND AS) 21, 23 and 27, the audited Consolidated Financial Statements are furnished in the Annual Report.

#### Employee Benefit Scheme

The Company approved the ESOP Scheme - **AXISCADES Engineering ESOP 2018 -Series 1 & AXISCADES Engineering ESOP 2018 -Series 2 on 31 March 2018** which are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 and are made effective from 1 April 2018.

The Nomination & Remuneration Committee has granted 7,52,300 ESOPs to the employees vide its resolution dated 29 April 2019 and 1,50,000 ESOPs vide its resolution dated 20 May 2019 under ESOP Series 2.

The general terms and conditions of the said grant are as follows:

Grant	First Grant	Second Grant
Total number of Options approved and granted	7,52,300	1,50,000
Exercise price per option	₹ 52.65	₹ 52.95
Maximum term of Options Granted	8 Years from grant date	8 Years from grant date
Source of Shares	Primary	Primary
Options vested/Vesting Schedule	50% of the options vest on the 29 April 2020	50% of the options vest on the 20 May 2020
	50% of the options vest on the 29 April 2021	50% of the options vest on the 20 May 2021
Number of options outstanding at the beginning of the period	Nil	Nil
Number of options granted during the year	7,52,300	1,50,000
Number of options forfeited / lapsed during the year*	25,000	Nil
Number of options vested during the year	Nil	Nil
Number of options exercised during the year	NA	NA
Number of shares arising as a result of exercise of options	NA	NA
Money realized by exercise of options (₹), if scheme is implemented directly by the company	NA	NA
Loan repaid by the Trust during the year from exercise price received	NA	NA
Number of options outstanding at the end of the year	7,27,300	1,50,000
Number of options exercisable at the end of the year	NIL	NIL
Variation in terms of Options	None	None
Method of Settlement	Equity	Equity

\*ESOP lapsed 25,000

#### Employee wise details of options granted during the year

Options Granted to	First Grant	Second Grant
Senior Managerial Personnel	17,500	1,50,000
Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None	None
Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant	None	None

#### Description of method and significant assumptions used to estimate the fair value of options granted during the year

No option has been exercised during the financial year 2019-2020. However the fair value of above options has been estimated using Black-Scholes Option pricing model.

#### Particulars of Employees

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as Annexure IIIA to this Report.

The statement of particulars of employees pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is attached as Annexure IV to this Report.

### 3. CORPORATE GOVERNANCE

The report on Corporate Governance as required under Schedule V of the SEBI (LODR) Regulations 2015 is attached and forms part of the Annual Report. A certificate from the Auditors of the Company as regards of compliance of conditions of corporate governance is also appended to the report.

#### Meetings of the Board

The Board of the Company met seven times during the year. The dates, attendance and other particulars of the meetings

are furnished in the Report on Corporate Governance attached to this Report. The intervening gap between any two meetings was within the limit prescribed by the provisions of Companies Act, 2013.

#### Committees of the Board

The Audit Committee consists of 3 members namely, Mr. Kailash M. Rustagi, Mr. Pradeep Dadlani, Independent Directors and Mr. David Bradley, Non-Executive Director. The Chairman of the Audit Committee is an Independent Director.

All the recommendations made by the Audit Committee during the year have been accepted by the Board.

The Company has also constituted Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee as required under the provisions of Companies Act 2013 and also as required under Listing Regulations and the composition, scope of their functions, responsibilities etc. are given in the Corporate Governance Section, which forms part of this Report.

#### Declaration from Independent Directors

The Company has received declarations from all Independent Directors under Section 149(7) of the Companies Act, 2013 (read together with Companies Amendment Act, 2017, to the effect that they meet the criteria of independence as

laid down in section 149(6) of the Companies Act, 2013 read together with any amendment thereto and that their names have been included in the databank of Independent Directors and are compliant with the prescribed regulations. The terms and conditions of appointment of Independent Directors are placed on the website of the Company at [www.axiscades.com](http://www.axiscades.com).

#### **Performance Evaluation of the Board, Committees and Directors**

The Board of Directors have carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The performance of the Board and its committees were evaluated by the Board / committee after seeking inputs from all the directors/members on the basis of the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate Governance Report section of the Annual Report.

#### **Vigil Mechanism**

The Vigil Mechanism of the Company which also incorporates the Whistle blower policy provides a formal mechanism to all Directors and employees to approach the Chairman of the Audit Committee and make protective disclosures about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Whistle Blower Policy is an extension of the Company Code of Conduct, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he is aware of, that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. No personnel of the Company were denied access to the Chairman of the Audit Committee. The Whistle blower policy which also describes the mechanism may be accessed on the Company's website at [www.axiscades.com](http://www.axiscades.com).

#### **Policy on Director's Appointment and Remuneration**

The Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and the policy on remuneration of directors, key managerial personnel and other employees formulated pursuant to Section 134(3) (e) and 178 (3) of the Companies Act, 2013 are furnished in Annexure V.

#### **Risk Management Policy**

The Company has formulated and implemented a Risk Management Policy which focuses on identification of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company.

The Company has a risk identification and management frame work appropriate to its size and the environment under which it operates. The risk management process involves identification and periodic assessment of potential risks and their impact on the operations, profitability, growth and continuity of the business and focuses on risk elements pertaining to competitive position in the key market segments,

business environment, statutory and regulatory changes, global economy and business scenario, Currency exchange rate fluctuations, resource constraints etc. and initiating timely preventive as well as remedial actions.

Reporting and control mechanisms ensure timely information availability and facilitates proactive risk management. These mechanisms are designed to cascade down to the level of line managers so that risk at the transaction level is identified and steps are taken towards mitigation in a decentralized fashion.

Risks are being continuously monitored in relation to business strategy, operations and transactions, statutory/legal compliance, financial reporting, information technology system etc. based on the inputs from both external and internal sources like key incidents, Internal audit findings etc.

The Board of Directors is responsible for monitoring risk levels on various parameters and the senior management group ensures implementation of mitigation measures, if required. The audit committee provides the overall direction on the risk management policies.

#### **Prevention of Sexual Harassment of Women at Workplace**

In order to prevent sexual harassment of women at work place your Company has adopted a Policy for prevention of Sexual Harassment of Women at Workplace and has proper mechanism to control the same which is commensurate with the nature and size of the business of the Company. During the financial year 2019-20, no complaint was received. The Company has an Internal Complaints Committee in compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **4. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) read with Section 134 (3) (c) of the Companies Act, 2013, your Directors confirm that:

- a. in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 5. AUDITORS AND AUDITORS' REPORT

### Statutory Auditors

M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. FRN 101049W/E300004), were appointed as Statutory Auditors of the Company by the shareholders at the AGM held on 24 August 2017 to hold office until the conclusion of the 32nd AGM of the Company. Hence they will continue to be the Auditors of the Company.

The Auditors' Report does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Anant B. Khamankar & Co., Company Secretaries, to undertake Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report attached as Annexure VI forms part of this report. Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

The Statutory Auditors or the Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

### Significant Orders by Regulators/Courts/Tribunals

There are no significant and material orders passed by the regulators or courts which would impact the going concern status of the Company and its future operations.

### Extract of Annual Returns

The extract of Annual Return of your Company as on 31 March 2020, prepared pursuant to Section 92(3) of the Companies Act 2013 and the Rules made thereunder, in Form MGT-9 is attached as Annexure VII to this Report and the same is available as part of Annual report FY 20 at www.axiscades.com.

### Internal Financial Controls

Your Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. The same has been audited and certified by the Statutory Auditors of the Company in their Audit Report.

### Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility Committee (CSR Committee) in accordance with the provisions of Section 135 of the Companies Act 2013 and the rules made

thereunder. The Committee is chaired by an Independent Director. The Company on recommendation of the CSR Committee, has framed a CSR policy in line with Schedule VII of the Companies Act, 2013. The policy has been posted and is accessible on the Company's website at www.axiscades.com.

The salient features of which are as under:

- CSR activities are based on three broad indicators of development namely Human Capital, Social Capital, Economic Capital;
- We recognize the need to work in partnership with other players as well;
- The CSR Committee is responsible to formulate and recommending changes to the policy indicating the activities to be undertaken including Monitoring and reviewing CSR activities;
- Transparent Monitoring.

The annual report on CSR activities is furnished in 'Annexure VIII' to this Report.

## 6. CONSERVATION OF ENERGY, FOREIGN EXCHANGE EARNINGS ETC

The particulars pursuant to Rule 8(3) of Companies (Accounts) Rules 2014, are given below:

### Conservation of Energy

Being an Information Technology Company, is not energy intensive. However, adequate measures have been taken to conserve energy by introducing improved operational methods. The Company in its initiative to be ISO14001 – Environmental Management System compliant, is adhering to the provisions of E-Waste (Management and Handling) Rules 2011 and Batteries (Management and Handling) rules 2011, by efficiently managing the AC installations, replacing PC's by VPC and recycling of paper etc.

### Foreign Exchange Earnings and Outgo (Standalone)

	(₹ lakhs)	
	2019-20	2018 - 19
Foreign Exchange Earnings (actual inflows)	21,402.15	21,315.16
Foreign Exchange Outgo (actual outflows)	10,155.59	11,844.69

### Technology Absorption

The Company has not engaged any imported technology. Since the requirements of the technology business are changing constantly, your Company has sought to focus on critical in house technologies and processes, which are likely to create value in the foreseeable future.

## 7. FUTURISTIC STATEMENTS

Certain statements made in this section or elsewhere in this report may be futuristic in nature. Such statements represent the intentions of the Management and the efforts being put in by them to realize certain goals. The success in realizing these goals depends on various factors both internal and external. Therefore, the investors are requested to make their own judgment by taking into account all relevant factors before making any investment decision.

**8. GREEN INITIATIVES**

With reference to the MCA circular dated 5 May 2020 and SEBI circular dated 12 May 2020, this year the Company is dispensed with the printing and dispatch of Annual Reports to the Shareholders due to Covid-19 pandemic. Electronic copies of the Annual Report are sent to all the members whose email address are so registered.

**ACKNOWLEDGEMENTS**

Your Directors deeply appreciate and acknowledge the co-operation and support extended by Clients, Vendors, Investors and Bankers, various government agencies & regulatory bodies across the globe, the Software Technology Park, Noida, Hyderabad & Bangalore and other industry forums and agencies like NASSCOM and look forward to their continued support in the future. Your Directors wish to place on record their appreciation of the valuable contribution made by the employees of the Company at all levels.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 27 June 2020

Sd/-  
**Sharadhi Chandra Babupampapathy**  
CEO & Executive Director

Sd/-  
**Sudhakar Gande**  
Director

# Annexure - I

## PARTICULARS OF CONTRACT / ARRANGEMENTS WITH RELATED PARTIES

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 read with Sub-Section (1) of Section 188 of the Companies Act, 2013-AOC-2)

### 1. Details of contracts or arrangements or transactions not at arm's length basis:

S. No.	Particulars	Details
(a)	Name(s) of the Related Party and nature of relationship	NIL
(b)	Nature of contracts / arrangements / transactions	NIL
(c)	Duration of the contracts / arrangements / transactions	NIL
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any.	NIL
(e)	Justification for entering into such contracts or arrangements or transactions.	NIL
(f)	Date(s) of approval by the Board	NIL
(g)	Amount paid as advances, if any	NIL
(h)	Date on which the special resolution was passed in General Meeting as required under first provision to Section 188	NIL

### 2. Details of contracts or arrangements or transactions at arm's length basis:

Sl. No.	Particulars	Details								
(a)	Name (s) of the related party	AXISCADES Inc.	AXISCADES UK Ltd.	AXISCADES Technology Canada Inc.	AXIS Mechanical Engineering Design (Wuxi) Co., Ltd.	AXISCADES Aerospace & Technologies Private Limited	AXISCADES GmbH	Cades Studec Technologies (India) Private Limited	Assystem Axiscades Engineering Pvt. Ltd.	Inkers Technology Private Limited
(b)	Nature of relationship	Wholly Owned Subsidiary	Wholly Owned Subsidiary Stepdown Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Subsidiary	Associate JV company	Related Party (Director is interested)
	Nature of contracts/ arrangements/ transaction	Buy & Sale of service / Cross charge transactions	Buy & Sale of service, reimbursement / payment of expenses/ Cross charge transactions	Sale of service, reimbursement / payment of expenses/ Cross charge transactions	Sale of service	Service contract/ Cross charge transactions/ ICD	Service contract / Cross charge transactions	Inter-corporate Deposits	Service contract & Cross charge	Service Contract
(c)	Duration of the contracts/ arrangements/ transaction	1. 36 Months from 1 Apr 2019 in respect of sale of services 2. Other transactions on ongoing basis	1. 36 Months from 1 Apr 2019 in respect of sale of services 2. Other transactions on ongoing basis	1. 36 Months from 1 Apr 2019 in respect of sale of services 2. Other transactions on ongoing basis	1. 36 Months from 1 Apr 2017 in respect of sale of services	Transactions on ongoing basis/24 Months contract	NA	Tenure 3 years till 20 December 2020	NA	1 Year from 1 Jan 2019
(d)	Salient terms of the contracts or arrangements or transaction including the value, if any  Value of transactions during the year. (₹)	Invoices to be raised each month within 10 business days from the end of each month, payable within 15 days of receipt of money from the customer.	Invoices to be raised each month within 10 business days from the end of each month, payable within 15 days of receipt of money from the customer and for making payment it is within 60 days	Invoices to be raised each month, payable within 30days	Invoices to be raised each month within 10 business days from the end of each month payable within 60 days of receipt of money from the customer	Tenure 2 years		Interest 9% p.a.		
	1. Sale of services	219,287,121.57	4,272,835.90	117,919,438.39	25,261,236.89	485,000.00	42,296,115.00	0	8,683,042.00	0
	2. Expenses incurred on behalf of	4,073,209.39	803,345.09	2,399,585.38	0	0	84,906.58	0	0	0

Sl. No.	Particulars	Details								
3.	Software subscription charges incurred by	16,912,624.09	0	0	0	980,414.00	0	0	0	0
4.	Salaries, wages and bonus incurred on behalf of	24,903,999.04	0	9,084,151.16	0	0	0	0	0	0
5.	Salaries, wages and bonus recovered / staff welfare expense incurred by	9,064,380.81	30,706,653.60	0	0	0	0	0	0	0
7.	ICD given	0	0	0	0	21,000,000.00	0	0	0	0
8.	Interest income					836,000.00				
9.	Services received from	497,055.07	0		0	0	0	0	0	2,500,000.00
10.	Interest Expenses	0	0	0	0	0	0	2,256,164.69	0	0
11.	Rent expense charged to	0	0	0	0	0	0	0	4,560,000.00	0
(e)	Date of approval by the Board/ Audit Committee (in respect of contract of sale of services)	The transactions were in the ordinary course of business and on arm's length basis. All the sale & purchase transactions are approved by the Audit Committee and Board wherever required. ICD Transaction is approved by the Audit Committee and Board.								
(f)	Amount paid as advances, if any	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Sd/-  
**Sharadhi Chandra Babupampapathy**  
 CEO & Executive Director

Sd/-  
**Sudhakar Gande**  
 Director

Sd/-  
**A.Srinivas**  
 Chief Financial Officer

Place: Bengaluru  
 Date: 27 June 2020

## Annexure - II

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES /JOINT VENTURES  
(Pursuant to first proviso to Sub Section (3) of Section 129 of the Companies Act 2013, read with Rule 5 of the Companies (Accounts) Rules 2014 (AOC-1)

## PART A- SUBSIDIARIES

	AXISCADES Inc. (USA)	AXISCADES UK Ltd. (UK)	Axis Mechanical Engineering Design (Wuxi) Co. Ltd. (China)	AXISCADES Technology Canada Inc. (Canada)	AXISCADES GmbH (Germany)	Cades Studec Technologies India Private Limited (India)	AXISCADES Aerospace & Technologies Private Limited (India) (ACAT)	AXISCADES Aerospace Infrastructure Private Limited (India)	Enertec Controls Limited (India)	Mistral Solutions Pvt Ltd.	Aero Electronics Pvt Ltd.	Mistral Technologies Pvt Ltd.	Mistral Solutions Inc.
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Financial period ended	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
	Date of acquisition of Control	2004	07-Dec-12	24-Mar-14	12-Jul-16	24-Mar-14	05-Dec-16	05-Dec-16	05-Dec-16	01-Dec-17	01-Dec-17	01-Dec-17	01-Dec-17
2	Reporting currency and Exchange rate	USD	GBP	CAD	EUR	INR	INR	INR	INR	INR	INR	INR	USD
	2.1 Reporting Currency												
	2.2 Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (closing rate)	75.3859	10.6438	53.1982	83.0496	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	75.3859
	2.2 Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (Average rate)	70.8812	10.1798	53.3280	78.8482	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	70.8812
3	Share capital	22,47,227	5,75,476	4,50,476	100	25,000.00	16,83,85,120	4,17,25,330	1,36,58,690	192	1	1	485
4	Reserves & surplus	-2,42,601	-3,15,934	-11,50,708	29,925	17,96,85,069	99,14,31,543	74,28,49,209	33,62,84,000	9,541	-15	695	70
5	Total assets	70,46,046	7,40,110	54,92,424	2,63,535	30,64,75,244	2,47,38,53,092	82,68,74,852	40,72,86,804	13,400	393	769	1,136
6	Total Liabilities*	20,04,626	2,59,542	-7,00,232	54,925	18,59,35,069	1,15,98,16,663	78,45,74,539	34,99,42,690	13,400	393	769	1,136
7	Investments	5,18,100	-	-	-	53,087	1,06,34,77,802	12,03,00,000	-	3,003	-	554	-
8	Turnover	2,31,12,594	15,97,897	38,39,485.05	6,03,435	21,34,87,420	96,79,99,171	-	-	12,919	0	618	1,606
9	Profit before taxation	8,80,752	-30,838	-3,99,881	19,466	3,06,61,502	10,23,87,410	-44,71,405	55,68,995	1,648	-1	180	-195
10	Provision for taxation	2,19,510	0	1,47,170	6,828	81,20,940	-2,63,18,341	-	-2,68,090	401	0	46	-41
11	Profit after taxation	6,61,242	-30,838	-3,99,881	12,638	2,25,40,563	12,87,05,750	-44,71,405	58,37,085	1246.696076	-1	134	-153
12	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	76%	100%	100% Subsidiary of ACAT	51.84 % Subsidiary of ACAT and 48.16% Subsidiary of AAIPL	43%	100% Subsidiary of Mistral Solutions Pvt. Ltd.	100% Subsidiary of Mistral Solutions Pvt. Ltd.	100% Subsidiary of Mistral Solutions Pvt. Ltd.

\* Total liabilities includes Share capital and Reserves &amp; Surplus.



**Subsidiary's performance and financial position:**

1. AXISCADES, Inc : The revenue grew by 6.76 % as compared to last year due to new customer acquisition, the profits have increased due to decrease in Outsourcing, travelling expenses & provision for trade receivables.
2. AXISCADES UK Ltd: The revenue decreased by 23.82% due to significant change in customer budgetary allocation. The losses were due to maintenance of basic work force to be kept ready for new business opportunity.
3. AXISCADES Technology Canada Inc: The revenue increased by 10.86 % as compared to previous year due to outsourcing consolidation at customer end. The profit came down due higher outsourcing cost.
4. Cades Studec: The Revenue has grown by 5.42%.
5. Axis China: The revenue for the year has increased by 32.93%, The losses are due to increase in employee benefit expenses and increase in overheads.
6. AXISCADES GmbH : The revenue increase by 250.55% compared to last year. The outsourcing cost has also gone up by 253%.
7. AXISCADES Aerospace Technologies Pvt. Ltd: The Operating revenue has increased by 269.10% during the year. The resultant profit can be attributed to the same.
8. AXISCADES Aerospace Infrastructure Pvt Ltd.: It is an investment company. Hence no revenue.
9. Eertec Controls Limited: This is an investment company earning rental income. The net profit after tax for the year was 58.37 lakhs as against 11.25 lakhs in the previous year.
10. Mistral Solutions Private Limited.: Revenue for the period was 12620 lakhs and was lower as compared to previous year due to lockdown in March 2020.
11. Aero Electronics Private Limited.: This is a 100% subsidiary of Mistral Solutions Private Limited and there is no revenue for the period.
12. Mistral Technologies Private Limited: This is a 100% subsidiary of Mistral Solutions Private Limited and revenue for the period is 592 lakhs.
13. Mistral Solutions Inc: This is a 100% subsidiary of Mistral Solutions Private Limited and revenue for the period is USD 2.27 million.
14. Mistral Solutions Pte Ltd is a company incorporated in Singapore and is a wholly owned subsidiary of Mistral Solutions Private Limited. It is a dormant company. It has only a liability of S\$15000.

For and on behalf of the Board of Directors

Sd/-  
**Sharadhi Chandra Babupampapathy**  
 Chief Executive Officer & Executive Director

Sd/-  
**Sudhakar Gande**  
 Director

Sd/-  
**A. Srinivas**  
 Chief Financial Officer

Sd/-  
**Shweta Agrawal**  
 Company Secretary

Date: 27 June 2020

**PART B ASSOCIATES AND JOINT VENTURES****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates or Joint Ventures	ASSYSTEM AXISCADES ENGINEERING PRIVATE LIMITED
1. Latest audited Balance Sheet Date	31 March 2020
2. Date on which the Associate or Joint Venture was associated or acquired	31 August 2018
3. Shares of Associate or Joint Ventures held by the company on the year end No.	4,54,999
Amount of Investment in Associates or Joint Venture	227.5 lakhs
Extent of Holding (in percentage)	50%
4. Description of how there is significant Influence	The Company has 2 directors out of total 5 directors on the Board. The Company has the right to veto certain decisions.
5. Reason why the associate/ joint venture is not consolidated	The operational control is with the other equity partner in the company
6. Net worth attributable to shareholding as per latest audited Balance Sheet (unaudited)	₹ 188.47 lakhs
7. Profit /(Loss) for the year (unaudited)	₹ 31.44 lakhs
i. Considered in Consolidation	₹ 15.72 lakhs
ii. Not Considered in Consolidation	₹ 15.72 lakhs

- Names of associates or joint ventures which are yet to commence operations: None
- Names of associates or joint ventures which have been liquidated or sold during the year: None

For and on behalf of the Board of Directors

Sd/-  
**Sharadhi Chandra Babupampapathy**  
 Chief Executive Officer & Executive Director

Sd/-  
**Sudhakar Gande**  
 Director

Sd/-  
**A. Srinivas**  
 Chief Financial Officer

Sd/-  
**Shweta Agrawal**  
 Company Secretary

Date: 27 June 2020

## Annexure - III

### INDEPENDENT AUDITOR'S REPORT ON THE AXISCADES ENGINEERING EMPLOYEE STOCK OPTION PLAN 2018- SERIES 1 & 2, AS REQUIRED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

The Board of Directors

**AXISCADES Engineering Technologies Limited**

Block C, Second Floor, Kirloskar Business Park  
Bengaluru- 560024

1. This Report is issued in accordance with the terms of our master engagement agreement dated 6 September 2017 with AXISCADES Engineering Technologies Limited (hereinafter the "Company").
2. As requested, we have examined the AXISCADES Engineering Employee Stock Option Plan 2018 - Series 1 & 2 (hereinafter referred as the "Schemes") of AXISCADES Engineering Technologies Limited (the "Company"), which were approved by the Board of Directors of the Company on 13 February 2018, to determine whether the Schemes are in compliance with the relevant provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended (the "SEBI Regulations"). We understand that this report is required to be placed by the Board of Directors before the shareholders of the Company at the ensuing Annual General Meeting, relevant for financial year 2019-20 in accordance with the requirements of Clause 13 of the SEBI Regulations in respect of the Schemes. We also understand that this Report is required to be submitted to the National Stock Exchange of India Limited and the BSE Limited, Mumbai for purposes of complying with their regulations.

**MANAGEMENT'S RESPONSIBILITY:**

3. Management is responsible for:
  - i. Maintaining the information and documents, which are required to be kept and maintained under the relevant laws and regulations;
  - ii. Implementing the Schemes in accordance with the SEBI Guidelines and the resolutions passed at the Extraordinary General Meeting (through Postal Ballot) of the Company; and
  - iii. Establishing and maintaining effective internal control for properly recording the information related to the Schemes in the records maintained by the Company.

**AUDITOR'S RESPONSIBILITY:**

4. Pursuant to this, our responsibility is to express reasonable assurance in the form of an opinion whether the Company has implemented the Schemes in accordance with the provisions of the SEBI Regulations.
5. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. In this connection, we have performed the following procedures:

- i. Read the copy of the Schemes, provided to us by the Company, to examine the compliance by the Company with the provisions of the SEBI Regulations;
  - ii. Read the shareholders' resolution passed in the Extraordinary General Meeting (through Postal Ballot) held on 31 March 2018 noting the approval accorded to Management to issue employee stock options to the eligible employees and directors of the Company and its subsidiaries; and
  - iii. Read the circular resolution dated 29 April 2019 and minutes of the meeting of Nomination and Remuneration Committee of the Board of Directors of the Company dated 20 May 2019, wherein, aggregate 9,02,300 options were granted to the eligible employees of the Company and its Subsidiaries.
  - iv. Obtained necessary representations from Management.
6. We conducted our examination of the Schemes in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
  7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**OPINION:**

8. Based on our examination, as above, in our opinion, the Company has implemented the Scheme in accordance with the provisions of the SEBI Regulations.

**RESTRICTION ON USE:**

9. This report is intended solely for your information and in connection with the purpose mentioned above, and is not to be used or referred to for any other purpose or distributed to anyone other than those mentioned in paragraph 2. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Place of Signature: Bengaluru

Date: 7 August 2020

Membership Number: 104315

UDIN: 20104315AAAACD7625

## Annexure - III-A

### DETAILS UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Rate	Particulars		
(i)	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	a.	Sharadhi Babu 16.90
		b.	Anees Ahmed* -
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year.	a.	Sharadhi Babu 38.3%
		b.	Anees Ahmed NA
		c.	A. Srinivas** NA
		d.	Shweta Agrawal 12.5%
		e.	Kaushik Sarkar** NA
(iii)	The percentage increase in the median remuneration of employees in the financial year.		4.03%
(iv)	The number of permanent employees on the rolls of the Company.		1260
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.		21.19% (excluding managerial personnel) 21.41% (including managerial personnel) This is based on Remuneration Policy of the Company that rewards people based on their contribution to the success of the company and to ensure that the salaries are competitive to the peers in each geography that we operate in.
(xii)	It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.		

Note: Remuneration excludes the value of perquisites.

\* Mr. Anees Ahmed was appointed at a remuneration of ₹ 1 pm and he resigned as Director on 21 August 2019.

\*\* Mr. A. Srinivas was appointed as CFO in place of Mr. Kaushik Sarkar w.e.f. 7 June 2019, on his resignation.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 27 June 2020

Sd/-  
**Sharadhi Chandra Babupampapathy**  
CEO & Executive Director

Sd/-  
**Sudhakar Gande**  
Director

## Annexure - IV

### STATEMENT SHOWING THE DETAILS OF EMPLOYEES OF THE COMPANY AS PER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

#### Details of Top 10 employees in terms of remuneration drawn and Employed throughout the financial year including those with an aggregate remuneration of ₹ 1 Crore Two Lakhs (1.02) and above-

Name of the Employee	Designation of the Employee	Remuneration received during the year	Qualification	Experience in years	Date of commencement of employment	Age	Last employment held by the employee
Sharadhi Chandra Babu	CEO & ED	72,07,120	B. E. (E&C) P.G.D.B.A	26	21-01-2019	55	COO and Founder-Director, Adamya Technocrats Pvt Ltd
Sriram Jayakrishna	VP-Delivery	1,44,91,041	BE	26	09-04-2015	47	Tata Technologies Ltd. (Aero Engineering & Design-Program Management)
Monsieur Sinnasse Canda	VP-Sales	1,16,43,886	MBA	33	01-10-2015	60	Bull – ATOS Technologies (Vice President)
Oliver Brotzki	General Manager	97,48,014	Graduated Mechanical Engineer	23	20-01-2012	51	3D Contech (Branch Manager)
Sreedhar Ellentala	Sr. VP	91,11,212	MBA (Marketing)	30	12-02-2009	56	HMRI (Head IT)
Hari Babu V	VP	77,72,214	B. Tech	14	05-09-2005	51	HAL, Bangalore
Basavanna R	VP	77,72,214	M. Tech	9	10-11-2010	48	NAL, Bangalore
Kai Fanslau-Ahnfeld	Assistant Technical Manager	73,65,632	Graduated Automotive Engineer	13	01-04-2012	41	3D Contech
Juergen Kaehm	Lead Engineer	68,29,499	Aircraft Engineer	6	01.12.2013	61	3D Contech, Hamburg
Felix Danam	Project Manager	72,37,873	Diplomas Universitaire en Technology. Genius Mécanique et Productique. MBA	2	02.05.2018	46	3D Contech, Hamburg

#### Employed for part of the year with an average salary of 8.5 lakhs per month and above:

Name of the Employee	Designation of the Employee	Remuneration received during the year	Qualification	Experience in years	Date of commencement of employment	Age	Last employment held by the employee
A. Srinivas*	CFO	71,69,964	BE (Hons), MBA & CFA	24	07.06.2019	49	Avenue Capital Group
Kaushik Sarkar *	Chief Financial Officer	69,89,934	Masters of Commerce, FCA and ACMA	25	12-09-2014	50	Independent Consulting (Consultant)

\*Mr. A. Srinivas was appointed as CFO in place of Mr. Kaushik Sarkar w.e.f. 7 June 2019, on his resignation.

#### Notes:

1. Nature of employment: All the above are in regular employment of the Company.
2. Remuneration includes company's contribution to P.F., variable pay and excludes the value of perquisites.
3. None of the above (together with their spouse and dependent children) holds 2% or more of the equity shares of the Company.
4. None of the above employees is related to a Director except being Executive Directors themselves.

For and on behalf of the Board of Directors

Sd/-  
**Sharadhi Chandra Babupampapathy**  
CEO & Executive Director

Sd/-  
**Sudhakar Gande**  
Director

Place: Bengaluru  
Date: 27 June 2020

# Annexure - V

## NOMINATION AND REMUNERATION POLICY

### Introduction:

The Company is a Service Industry and therefore Company's policy strives to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company.

In terms of the provisions of the Companies Act, 2013 and SEBI Listing Regulations as amended from time to time, the Nomination and Remuneration Committee has formulated this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management (if any) and the same is approved by the Board of Directors.

### Objective:

- To identify persons who are qualified to become Directors (Executive, Non-Executive and Independent) and persons who may be appointed in Senior Management and Key Managerial positions, in accordance with the criteria laid down;
- Formulating Policy for remuneration for the Directors / KMPs and SMPs.
- To specify the manner for effective evaluation of performance of Board, its committees and individual Directors as well as Key Managerial and Senior Management Personnel and review its implementation and compliance.
- Recommending appointment and removal of Directors, KMPs and SMPs to devise a policy on diversity of board of directors.

In order to achieve the aforesaid objectives the following policy has been originally formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 23 June 2014 with first revision adopted on 9 September 2014 and second revision adopted on 27 June 2020.

### Effective Date:

The original policy is effective from 1 April 2014. Any revision to the same shall be effective from the date of its adoption by the Board.

### Constitution of the Nomination and Remuneration Committee:

The Board has renamed its Remuneration Committee as Nomination and Remuneration Committee on 27 March 2014 and reconstituted it on 9 September 2014.

The NRC shall comprise such Directors as approved by the Board of Directors. The Board has the power to reconstitute the NRC in conformity with the applicable statutory requirements.

### Applicability:

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel (if any)

### General

- This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and remuneration, PART – C covers proceedings of the Committee meetings.
- The key features of this Company's policy shall be included in the Board's Report.

### PART – A

#### Matters to be dealt with and recommended to the Board By The Nomination and Remuneration Committee

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down.
- Recommend to the Board, appointment of Director, KMP and Senior Management Personnel.
- Performance Evaluation of each Director KMP and Senior Management Personnel for the purpose of appraisal or removal/replacement.
- Policy for Remuneration for Director, KMP and Senior Management Personnel.
- Monitor the Board Diversity and balanced Board.
- **Succession planning-** recommends to the Board from time to time on long-term succession plan and also contingency plan in case of exigencies, relating to both Board as well as Executive management.
- **Retirement policy-** The retirement age of the directors is fixed by the Board of Directors in consultation with the Nomination & Remuneration Committee.

### PART – B

#### Policy for appointment and removal & Remuneration of Director, KMP and Senior Management

Policy for appointment and removal & remuneration of Directors, KMPs & SMPs:

1. The Committee shall identify and ascertain the qualification, expertise, attributes and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the

Company's growth and complementary skills in relation to the other Board members.

2. For Recommending any person as Executive Director the Committee shall take into consideration the provisions of the Companies Act, 2013 read together with the Rules prescribed there under and Schedule V.
3. For recommending any person as Non-Executive Director/ Independent Director the Committee shall take into consideration the provisions of the Companies Act, 2013 read together with the Rules prescribed there under and Schedule IV along with the criteria for independence defined under SEBI Listing Regulation.
  - The Committee shall carry out evaluation of performance of Board, its Committees, every Director, KMP and Senior Management Personnel at regular interval (yearly).
  - Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or on the basis of performance evaluation, the Committee may recommend, to the Board with reasons recorded in writing, removal / replacement of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.
  - The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof or commission as per Companies Act, 2013. Provided that the amount of such sitting fees shall not exceed ₹ One lakh per meeting of the Board or

Committee or such amount as may be prescribed by the Central Government from time to time. Such director may be paid remuneration either by way of a monthly payment or at specified percentage of the net profits of the company or partly by one way and partly by the other.

- An Independent Director shall not be entitled to any stock option of the Company.
- Remuneration to other employees would be as per the company policy as revised from time to time, and approved by CEO in consultation with Head-HR.

#### **PART – C**

##### **COMMITTEE PROCEEDINGS**

- The Chairman of the Committee will report to the Board (at the next Board meeting) on the proceedings of each Committee meeting, bringing forward all Committee recommendations requiring Board approval.
- The Secretary will: (a) in conjunction with the Chairman of the Committee, settle agendas for and arrange meetings of the Committee so as to ensure timely coverage of all the Committee's business; (b) distribute agendas and supporting papers to Committee members sufficiently far in advance of scheduled meetings to permit adequate preparation; (c) keep and distribute minutes of each meeting to Committee members; and (d) circulate copies of the minutes to the remaining Board members upon request.
- The Committee shall meet at least ones a year.
- The quorum for a meeting of the Committee will be a majority of the members and include at least one Independent Director.

# Annexure - VI

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31 March 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 & Rule 9 of the Companies Appointment and Remuneration of Managerial Personnel Rules, 2014]

To,  
The Members,  
**AXISCADES Engineering Technologies Limited**  
Block – C, Second Floor,  
Kirloskar Business Park,  
Bengaluru - 560024  
Karnataka, India.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AXISCADES Engineering Technologies Limited (hereinafter called "the Company" "ACETL"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances, and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – Not applicable as the Company has not invited and/or received any Foreign Directed Investment, Overseas Direct Investment and External Commercial Borrowings during the financial year under review;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not applicable as the Company has not delisted / proposed to delist its equity shares from any stock exchange during the financial year under review;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not applicable as the Company has not bought back / proposed to buyback its securities during the financial year under review; and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

#### OTHER APPLICABLE LAWS:

- i. Special Economic Zone Act, 2005
- ii. Software Technology Parks of India its Rules and Regulations
- iii. The Indian Copyright Act, 1957;
- iv. The Patents Act, 1970;
- v. The Trade Marks Act, 1999;
- vi. The Information Technology Act, 2000

We have relied on the representations made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.



We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the Composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance in compliance with statutory requirements, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes book, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that during the audit period:**

1. There were no instances of:
  - i. Public/Rights/Preferential issue of shares/debentures.
  - ii. Redemption / buy-back of securities.
  - iii. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
  - iv. Merger/amalgamation/reconstruction etc.
  - v. Foreign Technical Collaborations

For **Anant B Khamankar & Co.**

Sd/-

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198b000391388

Date: 27 June 2020

Place: Mumbai

# Annexure to Secretarial Auditors' Report

To,  
The Members,  
**AXISCADES Engineering Technologies Limited**  
Block – C, Second Floor,  
Kirloskar Business Park,  
Bengaluru - 560024  
Karnataka, India.

Our Secretarial Audit Report for the Financial Year ended March 31, 2020, of even date is to be read along with this letter.

## MANAGEMENT'S RESPONSIBILITY

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

## AUDITOR'S RESPONSIBILITY

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to the secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

## DISCLAIMER

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For **Anant B Khamankar & Co.**

Sd/-

**Anant Khamankar**

FCS No. – 3198

CP No. – 1860

UDIN: F003198b000391388

Date: 27 June 2020

Place: Mumbai

## Annexure - VII

### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I REGISTRATION & OTHER DETAILS:

i	CIN	L72200KA1990PLC084435
ii	Registration Date	24 August 1990
iii	Name of the Company	AXISCADES Engineering Technologies Limited
iv	Category/Sub-category of the Company	Public Company/Limited by Shares
v	Address of the Registered office & contact details	Block C, Second Floor Kirloskar Business Park Bengaluru-560024 Tel-080 41939000 Fax:080 41939099
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Tower B, Plot 31 & 32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500032, Telangana, India Board no: 040-67162222

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Engineering Design Services	620	100%

#### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	AXISCADES Inc. (formerly Axis Inc.) 3008 W. Willow Knolls Dr. Peoria, Illinois 61614-USA	NA	Subsidiary	100%	Section 2(87)(ii)
2	AXISCADES UK Ltd. (formerly Axis EU Europe Limited (UK)) The Pump House, Unit 15, Narborough Wood Park, Enderby, Leicestershire, LE19 4XT, UK	NA	Stepdown subsidiary	100% subsidiary of AXISCADES Inc.	Section 2(87)(ii)
3	Axis Mechanical Engineering Design (Wuxi) Co. Ltd. Tian shan Road NO.8-1504, New District, Wuxi, China	NA	Subsidiary	100%	Section 2(87)(ii)
4	AXISCADES Technology Canada Inc. (formerly Cades Technology Canada Inc.(USA)) 1200 McGill College Avenue, Suite 1100, Montreal, Quebec H3B 4G7	NA	Subsidiary	100%	Section 2(87)(ii)
5	AXISCADES GmbH Hein Saß Weg 36, 21129 Hamburg, Germany	NA	Subsidiary	100%	Section 2(87)(ii)
6	Mistral Solutions Inc. 43092 Christy Street Fremont, CA 94538-3183, USA	NA	Stepdown subsidiary	100% shares held by Mistral Solutions Pvt. Ltd.	Section 2(87)(ii)
7	Mistral Solutions PTE Ltd. 10 Anson Road #32-15 International Plaza Singapore 079903	NA	Stepdown subsidiary	100% shares held by Mistral Solutions Pvt. Ltd.	Section 2(87)(ii)
8	Cades Studec Technologies (India) Private Limited No.11, 3rd Cross, Ganganagar North, Bengaluru-560032	U72900KA2006PTC049241	Subsidiary	76%	Section 2(87)(ii)
9	AXISCADES Aerospace & Technologies Private Limited (ACAT) Vaswani Centropolis, Langford Road Bangalore Bangalore - 560027	U72900KA2001PTC028394	Subsidiary	100%	Section 2(87)(ii)



Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 April 2019)				No. of Shares held at the end of the year (As on 31 March 2020)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of total shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	0.00
i) Others	-	-	-	-	-	-	-	-	0.00
<b>SUB TOTAL (B)(1):</b>	<b>91721</b>	<b>-</b>	<b>91721</b>	<b>0.24</b>	<b>77992</b>	<b>-</b>	<b>77992</b>	<b>0.21</b>	<b>-0.04</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	1635648	-	1635648	4.33	1260550	-	1260550	3.34	-0.99
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	6215032	39960	6254992	16.57	6365687	39545	6405232	16.96	0.40
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	4216243	-	4216243	11.17	3944725	-	3944725	10.45	-0.72
c) Others (specify)									
CLEARING MEMBERS	57558	-	57558	0.15	100249	-	100249	0.27	0.11
MGT	5250	-	5250	0.01	7455	-	7455	0.02	0.01
NON RESIDENT INDIANS	2,07,796	-	2,07,796	0.55	203567	-	203567	0.54	-0.01
NRI NON-REPATRIATION	121285	-	121285	0.32	102713	-	102713	0.27	-0.05
TRUSTS	500	-	500	0.00	500	-	500	0.00	0.00
<b>SUB TOTAL (B)(2):</b>	<b>1,24,59,312</b>	<b>39,960</b>	<b>1,24,99,272</b>	<b>33.10</b>	<b>11985446</b>	<b>39,545</b>	<b>12024991</b>	<b>31.85</b>	<b>-1.26</b>
<b>Total Public Shareholding</b>	<b>1,25,51,033</b>	<b>39,960</b>	<b>1,25,90,993</b>	<b>33.35</b>	<b>1,20,63,438</b>	<b>39,545</b>	<b>1,21,02,983</b>	<b>32.05</b>	<b>-1.29</b>
<b>(B)= (B)(1)+(B)(2)</b>									
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>									0.00
<b>Grand Total (A+B+C)</b>	<b>3,77,19,570</b>	<b>39,960</b>	<b>3,77,59,530</b>	<b>100</b>	<b>3,77,19,985</b>	<b>39,545</b>	<b>3,77,59,530</b>	<b>100</b>	

**(ii) Share Holding of Promoters**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares held	
1	TAYANA DIGITAL PRIVATE LIMITED	12142100	32.16	100%	12142100	32.16	100.00%	0
2	INDIAN AERO VENTURES PRIVATE LIMITED	6154219	16.30	0.00	6154219	16.30	0.00	0
3	JUPITER CAPITAL PRIVATE LIMITED	6872218	18.20	100%	7360228	19.49	72.44%	1.29
<b>Total</b>		<b>25168537</b>	<b>66.65</b>		<b>25656547</b>	<b>67.95</b>		<b>1.29</b>

**(iii) Change in Promoters' Shareholding (Specify if there is no change)**

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>01</b>	<b>JUPITER CAPITAL PRIVATE LIMITED</b>				
	At the beginning of the year 1 April 2019	6872218	18.20	6872218	18.20
	23.08.19 (Purchase of shares)	30000		6902218	18.28
	27.08.19 (Purchase of shares)	66500		6968718	18.46
	29.08.19 (Purchase of shares)	45500		7014218	18.58
	30.08.19 (Purchase of shares)	18000		7032218	18.62
	03.09.19 (Purchase of shares)	35000		7067218	18.72
	06.09.19 (Purchase of shares)	62735		7129953	18.88

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	11.09.19 (Purchase of shares)	37000		7166953	18.98
	19.09.19 (Purchase of shares)	18168		7185121	19.03
	24.09.19 (Purchase of shares)	10500		7195621	19.06
	27.09.19 (Purchase of shares)	10754		7206375	19.08
	30.09.19 (Purchase of shares)	23853		7230228	19.15
	29.11.19 (Purchase of shares)	40000		7270228	19.25
	12.12.19 (Purchase of shares)	20000		7290228	19.31
	16.03.20 (Purchase of shares)	60000		7350228	19.47
	19.03.20 (Purchase of shares)	10000		7360228	19.49
<b>At the end of the year 31 March 2020</b>				<b>7360228</b>	<b>19.49</b>

## (iv) Shareholding of Top Ten Shareholders\* (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>01</b>	<b>MANJU ARVIND KUMAR KOTHARI</b>				
	At the beginning of the year 1 April 2019	0	0.00	0	0.00
	07.06.2019 (Purchase of Shares)	16682		16682	0.04
	14.06.2019 (Purchase of Shares)	20659		37341	0.10
	21.06.2019 (Sale of Shares)	-6975		30366	0.08
	28.06.2019 (Purchase of Shares)	19522		49888	0.13
	05.07.2019 (Sale of Shares)	-10320		39568	0.10
	12.07.2019 (Purchase of Shares)	23036		62604	0.17
	19.07.2019 (Purchase of Shares)	21753		84357	0.22
	26.07.2019 (Purchase of Shares)	186656		271013	0.72
	02.08.2019 (Purchase of Shares)	77518		348531	0.92
	09.08.2019 (Purchase of Shares)	269296		617827	1.64
	16.08.2019 (Purchase of Shares)	2647		620474	1.64
	23.08.2019 (Sale of Shares)	-17478		602996	1.60
	30.08.2019 (Sale of Shares)	-27723		575273	1.52
	06.09.2019 (Purchase of Shares)	7721		582994	1.54
	20.09.2019 (Sale of Shares)	-3148		579846	1.54
	27.09.2019 (Sale of Shares)	-20000		559846	1.48
	04.10.2019 (Sale of Shares)	-9028		550818	1.46
	11.10.2019 (Purchase of Shares)	1		550819	1.46
	18.10.2019 (Sale of Shares)	-26006		524813	1.39
	25.10.2019 (Sale of Shares)	-96743		428070	1.13
	01.11.2019 (Purchase of Shares)	57973		486043	1.29
	08.11.2019 (Sale of Shares)	-60652		425391	1.13
	15.11.2019 (Sale of Shares)	-20000		405391	1.07
	22.11.2019 (Sale of Shares)	-38393		366998	0.97
	29.11.2019 (Purchase of Shares)	66541		433539	1.15
	06.12.2019 (Purchase of Shares)	14015		447554	1.19
	13.12.2019 (Purchase of Shares)	12072		459626	1.22
	20.12.2019 (Purchase of Shares)	133662		593288	1.57
	27.12.2019 (Purchase of Shares)	28042		621330	1.65
	31.12.2019 (Sale of Shares)	-1000		620330	1.64
	31.01.2020 (Sale of Shares)	-3547		616783	1.63
	07.02.2020 (Sale of Shares)	-30610		586173	1.55
	14.02.2020 (Sale of Shares)	-23000		563173	1.49
	06.03.2020 (Sale of Shares)	-33029		530144	1.40
	27.03.2020 (Sale of Shares)	-4955		525189	1.39
<b>At the end of the year 31 March 2020</b>				<b>525189</b>	<b>1.39</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>02</b>	<b>SUMER CHAND AND CO LLP</b>				
	At the beginning of the year 1 April 2019	374896	0.99	374896	0.99
	<b>At the end of the year 31 March 2020</b>			<b>374896</b>	<b>0.99</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>03</b>	<b>ADITHYA B S</b>				
	At the beginning of the year 1 April 2019	203200	0.54	203200	0.54
	<b>At the end of the year 31 March 2020</b>			<b>203200</b>	<b>0.54</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>04</b>	<b>PUSHPA POONAMCHAND JAIN</b>				
	At the beginning of the year 1 April 2019	250000	0.66	250000	0.66
	20.09.2019 (Sale of Shares)	-50000		200000	0.53
	15.11.2019 (Sale of Shares)	-200000		0	0.00
	13.12.2019 (Purchase of Shares)	200000		200000	0.53
	31.03.2020 (Purchase of Shares)	200000		400000	1.06
	31.03.2020 (Sale of Shares)	-200000		200000	0.53
	<b>At the end of the year 31 March 2020</b>			<b>200000</b>	<b>0.53</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>05</b>	<b>ROHITASAVA CHAND</b>				
	At the beginning of the year 1 April 2019	197312	0.52	197312	0.52
	06.09.2019 (Purchase of Shares)	197312		394624	1.05
	06.09.2019 (Sale of Shares)	-197312		197312	0.52
	<b>At the end of the year 31 March 2020</b>			<b>197312</b>	<b>0.52</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>06</b>	<b>SUSHIL FINANCIAL SERVICES PVT. LTD.</b>				
	At the beginning of the year 1 April 2019	97829	0.26	97829	0.26
	05.04.2019 (Purchase of Shares)	5656		103485	0.27
	05.04.2019 (Sale of Shares)	-5906		97579	0.26
	12.04.2019 (Purchase of Shares)	2168		99747	0.26
	19.04.2019 (Sale of Shares)	-10560		89187	0.24
	26.04.2019 (Purchase of Shares)	3859		93046	0.25
	26.04.2019 (Sale of Shares)	-100		92946	0.25
	03.05.2019 (Purchase of Shares)	869		93815	0.25
	03.05.2019 (Sale of Shares)	-2241		91574	0.24
	10.05.2019 (Purchase of Shares)	2190		93764	0.25
	10.05.2019 (Sale of Shares)	-2021		91743	0.24
	17.05.2019 (Purchase of Shares)	7057		98800	0.26
	17.05.2019 (Sale of Shares)	-1580		97220	0.26
	24.05.2019 (Purchase of Shares)	3033		100253	0.27
	24.05.2019 (Sale of Shares)	-5097		95156	0.25
	31.05.2019 (Purchase of Shares)	10383		105539	0.28
	07.06.2019 (Sale of Shares)	-9795		95744	0.25
	14.06.2019 (Purchase of Shares)	514		96258	0.25

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	14.06.2019 (Sale of Shares)	-4139		92119	0.24
	21.06.2019 (Purchase of Shares)	410		92529	0.25
	21.06.2019 (Sale of Shares)	-1864		90665	0.24
	28.06.2019 (Purchase of Shares)	3633		94298	0.25
	28.06.2019 (Sale of Shares)	-918		93380	0.25
	05.07.2019 (Purchase of Shares)	150		93530	0.25
	05.07.2019 (Sale of Shares)	-4474		89056	0.24
	12.07.2019 (Purchase of Shares)	1851		90907	0.24
	12.07.2019 (Sale of Shares)	-6		90901	0.24
	19.07.2019 (Sale of Shares)	-1800		89101	0.24
	26.07.2019 (Purchase of Shares)	215		89316	0.24
	26.07.2019 (Sale of Shares)	-250		89066	0.24
	02.08.2019 (Purchase of Shares)	4207		93273	0.25
	02.08.2019 (Sale of Shares)	-1200		92073	0.24
	09.08.2019 (Purchase of Shares)	3494		95567	0.25
	09.08.2019 (Sale of Shares)	-836		94731	0.25
	16.08.2019 (Purchase of Shares)	4330		99061	0.26
	23.08.2019 (Purchase of Shares)	650		99711	0.26
	23.08.2019 (Sale of Shares)	-120		99591	0.26
	30.08.2019 (Sale of Shares)	-5275		94316	0.25
	06.09.2019 (Sale of Shares)	-625		93691	0.25
	13.09.2019 (Sale of Shares)	-1		93690	0.25
	20.09.2019 (Purchase of Shares)	1950		95640	0.25
	20.09.2019 (Sale of Shares)	-6640		89000	0.24
	27.09.2019 (Sale of Shares)	-2250		86750	0.23
	11.10.2019 (Purchase of Shares)	2160		88910	0.24
	11.10.2019 (Sale of Shares)	-900		88010	0.23
	18.10.2019 (Purchase of Shares)	2100		90110	0.24
	08.11.2019 (Purchase of Shares)	2260		92370	0.24
	06.12.2019 (Purchase of Shares)	3350		95720	0.25
	20.12.2019 (Purchase of Shares)	4660		100380	0.27
	10.01.2020 (Purchase of Shares)	3850		104230	0.28
	31.01.2020 (Purchase of Shares)	2890		107120	0.28
	14.02.2020 (Purchase of Shares)	3325		110445	0.29
	28.02.2020 (Purchase of Shares)	3535		113980	0.30
	06.03.2020 (Purchase of Shares)	4440		118420	0.31
<b>At the end of the year 31 March 2020</b>				<b>118420</b>	<b>0.31</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>07</b>	<b>HARISH AHUJA</b>				
	At the beginning of the year 1 April 2019	95611	0.25	95611	0.25
<b>At the end of the year 31 March 2020</b>				<b>95611</b>	<b>0.25</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>08</b>	<b>GANDHI SECURITIES &amp; INVESTMENT PRIVATE LIMITED</b>				
	At the beginning of the year 1 April 2019	116500	0.31	116500	0.31
	06.09.2019 (Sale of Shares)	-25000		91500	0.24
<b>At the end of the year 31 March 2020</b>				<b>91500</b>	<b>0.24</b>



Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>09</b>	<b>HARSHAD DASHRATHLAL PANCHAL</b>				
	At the beginning of the year 1 April 2019	59595	0.16	59595	0.16
	14.06.2019 (Purchase of Shares)	1000		60595	0.16
	26.07.2019 (Purchase of Shares)	3000		63595	0.17
	13.09.2019 (Sale of Shares)	-500		63095	0.17
	27.09.2019 (Purchase of Shares)	3565		66660	0.18
	04.10.2019 (Purchase of Shares)	3000		69660	0.18
	25.10.2019 (Purchase of Shares)	4000		73660	0.20
	01.11.2019 (Purchase of Shares)	4140		77800	0.21
	08.11.2019 (Purchase of Shares)	2360		80160	0.21
	13.12.2019 (Purchase of Shares)	2500		82660	0.22
	03.01.2020 (Purchase of Shares)	1000		83660	0.22
	17.01.2020 (Purchase of Shares)	200		83860	0.22
	24.01.2020 (Purchase of Shares)	1000		84860	0.22
	31.01.2020 (Sale of Shares)	-1200		83660	0.22
	07.02.2020 (Sale of Shares)	-1000		82660	0.22
	14.02.2020 (Purchase of Shares)	500		83160	0.22
	14.02.2020 (Sale of Shares)	-1000		82160	0.22
	28.02.2020 (Sale of Shares)	-200		81960	0.22
	20.03.2020 (Purchase of Shares)	5000		86960	0.23
	27.03.2020 (Purchase of Shares)	2000		88960	0.24
	27.03.2020 (Sale of Shares)	-200		88760	0.24
	<b>At the end of the year 31 March 2020</b>			<b>88760</b>	<b>0.24</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>10</b>	<b>AVENDUS PHOENIX FUND</b>				
	At the beginning of the year 1 April 2019	46742	0.12	46742	0.12
	17.05.2019 (Purchase of Shares)	10000		56742	0.15
	31.05.2019 (Purchase of Shares)	20700		77442	0.21
	<b>At the end of the year 31 March 2020</b>			<b>77442</b>	<b>0.21</b>

\* Excluding Clearing Members

#### (v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>01</b>	<b>SUDHAKAR GANDE</b>				
	At the beginning of the year 1 April 2019	1739180	4.61	1739180	4.61
	Buy/Sale during the year	0		0	
	<b>At the end of the year 31 March 2020</b>			<b>1739180</b>	<b>4.61</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>02</b>	<b>SHARADHI CHANDRA BABU PAMPAPATHY</b>				
	At the beginning of the year 1 April 2019	1200	0.00	1200	0.00
	04.04.2019 (Sale of Shares)	-1200		0	0.00
	<b>At the end of the year 31 March 2020</b>		<b>0.00</b>	<b>0</b>	<b>0.00</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>03</b>	<b>A SRINIVAS</b>				
	At the beginning of the year 1 April 2019	100	0.00	100	0.00
	Buy/Sale during the year	0		0	0.00
	<b>At the end of the year 31 March 2020</b>		<b>0.00</b>	<b>100</b>	<b>0.00</b>

Sl. No.	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>04</b>	<b>SHWETA AGRAWAL</b>				
	At the beginning of the year 1 April 2019	1	0.00	1	0.00
	Buy/Sale during the year	0		0	0.00
	<b>At the end of the year 31 March 2020</b>		<b>0.00</b>	<b>1</b>	<b>0.00</b>

## V INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 1 April 2019</b>				
i) Principal Amount	80,72,84,431	2,50,00,000	NIL	83,22,84,431
ii) Interest due but not paid				
iii) Interest accrued but not due	17,50,350	4,99,315	NIL	22,49,665
<b>Total (i+ii+iii)</b>	<b>80,90,34,781</b>	<b>2,54,99,315</b>		<b>83,45,34,096</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	1,52,09,39,856	-	NIL	1,52,09,39,856
Reduction	-1,51,95,15,295	-	NIL	-1,51,95,15,295
<b>Net Change</b>	<b>14,24,561</b>	<b>-</b>	<b>NIL</b>	<b>14,24,561</b>
<b>Indebtedness at the end of the financial year 31 March 2020</b>				
i) Principal Amount	80,87,08,992	2,50,00,000	NIL	83,37,08,992
ii) Interest due but not paid				
iii) Interest accrued but not due	60,79,066	5,04,863	NIL	65,83,929
<b>Total (i+ii+iii)</b>	<b>81,47,88,058</b>	<b>2,55,04,863</b>	<b>NIL</b>	<b>84,02,92,921</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Sharadhi Chandra Babu CEO & Executive Director	Anees Ahmed Executive Director *	
1	Gross salary	61,11,914.00	5.00	61,11,919.00
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	61,11,914.00	5.00	61,11,919.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	39,600.00	-	39,600.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	-
2	Stock option	0.00	0.00	-
3	Sweat Equity	0.00	0.00	-
4	Commission as% of profit	0.00	0.00	-
5	Others**	51,87,123.00	-	51,87,123.00
	<b>Total (A)</b>	<b>1,13,38,637.00</b>	<b>5.00</b>	<b>1,13,38,642.00</b>

#### Ceiling as per the Act

The Company has taken requisite approval from the Shareholders for all the Executive Directors in compliance of the provisions of Companies Act, 2013, (as amended) read together with Schedule V and the circulars issued in this regard.

\*Mr. Anees Ahmed resigned as Executive Director w.e.f. 21-08-2019.

\*\* Includes Employers contribution to PF and performance based variable pay.

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount	
		Vivek Mansingh*	Pradeep Dadlani	K.M. Rustagi	Srinath Batni**	Mariam Mathew		
<b>1</b>	<b>Independent Directors</b>							
	(a) Fee for attending board committee meetings	4,00,000	13,00,000	15,00,000	8,00,000	7,00,000		
	(b) Commission	-	-	-	-	-		
	(c) Others, please specify	-	-	-	-	-		
	<b>Total (1)</b>	<b>4,00,000</b>	<b>13,00,000</b>	<b>15,00,000</b>	<b>8,00,000</b>	<b>7,00,000</b>	<b>47,00,000</b>	
<b>2</b>	<b>Other Non Executive Directors</b>							
	(a) Fee for attending board committee meetings	2,70,000	1,80,000	1,80,000	2,40,000			
	(b) Commission	-	-	-	-	-		
	(c) Others, please specify.	-	-	-	-	-		
	<b>Total (2)</b>	<b>2,70,000</b>	<b>1,80,000</b>	<b>1,80,000</b>	<b>2,40,000</b>		<b>8,70,000</b>	
	<b>Total (B)=(1+2)-Total Managerial Remuneration</b>						<b>55,70,000</b>	
	<b>Overall Ceiling as per the Act.</b>	Non-Executive Directors- Sitting fee not exceeding ₹ 1,00,000/- per meeting/Director						

\*Mr. Vivek Mansingh term as Independent Director completed on 08.09.2019

\*\*Mr. Srinath Batni term as Independent Director completed on 08.09.2019

\*\*\*Mr. Ashwani Datta resigned as Non Executive Director w.e.f. 29-08-2019

\*\*\*\*Mr. Ajay Lakhotia resigned as Non Executive Director w.e.f. 30-03-2020

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	ED*	Key Managerial Personnel			Total
			CEO*	CFO	Company Secretary	
<b>1</b>	<b>Gross Salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.			63,61,464	23,41,723	87,03,187.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961			39,600.00	0	39,600.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			-	0	-
2	Stock Option			-	0	-
3	Sweat Equity			-	0	-
4	Commission as % of profit			-	0	-
5	Others**			44,94,802.00	3,41,077	48,35,879.00
	<b>Total</b>			<b>1,08,95,866.00</b>	<b>26,82,800</b>	<b>1,35,78,666.00</b>

\*Particulars of Remuneration of KMPs who are Director, are given under point VI(A) above.

\*\* Includes Employers contribution to PF and performance based variable pay.

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

There were no penalties/punishment/compounding of offences for the year ending 31 March 2020.

# Annexure - VIII

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (Pursuant to Section 135 of Companies Act 2013)

### 1. COMPANY'S CSR OBJECTIVES AND POLICY

The Company recognizes its responsibility as an important stakeholder in the society and strives to work towards the betterment of the society constantly. With this objective, on the recommendation of the CSR Committee the Board of Directors have approved the CSR Policy which is available at: [http://axiscades.com/investors\\_data/corp\\_gov\\_report/ACET\\_CSR\\_Policy.pdf](http://axiscades.com/investors_data/corp_gov_report/ACET_CSR_Policy.pdf).

2. The CSR activities of the Company mainly focus on the areas of Healthcare, Education, After school life skills and employment enhancing skills. The objective is to extend support to the deprived sections like underprivileged kids and differently abled people for their economic and social development.

3. The Company has constituted a CSR committee which provides oversight of CSR policy and guides the activities of the Company.

The CSR Committee comprises of:

Mr. Pradeep Dadlani (Chairman),  
Mr. K.M. Rustagi,  
Mr. Sudhakar Gande

7. The manner of the amount spent during the financial year is as follows:

Name/details of implementing agency	CSR project/ activity identified	Sector in which the project is covered	Location of projects/ programmes	Amount outlay/ approved (₹ In Lakh)	Cumulative expenditure upto the reporting period (₹ In Lakh)	Amount spent direct/ overheads (₹ In Lakh)
First Sound Sethi Foundation	Hearing enablement	Promotion of education and livelihood enhancement of differently abled children	Bengaluru	2.18	2.18	2.18

#### Notes:

- All amounts mentioned above as spent relate to amounts spent through implementing agency, unless stated otherwise.
- There is no expenditure on overheads in the above list.

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Sd/-  
**Sharadhi Chandra Babupampapathy**  
CEO & Executive Director

Sd/-  
**Pradeep Dadlani**  
Director & Chairman, CSR Committee

Date: 27 June 2020

# Report on Corporate Governance

Good Corporate Governance is about being proper to prosper. The Governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interest of individuals, corporations and society. The Company strives to follow the procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders.

## I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is about its commitment to values and ethics in business conduct which stems from the culture, policies, practices, voluntary adherence to ethical standards and mindset of an organization. Your Board strongly believes that effective corporate governance practices constitute the strong foundation. The Company has a strong legacy of fair, transparent and ethical governance practices. The company's primary objective is to create and adhere to a corporate culture of fairness and transparency in actions of the Management which are the key to enhancing shareholders value and discharge of social responsibility.

The Directors are pleased to report the compliances as required under Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI (LODR), Regulations 2015"), as follows:

## II. BOARD OF DIRECTORS

- i. As on 31 March 2020, the Company has six directors. Out of these six Directors, five (83.33%) are Non-Executive (including independent directors), including one-woman director and three (50.00%) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of SEBI (LODR), Regulations, 2015 and Companies Act, 2013. The Chairman of the Company is a Non-Executive Director.
- ii. None of the director is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies have been made by the directors.
- iii. None of the directors are related inter se. The changes in the composition of the Board of Directors that took place during the year have been duly informed to the Stock Exchanges from time to time.
- iv. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the

Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Act and SEBI (LODR).

- v. The Board of Directors confirm that in their opinion, the independent Directors fulfill the conditions as specified in the regulations and are independent of the management. Dr. Vivek Mansingh and Mr. Srinath Batni, resigned/stepped down during the financial year 2019-20, due to completion of their term on 8 September 2019.
- vi. The Independent Directors meet at least once in every financial year to discuss matters pertaining to Company's affairs, evaluation of performance of the Board, their own and place their views regarding governance of the Company at the Board. During the year the Independent Directors have met once on 22 January 2020. The terms and conditions of appointment of independent directors are disclosed on the website of the Company.
- vii. The Company recognizes the need for diversified Board in its success and continuity. Keeping this in view the Company has cultivated a policy to induct successful persons drawn from diverse expertise having achieved excellence in their respective fields. The present Board achieves this quality to a large extent. The Board of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- viii. The names and categories of the directors on the board, their attendance at board meetings & the last Annual General Meeting (AGM) held during the year and the number of directorships and committee chairmanships / memberships held by them in other public companies are given herein below. Other directorships / committee membership do not include directorships/committee memberships of private limited companies, Section 8 companies and companies incorporated outside India. Chairmanships / memberships of board committees shall include only audit committee and stakeholders' relationship committee.

Name of the Director	Category*	No. of BM during 2019-2020**		Attendance Last AGM**	No. of other Directorships*** and Committee Membership/Chairmanship held as on 31 March 2020		
		Held	Attended		Other Directorships	Committee Memberships	Committee Chairmanships
Dr. Vivek Mansingh <sup>3</sup>	ID	4	2	NA	NA	NA	NA
Mr. Sharadhi Chandra Babupampapathy (CEO)	ED	7	7	YES	-	-	-
Mr. Anees Ahmed <sup>5</sup>	ED	4	2	NA	NA	NA	NA
Mr. Sudhakar Gande	NED	7	6	Yes	2	-	-
Mr. Kailash M. Rustagi <sup>1</sup>	ID	7	7	Yes	1	1	-
Mr. Srinath Batni <sup>4</sup>	ID	4	3	NA	NA	NA	NA
Mrs. Mariam Mathew	ID	7	6	Yes	-	-	-
Mr. Pradeep Dadlani <sup>2</sup>	ID	7	5	Yes	3	-	-
Mr. Ashwani Kumar Datta <sup>6</sup>	NED	4	4	NA	NA	NA	NA
Mr. Ajay Lakhotia <sup>7</sup>	NED	7	5	YES	-	-	-
Mr. David Bradley (Chairman)	NED	7	5	YES	-	-	-

Ms. Shweta Agrawal, Company Secretary is the Compliance Officer of the Company. Further she acts as a secretary to all the committees of the Board.

#### Notes:

\*ID- Independent Director, ED- Executive Director, NED- Non-Executive Director.

\*\*BM- Board Meeting, AGM- Annual General Meeting

\*\*\*Other Directorship includes Directorships in the Subsidiary of Public Company

#### Appointments during the Year:

- Mr. Kailash Rustagi was re-appointed as Independent Director w.e.f. 9 September 2019 after the completion of first term of office as such.
- Mr. Pradeep Dadlani was re-appointed as Independent Director w.e.f. 9 September 2019 after the completion of first term of office as such.

#### Resignations during the Year:

- Dr. Vivek Mansingh, tenure of Directorship completed on 8 September 2019
  - Mr. Srinath Batni, tenure of Directorship completed on 8 September 2019
  - Mr. Anees Ahmed resigned from the office of Directorship w.e.f. 21 August 2019
  - Mr. Ashwani Datta resigned from the office of Directorship w.e.f. 28 August 2019
  - Mr. Ajay Lakhotia resigned from the office of Directorship w.e.f. 30 March 2020.
- ix. None of the Independent Director is appointed as such in any other listed entity.
- x. Seven Board meetings were held during the fiscal year 2019-2020 and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held are: 8 May 2019; 30 May 2019; 1 August 2019; 7 August 2019; 30 September 2019; 12 November 2019; 22 January 2020.

The necessary quorum was present for all the meetings.

- xi. Adequate notice is given to all directors for the scheduled Board Meetings and agenda with detailed notes is sent, which is in compliance with the provisions of Companies Act, 2013, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and all the directors are facilitated to participate meaningfully at the meetings.

Mr. Sudhakar Gande (Non-Executive Director) holds 4.61% of equity shares of the Company.

#### (xii) Familiarization program for Directors

The Board of Directors is responsible for overall supervision of the Company. To achieve this board periodically reviews performance, risk management, internal/external audit report etc. The Directors are familiarized through:

- Presentations by senior executives giving an overview of our operations
- Enriching skill by adopting various methods.
- Induction and orientation process inter-alia, their roles, responsibilities and liabilities, nature of the Industry in which the Company operates, business model of the Company.
- The Board of Directors are also updated on all business-related risks, challenges and initiatives.

The text of the policy and program is posted on the website of the Company at [www.axiscades.com](http://www.axiscades.com).

- (xiii) matrix specifying the list of core Skills/expertise/competence identified by the BOD as required in context of the business and sector for the Company to function effectively and those actually available with the Board along with names of Directors who have such skill/expertise/competence-

Strategy/Business Leadership	Finance
Corporate Strategy Consultant	Board service & Governance
Technology	Mergers & Acquisitions
Sales and Marketing Experience	Administration & Government Relations
Corporate law	Trade Policy & Economics

Name of Director	Essential Skill / expertise/ Competency
Mr. David Bradley	Strategy/Business Leadership Mergers & Acquisitions Board service & Governance Corporate law Finance
Mr. Sharadhi Chandra Babupampapathy	Strategy/Business Leadership Corporate Strategy Mergers & Acquisitions Administration & Government Relations Sales and Marketing
Mr. Kailash M. Rustagi	Strategy/Business Leadership Corporate law Mergers & Acquisitions Board service & Governance Finance
Mr. Pradeep Dadlani	Strategy/Business Leadership Administration & Government Relations Board service & Governance
Ms. Mariam Mathew	Strategy/Business Leadership Finance Technology
Mr. Sudhakar Gande	Strategy/Business Leadership Mergers & Acquisitions Finance Sales and Marketing Experience Administration & Government Relations

### III. COMMITTEES OF THE BOARD

Currently the Board has four Committees. The role of all the committees of the Board has been defined as guided by the Companies Act and SEBI (LODR) Regulations, 2015. Due to the changes in the composition of the Board, all the Committees got re-constituted on 30 September 2019. Addition to the scope of the functions of the committee, if any, is approved by the Board. The Committees along with their functioning are detailed below:

#### A. AUDIT COMMITTEE

- i. The Audit committee of the Company is constituted in line with the requirements of provisions of Regulation 18 of SEBI (LODR), Regulations, 2015, as amended, read with Section 177 of Companies Act, 2013.
  - ii. The terms of reference of the Audit Committee are broadly as under:
    - a) Oversight of financial reporting process and disclosure of information to ensure correct, complete and credible financial statements.
    - b) Review of quarterly/annual results and financial statements of the Company and Auditors' report before recommending the same to the Board of Directors, with particular reference to:
      - i) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
      - ii) changes, if any, in accounting policies and practices and reasons for the same;
      - iii) major accounting entries involving estimates based on the exercise of judgment by management;
- iv) significant adjustments made in the financial statements arising out of audit findings;
  - v) compliance with listing and other legal requirements relating to financial statements;
  - vi) disclosure of any related party transactions;
  - vii) modified opinion(s) in the draft audit report.
- c) Review of statement of management discussion & analysis of financial conditions, results of operation, review of directors' responsibility statements and changes in accounting policies and practices.
  - d) Approval or any subsequent modification of transactions of the listed entity with related parties.
  - e) Recommending to the Board the appointment/re-appointment of Auditors and Internal Auditor, with their remuneration and terms of appointment.

#### Further Monitors and Reviews

- Independence of Auditors
  - Performance of statutory and internal auditors,
  - Adequacy of internal control systems,
  - Adequacy of internal audit function,
  - Structure of internal audit organization,
  - Scope discussions with internal and Statutory auditors,
  - Internal auditors and statutory auditor's notes
  - Internal audit investigations findings, if any,
  - Weakness or failure of internal control systems, if any reported by Auditors.
- f. Scrutiny of inter- corporate loans and investments;
  - g. Valuation of undertakings or assets of the Company, whenever necessary;
  - h. Evaluation of internal financial controls and risk management system;
  - i. Monitoring the end use of funds raised by the Company, if any;
  - j. Monitoring and review of whistle blower policy and mechanism;
  - k. To recommend/approve the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate to the Board;
  - l. To invite the auditors and Key Managerial Personnel (KMP) (for hearing) while considering the Auditors Report at the Audit Committee Meeting;
  - m. Reviewing Management letters / letters of internal control weaknesses issued by the statutory auditors and Internal audit reports relating to internal control weaknesses;

- n. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- o. Reviewing of the financial statements, in particular, the investments made by the unlisted subsidiary;
- p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- q. Any other function as may be specifically entrusted to by the Board.
- iii. The Audit Committee charter has vested with the Committee the following powers for its effective functioning:
1. To call for the information on comments/observation of the auditors about internal control systems, review of financial statement before their submission to the Board.
  2. Scope of Audits.
  3. To discuss any related issues with the internal and statutory auditors and the Management of the Company.
  4. To investigate any activity within its terms of reference.
  5. To seek information from the Management, auditors, internal auditors and employees of the Company.
  6. To obtain outside legal or expert advice and to engage experts from outside.
- iv. The Audit Committee invites executives, representatives of the Statutory Auditors, Internal Auditors to be present at its meetings. The Audit Committee also holds independent discussions with Statutory Auditors/Internal Auditors. The Company Secretary act as the secretary to the audit committee.
- v. The Chairperson of the Committee is an Independent Director and was present at the last AGM held on 30 September 2019. All the members have Accounting and Financial management expertise.
- vi. During the fiscal year 2019-2020, six meetings of the Audit Committee were held and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:
- 8 May 2019; 30 May 2019; 1 August 2019; 30 September 2019; 12 November 2019; 22 January 2020.

The necessary quorum was present for all the meetings.

- vii. The composition of Audit Committee and the details of meetings attended by its members are given below:

Name of the Member	Category <sup>#</sup>	No. of meetings attended (Held -6)
Mr. Kailash M. Rustagi, Chairman	ID	6
Dr. Vivek Mansingh*	ID	2
Mr. Srinath Batni*	ID	3
Mr. Pradeep Dadlani	ID	5
Mr. David Bradley	NED	3

<sup>#</sup> ID – Independent Director; NED – Non Executive Director

\*Tenure of Directorship completed on 8 September 2019.

## B. NOMINATION & REMUNERATION COMMITTEE

- i. The constitution of the Committee is in conformity with the provisions of Section 178 of Companies Act 2013.
- ii. The terms of reference of the Nomination and Remuneration Committee are as under:

The Committee is primarily responsible to oversee nomination process for appointments of Directors, Executive Management and key managerial personnel and for laying down a sound policy for Board and executive remuneration. Its terms of reference approved by the Board of Directors inter alia include:

- Formulation of criteria for determining qualifications, positive attributes and independence of a Director;
  - Devising a policy on Board Diversity and balanced Board;
  - Identification of suitable persons for appointment as Director, Senior Management personnel in accordance with the laid down criteria and recommending their appointment to the Board;
  - Formulation of criteria for evaluation of Independent Directors and the Board;
  - Formulating and recommending to the Board a Remuneration Policy;
  - Evaluating the performance of the Director and recommend their appointment or removal to the Board.
- iii. During the FY 2019-2020 three meetings of Nomination & Remuneration Committee were held on 20 May 2019; 30 May 2019; 30 September 2019.
- iv. The Chairman of the Committee is an Independent Director and was present at the last AGM held on 30 September 2019.
- v. The composition of the nomination and remuneration committee and the details of meetings attended by its members are given below:

Name of the Member	Category <sup>#</sup>	No. of meetings attended (Held -3)
Mr. Srinath Batni*	ID	2
Mr. Pradeep Dadlani Chairman	ID	1
Mr. Sudhakar Gande	NED	2
Mrs. Mariam Mathew	ID	1
Mr. Ajay Lakhota***	NED	1
Mr. Ashwani Datta**	NED	2

<sup>#</sup> ID – Independent Director, NED – Non Executive Director;

\* Tenure of Directorship completed on 8 September 2019;

\*\*Resigned from the office of directorship w.e.f. 28 August, 2019;

\*\*\* Resigned from the office of directorship w.e.f. 30 March 2020.

## EVALUATION OF PERFORMANCE OF DIRECTOR/BOARD

The Board has adopted a formal mechanism for evaluating its performance as well as that of its committees and Directors including Independent Director and Chairman of the Board. The Board works with Nomination & Remuneration Committee to lay down the evaluation criteria for the performance of executive/non-executive/independent directors through peer evaluation. The policy envisages evaluation process



to be undertaken generally once at the end of the year if otherwise not.

The various criteria laid down in the policy for evaluation of a Director/Board are briefly stated below.

#### Key Criteria for evaluation of a Director

1. The ability to contribute to the compliance of corporate governance practices.
2. The ability to analyse the controls, risks, operations and to channelize the same for its effective flow down the organization.
3. Recognition and fulfillment of their roles and responsibilities.
4. Commitment to the fulfillment of director's obligations and fiduciary responsibilities including participation in Board and committee meetings.

#### NOMINATION AND REMUNERATION POLICY

The Company is a Service Industry and therefore Company's policy strives to consider human resources as its invaluable assets and to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company.

In terms of the provisions of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), Regulations, 2015 (formerly clause 49 of the Listing Agreement), the Nomination and Remuneration Committee has formulated the policy on nomination and remuneration of Directors, Key Managerial Personnel & Senior Management and the same is approved by the Board of Directors from time to time.

Fixed and Variable mix are adequately balanced in line with the best market practices, to attract and retain the best talent, to encourage achieve excellence in the organization, which helps the Company to meet its Strategic, Short-term and Long-term objectives of the Company.

With the above objectives the policy was formulated by the Nomination and Remuneration Committee.

The Policy sets out the guiding principles for Nomination and Remuneration Committee for recommending to the Board, remuneration of the Executive Management of the Company.

#### (i) Policy on Directors' Remuneration

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof or commission as per Companies Act, 2013. The amount of such sitting fees shall not exceed the limits as may be prescribed by the Central Government from time to time.

An Independent Director is not entitled to any stock option of the Company

The Board shall, on the recommendation of the Nomination and Remuneration Committee, review and approve the remuneration payable to the Non- Executive Directors within the overall limits approved by the shareholders.

#### (ii) Remuneration to Executive Directors and Key managerial personnel

The remuneration structure to the Executive Directors and Key Managerial Personnel shall consist of:

- i) Basic pay
- ii) Benefits, Perquisites and Allowances
- iii) Performance based Variable Pay
- iv) Retiral benefits
- v) ESOP, as and when granted as per the approved Scheme.

The Board shall, on the recommendation of the Nomination and Remuneration Committee, review and approve the remuneration payable to the Executive Directors & KMP as per the applicable and statutory regulations and approvals.

#### (iii) Remuneration to other employees

The employees shall be assigned grades according to their Role, Qualifications, competencies, Expertise and remuneration levels are in line with the Industry. An individual employee will have enough growth opportunities in the organization.

The remuneration structure shall consist of Basic salary, Flexible Benefit Plan, performance based Variable pay and retiral benefits including statutory benefits, as per company's policy.

The Board shall, on the recommendation of the Nomination and Remuneration Committee, review and approve the remuneration policy of the Company from time to time.

#### Remuneration to Non-Executive Directors

The Independent Directors are paid a sitting fee of ₹ 1,00,000/- each for every Board/Committee meeting attended by them and other non-executive directors are entitled to a sitting fee of ₹ 30,000/- for every Board/ Committee Meeting attended by them. Apart from this, no other remuneration was paid to Non-Executive Directors.

Details of the sitting fees for the year ended 31 March 2020 are as follows:

Sl No	Name	Category <sup>#</sup>	Amount in Rupees
1	Dr. Vivek Mansingh	ID	4,00,000
2	Mr. Kailash M. Rustagi	ID	15,00,000
3	Mr. Pradeep Dadlani	ID	13,00,000
4	Mr. Srinath Batni	ID	8,00,000
5	Mrs. Mariam Mathew	ID	7,00,000
6	Mr. Sudhakar Gande	NED	2,70,000
7	Ashwani Datta	NED	1,80,000
8	Ajay Lakhota	NED	1,80,000
9	David Bradley	NED	2,40,000
<b>Total</b>			<b>55,70,000</b>

<sup>#</sup> ID – Independent Director, NED- Non Executive Directors

**Remuneration to Executive Directors**

Name of the Director	Fixed Salary			Performance linked Variable pay	Total	Service Contract
	Salary	Perquisites	Retiral Benefits			
Mr. Sharadhi Chandra Babu	61,11,914	39,600	7,50,000	44,37,123	1,13,38,637	Acting CEO & ED for interim
Mr. Anees Ahmed	5	-	-	-	5	Resigned w.e.f. 21.08.2019

Note: On accrual basis

Performance linked variable pay is computed/disbursed on the basis of achievement of set objectives linked to the company's performance.

Notice Period – Three months

There is no separate provision for payment of severance fees.

Mr. Sudhakar Gande (Non-Executive Director) hold 4.61% of equity shares in the Company. The Company has not issued any convertible debentures.

**C. STAKEHOLDER'S RELATIONSHIP COMMITTEE**

- The constitution of the Committee is in conformity with the provisions of Section 178 of Companies Act, 2013.
- During the year FY 2019-20, one meeting was held on 22 January 2020.
- The composition of the stakeholder & relationship committee and the details of meetings attended by its members are given below:

Name of the Member	Category <sup>#</sup>	No. of meetings attended (Held -1)
Mr. Pradeep Dadlani,	ID	1
Mr. Kailash M. Rustagi, Chairman	ID	1
Mr. Ajay Lakhotia*	NED	1

<sup>#</sup> ID – Independent Director, NED – Non Executive Director

Ms. Shweta Agrawal, Company Secretary is the Compliance Officer of the Company

\* Resigned from the office off directorship w.e.f. 30 March 2020

Mr. David Bradley was inducted to the Committee w.e.f. June 27, 2020.

- The main function of Stakeholders' Relationship Committee is to look into the various aspects of interest of shareholders and other security holders. The Committee also oversees share transfer process.
- Details of investor complaints received and redressed during the financial year 2019-2020 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	NIL	NIL	NIL

**D. OTHER COMMITTEES:**
**i. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)**

In compliance with the provisions of the Companies (Corporate Social Responsibility Policy) Rules 2013, the Company constituted a Corporate Social Responsibility Committee. One meeting was held during the year on 22 January 2020.

**IV. GENERAL BODY MEETINGS**

- The following is the summary of the Annual General Meetings (AGM) of the Company held during the last three years:

Financial Year ended	Date and time	Venue of the meeting	Special Resolutions passed
31 March 2017	24 August 2017; 11.30 a.m.	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bengaluru- 560029,	Approval for Investments in excess of the limits specified under Section 186 of Companies Act, 2013.
31 March 2018	10 September 2018; 11:30 a.m.	The Chancery Pavilion, 135, Residency Road, Bangalore	None
31 March 2019	30 September 2019; 11:30 a.m.	The Chancery Pavilion, 135, Residency Road, Bangalore	<ol style="list-style-type: none"> <li>Fixation of Remuneration of Mr. Sharadhi Chandra Babupampapathy as Acting CEO &amp; Executive Director.</li> <li>Appointment of Pradeep Dadlani as an Independent Director.</li> <li>Appointment of Kailash Rustagi as an Independent Director.</li> </ol>

- Postal Ballot

During the fiscal year 2019-20 no Postal Ballot was conducted.

**Procedure of Postal Ballot**

In compliance with Regulation 44 of SEBI (LODR) Regulations, 2015 and Section 108, 110 and other applicable provisions of the Companies Act, 2013 read with the related Rules, the Company provides electronic voting facility to all its members,

to enable them to cast their votes electronically. The Company engages the services of Karvy Fintech Private Limited (Formerly known as Karvy Computershare Private Limited) for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with the postage prepaid business reply envelope to its

members whose names appear on the register to members as on the cut-off date. The postal ballot notice is sent to members in electronic form to the email address registered with their depository participants and by post/courier to the other members as per the address available with share transfer agents (RTA). The Company also publishes a notice in the newspaper declaring the details of the completion of dispatch and other requirements as mandated under the Companies Act 2013 and applicable Rules.

Voting rights are reckoned on the paid up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote on or before the cut off time on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/ Authorized Officer. The results are also displayed on the website of the Company, [www.axiscades.com](http://www.axiscades.com), and register and share transfer agent besides being communicated to the Stock Exchanges. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions. The same was also posted at the Registered Office of the Company.

None of the businesses proposed to be transacted in the ensuing AGM require the passing of a special resolution by way of postal ballot.

## V. DISCLOSURES

### i. Related Party Transactions

All the related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions which have potential conflict with the interests of the Company at large. With effect from FY ended 31 March 2019, the details of related party transactions, on a consolidated basis, are filed with the stock exchanges on half yearly basis pursuant to the amendment thereof in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Related party transactions are reported in Notes to the financial statements of the Company.

The Board has reviewed and approved a policy for related party transactions and the same is hosted on the website of the Company at the following link-

[http://www.axiscades.com/investors\\_data/corp\\_gov\\_report/ACET\\_RTP\\_Policy.pdf](http://www.axiscades.com/investors_data/corp_gov_report/ACET_RTP_Policy.pdf)

### ii. Details of non-compliance

#### 2019-20

No penalty has been imposed by the Stock Exchanges, SEBI or any statutory authority, nor there was any instance of non

- compliance on matter relating to capital market during the financial year 2019-20.

#### 2018-19

The Company has paid a fine of ₹ 5,000 to the exchange with regard to delay of one day in submission of the audited financial statements for the financial year 2017-2018.

#### 2017-18

No penalty has been imposed by the Stock Exchanges, SEBI or any statutory authority, nor there was any instance of non compliance on matter relating to capital market, over the last three years except that Mrs. Mariam Mathew was appointed as Women Directors w.e.f 13 February 2018 after the resignation of Mrs Vimmi M Trehan which was affective from 14 September 2017. The vacancy was caused due to bad health condition of Mrs. Trehan.

- iii. The Company has adopted an Ombuds process which is a channel for receiving and redressing complaints of directors and employees. All employees and Directors have communication access to the Audit Committee. The said policy has been also put up on the website of the Company at the following link-

[http://www.axiscades.com/investors\\_data/corp\\_gov\\_report/ACET\\_Whistle\\_Blower\\_Policy.pdf](http://www.axiscades.com/investors_data/corp_gov_report/ACET_Whistle_Blower_Policy.pdf)

The Company has complied with all mandatory requirements. In its endeavor to comply with the discretionary requirements, the Company has fulfilled the following non-mandatory requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015.

The post of Chairman and the CEO are separate in the Company. There are no audit qualifications during the year. The Internal Auditors submit their report to the Audit Committee.

The Company has complied with all the mandatory requirements.

Website communication channels using the internet are also used for communicating with our investors. The announcement of quarterly/periodic results are posted on the company's website, [www.axiscades.com](http://www.axiscades.com).

### iv. Disclosure of Compliance

The Company complies with the corporate governance requirements specified in regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations, 2015.

### v. Code of Conduct:

The Board has laid down a comprehensive Code of Conduct applicable to all Board members including Independent Directors, Senior Management, and employees of the Company. The code of conduct is available on the website of the Company [www.axiscades.com](http://www.axiscades.com). All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer & Executive Director to this effect is furnished at the end of this report.

**vi. Internal Code of Conduct for Prevention of Insider Trading**

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 which has come into force with effect from 15 May 2015 and the amendment thereof which has come into force with effect from 1 April 2019, the Company has formulated/amended a Code of conduct to regulate, monitor and report trading by its employees, directors and other connected persons. The said code is posted and is accessible on the website of the Company at [www.axiscades.com](http://www.axiscades.com)

Based on the amendment to SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from 1 April 2019 trading window was closed from the end of every quarter till 48 hours after the declaration of financial results.

As required under Regulation 8(1) of SEBI-(Prohibition of Insider Trading Regulations, 2015) the Company has also formulated Code of practices and procedures for fair disclosure of unpublished price sensitive information and the same is posted and is accessible on the website of the Company at [www.axiscades.com](http://www.axiscades.com).

**VI. SUBSIDIARY COMPANIES**

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with the report on significant developments of the unlisted subsidiary companies are placed before the board of the Company.

The Company has four material subsidiaries, out of which one is incorporated outside India.

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the following link-

[http://www.axiscades.com/investors\\_data/corp\\_gov\\_report/ACET\\_Material\\_Subsiidiary\\_Policy.pdf](http://www.axiscades.com/investors_data/corp_gov_report/ACET_Material_Subsiidiary_Policy.pdf)

**VII. MEANS OF COMMUNICATION**

The quarterly results, half yearly result and annual results of the Company are published in leading newspapers such as Business Standard, Financial Express, Mint and Vijay Karnataka.

**vi. Market Price Data**

Monthly High, low market price data in the Financial Year 2019-2020 on the National Stock Exchange of India Limited (NSE) and BSE Limited are given below:

Month	National Stock Exchange (NSE)		BSE Limited	
	High	Low	High	Low
April	64.00	50.35	64.80	50.65
May	64.95	43.75	64.20	44.00
June	68.35	57.20	68.00	57.05
July	72.00	54.65	71.95	55.10
August	68.00	55.10	67.60	55.60
September	86.50	62.05	86.50	62.00
October	81.00	66.95	82.80	67.00
November	75.05	61.35	76.00	62.45
December	66.50	45.50	68.90	45.75
January	81.80	52.00	81.95	50.20
February	69.10	52.25	68.30	52.25
March	54.90	26.50	54.45	26.70

The results are also displayed on the Company's website [www.axiscades.com](http://www.axiscades.com). Press notes/ releases/presentations to the Institutional Investors and analysts, other announcement and Notices are posted promptly on the Website of the Company in addition to Stock Exchange Communication.

**VIII. GENERAL SHAREHOLDER INFORMATION****i. Annual General Meeting**

Date: 29 September 2020

Time: 5.00 p.m.

Venue: Bangalore

Mode: Video Conferencing

**ii. Financial Calendar**

Financial Year: 1 April to 31 March (2019-2020)

Dividend Payment: NIL

**iii. Listing on Stock Exchanges:**

BSE Limited (BSE)

P.J. Towers, Dalal Street, Fort, Mumbai – 400001

National Stock Exchange of India Ltd. (NSE)

Exchange Plaza, Bandra – Kurla Complex

Bandra (East), Mumbai, 400051

Stock Code/Symbol

BSE : 532395

NSE : AXISCADES

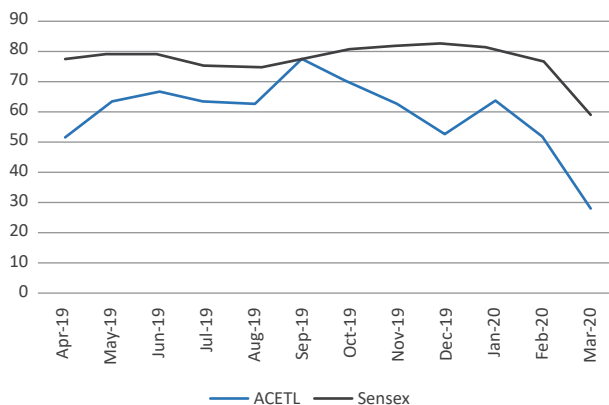
The Listing fees for the fiscal year 2020-2021 as applicable have been paid to all the above Stock Exchanges.

**iv. Dematerialization of Equity Shares**

Equity shares of the Company representing 99.89% of the Company's equity share capital are dematerialized as on 31 March 2020.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's share is INE555B01013.

v. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence as on 31 March 2020 the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

**vii. Performance of the Company vis-à-vis Market Indices**

**viii. Registrar and Transfer Agent**

Name and Address : Karvy Fintech Private Limited (Formerly known as Karvy Computershare Private Limited)  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda, Hyderabad – 500 032

Telephone : 040-67162222,  
 Fax : 040-23001153  
 E-mail : einward.ris@karvy.com

**x. Shareholding as on 31 March 2020:**

a. Distribution of equity shareholding as on 31 March 2020:

No. of Shares	Holding	% to Capital	No. of accounts	% to total accounts
1-5000	2798318	7.41	14920	91.46
5001-10000	1036256	2.74	687	4.21
10001-20000	1089153	2.88	374	2.29
20001-30000	567848	1.50	115	0.70
30001-40000	322923	0.86	46	0.28
40001-50000	433356	1.15	47	0.29
50001-100000	871532	2.31	59	0.36
100001 and above	30640144	81.15	66	0.40
<b>Grand Total</b>	<b>37,759,530</b>	<b>100.00</b>	<b>16314</b>	<b>100.00</b>

b. Categories of equity shareholders as on 31 March 2020:

Category	No. of shares	Percentage
Promoters Group – Indian	25282047	67.0
Indian Public	10724429	28.4
Bodies Corporate	1256050	3.3
NRIs/ OCBs/ Foreign Nationals/FIIs	306308	0.8
Others	190696	0.5
<b>Total</b>	<b>37,759,530</b>	<b>100.00%</b>

**xi. CEO/CFO certification**

The Certificate duly signed by Chief Executive Officer & Executive Director and CFO of the Company as required under Regulation 17(8) of SEBI (LODR) Regulations, 2015 is attached to this Report.

**xii. Compliance Certificate**

Certificate on compliance of conditions of corporate governance under SEBI (LODR) Regulations, 2015 is attached.

**ix. Share transfer System:**

With a view to expedite the process of share transfer, the Board of Directors of the Company had constituted a Stakeholder Relationship Committee which considers and approves the shares received for transfer, transmission, re-materialization and dematerialization etc. The shares for transfers received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute. The share certificates duly endorsed are returned to the shareholders by RTA. Confirmation in respect to the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL, expeditiously.

A certificate from a Practicing Company Secretary pursuant to Regulation 40(9) of the SEBI (LODR) Regulations, 2015, to the effect that all the transfers have been effected within 30 days from the lodgment of documents for transfer or otherwise is obtained and filed with the Stock Exchanges every half year ended 30 September 2020 and 31 March 2021.

**xiii. Foreign Exchange Risk and Hedging**

The Company has a policy on Foreign Exchange Risk Management. The Board periodically reviews foreign exchange exposure and forward contract outstanding and future hedging requirements.

**xiv. Plant locations:** The Company is engaged in the business of providing engineering solutions and does not have any manufacturing plants.

**xv. Registered Office & Address for correspondence:**

Block C, Second Floor,  
Kirloskar Business Park,  
Bengaluru-560024  
Karnataka

Other locations of offices of the Company are available at the Company's website [www.axiscades.com](http://www.axiscades.com)

**xvi. Credit Ratings:** The Company has obtained the revised credit rating CARE BBB; Stable (Previous CARE BBB; Negative) and CARE A3 from CARE India Limited for Bank facilities.

The necessary disclosures were made to Stock Exchange periodically.

**xvii.** There were no such mandatory matters where the Board had not accepted any recommendation by the Committees. in the financial year 2019-2020.**xviii.** Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to the Statutory Auditor

and to all entities in the network firm/network entity of which the Statutory Auditor is a part, is ₹ 86 lakhs (including out of pocket expenses).

**xix.** Disclosures in relation to the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013 during the FY 2019-20

No. of Complaints filed	Nil
No. of Complaints disposed off	Nil
No. of Complaints pending as on 31 March 2020	Nil

**xx.** The Company has received a certificate from Sameer Bhatnagar, a Company Secretary in practice stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority.**xxi.** No funds were raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

For and on behalf of the Directors

Sd/-  
**Sharadhi Chandra Babupampathy**  
Chief Executive Officer & Executive Director

Sd/-  
**Sudhakar Gande**  
Director

Place: Bengaluru  
Date: 27.06.2020

# Practising Company Secretaries' Certificate on Corporate Governance

To  
The Members of  
**AXISCADES Engineering Technologies Limited**

We have examined the compliance of the conditions of Corporate Governance by AXISCADES Engineering Technologies Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Anant B Khamankar & Co.**  
Company Secretaries

Sd/-

**Anant B Khamankar**

UDIN: F003198B000391443

FCS No.: 3198

CP No.: 1860

Date: 27 June 2020

Place: Mumbai

## CEO/CFO certificate under Clause 17 of LR

To  
The Board of Directors  
**AXISCADES Engineering Technologies Limited**

Dear Sirs,

Certification under Regulation 17 of the Listing Regulations for the year ended March 31 2020.

We, Sharadhi Chandra Babu, Chief Executive Officer & Executive Director and Srinivas A., Chief Financial Officer, hereby certify that.

- (a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief.
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief no transactions entered into by the Company during the period which are fraudulent, illegal or violate the Company's code of conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls for the financial reporting, and that we have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
- i. significant changes, if any, in internal control over financial reporting during the period ended;
  - ii. significant changes, if any, in accounting policies during the period ended and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf of the Board of Directors

Sd/-  
**Sharadhi Chandra Babu**  
Chief Executive Officer & Executive Director

Sd/-  
**Srinivas A.**  
Chief Financial Officer

Date: 27 June 2020

## Declaration on the Compliance of the Company's Code of Conduct

To  
The Members of  
**AXISCADES Engineering Technologies Limited**

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Regulation 17(5) of the SEBI (LODR) Regulations, 2015, to further strengthen Corporate Governance practice in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2020.

Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer and Executive Director  
AXISCADES Engineering Technologies Limited



# Independent Auditor's Report

To the Members of AXISCADES Engineering Technologies Limited

## REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying standalone Ind AS financial statements of AXISCADES Engineering Technologies Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' Section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act

and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### EMPHASIS OF MATTER

We draw attention to Note 43 of the accompanying standalone Ind AS financial statements, which describes Management's assessment of the impact of uncertainties caused by COVID-19 pandemic and its consequential impact it may have on the operations of the Company. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

#### Key audit matters

#### How our audit addressed the key audit matter

#### Valuation of Contingent consideration payable for business acquisition (as described in Note 2(i)(b) and 6(a)(i) of the standalone Ind AS financial statements)

The Company entered into a Share Purchase Agreement ('SPA') effective December 1, 2017, to acquire 100% of the paid-up share capital of Mistral Solutions Private Limited (MSPL) in a phased manner over a period specified in the SPA.

As at March 31, 2020, the Company has contingent consideration payable of ₹ 5,069.50 lakhs. The said consideration is remeasured at fair value at each Balance Sheet date and is affected by changes in the estimation of post-acquisition performance of the MSPL and its subsidiaries ("MSPL Group"). Any resulting gain or loss is recognized in the statement of profit and loss.

The determination of value of contingent consideration payable made by the Management involved judgment in relation to the post-acquisition performance of the MSPL Group, impact of COVID-19 and discount rates applied in determining the fair value of contingent consideration payable.

Our audit procedures included the following:

- We understood, evaluated and tested Management's controls over the determination of the contingent consideration payable;
- We assessed the Company's valuation methodology applied in determining the value of contingent consideration payable. In making this assessment, we also evaluated the objectivity and independence of Company's experts involved in the process;
- We evaluated performance forecasts used in the computation of contingent consideration payable and we engaged expert to assess the assumptions adopted by the Management with reference to MSPL Group's business plan and historical results to assess the quality of MSPL Group's financial projection including assumptions related to discount rates, impact of COVID-19 and growth rates;

Key audit matters	How our audit addressed the key audit matter
Accordingly, we have determined this area to be a key audit matter in our audit of the Standalone Ind AS financial statements.	<ul style="list-style-type: none"> <li>We tested the mathematical accuracy of the underlying computation of contingent consideration payable and validated as per the terms of the SPA; and</li> <li>We have assessed the disclosures in the Ind AS financial statements as per the relevant accounting standards.</li> </ul>

**Assessment of impairment of investments in MSPL** (as described in Note 2(i)(l) and Note 6(a)(i) of the standalone Ind AS financial statements)

<p>During the current year, impairment indicators were identified by the Management on the carrying value of investment in Mistral Solutions Private Limited ('MSPL'). The carrying value of the investment in MSPL aggregated ₹ 24,213.97 lakhs. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of the investment to their recoverable amount to determine whether an impairment was required to be recognised.</p> <p>For the purpose of the above impairment testing, recoverable amount has been determined by forecasting and discounting future cash flows.</p> <p>Furthermore, the recoverable amount is based on Management's assumptions of variables and market conditions such as volume growth rates, impact of COVID- 19, future operating expenditure, discount rates and long-term growth rates.</p> <p>Determination of the recoverable amount of the investment in MSPL involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of the investment and accordingly, the impairment of investment in MSPL was determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We understood, evaluated and tested Management's key controls over the impairment assessment process;</li> <li>We assessed the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we also evaluated the objectivity and independence of Company's experts involved in the process;</li> <li>We engaged experts to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates, impact of COVID-19 and terminal growth rates and methodologies used by the Management to determine the recoverable amount;</li> <li>We tested the arithmetical accuracy of the impairment testing models; and</li> <li>We have assessed the disclosures in the Ind AS financial statements as per the relevant accounting standards.</li> </ul>
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We have determined that there are no other key audit matters to communicate in our report.

**OTHER INFORMATION**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE IND AS FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation

of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in

Equity dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 46 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Membership Number: 104315

UDIN: 20104315AAAABT8891

Place of Signature: Bengaluru

Date: June 27, 2020

## Annexure - A to the Auditor's Report

### Annexure 1 referred to paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

- Re: AXISCADES Engineering Technologies Limited ('the Company')
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted a loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loan, which are not due and thus, there has been no default on the principal and interest payments of the party to whom the money has been lent; and
- (c) There are no amounts out of the loan granted to company listed in the register maintained under Section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales- tax, service tax duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and the information and explanations given to us, there are no dues of sales-tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute except the disputed dues on account of service tax and income tax are as follows:

Name of the statute	Nature of the dues	Amount (₹)	Amount paid under protest (₹)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service Tax	95,638,624	8,554,596	April 2006 to September 2010	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
The Income Tax Act, 1961	Income Tax	19,442,731	4,000,000	Financial Year 2015-16	Commissioner of Income Tax (Appeals)

- (viii) In our opinion and according to the information and explanations given by the Management, the Company has not defaulted in repayment of loans or borrowing to banks. The Company did not have any loans or borrowing from the government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the Management, the Company has not raised any money way of initial public offer / further public offer / debt instruments. In our opinion and according to the information and explanations given by the Management, the Company has utilized the monies raised by way of term loans for the purpose for which it was obtained.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the Management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the Management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to Standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, hence not commented upon.
- (xv) According to the information and explanations given by the Management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Membership Number: 104315

UDIN: 20104315AAAABT8891

Place of Signature: Bengaluru

Date: June 27, 2020

# Annexure - A to the Auditor's Report

## Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind As Financial Statements of Axiscades Engineering Technologies Limited

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of AXISCADES Engineering Technologies Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial

statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper

Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Membership Number: 104315

UDIN: 20104315AAAABT8891

Place of Signature: Bengaluru

Date: June 27, 2020



# Balance Sheet

as at 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,170.27	1,200.78
Other intangible assets	4	270.59	479.47
Intangible assets under development	5	56.22	50.00
Right of use assets	32	1,210.82	-
Financial assets			
Investments	6	38,673.88	38,673.88
Loans	8	527.34	773.88
Other financial assets	9	243.77	119.75
Deferred tax assets, net	35	614.78	818.62
Non-current tax asset, net	10	1,721.01	1,238.01
Other non-current assets	11	-	29.62
		<b>44,488.68</b>	<b>43,384.01</b>
<b>Current assets</b>			
Financial assets			
Trade receivables	7	5,735.40	6,975.99
Cash and cash equivalents	12	654.52	433.82
Bank balances other than cash and cash equivalents	13	6.90	101.78
Loans	8	447.49	-
Other financial assets	9	3,528.18	2,925.45
Other current assets	11	2,042.53	2,024.15
		<b>12,415.02</b>	<b>12,461.19</b>
<b>Total assets</b>		<b>56,903.70</b>	<b>55,845.20</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	1,889.51	1,889.51
Other equity	15	20,020.85	20,683.74
		<b>21,910.36</b>	<b>22,573.25</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	16	1,548.39	2,083.48
Lease liabilities	32	811.28	-
Other financial liabilities	17	6,269.40	9,698.97
Provisions	18	536.07	438.56
Other non-current liabilities	19	27.82	27.82
		<b>9,192.96</b>	<b>12,248.83</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	16	5,830.82	5,360.44
Lease liabilities	32	480.76	-
Trade payables	20		
(a) Total outstanding dues of micro and small enterprises		3.48	11.69
(b) Total outstanding dues of creditors other than micro and small enterprises		1,617.48	1,501.72
Other financial liabilities	17	16,640.06	13,117.27
Provisions	18	354.79	283.11
Other current liabilities	19	872.99	748.89
		<b>25,800.38</b>	<b>21,023.12</b>
<b>Total equity and liabilities</b>		<b>56,903.70</b>	<b>55,845.20</b>

The accompanying notes form an integral part of the standalone Ind AS financial 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

Place: Bengaluru  
Date: June 27, 2020

For and on behalf of the Board of Directors of  
**AXISCADES Engineering Technologies Limited**  
CIN NO: L72200KA1990PLC084435

Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer and Executive Director  
DIN: 02809502

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Srinivas Anumanchipalli**  
Chief Financial Officer

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Sudhakar Gande**  
Non Executive Director  
DIN: 00987566

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Shweta Agrawal**  
Company Secretary  
Membership No.: 14148

Place: Ghaziabad  
Date: June 27, 2020

# Statement of Profit and Loss

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>INCOME</b>			
Revenue from contracts with customers	21	22,659.36	22,519.26
Other operating income	22	551.66	-
Other income	23	263.99	160.67
<b>Total income</b>		<b>23,475.01</b>	<b>22,679.93</b>
<b>EXPENSES</b>			
Employee benefits expense	24	14,465.34	14,390.59
Finance costs	25	1,893.31	1,667.64
Depreciation and amortization expense	26	1,346.94	907.01
Other expenses	27	5,869.91	7,706.43
<b>Total expenses</b>		<b>23,575.50</b>	<b>24,671.67</b>
<b>Loss before exceptional items and tax</b>		<b>(100.49)</b>	<b>(1,991.74)</b>
Exceptional items	28	-	1,450.68
<b>Loss before tax</b>		<b>(100.49)</b>	<b>(541.06)</b>
<b>Tax expense:</b>	35		
(i) Current tax		60.62	-
(ii) Deferred tax expense/(credit)		287.21	(141.67)
<b>Income tax expense</b>		<b>347.83</b>	<b>(141.67)</b>
<b>Loss after tax for the year</b>		<b>(448.32)</b>	<b>(399.39)</b>
<b>Other Comprehensive Income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Remeasurement losses in defined benefit plans	38	(100.39)	(14.89)
Income tax effect		25.27	4.34
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>(75.12)</b>	<b>(10.55)</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
(Losses)/gain on cash flow hedges	37	(230.83)	30.55
Income tax effect		58.10	(8.90)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>(172.73)</b>	<b>21.65</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(247.85)</b>	<b>11.10</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(696.17)</b>	<b>(388.29)</b>
<b>Earnings per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2019: ₹ 5)]</b>			
Basic and diluted	29	(1.19)	(1.06)

The accompanying notes form an integral part of the standalone Ind AS financial 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

Place: Bengaluru  
Date: June 27, 2020

For and on behalf of the Board of Directors of  
**AXISCADES Engineering Technologies Limited**  
CIN NO: L72200KA1990PLC084435

Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer and Executive Director  
DIN: 02809502

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Srinivas Anumanchipalli**  
Chief Financial Officer

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Sudhakar Gande**  
Non Executive Director  
DIN: 00987566

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Shweta Agrawal**  
Company Secretary  
Membership No.: 14148

Place: Ghaziabad  
Date: June 27, 2020

# Statement of Cash Flows

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(100.49)	(541.06)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortization expense (refer note 26)	1,346.94	907.01
Interest income (including fair value change in financial instruments)	(165.83)	(130.79)
Interest expense (including fair value change in financial instruments) (refer note 25)	1,893.31	1,667.64
Fair value change in purchase consideration (refer note 6 (a))	-	(1,450.68)
Provision no longer required written back	(62.38)	(8.10)
Provision for doubtful debts (refer note 27)	46.76	-
Bad debts written off	-	7.53
Share based payment expense (refer note 24)	171.88	-
Profit on sale of Property, plant and equipment	-	(7.61)
Net unrealised foreign exchange loss	255.77	754.36
<b>Operating profit before working capital changes</b>	<b>3,385.96</b>	<b>1,198.30</b>
<b>Movements in working capital</b>		
(Increase)/Decrease in trade receivables	1,426.07	(1,070.46)
(Increase)/Decrease in other assets including financial asset	(360.99)	556.62
(Increase)/Decrease in loans	33.72	(193.67)
(Decrease)/Increase in trade payables, other liabilities and financial liabilities	(798.68)	(247.62)
(Decrease)/Increase in provisions	15.30	14.32
<b>Cash generated from operating activities</b>	<b>3,701.38</b>	<b>257.49</b>
Direct taxes paid (net of refunds)	(543.62)	(573.07)
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>3,157.76</b>	<b>(315.58)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, intangible assets and Intangible assets under development	(288.07)	(300.64)
Proceeds from sale of property, plant and equipment	5.47	10.00
Intercompany deposit given	(210.00)	-
Interest received	66.99	63.72
Investments in fixed deposits, net	(106.39)	(171.87)
Investment in associate	-	(227.50)
<b>Net cash used in investing activities (B)</b>	<b>(532.00)</b>	<b>(626.29)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of principal and interest portion of lease liabilities (refer note 32)	(971.18)	-
Repayment of long-term borrowings	(909.47)	(395.70)
Proceeds from working capital loans	196.40	1,745.75
Interest paid	(790.64)	(739.42)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>(2,474.89)</b>	<b>610.63</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>150.87</b>	<b>(331.24)</b>
Effect of exchange rate changes, net	69.83	-
Cash and cash equivalents at the beginning of the year (refer note 12(a))	433.82	765.06
<b>Cash and cash equivalents at the end of the year (refer note 12(a))</b>	<b>654.52</b>	<b>433.82</b>

The accompanying notes form an integral part of the standalone Ind AS financial 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

Place: Bengaluru

Date: June 27, 2020

For and on behalf of the Board of Directors of

**AXISCADES Engineering Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Srinivas Anumanchipalli**

Chief Financial Officer

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 27, 2020

# Statement of Changes in Equity

## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### A. EQUITY SHARE CAPITAL

Equity shares of ₹ 5 each (March 31, 2019: ₹ 5 each), fully paid-up	Equity shares	
	Number (in lakhs)	Amount
<b>At 01 April 2018</b>	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
<b>At 31 March 2019</b>	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
<b>At 31 March 2020</b>	377.60	1,889.51

### B. OTHER EQUITY

	Reserves and Surplus			Items of OCI			Total
	Securities premium account	Surplus in the Statement of Profit and Loss	Share based payment reserve	Capital reserve	Hedge reserve	Other items of other comprehensive income / (loss)	
<b>Balance as at 1 April 2018</b>	<b>10,077.23</b>	<b>6,811.84</b>	-	<b>4,227.97</b>	<b>(35.80)</b>	<b>(19.76)</b>	<b>21,061.48</b>
Loss for the year	-	(399.39)	-	-	-	-	(399.39)
Fair value gain on derivatives instruments, net of tax	-	-	-	-	21.65	-	21.65
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	(10.55)	(10.55)
Other tax adjustments	-	-	-	-	10.55	-	10.55
<b>Total comprehensive income</b>	-	<b>(399.39)</b>	-	-	<b>32.20</b>	<b>(10.55)</b>	<b>(377.74)</b>
<b>Balance as at 31 March 2019</b>	<b>10,077.23</b>	<b>6,412.45</b>	-	<b>4,227.97</b>	<b>(3.60)</b>	<b>(30.31)</b>	<b>20,683.74</b>
Loss for the year	-	(448.32)	-	-	-	-	(448.32)
Fair value loss on derivatives instruments, net of tax	-	-	-	-	(172.73)	-	(172.73)
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	(75.12)	(75.12)
Share based payment (Refer note:42)	-	-	171.88	-	-	-	171.88
Effect on adoption of Ind AS 116 (Refer note:2(ii)(i))	-	(138.60)	-	-	-	-	(138.60)
<b>Total Comprehensive Income</b>	-	<b>(586.92)</b>	<b>171.88</b>	-	<b>(172.73)</b>	<b>(75.12)</b>	<b>(662.89)</b>
<b>Balance as at 31 March 2020</b>	<b>10,077.23</b>	<b>5,825.53</b>	<b>171.88</b>	<b>4,227.97</b>	<b>(176.33)</b>	<b>(105.43)</b>	<b>20,020.85</b>

The accompanying notes form an integral part of the standalone Ind AS financial statements.

As per our report of even date

#### For S R Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration number: 101049W/E300004Sd/-  
**per Sunil Gaggar**  
Partner  
Membership Number: 104315Place: Bengaluru  
Date: June 27, 2020For and on behalf of the Board of Directors of  
**AXISCADES Engineering Technologies Limited**  
CIN NO: L72200KA1990PLC084435Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer and Executive Director  
DIN: 02809502  
Place: Bengaluru  
Date: June 27, 2020Sd/-  
**Srinivas Anumanchipalli**  
Chief Financial OfficerPlace: Bengaluru  
Date: June 27, 2020Sd/-  
**Sudhakar Gande**  
Non Executive Director  
DIN: 00987566  
Place: Bengaluru  
Date: June 27, 2020Sd/-  
**Shweta Agrawal**  
Company Secretary  
Membership No.: 14148Place: Ghaziabad  
Date: June 27, 2020

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

## 1. GENERAL INFORMATION:

AXISCADES Engineering Technologies Limited ('the Company'/'AXISCADES'), a public limited Company, operates in the business of Engineering Design Services. The Company's shares are listed for trading on the National Stock Exchange of India Limited and BSE Limited in India.

The Registered Office of the Company is "Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560024, Karnataka, India"

## 2 (I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

The standalone financial statements have been prepared in accordance with 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 as amended from time to time. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 27 June 2020.

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

### b) Use of estimates

The preparation of the financial statements requires Management to make judgments, 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 judgments

The following are significant Management judgments in applying the accounting policies of the Company that have the most significant effect on the standalone financial statements.

#### leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### 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 judgment 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 judgment. After capitalisation, Management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

#### Evaluation of indicators for impairment of assets/ investments

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, 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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

## 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.

Contingent considerations, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of financial liability, it is subsequently remeasured to fair value with changes in fair value recognised in profit or loss at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

## b) Use of estimates (cont'd)

### 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.

### Share-based payments

The Company measures the cost of non cash-settled transactions with employees using a Black sholes model valuation to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses Black sholes model valuation for executives and senior management employees. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 42

## 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

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

# Summary of significant accounting policies and other explanatory information

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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 standalone 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.

## d) Property, plant and equipment (cont'd)

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:

Asset Category	Useful lives (in years)
Computers	3
Furniture and fixtures *	7
Office equipment *	7
Office buildings *	61
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.

Leasehold improvements are depreciated over its lease period including renewable period or estimated useful life, whichever is shorter, on a straight-line basis.

## e) Intangible assets

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.

Process manuals are amortised over the remaining project term or the useful life of the process manual, whichever is shorter. Software's are amortised over the period of 3 years.

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

Intangible assets represent cost incurred for the creation of engineering and design manuals ('process manuals').

## Intangible assets under development

Capitalised costs that are directly attributable to the development phase are recognised as intangible assets provided that they meet the following recognition requirements:

- demonstration of technical feasibility of the prospective product or processes for sale;
- the intangible asset will generate probable economic benefits through sale;
- sufficient technical, financial and other resources are available for completion; and
- the intangible asset can be reliably measured.

## f) Impairment of property, plant and equipment and intangible 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. 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

# Summary of significant accounting policies and other explanatory information

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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 from contract with customer

The Company earns revenue from contract with customer primarily from sale of services.

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

### Sale of services

The Company derives its revenues primarily from engineering design services. Service income comprises of income from time and material contracts and fixed-price contracts. Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

### Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

### Interest income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated

future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

## Contract balances

### Contract assets:

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by providing services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue)

### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2 (o) Financial instruments – initial recognition and subsequent measurement.

## h) 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.

### Overseas social security

The Company contributes to social security charges of countries to which the Company deutes its employees on employment or has permanent employees. The plans are defined contribution plan and contributions paid or payable is recognised as an expense in these periods in which the employee renders services in those respective countries.



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## 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.

### 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.

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.

### 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) Leases

The Company has lease contracts for buildings used in its operations. Lease terms generally ranges between 3 and 5 years.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019

### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2(p) Impairment of non-financial assets.

### (ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the

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lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### (iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## j) Foreign currency transactions

### Functional and presentation currency

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees (₹).

### 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 or 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.

## k) 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.

## l) Investments in subsidiaries

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is 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.

## m) Income taxes

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

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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 alternate tax (MAT):

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal 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, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

MAT payable for a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal 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 in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## n) 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.

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## 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.

## o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another 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 or 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 and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. 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

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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 profit or 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/losses 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 profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

## 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 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.

## p) 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. However, if credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

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

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 categorization (based on the lowest level input that is significant to the fair value measurements 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 the nature, characteristics and risks of the asset or liabilities and the level of the 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 at banks and on hand and short-term deposits, as defined above, net of outstanding bank overdrafts

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

as they are considered an integral part of the Company's cash management.

## 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 the engineering design service, 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 shareholders 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) Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits

expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## w) 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 and when incurred.

## 2(ii) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

### (i) Ind AS 116 - Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (appendix C of Ind AS 17 determining whether an arrangement contains a lease, appendix A of Ind AS 17 operating leases-incentives and appendix B of Ind AS 17 evaluating the substance of transactions involving the legal form of a lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 01 April, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 01 April, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 01 April, 2019. Instead, the Company



# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adoption Ind AS 116 as at April 01, 2019 is, as follows-

Impact on Balance sheet (increase/(decrease)):-	April 01, 2019
<b>Assets</b>	
Right-of-use asset	1,223.26
<b>Equity</b>	
Retained earnings	(138.60)
<b>Liabilities</b>	
Lease liability	1,287.60

Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to note 2.(i)(i) Leases for the accounting policy prior to 01 April 2019.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases, leases of low-value assets and variable lease. Refer to note 2.(i)(i) Leases for the accounting policy beginning 01 April 2019. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

## (ii) Appendix C to Ind AS 12: Uncertainty over income tax treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. The Appendix did not have an impact on the financial statements of the Company.

## (iii) Amendment to Ind AS 19: Plan amendment, curtailment or settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 3. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Leasehold land * (Right of use asset)	Computers	Furniture and fixtures	Office equipment	Office building	Vehicles	Leasehold improvements	Total
<b>Cost</b>								
<b>Balance as at 1 April 2018</b>	<b>815.88</b>	<b>635.89</b>	<b>69.46</b>	<b>128.05</b>	<b>136.19</b>	<b>50.21</b>	<b>16.18</b>	<b>1,851.86</b>
Additions	-	49.27	12.65	7.56	-	-	-	69.48
Disposals	-	-	-	-	-	(30.78)	-	(30.78)
<b>Balance as at 31 March 2019</b>	<b>815.88</b>	<b>685.16</b>	<b>82.11</b>	<b>135.61</b>	<b>136.19</b>	<b>19.43</b>	<b>16.18</b>	<b>1,890.56</b>
Additions	-	86.54	6.45	16.34	-	-	10.13	119.46
Disposals	-	(60.91)	(3.14)	(24.97)	-	(14.18)	-	(103.20)
<b>Balance as at 31 March 2020</b>	<b>815.88</b>	<b>710.79</b>	<b>85.42</b>	<b>126.98</b>	<b>136.19</b>	<b>5.25</b>	<b>26.31</b>	<b>1,906.82</b>
<b>Accumulated depreciation</b>								
<b>Balance as at 1 April 2018</b>	-	381.94	26.35	43.27	5.82	15.82	11.59	484.79
Depreciation charge for the year	-	175.58	14.11	24.30	2.70	16.70	-	233.39
Disposals	-	-	-	-	-	(28.40)	-	(28.40)
<b>Balance as at 31 March 2019</b>	-	<b>557.52</b>	<b>40.46</b>	<b>67.57</b>	<b>8.52</b>	<b>4.12</b>	<b>11.59</b>	<b>689.78</b>
Depreciation charge for the year	-	101.40	12.00	19.48	2.70	7.25	0.70	143.53
Disposals	-	(60.91)	(3.14)	(24.00)	-	(8.71)	-	(96.76)
<b>Balance as at 31 March 2020</b>	-	<b>598.01</b>	<b>49.32</b>	<b>63.05</b>	<b>11.22</b>	<b>2.66</b>	<b>12.29</b>	<b>736.55</b>
<b>Net block</b>								
<b>As at 31 March 2019</b>	<b>815.88</b>	<b>127.64</b>	<b>41.65</b>	<b>68.04</b>	<b>127.67</b>	<b>15.31</b>	<b>4.59</b>	<b>1,200.78</b>
<b>As at 31 March 2020</b>	<b>815.88</b>	<b>112.78</b>	<b>36.10</b>	<b>63.93</b>	<b>124.97</b>	<b>2.59</b>	<b>14.02</b>	<b>1,170.27</b>

### a. Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2020 (31 March 2019: Nil).

### b. Property, plant and equipment pledged as security

Details of properties pledged are as per note 16.

### c. 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 (refer note 18).

\* Represents land taken on lease for 99 years;

## 4. OTHER INTANGIBLE ASSETS

	Software	Process manuals	Total
<b>Cost</b>			
<b>Balance as at 1 April 2018</b>	<b>933.97</b>	<b>1,754.44</b>	<b>2,688.41</b>
Additions	202.71	-	202.71
<b>Balance as at 31 March 2019</b>	<b>1,136.68</b>	<b>1,754.44</b>	<b>2,891.12</b>
Additions	128.21	-	128.21
<b>Balance as at 31 March 2020</b>	<b>1,264.89</b>	<b>1,754.44</b>	<b>3,019.33</b>
<b>Accumulated amortisation</b>			
<b>Balance as at 1 April 2018</b>	<b>446.15</b>	<b>1,291.88</b>	<b>1,738.03</b>
Amortization charge for the year	294.54	379.08	673.62
<b>Balance as at 31 March 2019</b>	<b>740.69</b>	<b>1,670.96</b>	<b>2,411.65</b>
Amortization charge for the year	253.61	83.48	337.09
<b>Balance as at 31 March 2020</b>	<b>994.30</b>	<b>1,754.44</b>	<b>2,748.74</b>
<b>Net block</b>			
<b>As at 31 March 2019</b>	<b>395.99</b>	<b>83.48</b>	<b>479.47</b>
<b>As at 31 March 2020</b>	<b>270.59</b>	<b>-</b>	<b>270.59</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 5 INTANGIBLE ASSETS UNDER DEVELOPMENT

	Software	Total
<b>Balance as at 1 April 2018</b>	-	-
Additions during the year	50.00	50.00
<b>Balance as at 31 March 2019</b>	<b>50.00</b>	<b>50.00</b>
Additions during the year (refer note (i) below)	81.22	81.22
Less: Capitalised during the year	(75.00)	(75.00)
<b>Balance as at 31 March 2020</b>	<b>56.22</b>	<b>56.22</b>

- (i) Intangible assets under development pertains to development of an web based application with an objective to generate various user reports;

## Financial Assets

### 6 INVESTMENTS

#### i) Unquoted Investments carried at cost

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Investment in equity shares of subsidiaries:</b>		
AXISCADES Inc. 19,725 equity shares (31 March 2019: 19,725) of no par value	1,489.06	1,489.06
Cades Studec Technologies (India) Private Limited 475,000 equity shares (31 March 2019: 475,000) of ₹10 each	719.66	719.66
AXISCADES Technology Canada Inc. (formerly Cades Technology Canada Inc.) 100 equity shares (31 March 2019: 100) of Canadian Dollar 1 each	0.05	0.05
Axis Mechanical Engineering Design (Wuxi) Co., Ltd. 1 equity share (31 March 2019: 1) of no par value	42.68	42.68
AXISCADES GmbH 1 equity share (31 March 2019: 1) of no par value	18.87	18.87
AXISCADES Aerospace & Technologies Private Limited 16,838,512 equity shares (31 March 2019: 16,838,512) of ₹10 each	11,962.04	11,962.04
Mistral Solutions Private Limited (refer note (a) below) 3,797,400 equity shares (31 March 2019: 3,797,400) of ₹ 5 each	24,213.97	24,213.97
<b>Investment in equity shares of associate:</b>		
ASSYSTEMS AXISCADES Engineering Private Limited (refer note (b) below) 455,000 equity shares (31 March 2019: Nil) of ₹ 50 each	227.50	227.50
<b>Total investment carried at cost</b>	<b>38,673.83</b>	<b>38,673.83</b>

#### ii) Investments in equity shares of other companies (at FVTPL)

	As at 31 March 2020	As at 31 March 2019
Axis Cogent Global Limited 946,822 (31 March 2019: 946,822) equity shares of ₹ 10 each	-	-
Datum Technology Limited 50,000 (31 March 2019: 50,000) equity shares of ₹ 10 each	-	-
<b>Total investment carried at fair value through profit or loss</b>	<b>-</b>	<b>-</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## iii) Other investments (at amortised cost)

	As at 31 March 2020	As at 31 March 2019
National savings certificates	0.05	0.05
<b>Total investment carried at amortised cost</b>	<b>0.05</b>	<b>0.05</b>
<b>Aggregate value of investments</b>	<b>38,673.88</b>	<b>38,673.88</b>

- a) (i) During the year 2017-18, the Company entered into a Share Purchase Agreement ('SPA') to acquire 100% stake in Mistral Solutions Private Limited along with its subsidiaries ("MSPL Group") in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of Mistral Solutions Private Limited ("MSPL") effective December 01, 2017. As at March 31, 2020, the Company is carrying an investment of ₹ 24,213.97 lakhs in MSPL and the Company has engaged an independent external valuer to carry out an assessment of any impairment in the carrying value of aforesaid investments. The Company has carried out valuation, using a discounted cash flow method and the recoverable value of the investments are higher than the carrying amount of its investment in MSPL.

As on the acquisition date, the purchase consideration was determined as ₹ 24,213.97 lakhs, payable over a period specified in the SPA. As per the SPA, the amount of purchase consideration payable for certain phases is dependent on revenues and profit after tax generated by MSPL Group since the acquisition date through the financial year ended March 2022 mentioned below as contingent consideration. The value of the purchase consideration payable as at 31 March 2020, aggregated ₹ 21,259.37 lakhs (March 31, 2019: ₹ 20,401.81 lakhs) including deferred consideration of ₹ 16,189.87 lakhs (March 31, 2019: ₹ 11,743.99 lakhs) and contingent consideration of ₹ 5,069.50 lakhs (March 31, 2019: ₹ 8,657.82 lakhs).

	As at 31 March 2020		
	Deferred Consideration	Contingent Consideration	Total
<b>Opening balance of purchase consideration payable</b>	15,721.17	4,680.64	20,401.81
Add: Unwinding of discount (interest expense)	468.70	388.86	857.56
<b>Closing balance of purchase consideration payable</b>	<b>16,189.87</b>	<b>5,069.50</b>	<b>21,259.37</b>

	As at 31 March 2019		
	Deferred Consideration	Contingent Consideration	Total
<b>Opening balance of purchase consideration payable</b>	11,645.30	9,382.77	21,028.07
Add: Unwinding of discount (interest expense)	98.69	725.73	824.42
Less: Fair value gain recognised during the year	-	(1,450.68)	(1,450.68)
<b>Closing balance of purchase consideration payable</b>	<b>11,743.99</b>	<b>8,657.82</b>	<b>20,401.81</b>

During the previous year, the Company has recognised a fair value gain of ₹1,450.68 lakhs on re-estimation of the purchase consideration payable and has recognised an interest expense of ₹ 824.42 lakhs on the purchase consideration payable, in the statement of profit and loss account. The change in fair value is based on the revised projections of MSPL Group, updated considering the actual performance of MSPL Group.

The Company has engaged an independent external valuer for valuation of contingent consideration. The involvement of external valuer is decided annually by the Management and the selection criteria include market knowledge, reputation and independence of the valuer.

Out of the above purchase consideration payable at the year end, ₹ 6,219.66 lakhs (March 31, 2019: ₹ 9,698.97 lakhs) is disclosed under Other Non-current financial liabilities and ₹ 15,039.71 lakhs (March 31, 2019: ₹ 10,702.84 lakhs) is disclosed under Other current financial liabilities.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

- (ii) During the quarter ended June 30, 2018, the Company has filed an application with National Company Law Tribunal ('NCLT') for amalgamation of Explsoft Tech Solutions Pvt Ltd (erstwhile holding company of MSPL) with the Company, on receipt of observation letter conveying 'no objection' from BSE Limited and the National Stock Exchange. Further, vide order dated March 8, 2019, NCLT, Bengaluru bench has approved the scheme of amalgamation. As the registered office of the Explsoft Tech Solutions Pvt Ltd is situated in the state of Maharashtra, the scheme has also been filed with NCLT, Mumbai for approval. Presently the Company is awaiting for final hearing for the approval. Pending necessary approval from NCLT Mumbai, bench no effect is given to aforesaid scheme of amalgamation. The parties are actively engaged in discussions to effectuate the implementation of the SPA.
- b) During the previous year, the Company entered into a agreement on April 10, 2018 with ASSYSTEM Engineering and Operation Services SAS to form ASSYSTEM AXISCADES Engineering Private Limited (AAEPL) for providing engineering services in the field of energy, building and infrastructure and nuclear sector. Accordingly, AAEPL was incorporated with an equity participation in the ratio of 50:50. The Company invested ₹ 227.50 lakhs in 455,000 equity shares of ₹ 50 each fully paid in cash.

## 7 TRADE RECEIVABLES

	As at 31 March 2020	As at 31 March 2019
<b>Current</b>		
(a) Trade Receivables	4,446.04	4,484.97
(b) Receivables from related parties (refer note:31)	1,340.45	2,491.02
<b>Total Trade receivables</b>	<b>5,786.49</b>	<b>6,975.99</b>
(c) Trade Receivables - credit impaired		
Less: Allowance for doubtful receivables	(51.09)	
<b>Total Trade receivables</b>	<b>5,735.40</b>	<b>6,975.99</b>
<b>Break-up for security details:</b>		
<b>Trade receivables (Current)</b>		
Secured, considered good	-	-
Unsecured, considered good	5,735.40	6,975.99
Trade Receivables which have significant increase in credit risk	51.53	4.77
Trade Receivables - credit impaired	5.33	5.33
	<b>5,792.26</b>	<b>6,986.09</b>
<b>Impairment Allowance (allowance for bad and doubtful debts)</b>		
Trade Receivables which have significant increase in credit risk	(51.53)	(4.77)
Trade Receivables - credit impaired	(5.33)	(5.33)
<b>Total Trade receivables</b>	<b>5,735.40</b>	<b>6,975.99</b>

No trade or other receivables are due from director or other officers of the Company either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

Refer note 16 for details of assets pledged as security for borrowings.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	As at 31 March 2020	As at 31 March 2019
As at 1 April	10.10	2.57
Provision for expected credit losses (refer note 27)	46.76	7.53
As at 31 March	56.86	10.10

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 8 LOANS

	As at 31 March 2020	As at 31 March 2019
<b>Non-current (refer note (a) below)</b>		
(Unsecured, considered good)		
Security deposits	527.34	773.88
	<b>527.34</b>	<b>773.88</b>
<b>Current (refer note (a), (c) below)</b>		
(Unsecured, considered good)		
Intercompany deposits given to related parties [refer note 31 and note (b) below ]	210.00	-
Security deposits	237.49	-
	<b>447.49</b>	<b>-</b>

- (a) Since all loans given are unsecured and considered good, the break up for security details wise is not applicable to the Company and hence not given.
- (b) During the current year, the Company has given Inter-company deposit ('ICD') to AXISCADES Aerospace & Technologies Private Limited amounting to ₹ 230.00 lakhs. The agreement was entered on 09 October, 2019 for a period of eighteen months. The ICD carries an Interest rate of 12% per annum. The total amount outstanding as at 31 March, 2020 is ₹ 210.00 lakhs (31 March, 2019: Nil).
- (c) Refer note 16 for details of assets pledged as security for borrowings.

## 9 OTHER FINANCIAL ASSETS

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
(Unsecured, considered good)		
Margin money deposits with banks against bank guarantees [refer note 13]	243.77	119.75
	<b>243.77</b>	<b>119.75</b>
<b>Current *</b>		
(Unsecured, considered good)		
Interest accrued on fixed deposits	5.11	23.93
Interest accrued on Intercompany Deposit [refer note 31]	7.52	-
Margin money deposits with banks against bank guarantees [refer note 13]	443.20	364.99
Contract assets - Unbilled revenue <sup>#</sup>	2,025.73	2,223.26
Export Incentive Receivable	511.05	-
Other receivables from Related parties (refer note 31)	302.16	313.27
Receivable from Bank **	233.41	-
	<b>3,528.18</b>	<b>2,925.45</b>
(Unsecured, considered doubtful)		
Contract assets- Unbilled revenue	104.97	104.97
	<b>104.97</b>	<b>104.97</b>
Less:		
Allowance for contract assets	(104.97)	(104.97)
	<b>(104.97)</b>	<b>(104.97)</b>
	<b>3,528.18</b>	<b>2,925.45</b>

<sup>#</sup> Includes ₹266.97 lakhs (March 31, 2019: ₹193.20 lakhs) from related parties (refer note:31)

\*\* The Reserve Bank of India (RBI) announced a three-month moratorium option to provide relief to businesses due to outbreak of Coronavirus and its impact of businesses. The Company has availed the option of moratorium and informed the bank for deferment of deduction of amount of monthly instalment of ₹ 233.41 lakhs. However, the monthly instalment was automatically debited from the Company's bank account and later credited back subsequent to the year end to the bank account i.e. disclosed as amount receivable from bank as at March 31, 2020

\* Refer note 16 for details of assets pledged as security for borrowings.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 10 NON-CURRENT TAX ASSET, NET

	As at 31 March 2020	As at 31 March 2019
Advance income tax (net of provision for tax)	1,721.01	1,507.41
	<b>1,721.01</b>	<b>1,507.41</b>

## 11 OTHER ASSETS

	As at 31 March 2020	As at 31 March 2019
<b>Non Current</b>		
(Unsecured, considered good)		
Prepaid expenses	-	29.62
	-	<b>29.62</b>
<b>Current *</b>		
(Unsecured, considered good)		
Duties and taxes recoverable	1,484.30	1,539.23
Prepaid expenses	431.73	357.30
Advance to suppliers	79.09	63.87
Advance to employees	47.41	63.75
	<b>2,042.53</b>	<b>2,024.15</b>
Unsecured, considered doubtful		
Duties and taxes recoverable	27.67	27.67
	<b>27.67</b>	<b>27.67</b>
Less: Allowance for duties and taxes recoverable	(27.67)	(27.67)
	<b>(27.67)</b>	<b>(27.67)</b>
	<b>2,042.53</b>	<b>2,024.15</b>

\* Refer note 16 for details of assets pledged as security for borrowings.

## 12 CASH AND CASH EQUIVALENTS

	As at 31 March 2020	As at 31 March 2019
Cash on hand	0.46	0.36
Balances with banks		
- on current accounts	654.06	433.46
	<b>654.52</b>	<b>433.82</b>

(i) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods for few days, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

(ii) As at March 31, 2020, the Company has ₹ 1,468.99 lakhs (March 31, 2019: ₹ 1,778.10 lakhs) of undrawn committed borrowing facilities.

(iii) Refer note 16 for details of assets pledged as security for borrowings.

### Notes:

a) For the purpose of statement of cash flows, cash and cash equivalents comprises the following:

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	654.52	433.82
<b>Cash and cash equivalents reported in cash flow statement</b>	<b>654.52</b>	<b>433.82</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31 March 2020	As at 31 March 2019
Margin money deposits with banks	693.87	586.52
	<b>693.87</b>	<b>586.52</b>
Less: Amounts disclosed as other non-current financial assets (refer note 9)	(243.77)	(119.75)
Less: Amounts disclosed as other current financial assets (refer note 9)	(443.20)	(364.99)
	<b>6.90</b>	<b>101.78</b>

- (i) Fixed deposits of a carrying amount ₹ 655.27 lakhs (31 March 2019: ₹ 552.85 lakhs) have been deposited as margin money against the packing credit facility availed from a bank.
- (ii) Deposits of a carrying amount ₹ 38.60 lakhs (31 March 2019: ₹ 33.67 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.
- (iii) Refer note 16 for assets pledged as security for borrowings.

### a) Breakup of financial assets carried at amortised cost

	As at 31 March 2020	As at 31 March 2019
Investments (refer note 6)	0.05	0.05
Loans (Current and Non Current) (refer note 8)	974.83	773.88
Trade receivables (Current and Non Current) (refer note 7)	5,735.40	6,975.99
Other financial assets (Current and Non Current) (refer note 9)	3,771.95	3,045.20
Cash and cash equivalents (refer note 12)	654.52	433.82
Bank balances other than cash and cash equivalents (refer note 13)	6.90	101.78
	<b>11,143.65</b>	<b>11,330.72</b>

## 14 SHARE CAPITAL

	As at 31 March 2020		As at 31 March 2019	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Authorized share capital</b>				
Equity shares of ₹ 5 each	2,040.00	10,200.00	2,040.00	10,200.00
Preference shares of ₹ 100 each	1.00	100.00	1.00	100.00
	<b>2,041.00</b>	<b>10,300.00</b>	<b>2,041.00</b>	<b>10,300.00</b>
<b>Issued share capital</b>				
Equity shares of ₹ 5 each, fully paid-up	378.11	1,890.53	378.11	1,890.53
<b>Subscribed and paid-up</b>				
Equity shares of ₹ 5 each (March 31, 2019 ₹ 5 each), fully paid-up	377.60	1,887.98	377.60	1,887.98
Add: Forfeited shares (amount originally paid ₹ 3 per share on 51,100 equity shares)*	-	1.53	-	1.53
	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

\* Out of 51,100 equity shares of ₹ 5 each issued, ₹ 2 had not been subscribed amounting to ₹ 1.02 lakhs.

### (a) Reconciliation of the equity shares

Equity shares of ₹ 5 each, par value				
Balances as at the beginning of the year	377.60	1,889.51	377.60	1,889.51
Add: Issued and subscribed during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>



# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

**(b) Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each equity share is entitled to one vote per share. 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 rupees. 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) Details of shares held by the holding Company and subsidiaries of holding company**

	As at 31 March 2020		As at 31 March 2019	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Holding Company:</b>				
Jupiter Capital Private Limited (refer note:1 below)	73.60	368.01	68.72	343.60
<b>Subsidiaries of Holding Company:</b>				
Tayana Digital Private Limited (refer note:1 below)	121.42	607.11	121.42	607.11
Indian Aero Ventures Private Limited	61.54	307.71	61.54	307.71

1. Tayana Digital Private Limited, is merged with Jupiter Capital Private Limited with effect from 17th October, 2018. However, it is to be noted that underlying shares in the depositories are still held in the name of Tayana Digital Private Limited, hence the details of shares held by the holding Company and subsidiaries of holding Company contains the information of Tayana Digital Private Limited.

**(d) Details of shareholders holding more than 5% shares:**

	As at 31 March 2020		As at 31 March 2019	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Equity shares of ₹ 5 each, par value</b>				
Tayana Digital Private Limited (refer note: c(1) above)	121.42	32.16%	121.42	32.16%
Jupiter Capital Private Limited (refer note: c(1) above)	73.60	19.49%	68.72	18.20%
Indian Aero Ventures Private Limited	61.54	16.30%	61.54	16.30%

**(e) In the period of five years immediately preceding the Balance Sheet date, the Company has not issued any bonus shares or has bought back any shares.**

**(f) Details of shares allotted for consideration other than cash (within five years preceding the Balance Sheet date):**

Particulars	2018 - 19	2017 - 18	2016 - 17	2015 - 16	2014 - 15
<b>Equity shares:</b>					
Allotted as fully paid up under Scheme of Amalgamation	-		105.70		72.29

**(g) Shares reserved for issue under options**

The ESOP scheme titled "AXISCADES Engineering Employee Stock Option Plan- Series 1 & 2" was approved by the Shareholders of the Company vide resolution passed at the Extra Ordinary General Meeting through postal ballot held on 31 March 2018 in respect of grant of options exercisable into equity shares of face value of ₹ 5 each fully paid-up, not exceeding 3,020,762 equity shares or 8% of the paid up equity shares of the Company from time to time. During the current year, the company has granted 9,02,300 options to the eligible employees pursuant to the ESOP scheme.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 15 OTHER EQUITY

	As at 31 March 2020	As at 31 March 2019
Securities premium	10,077.23	10,077.23
Hedge reserve	(176.33)	(3.60)
Surplus in the Statement of Profit and Loss	5,825.53	6,412.45
Capital reserve [reserve credited pursuant to the Scheme of Amalgamation]	4,227.97	4,227.97
Share based payment (Refer note:42)	171.88	-
Other reserves	(105.43)	(30.31)
	<b>20,020.85</b>	<b>20,683.74</b>

### Note:

#### Securities premium

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

#### Hedge Reserve

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedging reserve. Amounts recognised in the hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

#### Capital reserve

Capital reserve is created pursuant to Amalgamation of India Aviation Training Institute Private Limited ("IAT") with the Company with effect from 1 April, 2016.

#### Share based payment reserve

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

#### Other reserve

Other reserves includes re-measurement (losses) / gains on defined benefit obligation.

## 16 BORROWINGS

	As at 31 March 2020	As at 31 March 2019
<b>Non current</b>		
<b>Secured</b>		
Term loan from banks [refer note {(a) (ii) and (b)(iii) (iv)}]	2,506.27	2,962.39
Less: Amount clubbed under "other current financial liabilities" (refer note 17)	(957.88)	(878.91)
	<b>1,548.39</b>	<b>2,083.48</b>
<b>Current</b>		
<b>Secured</b>		
Working capital loan [refer note (a)(i) and (b)(i)]	3,392.37	3,458.19
Cash credit from banks [refer note (a)(iii) and (b)(v)]	2,188.45	1,652.25
Buyer's credit [refer note a(ii) ]	-	-
<b>Unsecured</b>		
Intercorporate deposit from subsidiary [refer note 31 and b(ii) below]	250.00	250.00
	<b>5,830.82</b>	<b>5,360.44</b>

### a) Details of security for borrowings

- (i) Packing credit facility in foreign currency ("PCFC") is from a bank are secured by first exclusive charge on current assets, exclusive charge on movable assets and exclusive charge on land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

collateralized with M/s Axiscades Aerospace and Technologies Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹4,500.00 lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

- (ii) Foreign currency Term Loan ('FCTL') from a bank is secured by the first exclusive charge on entire current assets and entire movable tangible property, plant and equipment of the Company both present and future, including land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore, pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹4,500.00 lakhs, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (the Company and AXISCADES Aerospace and Technologies Private Limited) with mark to market clause. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.
- (iii) Cash credit from banks is secured by first exclusive charge on current assets, movable assets and land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with AXISCADES Aerospace and technologies limited), pledge of 26% shares of Mistral Solutions Private Limited valued at ₹4,500.00 lakhs. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

## b) Terms of borrowings and rate of interest

- (i) Packing credit in foreign currency from bank bearing an interest rate of 4.6% - 7.2% per annum (31 March 2019: 5.5% - 7.5% per annum) are repayable over a maximum tenure of 180 days from the date of respective availment.
- (ii) During the FY 2017-18, the Company has availed Intercompany deposits from Cades Studec Technologies (India) Private Limited aggregating ₹ 250.00 lakhs carrying rate of interest at 9% per annum, repayable on or before December 20, 2020.
- (iii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an interest rate of 9.75% per annum (March 31, 2019: 8.5% per annum). The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of availment.
- (iv) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 2.92 lakhs carrying an interest rate of 7.65% per annum (March 31, 2019: 7.65% per annum). The loan is repayable in 10 quarterly instalments, after a moratorium of 10 months from the date of availment.
- (v) Cash credit from bank bears an interest rate of 12.36 % per annum (31 March 2019: 11.76% per annum) and are repayable on demand over a maximum tenure of 12 months from the date of respective availment.

## c) Loan covenants

Term loan from banks contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied all debt covenants prescribed in the terms of bank loan.

## d) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at 31 March 2020	As at 31 March 2019
<b>Current</b>		
First charge		
Financial assets	10,372.49	10,437.04
Other current assets	2,042.53	2,024.15
<b>Non-current</b>		
First charge		
Property, plant and equipment	215.40	252.64
Land	815.88	815.88
Buildings	124.97	127.67

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## e) Changes in liabilities arising from financing activities

	Term loan from banks and Working capital loan	Inter-corporate deposit	Lease liabilities	Total
<b>Balance as at 1 April 2018</b>	6,314.87	250.00	-	6,564.87
Cash flows	1,350.05	-	-	1,350.05
Foreign Exchange Management	387.65	-	-	387.65
Other adjustments	20.26	-	-	20.26
<b>Balance as at 31 March 2019</b>	<b>8,072.83</b>	<b>250.00</b>	-	<b>8,322.83</b>
Lease liability recognised as at April 01, 2019	-	-	1,287.60	1,287.60
Additions to lease liability	-	-	809.30	809.30
Cash flows	(713.07)	-	(971.18)	(1,684.25)
Foreign Exchange Management	493.91	-	-	493.91
Other adjustments	233.42	-	166.32	399.74
<b>Balance as at 31 March 2020</b>	<b>8,087.09</b>	<b>250.00</b>	<b>1,292.04</b>	<b>9,629.13</b>

## 17 OTHER FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Purchase consideration payable on acquisition of subsidiary [refer note 6(a)]	6,219.66	9,698.97
Hedge Liability	49.74	-
	<b>6,269.40</b>	<b>9,698.97</b>
<b>Current</b>		
Creditors for capital goods	22.59	74.94
Hedge liability	203.90	67.34
Purchase consideration payable on acquisition of subsidiary [refer note 6(a)]	15,039.71	10,702.84
Dues to employees	410.93	1,388.24
Current maturities of long term borrowings	957.88	878.91
Interest payable to subsidiary (refer note 31)	5.05	5.00
	<b>16,640.06</b>	<b>13,117.27</b>

## 18 PROVISIONS

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Employee defined benefits liability		
- Provision for gratuity (refer note 38)	511.28	419.32
Asset retirement obligation	24.79	19.24
	<b>536.07</b>	<b>438.56</b>
<b>Current</b>		
Employee defined benefits liability		
- Provision for gratuity (refer note 38)	66.17	35.81
- Provision for compensated absences	288.62	247.30
	<b>354.79</b>	<b>283.11</b>

### 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 furniture and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2020 is ₹ 24.79 lakhs (31 March 2019: ₹ 19.24 lakhs). The Company estimates the costs would be realised within 4 - 5 years time upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:

- 1) Estimated range of cost: 15 days lease rental expense
- 2) Discount rate: 9 percent per annum (31 March 2019: 9 percent per annum)

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 19 OTHER LIABILITIES

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Advances from related party (refer note 30)	27.82	27.82
	<b>27.82</b>	<b>27.82</b>
<b>Current</b>		
Advances received from customers	22.21	-
Duties and taxes payable	789.99	731.08
Interest accrued but not due on borrowings *	60.79	17.81
	<b>872.99</b>	<b>748.89</b>

\* The details of interest rates, repayment and other terms are disclosed under note 16.

## 20 TRADE PAYABLES

	As at 31 March 2020	As at 31 March 2019
Dues of micro and small enterprises (refer note 29)*	3.48	11.69
Dues of creditors other than micro and small enterprises*	1,617.48	1,501.72
	<b>1,620.95</b>	<b>1,513.41</b>

\* Includes ₹351.74 lakhs (March 31, 2019: ₹278.04 lakhs) from related parties (refer note:31)

	As at 31 March 2020	As at 31 March 2019
<b>Breakup of financial liabilities carried at amortised cost</b>		
Borrowings (refer note 16)	7,379.21	7,443.92
Lease Liability (refer note 32)	1,292.04	-
Other financial liabilities (refer note 17)	17,586.32	2,347.09
Trade payables (refer note 20)	1,620.95	1,513.41
	<b>27,878.53</b>	<b>11,304.42</b>

## 21 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Sale of services</b>		
Engineering design services	22,659.36	22,519.26
	<b>22,659.36</b>	<b>22,519.26</b>

### 21.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Year ended 31 March 2020	Year ended 31 March 2019
India	3,872.83	3,998.17
Outside India	18,786.53	18,521.09
<b>Total revenue from contracts with customers</b>	<b>22,659.36</b>	<b>22,519.26</b>

### 21.2 Contract balances

	Year ended 31 March 2020	Year ended 31 March 2019
Trade receivables (refer note 7)	5,735.40	6,975.99
Contract Assets- Unbilled revenue (refer note 9)	2,025.73	2,223.26

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. In 31 March 2020, ₹ 56.86 lakhs (31 March 2019: ₹ 10.10 lakhs) was recognised as provision for expected credit losses on trade receivables.

Contract assets are initially recognised for revenue earned from providing of services as receipt of consideration is conditional on acceptance by the customer. Upon completion of acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. As at March 31, 2020 the Company has provision for expected credit losses on contract assets of ₹ 104.97 lakhs (31 March 2019: ₹ 104.97 lakhs).

## 21.3 PERFORMANCE OBLIGATION

The performance obligation is satisfied upon the providing of services as and when rendered and accordingly, there is no outstanding performance obligation as on 31 March 2020.

## 22 OTHER OPERATING INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Export Incentives	551.66	-
	<b>551.66</b>	<b>-</b>

During the current year, the Company has recognised other operating income from export incentives under the provisions of Foreign Trade Policy (2015-20) as amended from time to time aggregating to ₹ 551.66 lakhs (March 31, 2019: Nil). The Management believes that it had satisfied all the conditions to receive the incentives and is in the process of filling the claim.

## 23 OTHER INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income		
- from fixed deposits	47.33	38.16
- from financial assets carried at amortised cost	61.70	53.23
- from Inter corporate deposit to related party (refer note 31)	8.36	-
- from income tax refund	-	39.40
Provision no longer required, written back	62.38	8.10
Profit on sale of property, plant and equipment	-	7.61
Fair value gain on financial instruments at fair value through profit or loss (refer note below)	50.51	-
Miscellaneous income	33.71	14.17
	<b>263.99</b>	<b>160.67</b>

Fair value gain on financial instruments at fair value through profit or loss relates to foreign exchange currency options that did not qualify for hedge accounting.

## 24 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	12,634.74	12,770.91
Contribution to provident and other funds	421.25	376.29
Contribution to overseas social security	788.55	805.04
Provision for gratuity (refer note 38)	81.20	75.56
Provision for compensated absences	75.51	62.69
Employee stock option scheme (refer note 42)	171.88	-
Staff welfare expense	292.21	300.10
	<b>14,465.34</b>	<b>14,390.59</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 25 FINANCE COSTS

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense		
- on loan from bank	754.39	667.40
- on Inter corporate deposit from related party (refer note 31)	22.56	22.50
Other borrowing cost	896.52	928.58
Interest on Lease Liability (refer note 32)	166.34	-
Net interest expense on defined benefit liability	53.50	49.16
	<b>1,893.31</b>	<b>1,667.64</b>

## 26 DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of PPE (refer note 3)	143.53	233.39
Amortization of intangible assets (refer note 4)	337.09	673.62
Depreciation of Right of use asset (refer note 32)	866.32	-
	<b>1,346.94</b>	<b>907.01</b>

## 27 OTHER EXPENSES

	Year ended 31 March 2020	Year ended 31 March 2019
Rent (refer note 32)	257.45	1,228.31
Power and fuel	289.89	285.26
Travelling and conveyance	1,016.03	1,305.28
Legal and professional charges	493.32	524.30
Repairs and maintenance		
- Building	320.63	315.51
- Others	72.30	54.16
Auditor's remuneration (refer note 40)	58.37	63.85
Equipment hire charges	172.04	133.64
Recruitment and training expenses	85.99	99.81
Marketing and advertising expenses	204.00	241.54
Communication expenses	254.81	263.76
Software subscription charges	1,167.08	809.18
Printing and stationery	28.26	31.12
Security charges	55.75	55.27
Rates and taxes	67.17	113.80
Project consultancy charges	850.44	1,679.35
Insurance expenses	79.10	28.61
Bank charges	58.05	76.95
Postage and courier charges	7.93	20.54
Expected credit loss for trade receivables	46.76	7.53
Directors sitting fees (refer note 31)	55.70	88.00
Corporate social responsibility expenses (refer note 41)	2.18	32.24
Exchange loss, net	206.55	240.42
Miscellaneous expenses	20.11	8.00
	<b>5,869.91</b>	<b>7,706.43</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 28 EXCEPTIONAL ITEM

	Year ended 31 March 2020	Year ended 31 March 2019
Income relating to fair value change in purchase consideration (refer note 6(a))	-	1,450.68
	-	<b>1,450.68</b>

## 29 EARNINGS PER SHARE (EPS) (BASIC AND DILUTED)

	Year ended 31 March 2020	Year ended 31 March 2019
a) Loss after tax attributable to equity shareholders (₹)	<b>(448.32)</b>	(399.39)
b) Weighted average number of shares outstanding (in lakhs)	<b>377.60</b>	377.60
c) Nominal value of shares (₹)	<b>5.00</b>	5.00
d) Basic earning per share (₹)	<b>(1.19)</b>	(1.06)
e) Number of equity shares used to compute diluted earnings per share	<b>377.60</b>	377.60
f) Diluted earnings per share (₹)	<b>(1.19)</b>	(1.06)

For the purpose of computation of diluted EPS for the year ended March 31, 2020, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive. Hence basic and diluted EPS are same.

## 30 DISCLOSURE REQUIRED UNDER SECTION 22 OF MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2020 and March 31, 2019. The details in respect of such dues are as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting year	<b>3.48</b>	11.69
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 regarding Micro and Small enterprises determined to the extent such parties have been identified on the basis of the information available with the Company.



# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 31 RELATED PARTY DISCLOSURES

Nature of relationship	Name of party
<b>I Parties where control exists:</b>	
<b>Holding Company</b>	Jupiter Capital Private Limited ('JCPL') *
* JCPL and its subsidiaries Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 67.95 percent voting rights of the Company as at 31 March 2020 (31 March 2019: 66.65 percent) (refer note IV (b))	
<b>Subsidiary companies</b>	AXISCADES Inc. AXISCADES UK Limited (a step down subsidiary) Cades Studec Technologies (India) Private Limited AXISCADES Technology Canada Inc. Axis Mechanical Engineering Design (Wuxi) Co., Ltd. AXISCADES GmbH AXISCADES Aerospace & Technologies Private Limited Enertec Controls Limited (a step down subsidiary) AXISCADES Aerospace Infrastructure Private Limited (a step down subsidiary) Mistral Solutions Private Limited Mistral Solutions Inc (a step down subsidiary) Aero Electronics Private Limited (a step down subsidiary) Mistral Solutions Pte Ltd (a step down subsidiary) Mistral Technologies Private Limited (a step down subsidiary)
<b>Associate</b>	ASSYSTEMS AXISCADES Engineering Private Limited (w.e.f. 31 August 2018)
<b>II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year:</b>	
<b>Fellow subsidiary</b>	Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL)
<b>Key Management Personnel (KMP):</b>	
Chairman and Non - Executive Director	Mr. David Bradley (appointed w.e.f 5 March 2019 and as Chairman w.e.f 31 May 2019)
Chairman and Independent Director	Mr. Vivek Mansingh (stepped down as chairman w.e.f 31 May 2019 and term completed on 8 September 2019)
Chief Executive Officer & Executive Director	Mr. Sharadhi Chandrababupampapathy (appointed w.e.f 21 January, 2019)
Chief Executive Officer & Executive Director	Mr. Mritunjay Kumar Singh (Resigned w.e.f 19 January, 2019)
Independent Director	Mr. Kailash Mohan Rustagi (reappointed w.e.f 9 September, 2019)
Independent Director	Mr. Pradeep Dadlani (reappointed w.e.f 9 September, 2019)
Independent Director	Mr. Srinath Batni (Term completed on 8 September, 2019)
Independent Director	Mrs. Mariam Mathew (appointed w.e.f 13 February 2018)
Executive Director	Mr. Anees Ahmed (resigned w.e.f August 21, 2019)
Non - Executive Director	Mr. Rohitasava Chand (resigned w.e.f 30 July, 2018)
Non - Executive Director	Mr. Siddarth Mehra (resigned w.e.f. 04 February 2019)
Non - Executive Director	Mr. Sudhakar Gande (resigned as Vice Chairman and Executive Director w.e.f. 30 July, 2018 and appointed as Non Executive director w.e.f 30 July, 2018)
Non - Executive Director	Mr. Ashwani Kumar Dutta (resigned w.e.f. 29 August 2019)
Non - Executive Director	Mr. Ajay Lakothia (appointed on 02 february 2019 and resigned on 30 March 2020)
Non - Executive Director	Mr. Kedarnath Choudhury (resigned w.e.f. 30 May 2018)
<b>III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year:</b>	
Chief Financial Officer	Mr. Anumanchipalli Srinivas (appointed w.e.f 7 June, 2019)
Chief Financial Officer	Mr. Kaushik Sarkar (resigned w.e.f 7 June, 2019)
Company Secretary	Ms. Shweta Agarwal
<b>Company in which Director is interested</b>	Inkers Technology Private Limited

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## IV Transactions with related parties:

Nature of transactions	Relationship	Year ended	
		31 March 2020	31 March 2019
<b>Revenue from operations</b>			
AXISCADES Inc.	Subsidiary	2,192.87	2,276.07
AXISCADES UK Limited	Step down subsidiary	42.73	37.86
AXISCADES Technology Canada Inc.	Subsidiary	1,179.19	1,172.11
AXISCADES Gmbh	Subsidiary	422.96	180.11
Axis Mechanical Engineering Design (Wuxi) Co., Ltd.	Subsidiary	252.61	252.69
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	4.85	-
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	86.83	-
<b>Remuneration (Refer note (IV) (a) and (c) below)</b>			
Mr. Sudhakar Gande	Key Management personnel	-	109.90
Mr. Mritunjay Kumar Singh	Key Management personnel	-	414.31
Mr. Kaushik Sarkar	Key Management personnel	39.97	220.21
Mr. Anumanchipalli Srinivas	Key Management personnel	123.65	-
Ms. Shweta Agarwal	Key Management personnel	30.31	22.60
Mr. Sharadhi Chandra Babupampapathy	Key Management personnel	128.08	14.62
Mr. Anees Ahmed (₹ 5 remuneration)	Key Management personnel	0.00	-
<b>Service received from ( Intangible assets under development)</b>			
Inkers Technology Private Limited	Company in which Director is interested	25.00	50.00

Nature of transactions	Relationship	Year ended	
		31 March 2020	31 March 2019
<b>Sitting fees paid to directors</b>			
Mr. Vivek Mansingh	Chairman and Independent Director	4.00	16.00
Mr. Kailash Mohan Rustagi	Independent Director	15.00	18.00
Mr. Pradeep Dadlani	Independent Director	13.00	18.00
Mr. Srinath Batni	Independent Director	8.00	18.00
Mr. Rohitasava Chand	Non - Executive Director	-	0.90
Mr. Siddarth Mehra	Non - Executive Director	-	2.70
Mrs. Mariam Mathew	Independent Director	7.00	9.00
Mr. David Bradley	Chairman and Non - Executive Director	2.40	0.30
Mr. Ashwani Kumar Dutta	Non - Executive Director	1.80	1.50
Mr. Sudhakar Gande	Non - Executive Director	2.70	3.30
Mr. Ajay Lakothia	Non - Executive Director	1.80	0.30
<b>Expenses Incurred on behalf of</b>			
AXISCADES Inc.	Subsidiary	40.73	168.87
AXISCADES UK Limited.	Step down subsidiary	8.03	17.70
AXISCADES Technology Canada Inc.	Subsidiary	24.00	41.69
AXISCADES Gmbh	Subsidiary	0.85	-
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	-	6.30
Jupiter Capital Private Limited	Holding Company	-	10.38
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	73.30
<b>Software subscription charges charged by</b>			
AXISCADES Inc.	Subsidiary	169.13	137.57
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	9.80	-
<b>Salaries, wages and bonus charged to</b>			
AXISCADES Technology Canada Inc.	Subsidiary	90.84	122.44
AXISCADES Inc.	Subsidiary	249.04	-
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	51.40

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Relationship	Year ended	
		31 March 2020	31 March 2019
<b>Salaries, wages and bonus charged by</b>			
AXISCADES Inc.	Subsidiary	90.64	242.62
AXISCADES UK Limited	Step down subsidiary	307.07	127.49
<b>Services received from</b>			
AXISCADES UK Limited	Step down subsidiary	-	-
AXISCADES Inc.	Subsidiary	4.97	-
<b>Intercompany deposit given</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	210.00	-
<b>Interest Income on intercompany deposit</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	8.36	-
<b>Rent expenses charged to</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	45.60	-
<b>Rent expenses charged by</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	-	5.01
<b>Interest expense on intercompany deposit</b>			
Cades Studec Technologies (India) Private Limited	Subsidiary	22.56	22.50
<b>Investment</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	227.50

- (a) 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 included above.
- (b) Tayana Digital Private Limited, is merged with Jupiter Capital Private Limited with effect from 17th October, 2018. However, it is to be noted that underlying shares in the depositories are still held in the name of Tayana Digital Private Limited, hence the details of shares held by the holding Company and subsidiaries of holding Company contains the information of Tayana Digital Private Limited.
- (c) Total employee stock compensation expense for the year ended March 31, 2020 includes a charge of 32.82 Lakhs (March 31, 2019 - Nil) towards KMP.

## V Balances as at the year end:

Nature of transactions	Relationship	As at	As at
		31 March 2020	31 March 2019
<b>Trade receivables</b>			
AXISCADES Inc.	Subsidiary	371.72	1,932.83
AXISCADES UK Limited.	Step down subsidiary	26.99	13.64
AXISCADES Technology Canada Inc.	Subsidiary	178.05	143.32
AXISCADES GmbH	Subsidiary	125.89	72.38
Axis Mechanical Engineering Design (Wuxi) Co., Ltd.	Subsidiary	618.71	328.85
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	19.09	-
<b>Unbilled revenue</b>			
AXISCADES Technology Canada Inc.	Subsidiary	36.24	123.87
AXISCADES Inc.	Subsidiary	194.23	-
AXISCADES UK Limited.	Step down subsidiary	2.65	-
AXISCADES GmbH	Subsidiary	16.89	37.25
Axis Mechanical Engineering Design (Wuxi) Co., Ltd.	Subsidiary	16.96	32.08
<b>Investments</b>			
AXISCADES, Inc.	Subsidiary	1,489.06	1,489.06
Cades Studec Technologies (India) Private Limited	Subsidiary	719.66	719.66
AXIS Mechanical Engineering Design (Wuxi) Co., Ltd.	Subsidiary	42.68	42.68
AXISCADES Technology Canada Inc.	Subsidiary	0.05	0.05

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Relationship	As at 31 March 2020	As at 31 March 2019
AXISCADES Gmbh	Subsidiary	18.87	18.87
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	11,962.04	11,962.04
Mistral Solutions Private Limited	Subsidiary	24,213.97	24,213.97
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	227.50	227.50
<b>Intercorporate deposit payable</b>			
Cades Studec Technologies (India) Private Limited	Subsidiary	250.00	250.00
<b>Advances from</b>			
Indian Aero Ventures Private Limited	Fellow subsidiary	27.82	27.82
<b>Other Receivables</b>			
<i>Expenses recoverable</i>			
AXISCADES, Inc.	Subsidiary	249.60	171.48
AXISCADES UK Limited	Step down subsidiary	1.40	5.43
AXISCADES Technology Canada Inc.	Subsidiary	17.64	60.48
Jupiter Capital Private Limited	Holding Company	10.38	10.38
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	23.14	65.50
<b>Trade payables</b>			
AXISCADES, Inc.	Subsidiary	135.53	204.35
AXISCADES UK Limited	Step down subsidiary	208.48	62.00
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	-	11.69
Inkers Technology Private Limited	Company in which Director is Interested	2.50	-
AXISCADES Gmbh	Subsidiary	5.23	-
<b>Interest Payable</b>			
Cades Studec Technologies (India) Private Limited	Subsidiary	5.05	5.00
<b>Interest Receivable</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	7.52	-
<b>Intercorporate deposit given</b>			
AXISCADES Aerospace & Technologies Private Limited	Subsidiary	210.00	-
<b>Remuneration payable (Refer note (IV) (a) and (c) above)</b>			
Mr. Sudhakar Gande	Key Management Personnel	-	95.56
Mr. Mritunjay Kumar Singh	Key Management Personnel	-	229.97
Mr. Kaushik Sarkar	Key Management Personnel	-	37.52
Mr. Srinivas Anumanchipalli	Key Management Personnel	36.86	-
Ms. Shweta Agrawal	Key Management Personnel	2.00	3.20
Mr. Sharadhi Chandra Babupampapathy	Key Management Personnel	44.37	14.62

## 32 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Company as a lessee

The Company has entered into property leases for office and other business operations. These leases are for a period ranging from three to five years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	As at 31 March 2020
Balance as on transition date 01 April 2019	1,223.26
Additions / (deletions)	853.88
Depreciation expense	(866.32)
<b>Carrying amount as on 31 March 2020</b>	<b>1,210.82</b>

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Below are the carrying amounts of lease liabilities and the movements during the year:

	As at 31 March 2020
<b>Balance as on transition date 01 April 2019</b>	1,287.60
Additions / (deletions)	809.30
Accretion of interest (refer note 25)	166.32
Payment of principal portion of lease liabilities	(804.86)
Payment of Interest portion of lease liabilities	(166.32)
<b>Carrying amount as on 31 March 2020</b>	<b>1,292.04</b>
Current	480.76
Non-current	811.28
	<b>1,292.04</b>

The weighted average incremental borrowing rate for lease liabilities is 12.10% per annum, with maturity between 3 years to 5 years for leasehold property.

**The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:**

	31 March 2020
Less than one year	551.81
one to five years	997.80
more than five years	-

The following are the amounts recognised in profit or loss:

	31 March 2020
Depreciation expense of right-of-use assets	866.32
Interest expense on lease liabilities	166.32
Expense relating to short-term leases and low value leases (included in other expenses)	257.45
<b>Total amount recognised in profit or loss</b>	<b>1,290.09</b>

The Company had total cash outflows for leases of ₹ 971.18 Lakhs for the year ended March 31, 2020 (March 31, 2019: ₹ Nil). The Company has made non-cash additions of ₹ 853.88 lakhs and ₹ 809.30 lakhs to right-of-use assets and lease liabilities for the year ended 31 March, 2020. There are no future cash outflows relating to leases that have not yet commenced.

## 33 COMMITMENTS

As at March 31, 2020, the Company has a commitment towards purchase of capital assets of ₹ 29.75 lakhs (March 31, 2019: ₹ 77.23 lakhs).

## 34 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary 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 year.

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 shareholders 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 includes within net debt interest bearing loans and borrowings, less cash and cash equivalents.

# Notes to Standalone Financial Statements

## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Borrowings including current maturities of long term borrowings (refer note 16,17)	8,337.09	8,322.83
Less: Cash and cash equivalents (refer note 12)	(654.52)	(433.82)
<b>Net debt</b>	<b>7,682.57</b>	<b>7,889.01</b>
Equity (refer note 14)	1,889.51	1,889.51
Other Equity (refer note 15)	20,020.85	20,683.74
<b>Capital and net debt</b>	<b>29,592.93</b>	<b>30,462.26</b>
Gearing ratio	26%	26%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020.

### 35 INCOME TAX

The major components of income tax expense are:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Current income tax:</b>		
Current income tax charge	60.62	-
<b>Deferred tax credit</b>		
Relating to the origination and reversal of temporary differences	287.21	(141.67)
<b>Income tax expense reported in Statement of Profit and Loss</b>	<b>347.83</b>	<b>(141.67)</b>
<b>Deferred tax related to items recognised in OCI</b>		
Income tax relating to re-measurement gains on defined benefit plans	(25.27)	4.34
Income tax relating to gain / (losses) on cash flow hedges	(58.10)	(8.90)
	<b>(83.37)</b>	<b>(4.56)</b>

The movement in deferred tax asset from the opening balance pertains to deferred tax credit recognized in Statement of Profit and Loss and other comprehensive income for the year.

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

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Accounting profit before tax</b>	<b>(100.49)</b>	<b>(541.06)</b>
Tax on accounting profit at statutory income tax rate [25.17%] (March 31, 2019: 29.12%).	(25.29)	(157.56)
Foreign tax expensed during the year	60.62	-
Effect of change in tax rate	95.96	104.97
Purchase consideration re-measurement	-	(168.26)
Other non-deductible expenses	216.54	79.18
<b>At the effective income tax rate of 346.13% [March 31, 2019: 13.13%]</b>	<b>347.83</b>	<b>(141.67)</b>
Income tax expense reported in the Statement of Profit and Loss	347.83	(141.67)

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred tax asset basis the rate prescribed in the said section. Accordingly, deferred tax asset have reduced by ₹ 95.96 lakhs. The tax charge for the year have increased by ₹ 95.96 lakhs.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax asset</b>		
Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes	191.63	233.19
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	301.27	214.15
Expenses disallowed under Section 35DD of Income-tax Act, 1961	18.52	30.62
Allowance for trade receivables and unbilled revenue	37.21	30.57
Unabsorbed depreciation and carried forward losses	-	301.20
Deferred tax asset (net) on right-of-use assets and lease liabilities	19.09	-
Hedge liability	63.83	8.89
	<b>631.56</b>	<b>818.62</b>
<b>Deferred tax liability</b>		
Fair valuation of security deposits to fair value	16.78	-
	<b>16.78</b>	<b>-</b>
<b>Deferred tax asset, net</b>	<b>614.78</b>	<b>818.62</b>

## Reflected in the balance sheet as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Deferred tax assets	631.56	818.62
Deferred tax liabilities	(16.78)	-
Deferred tax assets, net	<b>614.78</b>	<b>818.62</b>

## Reconciliation of deferred tax asset net):

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening balance as of 1 April</b>	<b>818.62</b>	672.39
Tax income/(expense) during the period recognised in profit or loss	(287.21)	141.67
Tax income/(expense) during the period recognised in OCI	83.37	4.56
Closing balance as at 31 March	<b>614.78</b>	<b>818.62</b>

## 36 FAIR VALUE MEASUREMENTS

### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2020 are as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Other Investments (refer note 6)	0.05	-	-	0.05	0.05
Cash and cash equivalents (refer note 12)	654.52	-	-	654.52	654.52
Bank balances other than cash and cash equivalents (refer note 13)	6.90	-	-	6.90	6.90
Trade receivable (refer note 7)	5,735.40	-	-	5,735.40	5,735.40
Loans (refer note 8)	974.83	-	-	974.83	974.83
Other financial assets (refer note 9)	3,771.95	-	-	3,771.95	3,771.95
<b>Total</b>	<b>11,143.65</b>	<b>-</b>	<b>-</b>	<b>11,143.65</b>	<b>11,143.65</b>
<b>Liabilities:</b>					
Borrowings (refer note 16)	7,379.21	-	-	7,379.21	7,379.21
Lease Liabilities (refer note 32)	1,292.04	-	-	1,292.04	1,292.04
Trade payable (refer note 20)	1,620.95	-	-	1,620.95	1,620.95
Other financial liabilities (refer note 17)	17,586.32	5,069.50	253.64	22,909.46	22,909.46
<b>Total</b>	<b>27,878.52</b>	<b>5,069.50</b>	<b>253.64</b>	<b>33,201.66</b>	<b>33,201.66</b>

# Notes to Standalone Financial Statements

## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The carrying value and fair value of financial instruments by categories as at 31 March 2019 are as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Other Investments (refer note 6)	0.05	-	-	0.05	0.05
Cash and cash equivalents (refer note 12)	433.82	-	-	433.82	433.82
Bank balances other than cash and cash equivalents (refer note 13)	101.78	-	-	101.78	101.78
Trade receivable (refer note 7)	6,975.99	-	-	6,975.99	6,975.99
Loans (refer note 8)	773.88	-	-	773.88	773.88
Other financial assets (refer note 9)	3,045.20	-	-	3,045.20	3,045.20
<b>Total</b>	<b>11,330.72</b>	-	-	<b>11,330.72</b>	<b>11,330.72</b>
<b>Liabilities:</b>					
Borrowings (refer note 16)	7,443.92	-	-	7,443.92	7,443.92
Trade payable (refer note 20)	1,513.41	-	-	1,513.41	1,513.41
Other financial liabilities (refer note 17)	14,091.08	8,657.82	67.34	22,816.24	22,816.24
<b>Total</b>	<b>23,048.41</b>	<b>8,657.82</b>	<b>67.34</b>	<b>31,773.57</b>	<b>31,773.57</b>

The Management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and working capital loans approximate the carrying amount largely 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.

### (ii) 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.

### Quantitative disclosure of fair value measurement hierarchy as at 31 March 2020:

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost, FVTPL and FVTOCI for which fair values are disclosed:</b>					
Other Investments (refer note 6)	31 March 2020	0.05	-	-	0.05
Cash and cash equivalents (refer note 12)	31 March 2020	654.52	-	-	654.52
Bank balances other than cash and cash equivalents (refer note 13)	31 March 2020	6.90	-	-	6.90
Trade receivable (refer note 7)	31 March 2020	5,735.40	-	-	5,735.40
Loans (refer note 8)	31 March 2020	974.83	-	-	974.83
Other financial assets (refer note 9)	31 March 2020	3,771.95	-	-	3,771.95
<b>Liabilities carried at amortised cost for which fair value are disclosed:</b>					
Borrowings (refer note 16)	31 March 2020	7,379.21	-	-	7,379.21
Lease Liabilities (refer note 32)	31 March 2020	1,292.04	-	-	1,292.04
Trade payable (refer note 20)	31 March 2020	1,620.95	-	-	1,620.95
Other financial liabilities (refer note 17)	31 March 2020	22,655.82	-	-	22,655.82
Derivative contracts (refer note 17)	31 March 2020	253.64	-	253.64	-

There have been no transfer among Level 1, Level 2 and Level 3 during the year.



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for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Quantitative disclosure of fair value measurement hierarchy as at 31 March 2019:

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost, FVTPL and FVTOCI for which fair values are disclosed:</b>					
Other Investments (refer note 6)	31 March 2019	0.05	-	-	0.05
Cash and cash equivalents (refer note 12)	31 March 2019	433.82	-	-	433.82
Bank balances other than cash and cash equivalents (refer note 13)	31 March 2019	101.78	-	-	101.78
Trade receivable (refer note 7)	31 March 2019	6,975.99	-	-	6,975.99
Loans (refer note 8)	31 March 2019	773.88	-	-	773.88
Other financial assets (refer note 9)	31 March 2019	3,045.20	-	-	3,045.20
<b>Liabilities carried at amortised cost for which fair value are disclosed</b>					
Borrowings (refer note 16)	31 March 2019	7,443.92	-	-	7,443.92
Trade payable (refer note 20)	31 March 2019	1,513.41	-	-	1,513.41
Other financial liabilities (refer note 17)	31 March 2019	22,748.90	-	-	22,748.90
Derivative contracts (refer note 17)	31 March 2019	67.34	-	67.34	-

### (iii) Valuation technique used to determine fair value

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and Currency options are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2020, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

### (iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

## 37 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company's 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. The most significant financial risks to which the Company is exposed are described below.

### (A) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹5,735.40 lakhs as of 31 March 2020 (31 March 2019 ₹6,975.99 lakhs). Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and Europe. Credit risk has always 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. On account of adoption of Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors including the credit ratings of the various customers and Company's historical experience for customers.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Assets under credit risk

	As at 31 March 2020	As at 31 March 2019
Trade receivable (refer note 7)	5,735.40	6,975.99
Other receivables (refer note 9)	302.16	313.27
Security deposits (refer note 8)	764.83	773.88
Unbilled revenue (refer note 9)	2,025.73	2,223.26
Intercorporate Deposit [refer note 8]	210.00	-
Interest accrued and due on ICD (refer note 9)	7.52	-
<b>Total</b>	<b>9,045.64</b>	<b>10,286.40</b>

## Credit risk exposure

The allowance for life time expected credit loss on customer balances for the year ended 31 March 2020 is ₹ 56.86 lakhs (31 March 2019 is ₹ 10.10 lakhs).

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning	10.10	2.57
Impairment loss recognised	46.76	7.53
<b>Balance at the end</b>	<b>56.86</b>	<b>10.10</b>

Credit risk on cash and cash equivalents and bank balances other than cash and cash equivalents are limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

## Financial assets that are neither past due nor impaired

Cash and cash equivalents, bank balances other than cash and cash equivalents, other receivables, 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 ₹ 56.86 lakhs and ₹ 10.10 lakhs and unbilled revenue of ₹ 104.97 lakhs and ₹ 104.97 lakhs as at 31 March 2020 and 31 March 2019 respectively. The Company's credit period generally ranges from 30-180 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables and unbilled revenue, net of allowances that are past due, is given below:

Particulars	As at 31 March 2020	As at 31 March 2019
Financial assets that are neither past due nor impaired _ (A)	6,879.67	7,231.87
Financial assets that are past due but not impaired		
Past due 0-60 days	201.62	845.42
Past due 61-180 days	193.48	893.97
Past due over 180 days	486.36	227.99
Total past due but not impaired_(B)	881.46	1,967.38
<b>Total past due but not impaired (A+B)</b>	<b>7,761.13</b>	<b>9,199.25</b>

## (B) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. As of 31 March 2020, the Company has the negative working capital of ₹ 13,385.35 lakhs (31 March 2019: ₹ 8,561.93) including purchase consideration payable to Mistral Solutions Private Limited of ₹ 15,039.71 lakhs (31 March 2019: ₹ 10,702.84 lakhs) and cash and cash equivalents of ₹ 654.52 lakhs (31 March 2019: ₹ 433.82 lakhs). The Company has an option to settle the aforementioned purchase consideration payable through its own equity shares or in cash.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

## Maturities of financial liabilities

As at 31 March 2020	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 16)	5,830.82	1,548.39	-	7,379.21
Lease Liabilities (refer note 32)	480.76	811.28	-	1,292.04
Trade payable (refer note 20)	1,620.95	-	-	1,620.95
Other financial liabilities (refer note 17)	16,640.06	6,269.40	-	22,909.46
<b>Total</b>	<b>24,572.59</b>	<b>8,629.07</b>	<b>-</b>	<b>33,201.66</b>

As at 31 March 2019	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 16)	5,360.44	2,083.48	-	7,443.92
Trade payable (refer note 20)	1,513.41	-	-	1,513.41
Other financial liabilities (refer note 17)	13,117.27	9,698.97	-	22,816.24
<b>Total</b>	<b>19,991.12</b>	<b>11,782.45</b>	<b>-</b>	<b>31,773.57</b>

## (C) Market risk

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, financing and investing activities.

### Foreign currency sensitivity

The Company operates internationally and a significant portion of the business is transacted in USD and EURO currencies and consequently the Company is exposed to foreign exchange risk through its sales in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward contracts and currency options to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below.

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Financial assets</b>					
Trade receivables	USD	52.42	3,951.87	77.77	5,379.45
	EURO	1.84	152.87	4.02	312.43
	GBP	0.29	26.99	0.15	13.64
	CAD	3.35	178.05	2.77	143.32
	CNY	58.13	618.71	31.94	328.85
	SGD	0.33	17.61	-	-
	DKK	4.47	49.99	-	-
Unbilled revenue	USD	21.25	1,602.26	21.89	1,514.43
	EURO	0.31	26.00	1.45	112.75
	GBP	0.03	2.65	-	-
	CAD	0.48	25.57	2.40	123.87
	CNY	1.59	16.96	3.12	32.08
	DKK	2.32	25.89	-	-
Receivable from bank	USD	3.10	233.41	-	-
Advance to subsidiaries	USD	3.30	249.60	2.48	171.48
	GBP	0.02	1.40	0.06	5.43
	CAD	0.33	17.64	1.17	60.48
Cash and bank balances	USD	3.74	282.27	3.78	261.61
	EURO	0.65	53.65	1.18	91.36

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		Number (in lakhs)	Amount	Number (in lakhs)	Amount
	AED	1.61	33.03	1.61	30.26
	DKK	16.40	183.25	4.61	48.35
	KRW	-	-	9.57	0.58
Other current financial assets	AED	0.55	11.25	0.55	10.31
Loans and advances	EURO	0.43	35.75	-	-
Other current assets	EURO	1.59	132.33	0.35	27.30
	DKK	0.03	0.39	-	-
	CAD	-	-	0.09	4.50
<b>Financial liabilities</b>					
Trade payables	USD	4.08	307.65	4.95	342.40
	EURO	3.85	319.36	2.53	196.55
	GBP	2.24	208.5	-	-
	DKK	2.96	33.07	-	-
Dues to employees	EURO	1.36	113.14	0.32	24.83
	DKK	1.01	11.25	0.66	6.92
Duties and taxes payable	EURO	7.10	589.40	5.87	455.86
	DKK	1.01	11.30	3.95	41.35
Creditors for capital goods	EURO	0.20	16.29	0.05	3.84
Lease liabilities	EURO	0.70	57.87	-	-
Interest accrued but not due on borrowings	USD	0.40	29.81	-	-
Borrowings	USD	78.48	5,916.48	93.30	6,453.98

## Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key Management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
<b>Sensitivity</b>				
INR/USD	0.65	(0.65)	5.31	(5.31)
INR/EURO	(6.95)	6.95	(1.37)	1.37
INR/GBP	(1.77)	1.77	0.19	(0.19)
INR/CAD	2.21	(2.21)	3.32	(3.32)
INR/AED	0.44	(0.44)	0.41	(0.41)
INR/DKK	2.04	(2.04)	0.00	(0.00)
INR/KRW	-	-	0.01	(0.01)
INR/SGD	0.18	(0.18)	-	-
INR/CNY	6.36	(6.36)	3.61	(3.61)

## Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts and option 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.

# Notes to Standalone Financial Statements

## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	As at 31 March 2020	As at 31 March 2019
Forward Contracts		
In USD (March 31, 2020 - 60.60 lakhs, March 31, 2019 - 25.50 lakhs)	4,568.39	1,763.87
In EURO (March 31, 2020 - Nil, March 31, 2019 - 0.50 lakhs)	-	38.85
IN CAD (March 31, 2020- 4.50 Lakhs, March 31, 2019- 0.00 Lakhs)	239.39	-

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:

Foreign exchange forward contracts (highly probable forecast sales)	As at 31 March 2020		As at 31 March 2019	
	Notional amount (in ₹ lakhs)	Average forward rate	Notional amount (in ₹ lakhs)	Average forward rate
Not later than one month				
- In USD	196.00	72.55	449.61	68.35
- In EURO	-	-	38.85	86.22
Later than one month and not later than three months				
- In USD	1,017.71	72.71	484.20	71.09
Later than three months and not later a year				
- In USD	3,354.68	74.63	830.06	73.00
- In CAD	239.39	55.38	-	-

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Balance as at the beginning of the year</b>	(5.07)	(54.77)
Changes in fair value of effective portion of derivatives	(275.37)	(209.41)
Net gain reclassified to statement of profit and loss on occurrence of hedged transactions	44.54	259.11
Gain on cash flow hedging derivatives, net	<b>(230.83)</b>	<b>49.70</b>
<b>Balance as at the end of the year</b>	<b>(235.90)</b>	<b>(5.07)</b>
Deferred tax liability thereon	59.57	1.47
<b>Balance as at the end of the year, net of deferred tax</b>	<b>(176.33)</b>	<b>(3.60)</b>

### Interest rate risk

At 31 March 2020, the Company had an interest rate swap agreement in place whereby the Company pays a fixed rate of interest of 7.75% and receives interest at a variable rate equal to 6 months LIBOR+415 Bps on the notional amount. The swap is being used to hedge the exposure to changes in the variable interest rate on its 6 months LIBOR+415 Bps secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The impact of the hedging instrument on the balance sheet as at 31 March 2020 and 31 March 2019 is, as follows:

	As at 31 March 2020		As at 31 March 2019		Line item in balance sheet where hedging instrument is disclosed
	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	
Fair value hedge					
<b>Interest rate risk</b> - Interest rate swap	USD 31.73	89.26	USD 40.38	61.22	Other Current and Non current Financial Liability

The impact of the hedged item on the balance sheet as at 31 March 2020 and 31 March 2019 is, as follows:

	As at 31 March 2020		As at 31 March 2019		Line item in balance sheet where hedging instrument is disclosed
	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	
Fair value hedge					
<b>Interest rate risk</b> - Interest rate swap	2,392.05	89.26	2,793.14	61.22	Long Term borrowings and current Financial Liability.

## 38 DEFINED BENEFIT OBLIGATIONS

The Company has provided for the gratuity liability (defined benefit plan), as per actuarial valuation carried out by an independent actuary on the Balance Sheet date.

### A Defined benefit contributions

#### India

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 2020: ₹ 397.56 lakhs (31 March 2019: ₹ 358.54 lakhs).

#### Overseas social security

The Company makes a contribution towards social security charges for its employees located at the respective branch offices in respective foreign geographies, that are defined contribution plans. The contributions paid or payable is recognised as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2020: ₹ 788.55 lakhs (31 March 2019: ₹ 805.04 lakhs) (refer note:24)

### B Defined benefit plans

The Company has provided for gratuity, 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 gratuity 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 pay-outs. This may arise due to non availability of enough cash/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.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 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 pay-outs

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

Particulars	Gratuity	
	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation at the beginning of the year	455.13	395.66
Current service cost	81.20	75.56
Interest cost	34.66	30.44
Benefits paid	(93.93)	(61.42)
Actuarial loss/ (gain) arising from change in financial assumptions	41.78	(39.85)
Actuarial loss arising from change in demographic assumptions	31.03	32.30
Actuarial loss arising from experience adjustments	27.58	22.44
Defined benefit obligation at the end of the year	577.45	455.13

### (ii) Components of expense recognised in the Statement of Profit and Loss

Employee benefits expense		
- Current service cost	81.20	75.56
Finance costs		
- Interest expense on defined benefit obligation	34.66	30.44
Expenses recognised in the Statement of profit and loss for the year	115.86	106.00

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

<b>Remeasurement on the net defined benefit liability:</b>		
Recognised net actuarial loss / (gain) arising from change in financial assumptions	41.78	(39.85)
Recognised net actuarial loss arising from change in demographic assumptions	31.03	32.30
Recognised net actuarial loss arising from experience variance	27.58	22.44
Remeasurement Loss in other comprehensive income	100.39	14.89

### (iv) The principal assumptions used in determining gratuity obligations for the Company's plans disclosed below

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	6.55%	7.60%
Salary escalation rate	0% for next two years and 5% thereafter	4.40%
Attrition rate		
- up to 5 years	20.00%	19.00%
- more than 5 years	10.00%	5.00%
Retirement age	60 Years	60 Years
Mortality rate [as a percentage of Indian assured lives mortality (2006-2008)]	100%	100%

The assumptions were developed by Management with the assistance of independent actuaries. 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.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, attrition 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	
	Increase	Decrease
Discount rate (Increase or decrease by 1%)	(40.61)	46.30
Salary growth rate (Increase or decrease by 1%)	47.12	(42.03)
Attrition rate (Increase or decrease by 50% of attrition rate)	3.93	(16.16)
Mortality rate (Increase or decrease by 10% of mortality rate)	0.14	(0.14)

## A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Particulars	Gratuity	
	Increase	Decrease
Discount rate (Increase or decrease by 1%)	(42.53)	49.99
Salary growth rate (Increase or decrease by 1%)	51.12	(44.12)
Attrition rate (Increase or decrease by 50% of attrition rate)	20.09	(32.23)
Mortality rate (Increase or decrease by 10% of mortality rate)	0.44	(0.44)

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 and assumptions used in preparing the sensitivity analysis from previous years.

### (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 8 years and 10 years for the year ended 31 March 2020 and 31 March 2019 respectively. Following is a maturity profile of the defined benefit obligation as at 31 March 2020 and 31 March 2019.

### Expected cash flows over the next: (valued on undiscounted basis)

Particulars	Gratuity	
	As at 31 March 2020	As at 31 March 2019
Within the next 12 months	66.17	35.81
Between 2 - 5 years	244.87	143.39
Between 6 - 10 years	254.27	193.63
More than 10 years	486.57	833.08

## 39 SEGMENT INFORMATION

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

The Company is predominantly engaged in the business of Engineering Design Services, which constitutes a single business segment and is governed by similar set of risks and returns. The operations of the Company primarily cater to the market outside India, which the Management views as a single segment. The Management monitors the operating results of its single segment for the purpose of making decisions about resource allocation and performance assessment.

Two customers individually accounted for ₹ 12,958.76 lakhs and ₹ 2,615.84 lakhs respectively, which is more than 10% of the total revenue of the Company for the year ended March 31, 2020 and three customers individually accounted for ₹ 12,446.41 lakhs, ₹ 2,748.97 lakhs and ₹ 2,276.07 respectively, which is more than 10% of the total revenue of the Company for the year ended March 31, 2019.

The Company is domiciled in India. The Company's revenue from operations from external customers primarily relate to operations outside India. Revenue from customer located in India amounts to ₹ 3,887.12 lakhs and from outside India amounts to ₹ 18,787 lakhs. Majority of the non-current assets of the Company are located in India.



# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 40 AUDITOR'S REMUNERATION \*

	Year ended 31 March 2020	Year ended 31 March 2019
Statutory audit fees	40.00	35.50
Other fees	15.00	19.25
Out of pocket expenses	3.37	9.10
	<b>58.37</b>	<b>63.85</b>

\* excluding service tax / goods and service tax

## 41 DISCLOSURE IN ACCORDANCE WITH GUIDANCE NOTE ON ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:

	Year ended 31 March 2020		Year ended 31 March 2019
a) Gross amount required to be spent by the Company during the year	2.18		32.24
b) Amount spent during the year ending on 31 March, 2020:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	2.18	-	2.18
c) Amount spent during the year ending on 31 March, 2019:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	32.24	-	32.24

## 42 SHARE-BASED PAYMENTS

### Employee stock option scheme

The Company has two ESOP schemes titled "AXISCADES Engineering Employee Stock Option Plan- Series 1 & 2" under which option to subscribe for the Company's shares can be granted to certain executive and senior employees.

During the current year, the company has granted 9,02,300 options to certain executives and senior employees pursuant to the AXISCADES Engineering Employee Stock Option Plan- Series 2 ('scheme'). The exercise price of the share options is equal to the closing market price of the underlying shares on the date prior to the date of nomination and remuneration committee approval for the grant of options under the scheme. 50% of the share options will vest at the end of first year and remaining 50% at the end of second year from the date of grant of options;

The fair value of the options granted is estimated using Black-Scholes model of pricing, taking into account the terms and conditions upon which the share options were granted.

The share options can be exercised up to eight years from the grant date. There are no cash settlement alternatives. The Company accounts for the scheme as an equity-settled plan.

	31 March 2020	31 March 2019
Expense arising from equity-settled share-based payment transactions	171.88	-
Total expense arising from share-based payment transactions	<b>171.88</b>	-

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Movements during the year

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

	31 March 2020		31 March 2019	
	Number	WAEP (₹)	Number	WAEP (₹)
Outstanding at 1 April	-	-	-	-
Granted during the year <sup>1</sup>	9,02,300	52.70	-	-
Forfeited during the year	(25,000)	52.65	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at March 31	8,77,300	52.70	-	-
Exercisable at March 31	-	-	-	-

<sup>1</sup>The weighted average share price at the date of exercise of these options was ₹ 52.70 (March 31 2019: Nil).

The weighted average remaining contractual life for the share options outstanding as at 31 March 2020 was 7.09 years (March 31 2019: Nil).

The weighted average fair value of options granted during the year was ₹ 29.31 (March 31 2019: Nil).

The range of exercise prices for options outstanding at the end of the year was ₹ 52.65 to ₹ 52.95 (March 31 2019: Nil).

The following tables list the inputs to the model used for the scheme for the year ended March 31, 2020 and March 31, 2019 respectively:

	31 March 2020	31 March 2019
Weighted average fair values at the measurement date	29.31	-
Dividend yield (%)	-	-
Expected volatility (%)	59.90%	-
Risk-free interest rate (%)	6.95%-7.25%	-
Expected life of share options (years)	4.5 years	-
Weighted average exercise price (₹)	52.70	-
Model used	Black-Scholes	-

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

- 43** During the year ended March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Company. The Company has been taking various precautionary measures to protect employees and their family from COVID-19. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these standalone Ind AS financial Statements, in determination of the recoverability and carrying value of the assets. Similarly, the Company has also evaluated its ability to meet the financial commitments to its lenders etc. in view of the expected adverse impact of COVID- 19 on its revenue and profitability. Based on the current estimates, the Company expects the carrying amount of these assets will be recovered. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates which may differ from that considered as at the date of approval of these standalone Ind AS financial Statements. Given the nature of the pandemic, the Company will continue to closely monitor any material changes to future economic conditions.

## 44 TRANSFER PRICING

The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective 1 April 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing the Return of Income. The Company is in the process of updating the Transfer Pricing documentation for the financial year ended 31 March 2020 following a detailed transfer pricing study conducted for the financial year ended 31 March 2019. In the opinion of the Management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

# Notes to Standalone Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 45 DISCLOSURE AS PER PART A OF SCHEDULE V OF SECURITIES (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015 AS REGARDS THE INTER-CORPORATE DEPOSITS, LOANS AND ADVANCES GRANTED TO SUBSIDIARIES AND HOLDING COMPANIES AND OTHER COMPANIES IN WHICH THE DIRECTORS ARE INTERESTED:

Name of the entity	Amount outstanding as at		Maximum amount outstanding during the year ended		Investment by loanee in shares of the parent Company
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	
AXISCADES Aerospace & Technologies Private Limited	210.00	-	230.00	-	Nil

- The above loans have been given for business purpose.
- There are no outstanding debts due from the directors or other officers of the Company.

## 46 CONTINGENT LIABILITY

Particulars	As at	As at
	31 March 2020	31 March 2019
i) Amounts relating to service tax demands disputed by the Company out of which ₹ 85.54 lakhs has been paid during 2012 *	956.39	956.39
ii) Amount relating to Income tax demand received for the assessment year 2016-17 #	194.42	-
	<b>1,150.81</b>	<b>956.39</b>

\* The Company has received service tax orders from the service tax authorities arising primarily on levy of service tax on business auxiliary service under reverse charge mechanism for period 2006 - 2010. The Company's appeal against the said demands are pending before Customs, Excise and Service Tax Appellate Tribunal ('CESTAT').

# The Company has received a demand order from the Income tax authorities towards write off of foreign bad debts in violation of RBI regulations, reimbursement of expenses and various other disallowances. The Company's appeal against the said demands are pending before Commissioner of Income Tax Appeals and paid ₹40 lakhs under protest towards the demand.

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

- (iii) The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Company has implemented the above judgement on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

## 47 PREVIOUS YEAR COMPARATIVES

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

### For S R Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration number: 101049W/E300004

Sd/-  
**per Sunil Gaggar**  
Partner  
Membership Number: 104315

Place: Bengaluru  
Date: June 27, 2020

For and on behalf of the Board of Directors of  
**AXISCADES Engineering Technologies Limited**  
CIN NO: L72200KA1990PLC084435

Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer and Executive Director  
DIN: 02809502

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Srinivas Anumanchipalli**  
Chief Financial Officer

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Sudhakar Gande**  
Non Executive Director  
DIN: 00987566

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Shweta Agrawal**  
Company Secretary  
Membership No.: 14148

Place: Ghaziabad  
Date: June 27, 2020

# Independent Auditor's Report

To the Members of AXISCADES Engineering Technologies Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OPINION

We have audited the accompanying consolidated Ind AS financial statements of AXISCADES Engineering Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' Section of our report. We are independent of the Group and its associate in accordance with the 'Code of Ethics' issued by

the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### EMPHASIS OF MATTER

We draw attention to Note 47 of the accompanying consolidated Ind AS financial statements, which describes Management's assessment of the impact of uncertainties caused by COVID-19 pandemic and its consequential impact it may have on the operations of the Group and its associate. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

#### Key audit matters

#### How our audit addressed the key audit matter

**Valuation of contingent consideration payable for business acquisition** (as described in Note 2(c) and Note 22(i) of the consolidated Ind AS financial statements)

The Holding Company entered into a Share Purchase Agreement ('SPA') effective December 1, 2017, to acquire 100% of the paid-up share capital of Mistral Solutions Private Limited (MSPL) in a phased manner over a period specified in the SPA.

As at March 31, 2020, the Holding Company has contingent consideration payable of ₹ 5,069.50 lakhs. The said consideration is remeasured at fair value at each Balance Sheet date and is affected by changes in the estimation of post-acquisition performance of the MSPL and its subsidiaries ("MSPL Group"). Any resulting gain or loss is recognized in the consolidated statement of profit and loss.

Our audit procedures included the following:

- We understood, evaluated and tested Management's controls over the determination of the contingent consideration payable;
- We assessed the Holding Company's valuation methodology applied in determining the value of contingent consideration payable. In making this assessment, we also evaluated the objectivity and independence of Holding Company's experts involved in the process;

#### Key audit matters

The determination of value of contingent consideration payable made by the Management involved judgment in relation to the post-acquisition performance of the MSPL Group, impact of COVID-19 and discount rates applied in determining the fair value of contingent consideration payable. Accordingly, we have determined this area to be a key audit matter in our audit of the Consolidated Ind AS financial statements.

#### How our audit addressed the key audit matter

- We evaluated performance forecasts used in the computation of contingent consideration payable and we engaged experts to assess the assumptions adopted by the Management with reference to MSPL Group's business plan and historical results to assess the quality of MSPL Group's financial projection including assumptions related to discount rates, impact of COVID-19 and growth rates;
- We tested the mathematical accuracy of the underlying computation of contingent consideration payable and validated as per the terms of the SPA; and
- We have assessed the disclosures in the consolidated Ind AS financial statements as per the relevant accounting standards.

#### Assessment of impairment of Goodwill and other intangible assets (as described in Note 2(c) and Note 7 of the consolidated Ind AS financial statements)

The Group's Balance Sheet includes ₹ 20,721.97 lakhs of goodwill and other intangible assets representing 24.14% of total Group assets.

Goodwill and other intangible assets must be tested for impairment at least on an annual basis. The determination of recoverable amounts requires judgement on the part of the Management in both identifying and then valuing the relevant Cash Generating Units (CGUs).

Recoverable amounts are based on Management's assumptions of variables and market conditions such as volume growth rates, future operating expenditure, discount rates, impact of COVID-19 and long-term growth rates.

The annual impairment testing is a significant accounting estimate as the assumptions on which such estimates are based are judgmental and affected by future market and economic conditions which are inherently uncertain. Accordingly, we have determined this area to be a key audit matter in our audit of the Consolidated Ind AS financial statements.

Our audit procedures included the following:

- We understood, evaluated and tested Management's key controls over the impairment assessment process;
- We assessed the Group's methodology applied in determining the CGUs recoverable value. In making this assessment, we also evaluated the objectivity and independence of Holding Company's experts involved in the process.
- We engaged experts to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates, impact of COVID-19 and terminal growth rates and methodologies used by the Management to determine the recoverable amount;
- We tested the arithmetical accuracy of the impairment testing models; and
- We have assessed the disclosures in the consolidated Ind AS financial statements as per the relevant accounting standards.

We have determined that there are no other key audit matters to communicate in our report.

#### OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of

the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding

Company has adequate internal financial controls with reference to the consolidated Ind AS financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### OTHER MATTER

(a) We did not audit the financial statements and other financial information, in respect of ten subsidiaries whose Ind AS financial statements include total assets of ₹ 32,025.30 lakhs as at March 31, 2020, and total revenues of ₹ 20,706.53 lakhs and net cash outflows of ₹ 311.04 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary, whose financial statements and other financial information reflect total assets of ₹ 10 lakhs as at March 31, 2020, and total revenues of ₹ Nil and net cashflows of ₹ Nil for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and

the financial statements and other financial information certified by the Management.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate company, none of the directors of the Group's companies and its associate, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and its associate company incorporated in India, refer to our separate Report in "Annexure 1" to this report;

- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries and associate incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated Ind AS financial statements – Refer Note 38 to the consolidated Ind AS financial statements;
  - ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its associate, incorporated in India during the year ended March 31, 2020.

For **S. R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Membership Number: 104315

UDIN: 20104315AAAABU9748

Place of Signature: Bengaluru

Date: June 27, 2020



# Annexure - A to the Auditor's Report

## Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind As Financial Statements of Axiscades Engineering Technologies Limited

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of AXISCADES Engineering Technologies Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of AXISCADES Engineering Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with

reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROL OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations

of Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **OTHER MATTERS**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to these five subsidiary companies, and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and associate.

For **S. R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Sunil Gaggar**

Partner

Membership Number: 104315

UDIN: 20104315AAAABU9748

Place of Signature: Bengaluru

Date: June 27, 2020



# Consolidated Statement of Profit and Loss

## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>INCOME</b>			
Revenue from contracts with customers	26	66,497.83	60,433.53
Other operating Income	27	788.55	340.77
Other income	28	761.80	902.23
<b>Total income</b>		<b>68,048.18</b>	<b>61,676.53</b>
<b>EXPENSES</b>			
Cost of materials consumed	29	10,255.05	9,450.73
Employee benefits expense	30	36,116.86	35,006.43
Depreciation, amortisation and impairment loss	31	3,273.78	1,974.81
Finance costs	32	2,830.39	2,357.41
Other expenses	33	11,749.28	15,122.44
<b>Total expenses</b>		<b>64,225.36</b>	<b>63,911.82</b>
<b>Profit / (Loss) before share of profit/ (loss) of an associate, exceptional items and tax</b>		<b>3,822.82</b>	<b>(2,235.29)</b>
Share of profit / (loss) of an associate	8	15.72	(54.75)
<b>Profit / (Loss) before exceptional items and tax</b>		<b>3,838.54</b>	<b>(2,290.04)</b>
Exceptional items	34	-	1,450.68
<b>Profit / (Loss) before tax and non controlling interest</b>		<b>3,838.54</b>	<b>(839.36)</b>
<b>Tax expense:</b>	40		
(i) Current tax		1,130.69	827.40
(ii) Adjustment of tax relating to earlier years		27.29	-
(iii) Deferred tax credit		(348.95)	(899.29)
<b>Profit / (Loss) after tax for the year</b>		<b>3,029.51</b>	<b>(767.47)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Remeasurement losses on defined benefit plans	43	(79.15)	(53.29)
Income tax effect		20.52	18.30
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		<b>(58.63)</b>	<b>(34.99)</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
a) Losses on cash flow hedges, net	42	(297.31)	(53.30)
Income tax effect		76.02	14.44
<b>(221.29)</b>		<b>(38.86)</b>	
b) Exchange differences on translation of foreign operations		328.00	60.17
Income tax effect		-	-
<b>328.00</b>		<b>60.17</b>	
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		<b>106.71</b>	<b>21.31</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>48.08</b>	<b>(13.68)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>3,077.59</b>	<b>(781.15)</b>
<b>Total profit / (loss) attributable to:</b>			
Equity holders of the Company		2,975.41	(813.30)
Non-controlling interest		54.10	45.83
<b>Total comprehensive income attributable to:</b>		<b>3,023.49</b>	<b>(826.98)</b>
Equity holders of the Company		54.10	45.83
Non-controlling interest			
<b>Earnings per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2019: ₹ 5)]</b>	35		
Basic		7.87	(2.15)
Diluted		7.69	(2.15)

The accompanying notes are an integral part of these consolidated Ind AS financial 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

For and on behalf of the Board of Directors of

**AXISCADES Engineering Technologies Limited**

CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampapathy**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Srinivas Anumanchipalli**

Chief Financial Officer

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 27, 2020

Place: Bengaluru

Date: June 27, 2020



# Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Equity shares	
	Number (in lakhs)	Amount
<b>As at 1 April 2018</b>	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
<b>As at 31 March 2019</b>	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
<b>As at 31 March 2020</b>	377.60	1,889.51

## B. OTHER EQUITY (REFER NOTE 19)

	Reserves and Surplus				Items of OCI				Total other equity interests	Total		
	General reserve	Securities premium	Retained earnings	Contribution Reserve	Share options outstanding account	Capital reserve	Foreign currency translation reserve	Hedge reserve			Other items of other comprehensive income / (loss)	
<b>Balance as at 1 April 2018</b>	3.39	10,077.23	11,555.50	107.68	2.25	5,698.31	(94.80)	(35.12)	(31.72)	27,282.72	344.41	27,627.13
Loss for the year	-	-	(813.30)	-	-	-	-	-	-	(813.30)	45.83	(767.47)
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	(38.86)	-	(38.86)	-	(38.86)
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	-	-	-	(34.99)	(34.99)	-	(34.99)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	181.78	-	-	181.78	-	181.78
Other adjustments	-	-	-	-	-	-	-	-	-	-	(0.01)	(0.01)
<b>Total comprehensive income</b>	-	-	(813.30)	-	-	181.78	(38.86)	(73.98)	(34.99)	(705.37)	45.82	(659.55)
<b>Balance as at 31 March 2019</b>	3.39	10,077.23	10,742.20	107.68	2.25	5,698.31	86.98	(73.98)	(66.71)	26,577.35	390.23	26,967.58
Profit for the year	-	-	2,975.41	-	-	-	-	-	-	2,975.41	54.10	3,029.51
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	(221.29)	-	(221.29)	-	(221.29)
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	-	-	-	(58.63)	(58.63)	-	(58.63)
Share based payment (Refer note:45)	-	-	-	-	171.88	-	-	-	-	171.88	-	171.88
Effect on adoption of Ind AS 116, net of tax (Refer note:2(ii)(i))	-	-	(149.26)	-	-	-	-	-	-	(149.26)	-	(149.26)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	328.00	-	-	328.00	-	328.00
<b>Total comprehensive income</b>	-	-	2,826.15	-	171.88	-	328.00	(221.29)	(58.63)	3,046.11	54.10	3,100.21
<b>Balance as at 31 March 2020</b>	3.39	10,077.23	13,568.35	107.68	174.13	5,698.31	414.98	(295.27)	(125.34)	29,623.46	444.33	30,067.79

The accompanying notes are an integral part of these consolidated Ind AS financial 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

Place: Bengaluru

Date: June 27, 2020

For and on behalf of the Board of Directors of  
**AXISCADES Engineering Technologies Limited**  
CIN NO: L72200KA1990PLC084435

Sd/-

**Sharadhi Chandra Babupampathay**

Chief Executive Officer and Executive Director

DIN: 02809502

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Srinivas Anumanchipalli**

Chief Financial Officer

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Sudhakar Gande**

Non Executive Director

DIN: 00987566

Place: Bengaluru

Date: June 27, 2020

Sd/-

**Shweta Agrawal**

Company Secretary

Membership No.: 14148

Place: Ghaziabad

Date: June 27, 2020

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

## 1. GENERAL INFORMATION:

AXISCADES Engineering Technologies Limited ('the Company' / 'the Holding Company' / 'ACETL'), a public limited company, operates in the business of Engineering Design Services and Strategic Technology Solutions. The Company's shares are listed for trading on the National Stock Exchange of India Limited and BSE Limited in India.

The Registered Office of the Company is "Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560024, Karnataka, India".

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and an associate ('the Group') listed below:

### Information about subsidiaries:

Name of the subsidiaries	Country of incorporation	Ownership interest (%)	
		31 March 2020	31 March 2019
AXISCADES, Inc. (formerly known as Axis Inc.)	USA	100%	100%
AXISCADES UK Limited (formerly known as Axis EU Europe Limited), Subsidiary of AXISCADES Inc. ('AXISCADES UK')	UK	100%	100%
AXISCADES Technology Canada Inc. (formerly known as Cades Technology Canada Inc.) ('AXISCADES Canada')	Canada	100%	100%
Axis Mechanical Engineering Design (Wuxi) Co., Ltd. ('Axis China')	China	100%	100%
AXISCADES GmbH	Germany	100%	100%
Cades Studec Technologies (India) Private Limited ('Studec')	India	76%	76%
AXISCADES Aerospace & Technologies Private Limited ('ACAT')	India	100%	100%
Enertec Controls Limited, subsidiary of ACAT ('Enertec')	India	100%	100%
AXISCADES Aerospace Infrastructure Private Limited, subsidiary of ACAT ('AAIPL')	India	100%	100%
Mistral Solutions Private Limited (MSPL)	India	100%	100%
Aero Electronics Private Limited, subsidiary of MSPL (AEPL)	India	100%	100%
Mistral Technologies Private Limited, subsidiary of MSPL (MTPL)	India	100%	100%
Mistral Solutions Inc., subsidiary of MSPL (MSI)	USA	100%	100%
Mistral Solutions Pte Limited, subsidiary of MSPL (MSP)	Singapore	100%	100%

### Associate

The Group has a 50% interest in ASSYSTEM AXISCADES Engineering Private Limited ("AAEPL") w.e.f. August 31, 2018 (refer note 8).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2020. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

## Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- (d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the parent company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

## b) Basis of preparation

The Consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 ('the Act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 27 June 2020.

The consolidated 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 financial statements are presented in ₹ and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.



# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

## c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12, Income Tax, and Ind AS 19, Employee Benefits respectively.
- Liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payments arrangement of the Group entered into to replace share-based arrangements of the acquiree are measured in accordance with Ind AS 102, Share-based Payments at the acquisition date
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in

Statement of Profit and Loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109, Financial Instruments, is measured at fair value with changes in fair value recognised in Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109 it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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 Group 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 and when incurred.

## d. Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of

any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## e) Use of Judgements, Estimates & Assumptions

The preparation of the Group's consolidated 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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

The Group bases its estimates and assumptions on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

## Significant management judgements

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

### Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### 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 are 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.

Contingent considerations, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of financial liability, it is subsequently remeasured to fair value with changes in fair value recognised in profit or loss at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

### 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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

## **Provision for warranty**

The Group, 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.

## **Share-based payments**

The Group measures the cost of non cash-settled transactions with employees using a Black sholes model valuation to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Black sholes model valuation for executives and senior management employees. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 45.

## **f) Current versus non-current classification**

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

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised 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 classified as 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 Group has evaluated and considered its operating cycle as 12 months.

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

## **g) Property, plant and equipment**

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 Group 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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

The Group 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 - 6
Furniture and fixtures *	7 - 10
Office equipment *	5 - 7
Plant and machinery *	7 - 15
Electrical installations *	7
Office buildings *	61
Vehicles *	5 - 6
Test equipments	6

\* 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 Group 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 Group 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.

Leasehold improvements are depreciated over its lease period including renewable period or estimated useful life, whichever is shorter, on a straight-line basis.

## h) Intangible assets

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.

Process manuals are amortised over the remaining project term or the useful life of the process manual, whichever is shorter. Softwares are amortised over the period of 3 - 6 years. Non-compete fee and customer contract are amortised over a period 10 years.

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

## Intangibles under development

Capitalised costs that are directly attributable to the development phase are recognised as intangible assets provided that they meet the following recognition requirements:

- demonstration of technical feasibility of the prospective product or processes for sale;
- the intangible asset will generate probable economic benefits through sale;
- sufficient technical, financial and other resources are available for completion; and
- the intangible asset can be reliably measured.

Intangible assets represent cost incurred for the creation of engineering and design manuals ('process manuals').

## i) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. 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.

Goodwill and 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.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

## j) Revenue recognition

The Group earns revenue from contract with customer primarily from sale of engineering design services, system integration and other services.

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

### Sale of goods and services:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from professional engineering services is either on time-and-material basis or fixed price contracts. Revenue on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts, where performance obligation are satisfied over time and where there is no uncertainty as to the measurement or collectibility of consideration, is recognised as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectibility, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

### Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

### Significant financing component:

The Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, it does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

### Warranty obligations:

It provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in use of judgements, estimates & assumptions.

### Finance income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

### Dividend Income:

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

### Rental Income:

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in revenue in the Statement of Profit and Loss due to its operating nature.

### Contract balances

#### Contract assets:

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by providing services to a customer before the customer pays

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue)

## Trade receivables:

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2 (r) Financial instruments – initial recognition and subsequent measurement.

## k) 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 Group has no obligation, other than the contribution payable to the provident fund. The Group 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.

### Compensated absences

The Group 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 Group 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.

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 Group'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 Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

### Overseas social security

The Group contributes to social security charges of countries to which the Group deutes its employees on employment or has permanent employees. The plans are defined contribution plan and contributions paid or payable is recognised as an expense in these periods in which the employee renders services in those respective countries.

### 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.

## l) Leases

The Group has lease contracts for buildings used in its operations. Lease terms generally ranges between 3 and 5 years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019.

## **i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2(i) Impairment of non-financial assets.

## **(ii) Lease Liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the

commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## **(iii) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## **m) Foreign currency transactions**

### **Functional and presentation currency**

The Group's consolidated financial statements are presented in Indian Rupees, which is also the Holding Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

### **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



# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or 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.

## Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

## n) 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.

## o) Inventories

Inventories comprising of project work in progress and finished goods, are valued at lower of cost and net realisable value. Cost comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. The method of determination of cost is as follows:

Traded goods are valued at first in first out method.

Finished goods / work in progress - Cost of materials including costs of conversion, where cost of material is determined under first in first out method. Cost of conversion is considered at actuals.

Goods in transit are valued at actual cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete and defective inventories are duly provided for basis the Management estimate.

## p) Income taxes

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

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

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 Group 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 alternate tax (MAT):

MAT payable for a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal 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 Group recognizes MAT credit as an asset in accordance with the

Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement' under Deferred Tax. The Group reviews the same at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

## q) Provisions and contingencies

### Provisions

A provision is recognised if, as a result of a past event, the Group 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 Group 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 Group does not recognise a contingent liability but discloses its existence in the consolidated 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 Group 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.

## r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

## 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 or 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 Group. 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 Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the 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 Group 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 Group 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 AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

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 Group's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group 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 Group'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 Group 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 profit or 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/losses are not subsequently transferred to the Statement of Profit and Loss. However, the Group 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 Group 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 Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the 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 cost that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### **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

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

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 Group 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 Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group'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 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 separately in equity until the forecast transaction occurs.

## **s) Impairment of financial assets**

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

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group 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. However, if the credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group 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

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

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 Group 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:

- 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 Group does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- 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 Group 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 Group 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.

## t) Fair value measurement

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 Group.

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 Group 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 Group 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 measurements as a whole) at the end of each reporting period.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

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

## u) 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 consists of cash at bank and on hand and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has two business segments, 'Engineering design service' and 'Strategic technology solutions'.

## w) Earnings/ (loss) 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 shareholders of the Group (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.

## x) 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 and when incurred.

## y) Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## 2(ii) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New and amended standards

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

### (i) IND AS 116 - LEASES

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (appendix C of Ind AS 17 determining whether an arrangement contains a lease, appendix A of Ind AS 17 operating leases-incentives and appendix B of Ind AS 17 evaluating the substance of transactions involving the legal form of a lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 01 April, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 01 April, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 01 April, 2019. Instead, the Group applied the standard only to contracts

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2020

that were previously identified as leases applying Ind AS 17 and appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adoption Ind AS 116 as at April 01, 2019 is, as follows-

Impact on Balance sheet (increase/(decrease)):-	April 01, 2019
<b>Assets</b>	
Right-of-use asset	7,846.20
<b>Equity</b>	
Retained earnings (net of taxes)	(149.26)
<b>Liabilities</b>	
Lease liability	2,958.77

Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to note 2.(i)(l) Leases for the accounting policy prior to 01 April 2019.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases, leases of low-value assets and variable lease. Refer to note 2.(i)(l) Leases for the accounting policy beginning 01 April 2019. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

## (ii) Amendment to Ind AS 19: Plan amendment, curtailment or settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

## (iii) Appendix C to Ind AS 12: Uncertainty over income tax treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.



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## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Freehold land	Leasehold land	Computers and fixtures	Furniture and fixtures	Test equipments	Office equipments	Electrical installations	Vehicles	Office building	Leasehold improvements	Plant and machinery	Total
<b>Cost or valuation</b>												
<b>Balance as at 1 April 2018</b>	<b>3,370.50</b>	<b>6,650.27</b>	<b>1,204.75</b>	<b>195.23</b>	<b>239.27</b>	<b>230.92</b>	<b>10.08</b>	<b>276.92</b>	<b>613.17</b>	<b>42.85</b>	<b>827.79</b>	<b>13,661.75</b>
Additions for the year	-	81.70	134.47	18.62	17.77	26.43	-	-	8.21	5.36	758.76	1,051.32
Disposals during the year	-	-	-	-	-	(2.46)	-	(49.84)	-	(8.49)	-	(60.79)
Other adjustments [refer note 2 below]	-	-	2.19	1.19	-	0.24	-	-	-	-	-	3.62
<b>Balance as at 31 March 2019</b>	<b>3,370.50</b>	<b>6,731.97</b>	<b>1,341.41</b>	<b>215.04</b>	<b>257.04</b>	<b>255.13</b>	<b>10.08</b>	<b>227.08</b>	<b>621.38</b>	<b>39.72</b>	<b>1,586.55</b>	<b>14,655.90</b>
Additions for the year	-	-	190.81	21.29	5.97	67.64	2.10	-	-	192.14	2.49	482.44
Disposals during the year	-	-	(61.33)	(3.14)	-	(40.78)	-	(66.59)	-	-	(1.03)	(172.87)
Reclassification to Right of use asset (refer note 1)	-	(5,362.81)	-	-	-	-	-	-	-	-	-	(5,362.81)
Other adjustments [refer note 2 below]	-	-	(2.97)	2.03	-	3.91	-	-	-	-	-	2.97
<b>Balance as at 31 March 2020</b>	<b>3,370.50</b>	<b>1,369.16</b>	<b>1,467.92</b>	<b>235.22</b>	<b>263.01</b>	<b>285.90</b>	<b>12.18</b>	<b>160.49</b>	<b>621.38</b>	<b>231.86</b>	<b>1,588.01</b>	<b>9,605.63</b>
<b>Accumulated Depreciation</b>												
<b>Balance as at 1 April 2018</b>	-	-	<b>689.06</b>	<b>94.72</b>	<b>139.61</b>	<b>91.03</b>	<b>4.98</b>	<b>82.35</b>	<b>17.75</b>	<b>26.71</b>	<b>116.18</b>	<b>1,262.39</b>
Depreciation charge for the year	-	-	349.42	43.23	37.10	55.11	2.49	58.03	10.78	3.58	190.18	749.92
Disposals during the year	-	-	-	-	-	(2.27)	-	(46.36)	-	(7.90)	-	(56.53)
Other adjustments [refer note 2 below]	-	-	4.37	0.29	-	0.25	-	-	-	-	-	4.91
<b>Balance as at 31 March 2019</b>	-	-	<b>1,042.85</b>	<b>138.24</b>	<b>176.71</b>	<b>144.12</b>	<b>7.47</b>	<b>94.02</b>	<b>28.53</b>	<b>22.39</b>	<b>306.36</b>	<b>1,960.69</b>
Depreciation charge for the year	-	-	201.23	29.46	30.30	45.68	1.82	41.85	11.42	12.35	223.37	597.48
Impairment (refer note 6 below)	-	-	-	-	-	-	-	-	-	-	403.69	403.69
Disposals during the year	-	-	(61.34)	(3.14)	-	(38.74)	-	(34.33)	-	-	(0.70)	(138.25)
Other adjustments [refer note 2 below]	-	-	(3.42)	1.09	-	0.39	-	-	-	-	-	(1.94)
<b>Balance as at 31 March 2020</b>	-	-	<b>1,179.32</b>	<b>165.65</b>	<b>207.01</b>	<b>151.45</b>	<b>9.29</b>	<b>101.54</b>	<b>39.95</b>	<b>34.74</b>	<b>932.72</b>	<b>2,821.67</b>
<b>Net block</b>												
<b>As at 31 March 2019</b>	<b>3,370.50</b>	<b>6,731.97</b>	<b>298.56</b>	<b>76.80</b>	<b>80.33</b>	<b>111.01</b>	<b>2.61</b>	<b>133.06</b>	<b>592.85</b>	<b>17.33</b>	<b>1,280.19</b>	<b>12,695.21</b>
<b>As at 31 March 2020</b>	<b>3,370.50</b>	<b>1,369.16</b>	<b>288.60</b>	<b>69.57</b>	<b>56.00</b>	<b>134.45</b>	<b>2.89</b>	<b>58.95</b>	<b>581.43</b>	<b>197.12</b>	<b>655.29</b>	<b>6,783.96</b>

### Notes

- On adoption of Ind AS 116 Leases, the Group has reclassified certain leasehold land to Right-of-use assets in accordance with the provisions of Ind AS 116.
- Represents adjustments consequent to translation of property, plant and equipment in foreign geographies.
- Capitalised borrowing cost**  
There is no borrowing costs capitalised during the year ended 31 March 2020 (31 March 2019: Nil).
- Property, plant and equipment pledged as security**  
Details of properties pledged are as per note 20.
- Decommissioning cost**  
A provision has been recognised for decommissioning costs associated with the premises taken on lease. The Group is committed to decommissioning the premises as a result of leasehold improvements made to the premises (refer note 23).
- Impairment**  
During the year ended on 31 March 2020, ACAT has recognised an impairment loss of ₹ 403.69 lakhs (31 March, 2019: Nil) represented the write-down value of certain property, plant and equipment in the plant and machinery to the recoverable amount as a result of technological obsolescence. This was recognised in the statement of profit and loss grouped under depreciation, amortisation and impairment expense.

# Notes to Consolidated Financial Statements

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## 4 OTHER INTANGIBLE ASSETS

	Computer software	Non-compete fee	Customer contract	Process manuals	Total
<b>Cost</b>					
<b>Balance as at 1 April 2018</b>	<b>1,088.01</b>	<b>1,500.87</b>	<b>3,127.52</b>	<b>1,754.44</b>	<b>7,470.84</b>
Additions for the year	253.42	-	-	93.93	347.35
Other adjustments [refer note 1 below]	-	-	-	0.79	0.79
<b>Balance as at 31 March 2019</b>	<b>1,341.43</b>	<b>1,500.87</b>	<b>3,127.52</b>	<b>1,849.16</b>	<b>7,818.98</b>
Additions for the year	216.50	-	-	-	216.50
Other adjustments [refer note 1 below]	-	-	-	0.22	0.22
<b>Balance as at 31 March 2020</b>	<b>1,557.93</b>	<b>1,500.87</b>	<b>3,127.52</b>	<b>1,849.38</b>	<b>8,035.70</b>
<b>Accumulated amortisation</b>					
<b>Balance as at 1 April 2018</b>	<b>523.40</b>	<b>50.03</b>	<b>104.25</b>	<b>1,291.88</b>	<b>1,969.56</b>
Amortisation charge for the year	335.03	150.08	312.76	427.02	1,224.89
Other adjustments [refer note 1 below]	-	-	-	0.28	0.28
<b>Balance as at 31 March 2019</b>	<b>858.43</b>	<b>200.11</b>	<b>417.01</b>	<b>1,719.18</b>	<b>3,194.73</b>
Amortisation charge for the year	304.32	150.08	312.76	130.20	897.36
<b>Balance as at 31 March 2020</b>	<b>1,162.75</b>	<b>350.19</b>	<b>729.77</b>	<b>1,849.38</b>	<b>4,092.09</b>
<b>Net block</b>					
<b>As at 31 March 2019</b>	<b>483.00</b>	<b>1,300.76</b>	<b>2,710.51</b>	<b>129.98</b>	<b>4,624.25</b>
<b>As at 31 March 2020</b>	<b>395.18</b>	<b>1,150.68</b>	<b>2,397.75</b>	<b>-</b>	<b>3,943.61</b>

### Notes:

1 Represents adjustments consequent to translation of other intangible assets in foreign geographies.

## 5 INTANGIBLE ASSETS UNDER DEVELOPMENT

	Software	Total
<b>Balance as at 1 April 2018</b>	-	-
Additions during the year	50.00	50.00
<b>Balance as at 31 March 2019</b>	<b>50.00</b>	<b>50.00</b>
Additions during the year (refer note (i) below)	81.22	81.22
Less: Capitalised during the year	(75.00)	(75.00)
<b>Balance as at 31 March 2020</b>	<b>56.22</b>	<b>56.22</b>

(i) Intangible assets under development pertains to development of an web based application with an objective to generate various user reports;

## 6 CAPITAL WORK-IN-PROGRESS

	As at 31 March 2020	As at 31 March 2019
Opening capital work-in-progress	11.89	50.48
Additions during the year	41.78	6.41
Capitalised during the year	(53.67)	(45.00)
<b>Closing capital work-in-progress</b>	<b>-</b>	<b>11.89</b>

## 7 GOODWILL

(a) Particulars	As at 31 March 2020	As at 31 March 2019
Carrying value at the beginning of the year	16,592.88	16,474.25
Translation differences	185.48	118.63
<b>Carrying value at the end of the year</b>	<b>16,778.36</b>	<b>16,592.88</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. An amount of ₹ 16,778.36 lakhs (31 March 2019: ₹ 16,592.88 lakhs) has been recognised as goodwill as per the requirements of Ind AS 103, Business Combinations.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The carrying value of goodwill, net of translation differences, as at 31 March 2020 and 31 March 2019 is as below:

Entity	Allocated operating segment	As at 31 March 2020	As at 31 March 2019
AXISCADES UK Limited	Engineering design services	119.91	116.56
AXISCADES Inc.		2,209.35	2,027.22
Cades Studec Technologies India Private Limited		446.07	446.07
AXISCADES Aerospace & Technologies Private Limited	System integration services	1,419.98	1,419.98
Mistral Solutions Private Limited		12,583.05	12,583.05
		<b>16,778.36</b>	<b>16,592.88</b>

- (b) The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. The Company has engaged an independent external valuer to carry out an assessment of any impairment on goodwill and other intangibles. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

### Key assumptions used for value in use calculations:

The calculation of value in use is most sensitive to the following assumptions:

- (i) Revenue growth rates, operating margins
- (ii) Discount rates
- (iii) Terminal growth rates

Revenue growth rates, operating margins – Revenue growth rates and operating margins are determined based on the past trend of the revenue growth and operating margins and based on future expectations.

Discount rates - Discount rates represent the current market assessment of the risks, taking into consideration the time value of money. The discount rate calculation is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The group has used discount rates in the range of 11.3% to 17.5% for computation of value in use. These estimates are likely to differ from future actual results of operations and cash flows.

Terminal growth rate estimates – The cash flow projections include specific estimates for three to five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The group has assumed a growth rate ranging from 1% to 5% for computation of value in use.

As at 31 March 2020, the estimated recoverable amount of each of the CGU's exceeded its carrying amount, hence there is no impairment loss recognised in the consolidated financial statements. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 8 INVESTMENT IN AN ASSOCIATE

During the previous year, the Company entered into an agreement on April 10, 2018 with ASSYSTEM Engineering and Operation Services SAS to form ASSYSTEM AXISCADES Engineering Private Limited (AAEPL) for providing engineering services in the field of energy, building and infrastructure and nuclear sector. Accordingly, AAEPL was incorporated with an equity participation in the ratio of 50:50. The Company invested ₹ 227.50 lakhs in 455,000 equity shares of ₹ 50 each fully paid in cash. The Group's interest in AAEPL is accounted for using the equity method in the Consolidated Ind AS Financial Statements. The following table illustrates the summarised financial information of the Group's investment in AAEPL:

	As at 31 March 2020	As at 31 March 2019
Current assets	438.22	522.76
Non-current assets	104.91	42.40
Current liabilities	(154.79)	(215.49)
Non-current liabilities	(11.40)	(4.18)
<b>Equity</b>	<b>376.94</b>	<b>345.49</b>
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	188.47	172.75

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from contracts with customers	1,071.51	155.78
Other Income	12.09	-
Depreciation and amortisation	(18.94)	(0.59)
Employee benefits expense	(611.48)	(172.66)
Other expense	(388.76)	(125.60)
<b>Profit / (Loss) before tax</b>	<b>64.42</b>	<b>(143.07)</b>
(i) Current tax	(12.29)	-
(ii) Deferred Tax	(20.69)	33.57
<b>Profit/ (Loss) for the year</b>	<b>31.44</b>	<b>(109.50)</b>
<b>Total comprehensive income for the year</b>	<b>31.44</b>	<b>(109.50)</b>
Group's share of profit / (loss) for the year	15.72	(54.75)

The associate had no contingent liabilities or capital commitments as at 31 March 2020.

## 9 INVESTMENTS

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Unquoted</b>		
<b>i) Investments (at amortised cost)</b>		
National savings certificate	0.05	0.05
<b>Total investment carried at amortised cost</b>	<b>0.05</b>	<b>0.05</b>
<b>ii) Investment in equity shares of other companies (at FVTPL)</b>		
Axis Cogent Global Limited	-	-
946,822 (31 March 2019: 946,822) equity shares of ₹ 10 each		
Datum Technology Limited	-	-
50,000 (31 March 2019: 50,000) equity shares of ₹ 10 each		
Raaga Axis Avicom Private Limited	-	-
1,000 (31 March 2019: 1,000) equity shares of ₹ 10 each		

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
<b>ii) Other Investment (at FVTPL)</b>		
Investment in real estate fund	247.71	271.32
<i>Quoted</i>		
<b>iii) Other Investment (at FVTPL)</b>		
Investment in other funds	126.27	517.90
Investment in mutual funds	-	10.01
<b>Total investment carried at fair value through profit or loss</b>	<b>373.98</b>	<b>799.23</b>
<b>Aggregate value of investments</b>	<b>374.03</b>	<b>799.28</b>
<b>Current</b>		
<i>Quoted</i>		
<b>i) Investment in equity shares of other companies (at FVTPL)</b>		
Investment in equity shares #	102.96	194.63
<b>ii) Other investments (at FVTPL)</b>		
Investment in mutual funds	2,210.28	1,827.04
Investment in other funds	561.29	-
<b>Total investment carried at fair value through profit or loss</b>	<b>2,874.53</b>	<b>2,021.67</b>

# Pertains to 1,98,000 shares investment in Astra Microwave Products Limited.

## 10 TRADE RECEIVABLES

	As at 31 March 2020	As at 31 March 2019
<b>Current **</b>		
(a) Trade Receivable	16,621.80	15,285.00
(b) Trade Receivable from related parties (refer note 36)	19.09	-
	<b>16,640.89</b>	<b>15,285.00</b>
<b>Break-up for security details:</b>		
<b>Trade receivables (Current and Non Current)</b>		
Secured, considered good	-	-
Unsecured, considered good	16,640.89	15,285.00
Trade Receivables which have significant increase in credit risk	325.03	4.77
Trade Receivables - credit impaired	2,139.20	1,965.65
	<b>19,105.12</b>	<b>17,255.42</b>
<b>Impairment Allowance (allowance for bad and doubtful debts)</b>		
Trade Receivables which have significant increase in credit risk	(325.03)	(4.77)
Trade Receivables - credit impaired	(2,139.20)	(1,965.65)
<b>Total Trade receivables</b>	<b>16,640.89</b>	<b>15,285.00</b>

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

\*\* Refer note 20 for details of assets pledged as security for borrowings.

## 11 LOANS

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
(Unsecured, considered good) [refer note (a) below]		
Loans to employees	1.71	7.52
Security deposit	879.31	1,075.13
	<b>881.02</b>	<b>1,082.65</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
<b>Current *</b>		
(Unsecured, considered good) [refer note (a) below]		
Intercompany deposit to others	-	175.00
Security deposit	251.42	102.40
	<b>251.42</b>	<b>277.40</b>

a) Since all loans given are unsecured and considered good, the break up for security details wise is not applicable to the Group and hence not given.

\* Refer note 20 for details of assets pledged as security for borrowings.

## 12 OTHER FINANCIAL ASSETS

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
(Unsecured, considered good)		
Margin money deposits with banks against bank guarantee (refer note 17)	587.95	449.95
	<b>587.95</b>	<b>449.95</b>
<b>Current *</b>		
(Unsecured, considered good)		
Interest accrued on fixed deposits	143.41	127.01
Hedge asset	5.20	-
Margin money deposits with banks against bank guarantee (refer note 17)	443.20	364.99
Receivable from Bank **	233.41	-
Receivables for capital goods	-	78.68
Receivable from related parties (refer note 36)	33.52	75.88
Loans to employees	54.60	42.05
Export Incentives Receivable	511.05	-
Contract assets - Unbilled revenue #	5,989.41	2,300.14
Others	11.54	24.29
	<b>7,425.34</b>	<b>3,013.04</b>
(Unsecured, considered doubtful)		
Receivables for capital goods	-	236.04
Contract assets - Unbilled revenue	104.97	104.97
	<b>104.97</b>	<b>341.01</b>
Less:		
Allowance for doubtful receivables for capital goods	-	(236.04)
Allowance for Contract assets - Unbilled revenue	(104.97)	(104.97)
	<b>(104.97)</b>	<b>(341.01)</b>
	<b>7,425.34</b>	<b>3,013.04</b>

\* Refer note 20 for details of assets pledged as security for borrowings.

\*\* The Reserve Bank of India (RBI) announced a three-month moratorium option to provide relief to businesses due to outbreak of Coronavirus and its impact of businesses. The Company has availed the option of moratorium and informed the bank for deferment of deduction of amount of monthly instalment of ₹ 233.41 lakhs. However, the monthly instalment was automatically debited from the Company's bank account and later credited back subsequent to the year end to the bank account i.e. disclosed as amount receivable from bank as at March 31, 2020

## 13 NON-CURRENT TAX ASSETS

	As at 31 March 2020	As at 31 March 2019
Advance income tax (net of provision for tax)	2,876.48	2,312.59
	<b>2,876.48</b>	<b>2,312.59</b>

# Notes to Consolidated Financial Statements

## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

**14 OTHER ASSETS**

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
(Unsecured, considered good)		
Duties and taxes recoverable	88.95	71.54
Prepaid expenses	9.05	79.53
Capital advances**	1,962.94	1,991.98
Deferred rent	-	8.22
	<b>2,060.94</b>	<b>2,151.27</b>
(Unsecured, considered doubtful)		
Capital advances	178.38	178.38
	<b>178.38</b>	<b>178.38</b>
Less: Allowance for capital advances	(178.38)	(178.38)
	<b>(178.38)</b>	<b>(178.38)</b>
	<b>2,060.94</b>	<b>2,151.27</b>
<b>Current *</b>		
(Unsecured, considered good)		
Advances to employees	103.10	130.41
Duties and taxes recoverable	2,190.21	2,620.23
Prepaid expenses	647.79	734.54
Advance to suppliers	1,013.84	563.23
Export incentive receivable	208.43	173.02
Contract assets	-	927.03
Deferred rent	0.26	11.34
Other advances	6.23	-
	<b>4,169.86</b>	<b>5,159.81</b>
(Unsecured, considered doubtful)		
Duties and taxes recoverable	27.67	27.67
	<b>27.67</b>	<b>27.67</b>
Less: Allowance for duties and taxes recoverable	(27.67)	(27.67)
	<b>(27.67)</b>	<b>(27.67)</b>
	<b>4,169.86</b>	<b>5,159.81</b>

\*\*Mainly pertaining to capital advance of ₹ 1,956.68 lakhs for acquisition of 10.8 acres of land by AA IPL (step down subsidiary). AA IPL is in the process of completing the formalities for obtaining possession of the allotted land;

\* Refer note 20 for details of assets pledged as security for borrowings.

**15 INVENTORIES \* (LOWER OF COST OR NET REALISABLE VALUE)**

	As at 31 March 2020	As at 31 March 2019
Raw material /components [including goods-in-transit of ₹10.35 lakhs (31 March 2019: ₹103.04 lakhs)]	722.10	701.79
Project work-in-progress	895.70	1,437.91
Finished goods ₹ [including goods-in-transit of ₹ 5.15 lakhs] (31 March 2019: Nil)]	443.24	47.32
Traded goods [including goods-in-transit of ₹ 0.96 lakhs (31 March 2019: ₹ 5.49 lakhs)]	288.35	98.31
	<b>2,349.39</b>	<b>2,285.33</b>
Less: Provision for slow / non-moving inventory (refer note 1 below)	(387.96)	(268.32)
	<b>1,961.43</b>	<b>2,017.01</b>

1. During the year ended 31 March, 2020, ACAT has recognised ₹ 119.64 lakhs (March 31, 2019: 268.32 lakhs) as provision for slow, non-moving and obsolete inventory in respect of write-downs of inventory to net realisable value.

\* Refer note 20 for details of assets pledged as security for borrowings.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 16 CASH AND CASH EQUIVALENTS \*

	As at 31 March 2020	As at 31 March 2019
Cash on hand	1.13	1.00
Balances with banks		
- in current accounts	4,458.83	2,401.24
- in cash credit accounts	17.73	655.05
- Margin money deposits with banks against bank guarantee (refer note 17)	-	0.54
	<b>4,477.69</b>	<b>3,057.83</b>

(i) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods for few days, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(ii) As at March 31, 2020, the Group has ₹ 3,431.79 lakhs (March 31, 2019: ₹ 2,967.61 lakhs) of undrawn committed borrowing facilities.

\* Refer note 20 for details of assets pledged as security for borrowings.

### Note:

a) For the purpose of statement of cash flows, cash and cash equivalents comprises the following:

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	4,477.69	3,057.83
	<b>4,477.69</b>	<b>3,057.83</b>

## 17 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31 March 2020	As at 31 March 2019
Margin money deposits with banks against bank guarantee	3,569.45	3,588.37
	<b>3,569.45</b>	<b>3,588.37</b>
Less: Amounts disclosed as other non-current financial assets (refer note 12)	(587.95)	(449.95)
Less: Amounts disclosed as other current financial assets (refer note 12)	(443.20)	(364.99)
Less: Amounts disclosed as cash and cash equivalents (refer note 16)	-	(0.54)
	<b>2,538.30</b>	<b>2,772.89</b>

### Note:

1 Fixed deposits of a carrying amount ₹ 3,447.14 lakhs (31 March 2019: ₹ 3,484.99 lakhs) have been deposited as margin money against the foreign currency term loans, packing credit facility, bank guarantees, letter of credit, buyers credit facility availed from various banks.

2 Deposits of a carrying amount ₹ 122.31 lakhs (31 March 2019: ₹ 103.38 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.

3 Refer note 20 for assets pledged as security for borrowings.

a) Breakup of financial assets carried at amortised cost

	As at 31 March 2020	As at 31 March 2019
Investments (refer note 9)	0.05	0.05
Loans (Current and Non Current) (refer note 11)	1,132.44	1,360.05
Trade receivables (Current) (refer note 10)	16,640.89	15,285.00
Other financial assets (Current and Non Current) (refer note 12)	8,008.09	3,463.00
Cash and cash equivalents (refer note 16)	4,477.69	3,057.83
Bank balances other than cash and cash equivalents (refer note 17)	2,538.30	2,772.89



# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 18 EQUITY SHARE CAPITAL

	As at 31 March 2020		As at 31 March 2019	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Authorized share capital</b>				
Equity shares of ₹ 5 each	2,040.00	10,200.00	2,040.00	10,200.00
Preference shares of ₹ 100 each	1.00	100.00	1.00	100.00
	<b>2,041.00</b>	<b>10,300.00</b>	<b>2,041.00</b>	<b>10,300.00</b>
<b>Issued share capital</b>				
Equity shares of ₹ 5 each, fully paid-up	378.11	1,890.53	378.11	1,890.53
<b>Subscribed and paid-up</b>				
Equity shares of ₹ 5 each (March 31, 2019 ₹ 5 each), fully paid-up	377.60	1,887.98	377.60	1,887.98
Add: Forfeited shares (amount originally paid ₹ 3 per share on 51,100 equity shares)*	-	1.53	-	1.53
	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

\* Out of 51,100 equity shares of ₹ 5 each issued, ₹2 had not been subscribed amounting to ₹ 1.02 lakhs.

### (a) Reconciliation of the equity shares

<b>Equity shares of ₹ 5 each, par value</b>				
Balances as at the beginning of the year	377.60	1,889.51	377.60	1,889.51
Add: Issued and subscribed during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>377.60</b>	<b>1,889.51</b>	<b>377.60</b>	<b>1,889.51</b>

### (b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each equity share is entitled to one vote per share. 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 rupees. 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) Details of shares held by the holding Company and subsidiaries of holding company

	As at 31 March 2020		As at 31 March 2019	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Holding Company:</b>				
Jupiter Capital Private Limited (refer note (1) below)	73.60	368.01	68.72	343.61
<b>Subsidiaries of Holding Company:</b>				
Tayana Digital Private Limited (refer note (1) below)	121.42	607.11	121.42	607.11
Indian Aero Ventures Private Limited	61.54	307.71	61.54	307.71

- Tayana Digital Private Limited, is merged with Jupiter Capital Private Limited with effect from 17th October, 2018. However, it is to be noted that underlying shares in the depositories are still held in the name of Tayana Digital Private Limited, hence the details of shares held by the holding Company and subsidiaries of holding Company contains the information of Tayana Digital Private Limited.

### (d) Details of shareholders holding more than 5% shares:

	As at 31 March 2020		As at 31 March 2019	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
<b>Equity shares of ₹ 5 each, par value</b>				
Tayana Digital Private Limited (refer note: c(1) above)	121.42	32.16%	121.42	32.16%
Jupiter Capital Private Limited (refer note: c(1) above)	73.60	19.49%	68.72	18.20%
Indian Aero Ventures Private Limited	61.54	16.30%	61.54	16.30%

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

(e) In the period of five years immediately preceding the Balance Sheet date, the Company has not issued any bonus shares or has bought back any shares.

**(f) Details of shares allotted for consideration other than cash (within five years preceding the Balance Sheet date)**

Particulars	2018 - 19	2017 - 18	2016 - 17	2015 - 16	2014 - 15
<b>Equity shares:</b>					
Allotted as fully paid up under Scheme of Amalgamation	-	-	105.70	-	72.29

**(g) Shares reserved for issue under options**

The ESOP scheme titled "AXISCADES Engineering Employee Stock Option Plan- Series 1 & 2" was approved by the Shareholders of the Company vide resolution passed at the Extra Ordinary General Meeting through postal ballot held on 31 March 2018 in respect of grant of options exercisable into equity shares of face value of ₹ 5 each fully paid-up, not exceeding 3,020,762 equity shares or 8% of the paid up equity shares of the Company from time to time. During the current year, the company has granted 9,02,300 options to the eligible employees pursuant to the ESOP scheme.

## 19 OTHER EQUITY

	As at 31 March 2020	As at 31 March 2019
Securities premium	10,077.23	10,077.23
Capital reserve	5,698.31	5,698.31
Hedge reserve	(295.27)	(73.98)
Foreign currency translation reserve	414.98	86.98
Surplus in the Statement of Profit and Loss	13,568.35	10,742.20
General reserve	3.39	3.39
Share options outstanding account	174.13	2.25
Capital contribution Reserve	107.68	107.68
Other reserves	(125.34)	(66.71)
<b>Total</b>	<b>29,623.46</b>	<b>26,577.35</b>

### 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.

### Hedge Reserve

The Group uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Group uses foreign currency forward contracts and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedging reserve. Amounts recognised in the hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

### Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

### Capital reserve

Capital reserve is created pursuant to common control business combination. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

### Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees of the Group under Employee Stock Option Plan.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Capital contribution Reserve

Reserve created pursuant to profit on settlement of loan under common control transaction.

## Other reserve

Other reserves includes re-measurement (losses) / gains on defined benefit obligation.

## 20 BORROWINGS

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
<b>Secured</b>		
Term loan from banks [refer note a(ii), b(ii), b(iii), f(i), g(ii)]	5,597.72	6,918.98
Less: Amount clubbed under "other current financial liabilities" (refer note 22)	(2,204.65)	(2,022.90)
	<b>3,393.07</b>	<b>4,896.09</b>
Intercompany deposits from related parties (Refer note (f)(ii)) and (refer note 36)	500.00	-
	<b>3,893.07</b>	<b>4,896.09</b>
<b>Current</b>		
<b>Secured</b>		
Working capital loans [refer note a(i), b(i), e]	3,761.37	4,591.27
Packing credit in foreign currency [refer note f(iv), g(i)]	498.30	919.22
Post shipment credit in foreign currency (refer note (f)(v) and (g)(i))	495.52	-
Cash credit from bank [refer note a(iii), b(iv), f(iii), g(i)]	3,570.55	2,743.52
	<b>8,325.74</b>	<b>8,254.01</b>

## I AXISCADES Engineering Technologies Limited

### a) Details of security for borrowings

- (i) Packing credit facility in foreign currency ("PCFC") from a bank are secured by first exclusive charge on current assets, exclusive charge on movable assets and exclusive charge on land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with M/s Axiscades Aerospace and Technologies Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹4,500.00 lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.
- (ii) Foreign currency Term Loan ('FCTL') from a bank is secured by the first exclusive charge on entire current assets and entire movable tangible property, plant and equipment of the Company both present and future, including land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore, pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹4,500.00 lakhs, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (the Company and AXISCADES Aerospace and Technologies Private Limited) with mark to market clause. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.
- (iii) Cash credit from banks is secured by first exclusive charge on current assets, movable assets and land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with AXISCADES Aerospace and technologies limited), pledge of 26% shares of Mistral Solutions Private Limited valued at ₹4,500.00 lakhs. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

### b) Terms of borrowings and rate of interest

- (i) Packing credit in foreign currency from bank bearing an interest rate of 4.6% - 7.2% per annum (31 March 2019: 5.5% - 7.5% per annum) are repayable over a maximum tenure of 180 days from the date of respective avilment.
- (ii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an interest rate of 9.75% per annum (March 31, 2019: 8.5% per annum). The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of avilment.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

- (iii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 2.92 lakhs carrying an interest rate of 7.65% per annum (March 31, 2019: 7.65% per annum). The loan is repayable in 10 quarterly instalments, after a moratorium of 10 months from the date of availment.
- (iv) Cash credit from bank bears an interest rate of 12.36 % per annum (31 March 2019: 11.76% per annum) and are repayable on demand over a maximum tenure of 12 months from the date of respective availment.

## c) Loan covenants

Term loan from banks contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied all debt covenants prescribed in the terms of bank loan.

## d) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings of the Company are:

	As at 31 March 2020	As at 31 March 2019
<b>Current</b>		
First charge		
Financial assets	10,372.49	10,437.04
Other current assets	2,042.53	2,024.15
<b>Non-current</b>		
First charge		
Property, plant and equipment	215.40	252.64
Land	815.88	815.88
Building	124.97	127.67

## II AXISCADES, Inc.

### e) Terms of loan -

- a. Current year loan - the working capital loan carries variable interest rate per annum of Wall Street Journal Prime Rate + 2.00% with a floor of 7.50% per annum. Interest and Maintenance Fees shall be calculated on the higher of the actual average monthly loan balance from the prior month or a minimum average loan balance of USD 500,000. The loan is repayable on demand. The working capital loan is secured by a perfected security interest in all the assets including a first security interest in accounts receivable and contract rights.
- b. Previous year loan - The working capital loan carries effective interest rate of LIBOR plus ranges from 2.75% to 3.5% p.a. The loan is repayable within one year from the date of availment. The working capital loan is secured by all the assets of the Company, of every kind and nature, existing (at the date of the sanction of this loan) and hereafter acquired thereafter and arising and wherever located, including without limitation, accounts (including health care insurance receivable and Credit card receivables), Deposit accounts, Commercial Trot Claims, Letter of Credit Rights, Chattel papers (including Electronic Chattel paper), Documents, Instruments, Investment Property, General Intangibles (including Payment Intangibles), Software Goods, inventory, Equipment, Furniture & Fixtures, all supporting's obligations of the foregoing and all cash and non-cash proceeds and Products (including without limitation insurance proceeds) of the foregoing, and all the additions and accessions thereto, Substitution therefore and replacements thereof. This loan has been repaid during the year.

## III AXISCADES Aerospace & Technologies Private Limited

### f) Terms of borrowings and rate of interest

- i) During the financial year 2017-18 ACAT has borrowed foreign currency term loan from a bank amounting to USD 66.15 lakhs (equivalent ₹ 4,300 lakhs) and carries interest rate of 8.75% per annum (31 March, 2019: 8.75% per annum). The loan is repayable in 16 quarterly instalments starting from 31 December 2018. The amount outstanding as at 31 March 2020 was ₹ 3,091.45 lakhs. (31 March 2019 was ₹ 3,956.59 lakhs).
- (ii) During the current year, ACAT has borrowed inter-corporate deposit ('ICD') from Hindusthan Infrastructre Projects & Engineering Private Limited, a fellow subsidiary of the Holding Company, amounting to ₹ 500.00 lakhs. The agreement was entered on 29 November, 2019 for a period of eighteen months with a lock-in-period until 28 May, 2021. The ICD carries an Interest rate of 13% per annum. The total amount outstanding as at 31 March, 2020 is ₹ 500.00 lakhs (31 March, 2019: Nil).

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

- (iii) Cash credit from bank is carrying interest of 6 months MCLR + 4.80% (31 March, 2019: MCLR + 4.05%) (current 6 months MCLR is 9.40% (31 March, 2019: 9.55%) per annum, therefore interest rate is 14.20% (31 March, 2019: 13.60%)) per annum, computed on monthly basis on the actual amount utilised, revolving and tenure is 12 months.
- (iv) Packing credit in foreign currency loan from bank bearing an interest rate of 2.5% - 3.75% (31 March, 2019: 2.5% - 3.75%) per annum are repayable over maximum tenure of 9 months from the date of respective availment.
- (v) Post shipment credit in foreign currency loan from bank bearing an interest rate of 2% - 6% (31 March, 2019: Nil) per annum are repayable over maximum tenure of 12 months from the date of respective availment.

## g) Details of security of borrowings

- i) Cash credit facility (inclusive of post shipment credit facility and packing credit facility in foreign currency) from bank are secured by first exclusive charge on all current assets and movable plant, property and equipment of the Company, equitable mortgage on property owned by it's subsidiary Enertec Controls Ltd situated at 14-15, I Phase, Electronic city, Bangalore.
- (ii) Term loan facility from bank are secured by first pari passu charge on all movable plant, property and equipment (tangible), current assets of ACAT both present and future. First Pari Passu charge by way of equitable mortgage on property owned by it's subsidiary Enertec Controls Ltd situated at 15-16, 1st Phase, Electronic city, Bangalore, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (the Company and ACAT) with mark to market clause. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

## h) 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. ACAT 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.

### Changes in liabilities arising form financing activities:

	Term loan from banks	Inter-corporate deposit	Current borrowings	Lease liabilities	Total
<b>Balance as at 1 April 2018</b>	7,263.63	-	6,515.21	-	13,778.84
Cash flows	(1,007.78)	-	1,738.80	-	731.02
Other Adjustments	663.13	-	-	-	663.13
<b>Balance as at 31 March 2019</b>	<b>6,918.98</b>	<b>-</b>	<b>8,254.01</b>	<b>-</b>	<b>15,172.99</b>
Lease liability recognised as at April 01, 2019	-	-	-	2,958.77	2,958.77
Additions to lease liability	-	-	-	1,078.42	1,078.42
Cash flows	(2,031.56)	500.00	(272.13)	(1,587.54)	(3,391.23)
Other Adjustments	710.30	-	343.86	326.99	1,381.15
<b>Balance as at 31 March 2020</b>	<b>5,597.72</b>	<b>500.00</b>	<b>8,325.74</b>	<b>2,776.64</b>	<b>17,200.10</b>

## 21 TRADE PAYABLES

	As at 31 March 2020	As at 31 March 2019
<b>Current</b>		
Dues of micro and small enterprises (refer note below)	154.04	73.78
Dues of creditors other than micro and small enterprises *	4,827.57	3,460.53
	<b>4,981.61</b>	<b>3,534.31</b>

\* Includes ₹8.73 lakhs (March 31, 2019: ₹7.88 lakhs) payable to related parties (refer note:36).

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Disclosure required under section 22 of Micro, Small and Medium Enterprise Development Act, 2006

The Group has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2020 and March 31, 2019. The details in respect of such dues are as follows:

	As at 31 March 2020	As at 31 March 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting year	154.04	73.78
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	37.21	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 regarding Micro and Small enterprises determined to the extent such parties have been identified on the basis of the information available with the Group.

## 22 OTHER FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Purchase consideration payable on acquisition of subsidiary [refer note below]	6,219.66	9,698.97
Hedge liability	49.74	-
	<b>6,269.40</b>	<b>9,698.97</b>
<b>Current</b>		
Purchase consideration payable on acquisition of subsidiary [refer note below]	15,039.71	10,702.85
Dues to employees	2,263.96	2,397.70
Hedge liability	342.41	214.06
Creditors for capital goods	40.38	90.48
Current maturities of long term borrowings (refer note 20)	2,204.65	2,022.90
Interest accrued on ICD (refer note 36)	19.52	-
Other liabilities	118.39	124.18
	<b>20,029.02</b>	<b>15,552.17</b>

### Note:

- (i) During the year 2017-18, the Company entered into a Share Purchase Agreement ('SPA') to acquire 100% stake in Mistral Solutions Private Limited along with its subsidiaries ("MSPL Group") in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of Mistral Solutions Private Limited ("MSPL") effective December 01, 2017.

As on the acquisition date, the purchase consideration was determined as ₹ 24,213.97 lakhs, payable over a period specified in the SPA. As per the SPA, the amount of purchase consideration payable for certain phases is dependent on revenues and profit after tax generated by MSPL Group since the acquisition date through the financial year ended March 2022 mentioned below as contingent consideration. The value of the purchase consideration payable as at 31 March 2020, aggregated ₹ 21,259.37 lakhs (March 31, 2019: ₹ 20,401.81 lakhs) including deferred consideration of ₹ 16,189.87 lakhs (March 31, 2019: ₹ 11,743.99 lakhs) and contingent consideration of ₹ 5,069.50 lakhs (March 31, 2019: ₹ 8,657.82 lakhs).

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2020		
	Deferred Consideration	Contingent Consideration	Total
<b>Opening balance of purchase consideration payable</b>	15,721.17	4,680.64	20,401.81
Add: Unwinding of discount (interest expense)	468.70	388.86	857.56
<b>Closing balance of purchase consideration payable</b>	<b>16,189.87</b>	<b>5,069.50</b>	<b>21,259.37</b>

	As at 31 March 2019		
	Deferred Consideration	Contingent Consideration	Total
<b>Opening balance of purchase consideration payable</b>	11,645.30	9,382.77	21,028.07
Add: Unwinding of discount (interest expense)	98.69	725.73	824.42
Less: Fair value gain recognised during the year	-	(1,450.68)	(1,450.68)
<b>Closing balance of purchase consideration payable</b>	<b>11,743.99</b>	<b>8,657.82</b>	<b>20,401.81</b>

During the previous year, the Company has recognised a fair value gain of ₹1,450.68 lakhs on re-estimation of the purchase consideration payable and has recognised an interest expense of ₹ 824.42 lakhs on the purchase consideration payable, in the statement of profit and loss account. The change in fair value is based on the revised projections of MSPL Group, updated considering the actual performance of MSPL Group.

The Company has engaged an independent external valuer for valuation of contingent consideration. The involvement of external valuer is decided annually by the Management and the selection criteria include market knowledge, reputation and independence of the valuer.

Out of the above purchase consideration payable at the year end, ₹ 6,219.66 lakhs (March 31, 2019: ₹ 9,698.97 lakhs) is disclosed under Other Non-current financial liabilities and ₹ 15,039.71 lakhs (March 31, 2019: ₹ 10,702.84 lakhs) is disclosed under Other current financial liabilities.

During the quarter ended June 30, 2018, the Company has filed an application with National Company Law Tribunal ('NCLT') for amalgamation of Explsoft Tech Solutions Pvt Ltd (erstwhile holding company of MSPL) with the Company, on receipt of observation letter conveying 'no objection' from BSE Limited and the National Stock Exchange. Further, vide order dated March 8, 2019, NCLT, Bengaluru bench has approved the scheme of amalgamation. As the registered office of the Explsoft Tech Solutions Pvt Ltd is situated in the state of Maharashtra, the scheme has also been filed with NCLT, Mumbai for approval. Presently the Company is awaiting for final hearing for the approval. Pending necessary approval from NCLT Mumbai, bench no effect is given to aforesaid scheme of amalgamation. The parties are actively engaged in discussions to effectuate the implementation of the SPA.

## 23 PROVISIONS

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Employee defined benefits liability		
- Provision for gratuity (refer note 43)	900.09	997.14
- Provision for compensated absences	97.11	86.12
Asset retirement obligation (refer note (a) below)	39.56	33.24
	<b>1,036.76</b>	<b>1,116.50</b>
<b>Current</b>		
Employee defined benefits liability		
- Provision for gratuity (refer note 43)	105.94	71.64
- Provision for compensated absences	344.67	349.00
Provision for foreseeable loss on contract (refer note (b) below)	7.96	7.41
Provision for liquidated damages (refer note (b) below)	222.43	269.09
Provision for warranty (refer note (b) below)	74.65	74.66
	<b>755.65</b>	<b>771.80</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## (a) Asset retirement obligation

The Group 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 furniture and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2020 is ₹ 39.56 lakhs (31 March 2019: ₹ 33.24 lakhs). The Group estimates the costs would be incurred within 4 - 5 years time upon the expiration of the 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: 9 - 14 percent per annum

	Asset retirement obligation
<b>As at 1 April 2018</b>	32.45
Unwinding of discount	0.79
<b>As at 31 March 2019</b>	<b>33.24</b>
Additions during the year	5.53
Unwinding of discount	0.79
<b>As at 31 March 2020</b>	<b>39.56</b>

## (b) The disclosure of provisions movement as required under the provisions of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:

Particulars	Provision for foreseeable losses on contracts	Provision for warranty (refer note below)	Provision for disputed tax dues	Provision for liquidated damages
<b>Provision as at the 1 April 2018</b>	-	<b>186.47</b>	<b>6.70</b>	<b>224.21</b>
Provisions made during the year	7.41	44.83	-	291.96
Utilizations/reversals during the year	-	(156.64)	(6.70)	(247.08)
<b>Provision as at the 31 March 2019</b>	<b>7.41</b>	<b>74.66</b>	-	<b>269.09</b>
Provisions made during the year	6.32	72.13	-	275.50
Utilizations/reversals during the year	(5.77)	(72.14)	-	(322.16)
<b>Provision as at the 31 March 2020</b>	<b>7.96</b>	<b>74.65</b>	-	<b>222.43</b>

A provision is recognised for expected warranty claims on products sold, based on the past experience of the level of repairs and returns. 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. During the year, warranty provisions no longer required has been written back, as no warranty claims for the unexpired warranty period are expected on the basis of past experiences.

## 24 CURRENT TAX LIABILITY

	As at 31 March 2020	As at 31 March 2019
Provision for tax, net of advance tax	486.89	306.00
	<b>486.89</b>	<b>306.00</b>

## 25 OTHER LIABILITIES

	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>		
Advances from related party (refer note 36)	27.82	27.82
	<b>27.82</b>	<b>27.82</b>
<b>Current</b>		
Duties and taxes payable	1,109.40	1,085.10
Contract liability - Unearned revenue	1,062.29	121.21
Contract liability - Advance from customer	3,031.25	2,858.05
Interest accrued but not due on borrowings*	114.32	17.81
	<b>5,317.26</b>	<b>4,082.18</b>

\* For details of interest rates, repayments and others, refer note 20



# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## a) Breakup of financial liabilities carried at amortised cost

	As at 31 March 2020	As at 31 March 2019
Borrowings (refer note 20)	12,218.81	13,150.10
Lease liability (refer note 37)	2,776.64	-
Trade payables (refer note 21)	4,981.61	3,534.31
Other financial liabilities (refer note 22)	20,836.77	16,379.26

## 26 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Sale of services</b>		
Engineering design services	46,399.25	45,161.18
Strategic technology solutions	5,010.47	1,149.86
<b>Sale of goods</b>		
Engineering design services	3,260.76	2,278.23
Strategic technology solutions	11,827.35	11,844.26
	<b>66,497.83</b>	<b>60,433.53</b>

### 26.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Year ended 31 March 2020	Year ended 31 March 2019
India	11,447.64	13,198.05
Outside India	55,050.19	47,235.48
<b>Total revenue from contracts with customers</b>	<b>66,497.83</b>	<b>60,433.53</b>

### Timing of revenue recognition

	Year ended 31 March 2020	Year ended 31 March 2019
Goods or services transferred at point in time	60,106.32	57,096.32
Goods or services transferred over time	6,391.51	3,337.21
	<b>66,497.83</b>	<b>60,433.53</b>

### 26.2 Contract balances

	Year ended 31 March 2020	Year ended 31 March 2019
Trade receivables (refer note 10)	16,640.89	15,285.00
Contract Assets- Unbilled revenue (refer note 12 and 14)	5,989.41	3,227.17
Contract liability - Unearned revenue (refer note 25)	1,062.29	121.21
Contract liability - Advance from customer (refer note 25)	3,031.25	2,858.05

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. In 31 March 2020, ₹ 2,464.23 lakhs (31 March 2019: ₹ 1,970.42 lakhs) was recognised as provision for expected credit losses on trade receivables.

Contract assets are initially recognised for revenue earned from providing of services as receipt of consideration is conditional on acceptance by the customer. Upon completion of acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. As at March 31, 2020 the Group has provision for expected credit losses on contract assets of ₹ 104.97 lakhs (31 March 2019: ₹ 104.97 lakhs).

Contract liabilities include short-term advances received against the sale of products and services in the future. The outstanding balances of these accounts increased in 2019-20 due to the continuous increase in the Group's customer base.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 26.3 Performance Obligation

The performance obligation is satisfied upon the providing of services as and when rendered and accordingly, there is no outstanding performance obligation as on 31 March 2020 except for the cases where the performance obligations are satisfied over-time. The transaction price allocated to the remaining performance obligations (partially unsatisfied) as at 31 March 2020 and 31 March 2019 are, as follows

	Year ended 31 March 2020	Year ended 31 March 2019
Within one year	1,965.54	1,681.89
More than one year	-	-
	<b>1,965.54</b>	<b>1,681.89</b>

## 27 OTHER OPERATING INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Export incentives	788.55	340.77
	<b>788.55</b>	<b>340.77</b>

During the current year, the Group has recognised other operating income from export incentives under the provisions of Foreign Trade Policy (1 April 2015 - 31 March 2020), as amended from time to time, aggregating ₹ 788.55 lakhs (March 31, 2019: ₹ 340.77 lakhs). The Management believes that it has satisfied all the conditions to receive the incentive and is in the process of filing the claim.

## 28 OTHER INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income		
- from fixed deposits with banks	166.10	172.92
- from financial assets carried at amortised cost	246.40	234.36
- from income tax refund	0.97	39.40
Profit on sale of property, plant and equipment	-	20.57
Fair value gain on financial instruments at fair value through profit or loss (refer note below)	196.67	90.17
Provision/Liabilities no longer required, written back	114.87	257.08
Dividend income	4.45	15.83
Miscellaneous income	32.34	71.92
	<b>761.80</b>	<b>902.23</b>

Fair value gain on financial instruments at fair value through profit or loss mainly pertains to foreign exchange currency options that did not qualify for hedge accounting.

## 29 COST OF MATERIAL CONSUMED

	Year ended 31 March 2020	Year ended 31 March 2019
Opening inventory	2,017.01	1,745.84
Add: Purchases during the year	10,199.47	9,721.90
	<b>12,216.48</b>	<b>11,467.74</b>
Less: Closing inventory	(1,961.43)	(2,017.01)
	<b>10,255.05</b>	<b>9,450.73</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 30 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	32,262.40	31,351.97
Contribution to provident and other funds	865.69	791.98
Contribution to overseas social security	1,617.21	1,616.62
Provision for gratuity (refer note 43)	159.59	157.75
Provision for compensated absences	48.12	91.82
Stock compensation expense (refer note 45)	171.88	-
Staff welfare expense	991.97	996.29
	<b>36,116.86</b>	<b>35,006.43</b>

## 31 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation and Impairment loss on PPE (refer note 3)	1,001.17	749.92
Amortisation of intangible assets (refer note 4)	897.36	1,224.89
Depreciation of Right of use asset (refer note 37)	1,375.25	-
	<b>3,273.78</b>	<b>1,974.81</b>

## 32 FINANCE COSTS

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on		
- on facilities from banks	1,475.55	1,254.43
- on Intercompany deposit from related parties (refer note 36)	21.84	-
- on financial liabilities carried at amortised cost	0.16	5.01
Other borrowing cost (processing fees)	905.11	994.01
Net interest expense on net defined benefit obligation	96.08	89.48
Unwinding of discount on asset retirement obligation (refer note 23(a))	0.79	0.79
Bank guarantee commission	3.87	13.69
Interest on lease liabilities (refer note 37)	326.99	-
	<b>2,830.39</b>	<b>2,357.41</b>

## 33 OTHER EXPENSES

	Year ended 31 March 2020	Year ended 31 March 2019
Rent [refer note 37]	613.92	2,217.55
Power and fuel	434.80	423.92
Travelling and conveyance	1,519.14	2,079.52
Legal and professional charges	1,385.41	1,402.27
Consultancy expense	169.75	488.14
Repairs and maintenance		
- Building	376.91	435.46
- Others	262.02	171.02
- Plant and machinery	81.11	57.42
Recruitment and training expenses	174.24	165.54
Office maintenance expense	38.89	58.09
Communication expenses	341.52	349.78
Equipment hire charges	178.00	146.98
Auditor's remuneration [refer note (a) below]	86.29	85.91
Printing and stationery	37.52	40.54
Security charges	64.82	59.88

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
Rates and taxes	174.52	171.98
Sub contracting charges	2,618.29	2,472.69
Software subscription charges	1,416.35	976.59
Directors sitting fees (refer note 36)	55.70	88.00
Marketing and advertising expenses	427.55	524.62
Insurance expenses	152.99	129.95
Provision for inventories (refer note 15 (1))	-	268.32
Bank charges	165.59	175.25
Postage and courier charges	18.94	32.01
Corporate social responsibility expenses (refer note 46)	23.84	63.88
Provision for foreseeable loss on contracts (refer note 23)	0.55	7.41
Freight outward	8.00	1.79
Bad debts written off	13.39	185.71
Provision for receivable from capital goods and trade receivables	370.02	1,254.08
Loss on disposal of property, plant and equipment	3.17	-
Net loss on foreign currency transaction and translation	426.08	485.61
Miscellaneous expenses	109.96	102.53
	<b>11,749.28</b>	<b>15,122.44</b>

## a) Auditor's remuneration \*

	Year ended 31 March 2020	Year ended 31 March 2019
Statutory audit fees	66.73	55.19
Other fees	15.00	21.25
Out of pocket expenses	4.56	9.47
	<b>86.29</b>	<b>85.91</b>

\*excluding service tax/ goods and service tax.

## 34 EXCEPTIONAL ITEMS

	Year ended 31 March 2020	Year ended 31 March 2019
Income relating to fair value change in purchase consideration (refer note 22 (i))	-	1,450.68
	<b>-</b>	<b>1,450.68</b>

## 35 EARNINGS PER SHARE (EPS) (BASIC AND DILUTED)

	Year ended 31 March 2020	Year ended 31 March 2019
a) Profit / (Loss) after tax attributable to equity shareholders (₹)	2,975.41	(813.30)
b) Weighted average number of shares outstanding (in lakhs)	377.60	377.60
c) Nominal value of shares (₹)	5.00	5.00
d) Basic earning per share (₹)	7.88	(2.15)
e) Number of equity shares used to compute diluted earnings per share (refer note below)	387.06	377.60
f) Diluted earnings per share (₹)	7.69	(2.15)

### Note:

	Year ended 31 March 2020	Year ended 31 March 2019
Weighted average number of shares outstanding (in lakhs)	377.60	377.60
<b>Effect of dilution:</b>		
Share options	9.46	-
Weighted average number of Equity shares adjusted for the effect of dilution	<b>387.06</b>	377.60

There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 36 RELATED PARTY DISCLOSURES

Nature of relationship	Name of party
<b>I Parties where control exists:</b>	
<b>Holding Company</b>	Jupiter Capital Private Limited ('JCPL') *
	* JCPL and its subsidiaries Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 67.95 percent voting rights of the Company as at 31 March 2020 (31 March 2019: 66.65 percent) (refer note IV (b))
<b>Associate</b>	ASSYSTEMS AXISCADES Engineering Private Limited (w.e.f. 31 August, 2018)
<b>II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year:</b>	
<b>Fellow subsidiary</b>	Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL) Indian Aero Infrastructure Private Limited (Stepdown subsidiary of JCPL) Hindusthan Infrastructure Projects & Engineering Private Limited (subsidiary of JCPL)
<b>Key Management Personnel (KMP):</b>	
Chief Executive Officer & Executive Director	Mr. Sharadhi Chandra Babupampapathy (appointed w.e.f 21 January, 2019)
Chief Executive Officer & Executive Director	Mr. Mritunjay Kumar Singh (Resigned w.e.f 19 January, 2019)
Chairman and Independent Director	Mr. Vivek Mansingh (stepped down as chairman w.e.f 31 May 2019 and term completed on 8 September 2019)
Chairman and Non - Executive Director	Mr. David Bradley (appointed w.e.f 5 March 2019 and as Chairman w.e.f 31 May 2019)
Independent Director	Mr. Kailash Mohan Rustagi (reappointed w.e.f 9 September, 2019)
Independent Director	Mr. Pradeep Dadlani (reappointed w.e.f 9 September, 2019)
Independent Director	Mr. Srinath Batni (Term completed on 8 September, 2019)
Independent Director	Mrs. Mariam Mathew (appointed w.e.f 13 February 2018)
Non - Executive Director	Mr. Sudhakar Gande (resigned as Vice Chairman and Executive Director w.e.f. 30 July, 2018 and appointed as Non Executive director w.e.f 30 July, 2018)
Non - Executive Director	Mr. Rohitasava Chand (resigned w.e.f 30 July, 2018)
Non - Executive Director	Mr. Siddarth Mehra (resigned w.e.f. 04 February 2019)
Non - Executive Director	Mr. Kedarnath Choudhury (resigned w.e.f. 30 May 2018)
Non - Executive Director	Mr. Ashwani Kumar Dutta (resigned w.e.f. 29 August 2019)
Non - Executive Director	Mr. Ajay Lakothia (appointed on 02 february 2019 and resigned on 30 March 2020)
Executive Director	Mr. Anees Ahmed (resigned w.e.f August 21, 2019)
<b>III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year</b>	
<b>Key Management Personnel (KMP):</b>	
Chief Financial Officer (CFO)	Mr. Anumanchipalli Srinivas (appointed w.e.f 7 June, 2019)
Chief Financial Officer (CFO)	Mr. Kaushik Sarkar (resigned w.e.f 7 June, 2019)
Company Secretary	Ms. Shweta Agarwal
<b>Company in which Director is interested</b>	Inkers Technology Private Limited

## IV Transactions with related parties:

Nature of transactions	Relationship	Year ended	
		31 March 2020	31 March 2019
<b>Remuneration (Refer note (IV) (a) and (c) below)</b>			
Mr. Sudhakar Gande	Key management personnel	-	109.90
Mr. Mritunjay Kumar Singh	Key management personnel	-	414.31
Mr. Kaushik Sarkar	Key management personnel	39.97	220.21
Ms. Shweta Agrawal	Key management personnel	30.31	22.60
Mr. Anumanchipalli Srinivas	Key management personnel	123.65	-
Mr. Anees Ahmed (₹ 5 remuneration)	Key management personnel	0.00	-
Mr. Sharadhi Chandra Babupampapathy	Key management personnel	128.08	14.62
<b>Service received from (intangible assets under development)</b>			
Inkers Technology Private Limited	Company in which a Director is Interested	25.00	50.00
<b>Revenue from operations</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	86.83	-

# Notes to Consolidated Financial Statements

## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Relationship	Year ended	
		31 March 2020	31 March 2019
<b>Sitting fees paid to directors</b>			
Mr. Vivek Mansingh	Chairman and Independent Director	4.00	16.00
Mr. Kailash Mohan Rustagi	Independent Director	15.00	18.00
Mr. Pradeep Dadlani	Independent Director	13.00	18.00
Mr. Srinath Batni	Independent Director	8.00	18.00
Mr. Rohitasava Chand	Non - Executive Director	-	0.90
Mr. Siddarth Mehra	Non - Executive Director	-	2.70
Mrs. Mariam Mathew	Independent Director	7.00	9.00
Mr. David Bradley	Chairman and Non - Executive Director	2.40	0.30
Mr. Ashwani Kumar Dutta	Non - Executive Director	1.80	1.50
Mr. Sudhakar Gande	Non - Executive Director	2.70	3.30
Mr. Ajay Lakhotia	Non - Executive Director	1.80	0.30
<b>Cross charge expenses by</b>			
Indian Aero Infrastructure Private Limited	Fellow subsidiary	-	7.88
<b>Cross charge expenses to</b>			
Jupiter Capital Private Limited	Holding Company	-	10.38
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	45.60	124.70
<b>Intercorporate deposits received</b>			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	500.00	-
Jupiter Capital Private Limited	Holding Company	100.00	-
<b>Intercorporate deposits repaid</b>			
Jupiter Capital Private Limited	Holding Company	100.00	-
<b>Interest expense on Inter corporate deposits</b>			
Jupiter Capital Private Limited	Holding Company	0.30	-
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	21.55	-
<b>Investment</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	227.50

- (a) As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to individual is not ascertainable and therefore not include above.
- (b) Tayana Digital Private Limited, is merged with Jupiter Capital Private Limited with effect from October 17, 2018. However, it is to be noted that underlying shares in the depositories are still held in the name of Tayana Digital Private Limited, hence the details of shares held by the holding Company and subsidiaries of holding Company contains the information of Tayana Digital Private Limited.
- (c) Total employee stock compensation expense for the year ended March 31, 2020 includes a charge of ₹ 32.82 Lakhs (March 31, 2019 - Nil) towards KMP.

### V Balances as at the year end:

Nature of transactions	Relationship	As at	As at
		31 March 2020	31 March 2019
<b>Interest payable</b>			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	19.52	-
<b>Remuneration payable (refer note (IV) (a) and (c) above)</b>			
Mr. Sudhakar Gande	Key management personnel	-	95.56
Mr. Mritunjay Kumar Singh	Key management personnel	-	229.97
Mr. Kaushik Sarkar	Key management personnel	-	37.52
Ms. Shweta Agrawal	Key management personnel	2.00	3.20
Mr. Anumanchipalli Srinivas	Key management personnel	36.86	-
Mr. Sharadhi Chandra Babupampapathy	Key management personnel	44.37	14.62

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Relationship	As at 31 March 2020	As at 31 March 2019
<b>Other receivable</b>			
Jupiter Capital Private Limited	Holding Company	10.38	10.38
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	23.14	65.50
<b>Investment</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	188.47	172.75
<b>Trade payables</b>			
Indian Aero Infrastructure Private Limited	Fellow subsidiary	6.23	7.88
Inkers Technology Private Limited	Company in which a Director is Interested	2.50	-
<b>Trade Receivable</b>			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	19.09	-
<b>Inter corporate deposit from related party</b>			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	500.00	-
<b>Advances from</b>			
Indian Aero Ventures Private Limited	Fellow subsidiary	27.82	27.82

## 37 RIGHT OF USE ASSET AND LEASE LIABILITIES

### Group as a lessee

The Group has entered into property leases for office, product assembling space and other business operations. These leases are for a period of three to nine years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	As at 31 March 2020
<b>Balance as on transition date 01 April 2019</b>	7,896.20
Additions	1,453.47
Depreciation expense (refer note 31)	(1,375.25)
<b>Carrying amount as on 31 March 2020</b>	<b>7,974.42</b>

Below are the carrying amounts of lease liabilities and the movements during the year:

	As at 31 March 2020
<b>Balance as on transition date 01 April 2019</b>	2,958.77
Additions	1,078.42
Accretion of interest (refer note 32)	326.99
Payment of principal portion of lease liabilities	(1,260.55)
Payment of Interest portion of lease liabilities	(326.99)
<b>Carrying amount as on 31 March 2020</b>	<b>2,776.64</b>
Current	1,026.88
Non-current	1,749.76
<b>Total</b>	<b>2,776.64</b>

The weighted average incremental borrowing rate for lease liabilities is between 9% -12.17% per annum, with maturities between financial year 2020-2028 for leasehold properties.

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

	As at 31 March 2020
Less than one year	1,120.80
one to five years	1,920.49
more than five years	359.92

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The following are the amounts recognised in profit or loss:

	As at 31 March 2020
Depreciation expense of right-of-use assets	1,375.25
Interest expense on lease liabilities	326.99
Expense relating to short-term leases and low value leases (included in other expenses)	613.92
<b>Total amount recognised in profit or loss</b>	<b>2,316.16</b>

The Group had total cash outflows for leases of ₹ 1,587.54 Lakhs for the year ended March 31, 2020 (March 31, 2019: ₹ Nil). The Group has made non-cash additions of ₹ 1,453.47 lakhs and ₹ 1078.42 lakhs to right-of-use assets and lease liabilities for the year ended 31 March, 2020. There are no future cash outflows relating to leases that have not yet commenced.

## 38 CONTINGENT LIABILITIES AND COMMITMENTS

### Capital and other commitments

	As at 31 March 2020	As at 31 March 2019
Capital commitment*	29.75	249.58

\* Mainly pertains to commitment towards purchase of capital assets of ₹ 29.75 lakhs (March 31, 2019: ₹ 77.23 lakhs)

### Bank guarantees

	As at 31 March 2020	As at 31 March 2019
i) Bank guarantees to government authorities and others	210.16	1,838.95

Bank guarantees are issued in favor of government authorities and others towards financial, performance guarantees and earnest money deposit as part of bidding process.

### Tax contingencies

	As at 31 March 2020	As at 31 March 2019
i) Claims against the Group not acknowledged as debt in respect to Income tax, sales tax and other matters (refer note (a), (c), (d), (f))	1,106.04	1,083.16
ii) Amount relating to Service tax demands disputed by the Group (refer note (b), (e) below)	1,242.65	1,062.19
	<b>2,348.69</b>	<b>2,145.35</b>

- During the previous year, ACAT has received demand from Deputy Commissioner of Commercial Tax for the financial year 2014-15 towards non-submission of statutory forms. However, during the current year, the Company has received the favourable order and the demand stands vacated.
- ACAT has received demand from the offices of the Joint/Assistant Commissioner of Central Tax GST Commissionerate, Bengaluru East for the financial years 2008-15 amounting to ₹ 286.26 lakhs (March 31, 2019: ₹ 105.80 lakhs) towards non payment of Service Tax and wrong availment of ineligible Cenvat Credit. ACAT has filed the appeals against the above orders and paid ₹ 97.95 lakhs under protest towards the demand.
- Claim against the MSPL (along with its subsidiaries) not acknowledged as debt in respect of service tax, income tax and other matters for the year ended March 31, 2020: ₹ 180.13 lakhs (March 31, 2019: ₹ 98.33 lakhs).
- ACAT has received demand notices of ₹ 751.12 lakhs and ₹ 157.88 lakhs under Income Tax Act 1961 for Assessment Year 2014-15 and 2015-16, respectively, towards disallowance under Section 14 A, Income related to unclaimed TDS credit and Income Tax & Interest under Section 234B. In current year, ACAT has received favourable order for Assessment Year 2014-15 towards disallowance under Section 14 A and has filed appeal before the Income Tax Appellate Tribunal for unclaimed TDS credit and interest u/s 234B. Further, for AY 2015-16, ACAT has filed appeal before Deputy Commissioner of Income Tax.
- The Company has received service tax orders amounting to ₹ 956.39 lakhs (March 31, 2019: ₹ 956.39 lakhs) from the service tax authorities arising primarily on levy of service tax on business auxiliary service under reverse charge mechanism for period 2006 - 2010. The Company's appeal against the said demands are pending before Customs, Excise and Service Tax Appellate Tribunal ('CESTAT').



# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

- (f) The Company has received a demand order from the Income tax authorities amounting to ₹194.42 lakhs (March 31, 2019: Nil) towards write off of foreign bad debts in violation of RBI regulations, reimbursement of expenses and various other disallowances. The Company's appeal against the said demands are pending before Commissioner of Income Tax Appeals and paid ₹40 lakhs under protest towards the demand.

The Group 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 consolidated financial statements. Consequently, no provision has been created in the consolidated financial statements for the above.

## Others

- (a) The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. Group determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Group has implemented the above judgement on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

## 39 CAPITAL MANAGEMENT

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

In order to achieve this overall objective, the Group'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 20.

The Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	As at 31 March 2020	As at 31 March 2019
Borrowings including current maturities of long term borrowings (refer note 20 & 22)	14,423.45	15,173.00
Less: Cash and cash equivalents (refer note 16)	(4,477.69)	(3,057.83)
<b>Net debt</b>	<b>9,945.76</b>	<b>12,115.17</b>
Equity share capital (refer note 18)	1,889.51	1,889.51
Other equity (refer note 19)	29,623.46	26,577.35
<b>Capital and net debt</b>	<b>41,458.73</b>	<b>40,582.03</b>
Gearing ratio	24%	30%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

The Group is not subject to any externally imposed capital requirements.

## 40 INCOME TAX

The major components of income tax expense are:

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Current income tax:</b>		
Current income tax charge	1,130.69	827.40
Adjustment of tax relating to earlier years	27.29	-
<b>Deferred tax credit</b>		
Relating to the origination and reversal of temporary differences	(348.95)	(899.29)
<b>Income tax expense reported in Statement of Profit and Loss</b>	<b>809.03</b>	<b>(71.89)</b>
<b>Deferred tax related to items recognised in OCI</b>		
Income tax relating to re-measurement gains / (losses) on defined benefit plans	20.52	18.30
Income tax relating to loss on cash flow hedges	76.02	14.44
	<b>96.54</b>	<b>32.74</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Reconciliation of deferred tax (net)

	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	<b>2,549.57</b>	1,614.23
Tax credit during the year recognized in the Statement of Profit and Loss	348.95	899.29
Tax credit during the year recognised in OCI	96.54	32.74
Exchange translation difference	17.18	3.31
<b>Closing balance</b>	<b>3,012.24</b>	<b>2,549.57</b>

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

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Accounting loss before tax</b>	<b>3,838.54</b>	<b>(839.36)</b>
Tax on accounting profit at statutory income tax rate	1,099.91	(77.95)
Foreign tax expensed during the year	60.62	-
Purchase consideration re-measurement	-	(168.26)
Adjustment of tax relating to earlier years	27.29	-
Tax benefit on utilisation/expected utilisation of benefit on previously unrecognised tax losses	(573.58)	(385.79)
<b>Other non-deductible expenses:</b>		
Weighted deduction on research and development expenditure	(99.91)	(145.91)
Reversal of deferred tax on account of change in tax rates	122.36	96.98
Deferred tax asset not recorded on loss of subsidiaries *	-	618.05
Others (net)	172.34	(9.00)
<b>At the effective income tax rate of 21.08% [March 31, 2019: (8.56%) ]</b>	<b>809.03</b>	<b>(71.89)</b>
Income tax expense reported in the Statement of Profit and Loss	809.03	(71.89)

\* Deferred tax is recognized to the extent that the future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised.

The Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has re-measured its Deferred tax asset basis the rate prescribed in the said section. Accordingly, deferred tax asset have reduced by ₹ 122.36 lakhs. The tax charge for the year have increased by ₹ 122.36 lakhs.

## Deferred taxes

	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	1,551.58	1,097.99
Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes	580.19	516.08
Unutilised tax losses	229.93	566.21
Hedge Liability	109.10	31.99
Minimum alternate tax credit entitlement	403.19	270.64
Deferred tax impact on Ind AS 116 reserves	36.40	-
Expenses disallowed under Section 35DD of Income-tax Act, 1961	18.52	30.62
Other adjustments	100.11	36.04
	<b>3,029.02</b>	<b>2,549.57</b>
Fair valuation of security deposits to fair value	16.78	-
	<b>16.78</b>	<b>-</b>
<b>Deferred tax asset, net</b>	<b>3,012.24</b>	<b>2,549.57</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Reflected in the balance sheet as follows:

	As at 31 March 2020	As at 31 March 2019
Deferred tax assets	3,029.02	2,549.57
Deferred tax liabilities	(16.78)	-
Deferred tax assets, net	3,012.24	2,549.57

## 41 FAIR VALUE MEASUREMENTS

### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2020 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Investments (Current and Non Current) (refer note 9)	0.05	3,248.51	-	3,248.56	3,248.56
Loans (Current and Non Current) (refer note 11)	1,132.44	-	-	1,132.44	1,132.44
Trade receivables (Current) (refer note 10)	16,640.89	-	-	16,640.89	16,640.89
Other financial assets (Current and Non Current) (refer note 12)	8,002.89	-	5.20	8,008.09	8,008.09
Cash and cash equivalents (refer note 16)	4,477.69	-	-	4,477.69	4,477.69
Bank balances other than cash and cash equivalents (refer note 17)	2,538.30	-	-	2,538.30	2,538.30
<b>Total</b>	<b>32,792.26</b>	<b>3,248.51</b>	<b>5.20</b>	<b>36,045.97</b>	<b>36,045.97</b>
<b>Liabilities:</b>					
Borrowings (refer note 20)	12,218.81	-	-	12,218.81	12,218.81
Lease liability (refer note 37)	2,776.64	-	-	2,776.64	2,776.64
Trade payables (refer note 21)	4,981.61	-	-	4,981.61	4,981.61
Other financial liabilities (refer note 22)	20,836.77	5,069.50	392.15	26,298.42	26,298.42
<b>Total</b>	<b>40,813.83</b>	<b>5,069.50</b>	<b>392.15</b>	<b>46,275.48</b>	<b>46,275.48</b>

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
<b>Assets:</b>					
Investments (Current and Non Current) (refer note 9)	0.05	2,820.90	-	2,820.95	2,820.95
Loans (Current and Non Current) (refer note 11)	1,360.05	-	-	1,360.05	1,360.05
Trade receivables (Current) (refer note 10)	15,285.00	-	-	15,285.00	15,285.00
Other financial assets (Current and Non Current) (refer note 12)	3,463.00	-	-	3,463.00	3,463.00
Cash and cash equivalents (refer note 16)	3,057.83	-	-	3,057.83	3,057.83
Bank balances other than cash and cash equivalents (refer note 17)	2,772.89	-	-	2,772.89	2,772.89
<b>Total</b>	<b>25,938.81</b>	<b>2,820.90</b>	<b>-</b>	<b>28,759.71</b>	<b>28,759.71</b>
<b>Liabilities:</b>					
Borrowings (refer note 20)	13,150.10	-	-	13,150.10	13,150.10
Trade payables (refer note 21)	3,534.31	-	-	3,534.31	3,534.31
Other financial liabilities (refer note 22)	16,379.26	8,657.82	214.06	25,251.14	25,251.14
<b>Total</b>	<b>33,063.67</b>	<b>8,657.82</b>	<b>214.06</b>	<b>41,935.55</b>	<b>41,935.55</b>

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and working capital loans approximate the carrying amount largely due to short-term maturity of this instruments.

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

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.

## (ii) 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 of fair value measurement hierarchy as at 31 March 2020:

Particulars	Date of valuation	Quoted Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost, FVTPL and FVTOCI for which fair values are disclosed</b>					
Investments (Current and Non Current) (refer note 9)	31 March 2020	3,248.56	3,000.80	247.71	0.05
Loans (Current and Non Current) (refer note 11)	31 March 2020	1,132.44	-	-	1,132.44
Trade receivables (Current) (refer note 10)	31 March 2020	16,640.89	-	-	16,640.89
Other financial assets (Current and Non Current) (refer note 12)	31 March 2020	8,008.09	-	5.20	8,002.89
Cash and cash equivalents (refer note 16)	31 March 2020	4,477.69	-	-	4,477.69
Bank balances other than cash and cash equivalents (refer note 17)	31 March 2020	2,538.30	-	-	2,538.30
<b>Liabilities carried at amortised cost and FVTOCI for which fair value are disclosed:</b>					
Borrowings (refer note 20)	31 March 2020	12,218.81	-	-	12,218.81
Lease liability (refer note 37)	31 March 2020	2,776.64	-	-	2,776.64
Trade payables (refer note 21)	31 March 2020	4,981.61	-	-	4,981.61
Other financial liabilities (refer note 22 and note(iii) below)	31 March 2020	26,298.42	-	392.15	25,906.27

There have been no transfer among level 1, Level 2 and level 3 during the year.

### Quantative disclosure of fair value measurement hierarchy as at 31 March 2019:

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets carried at amortised cost, cost, FVTPL and FVTOCI for which fair values are disclosed</b>					
Investments (Current and Non Current) (refer note 9)	31 March 2019	2,820.95	2,549.58	271.32	0.05
Loans (Current and Non Current) (refer note 11)	31 March 2019	1,360.05	-	-	1,360.05
Trade receivables (Current) (refer note 10)	31 March 2019	15,285.00	-	-	15,285.00
Other financial assets (Current and Non Current) (refer note 12)	31 March 2019	3,463.00	-	-	3,463.00
Cash and cash equivalents (refer note 16)	31 March 2019	3,057.83	-	-	3,057.83
Bank balances other than cash and cash equivalents (refer note 17)	31 March 2019	2,772.89	-	-	2,772.89
<b>Liabilities carried at amortised cost and FVTOCI for which fair value are disclosed:</b>					
Borrowings (refer note 20)	31 March 2019	13,150.10	-	-	13,150.10
Trade payables (refer note 21)	31 March 2019	3,534.31	-	-	3,534.31
Other financial liabilities (refer note 22 and note(iii) below)	31 March 2019	25,251.14	-	214.06	25,037.08

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## (iii) Valuation technique used to determine fair value

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and Currency options are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2020, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

## (iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

## 42 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange exposure risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group's risk management activity focuses on actively securing the Group's 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 Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

## (A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, resulting in a financial loss. The Group's maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 16,640.89 lakhs as at 31 March 2020 [31 March 2019: ₹ 15,285.00 lakhs].

### Assets under credit risk:

	As at 31 March 2020	As at 31 March 2019
Trade receivables (Current) (refer note 10)	16,640.89	15,285.00
Intercompany deposit (refer note 11)	-	175.00
Other receivables (refer note 11)	33.52	75.88
Security deposit (Current and Non Current) (refer note 11)	1,130.73	1,177.53
Unbilled revenue (refer note 12)	5,989.41	2,300.14
Receivables for sale of capital goods (refer note 12)	-	78.68
Earnest money deposit (refer note 12)	-	24.29
	<b>23,794.55</b>	<b>19,116.52</b>

## A1 Trade receivables and unbilled revenue.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in India, USA and Europe. Credit risk has always been managed by the Group 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. On account of adoption of Ind AS 109, Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors including the credit ratings of the various customers and Group's historical experience for customers.

# Notes to Consolidated Financial Statements

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(All amounts in ₹ lakhs, unless otherwise stated)

The allowance for life time expected credit loss on customer balances for the year ended 31 March 2020 is ₹ 2,464.24 lakhs (31 March 2019 is ₹ 2,206.46 lakhs).

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning	2,206.46	970.35
Impairment loss recognised	493.82	1,236.11
Impairment loss reversed	(236.04)	-
	<b>2,464.24</b>	<b>2,206.46</b>

## A2 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.

### Financial assets that are neither past due nor impaired

Cash and cash equivalents, bank balances other than cash and cash equivalents, other receivables, intercorporate deposit, 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 ₹ 2,462.24 lakhs and ₹ 2,206 lakhs and unbilled revenue of ₹ 104.97 lakhs and ₹ 104.97 lakhs as at 31 March 2020 and 31 March 2019 respectively. The Group's credit period generally ranges from 30-180 days from invoicing date. The aging 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 2020	As at 31 March 2019
Financial assets that are neither past due nor impaired	16,810.59	11,230.05
Financial assets that are past due but not impaired		
Past due 0-60 days	3,333.23	4,488.37
Past due 61-180 days	2,109.92	1,286.72
Past due over 180 days	376.56	580.00
Total past due but not impaired	5,819.71	6,355.09
<b>Total</b>	<b>22,630.30</b>	<b>17,585.14</b>

## (B) Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group 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 Group'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 2020 and 31 March 2019, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

### Maturities of financial liabilities

As at 31 March 2020	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 20)	8,325.74	3,893.07	-	12,218.81
Lease liability (refer note 37)	1,026.88	1,749.76	-	2,776.64
Trade payable (refer note 21)	4,981.61	-	-	4,981.61
Other financial liabilities (refer note 22)	20,029.02	6,269.40	-	26,298.42
<b>Total</b>	<b>34,363.25</b>	<b>11,912.23</b>	<b>-</b>	<b>46,275.48</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

As at 31 March 2019	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 20)	8,254.01	4,896.09	-	13,150.10
Trade payable (refer note 21)	3,534.31	-	-	3,534.31
Other financial liabilities (refer note 22)	15,552.17	9,698.97	-	25,251.14
<b>Total</b>	<b>27,340.49</b>	<b>14,595.06</b>	<b>-</b>	<b>41,935.55</b>

## (C) Market risk

The Group 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 exchange risk

The Group operates internationally and a significant portion of the business is transacted in USD and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts and currency options to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

Particulars Included In	Currency	As at 31 March 2020		As at 31 March 2019	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
<b>Financial assets</b>					
Trade receivables	USD	69.80	5,261.89	57.89	4,004.14
	EURO	42.93	3,565.61	24.60	1,911.23
	SGD	0.33	17.61	-	-
	DKK	4.47	49.99	-	-
Unbilled revenue	USD	19.28	1,453.78	21.89	1,514.43
	EURO	0.11	9.11	0.97	75.50
	DKK	2.32	25.05	-	-
Cash and bank balances	USD	3.74	282.27	3.78	261.61
	EURO	16.90	1,403.20	1.81	140.32
	AED	1.61	30.26	1.61	30.26
	DKK	16.40	177.11	4.61	48.35
	KRW	-	-	9.57	0.58
Receivable from bank	USD	3.10	233.41	-	-
Other financial assets	AED	0.56	10.55	0.55	10.31
Loans and advances	EURO	0.43	35.75	-	-
Other current assets	USD	0.18	13.73	-	-
	EURO	1.60	133.04	0.35	27.30
	DKK	0.03	0.37	0.13	-
	CAD	-	-	0.09	4.50
<b>Financial liabilities</b>					
Trade payables	USD	12.06	909.03	2.36	163.54
	EURO	18.18	1,510.04	8.20	636.92
	GBP	0.06	5.82	-	-
	DKK	2.96	31.96	-	-
Unearned Revenue	USD	1.35	101.93	-	-

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(All amounts in ₹ lakhs, unless otherwise stated)

Particulars Included In	Currency	As at 31 March 2020		As at 31 March 2019	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Dues to employees	EURO	1.36	113.14	0.32	24.83
	DKK	1.01	10.88	0.66	6.92
Duties and taxes payable	EURO	7.10	589.40	5.87	455.86
	DKK	1.01	10.93	3.95	41.35
Creditors for capital goods	EURO	0.20	16.29	0.25	19.43
Lease Liability	EURO	0.70	57.87	-	-
Interest accrued but not due on borrowings	USD	0.40	29.81	-	-
Advance from Customers	USD	1.05	78.84	-	-
Working capital loans	USD	119.83	9,033.69	151.19	10,457.94
	EURO	11.97	994.10	11.83	919.22

## Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
<b>Sensitivity</b>				
INR/USD	(29.08)	29.08	(48.41)	48.41
INR/EURO	18.66	(18.66)	0.98	(0.98)
INR/AED	0.41	(0.41)	0.41	(0.41)
INR/SGD	0.18	(0.18)	-	-
INR/GBP	(0.06)	0.06	-	-
INR/DKK	1.98	(1.98)	0.00	(0.00)
INR/KRW	-	-	0.01	(0.01)
INR/CAD	-	-	0.04	(0.04)

## Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures arising from future forecasted revenues. 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

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Forward Contracts</b>		
In USD (March 31, 2020 - 69.10 lakhs, March 31, 2019 - 29.37 lakhs)	5,209.17	2,038.48
In EURO (March 31, 2020 - Nil, March 31, 2019 - 0.50 lakhs)	-	38.85
In CAD (March 31, 2020- 4.50 Lakhs, March 31, 2019- 0.00 Lakhs)	239.39	-



# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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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:

	As at 31 March 2020		As at 31 March 2019	
	Notional amount (in ₹ lakhs)	Average forward rate	Notional amount (in ₹ lakhs)	Average forward rate
Foreign exchange forward contracts (highly probable forecast sales)				
Not later than one month				
- In USD	196.00	72.55	449.61	68.35
- In EURO	-	-	38.85	86.22
Later than one month and not later than three months				
- In USD	1,017.71	72.71	484.20	71.09
Later than three months and not later a year				
- In USD	3,995.46	74.72	1,104.67	72.56
- In CAD	239.39	55.38	-	-

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Balance as at the beginning of the year</b>	(104.38)	(53.80)
Changes in fair value of effective portion of derivatives	(341.85)	(309.69)
Net gain reclassified to statement of profit and loss on occurrence of hedged transactions	44.54	259.11
Gain/(Loss) on cash flow hedging derivatives, net	(297.31)	(50.58)
<b>Balance as at the end of the year</b>	(401.69)	(104.38)
Deferred tax liability thereon	106.42	30.40
<b>Balance as at the end of the year, net of deferred tax</b>	(295.27)	(73.98)

## Interest rate risk

At 31 March 2020, the Company and ACAT had an interest rate swap agreement in place whereby the Company and ACAT pays a fixed rate of interest of 7.75% and receives interest at a variable rate equal to 6 months LIBOR+415 Bps on the notional amount. The swap is being used to hedge the exposure to changes in the variable interest rate on its 6 months LIBOR+415 Bps secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Company and ACAT uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the balance sheet as at 31 March 2020 and 31 March 2019 is, as follows:

	As at 31 March 2020		As at 31 March 2019		Line item in balance sheet where hedging instrument is disclosed
	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	
Fair value hedge					
<b>Interest rate risk</b>	<b>USD 73.07</b>	<b>217.19</b>	USD 98.26	148.97	Other Current and Non current Financial Liability
- Interest rate swap					

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The impact of the hedged item on the balance sheet as at 31 March 2020 and 31 March 2019 is, as follows:

	As at 31 March 2020		As at 31 March 2019		Line item in balance sheet where hedging instrument is disclosed
	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	Nominal amount (in lakhs)	Carrying amount (₹ lakhs)	
Fair value hedge					
<b>Interest rate risk</b> - Interest rate swap	5,484.63	217.19	6,749.74	148.97	Long Term borrowings and current Financial Liability.

## 43 DEFINED BENEFIT OBLIGATIONS

### A Defined benefit contributions

#### India

The Group makes contribution of statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952 for its Indian employees. This is a defined contribution plan as per Ind AS 19. Contribution made during the year ended 31 March 2020 is ₹ 865.69 lakhs [31 March 2019: ₹ 791.98 lakhs].

#### Overseas social security

The Group makes a contribution towards social security charges for its employees located at the respective branch offices in respective foreign geographies, that are defined contribution plans. The contributions paid or payable is recognised as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2020 is ₹ 1,617.21 lakhs [31 March 2019: ₹ 1,616.62 lakhs].

### B Defined benefit plans

The Group has provided for gratuity liability, for its Indian 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 Group is exposed to various risks in providing the above benefit which are as follows:

#### a Interest rate risk

The plan exposes the Group 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 Group is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/ 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 Group 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.

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(All amounts in ₹ lakhs, unless otherwise stated)

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

Particulars	Gratuity	
	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation at the beginning of the year	1,198.77	1,041.44
Current service cost	159.59	157.75
Interest cost	86.33	78.96
Benefits paid	(157.04)	(131.57)
Actuarial gain/ (loss) arising from change in financial assumptions	16.73	(36.53)
Actuarial loss arising from change in experience assumptions	37.77	66.41
Actuarial loss arising from change in demographic assumptions	29.51	22.31
Defined benefit obligation at the end of the year	<b>1,371.66</b>	<b>1,198.77</b>

**(ii) Reconciliation of present value of plan asset:**

Plan assets as at 1 April	129.99	28.27
Expected return on plan assets	10.21	2.82
Return on assets excluding interest income	4.86	(1.10)
Contributions	252.94	139.78
Benefits settled	(32.36)	(39.78)
Plan assets as at 31 March at fair value	<b>365.64</b>	<b>129.99</b>

**(iii) Reconciliation of net defined benefit asset/(liability)**

Present value of obligation as at March 31, 2020	(1,371.66)	(1,198.77)
Plan assets at March 31, 2020 at fair value	365.64	129.99
Amount recognised in balance sheet liability	<b>(1,006.02)</b>	<b>(1,068.78)</b>

**(iv) Components of costs are:**

<b>Employee benefits expense</b>		
Current service cost and past service cost	159.59	157.75
<b>Finance cost</b>		
Interest on defined benefit obligation	76.12	76.15
<b>Remeasurement loss</b>	79.15	53.29
Expenses recognised in the Statement of profit and loss for the year	<b>314.86</b>	<b>287.19</b>

**(v) Components Remeasurement losses/ (gains) in other comprehensive income**

Recognised net actuarial (gain) / loss arising from change in financial assumptions	16.73	(36.53)
Recognised net actuarial loss arising from change in demographic assumptions	37.77	22.31
Recognised net actuarial loss arising from experience variance	29.51	66.41
Expected return on plan assets	(4.86)	1.10
Remeasurement loss in other comprehensive income	<b>79.15</b>	<b>53.29</b>

**(vi) Investment details:**

	% Invested	% Invested
Insurer managed funds	99.84%	99.58%
Others	0.16%	0.42%

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

**(vii) The principal assumptions used in determining gratuity obligations for the Group's plans are disclosed below:**

	Year ended 31 March 2020	Year ended 31 March 2019
Discount rate	6.23%-6.95%	7.4% - 7.6%
Salary escalation rate	0%-17%	4.40% - 20%
Attrition rate	1%-29%	1% - 32%
Retirement age	58 years- 60 years	58 - 60 years
Mortality rate [as a percentage of Indian assured lives mortality (2006-2008)]	100%	100%

The assumptions were developed by management with the assistance of independent actuaries. 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.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

**A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, attrition 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			
	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (Increase or decrease by 1%)	(115.13)	129.52	(126.07)	100.94
Salary growth rate (Increase or decrease by 1%)	97.19	(89.28)	68.00	(104.78)
Attrition rate (Increase or decrease by 50% of attrition rates)	20.22	(32.86)	8.79	(67.53)
Mortality rate (Increase or decrease by 10% of mortality rates)	0.47	(0.48)	(20.63)	(22.48)

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 and assumptions used in preparing the sensitivity analysis from previous period.

**(viii) Effect of plans on Group's future cash flows**

The schemes are managed on an unfunded basis and hence, no funding arrangements or future contributions are applicable. The weighted average duration of the group's plan is estimated to be between 5.06 to 8 years (March 31, 2019: 6 to 10 years). Following is a collective maturity profile of the defined benefit obligation of the plans as at 31 March 2020.

Expected cash flows over the next: (valued on undiscounted basis)	Gratuity	
	As at 31 March 2020	As at 31 March 2019
1 year	143.53	105.97
2 - 5 years	503.26	398.31
6 - 10 years	504.79	272.52
More than 10 years	1,712.17	2,228.83

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 44 SEGMENT INFORMATION

Management currently identifies the Group's two service lines as its operating segments. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

The activities undertaken under Engineering design segment is involved in providing Product Design, Engineering, research and development services.

Under the Strategic technology solutions segment, integration services are provided for defence & offsets business. It includes partnering with major original equipment manufacturers (OEM's) in the areas of strategic electronics, avionics, radar data processing and electronic warfare etc.

The chief operating decision makers monitor the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Performance is internally assessed and evaluated based on the segment revenues and segment profits.

Segment information for the reporting period is as follows:

### A Segment revenues and profits

	Year ended 31 March 2020		Year ended 31 March 2019	
	Engineering design services	Strategic Technology Solutions	Engineering design services	Strategic Technology Solutions
<b>Revenue</b>				
From external customers	50,374.08	16,912.30	47,624.37	13,149.93
<b>Segment Revenues</b>	<b>50,374.08</b>	<b>16,912.30</b>	<b>47,624.37</b>	<b>13,149.93</b>
Segment Results	4,734.77	2,045.48	1,333.48	(1,491.50)
<b>Segment Results</b>	<b>4,734.77</b>	<b>2,045.48</b>	<b>1,333.48</b>	<b>(1,491.50)</b>

### Reconciliation of profit

	Year ended 31 March 2020	Year ended 31 March 2019
Segment profit / (loss)	6,780.25	(158.02)
Share in net profit/ (loss) of associate	15.72	(54.75)
Exceptional items	-	1,450.68
Finance costs	(2,830.39)	(2,357.41)
Unallocable income net of unallocable expenditure	(127.04)	280.14
<b>Profit / (Loss) before tax</b>	<b>3,838.54</b>	<b>(839.36)</b>

### B Segment assets and liabilities

	As at 31 March 2020		As at 31 March 2019	
	Engineering design services	Strategic Technology Solutions	Engineering design services	Strategic Technology Solutions
Segment assets	30,820.12	36,540.73	27,099.62	31,593.38
Segment liabilities	17,544.22	35,198.90	15,389.90	31,618.49

### B1 Reconciliation of Segment assets

	Year ended 31 March 2020	Year ended 31 March 2019
Total reportable segment assets	67,360.85	58,693.00
Unallocable assets	18,496.31	18,403.93
<b>Total Assets</b>	<b>85,857.16</b>	<b>77,096.93</b>

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## B2 Reconciliation of Segment liabilities

	Year ended 31 March 2020	Year ended 31 March 2019
Total reportable segment liabilities	52,743.12	47,008.39
Unallocable liabilities	1,156.74	1,231.45
<b>Total Liabilities</b>	<b>53,899.86</b>	<b>48,239.84</b>

## C The Group's revenues from external customers are divided into the following geographical areas:

	Year ended 31 March 2020	Year ended 31 March 2019
India (country of domicile)	11,447.64	13,198.05
Outside India	55,838.74	47,576.25
	<b>67,286.39</b>	<b>60,774.30</b>

Revenues from external customers in the Group's domicile, India, as well as its major markets, Europe and the USA, have been identified on the basis of the customer's geographical location.

## D The Group's non-current assets are divided into the following geographical areas (refer note below):

	Year ended 31 March 2020	Year ended 31 March 2019
India (country of domicile)	40,417.11	38,538.06
Outside India	245.36	72.78
	<b>40,662.47</b>	<b>38,610.84</b>

Non current assets of the Group are used interchangeably amongst geographical segments and are not allocable to any of the geographical segments. Assets have been therefore identified on the basis of their geographic location and not on the basis of usage.

Reportable assets for the purpose of this note constitute non-current assets other than financial assets and deferred tax assets.

## E Revenue from major customers

During the year, ₹ 15,471.02 lakhs (March 2019: ₹ 15,778.54 lakhs) of the Group's revenue from operations were generated from a single customer. The Group additionally placed reliance on another two customer for ₹13,367.72 lakhs (March 2019: ₹13,301.16 lakhs) and ₹7,117.76 lakhs (March 2019: 1,698.82) of its revenue from operations, who individually contribute more than 10% of the company's revenue from operations.

## 45 SHARE BASED PAYMENTS

The Group has the following Employees stock option schemes outstanding as at March 31, 2020:

### Employee Stock Option Plan 2010

The Board of Directors of MSPL approved the 'Mistral Solutions Private Limited Employee Stock Option Plan 2010' on 15 July 2010 and it is effective from 1 April 2010. The options granted have vesting period in the range of 1 to 4 years.

Particulars	31 March 2020	31 March 2019
Options outstanding as at beginning of the year	2,37,000	2,37,000
Options granted during the period	-	-
Number of options forfeited / lapsed during the year	-	-
Options vested during the period	-	-
Options exercised during the period	-	-
Shares allotted against options exercised during the period	-	-
Options outstanding at the end of the year	<b>2,37,000</b>	<b>2,37,000</b>
Options exercisable as at the year ended	2,37,000	2,37,000
Weighted average fair value of options	5.00	5.00

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. MSPL has not granted any option during the period 1 December 2017 to 31 March 2020.

## AXISCADES Engineering Employee Stock Option Plan- Series 1 & 2

The Company has two ESOP schemes titled "AXISCADES Engineering Employee Stock Option Plan- Series 1 & 2" under which option to subscribe for the Company's shares can be granted to certain executive and senior employees.

During the current year, the company has granted 9,02,300 options to certain executives and senior employees pursuant to the AXISCADES Engineering Employee Stock Option Plan- Series 2 ('scheme'). The exercise price of the share options is equal to the closing market price of the underlying shares on the date prior to the date of nomination and remuneration committee approval for the grant of options under the scheme. 50% of the share options will vest at the end of first year and remaining 50% at the end of second year from the date of grant of options;

The fair value of the options granted is estimated using Black-Scholes model of pricing, taking into account the terms and conditions upon which the share options were granted.

The share options can be exercised up to eight years from the grant date. There are no cash settlement alternatives. The Company accounts for the scheme as an equity-settled plan.

	31 March 2020	31 March 2019
Expense arising from equity-settled share-based payment transactions	171.88	-
Total expense arising from share-based payment transactions	171.88	-

## The movement in the options under the plan is set out below:

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

	31 March 2020		31 March 2019	
	Number	WAEP (₹)	Number	WAEP (₹)
Outstanding at 1 April	-	-	-	-
Granted during the year *	9,02,300	52.70	-	-
Forfeited during the year	(25,000)	52.65	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at March 31	8,77,300	52.70	-	-
Exercisable at March 31	-	-	-	-
Options exercisable as at the year/period ended	-	-	-	-

\* The weighted average share price at the date of exercise of these options was ₹ 52.70 (March 31 2019: Nil).

The weighted average remaining contractual life for the share options outstanding as at 31 March 2020 was 7.09 years (March 31 2019: Nil).

The weighted average fair value of options granted during the year was ₹ 29.31 (March 31, 2019: Nil).

The range of exercise prices for options outstanding at the end of the year was ₹ 52.65 to ₹ 52.95 (March 31 2019: Nil).

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	31 March 2020	31 March 2019
Weighted average fair values at the measurement date	29.31	-
Dividend yield (%)	-	-
Expected volatility (%)	59.90%	-
Risk-free interest rate (%)	6.95%-7.25%	-
Expected life of share options (years)	4.5 years	-
Weighted average exercise price (₹)	52.70	-
Model used	Black-Scholes	-

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## 46 DISCLOSURE IN ACCORDANCE WITH GUIDANCE NOTE ON ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES:

	Year ended 31 March 2020		Year ended 31 March 2019
a) Gross amount required to be spent by the Group during the year	23.84		63.88
(b) Amount spent during the year ending on 31 March, 2020:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	23.84	-	23.84
(c) Amount spent during the year ending on 31 March, 2019:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	63.88	-	63.88

47 During the year ended March 2020, the World Health Organization declared COVID-19 to be a pandemic which has impacted the business activities of the Group. The Group has been taking various precautionary measures to protect employees and their family from COVID-19. The Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these consolidated Ind AS financial statements, in determination of the recoverability and carrying value of the assets. Similarly, the Group has also evaluated its ability to meet the financial commitments to its lender etc. in view of the expected adverse impact of COVID-19 on its revenue and profitability. Based on the current estimates, the Group expects the carrying amount of these assets will be recovered. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates which may differ from that considered as at the date of approval of these Ind AS consolidated financial Statements. Given the nature of the pandemic, the Group will continue to closely monitor any material changes to future economic conditions.

## 48 TRANSFER PRICING

The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective 1 April 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing the Return of Income. The Group is in the process of updating the Transfer Pricing documentation for the financial year ended 31 March 2020 following a detailed transfer pricing study conducted for the financial year ended 31 March 2019. In the opinion of the Management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.



# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Sl. No	Name of the entity	Country of incorporation	Relationship as at 31 March 2020	Percentage of effective ownership interest held (directly and indirectly)		Net assets, i.e. total assets minus total liabilities		Share in total comprehensive income			
				As at 31 March 2020	As at 31 March 2019	As a % of consolidated net assets	As a % of consolidated net assets	As a % of total comprehensive income	As a % of total comprehensive income		
				₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs		
<b>A. Parent</b>	AXISCADES Engineering Technologies Limited	India	Holding Company								
				68.56%	21,910.36	78.22%	22,573.25	-22.62%	(696.17)	49.71%	(388.29)
<b>B. Subsidiaries</b>											
1	AXISCADES, Inc.	USA	Subsidiary	100%	1,986.84	3.23%	932.99	29.76%	915.91	-33.52%	261.85
2	AXISCADES UK Limited	United Kingdom	Step down subsidiary	100%	241.57	0.91%	262.38	-0.93%	(28.70)	-27.77%	216.95
3	AXISCADES Technology Canada Inc.	Canada	Subsidiary	100%	2,693.12	8.00%	2,309.37	10.16%	312.73	-49.65%	387.81
4	AXISCADES GmbH	Germany	Subsidiary	100%	45.61	0.11%	32.86	0.34%	10.50	-0.92%	7.20
5	AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.	China	Subsidiary	100%	(75.90)	-0.14%	(41.65)	-1.38%	(42.56)	3.16%	(24.69)
6	Cades Studec Technologies (India) Private Limited	India	Subsidiary	76%	1,859.34	5.65%	1,629.51	7.47%	229.83	-24.35%	190.24
7	AXISCADES Aerospace and Technologies Private Limited	India	Subsidiary	100%	11,598.17	35.80%	10,329.75	41.21%	1,268.41	332.53%	(2,597.57)
8	AXISCADES Aerospace Infrastructure Private Limited	India	Step down subsidiary	100%	7,845.75	27.34%	7,890.46	-1.45%	(44.71)	18.70%	(146.09)
9	Enertec Controls Limited	India	Step down subsidiary	100%	3,499.43	11.92%	3,441.05	1.90%	58.37	-1.44%	11.26
10	Mistral Solutions Private Limited	India	Subsidiary	100%	9,732.45	29.62%	8,548.45	39.95%	1,229.53	-214.91%	1,678.74
11	Aero Electronics Private Limited	India	Step down subsidiary	100%	(13.57)	-0.04%	(12.38)	-0.04%	(1.19)	0.15%	(1.15)
12	Mistral Technologies Private Limited	India	Step down subsidiary	100%	695.65	1.95%	562.55	4.32%	133.10	-20.86%	162.93
13	Mistral Solutions Inc.	USA	Step down subsidiary	100%	554.76	2.29%	660.14	-4.98%	(153.38)	12.63%	(98.67)
14	Mistral Solutions Pte Limited	Singapore	Step down subsidiary	100%	-	0.00%	-	0.00%	-	-	-
	Translation adjustment				-	-	-	1.57%	48.36	-4.86%	37.97
<b>Total</b>				195.80%	62,573.58	204.87%	59,118.72	105.28%	3,240.03	38.60%	(301.51)
<b>C. Minority Interest</b>											
	Cades Studec Technologies (India) Private Limited	India	Subsidiary	24%	(444.33)	-1.35%	(390.23)	-5.28%	(162.44)	61.40%	(479.63)
	Adjustment arising out of Consolidation				(30,171.95)	-103.51%	(29,871.40)	100.00%	3,077.59	100.00%	(781.15)
	<b>Consolidated net assets/ Total comprehensive income</b>			100.00%	31,957.30	100.00%	28,857.09	100.00%	3,077.59	100.00%	(781.15)

## 49 STATUTORY GROUP INFORMATION

The entities consolidated in the consolidated financial statements are listed below:

# Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## 50 PREVIOUS YEAR COMPARATIVES

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

### For S R Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration number: 101049W/E300004

Sd/-  
**per Sunil Gaggar**  
Partner  
Membership Number: 104315

Place: Bengaluru  
Date: June 27, 2020

For and on behalf of the Board of Directors of  
**AXISCADES Engineering Technologies Limited**  
CIN NO: L72200KA1990PLC084435

Sd/-  
**Sharadhi Chandra Babupampapathy**  
Chief Executive Officer and Executive Director  
DIN: 02809502

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Srinivas Anumanchipalli**  
Chief Financial Officer

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Sudhakar Gande**  
Non Executive Director  
DIN: 00987566

Place: Bengaluru  
Date: June 27, 2020

Sd/-  
**Shweta Agrawal**  
Company Secretary  
Membership No.: 14148

Place: Ghaziabad  
Date: June 27, 2020

## Notice

**NOTICE** is hereby given that the Thirtieth (30th) Annual General Meeting (AGM) of the members of **AXISCADES Engineering Technologies Limited** will be held on **Tuesday, 29 September 2020 at 5.00 p.m.** by way of Video Conferencing (VC) / Other Audio Visual Means ("OAVM") to transact the following businesses:

### ORDINARY BUSINESS

#### Item No. 1 Adoption of Audited Financial Statements

To receive, consider and adopt the Financial Statements of the Company for the year ended 31 March 2020 including the Audited Balance sheet as on 31 March 2020, the Statement of Profit and Loss and Cash Flow Statement, for the year ended on that date (including the consolidated financial statements) together with the report of the Board of Directors and Auditors thereon.

#### Item No. 2 Appointment of Director, Mr. David Bradley, liable to retire by rotation

To appoint a Director in place of Mr. David Bradley (DIN No.: 8380717), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

#### Item No. 3 Appointment of Mr. David M Walker as Non-Executive Non-Independent Director

**To consider, and if thought fit, to pass the following resolution as an Ordinary resolution:**

**RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. David Walker (DIN No.: 08764633), who was appointed as an Additional Director by the Board of Directors w.e.f. 29 June 2020 pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a recommendation from Nomination & Remuneration Committee and Board proposing his candidature for the office of a Director, be and is hereby appointed as a Non-Executive Non-Independent Director of the Company for 3 years effective from 29 June 2020 and is liable to retire by rotation."

#### Item No. 4. Appointment of Mr. Desh Raj Dogra as an Independent director

**To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT** pursuant to Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), Mr. Desh Raj Dogra (DIN No.: 0026775), being eligible and in respect of whom the Company has received a recommendation from Nomination & Remuneration Committee and Board proposing his candidature for the office of a Director, be and is hereby appointed as Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office for 2 years with effect from 29 September 2020 till 32<sup>nd</sup> Annual General Meeting."

#### Item No. 5. Appointment of Mr. Dhiraj Mathur as an Independent director

**To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT** pursuant to Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), Mr. Dhiraj Mathur (DIN No.: 08478137), being eligible and in respect of whom the Company has received a recommendation from Nomination & Remuneration Committee and Board proposing his candidature for the office of a Director, be and is hereby appointed as Non-Executive Independent Director of the Company, not subject to retirement by rotation, to hold office for 2 years with effect from 29 September 2020 till 32<sup>nd</sup> Annual General Meeting."

#### Item No. 6. Change of name of the Company

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of the Section 4(4) and other applicable provisions, if any, of the Act and subject to Regulation 45 of the SEBI (Listing Obligation & Disclosure Requirement) Regulations 2015, and the approval of the Central Government/any other authority as may be prescribed, the name of the Company be and is hereby changed from "**AXISCADES Engineering Technologies Limited**" to "**AXISCADES Technologies Limited**", with effect from the date of issue of fresh certificate of incorporation consequent to change of name, by the Registrar of Companies.

**RESOLVED FURTHER THAT** the name "**AXISCADES Engineering Technologies Limited**" wherever it occurs in the Memorandum of Association & Articles of Association of the Company and all other documents/papers etc. be substituted by the name "**AXISCADES Technologies Limited**".

**RESOLVED FURTHER THAT** any of the Non-Independent Director, CEO, CFO and/or Ms. Shweta Agrawal, Company Secretary, Authorised Persons (Authorised Signatories) of the Company, be and are hereby severally authorized to do all acts and deeds, settle all matters and things arising out of and incidental to the abovementioned change in the name of the Company and further take all such steps as they may, in their absolute discretion, deem necessary to give effect to this resolution.”

By Order of the Board of Directors  
For **AXISCADES Engineering Technologies Limited**

Sd/-

**Shweta Agrawal**  
Company Secretary

Place: Ghaziabad  
Date: 26.08.2020

**Registered office**

Block C, 2nd Floor, Kirloskar Business Park,  
Bengaluru-560024.  
CIN: L72200KA1990PLC0084435,  
e-mail : info@axiscades.com

**NOTES:**

- An explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses is annexed hereto and forms part of the Notice.
- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5 May 2020 read with circulars dated 8 April 2020 and 13 April 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the AGM through VC / OAVM, without the physical presence of Members. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
- ALTHOUGH, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/ HERSELF, BUT SINCE THIS MEETING IS BEING HELD THROUGH VC/OAVM UNDER THE FRAMEWORK OF MCA CIRCULARS ON ACCOUNT OF THREAT POSED BY COVID-19, WHERE PHYSICAL PRESENCE OF MEMBERS HAS BEEN DISPENSED WITH, THE FACILITY OF APPOINTMENT OF PROXY WILL NOT BE AVAILABLE. AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED HERETO.
- Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
- Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) shall send scan of certified true copy of the Board Resolution/ Authority letter etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Company at SECRETARY@AXISCADES.COM to attend the AGM.
- In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12 May 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice of 30th AGM and the Annual Report 2019-20 will also be available on the Company’s website www.axiscades.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of RTA- KFin Technologies Pvt. Ltd. (“KFin”) (earlier Karvy Computershare Pvt. Ltd.) at https://evoting.karvy.com or https://emeetings.kfintech.com/. Shareholders are requested to follow the process as guided below to enable the Company to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password

Physical Holding: Member may send an e-mail request to the Company at secretary@axiscades.com or to its RTA - KFin at einward.ris@kfintech.com along with

- scanned copy of the signed request letter mentioning your Name, Folio Number, Share certificate number, complete address, email address and mobile number, and
- scanned copy of self-attested PAN card

Demat Holding: Members holding shares in dematerialized mode are requested to register / update their email addresses with their relevant Depository Participant.

Alternatively, (for temporary registration for forthcoming 30th AGM only) member may follow the process mentioned above under- Physical Holding and send 16 digit DPID & Client ID in place of Folio No. along with scanned copy of self-attested Client Master copy or consolidated Demat Account Statement.

In case of any queries / difficulties in registering the e-mail address, Members may write to secretary@axiscades.com or einward.ris@kfintech.com.

- Members holding share certificate(s) in multiple accounts in identical names or joint accounts in the same order of names,

are requested to apply to Company's RTA- for consolidation of such shareholding into one account.

8. The shares of the Company are under compulsory Demat trading. Also, as per Listing Regulations, securities of listed companies can only be transferred in dematerialized form w.e.f. 1 April, 2019 except in case of transmission or transposition of securities. Therefore, Members holding shares in physical form are advised to convert their shares into dematerialized form in their own interest and convenience purpose.
9. All the documents referred to in the accompanying notice shall be available for inspection from the date of circulation of this notice up to the date of AGM. These documents along with the extracts from Register of Directors and Key Managerial Personnel & their shareholding and the Register of Contracts & Arrangements in which directors are interested shall be available for inspection in electronic mode during the meeting to any person having right to attend the meeting. All documents referred to in the Notice will also be available electronically for inspection by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to secretary@axiscades.com.
10. In case you have any query relating to the Annual Accounts you are requested to send the same to the Company Secretary at secretary@axiscades.com at least 10 days before the date of AGM so as to enable the management to keep the information ready for replying at the meeting.
11. Only registered Equity Shareholders, as on 22 September 2020, of the Applicant Company may attend and vote either in person by an authorised representative under Section 113 of the Companies Act, 2013 at the Equity Shareholders' meeting. The Annual Report is being sent to the shareholders whose mail id is registered with the Company as on 21 August 2020.
12. The Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. The shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA. Members holding shares in electronic form are requested to submit their PAN to their Depository Participant(s).
13. **Information relating to e-voting are as follows:**
  - i. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 (as substituted by Companies (Management and Administration) Amendment Rules, 2015) and Regulation 44 of the SEBI (LODR) Regulations 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by KFin Technologies Private Limited ("KFin"). The facility for voting through Poll will be made available at the meeting and the members attending the meeting who have not cast their votes by remote e-voting shall be able to cast their votes at the meeting through insta Poll.
  - ii. The members who have voted through remote e-voting may attend the AGM but shall not be entitled to cast their votes again.
  - iii. The Company has engaged the services of KFin as the Agency to provide e-voting facility.
  - iv. Voting rights shall be reckoned on the paid up value of equity shares registered in the name of the member/beneficial owner as on **22 September 2020, being the cut-off date.**
  - v. A person, whose name is appearing in the register of members or in the register of beneficial owners maintained by the depositories as on the **cut-off date i.e. 22 September 2020**, shall only be entitled to avail the facility of remote e-voting/ poll.
  - vi. Any person who becomes a member of the Company after emailing the Notice of the Meeting and holding shares as on the cutoff date may write to KFin Technologies Pvt. Ltd on their e mail ID einward.ris@kfintech.com, or KFin Technologies Private Limited (Unit: AXISCADES Engineering Technologies Limited) Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or contact Mr. Raj Kumar Kale on phone 040-67162222 requesting for User ID and password. After receipt of above credentials, a member may follow the instructions for e-voting to cast his votes.  
  
If the member is already registered with KFin Technologies Pvt. Ltd e-voting platform then he can use his existing User ID and password for casting his votes through remote e-voting.
14. The Board of Directors of the Company have appointed Mr. Anant Khamankar (Membership No. 3198) a Practising Company Secretary, Proprietor of M/s Anant B Khamankar & Co., Company Secretaries, Mumbai as the Scrutinizer, for conducting both remote e-voting and Poll voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the purpose.
15. The Scrutinizer, after scrutinizing the votes cast at the meeting by Poll and remote e-voting, will not later than forty eight hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. The Chairman shall declare the results within forty eight hours of the conclusion of the meeting.  
  
**The results declared along with the consolidated Scrutinizer's Report shall be placed on the website of the Company www.axiscades.com and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the Stock Exchanges.**
16. Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Meeting i.e. 29 September 2020.

**17. Instructions for e-voting**

- i) Members are requested to carefully read the instructions for e-voting before casting their vote.
- ii) The remote e-voting facility will be open only during the following voting period:

**Commencement of remote e-voting: 09:00 a.m. (IST) on Friday, 25 September 2020**

**End of remote e-voting: 05:00 p.m.(IST) on Monday, 28 September 2020**

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by KFin on expiry of remote e-voting period.

- iii) The procedure for remote e-voting is as under:

- a) Open your web browser during the voting period by typing the URL: <https://emeetings.kfintech.com>
- b) Enter the login credentials (i.e. User ID and password mentioned -in the email forwarding the Notice of AGM, or on the Notice of AGM, in case email id is not registered and physical copy of the Annual Report is being received by you). Your Folio No./DP ID Client ID will be your User ID. However, if you hold shares in demat form and you are already registered with Karvy for e-voting, you may use your existing User ID and password for casting your vote.
- c) After entering these details appropriately, click on "LOGIN".
- d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You will also be required to enter a secret question and answer of your choice to enable you to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- e) You need to login again with the new credentials.
- f) On successful login, the system will prompt you to select the Event Number for AXISCADES Engineering Technologies Limited, as mentioned in the email forwarding the Notice of AGM along with Annual Report of the company, in case members receiving the documents in electronic form and in the enclosed "Electronic Voting Particulars", in case of a members receiving the documents in physical mode.
- g) On the voting page you will see the Resolution Description and the options "FOR/AGAINST/ABSTAIN" for voting. Enter the number of shares (which represents the number

of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date, as mentioned above. You may also choose the option "ABSTAIN" in case you do not want to cast vote.

- h) You may then cast your vote by selecting an appropriate option and click on "Submit".
- i) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- j) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- k) Any person who becomes a member of the Company after emailing the Notice of the AGM and holding shares as on the cut-off date i.e. 22 September 2020, may obtain the User ID and password in the manner as mentioned below:
  - i) If the mobile number of the member is registered againstFolioNo./DPIDClientID,themembermaysend SMS : **MYEPWD**<space> E-Voting EVEN Number+Folio No. or DP ID Client ID to **9212993399**  
  
Example for NSDL:  
MYEPWD <SPACE> IN12345612345678  
Example for CDSL :  
MYEPWD <SPACE> 1402345612345678  
Example for Physical :  
MYEPWD <SPACE> XXXX1234567890
  - ii) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the relevant Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at e-mail ID: [khamankar@gmail.com](mailto:khamankar@gmail.com) with a copy marked to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). The scanned image of the above mentioned documents should be in the naming format "axiscades \_EVSNumber."
- m) Once the vote on a resolution is cast by a member, the Member shall not be allowed to modify it subsequently.

- n) In case of any queries, you may refer the 'Frequently Asked Questions (FAQs) for shareholders' and 'e-voting user manual for shareholders', available at the download section of <https://evoting.karvy.com> or contact KFin at 1800 345 4001 (toll free).

### 18. Attending the AGM through VC / OAVM

The Company will be providing VC/AOVM facility to enable the members to attend the AGM. Members who are entitled to participate in the AGM can attend the AGM or view the live webcast of AGM by logging on to the website of KFin at <https://emeetings.kfintech.com/> by using their remote e-voting credentials.

- a) Members are requested to follow the procedure given below:
- i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
  - ii. Enter the login credentials (i.e., User ID and password for e-voting).
  - iii. After logging in, click on "Video Conference" option.
  - iv. Then click on camera icon appearing against AGM event of AXISCADES Engineering Technologies Limited, to attend the Meeting.
- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
- c) Members are advised to use stable Wi-Fi or LAN connection to ensure smooth participation at the AGM. Participants may experience audio/video loss due to fluctuation in their respective networks.
- d) Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open from 25/09/2020 (9:00 a.m. IST) to 26/09/2020 (5:00 p.m. IST). Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
- e) The Members can join the AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
- a. Upto 1000 Members will be allowed to attend the AGM through VC / OAVM on first come, first served basis.
  - b. No restrictions on account of First come first served basis entry into AGM will be applicable to large shareholders (shareholders holding 2% or more shareholding),

Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee Auditors etc.

- c. Members under the category of Institutional Investors are encouraged to attend and vote at the AGM.
  - d. Members who need assistance before or during the AGM, can contact KFin on 040 -6716 2222 or call on toll free 1-800-34-54-001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
19. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

### 20. E-voting (insta poll) at the Meeting

After the items of Notice have been discussed, e-voting through insta poll will be conducted under the supervision of the scrutinizor appointed for voting. A person, whose name is recorded in the register of members or in register of beneficial owners maintained by the depositories as on the cut-off date of 22 September 2020 and who have not cast their vote by remote e-voting, and being present in the AGM, shall be entitled to vote at the AGM.

In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.

Facility to cast vote through Insta Poll will be made available on the Video Conferencing screen and will be activated once the Insta Poll is announced at the Meeting.

21. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date being 22 September 2020.
22. The Scrutinizer shall after the conclusion of voting at AGM first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours of the conclusion of AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or in his absence to his duly authorised Director / officer, who shall countersign the Scrutinizer's Report and shall declare the result forthwith.
23. The Scrutinizer's decision on the validity of the vote shall be final and binding.
24. The result declared along with the Scrutinizer's report shall be placed on the website of the Company ([www.axiscades.com](http://www.axiscades.com)) and on KFin's website (<https://emeetings.kfintech.com>) immediately after the result is declared and shall simultaneously be forwarded to National Stock Exchange of

India Limited and BSE Limited, the Stock Exchanges where the Company's shares are listed.

25. The recorded transcript of the AGM shall be maintained by the Company and also be made available on the website of the Company [www.axiscades.com](http://www.axiscades.com) in the `Investor` Section, at the earliest soon after the conclusion of the Meeting.

26. The resolutions will be deemed to be passed on the AGM date subject to receipt of requisite number of votes in favour of the resolutions.

By Order of the Board of Directors  
For **AXISCADES Engineering Technologies Limited**

Sd/-

Place: Ghaziabad  
Date: 26.08.2020

**Shweta Agrawal**  
Company Secretary

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO.3

Keeping in view the growth, operations and size of the Company and based on the recommendation of the Nomination Remuneration Committee, Mr. David Walker (DIN No.: 08764633) was appointed as an Additional Director in the capacity of Non-Executive Non-Independent Director of the Company by the Board of Director in their meeting held on 27 June 2020 pursuant to Section 161 of the Companies Act, 2013, read with Article 114 of the Articles of Association of the Company, with effect from 29 June 2020 for 3 years.

In terms of the provisions of Section 161 of the Act Mr. Walker will hold office up to the date of the ensuing Annual General Meeting. His appointment as such has been recommended by the Nomination and Remuneration Committee and Board of directors. The Company has received from Mr. Walker (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013.

#### Director's Profile

David Walker is currently President & CEO of Astra Consulting, an aerospace consulting group. Previously he was a Senior Vice President/Chief Technology Officer & Business Development for Spirit AeroSystems, responsible for leading the Spirit technical team and working with customers worldwide. In addition to having corporate responsibility for Engineering, Program Management and Business Development, he was also the Managing Director (Chairman) for the Spirit Progress tech Joint Venture in Russia. Prior to this he worked with Vought Aircraft Industries, which is part of Triumph group.

Mr. Walker shall constructively contribute to the development of the Company's strategy and shall be mentoring Senior Management of the Company (including its subsidiaries and Associates). To leverage the vast experience of Mr. Walker in the Aerospace industry, he will be working on Business Development activities for the Company's subsidiaries and will be compensated accordingly as will be mutually agreed between the respective subsidiary and him.

The resolution seeks the approval of the shareholders for appointment of Mr. David Walker, Non-Executive Director of the Company, subject to the compliance of the provisions of the Companies Act, 2013, from 29 June 2020.

This Notice has been issued pursuant to the above provisions of the Act and as required under Rule 13 of Companies (Appointment and Qualifications of Directors) Rules 2014, individual Notices have been sent through electronic mode to those members who have provided their e-mail addresses to the Company. This Notice has been also placed on the website of the Company at [www.axiscades.com](http://www.axiscades.com).

No director, key managerial personnel or their relatives, except Mr. Walker to whom the resolutions relate, is interested or concerned in the resolution.

### ITEM NO. 4 & 5

Based on the recommendation of Nomination and Remuneration Committee, consent received from below mentioned Directors, the Board of Directors proposes the appointment of Mr. Desh Raj Dogra (DIN No.: 00226775) and Mr. Dhiraj Mathur (DIN No.: 08478137) as Independent Directors, for the first term with effect from 29 September 2020 till 32nd Annual General Meeting, not liable to retire by rotation.

Mr. DR Dogra and Mr. Dhiraj Mathur are eligible and offer themselves for being appointed as an Independent Director effective 29 September 2020.

Mr. Pradeep Dadlani and Mr. KM Rustagi, Independent Directors will be completing their second term as Independent Directors in the Company on this AGM.

The Board and the Nomination & Remuneration Committee, considers their appointment as an Independent director of the Company to be beneficial and is in the interest of the Company. The Board recommends the resolution for approval of the members.

The Company has received a declaration from them to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").



Mr. Dogra holds a Bachelor's and a Master's degree in Agriculture from Himachal Pradesh University and MBA from Faculty of Management Studies, University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has over 37 years of experience in the financial sector in the areas of banking and credit rating. He also worked closely with the Ministry of Finance, Govt. of India, where CARE has prepared a dossier on the Indian Economy as well as white papers on both the equity and debt markets for the Ministry.

Mr. Mathur is B.Tech; IIT Delhi, Masters in Economic Policy Management; Columbia University, New York, MBA (Finance); Pace University, New York, M.Phil (International Economics); New School University, New York. He has expertise and understanding of strategic issues and regulatory regimes in a wide range of sectors. He has more than 30 years of experience in varied sectors. His areas of specialisation include public policy, sectoral regulatory regimes, Defence Procurement Procedures (DPP), localisation and defence offset policies, state incentives schemes, FDI and Industrial Licensing policies, exchange control laws, TRM and foreign trade policy.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives except to the extent of their

shareholding in the Company and except Mr. DR Dogra & Mr. Dhiraj Mathur, to whom the resolution relate, are in any way concerned or interested, financially or otherwise in the Resolution set out at Item No.4 & 5 of the Notice.

#### **ITEM NO. 6**

The Registrar of Companies, vide its letter dated 17 July 2020 (as shall stand renewed) has made available the new proposed name "AXISCADES Technologies Limited" to the Company.

The provisions of the Companies Act, 2013, inter alia, require approval of the Members of the Company by way of a Special Resolution for change of name of the Company and for consequential alteration of Memorandum and Articles of Association of the Company.

The Board of Directors of your Company recommends the passing of the resolutions set-out as a Special Resolution in terms of Section 4(4), 13, 14, of the Companies Act, 2013.

None of the Directors is in any way concerned or interested in this Resolution.

Your Directors recommend the Resolution as set out in this Notice for your approval.

## Additional information on Directors recommended for appointment / re-appointment as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015



### MR. DAVID BRADLEY

Mr. Bradley is an MBA from Warwick University UK, Bachelor of Science in Engineering and was elected Fellow of the Institute of Mechanical Engineers.

Date of Birth: 21.04.1961

He does not hold Directorship in any other listed entity and is a member of the Audit Committee and Stakeholders Relationship Committee of the Board of your Company.

He is not related to any Director inter-se and does not hold any shares of the Company.



### MR. DAVID WALKER

Mr. Walker graduated cum laude from Vanderbilt University (mechanical engineering). He also graduated with an honors fellowship Master's degree in engineering.

David Walker is currently President & CEO of Astra Consulting, an aerospace consulting group.

Date of Birth: 04.04.1951

He does not hold Directorship in any other listed entity and is not a member of any statutory Committee of the Board.

He is not related to any Director inter-se and does not hold any Equity share of the Company.



### MR. DR DOGRA

He holds a Bachelor's and a Master's degree in Agriculture from Himachal Pradesh University and MBA from Faculty of Management Studies, University of Delhi. He is a certified associate of the Indian Institute of Bankers. He has over 37 years of experience in the financial sector in the areas of banking and credit rating.

Date of Birth: 21.09.1954

Directorship in any other listed entity: Mr. DR Dogra holds directorship in S Chand & Company Ltd., Welspun Corp Limited and Sintex Plastics Technology Limited.

Committee membership: Mr. Dogra is a member of the Audit Committee of the Board of the above listed entities.

He is not related to any Director inter-se and does not hold any Equity share of the Company.



### MR. DHIRAJ MATHUR

Mr. Mathur is B.Tech; IIT Delhi, Masters in Economic Policy Management; Columbia University, New York, MBA (Finance); Pace University, New York, M.Phil (International Economics); New School University, New York. He has expertise and understanding of strategic issues and regulatory regimes in a wide range of sectors. He has more than 30 years of experience in varied sectors.

Date of Birth: 11.09.1958

Directorship in any other listed entity: NIL

Committee membership: NIL

He is not related to any Director inter-se and does not hold any Equity share of the Company.







**AXISCADES Engineering Technologies Limited**  
Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560 024  
[www.axiscades.com](http://www.axiscades.com)

