

August 26, 2024

The Manager
Dppt. Of Corporate Services
BSE Limited
Phirozee Jeejeebhoy Tower, Dalal Street
Mumbai 400 001
BSE Scrip Code: 532395

Listing Department
The National Stock Exchange of India Limited
Exchange Plaza, 5 Floor, Plot C/1, G Block
Bandra – Kurla Complex, Bandra(E),
Mumbai 400 051
NSE Symbol: AXISCADES

Dear Sir/Madam,

Sub.: Annual Report for FY 2023-24 and Notice of the 34th Annual General Meeting of the Company

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the following which are being sent to the members of the Company:

1. Notice of the 34th Annual General Meeting of the Company scheduled to be held on Wednesday, 18th September 2023 at 05:00 P.M. (IST) through Video Conference (VC) / Other Audio Visual Means (“OAVM”)
2. Annual Report for FY 2023-24.

The Annual Report along with the Notice is also available on the Company’s website of the Company at <https://www.axiscades.com>.

Kindly take the above information on record.

Yours faithfully,
For **AXISCADES Technologies Limited**

Sonal Dudani
Company Secretary & Compliance Officer

Encl: A/a

AXISCADES Technologies Limited
(Formerly AXISCADES Engineering Technologies Limited)
CIN No.: L72200KA1990PLC084435

Reg. Office: Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560024, Karnataka, INDIA
Ph: +91 80 4193 9000 | Fax: +91 80 4193 9099 | Email: info@axiscades.com | www.axiscades.com

ENGINEERING INNOVATION

ANNUAL REPORT 2023-24



TABLE OF CONTENTS

| | |
|---|-----|
| Corporate Information | 01 |
| About AXISCADES | 02 |
| Chairman's Letter to Shareholders | 04 |
| Letter from CEO & MD | 06 |
| Engineering Innovation | 09 |
| Our Business Model | 20 |
| Our ER&D Capabilities | 22 |
| Industry Verticals | 24 |
| Financial Highlights | 26 |
| Revenue by Business | 27 |
| ESG Aspects of AXISCADES | 40 |
| Board of Directors | 42 |
| Key Managerial Personnel | 43 |
| Human Capital | 45 |
| Management Discussion & Analysis | 52 |
| Board's Report | 66 |
| Business Responsibility & Sustainability Report | 98 |
| Report on Corporate Governance | 128 |
| Independent Auditor's Report | 144 |
| Standalone Balance Sheet | 154 |
| Standalone Statement of Profit and Loss | 155 |
| Standalone Statement of Cash Flows | 156 |
| Standalone Statement of Changes in Equity | 157 |
| Notes to Standalone Financial Statements | 158 |
| Independent Auditor's Report | 223 |
| Consolidated Balance Sheet | 231 |
| Consolidated Statement of Profit and Loss | 232 |
| Consolidated Statement of Cash Flows | 233 |
| Consolidated Statement of Changes in Equity | 234 |
| Notes to Consolidated Financial Statements | 236 |
| Notice of the Annual General Meeting | 321 |

Corporate Information

Corporate Information

BOARD OF DIRECTORS

MR. ABIDALI NEEMUCHWALA

Chairman and Non-Executive Director
(Appointed: 04th October 2023)

MR. ARUN KRISHNAMURTHI

Chief Executive Officer and Managing Director

MR. DESH RAJ DOGRA

Independent Director

MR. DHIRAJ MATHUR

Independent Director

MS. MARIAM MATHEW

Independent Woman Director

MR. TANMOY CHAKRABARTY

Independent Director
(Appointed: 13th July 2024)

MR. VENKATRAMAN VENKITACHALAM

Non-Executive Director

MR. DAVID ABIKZIR

Non-Executive Director

DR. S. CHRISTOPHER

Non-Executive Director
(Appointed: 30th June 2023)

MR. DAVID BRADLEY

Chairman and Non-Executive Director
(Upto: 28th September 2023)

MR. DAVID WALKER

Non-Executive Director
(Upto: 28th June 2023)

MR. SHARADHI CHANDRA BABU PAMPAPATHY

Non-Executive Director
(Upto: 28th September 2023)

MR. SHASHIDHAR SK

Group Chief Financial Officer

MS. SONAL DUDANI

Company Secretary (CS) & Compliance Officer

SECRETARIAL AUDITOR

MR. ANANT KHAMANKAR

Practicing Company Secretary, Mumbai

STATUTORY AUDITORS

M/S. S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants, Bengaluru

INTERNAL AUDITOR

M/S. ASA ASSOCIATES

Chartered Accountants, New Delhi

REGISTERED OFFICE/ CORPORATE OFFICE

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

CIN: L72200KA1990PLC084435

Email: info@axiscades.in

Website: www.axiscades.com

LISTED AT

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED
BSE LIMITED**

REGISTRAR AND SHARE TRANSFER AGENT

KFIN TECHNOLOGIES LIMITED

Tower – B, Plot No 31 & 32, Selenium Building,
Financial District, Nanakramguda, Gachibowli,
Hyderabad – 500 032, Telangana, India

Email Id: einward.ris@kfintech.com

Contact No.: 18003094001

PRINCIPAL BANKERS

HDFC Bank Limited

RBL Bank Limited


As per circular from Ministry of Corporate Affairs, the physical copy of Annual Report will not be sent to the shareholders. Shareholders will receive the Annual Report only through e-mail registered with the Company.



ABOUT **AXISCADES**



AXISCADES Technologies Ltd. ranks among the leading engineering and R&D (ER&D) companies, providing comprehensive engineering and technology solutions for global manufacturers across diverse sectors like aerospace, defence, automotive, energy, electronics, and heavy engineering.



AXISCADES Technologies Ltd. is a leading provider of ER&D solutions across the aerospace, defence, automotive, energy, electronics, and heavy engineering sectors.

In Aerospace, with our deep domain expertise in areas like Structures & Cabin Engineering, Plant Engineering, Electrical Wiring & System Installation and DoA Signatory Delegation, we empower customers to stay ahead of the technology curve.

In the Defence sector we specialise in Electronic Radars Sonars and Telemetry. Through its subsidiary Mistral Solutions, AXISCADES is an integral part

of various defense programs and homeland security solutions Warfare Systems, Avionics, and comprehensive system integration, alongside offerings like Simulators, Test Solutions, Drones & Anti-Drone Systems, and Mobile C4ISR platforms. Our automotive solutions encompass CASE, SDV, and ADAS technologies, supporting the entire lifecycle from design to manufacturing.

With over 35 years in Heavy Engineering, we excel in machine design, engineering software development, and digital manufacturing, ensuring efficiency and reliability. For the Oil & Gas industry, we deliver

end-to-end solutions, including Project Management, Automation, Instrumentation, and Pipeline Design, enhancing operational safety and efficiency.

In renewable energy, our expertise spans Wind Analysis & Siting, Engineering PLM, and Mechanical & Electrical Engineering services, driving innovation and sustainability.

AXISCADES is dedicated to creating innovative, sustainable, and safer products by partnering with major global manufacturers. Our engineering skills and deep industry knowledge allow us to solve complex problems and deliver exceptional results across various industries.



CHAIRMAN'S LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

I am privileged to address you as the Chairman of AXISCADES. As we reflect on our achievements and outline strategies for future growth, I am filled with optimism on the future trajectory of AXISCADES. Our focus on business performance, coupled with governance, leadership, environmental, social, and governance (ESG) principles continues to drive our progress.

GOVERNANCE AND LEADERSHIP

At AXISCADES, we recognise that strong governance is the bedrock of sustainable growth. Our Board

of Directors, comprising a blend of experienced professionals and industry veterans, provides the strategic direction and oversight necessary to navigate the complexities of our business environment. We are committed to upholding the highest standards of corporate governance, ensuring transparency, accountability, and integrity in all our operations.

Our leadership team has been instrumental in steering the company through various challenges. Their ability to adapt, innovate, and lead has been crucial in maintaining our competitive edge. We have continued

to invest significantly in talent development, fostering a culture of continuous learning and leadership at all levels of the organisation, ensuring a strong pipeline of future leaders.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) COMMITMENT

AXISCADES is deeply committed to integrating ESG principles into its business strategy. This commitment is not just an ethical imperative, but also a driver of long-term value creation. Our ESG initiatives, built upon key pillars, guide our efforts to minimize our environmental footprint, enhance social impact, and strengthen governance frameworks. For example, our ISO 14001 certification for Environmental Management Systems underscores our dedication to efficient water use, waste management, and energy consumption optimization, ensuring compliance with legal requirements and reflecting our proactive approach to environmental stewardship.

On the social front, we strongly emphasise fostering an inclusive and equitable workplace. Our commitment to diversity, equity, and inclusion is reflected in our hiring practices, employee engagement initiatives, and continuous efforts to create an environment where all employees can thrive. Additionally, we prioritise our employees' well-being, health, and safety through comprehensive health programs, Employee Assistance Programs (EAP) for mental health support, and educational webinars on health-related topics. From a governance perspective, we uphold the highest standards of corporate governance with an Enterprise Risk Management Framework encompassing continuous risk monitoring and timely mitigation measures. Our information systems

and cybersecurity infrastructure, validated by industry-recognized certifications, further bolster our resilience, ensuring data protection and system availability.

We are also committed to enhancing our Business Responsibility and Sustainability Reporting (BRSR) and continually improving our ESG disclosures.

PERFORMANCE AND INDUSTRY CONTEXT

AXISCADES operates in the Engineering Research and Development (ER&D) sector, a critical component of the global industrial landscape. ER&D companies like ours are pivotal in driving innovation, enhancing productivity, and creating value across industries. We cater to various sectors, including aerospace, defence, automotive, heavy engineering, energy, and healthcare, providing cutting-edge engineering solutions that address complex challenges.

The past year has been a testament to our resilience and adaptability. Despite global economic uncertainties, we have delivered robust financial performance driven by our strong order book, strategic partnerships, and relentless focus on operational excellence. Our revenue growth, profitability, and cash flow generation have been commendable, reflecting our ability to leverage market opportunities and execute effectively.

Our aerospace and defence segment continues to contribute significantly to our growth. We have deepened our engagement with global OEMs, expanded our service offerings, and enhanced our value proposition. The automotive sector, too, has shown promising trends, with increasing demand for advanced engineering

solutions driven by the shift towards electric and autonomous vehicles.

The past year also saw us raising additional capital with participation from Institutional Investors, which will enhance the quality of our balance sheet as well as capital table.

In the energy sector, we have made notable progress in providing engineering services for renewable energy projects, aligning with global trends towards sustainability.

FUTURE OUTLOOK

As we look ahead, we remain focused on leveraging our core strengths to capitalise on emerging opportunities. The global aerospace and defence industry is experiencing significant growth and transformation, with commercial and defence segments witnessing increased demand. The commercial sector is recovering robustly post-pandemic, with air travel expected to exceed pre-pandemic levels by 2024-2025. Geopolitical instability drives defence budgets higher as nations prioritise preparedness and modernise their military capabilities. Technological advancements in AI, machine learning, additive manufacturing, and digital twin technology are reshaping production methods, increasing efficiency, and enabling data-driven decision-making.

The automotive industry also demonstrates robust growth, with significant increases in production across various regions. AI and generative AI are enabling digital twins becoming integral to manufacturing and engineering operations, enabling more intelligent data use, better product designs, and enhanced customer experiences. The transition to clean energy solutions is gaining momentum in the energy sector, with investments in carbon capture, hydrogen, and biofuels.

We also recognize the transformative potential of Industry 4.0 technologies, which integrate cyber-physical systems, the Internet of Things (IoT), and cloud computing into manufacturing and industrial processes. These advancements will drive operational efficiency, reduce costs, and enhance our ability to deliver customized solutions to our clients.

Furthermore, the growing importance of cybersecurity cannot be overstated. As we continue to expand our digital footprint, we are committed to investing in state-of-the-art cybersecurity measures to protect our assets, data, and client information from evolving threats. This will ensure our long-term resilience and the trust of our stakeholders.

We will continue prioritising innovation, investing in research and development to stay ahead of industry trends and deliver superior value to our clients. Our strategic initiatives, including expanding our global footprint, forging new partnerships, and enhancing our service portfolio, will drive our growth trajectory.

In conclusion, I sincerely thank you for your unwavering support and trust in AXISCADES. Our achievements are a testament to the collective efforts of our employees, partners, and stakeholders. As we embark on the next phase of our journey, I am confident that our commitment to operational excellence, governance, leadership and ESG principles will propel us towards greater heights.

Thank you for your continued faith in AXISCADES.

Sincerely,

ABIDALI NEEMUCHWALA

Chairman and Non-Executive Director



business model and the effectiveness of our strategic initiatives. The overall revenue growth was primarily driven by a 21% increase in our Engineering Services, led by strong performance in Aerospace, Automotive, and Energy verticals.

On the people front, we have made significant strides in improving our employee journey. Our attrition rates decreased, a testament to our commitment to employee well-being and our continuous efforts to enhance employee engagement activities and better manage the employee experience.

STRATEGIC ACQUISITIONS

Our strategic acquisitions have been instrumental in our growth strategy, bringing in new and niche capabilities while expanding our market reach. The acquisition of EPCOGEN has significantly bolstered our capabilities in the energy sector. This strategic move has enhanced our presence in

LETTER FROM CEO & MD

DEAR STAKEHOLDERS,

I am pleased to report that fiscal year 2024 has been a momentous year for AXISCADES Technologies Limited. Our company has demonstrated remarkable resilience and strong operational performance in key verticals despite global macroeconomic volatility and challenges in several industry verticals. We successfully concluded a qualified institutional placement, made two acquisitions, acquired new logos, strengthened our strategic relationship with several OEMs and strategic customers, had several deal wins, retired high-cost debt and strengthened our balance sheet.

PERFORMANCE HIGHLIGHTS

In FY24, we surpassed the previous highest revenue of FY23 and set new benchmarks for successive years. We achieved a 17% increase in sales revenue, reaching INR 952 crores. Our EBITDA stood at INR 130 crores, and our PAT was INR 33 crores, marking a substantial turnaround from the previous fiscal year. The 60% reduction in net borrowings was another commendable achievement, which will significantly reduce our finance costs in the coming years.

Our Defence production revenues tripled, and our order pipeline thrived, reflecting the robustness of our

the energy markets of the Middle East and North America and facilitated cross-selling opportunities among our established oil & gas clientele and industrial product customers. Integrating EPCOGEN's capabilities with AXISCADES is expected to fortify our position in complex project engineering and execution, paving the way for a promising future.

Additionally, our acquisition of add solution GmbH, a German company specialising in automotive design and development, has significantly boosted our expertise in Electrical Distribution Systems, software development, wiring systems component engineering, and

We see significant opportunities in the Defence sector, with production ramping up and a robust pipeline of orders. The increasing demand for radars, drones, and other advanced defence and electronic warfare systems underscores our strategic investments in this sector.

automation for global automotive OEMs. This acquisition has not only expanded our footprint in Europe, a key automotive hub but also enhanced our ability to drive innovation. The amalgamation of add solution GmbH creates cross-selling opportunities and positions AXISCADES as a comprehensive solutions provider, aligning with our vision of becoming a leading solutions provider to the automotive industry.

SECTOR PERFORMANCE

In the defence sector, production revenues have significantly increased owing to the design wins of prior years, enhancing the margin profile in this sector. After successful trials, we have also started delivery of the first-of-its-kind Man Portable Counter Drone System to the Ministry of Defence. We continue to develop prototypes in radar, sonar and telemetry systems for prestigious defense programs, which will add to the future pipeline of orders.

In the aerospace sector, we are positioned to achieve industry-leading growth rates, supported by substantial opportunities with OEMs in manufacturing processes and assembly lines. We have secured a large OEM deal worth \$18 million, to be executed over the next three to five years.

The automotive sector achieved above-industry-average growth, driven by synergised capabilities and deepened relationships with our customer base across Europe and APAC. Our pivot to advanced

solutions such as reusable components, CASE technologies and other new-age automotive solutions position us well for continued success. The acquisition of add solution will provide further impetus to make inroads into this sector.

The energy sector has seen a remarkable 79% growth, driven by growing relationships with our customers and the addition of EPCOGEN's capabilities.

STRATEGIC FOCUS AND FUTURE OUTLOOK

Our strategy leverages our diverse capabilities to drive long-term growth and value creation. We have strengthened our balance sheet by retiring high-cost debt and improving our financial health, allowing us to invest in new technologies, expand our R&D capabilities, and enhance our service offerings across the entire product life cycle.

We are committed to capitalising on this growth momentum and delivering stronger performances. Our digital and embedded services are also expected to grow at a healthy pace, driven by increasing global demand for innovative solutions.

DIGITAL INITIATIVES

The Engineering and R&D sector is set to lead global advancements, and AXISCADES is well-positioned to be at the forefront of this transformation. Our investments in IoT, AI, and analytics for intelligent manufacturing, combined with innovations in aerospace, automotive, heavy engineering and energy, highlight our

commitment to industry-wide change and fostering a sustainable future. Our expertise in intelligent product engineering and manufacturing, CASE technologies, aerospace advancements, renewable energy, oil and gas, and embedded solutions showcases our dedication to revolutionising industries and creating a brighter, more efficient future.

As part of our future outlook, our digital initiatives are set to strengthen the company's growth trajectory further. Our focus on agile development processes, enhanced digital infrastructure, and internal automation is poised to improve operational efficiency and product quality. Developing a machine vision-based quality inspection system for AOL validation and implementing AR/VR/3D capabilities are significant steps towards modernising our capabilities. These initiatives are expected to drive efficiencies, reduce costs, and open new avenues for growth, particularly in sectors such as aerospace, automotive and heavy engineering.

FOCUS ON ESG

As we reflect on our journey and look forward to the future, I am pleased to highlight the significant strides AXISCADES has made in integrating Environmental, Social, and Governance (ESG) principles into our core strategies. ESG is a fundamental business model component, driving long-term growth and value for all stakeholders. Our initiatives to reduce our carbon footprint, enhance workplace diversity, and maintain high corporate governance standards

We anticipate production revenues growing steadily, with our R&D investments from prior years and expertise bearing fruit. Our Design Wins are providing valuable contributions to a range of advanced upcoming indigenous programs and enabling the nation's self-reliance. These projects will further boost our role as a key player in the Indian defence technology ecosystem.

demonstrate our commitment to sustainable practices. By embedding ESG principles into our operations, we ensure AXISCADES remains resilient and responsible.

CONCLUDING REMARKS

As I stated in my letter last year, we embarked on significant projects to enhance our capabilities and market presence. Our collaboration with key clients have strengthened, leading to increased revenues and extended contracts. Our partnerships in the industry and academia have progressed well, encouraging transformative research and solutions for the futuristic industry requirements.

Our acquisition of Mistral continues to enhance our embedded product engineering and defence capabilities. We have successfully integrated Mistral's skills into our operations, enabling us to penetrate new verticals and strengthen our market position. The new delivery centre in Broughton, United Kingdom, has positioned us to gain more market share from existing and new clients in the aerospace sector.

In the heavy engineering segment, we have launched new initiatives in digital and analytics, and we are optimistic about growth as we advance. Our strategic investments in the promising Automotive and Energy segments

have built a strong foundation for future growth, which we expect to play a significant role in our revenue expansion moving forward.

I am confident that with our dedicated team, strong market position, and clear strategic direction, we will continue to achieve our ambitious goals and deliver exceptional value to our stakeholders. Our focus on engineering innovation across various sectors positions us well to lead global advancements and drive industry transformation.

Thank you for your continued support and confidence in our company.

Sincerely,

ARUN KRISHNAMURTHI
Chief Executive Officer and
Managing Director

AXISCADES embodies “Engineering Innovation” by fostering a culture where creativity and advanced technology converge to solve complex challenges across diverse sectors. Our commitment to innovation is ingrained in our DNA, driving us to continually push the boundaries of what is possible. At AXISCADES, we integrate IoT, AI, and analytics to optimise production in intelligent manufacturing, enhancing efficiency and quality while reducing costs and downtime.

ENGINEERING **INNOVATION**

By continuously innovating, we create substantial value for our customers. In Aerospace and Defence, we revolutionise design and maintenance with Additive Manufacturing and Digital Twins, providing cutting-edge solutions for both sectors. Our Automotive solutions drive the future of transportation with Advanced Driver Assistance Systems (ADAS) and Electric Vehicle technologies. We lead in the Oil & Gas and Renewable Energy sector by designing projects, wind farms and implementing smart grid technologies. In Heavy Engineering, our advanced design solutions optimise production processes. Through relentless innovation, AXISCADES delivers engineering solutions that transform industries and create a brighter, more efficient future.

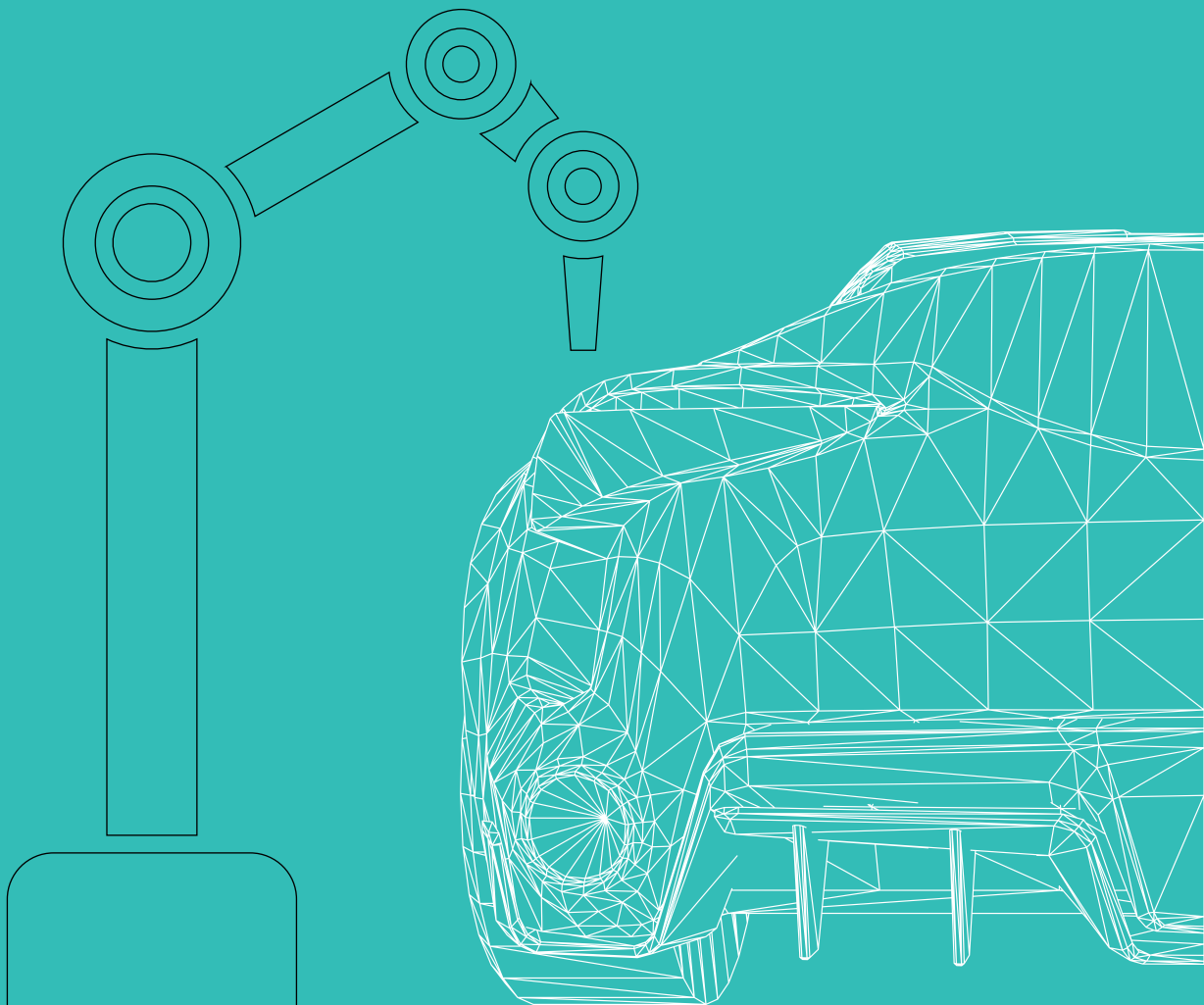


ENGINEERING INNOVATION

SMART MANUFACTURING AND INDUSTRY 4.0

Smart manufacturing is a game-changer in the industry. It harnesses the power of IoT, AI, machine learning, and real-time data analytics to establish highly efficient, adaptive, and intelligent production environments. This transformation is not just about making factories 'smart' but about enhancing productivity, quality, and flexibility, reducing costs and downtime, opening up a world of possibilities, and inspiring a new manufacturing era.

AXISCADES distinguishes itself in the realm of Intelligent and Virtual manufacturing services. Our end-to-end engineering solutions help clients transition into the reality of Beyond Industry 4.0. We seamlessly integrate traditional manufacturing processes with advanced technology to enhance automation, communication, and real-time data utilisation. By creating intelligent systems, we optimise manufacturing processes and ensure seamless, efficient operations.



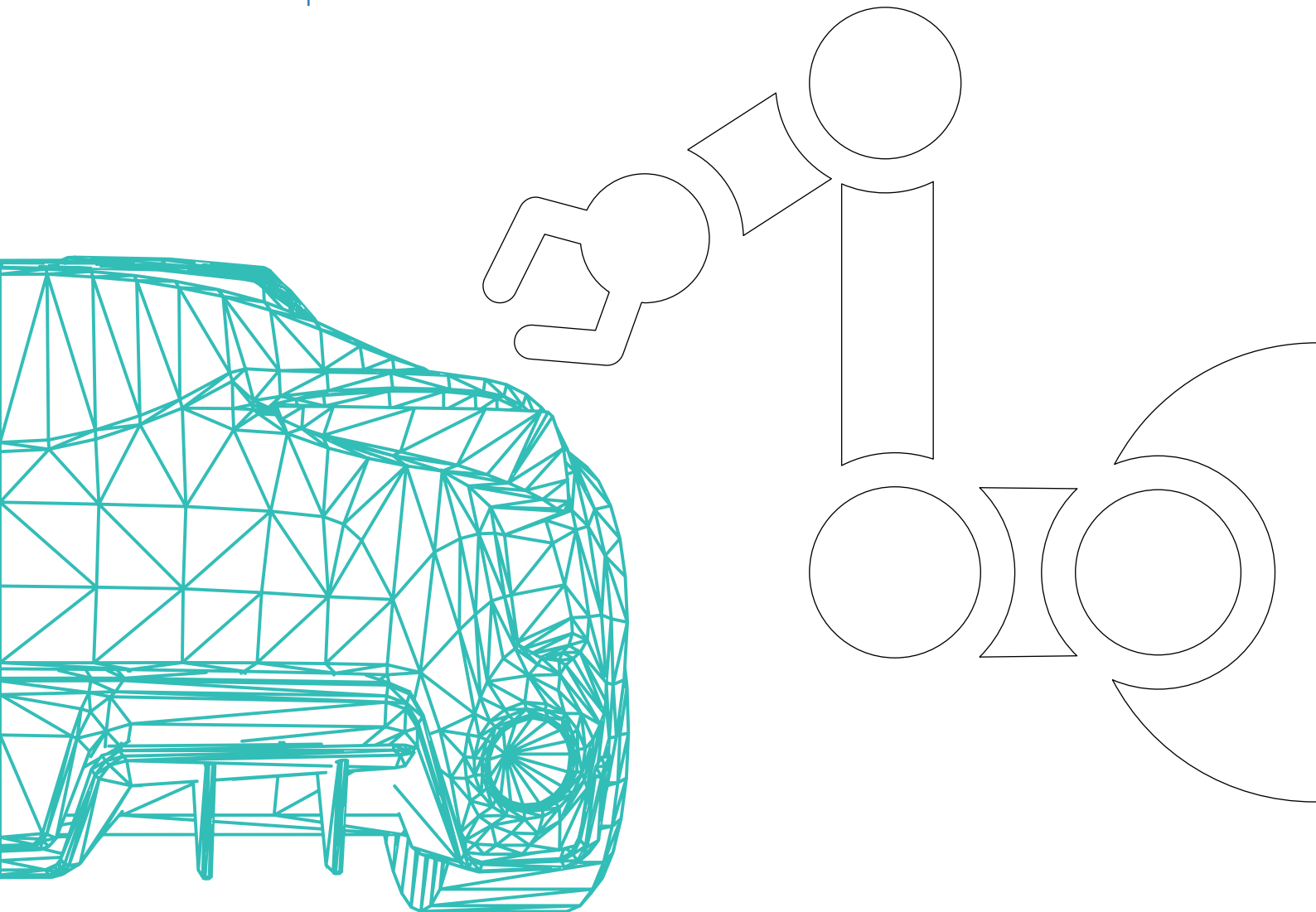
ENGINEERING **INNOVATION**

AUTONOMOUS AND ELECTRIC VEHICLES

The automotive industry is on the brink of a profound transformation with the advent of autonomous and Electric Vehicle (EV) technologies. These technologies represent the future of transportation, offering safer, more efficient, and environmentally friendly solutions. Autonomous cars, equipped with advanced sensors, AI, and machine learning, are revolutionising how we travel. EVs are reducing our reliance on fossil fuels, paving the way for a greener future. This transformation is driven by continuous innovation and a commitment to sustainability.

We have pivoted to build comprehensive capabilities enabling the transformation of urban mobility in terms of CASE (“Connected,” “Autonomous,” “Shared,” and “Electric”), SDV (Software Defined Vehicles), and ADAS (Advanced Driver Assistance Systems).

By partnering with major automotive manufacturers, AXISCADES is accelerating the adoption of these groundbreaking technologies, shaping the future of transportation.

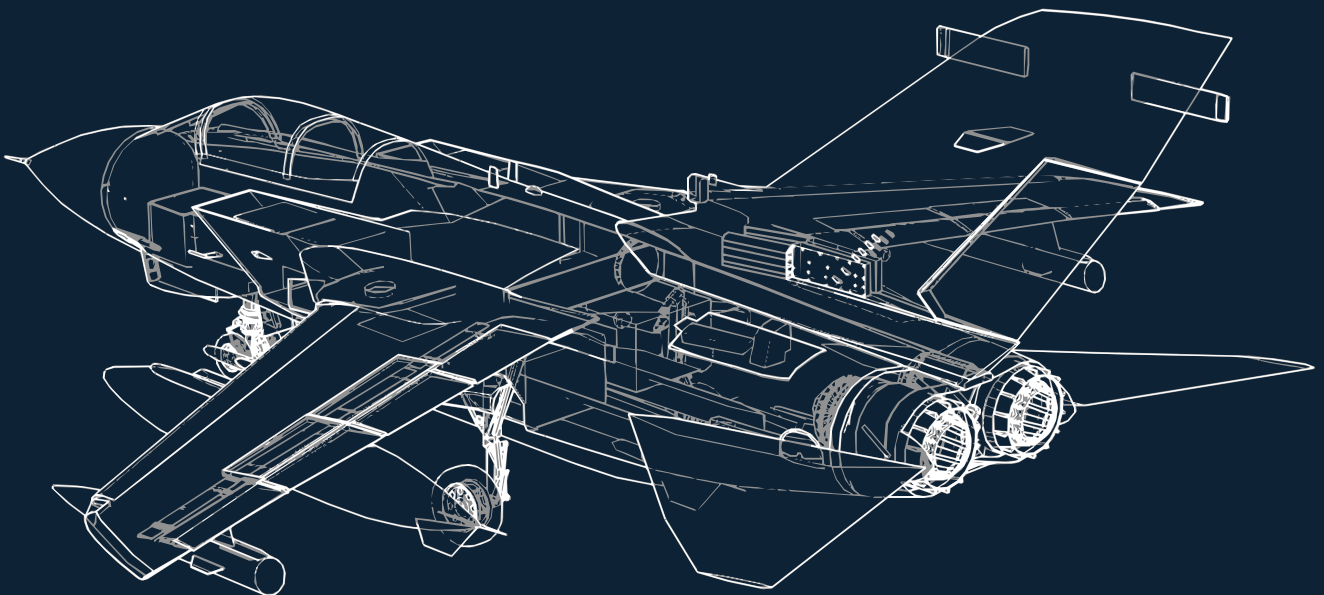


ENGINEERING **INNOVATION**

AEROSPACE **ADVANCEMENTS**

The aerospace industry benefits from innovations in materials, avionics, manufacturing processes, and zero-emission technologies. Additive manufacturing (3D printing), advanced composites, and digital twins are revolutionising aircraft design, production, and maintenance. These advancements and the exploration of alternate fuels are leading to more efficient, safer, and cost-effective aerospace solutions.

AXISCADES drives advancements in aerospace and defence by offering cutting-edge engineering solutions in avionics, structural design, and manufacturing support. Our expertise in digital twins enables clients to develop and maintain next-generation aircraft and defence systems more efficiently. Through collaboration with leading aerospace and defence companies, AXISCADES ensures the continuous improvement and innovation of these critical technologies.



ENGINEERING **INNOVATION**

ENERGY

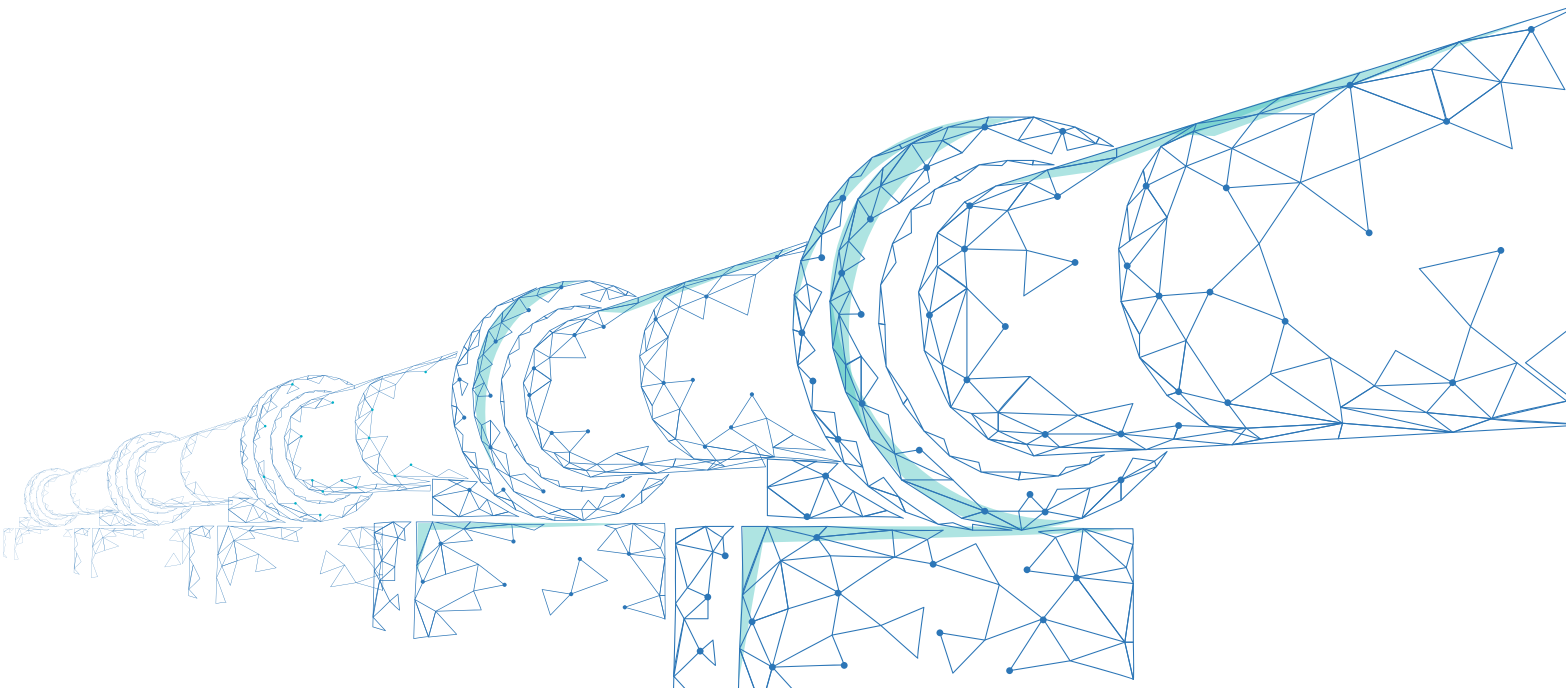
Renewable energy sources like solar and wind are becoming increasingly important in the global energy mix. The integration of smart grids, which use digital technology to monitor and manage electricity distribution, enhances the efficiency and reliability of power systems. These advancements support the transition to a sustainable and resilient energy infrastructure.

As a pivotal force in the global economy, the oil and gas industry serve as the backbone, fueling our world's energy needs through exploration, drilling, production, refining, and efficient distribution of hydrocarbon products. The industry is overwhelmed with the expanding demand for global energy shaped by a range of trends that impact operations and decision-making. Staying informed about these trends is crucial for the successful execution of projects.

AXISCADES is at the forefront of renewable energy solutions and innovative grid technologies. The company provides engineering services for designing and implementing oil & gas and renewable energy projects. Additionally, AXISCADES' expertise in smart grid technology helps utilities optimise energy distribution and improve grid stability.

At AXISCADES, we closely monitor the industry to ensure we are at the forefront of evolving market trends, technological advancements and sustainable practices.

We support our clients at every stage of their energy journey, solving complex problems and delivering predictable cost and schedule outcomes. Our expert engineering team manages resources, overcomes technological challenges, and ensures alignment with environmental emissions targets. By benchmarking against industry standards, we continuously strive to reduce carbon emissions and optimise value throughout the energy asset lifecycle.



ENGINEERING **INNOVATION**

SEMICONDUCTORS AND **EMBEDDED SOLUTIONS**

The global demand for semiconductor and embedded solutions is driven by several key trends. The proliferation of connected devices like smartphones, smart appliances, and IoT gadgets requires advanced semiconductor technology for better connectivity and faster data processing. The rollout of 5G technology demands high-performance chips for increased communication speeds. Smart manufacturing and Industry 4.0 rely on embedded systems for real-time data analysis and automation. In healthcare, the rise of digital health technologies, such as wearables and remote monitoring, necessitates specialised semiconductors. The defence and aerospace sectors also need robust embedded solutions for advanced avionics and unmanned systems. These factors highlight the growing global need for innovative semiconductor and embedded technologies to meet evolving industry demands.

AXISCADES exemplifies engineering innovation through its advanced embedded solutions and semiconductor support services. Our expertise spans the design and development of hardware platforms, such as Evaluation Modules (EVMs), System on Modules (SOMs), and comprehensive reference designs. We specialise in pre-silicon and post-silicon bring-up, chip support, and system software development. By bridging the gap between silicon manufacturers and product developers, AXISCADES enables faster turnaround for diverse embedded product designs. Our capabilities include Chip Support Package development, early silicon support, and application-specific platforms. Through these cutting-edge solutions, we enhance performance, reliability, and scalability while reducing development time and costs, embodying our commitment to continuous innovation and value creation for our clients.

ENGINEERING **INNOVATION**

FINANCIAL PERFORMANCE

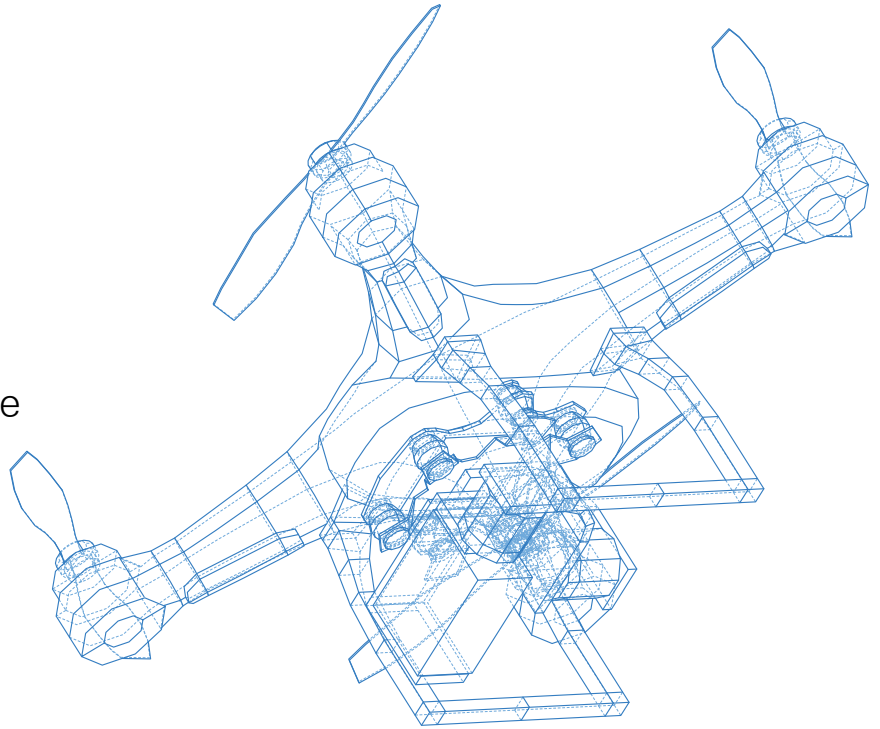
AXISCADES showcased a remarkable performance in FY24, underscoring the company’s commitment to engineering innovation and sustainable growth. The company achieved substantial growth in consolidated sales revenue, reflecting a notable increase from the previous fiscal year. This growth is further supported by a significant constant dollar revenue growth, highlighting the company’s expanding global footprint.

₹ **952**^{*} crores
 Consolidated sales revenue
**Excludes other operating income*

+ 17%
 Revenue YoY Increase

₹ **130** crores
 EBITDA for FY24

₹ **33** crores
 Net Profit (PAT)



OPERATIONAL HIGHLIGHTS

VERTICAL-SPECIFIC PERFORMANCE

AXISCADES demonstrated noteworthy performance across various verticals, driving overall growth and diversification. The Engineering Services vertical reported a 21% revenue growth, reaching INR 694 crores from INR 576 crores in FY23. The aerospace sector was a standout performer, with a 27% revenue increase of INR 285 crores, fuelled by strengthened OEM partnerships and increased production activities.

The Automotive vertical's revenue contribution soared to 11% at INR 103 crores, up from 4% (INR 35 crores) in FY23, driven by new capabilities in HMI testing,

automation, and cybersecurity contracts. The Energy sector also saw notable growth, with revenue climbing to INR 33 crores from INR 19 crores in FY23, focusing on oil & gas, refineries, power, and green energy sectors.

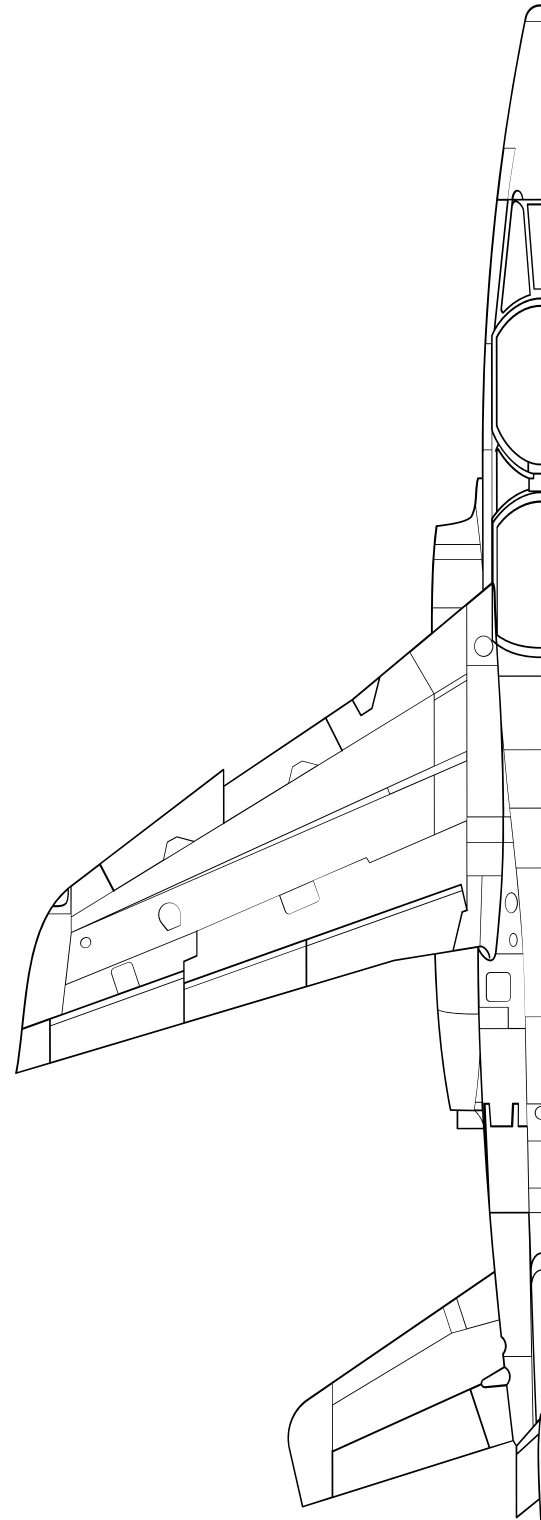
In contrast, the Heavy Engineering vertical faced challenges, with revenue declining by 11% to INR 152 crores due to a slowdown in the US region and low capex deployment. The Product Engineering Services (PES) vertical experienced a slight revenue decrease of 2% to INR 125 crores, attributed to decline in production revenues due to inventory buildup at customer end. Service revenues remained stable for the year.

DEFENCE BUSINESS

The defence sector witnessed an 8% revenue growth to INR 258 crores, with production revenue tripling from INR 39 crores to INR 112 crores. Mistral, our subsidiary, exhibited an overall increase of 37% in defence, supported by solid production and prototype orders. New product introductions, such as autonomous aerial robotics controllers and edge AI rocks, further solidified AXISCADES' position in defence innovation.

DIGITAL INITIATIVES

AXISCADES' digital team, comprising over 75 members, focused on automation, AI, ML, and robotics, driving digital transformation across operations. Developing machine vision-based quality inspection systems for AOL validation of manufactured products exemplified the company's commitment to innovation. Internal process automation efforts to reduce the linearity between revenue and HR resources also contributed to operational efficiency.



STRATEGIC INITIATIVES

QUALIFIED INSTITUTIONAL PLACEMENT (QIP)

The successful capital raise through QIP enabled AXISCADES to retire high-cost debt and strengthen its balance sheet, positioning the company for sustainable growth.

ACQUISITIONS AND STRATEGIC RELATIONSHIPS

AXISCADES completed two strategic acquisitions, enhancing its capabilities and market presence. Adding new clients and strengthening relationships with existing OEMs underscored the company's customer diversification strategy.

During the year, the company completed its strategic acquisition of EPCOGEN Private Limited, enhancing its capabilities in the energy sector and increasing its footprint in the Middle East and North America. EPCOGEN, based in Hyderabad, specializes in Oil &

Gas, Refineries, Petrochemicals, and Renewable Power, focusing on innovative, climate-conscious solutions.

The company completed the acquisition of add solution GmbH, a German firm specialising in automotive design and development. Add solution has deep expertise in Electrical Distribution System engineering, testing and software development, wiring systems, component engineering, and automation for global automotive OEMs.

HUMAN RESOURCES

The hiring of senior leadership talent and the retention of experienced resources were pivotal in driving AXISCADES' strategic initiatives. The workforce expanded to over 3000, nearly 500 billable resources, aligning with the company's growth ambitions.

ENGINEERING **INNOVATION**

OUTLOOK

AXISCADES is poised for continued growth across all verticals, supported by a robust confirmed order book of INR 749 crores, a 27% increase from the previous year. Key focus areas include:





AEROSPACE

Continued growth with expanding OEM relationships and digitisation projects.



AUTOMOTIVE

Growth in software-defined vehicles and cybersecurity, despite challenges from Chinese OEMs.



ENERGY

Enhanced presence in the Middle East with a new business unit head and marketing office in Dubai.



HEAVY ENGINEERING AND PES

Expected recovery in H2 FY25 with structural changes and inventory normalisation.



DEFENCE

Strong order pipeline with opportunities in anti-drone systems, missile launching programs, and other defence initiatives

₹ **749** crores
+ 27% YoY Order Book



OUR BUSINESS MODEL

VALUE CREATED FOR CUSTOMERS

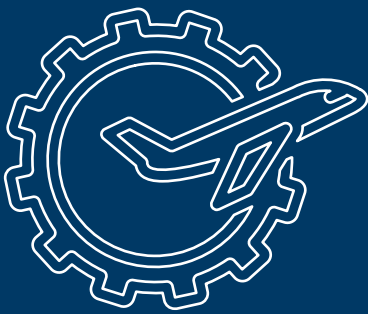
At AXISCADES, we deliver comprehensive product engineering solutions to global OEMs across various sectors, including aerospace, automotive, defence, energy, semiconductors, and heavy engineering. We ensure our customers can innovate and make sustainable, safer, and smarter products by providing services from design and analysis to manufacturing, installation, and in-service support. We offer holistic and seamless end-to-end engineering and technology solutions covering the entire product lifecycle, significantly reducing our clients' time-to-market and enhancing product quality.



RESOURCES

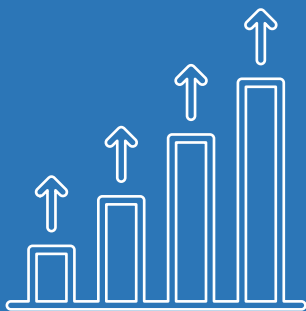
We leverage our deep domain knowledge, advanced engineering capabilities, and state-of-the-art technology. We invest in research and development to stay at the forefront of emerging technologies and industry trends. As of the end of FY24, our team comprised 3,100+ highly skilled and experienced engineers and professionals. We operate in multiple development locations and have acquired domain expertise through strategic inorganic acquisitions. Our strategic partnerships and global network enable us to serve our clients efficiently and effectively.





PROCESSES

We provide end-to-end engineering solutions, starting from design and development, followed by manufacturing and installation, and culminating in lifecycle support. Our internal processes are enhanced through agile development methods, advanced analysis techniques, and IoT, AI, AR/VR technology integration. We focus on internal automation, particularly in aerospace, to improve process efficiency and reduce queues. Externally, we collaborate closely with our clients to ensure adherence to global best practices and standards, such as AS 9100D, ISO 9001:2015, ISO 14001 and ISO 27001:2013. Our digital initiatives, such as developing machine vision-based quality inspection systems, further enhance productivity and margins.

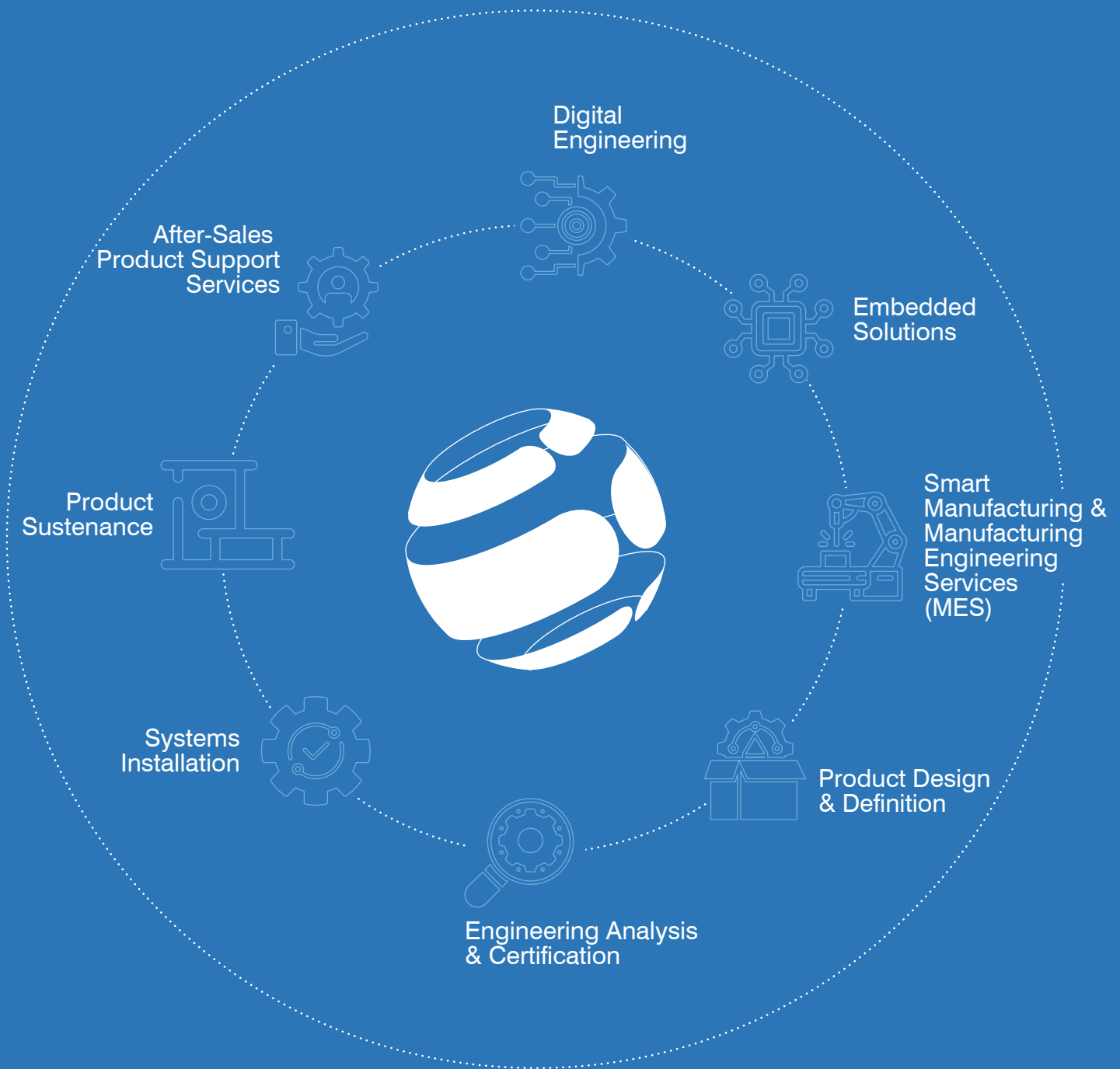


REVENUE FORMULAE

We generate revenue through various streams, including product design and development, embedded hardware and software services, digital engineering, manufacturing engineering, enterprise solutions, Industry 4.0 and IIOT solutions, and aftermarket support. We ensure year-on-year growth by strategically expanding into critical verticals such as aerospace, automotive, energy, and defence and continuously adding new capabilities through acquisitions. Recurring revenues from manufacturing support, in-service repairs, and developing new business opportunities in high-margin areas like digital solutions and automation contribute to our sustained growth. Our commitment to innovation and client satisfaction drives consistent performance and long-term partnerships.

OUR ER&D CAPABILITIES

We specialise in optimising product engineering efficiency, enhancing performance and quality, facilitating smart manufacturability, and providing comprehensive support, thereby driving client success.



DIGITAL ENGINEERING

We focus on custom-made solutions, encompassing application and solution development and leveraging reusable platform components for enhanced efficiency.

With expertise in Robotic Process Automation (RPA), Augmented Reality (AR), Virtual Reality (VR), 3D simulations, and the Industrial Internet of Things (IIoT), we provide end-to-end development and seamless integration with enterprise solutions for streamlined operations. Our proficiency also lies in interactive mobile and web applications tailored to individual customer requirements. Additionally, our data integration and reporting expertise ensures a smooth information flow, enabling data-driven decision-making processes.

EMBEDDED SOLUTIONS

Our embedded systems and electronics expertise includes firmware development, hardware engineering, application and mobile software development, and comprehensive verification and validation services. We provide cutting-edge product design and development services for build-to-spec (BTS) and build-to-print (BTP) of a wide range of applications. We specialise in architecting, designing, and implementing deployable customised solutions that integrate multiple vendor COTS solutions, custom software, and hardware engineering, adhering to industry standards. We leverage IoT, AI, and advanced analytics to enhance functionality and performance.

SMART MANUFACTURING & MANUFACTURING ENGINEERING SERVICES (MES)

AXISCADES' Smart Manufacturing solutions enhance productivity and efficiency through Shop Floor Automation and Smart Process Automation. Our 3D Digital Factory Development & Validation and Virtual Manufacturing capabilities enable precise planning and real-time problem-solving. Our supply chain management solutions also ensure seamless material and information flow, optimise inventory and reduce costs. We support the manufacturing process with virtual manufacturing and facility layout design services to optimise production efficiency. Our offerings include prototyping, tool and mould design, NC/CNC programming for precision manufacturing. These offerings collectively drive agility, precision, and competitiveness in today's dynamic market.

PRODUCT DESIGN & DEFINITION

We initiate the engineering process by helping clients define their product requirements and conceptualise the design. This phase includes CAD modelling, detailed design, packaging considerations, and DFM/DFx/FMEA studies to ensure manufacturability and quality. We utilise design automation tools to streamline and automate these processes.

ENGINEERING ANALYSIS & CERTIFICATION

Following the design phase, we perform rigorous engineering

analysis and certification to validate the product's structural integrity, performance, and safety. This includes structural analysis (both linear and non-linear), thermal and electromechanical analysis, CFD simulations, and optimisation techniques to enhance the product's weight and performance.

SYSTEMS INSTALLATION

We provide harness layout design, system integration, and validation services in the installation phase. We ensure proper installation and functionality with flammability reports, mechanical/electrical routings, plumbing, and tubing design.

PRODUCT SUSTENANCE

We offer services to sustain product performance and address any defects or issues. This includes defect management, cost optimisation/value engineering, localisation for different markets, legacy conversion to modern platforms, and obsolescence management for product longevity.

AFTER-SALES PRODUCT SUPPORT SERVICES:

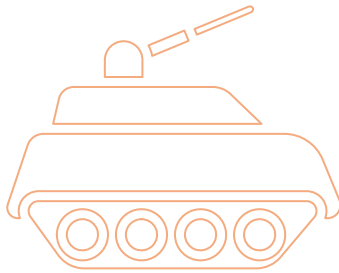
Our comprehensive after-sales support includes platform migration assistance, technical publications for product documentation, reverse engineering, and managing engineering change requests/orders (ECR/ECO). Our services also cover durability and warranty studies to ensure long-term product reliability.

INDUSTRY VERTICALS



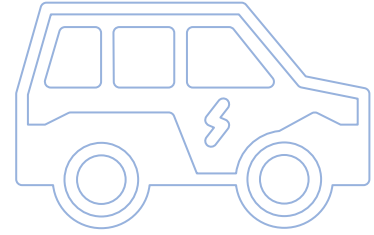
Aerospace

AXISCADES provides comprehensive engineering services, including design, analysis, manufacturing support, and maintenance in the aerospace sector. The growth of the global aerospace market is driven by advancements in aircraft technology, increasing air travel demand, and the push for more fuel-efficient and lower-emission aircraft.



Defence and Homeland Security

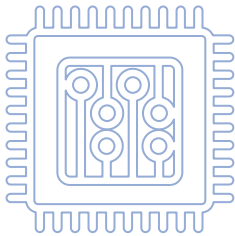
The defence and homeland security segment is another important business segment for AXISCADES, as the company provides cutting-edge solutions for avionics, radar systems, and integrated defence systems. This sector's growth is driven by increasing defence budgets and technological advancements.



Automotive

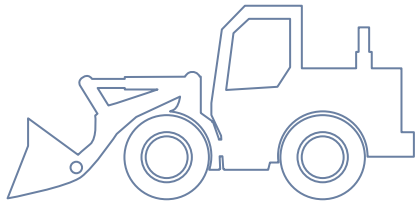
AXISCADES offers end-to-end solutions in the automotive sector, from conceptual design and engineering analysis to prototyping and manufacturing support. The global automotive industry is immense, with a market size of around USD 3 trillion in 2023, fuelled by the rise of electric vehicles (EVs) and autonomous driving technologies.

\$ **3** trillion in 2023



Semiconductors and Embedded Systems

In the semiconductor and embedded systems sector, AXISCADES offers specialised services, including silicon validation, chipset development, and embedded software solutions. The global semiconductor market was valued at approximately USD 600 billion in 2023, driven by the proliferation of IoT devices, 5G technology, and advanced electronics.



Heavy Engineering

The heavy engineering sector benefits from AXISCADES' expertise in structures, cabin design, and digital manufacturing. This sector's global market size is substantial, contributing significantly to the industrial machinery and equipment market, valued at around USD 2 trillion in 2023.



Energy

AXISCADES serves the energy sector, focusing on renewable energy projects, smart grid technologies, and oil & gas solutions. The global energy market, encompassing both renewable and non-renewable sources, was valued at over USD 8 trillion in 2023, with a significant push towards sustainable and renewable energy sources.

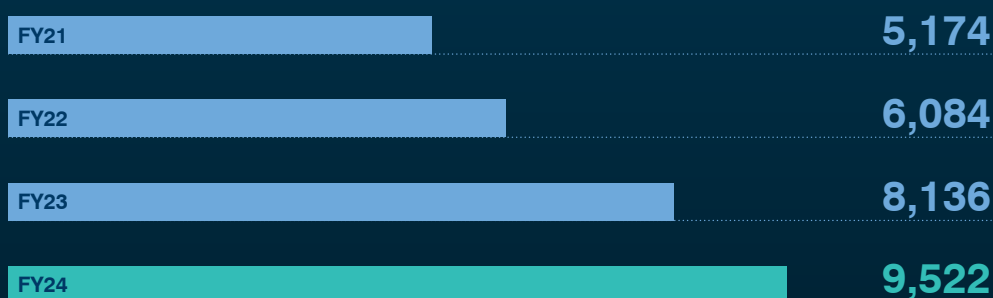
\$ **600** billion
in 2023

\$ **2** trillion in 2023

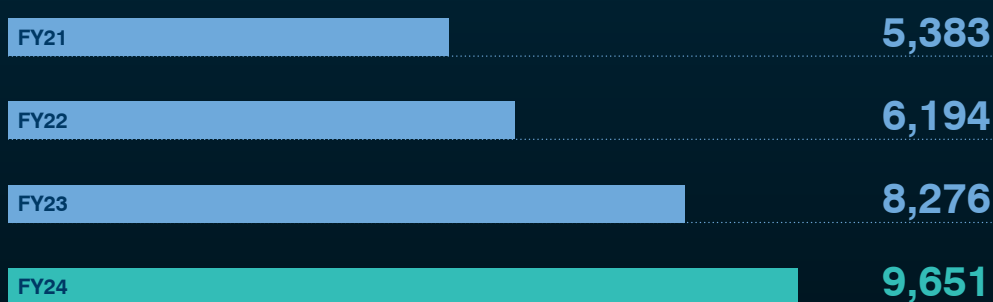
\$ **8** trillion in 2023

FINANCIAL HIGHLIGHTS (in ₹ Million)

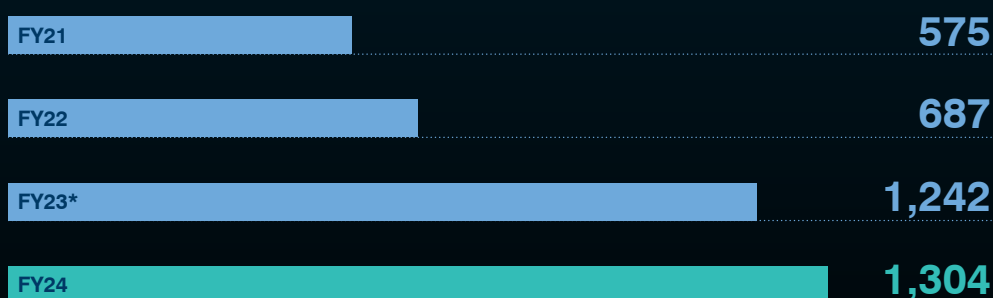
REVENUE



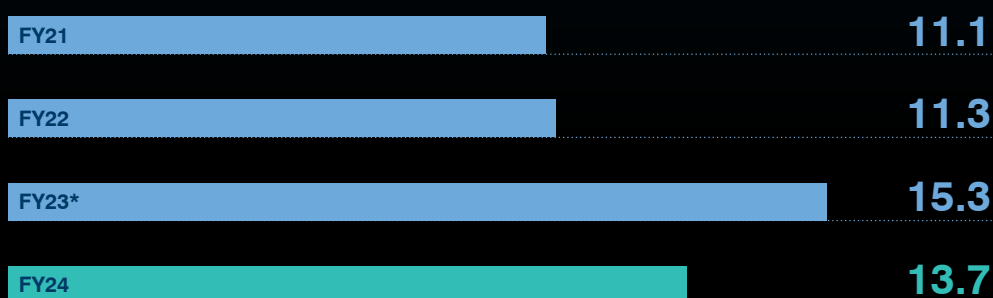
TOTAL INCOME



EBITDA



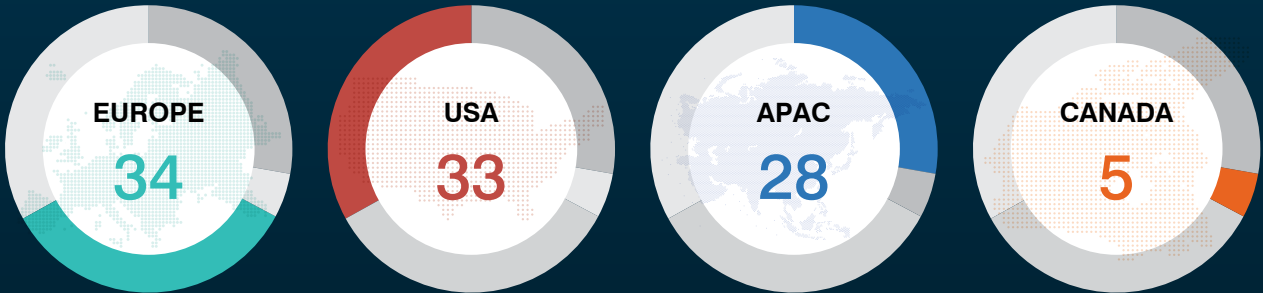
EBITDA MARGIN (%)



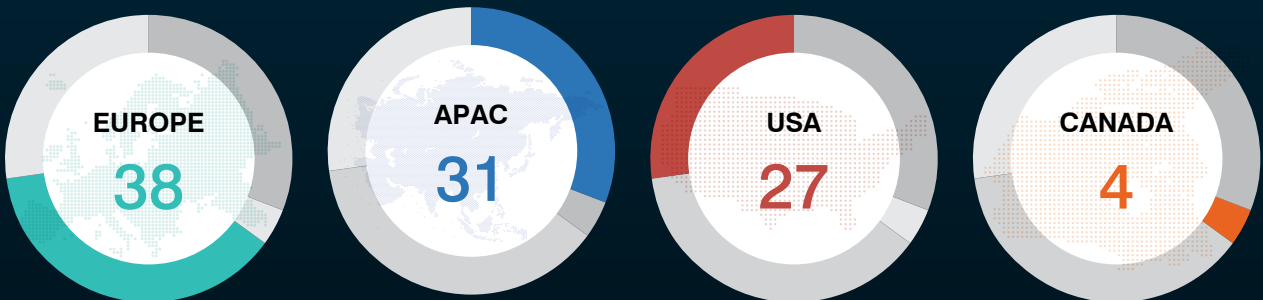
* FY23 EBITDA excludes the impact of a one-time net benefit of ₹13 crores.

REVENUE BY BUSINESS (%)

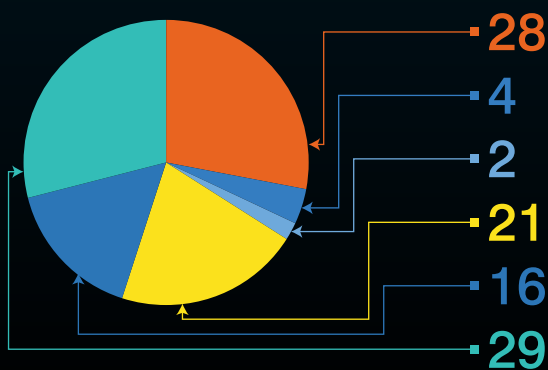
REVENUE BY LOCATIONS - FY23



REVENUE BY LOCATIONS - FY24

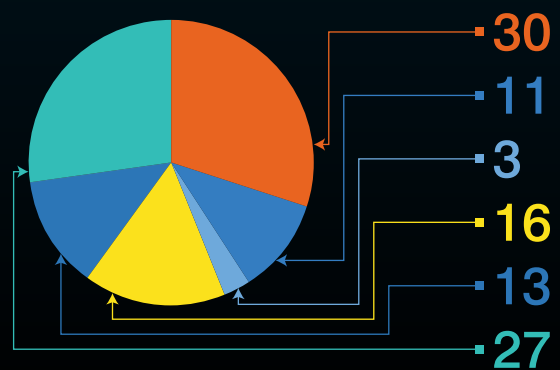


REVENUE BY VERTICALS - FY 23



- Aerospace
- Automotive
- Energy
- Heavy Engineering
- Product Engineering
- Products & Solutions (Defence)

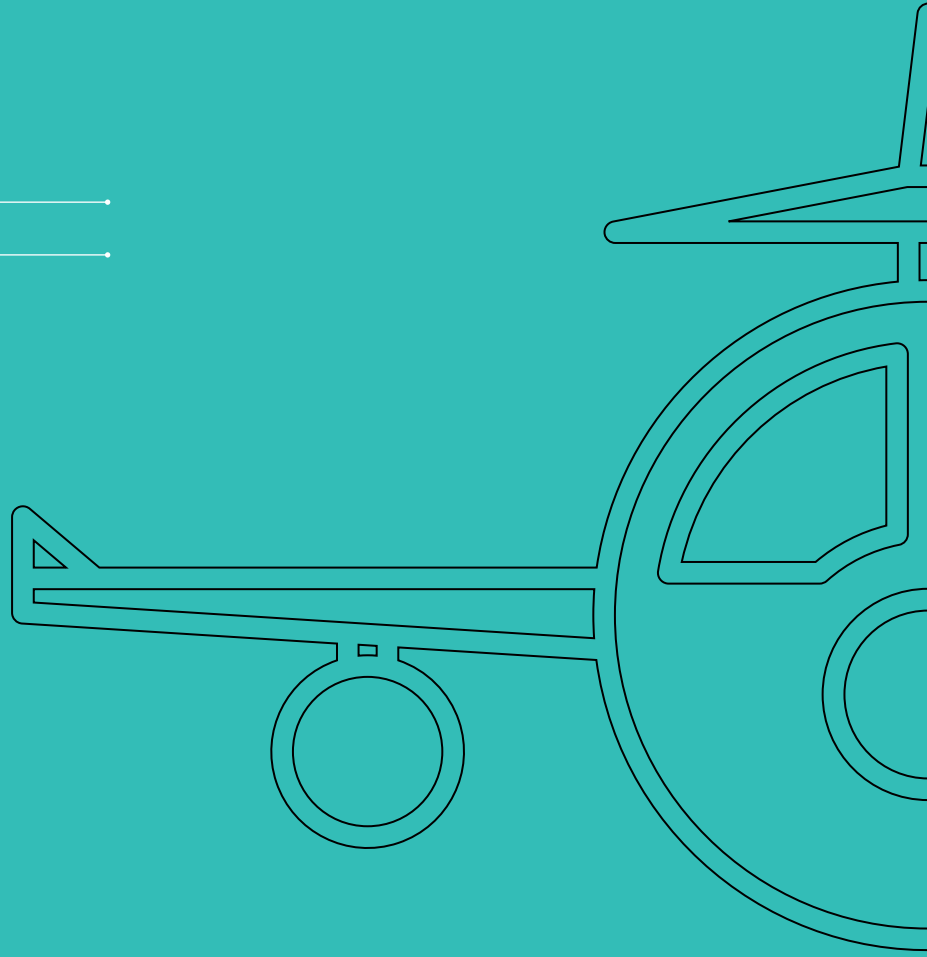
REVENUE BY VERTICALS - FY 24



- Aerospace
- Automotive
- Energy
- Heavy Engineering
- Product Engineering
- Products & Solutions (Defence)

REVIEW OF BUSINESS

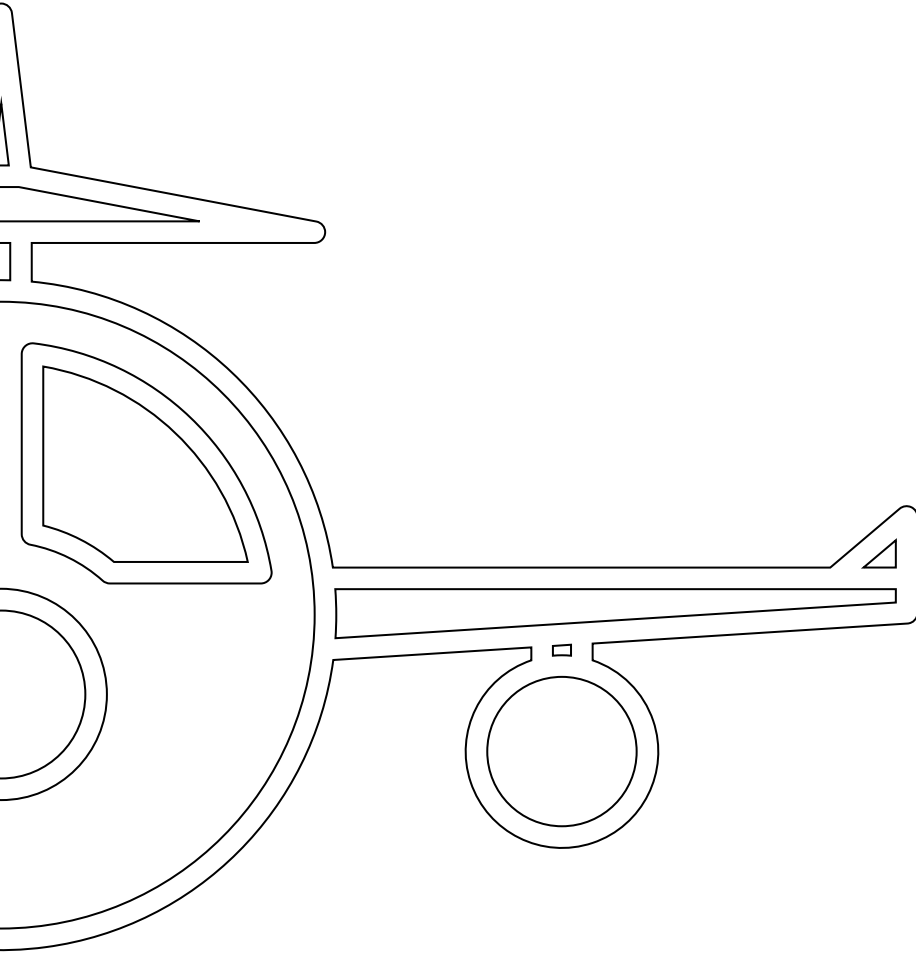
AEROSPACE



The aerospace segment accounted for 30% of our total revenue in FY24. This strong performance is a testament to our strategic investments and ability to adapt to evolving market demands. Our proactive approach to expanding service offerings, securing high-value contracts, and forming strategic partnerships positions the company well for continued success in the aerospace engineering market. In FY24, we experienced remarkable growth in our aerospace segment, achieving a 27% increase in revenue, which rose from ₹225 crores in FY23 to ₹285 crores in FY24. This growth reflects our strategic initiatives and key operational enhancements.

₹ **285** crores
FY24 Revenue

+27%
YoY Revenue Increase



KEY HIGHLIGHTS:

Increased Market Share

We enhanced our wallet share from existing clients, securing significant deals and reinforcing our market presence. We secured an OEM deal worth \$18 million (approximately ₹148.32 crores) to be executed over the next five years. This substantial contract underscores our robust capabilities and competitive positioning in the aerospace engineering services market.

Expansion of Service Offerings

We introduced new services, including manufacturing support, product design and development, and engineering support in new geographies for European OEMs. This expansion highlights our

strategic approach to leveraging engineering expertise to capture new business opportunities.

Strategic Partnerships

We commenced a strategic partnership with a leading independent aircraft engineering and maintenance group, which has the potential to develop into a large-scale account. This partnership aims to deliver integrated engineering solutions, enhancing our service portfolio and client base.

Outlook

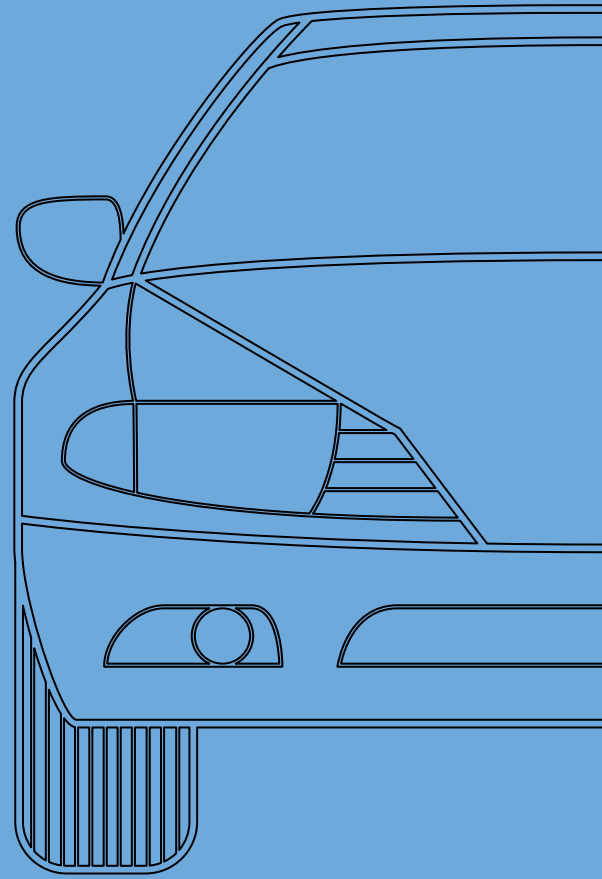
We anticipate industry-leading growth in our aerospace vertical, driven by further potential with OEMs in manufacturing processes

and assembly lines. We are engaged in advanced-level discussions with leading helicopter manufacturers for engineering and design support, indicating a strong pipeline of future projects.

Moreover, we are exploring a go-to-market (GTM) strategy to capture Tier 1 and other aerospace OEMs within the industry. This strategy focuses on deepening competencies in structural design support, electricals, and digital technologies to achieve operational efficiencies and expand market reach.

REVIEW OF BUSINESS

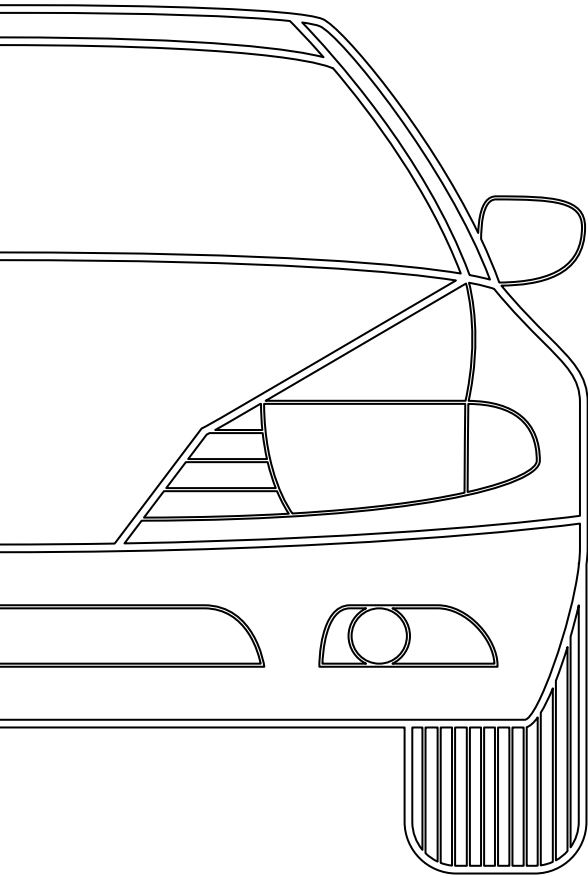
AUTOMOTIVE



In FY24, we substantially grew our automotive segment, increasing our revenue from ₹35 crores in FY23 to ₹103 crores, marking a 197% growth. This significant increase reflects our strategic initiatives and successful market penetration.

₹ **103** crores
FY24 Revenue

+ 197%
YoY Revenue Increase



KEY HIGHLIGHTS:

New Engagements and Acquisitions:

We secured a large engagement with a UK-based automotive OEM, generating over \$1 million in less than a year of customer acquisition. Additionally, we completed the acquisition of Add-solution in Germany, enhancing our capabilities in EDS, HMI testing, and automation. This acquisition has already resulted in a run rate of over \$5 million from one of the world's largest OEMs.

Diversified Customer Base:

Our customer base has diversified significantly, with various OEMs and Tier 1 suppliers now engaging with us. This diversification has strengthened our market position and revenue streams.

Field Growth:

The growth in this vertical can be attributed to our advanced capabilities in embedded systems, mechanical engineering, and other critical fields. We have also begun executing advanced work packages on cybersecurity with a large OEM, indicating our expanding expertise and service offerings.

Outlook:

We anticipate maintaining above-industry average growth by leveraging synergised capabilities across the enterprise. We will work closely with partners to develop in-house capabilities further and deepen relationships with our existing customer base across Europe and APAC. Our pivot to advanced solutions, such as

reusable components and CASE technologies, positions us well to capture new opportunities in the automotive industry. However, we are mindful of potential demand slowdowns from large OEMs, which may impact our performance in the first half of FY25.

Through these strategic efforts, we are confident that we can sustain growth and continue delivering innovative solutions to our automotive clients. Our comprehensive approach and proactive strategies ensure we remain a reliable and competitive partner in the automotive engineering market.

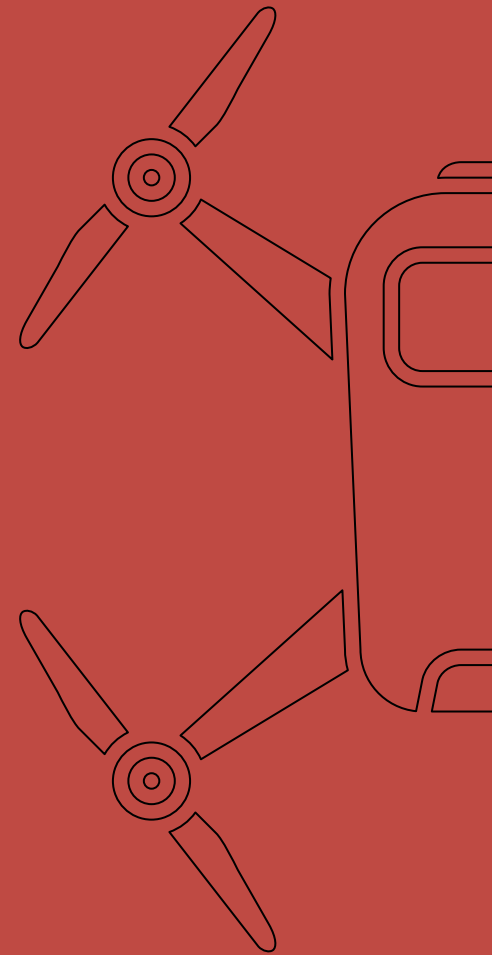
REVIEW OF BUSINESS

DEFENCE

In FY24, we observed notable growth in our defence segment, with revenue increasing from ₹238 crores in FY23 to ₹258 crores, marking an 8% growth. This performance is a result of strategic wins and robust operational execution.

₹ **258** crores
FY24 Revenue

+ 8%
YoY Revenue Increase



KEY HIGHLIGHTS:

Production Revenue Increase:

Production revenues from design wins in prior years significantly increased, resulting in margins exceeding 25% on these executions.

New Pipeline Additions:

We added new pipeline projects expected to execute over ₹272 crores in coming years, covering various defence programs ranging from aerospace to radar.

Innovative Solutions:

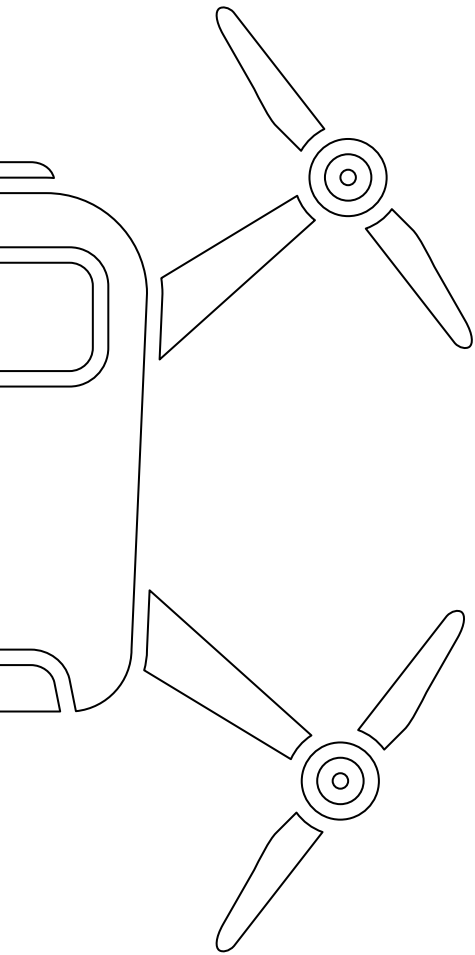
After successful trials, we delivered the first-of-its-kind Man Portable Counter Drone System to the Ministry of Defence. This innovative solution covers unique frequency spectrums not addressed by any other system in the market.

Market Interest:

We anticipate strong interest in our defence offerings over the next few years, driven by our cutting-edge technologies and robust service capabilities.

Outlook:

We expect production revenues to continue ramping up in FY25. We have a multi-crore order pipeline of design wins awaiting production in the outer years. Additionally, new opportunities in the counter-drone system market over the next five years are highly promising, with an addressable market exceeding ₹3,000 crores. We are also exploring opportunities to export our defence systems and services to prospective clients overseas.



Mujahid Alam
 CEO & Whole Time Director
 Mistral Solutions Pvt. Ltd.

“Mistral has been serving the defence landscape working with various R&D labs, PSU’s and Ministry of Defence for over 27 years. The company is involved in developing futuristic and strategic technologies for multiple modernisation programs in radar, sonar, electronic warfare, and drones. The company has seen accelerated growth in defence revenues backed by design wins from several programs and subsequent production orders. We have achieved a growth rate of 20% CAGR in the last five years and anticipate maintaining the momentum backed by a strong order pipeline and export opportunities.”



MISTRAL’S SUCCESS STORY

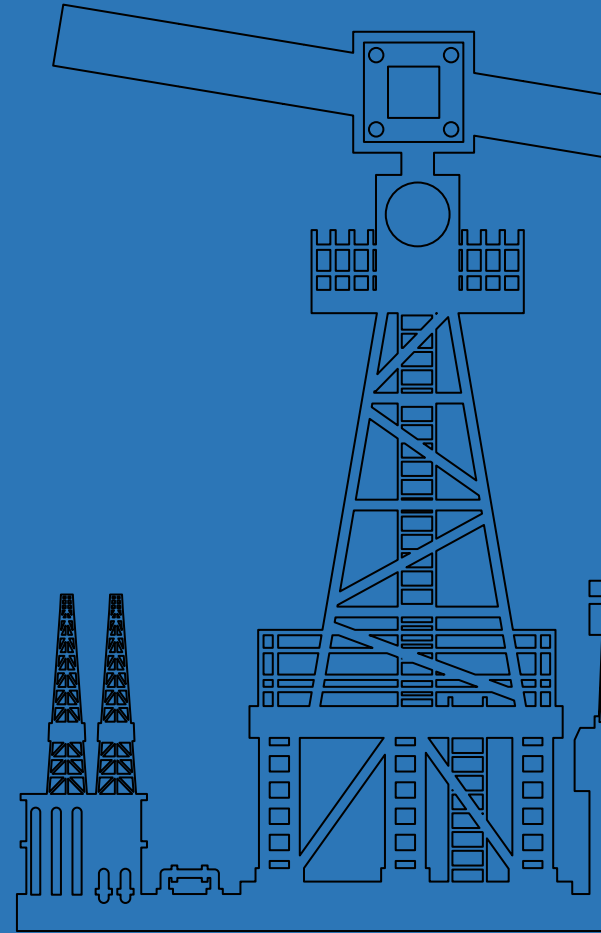
In FY23, AXISCADES Technologies acquired Mistral Solutions. Mistral specialises in product engineering services in India’s semiconductor space and defence business, aligning with AXISCADES’ aerospace, automotive, and energy verticals. This acquisition is expected to enhance revenue and margin growth for AXISCADES. Mistral’s capabilities in semiconductors and defence, including communication protocols and radar technology, position AXISCADES to benefit from initiatives like “Make in India.”

In FY24, Mistral achieved remarkable growth in its defence vertical, with revenues increasing significantly from FY23. Specifically, Mistral’s defence production revenues tripled from INR 39 crores in FY23 to INR 112 crores in FY24. This robust performance was driven by a combination of production and prototype revenues, which collectively amounted to substantial growth. The defence business, constituting a significant portion of Mistral’s operations, saw an overall growth rate of 37%, escalating from INR 148 crores in FY23 to INR 203 crores in FY24. This surge is attributed to successful execution and delivery of critical projects, including the man-portable counter-drone system to the Indian army.



REVIEW OF BUSINESS

ENERGY

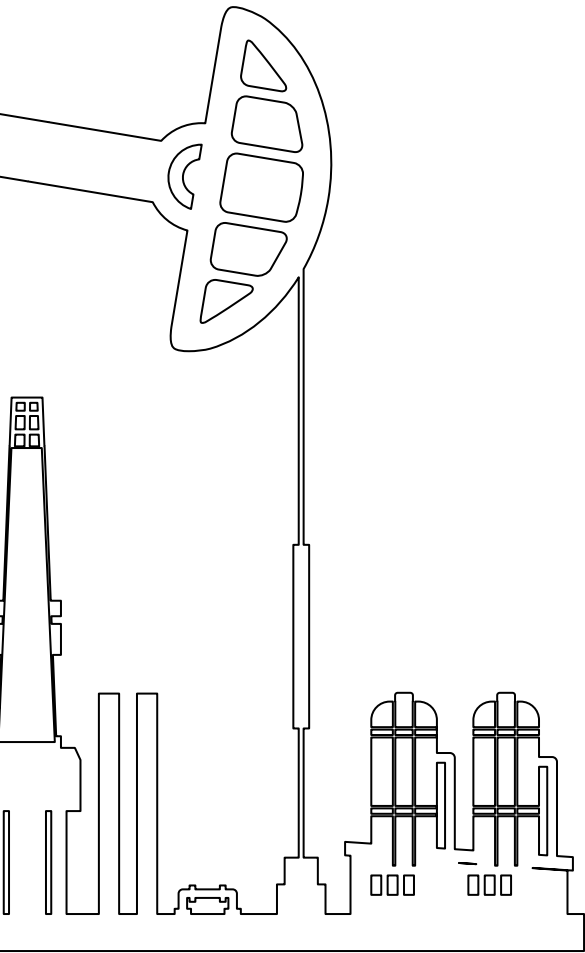


In FY24, our energy segment experienced significant growth, with revenue increasing from ₹19 crores in FY23 to ₹33 crores, marking a 79% growth. This substantial increase reflects our strategic initiatives and strong market presence.

AXISCADES strategically expands by acquiring EPCOGEN, enhancing its engineering portfolio, especially in power and energy sectors, to drive innovation, operational efficiencies, and sustainable growth.

₹ **33** crores
FY24 Revenue

+ 79%
YoY Revenue Increase



KEY HIGHLIGHTS:

Organic Business Growth:

Our organic business grew by 16%, backed by deepening customer relationships across the energy spectrum. Our commitment to providing innovative solutions and maintaining strong customer relationships drives this growth.

Acquisition of EPCOGEN:

With the addition of EPCOGEN capabilities, we now cater to a very large and diverse customer base, which is expected to expand in the coming years. EPCOGEN's expertise in pre-bid engineering and design engineering will be our launch pad to a global platform as we provide new-age solutions to meet the world's energy demands.

Partnerships in Renewable Energy:

Our partnerships with European customers in the renewable energy sector continue to grow and develop across the spectrum of engineering. These partnerships enhance our ability to deliver cutting-edge solutions and address the growing demand for renewable energy.

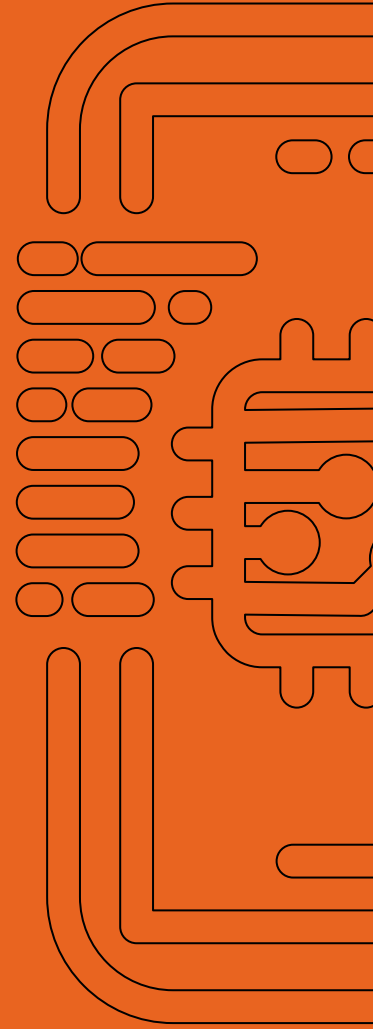
Outlook:

We plan to achieve above-industry-average growth in the energy vertical by enhancing customer contract values and acquiring new customers. We will also commence operations in the Middle East with a specific focus on energy customers.

This will enable us to provide and demonstrate solutions locally, both on traditional oil and gas (O&G) and renewable energy fronts.

REVIEW OF BUSINESS

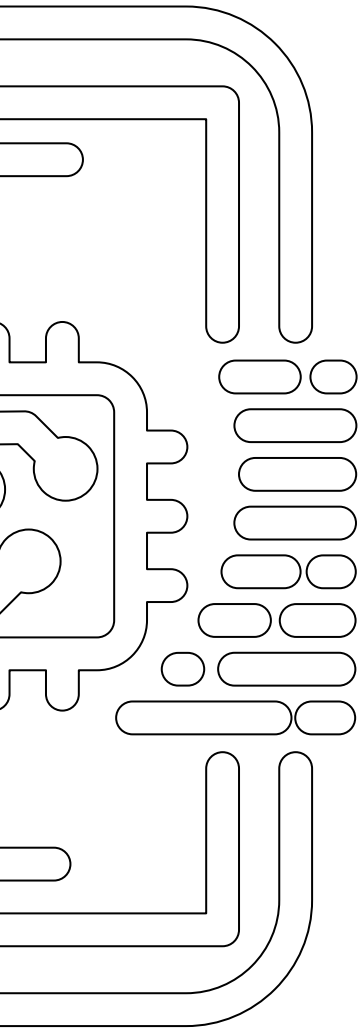
SEMICONDUCTOR



In FY24, our semiconductor segment saw a slight revenue decline, decreasing from ₹128 crores in FY23 to ₹125 crores, marking a 2% decrease. Despite this, our Product Engineering Services within the segment experienced several significant developments.

₹ **125** crores
FY24 Revenue

-2%
YoY Revenue decrease



KEY HIGHLIGHTS:

Revenue Decline:

The marginal revenue decline was primarily due to inventory buildup at the customer's end, leading to a production decline. However, our nonrecurring engineering (NRE) business (prototype/design) grew by 6% year-on-year, highlighting the strength of our engineering services.

Synergised Solutions:

We provided synergised solutions with larger enterprises to global Tier I/II customers in the automotive

space, enhancing our market position and service capabilities.

New Customer Acquisition:

We onboarded the world's largest phone and consumer electronics manufacturer as a customer, establishing a clear glide path for engagements into FY25.

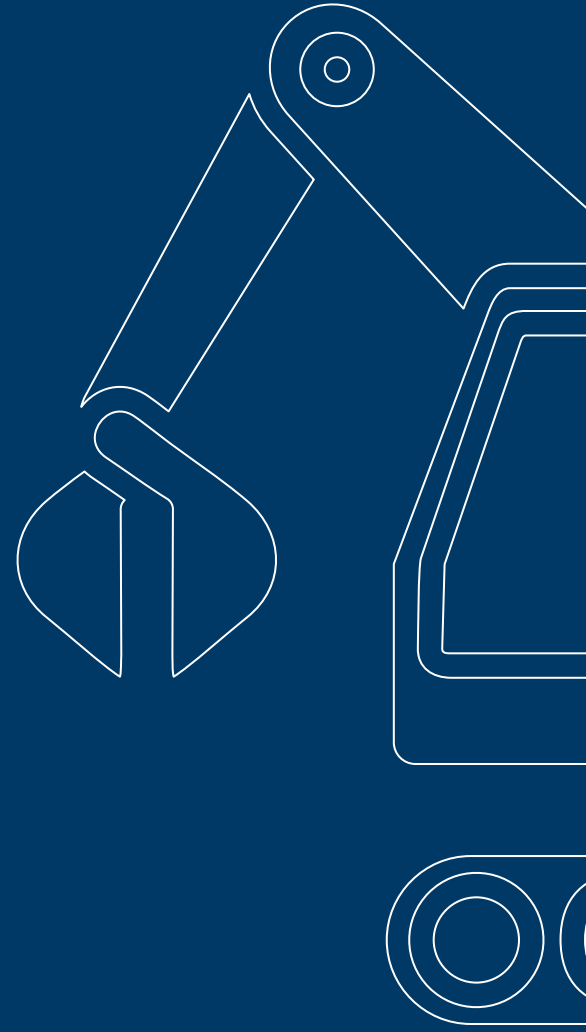
Outlook:

Looking ahead, we anticipate that revenues from this vertical may be flat until H1 FY25, after which growth is expected to normalise. We plan to

ramp up our automotive and radar-based solutions in other verticals. Additionally, our synergised go-to-market (GTM) strategy aims to offer Product Engineering solutions across different verticals within larger enterprises, which should show an uptick in NRE revenues.

REVIEW OF BUSINESS

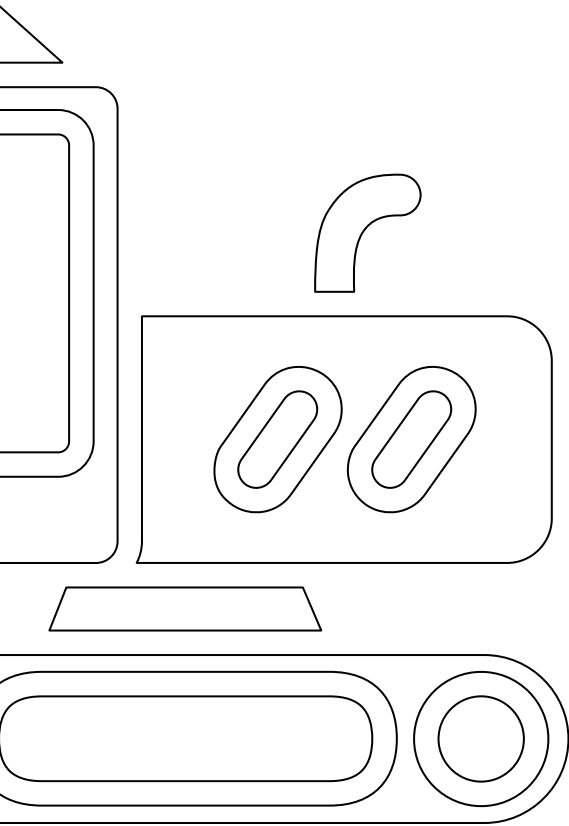
HEAVY ENGINEERING



In FY24, our heavy engineering segment experienced a revenue decline, decreasing from ₹170 crores in FY23 to ₹152 crores, marking an 11% decrease. This decline was primarily due to macroeconomic factors impacting the industry.

₹ **152** crores
FY24 Revenue

-11%
YoY Revenue decrease



KEY HIGHLIGHTS:

Year-on-Year Growth:

Despite the decline, the heavy engineering vertical witnessed a year-on-year growth of 11%, driven by our strategic initiatives and operational adjustments.

Business Restructuring:

We restructured our business to capitalise on new opportunities and leverage our expertise with one of the largest earth-moving manufacturers. This increased focus is enabling us to serve our customers better.

Strategic Partnership:

A key customer has chosen us as a strategic partner for a global transformation initiative in manufacturing. This initiative focuses on process standardisation and commoditisation and has the potential to become an extensive engagement for us.

Outlook:

We expect FY25 to be a growth year for our heavy engineering vertical. We plan to enhance profitability in our current business by adopting

AI and automation to the greatest extent possible, preparing our company for future opportunities. Additionally, we aim to add more logos in this vertical and leverage significant opportunities in automation, electrification of off-highway vehicles, and expansion in regional markets such as Asia-Pacific and the Middle East.

ESG ASPECTS OF AXISCADES



ENVIRONMENTAL STEWARDSHIP

AXISCADES is committed to improving its environmental performance through systematic and sustainable practices, demonstrated by its ISO 14001 certification for Environmental Management Systems. Key initiatives include:

Energy Efficiency:

The company has replaced conventional systems with energy-efficient alternatives, significantly reducing energy costs and emissions. In FY24, total Scope 1 emissions were 104.19 metric tonnes of CO₂ equivalent, and Scope 2 emissions were 1275.47 metric tonnes of CO₂ equivalent. AXISCADES aims to continuously improve its energy efficiency by adopting the latest technologies and promoting energy-saving practices among employees.

Water Management:

AXISCADES prioritizes efficient water use, implementing recycling and rainwater harvesting systems to optimise consumption.

Waste Management:

The company is focused on reducing waste generation and improving segregation at the source. It has recycling programs and responsible disposal practices. In FY24, the total waste generated was 44,925.09 metric tonnes.

Emission Reductions:

Besides Scope 1 and Scope 2 emissions, the company tracks and manages Scope 3 emissions, which were 303.13 metric tonnes of CO₂ equivalent in FY24, primarily from employee commuting and business travel.



SOCIAL RESPONSIBILITY

AXISCADES strongly emphasises social responsibility, ensuring the well-being and development of its employees and contributing to the communities it operates in. Key aspects include:

Diversity and Inclusion:

With 31% gender diversity, AXISCADES fosters a culture of respect and inclusivity, with zero tolerance for discrimination and harassment. The company actively promotes equal opportunities for all employees.

Employee Well-being:

Comprehensive health programs ensure the physical and mental well-being of employees. These include regular health check-ups, mental health support, and wellness initiatives. The company also provides extensive parental benefits, such as paid maternity leave for 182 days and parental leave for five days.

Training and Development:

AXISCADES invests in continuous learning and development for its employees, partnering with educational institutions and offering extensive training programs to upskill employees, enhancing their productivity and career growth.

Community Engagement:

The company supports education, healthcare, and environmental conservation projects, aiming to make a positive impact on society and contribute to sustainable development.



CORPORATE GOVERNANCE

AXISCADES upholds the highest standards of corporate governance, ensuring transparency, accountability, and ethical conduct in all its operations. Key elements include:

Ethical Conduct and Compliance:

The company has a robust framework for ethical conduct, reinforced by regular employee training. Policies related to anti-corruption, anti-bribery, and compliance with global standards are strictly enforced. An employee code of conduct is implemented and periodically reinforced.

Enterprise Risk Management:

AXISCADES has an integrated Enterprise Risk Management Framework to identify, assess, and mitigate risks across its operations. This proactive approach helps maintain business continuity and minimise potential disruptions.

Board Oversight and Accountability:

The Board of Directors reviews governance policies to ensure adherence and accountability. Annual assessments and audits are conducted to maintain compliance with regulatory requirements and best practices.

Stakeholder Engagement:

The company is committed to transparent communication with all stakeholders, including shareholders, employees, customers, and the community. Regular updates and disclosures are provided to keep stakeholders informed about the company's performance and initiatives.

BOARD OF DIRECTORS

FUNCTIONAL EXPERIENCE:

The Board of Directors possesses a diverse range of functional experience, including expertise in business strategy and development, project financing, mergers and acquisitions, accounting, public policy, sectoral regulatory regimes, defence, procurement procedures, localisation and defence offset policies, state incentives schemes, FDI and industrial licensing policies, exchange control laws, taxation, corporate law compliances, ERP initiatives, and sales leadership.

INDUSTRY SECTORS:

The Board members have extensive experience in various industry sectors, such as aerospace consulting, technology, banking, credit rating, agriculture, energy, infrastructure, real estate, outsourcing, engineering, digital markets, automotive, utilities, and commercial vehicle design. They have worked with renowned companies in these sectors, gaining deep insights and knowledge of their respective dynamics, challenges, and opportunities.



Abidali Neemuchwala
Chairman and Non-Executive Director



Arun Krishnamurthi
Chief Executive Officer & Managing Director



Dhiraj Mathur
Independent Director



Mariam Mathew
Independent Director



David Abikzir
Non-Executive Director



Venkatraman Venkitachalam
Non-Executive Director

KEY MANAGERIAL PERSONNEL



Desh Raj Dogra
Independent Director



Dr. S. Christopher
Non-Executive Director



Tanmoy Chakrabarty
Non-Executive Independent Director
w.e.f. from 13th July 2024



Arun Krishnamurthi
Chief Executive Officer & Managing Director



Shashidhar SK
Group Chief Financial Officer



Sonal Dudani
Company Secretary and Compliance Officer



PEOPLE STRATEGY AT AXISCADES:

Human Resources is at the core of our organisation's success. It drives initiatives that empower our workforce, nurture talent, and foster a culture of excellence. In FY24, amidst unprecedented global challenges, our HR strategies were pivotal in steering our organisation forward with resilience, agility, and innovation. Our approach to people

HUMAN CAPITAL

management centres on providing an exceptional employee journey characterised by diverse learning opportunities and fulfilling career paths. We are committed to cultivating an inclusive atmosphere that fosters a sense of belonging and ensures everyone feels valued and embraced.

HUMAN CAPITAL

OUR CULTURE AND VALUES:

Our people-centric culture is not just a set of policies; it's a way of life. It's driven by our employees' dedication and passion. We believe in empowering our employees to perform their best and positively impact society.





HUMAN CAPITAL

PEOPLE PROCESSES - KEY HIGHLIGHTS

TALENT ACQUISITION:

One of our primary human resources priorities is attracting and retaining top talent. In FY24, leveraging traditional and digital recruitment channels, we identified and onboarded 1,066 skilled professionals across group companies, including overseas lateral hires, campus recruits, contractors, and subcontractors. Our partnerships with educational institutions, industry networks, and recruitment agencies strengthened our talent pipeline, ensuring a steady influx of diverse perspectives and expertise.

LEARNING AND COMPETENCY DEVELOPMENT:

Investing in our employees' development and continuous learning has remained a cornerstone of our HR strategy in FY24. Cross-skilling, up-skilling, and re-skilling our teams have always been integral at AXISCADES, helping us stay competitive while supporting career growth for our employees. During FY24, we implemented a range of training programs, workshops, and seminars to enhance technical skills, leadership capabilities, and personal development, totalling over 25,000 learning hours across 300+ programs for our teams, covering 2,100+ engineers across 17 global delivery centres.

Our commitment to employee growth extends beyond traditional training methods. We integrated e-learning platforms, leadership programs, and cross-functional projects to

facilitate team skill development and knowledge sharing.

FOUNDATION PROGRAM FOR OUR GRADUATE ENGINEER TRAINEES (GETs):

Our carefully curated Foundation Program spans 12 weeks for fresh engineering graduates from campuses. The program consists of a blend of e-learning courses and classroom sessions covering domain, technical, tools, and non-technical skills, preparing them to face upcoming challenges in customer projects well in advance.

DIGITAL LEARNING:

Our e-learning platform, KNOW-MATIC, is accessible to employees globally and hosts courses ranging from CAD, CAE, and CAM to emerging Industry 4.0 technologies, including AI, ML, RPA, Data Analytics, Additive Manufacturing, PLM, and Cloud computing. Additionally, non-technical courses on foreign languages and cultural sensitivity are included. Training focused on creating a safe, ethical work environment, such as POSH, is mandatory for all employees.

PROGRAMS AND INITIATIVES FOR LEADERSHIP DEVELOPMENT:

Developing leadership capability has been a significant focus area. Leadership Development at AXISCADES occurs through curated programs: First-Time Managers Program, Managerial Effectiveness Program for middle managers, and

Leadership Development Program for senior managers. These programs combine customised instructor-led sessions with executive development at premium institutions like IIMs'. As part of the development program, 21 senior managers participated in an offsite leadership effectiveness program, and 12 senior members were nominated for executive development programs at IIMs'.

SUCCESSION PLANNING:

Retaining top talent and nurturing future leaders were critical objectives for our organisation in FY24. Our succession planning efforts focused on essential holders of role, identifying internal and external



potential successors. Internal successors were identified using the well-established 9-blocker method, evaluating current performance versus potential. This process ensures that high-potential employees receive targeted development opportunities, preparing them for leadership roles within the organisation.

DIVERSITY, EQUITY AND INCLUSION (DEI) & HUMAN RIGHTS AT AXISCADES:

As an equal opportunity employer, we do not discriminate. At AXISCADES, individuals of all races, colours, religions, national origins, gender identities, gender expressions, sexual

orientations, or disabilities are treated equally. We respect the right of employees to associate freely without fear of reprisal, discrimination, intimidation, or harassment. Our HR team ensures legislative awareness and compliance. We thrive in a culture where every employee feels valued, respected, and empowered to be themselves and contribute their best. Our DEI initiatives encompass recruitment practices, training programs, employee resource groups, and policies to eliminate biases and promote equal opportunities for all.

We have established committees and processes, such as the

Prevention of Sexual Harassment Committee, Audit/Risk & Compliance Committees, Employee Perception Survey and a grievance redressal mechanism, to review progress and address compliance, safety, and harassment-free workplace issues. Our leaders periodically review these processes, and employees are kept updated through training sessions and mailers. Detailed due diligence is conducted before each merger or acquisition, outlining compliance and governance risks.

EMPLOYEE ENGAGEMENT AND WELL-BEING:

Amidst the evolving landscape of hybrid work and digital collaboration,



maintaining employee engagement and well-being remained a top priority in FY24. We recognise the importance of fostering connections, promoting work-life integration, and supporting the holistic well-being of our employees through regular interventions, communication, team-building activities, and well-being programs. Ongoing engagement activities include Fun@work events encompassing sports, culture, and special occasion celebrations. Frequent outbound/offsite workshops conducted both within teams and with cross-functional teams further boost collaboration, camaraderie, and teamwork.

EMPLOYEE BENEFITS:

We are dedicated to enhancing employee well-being through a tailored, comprehensive benefits package in each country we operate.

- **Well-being:** Our focus on health includes comprehensive medical coverage and wellness programs. Initiatives like our Employee Assistance Program encompass physical and mental health support, underscoring our commitment to prioritising employee well-being. Our partnership with vendors to provide free medical consultations for any physical or mental health issues was a welcome move.
- **Financial Stability:** Competitive retirement plans, stock options, and other incentives aligned with long-term goals provide financial security.
- **Flexibility:** Our flexible work options promote a healthy work-life balance, supported by career development programs and



recognition initiatives such as bonuses and awards. By fostering a culture of internal mobility and career progression, we encourage our employees to envision long-term careers with us, driving retention and loyalty across all levels of the organisation. This holistic approach underscores our gratitude for our employees' contributions to our collective success and growth.

Employee insights are drawn from Employee Perception Surveys, and action planning is done based on the results, with employee engagement interventions designed around these insights with a personalised approach. To improve employee engagement, various initiatives were taken in FY24, Employee Connects such as New Joiners Connect, HR Connects/Floor Walks, and Rewards and Recognition. Leadership touchpoints like Townhalls and leadership visits provided employees with opportunities to connect with the leadership team. These initiatives not only improve employee satisfaction

and productivity but also contribute to the growth and success of the organisation.

Our interventions helped increase employee satisfaction levels, indicated by the participation in the annual employee survey from 77% in 2022 to 84% in 2023 and an improvement in the mean satisfaction score from 75% in 2022 to 78% in 2023.

CONTRACT EMPLOYEE ENGAGEMENT:

We enlist contract employees to support short-term projects within our India operations. The duration of these engagements varies based on project requirements and roles. To ensure comprehensive benefits, we mandate that parent organisations provide these employees medical insurance coverage and Group Life Insurance. Internally, we prioritise essential training sessions covering the Code of Business Conduct, Information Security Awareness, and Code of Operations Conduct.



GLOBAL OPERATIONS OVERVIEW:

Our operations outside India are strategically positioned across diverse regions to tap into local talent, resources, and market opportunities. We prioritise employee engagement and involvement, fostering a culture of collaboration, innovation, and inclusivity. Adhering to local laws and regulations is fundamental to our operations, ensuring ethical standards and sustainability. Our employees are integral to this journey, contributing their diverse perspectives and talents to drive our global success. We remain committed to expanding our global footprint through strategic partnerships, digital innovation, and sustainable practices, embodying our vision for global success with local relevance.

LOOKING AHEAD: FUTURE PRIORITIES AND INITIATIVES

As we reflect on the accomplishments and milestones

of FY24, we remain committed to advancing our people initiatives to meet the evolving needs of our workforce and organisation. Key priorities for the upcoming year include:

- Continuous Learning and Development:** Investing in innovative learning solutions and personalised development plans to empower our employees to thrive in a rapidly changing environment.
- Enhanced DEI Strategies:** Building upon our DEI efforts to create a more inclusive and equitable workplace where every voice is heard, valued, and respected.
- Employee Well-being and Flexibility:** We are expanding our wellness programs and flexible work arrangements to support the holistic well-being and work-life balance of our employees.
- Leadership Development and Succession Planning:** Identifying and nurturing the next generation of leaders through targeted development initiatives and succession planning processes.
- Sustainability and Social Impact:** Integrating sustainability principles into our HR practices and corporate initiatives to drive positive social and environmental change.

Looking forward to FY25, we remain committed to driving organisational excellence, fostering a culture of innovation, and empowering our employees to reach their full potential. With dedication, collaboration, and a shared commitment to our core values, we are confident that we will continue to achieve success and make a meaningful impact in the years to come.

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL AEROSPACE & DEFENCE INDUSTRY

STATUS

The global aerospace and defence (A&D) industry is experiencing significant growth and transformation as of 2024. Both the commercial and defence segments are witnessing increased demand. The commercial side is recovering robustly post-pandemic, with air travel expected to exceed pre-pandemic levels by 2024-2025. Meanwhile, geopolitical instability drives defence budgets higher as

nations prioritise preparedness and modernise their military capabilities. Innovations in advanced materials, additive manufacturing, automation, and interconnected factories are reshaping production methods, increasing efficiency, and enabling data-driven decision-making.

In terms of financial performance, 2023 set a record for industry

revenue of \$829 billion, 11% above 2022 and 4% above the previous record set in 2019. This marked a significant milestone of full recovery from the pandemic, at least as measured by overall revenue. Civil aviation companies led the way, as they also did in 2022, with double-digit revenue increases. Out of 100 companies, only eight reported a revenue decline.

KEY TRENDS – CHALLENGES AND OPPORTUNITIES

Despite the positive developments, the global aerospace and defence industry is not immune to challenges. The increasing use of digital technologies and autonomous vehicles has heightened cyberattack vulnerabilities. The industry strongly emphasises enhancing cybersecurity measures to protect sensitive data and maintain operational integrity. Overall, the industry is well-positioned for growth in 2024, driven by technological advancements, increased demand, and strategic innovations. However, companies must remain vigilant and invest in cybersecurity to sustain growth and capitalise on emerging opportunities.

KEY TRENDS – TECHNOLOGY

The global aerospace and defence industry is undergoing a digital transformation. AI and machine learning are key in addressing supply chain issues, enhancing product development, and improving cybersecurity measures. A notable trend is the industry's increasing emphasis on sustainability, with companies developing products that reduce environmental impact and improve fuel efficiency.

The ongoing supply chain disruptions lead to longer lead times and higher costs. In response, companies are creating more resilient supply chains through onshoring and friend-sharing strategies.

A&D companies are accelerating their digital transformation by adopting model-based enterprises and digital twins, which enhance product development and operational efficiencies.

\$ 829 billion
Industry Revenue
in 2023





TECHNOLOGY TRENDS HIGHLIGHTS

Modernisation of Processes:

Manufacturers are modernising processes, technologies, and tools to increase throughput and manage demand fluctuations and costs effectively despite labour and supply chain challenges.

Integration of IIoT and IT Systems:

Employing Industrial Internet of Things (IIoT) technologies and integrating operational technology (OT) and information technology (IT) systems generate better insights, enhancing production yield and product quality.

Digital Twin Technology:

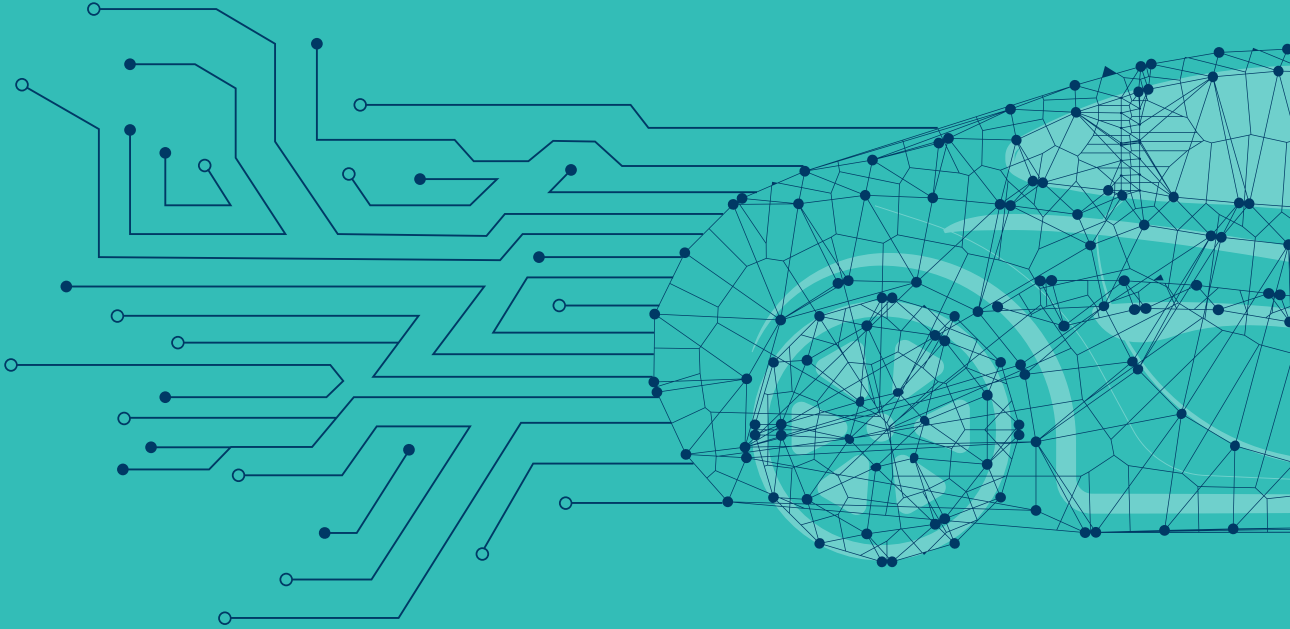
Implementing digital twin technology allows companies to track parts throughout their lifespan, improving maintenance protocols and creating opportunities for aftermarket service provider readiness.

Investment in Cybersecurity:

To protect sensitive data, A&D companies are investing in robust cybersecurity risk management measures and strengthened digital infrastructure systems, addressing the growing risks associated with digital transformations.

MANAGEMENT DISCUSSION & ANALYSIS

AUTOMOTIVE



STATUS

In 2023, the global automotive sector demonstrated robust growth, with car manufacturing reaching nearly 76 million units, marking a substantial 10.2% increase from the previous year. Positive production trends across various regions drove this upsurge. European car production grew significantly by 12.6%, reaching nearly 15 million units, attributed to a weaker comparison baseline from 2022. North America saw a 12.4% increase in production, with the US contributing an 8.5% growth, producing over 7.6 million cars. South America's production

remained almost flat, growing only by 0.1%, with Brazil's decline in output being a primary factor.

Japan experienced a notable 17.4% increase in car production to 7.7 million units, rebounding from low production volumes in 2022. South Korea also saw significant growth of 13.6%, producing 3.9 million units, driven by stable operations and strong exports. China solidified its position as the world's leading car producer, with a 9.1% increase to 25.3 million units, holding a 33.5% market share. India recorded a 6.8% growth, producing 4.7 million units,

driven by improved semiconductor supply and strong demand for mobility.

Overall, the global automotive industry in 2023 displayed resilience and recovery, with most regions showing significant production increases despite varying challenges.

In 2023, the global automotive sector demonstrated robust growth, with car manufacturing reaching nearly 76 million units, marking a substantial 10.2% increase from the previous year.



KEY TRENDS – TECHNOLOGY

AI and Generative AI:

AI is becoming integral in various aspects of automotive manufacturing and operations. Generative AI, in particular, is being used to automate design processes, improve forecasting, and enhance manufacturing efficiency. This technology enables more intelligent data use, leading to better product designs and more personalised customer experiences.

Predictive Maintenance:

Using connected sensors and AI for real-time data analysis helps predict and prevent mechanical issues before they cause system failures.

This proactive approach improves vehicle reliability and reduces downtime, enhancing customer satisfaction and operational efficiency.

Supply Chain Optimization:

Implementing AI and machine learning technologies can help manufacturers manage and optimise their supply chains. Predictive analytics help anticipate demand fluctuations, optimise inventory levels, and enhance production planning, minimising risks such as overstocking or stockouts.

Autonomous Driving:

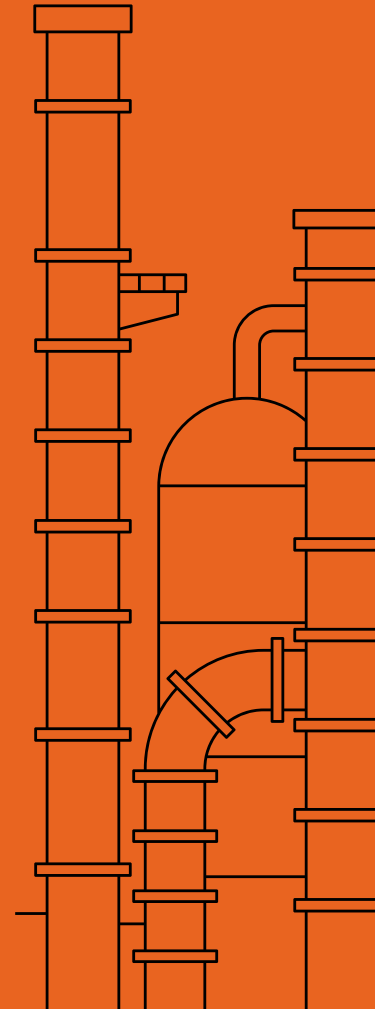
The development of autonomous driving technology continues to advance, with more sophisticated driver-assistance systems (ADAS) becoming standard in new vehicles. These systems aim to enhance safety, improve driving convenience, and reduce human error on the road.

MANAGEMENT DISCUSSION & ANALYSIS

OIL AND GAS

STATUS

In 2023, the global oil and gas industry continued to navigate a complex landscape shaped by economic, geopolitical, and technological factors. The industry witnessed substantial growth in oil demand, which rose by 2.3 million barrels per day (mbpd), crossing the 100 mbpd mark for the first time in history. This growth was driven by the easing of COVID-19 restrictions, particularly in China, and sustained demand for energy despite global economic uncertainties.



KEY TRENDS

Energy Transition and Clean Energy Investments:

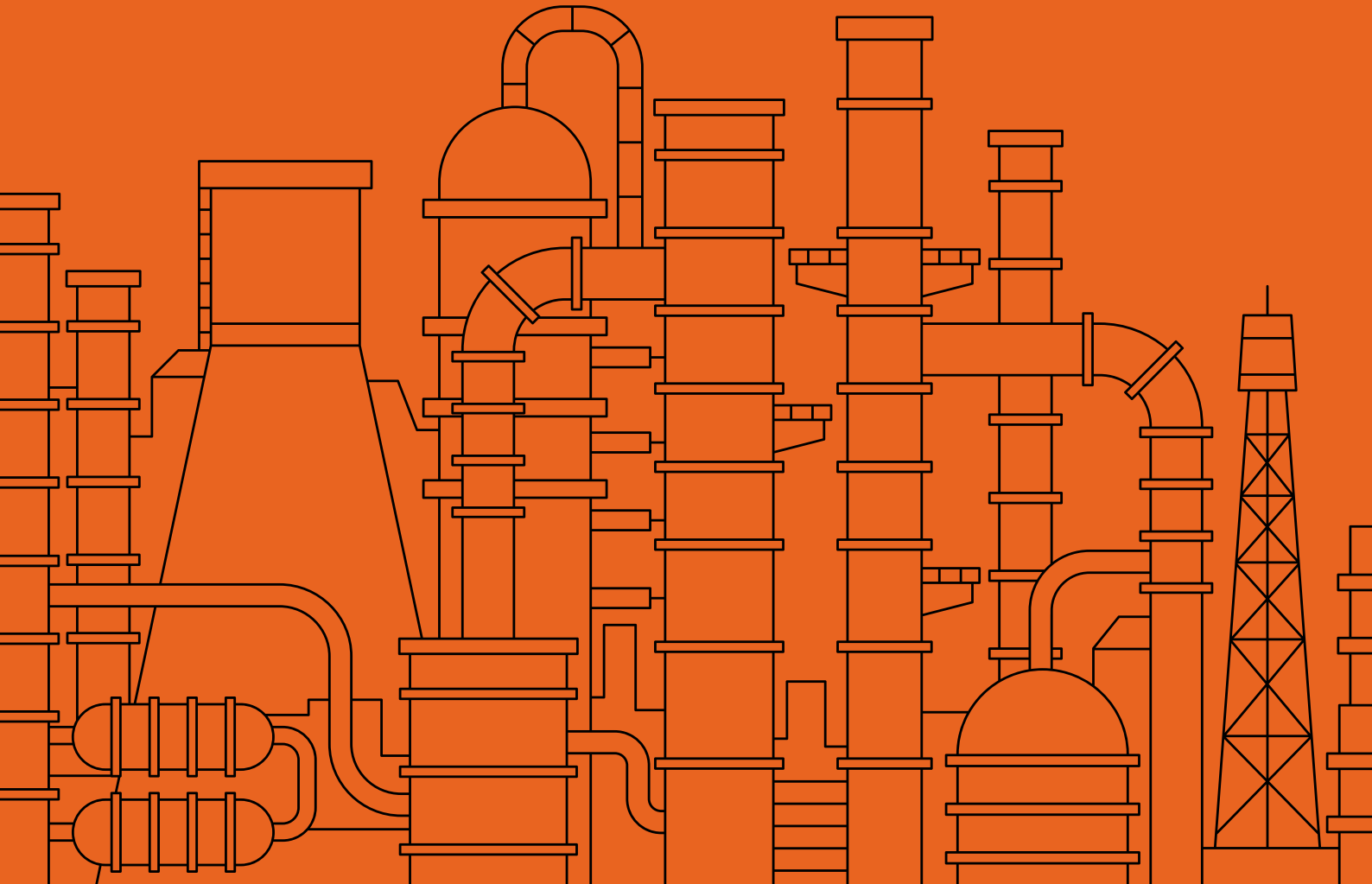
Oil and gas companies increasingly invest in clean energy solutions as part of a broader energy transition strategy. Investments in carbon capture, utilisation and storage (CCUS), hydrogen, and biofuels are gaining momentum. However, these investments still represent a small fraction of overall capital expenditures, highlighting the need for more substantial shifts to meet long-term sustainability goals.

Supply Chain and Investment Dynamics:

The global oil supply remained tight due to limited OPEC+ spare capacity and geopolitical tensions, particularly the ongoing conflict between Russia and Ukraine. This led to a cautious approach in production increases and a focus on maintaining healthy balance sheets. Upstream investments continued to rise, driven by the need to ensure energy security and affordability.

Technological Advancements:

Digital transformation is a significant driver of efficiency and innovation in the oil and gas sector. Technologies such as the Industrial Internet of Things (IIoT), Artificial Intelligence (AI), and Digital Twins are deployed to optimise operations, enhance predictive maintenance, and reduce greenhouse gas emissions. These technologies help companies improve operational efficiency and sustainability while managing risks and costs.



Natural Gas and LNG:

Natural gas investments saw an uptick as companies aimed to reduce the carbon footprint of gas production and export more to regions like Europe, which are seeking alternatives to Russian gas. The development of certified natural gas and carbon-neutral liquefied natural gas (LNG) further underscores the industry's shift towards cleaner energy solutions.

Economic and Geopolitical Challenges:

The industry grappled with high energy prices, inflation, and supply chain disruptions. These challenges were exacerbated by geopolitical tensions and policy shifts to accelerate the clean energy transition. Despite these hurdles, the industry's financial health remained strong, enabling continued investments in traditional hydrocarbons and emerging clean energy technologies.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF OPERATIONS

AXISCADES Technologies Limited is a prominent player in the global Engineering Research and Development (ER&D) services industry, offering comprehensive solutions across various sectors, including Aerospace, Automotive, Heavy Engineering, Energy, and Defence. The company is renowned for its innovative approach, leveraging cutting-edge technologies to deliver design, development, and product lifecycle management services. AXISCADES strategically aligns with global ER&D trends, focusing on digital transformation, sustainability, and advanced engineering solutions. By continuously investing in new technologies such as IoT, 5G, AR/VR, and generative AI, AXISCADES ensures it stays at the forefront of innovation, helping clients future-proof their operations and meet evolving market demands. The company's commitment to integrating digital engineering and sustainability initiatives into its core operations mirrors the broader industry trends, positioning AXISCADES as a leader in driving technological advancements and delivering value to its stakeholders.

About the Company and Its Contextual Positioning

AXISCADES Technologies Limited is a leading technology and product engineering solutions company serving global Original Equipment Manufacturers (OEMs) across multiple industries, including Aerospace, Automotive, Heavy Engineering, Energy, Semiconductors and Defence. The company specialises in providing innovative, sustainable, safer, and smarter products through its comprehensive services, including design and analysis, manufacturing engineering, in-service support, system integration, and digitisation.

Overview of the Global ER&D Services Industry

Engineering Research and Development (ER&D) Services encompass a variety of activities involved in the designing, developing, and improving products and processes. These services are critical to various industries, including automotive, aerospace, defense, industrial, and high-tech sectors. The global ER&D market is divided into software and digital, embedded, and mechanical engineering services, which together drive innovation and productivity in the manufacturing and service sectors.

Global ER&D Spending

In 2022, global ER&D spending was estimated at USD 1,811 billion, with a significant portion dedicated to digital engineering. This segment, which includes investments in IoT, blockchain, 5G, AR/VR, cloud engineering, digital thread, advanced analytics, embedded engineering, and generative AI, is expected to grow at a CAGR of approximately 18% from 2022 to 2026. The resilience of ER&D spending, despite macroeconomic challenges such as inflation and recessionary pressures, highlights the ongoing commitment to innovation and technological advancement across industries.

Key Drivers of ER&D Spending Growth

Sustainability Focus: Global enterprises are increasingly integrating sustainability into their development plans. The push for carbon neutrality and energy efficiency has spurred investments in designing energy-efficient products and transitioning to clean energy operations.

Shrinking Innovation Cycles: The market's demand for innovative products has shortened product lifespans and accelerated innovation cycles. For instance, the automotive industry is projected to introduce 61 new models annually from 2022 to 2026, a 50% increase from the previous two decades.

Digital Thread: Digital technologies are revolutionising the manufacturing sector by creating value through a 'Digital Thread' that connects machines across the value chain. This integration allows for real-time insights into product performance from design to disposal, enhancing operational efficiencies and decision-making processes.

Growing Product Complexity: Advances in technology have increased product complexity across various industries. In the automotive sector, for example, the shift towards connected and autonomous vehicles has necessitated significant investments in digitising sales and services operations.

Generative AI: The rise of generative AI is driving new investments to enhance engineering efficiency and develop intelligent products and services. Although in its early stages, this technology holds transformative potential for various industries.

ER&D Spend by Industry Verticals

Manufacturing-Led Verticals: Automotive, industrial, aerospace, and defence sectors are the most significant contributors to global ER&D spending. The automotive sector alone accounts for roughly 10% of the total ER&D spend, driven by investments in digital engineering and electrification.

Hi-Tech-Led Verticals: The Software and Internet, semiconductor, and telecom sectors contribute 40% to the global ER&D spend. These sectors are among the fastest-growing, driven by advancements in digital technologies.

Services-Led Verticals: BFSI, healthcare, media, and entertainment sectors account for 12% of the global ER&D spend, primarily driven by digital engineering investments. Although currently the most minor portion, this category is the fastest-growing segment in ER&D spending.

Geographical Distribution of ER&D Spend

North America: North America is leading in ER&D spending due to the high penetration of software and

internet firms, and it is expected to continue growing rapidly.

APAC: The region, led by increased ER&D spending by Southeast Asian enterprises and high digital engineering investments, has surpassed Western Europe in total ER&D spending.

Europe: Continues to be a significant contributor to global ER&D spending, particularly in the automotive and aerospace sectors.

Outsourced ER&D Services Market

The global ER&D services market, which includes spending by Global Capability Centers (GCCs) and third-party Engineering Service Providers (ESPs), was valued at USD 170-180 billion in 2022. This market is expected to grow significantly, driven by the need for cost savings, flexibility, and access to skilled talent. Indian and Romanian ESPs, in particular, are well-positioned to capitalise on this growth due to their large talent pools and competitive cost structures.

India: Indian ESPs account for almost a fourth of the overall outsourced ER&D spend, with the country emerging as a key destination due to its large STEM talent pool, robust innovation ecosystem, and cost advantages.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE

Financial Performance

| Metrics | FY23 | FY24 | YoY % Change |
|----------------------------------|--------|-------|--------------|
| Revenue from Operations (₹ Cr) ^ | 814 | 952 | +17% |
| Revenue in \$ Mn | 101.8 | 116.1 | +14% |
| EBITDA (₹ Cr) | 124* | 130 | +5% |
| EBITDA Margin (%) | 15.30% | 13.7% | - |
| Profit After Tax (₹ Cr) | -5 | 33 | - |
| PAT Margin (%) | -0.6% | 3% | - |
| Net Borrowings (₹ Cr) | 214 | 85 | -60% |
| Confirmed Order Book (₹ Cr) | 589 | 749 | +27% |

* Note: FY23 EBITDA excludes the impact of a one-time net benefit of ₹13 crores.

^ Excludes other operating income

Financial Ratios

| Ratio Discription | March 31, 2024 | March 31, 2023 | Variance | Explanation |
|------------------------------|----------------|----------------|----------|---|
| Debtors turnover (in days) | 90 | 80 | 12% | - |
| Inventory turnover (in days) | 136 | 134 | 2% | - |
| Interest coverage ratio | 2.54 | 4.22 | -40% | Interest coverage ratio was impacted due to one time costs incurred for re-financing of borrowing |
| Current ratio | 1.92 | 1.51 | 28% | - |
| Debt equity ratio | 0.54 | 1.01 | -47% | Borrowing were partially repaid through the proceeds from qualified institutional placement |
| Operating margin (%) | 15% | 19% | -19% | Operating margin decreased due to investment in digital initiatives and increase in operating expenses. |
| Net profit margin (%) | 4% | -1% | -695% | Net Profit margin increased due to absence of one time charges |
| Return on net worth (%) | 6% | -1% | -505% | Return on net worth increased due to absence of one time charges in FY24 |

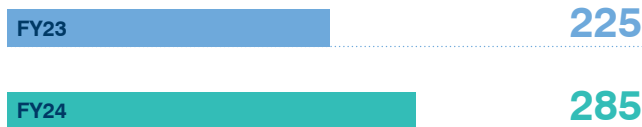
MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SEGMENT-WISE PERFORMANCE

AEROSPACE

The aerospace segment saw robust growth, driven by significant deal wins and an increased share of wallets from existing clients. A key highlight was securing a large OEM deal worth \$18 million to be executed over the next five years. Diversified customer base with engagement for leading independent aircraft engineering and maintenance group. Expanded service offerings include manufacturing engineering and support, product design and development, etc.

REVENUE (₹CR)



+27% YoY

AUTOMOTIVE

The Automotive segment achieved above-industry-average growth, primarily driven by leveraging synergised capabilities and deepening relationships with existing customers across Europe and APAC. The completion of the add solution acquisition also contributed significantly to the growth.

REVENUE (₹CR)



+197% YoY

DEFENCE

The Defence segment's production revenues tripled, driven by prior design wins and new pipeline additions. Significant deals were closed in FY24, and the company delivered the first Man Portable Counter Drone System to the Indian Army.

REVENUE (₹CR)



+8% YoY

ENERGY

The Energy segment substantially grew by enhancing contract values and acquiring new customers. The addition of EPCOGEN capabilities expanded the customer base significantly.

REVENUE (₹CR)



+79% YoY

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SEGMENT-WISE PERFORMANCE

SEMICONDUCTORS

Despite a marginal decline in the Semiconductor segment due to inventory build-up at customer ends, the non-recurring engineering (NRE) business saw a 6% YoY growth.

| REVENUE | (₹CR) |
|---------|-------|
| FY23 | 128 |
| FY24 | 125 |

-2% YoY

HEAVY ENGINEERING

The Heavy Engineering segment faced a decline due to macroeconomic factors but is expected to grow in FY25 with digital initiatives and automation.

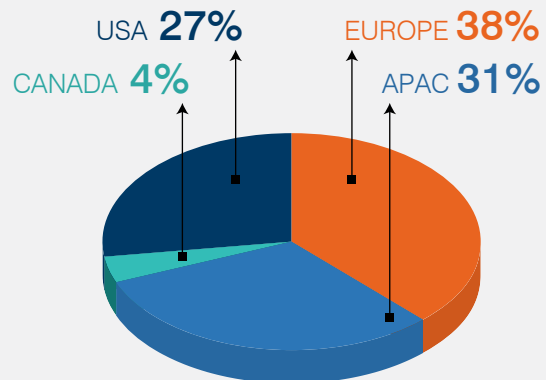
| REVENUE | (₹CR) |
|---------|-------|
| FY23 | 170 |
| FY24 | 152 |

-11% YoY

PERFORMANCE BY GEOGRAPHY

AXISCADES' performance varied across different regions, with notable growth in APAC and Europe and a slight decline in the US market.

FY-24 REVENUE (%)



MANAGEMENT DISCUSSION & ANALYSIS

KEY DEVELOPMENTS IN TECHNOLOGY AND M&A

TECHNOLOGY

Digital Infrastructure: It is enhanced with central servers for development, Edge GPU PCs, AR/VR systems, and digital lab setups.

Automation: Implementing machine vision-based quality inspection systems and process automation to increase efficiencies.

Product Development: AR/VR/MR/3D capabilities and integration with Mistral’s hardware design and embedded systems.

KEY STRATEGIC INITIATIVES

Qualified Institutional Placement: Successfully raised ₹220 crores, significantly reducing net borrowings and enhancing financial stability.

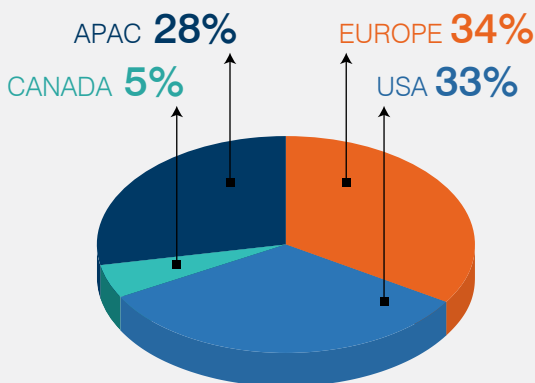
Confirmed Order Book: Increased by 27% to ₹749 crores, demonstrating a solid pipeline of future business.

MERGERS AND ACQUISITIONS

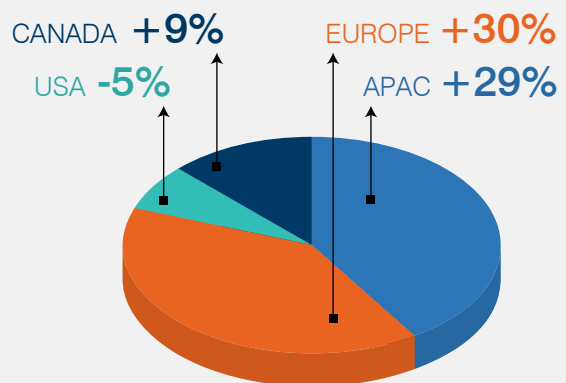
add solution GmbH: Strengthened capabilities in EDS, HMI testing, and automation, contributing to a significant revenue increase from one of the world’s largest OEMs.

EPCOGEN: Expanded the customer base in the energy sector, providing new-age solutions to global energy demands.

FY-23 REVENUE (%)



YOY % CHANGE



MANAGEMENT DISCUSSION & ANALYSIS

RISK AND RISK MITIGATION

| Key Risks | Risk Description | Mitigation Strategy | Probability | Impact |
|---------------------|--|---|-------------|--------|
| Technology changes | The fast pace of industry change, disruptive technologies, evolving customer needs in changing the operating environment, etc., may lead to a mismatch between the solutions needed by customers and those offered by AXISCADES, which causes slippage in performance. | <ul style="list-style-type: none"> - Continued interaction by Dedicated client relationship teams that can develop a significantly better understanding of client's needs and operating environment. - Focus on innovation and development of solutions. - 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. - Partnerships with technology partners, internal R&D, institutionalized knowledge building and skill development to develop capabilities in line with technological changes and strengthen the value proposition to keep ahead of the competition. | High | High |
| Cyber security risk | In today's world, cyber security risk could lead to a cyber attack on business. This could lead to loss of data and reputation. | <ul style="list-style-type: none"> - Strict enforcement of a comprehensive IT Security Management framework covering systems, processes, manpower, and overall infrastructure. - Campaign on Cyber Security awareness for all employees. - Regular audit and reviews of security management. | High | High |
| Currency risk | Company earns a major part of its revenue in foreign currency. Fluctuation in currency may adversely impact the result of operations. | <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - Diversification in regional markets by increasing the exposure to a wider basket of currencies. - Development of a risk management policy that involves proactive hedging of incremental exposures through available financial instruments. | Medium | Medium |

| Key Risks | Risk Description | Mitigation Strategy | Probability | Impact |
|---------------------|--|--|-------------|--------|
| Human resource risk | Increase in attrition rate. | - Employee engagement, health & wellbeing, and motivation. | Medium | High |
| Competition risk | Competition from other players may impact the business performance of the company. | - Expanding our offerings in newer space to provide end-to-end services to our clients. The Company is also focusing on vertical diversification and customer diversification to mitigate revenue concentration from limited customers and verticals. | High | High |
| Compliance risk | Changes in laws, regulations, policies, and other Governmental actions could affect the Company's operation periodically. These laws, regulations, and policies include those affecting environmental matters, employee welfare, safety, wastage emissions, etc. | - The company has a statutory compliance mechanism to ensure compliance with all laws and regulations applicable to it, which are certified by functional heads. This is periodically audited by internal auditors and secretarial auditors for coverage and compliance. The company also conducts yearly health checks on selected areas of statutory compliances to ensure that the company has a robust compliance process. | Medium | High |
| Climate risk | Climate change could affect the company's operations and supply chain. | - Implementing sustainable practices in operations. - Regular assessment of climate-related risks and opportunities. - Adapting business strategies to incorporate climate resilience. - Engaging in carbon footprint reduction initiatives. | Medium | High |

BOARD'S REPORT

To,
The Members,

Your Directors have pleasure in presenting the Thirty Fourth (34th) Annual Report on the business and operations of the Company, along with the audited financial statements for the financial year ended March 31, 2024. The Consolidated performance of the Company and its subsidiaries has been referred to, wherever required.

1. FINANCIAL RESULTS

(₹ Lakhs)

| Particulars | Standalone | | Consolidated | |
|---|------------|------------|--------------|------------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| Total income | 35,786.27 | 28,469.98 | 96,505.78 | 82,758.05 |
| Total expenditure (before interest & depreciation) | 29,552.42 | 24,235.00 | 82,187.46 | 67,605.69 |
| Earnings before interest, depreciation, amortization and extra-ordinary items | 5,750.02 | 4,079.85 | 13,035.27 | 13,754.78 |
| Interest & finance charges | 5,408.60 | 3,342.48 | 5,636.79 | 3,589.98 |
| Depreciation & amortization | 1,442.16 | 1,093.65 | 3,379.12 | 2,651.83 |
| Earnings/before Tax and Exceptional Items | (616.91) | (201.15) | 5,302.41 | 8,910.55 |
| Share in net profit/(Loss) of associate | - | - | (0.30) | (4.41) |
| Exceptional item | - | (1,664.87) | - | (6,803.74) |
| Profit/(Loss) before Tax (PBT) | (616.91) | (1,866.02) | 5,302.11 | 2,102.40 |
| Provision for Tax – Current & Deferred | (220.10) | 116.85 | 1,961.17 | 2,582.22 |
| Net Profit/(Loss) after Tax (PAT) | (396.81) | (1,982.87) | 3,340.94 | (479.82) |
| Minority Interest | - | - | 60.16 | 43.43 |
| Profit/(loss) for the period | (396.81) | (1,982.87) | 3,280.78 | (523.25) |
| EPS | | | | |
| Basic | (1.02) | (5.21) | 8.40 | (1.37) |
| Diluted | (1.02) | (5.21) | 7.74 | (1.37) |

STATE OF AFFAIRS / PERFORMANCE REVIEW

During the financial year 2023-24, the Company achieved 17% growth in overall revenue. Its key verticals, namely, Aerospace, Product Engineering Services and Product & Solutions grew by 27%, -2% and 8% respectively. Our recent foray in the Automotive & Energy segments is scaling up well. Both segments have delivered robust growth of 197% & 79% respectively in this fiscal year. Going forward, both these segments will grow substantially and will form significant portion of our revenue. The Engineering design services revenue has grown by 21% Y-o-Y and the Strategic Technology Solutions vertical by 8%. In FY24, the Company has made considerable progress, in de-risking the business, with three-pronged approach of 'vertical diversification, customer diversification and digital first' and it will continue to execute its strategy in coming years. In FY25, our focus will be to further consolidate our business, to make it more sustainable and profitable.

FINANCIAL HIGHLIGHTS – STANDALONE

Total Income increased by 26% in 2023-24 to ₹35,786.27 lakhs. EBIDTA increased by 40.94% to ₹5,750.02 lakhs and Loss before tax and exceptional items is ₹ 616.91 lakhs in 2023-24. Net loss after tax stood at ₹396.81 lakhs in 2023-24.

FINANCIAL HIGHLIGHTS – CONSOLIDATED

Total Income increased by 16.61% to ₹96,505.78 lakhs in 2023-24. EBIDTA decreased by 5.23% to ₹13,035.27 lakhs in 2023-24. Profit before tax and exceptional items decreased from ₹8,906.14 lakhs to ₹5302.11 lakhs in 2023-24. Net Profit/(loss) after tax, before minority interest, increased by 696.3 % to ₹3,340.94 lakhs in 2023-24.

RESERVES

The Company has not transferred any amount to its general reserves during the Financial Year ended March 31, 2024.

DIVIDEND

Considering the need for conservation of funds for catering to the growth plans of the Company, your Directors consider it expedient to pass over dividend for 2023-24.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board has formulated and adopted the Dividend Distribution Policy. The Policy is available on our website at <https://axiscades.com/download/dividend-distribution-policy?wpdmdl=4152&refresh=663a0144d2bee1715077444>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in the Annual Report and furnished as **Annexure-1**.

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 of the Company are furnished in the section on Corporate Governance.

During the financial year 2023-24, the Company has allotted equity shares as below:

- 257,671 equity shares under ESOP Plan which were listed on NSE and BSE vide letters NSE/LIST/2023/37549 and LOD/ESOP/TP/No.162/2023-2024
- 143,491 equity shares under ESOP Plan which were listed on NSE and BSE vide letters NSE/LIST/2024/40796 and LOD/ESOP/TP/ No. 548/ 2023-2024
- The Company allotted 33,23,262 equity shares through Qualified Institutional Placement (QIP) at an issue price of ₹ 662 per equity share (including a premium of ₹657 per equity share and reflecting a discount of ₹34.70 (i.e. 4.98%) on the floor price of ₹696.70 per equity share) aggregating to ₹2,19,99,99,444 on January 15, 2024. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and Sections 42 and 62 of the Companies Act, 2013 as amended, including the rules made thereunder. 33,23,262 equity shares allotted under Qualified Institutional Placement were listed on NSE and BSE vide letters NSE/LIST/39540 and LO/QIP/VM/LP/438/2023-24
- 24,470 equity Shares under ESOP Plan which were listed on NSE and BSE vide letters NSE/LIST/2024/41315 and LOD/ESOP/TP/ No.1/2024-2025

DEBENTURES

During the year 2023-24, the Company has raised an amount of ₹210 crores by way of issuance of Unlisted, Unrated, Secured, Redeemable, Non-convertible Debentures on a Private Placement basis.

The total value of the outstanding debentures as on 31st March 2024 stands at ₹105 crores.

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, the Board and the Shareholders, wherever required. Your attention is drawn to the Notes to the financial statements, in this respect.

The Company has not entered into transactions with related parties, which are considered material in accordance 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.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company, which occurred between the financial year end and the date of this report, save and except for the following:

During the year, the Company acquired add solution GmbH (through AXISCADES GmbH, Subsidiary), a Company based out of Wolfsburg, Germany which specializes in automotive design and development. The said acquisition provides a strategic foothold to AXISCADES in the Automotive space, besides opportunity for firm contracts with marquee automotive OEMs. This has led to significant offshoring opportunities and enhanced business for AXISCADES in the automotive space, both in India and globally.

The Company also has inaugurated New Engineering Design Centre (EDC) in Saltney, Chester, UK. The newly established facility's strength is its carefully selected strategic location, which is designed to serve the long-term requirements of the aerospace industry and various promising business opportunities in the region. The Engineering Design Centre serves as a hub for innovation, collaboration, and cutting-edge and evolving engineering solutions across aerospace, automotive, and other industry sectors as part of AXISCADES' commitment to their clients to provide faster response rate and quick turnaround with minimal risk.

The Company also acquired Epcogen Private Limited, based out of Hyderabad, India, and operating from Chennai India. Epcogen is a niche solutions provider focused on engineering design and solutions for energy space. Acquisition has given a steppingstone in energy vertical for the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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. | add solution GmbH | Germany | 94% shares held by AXISCADES GmbH |

Indian Subsidiaries

| Sl. No | Name of the subsidiary | Location/Country | %age Shareholding |
|--------|--|------------------|--|
| 1. | Cades Studec Technologies (India) Private Limited (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% shares are held by ACAT and 48.16% shares are held by AAIPL |
| 5. | Mistral Solutions Pvt. Ltd. | Bengaluru, India | 58.12% held by ACTL* and 41.28% held by Explosoft |
| 6. | Aero Electronics Pvt. Ltd. | Bengaluru, India | 74% shares held by Mistral Solutions Pvt. Ltd. |
| 7. | Mistral Technologies Pvt. Ltd. | New Delhi, India | 100% shares held by Mistral Solutions Pvt. Ltd. |
| 8. | Explosoft Tech Solutions Pvt. Ltd. (Explosoft) | Mumbai, India | 100% |
| 9. | Epcogen Private Limited | Telangana, India | 99.99% |

*ACTL - AXISCADES Technologies Limited

Aero Electronics Private Limited was a wholly owned subsidiary of Mistral Solutions Private Limited until 03rd September 2023 and as on 31st March 2024, Mistral Solutions Private Limited holds 74% of the equity share capital in Aero Electronics Private Limited.

A report on the performance and financial position of each of the subsidiaries as per rule 8(1) of Companies (Accounts) Rules, 2014 is furnished under the statement containing salient features of financial statements of subsidiaries in Form AOC-1 is 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. The copies of these documents will be sent 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.

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.

2. ORGANIZATION DEVELOPMENT

BOARD OF DIRECTORS

Induction and cessation of Directors and KMPs during the year:

| Sl No | Name of the Director/KMP | Category | Appointment/ Reappointment/ Cessation | Date |
|-------|--------------------------------------|---|---------------------------------------|--|
| 1 | Mr. David Walker | Non-Executive, Non-Independent | Completion of Tenure | w.e.f. close of business hours on June 28, 2023 |
| 2 | Dr. S. Christopher | Non-Executive, Non-Independent | Appointment | w.e.f. June 30, 2023 |
| 3 | Mr. David Bradley | Non-Executive, Non-Independent Chairman | Cessation | w.e.f. close of Annual General Meeting on September 28, 2023 |
| 4 | Mr. Sharadhi Chandra Babu Pampapathy | Non-Executive, Non-Independent | Retirement by rotation | w.e.f. close of business hours on September 28, 2023 |
| 5 | Mr. Abidali Neemuchwala | Non-Executive, Non-Independent Chairman | Appointment | w.e.f. start of the business hours on October 04, 2023 |

HUMAN RESOURCES DEVELOPMENT

In our constant quest to be a customer focused, performance driven and future ready organization, the Company is committed to build an environment, where employees are inspired to deliver and achieve excellence. The Human Resource Policy of the Company is focused on attracting, building and retaining the best talent. Towards this, the Company continues to explore and implement best practices in Hire to Retire Cycle, the Company's particular focus is on training and development of its Employees, to develop their skills, grow in their career and be future ready. Needless to say, the Company is committed to provide a safe and healthy work environment to all its employees.

The Company has 3,131 employees on a consolidated basis as of March 31, 2024.

EMPLOYEE BENEFIT SCHEME

The Company has ESOP Scheme - AXISCADES ESOP 2018-Series 1 and AXISCADES ESOP 2018- Series 2 which are in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and are effective from April 1,2018.

Further the pool of ESOPs was increased by 26,43,167 by way of variation in the terms of existing ESOP schemes series (clause 14.1 & 14.3), which became effective on receiving shareholders' approval in the Annual General Meeting held on September 28, 2021.

The applicable disclosures in compliance with Regulation 14 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 are set out and enclosed as **Annexure III** and the Report of Independent Auditor on AXISCADES ESOP 2018- Series 1 & 2 is enclosed as **Annexure IV**.

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 V** 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 VI** 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 on compliance of conditions of corporate governance is also appended to the report.

MEETINGS OF THE BOARD

The Board of Directors met 11 (eleven) times during the financial 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. Desh Raj Dogra, Mr. Dhiraj Mathur, Independent Directors and Mr. Venkatraman Venkitachalam, 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 Risk Management Committee (constituted on May 06, 2023) 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 along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations 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.

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.

POLICY ON DIRECTORS' 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 VII**.

RISK MANAGEMENT POLICY

The Company has formulated and implemented a Risk Management Policy which focuses on the identification of

various elements of risks, if any, which in the opinion of the Board, may threaten the existence of the Company.

The Company has a risk identification and management framework 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 Risk Management Committee is responsible for monitoring risk levels on various parameters and the senior management group ensures implementation of mitigation measures, if required. The Audit Committee has additional oversight in the area of financial risks and controls.

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 2023-24, no complaints have been 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; if any
- 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. 101049W/E300004), were re-appointed as Auditors of the Company by the shareholders at the 32nd Annual General Meeting ("AGM") held on September 27, 2022 to hold office till the conclusion of the 37th AGM of the Company. Hence, they will continue to be the Auditors of the Company.

The Auditors' Report does not contain any qualification, reservations or adverse remarks. 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 2023-24. The Secretarial Audit Report of the Company and its material subsidiaries for FY24 are attached as **Annexure VIII** 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 and 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.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company dissolved its Corporate Social Responsibility Committee in its Board Meeting held on June 11, 2021 pursuant to the amendment in Companies (CSR Policy) Rules, 2014 and Section 135 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 Board is responsible for formulating 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 IX** to this Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

In pursuance of Regulation 34 of the SEBI Listing Regulations, the Business Responsibility and Sustainability Report describing the initiatives taken by the Company from an environmental, social and governance perspective is enclosed as **Annexure X** to this report.

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.

ANNUAL RETURN

The Annual Return of your Company as on March 31, 2024, prepared pursuant to Section 92 of the Companies Act, 2013 and the Rules made thereunder, in Form MGT-7 is available on the website of the Company at <https://axiscades.com/download/annual-return-fy-2023-24?wpdmdl=7028&refresh=66ba1040bffe31723469888>

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 timely preparation of reliable financial disclosures.

6. CONSERVATION OF ENERGY, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Conservation of Energy

Being an Information Technology Company, the Company's operations are 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

| | FY 2023-24 | FY 2022-23 |
|--|-------------------|-------------------|
| Foreign Exchange Earnings (actual inflows) | 25,626.08 | 22,741.03 |
| Foreign Exchange Outgo (actual outflows) | 9,647.84 | 4,271.10 |

Technology Absorption

The Company does not have 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. APPLICATION UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:

During the year, the Company has not made any application under the Insolvency and Bankruptcy Code, 2016.

8. 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.

9. GREEN INITIATIVES

With reference to the MCA circular dated September 25, 2023 read with and SEBI circular dated October 07, 2023, this year the Company is dispensed with the printing and dispatch of Annual Reports to the Shareholders. Electronic copies of the Annual Report are sent to all the members whose email addresses are so registered.

10. ACKNOWLEDGMENTS

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

Sd/-
Arun Krishnamurthi
Chief Executive Officer & Managing Director
DIN: 09408190

Sd/-
Abidali Neemuchwala
Chairman & Non-Executive Director
DIN: 02478060

Date: May 20, 2024

Place: Bengaluru

Place: New York

| Sl. No. | Particulars | Details | | | | | | | | | | | | | |
|---------|--|---|-------------|--------------|-----------|--------------|-------------|--------------|-------------|-------------|-------------|-----|-----|-----|-----|
| 5 | 1. Revenue from operations | 22,30,44,670 | 7,47,48,037 | 18,03,60,158 | - | 3,25,000 | 4,59,68,300 | - | - | - | - | - | - | - | - |
| | 2. Expenses incurred on behalf of | 45,56,213 | 62,00,910 | 15,94,421 | - | 25,79,567 | - | - | - | - | - | - | - | - | - |
| | 3. Software subscription charges incurred by | 57,59,444 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 4. Salaries, wages and bonus incurred on behalf of | 2,20,53,324 | - | 80,24,890 | - | 1,63,70,389 | - | - | - | - | - | - | - | - | - |
| | 5. Salaries, wages and bonus recovered / staff welfare expense incurred by | - | 3,66,91,870 | - | 18,38,486 | - | 86,97,804 | 19,31,825 | - | - | - | - | - | - | - |
| | 6. Services received from | 1,00,48,458 | - | 11,64,048 | - | - | - | 1,12,02,070 | - | - | - | - | - | - | - |
| | 7. Software and Legal expenses charged to | 69,65,939 | - | 7,00,734 | - | - | - | - | - | - | - | - | - | - | - |
| | 8. Interest Expenses | - | - | 45,12,330 | - | 75,09,179 | 11,22,794 | 2,21,87,123 | 4,56,24,658 | - | 2,17,96,863 | - | - | - | - |
| | 9. Interest income | - | - | - | - | - | - | - | 1,22,891 | - | 1,65,411 | - | - | - | - |
| | 10. Inter corporate deposits given/ repaid to | - | - | - | - | 6,50,00,000 | - | - | 16,50,000 | 1,50,00,000 | - | - | - | - | - |
| | 11. Inter corporate deposits availed from | - | - | - | - | 11,50,00,000 | 3,00,00,000 | 32,00,00,000 | - | - | - | - | - | - | - |
| | 12. Corporate guarantee received from | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (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. | | | | | | | | | | | | | |
| (f) | Amount paid as advances, if any | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

For and on behalf of the Board

Sd/-

Arun Krishnamurthi

Chief Executive Officer & Managing Director
DIN: 09408190
Place: Bengaluru

Sd/-

Shashidhar SK

Chief Financial Officer
Place: Bengaluru

Sd/-

Abidali Neemuchwala

Chairman & Non-Executive Director
DIN: 02478060
Place: New York

Sd/-

Sonal Dudani

Company Secretary
Membership No.: 40415
Place: Bengaluru

Date: May 20, 2024

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

| Sl. No. | Particulars | AXISCADES Inc. (USA) | AXISCADES UK Ltd. (UK) | AXISCADES Technology Canada Inc. (Canada) | AXISCADES Technology Private Limited (India) | AXISCADES Aerospace & Technologies Private Limited (ACAT) (India) | AXISCADES Aerospace Infrastructure Private Limited (AAIPL) (India) | Enertec Controls Limited (India) | Mistral Solutions Pvt Ltd. (MSPL) (India) | Aero Electronics Pvt Ltd. (India) | Mistral Technologies Pvt Ltd. (India) | Mistral Solutions Inc. (USA) | Explosoft Tech Solutions Pvt Ltd (Explosoft) (India) | Epocogen Ltd (Epocogen) (India) | addition GmbH (Germany) | | |
|---------|---|----------------------|------------------------|---|--|---|--|----------------------------------|---|-----------------------------------|---------------------------------------|------------------------------|--|---------------------------------|-------------------------|--------------|-----------|
| 1 | Financial period ended | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | 31-Mar-24 | | |
| | Date of acquisition of Control | 2004 | 07-Dec-12 | 24-Mar-14 | 24-Mar-14 | 05-Dec-16 | 05-Dec-16 | 05-Dec-16 | 01-Dec-17 | 01-Dec-17 | 01-Dec-17 | 01-Dec-17 | 22-Dec-22 | 05-Dec-23 | 17-Aug-23 | | |
| 2 | Reporting currency and Exchange rate | USD | GBP | RMB | EUR | INR | INR | INR | INR | INR | INR | USD | INR | INR | INR | EUR | |
| | 2.1 Reporting Currency | 83.3729 | 105.3370 | 11.5345 | 61.3868 | 90.1462 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 83.3729 | 1.0000 | 1.0000 | 1.0000 | 90.1462 | |
| | 2.2 Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries (closing rate) | 82.7891 | 104.0281 | 11.5500 | 61.3827 | 89.7872 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 82.7891 | 1.0000 | 1.0000 | 1.0000 | 89.7872 | |
| 3 | Share capital | 22,47,227 | 5,75,476 | 4,50,476 | 100 | 25,000 | 62,50,000 | 16,83,85,000 | 4,17,25,000 | 1,36,59,000 | 2,03,39,000 | 4,78,000 | 2,08,57,80,000 | 6,07,18,000 | 8,85,61,000 | 1,00,000 | 20,100 |
| 4 | Reserves & surplus | 24,77,744 | 2,64,824 | -16,53,946 | 61,42,496 | 5,68,714 | 26,05,97,000 | 1,34,85,70,000 | 71,15,77,000 | 34,84,76,000 | 2,08,57,80,000 | 7,85,015 | -95,30,000 | 7,62,09,309 | 1,31,5347 | | |
| 5 | Total assets | 60,33,691 | 19,72,076 | 5,61,396 | 79,64,989 | 64,68,775 | 32,77,08,000 | 2,20,53,67,000 | 88,39,03,000 | 41,82,42,000 | 3,12,50,82,000 | 6,12,87,000 | 9,41,10,000 | 20,60,267 | 87,18,26,000 | 13,25,68,103 | 61,21,246 |
| 6 | Total Liabilities | 13,08,720 | 11,31,776 | 17,64,866 | 18,22,393 | 58,75,061 | 6,08,61,000 | 68,84,12,000 | 13,06,01,000 | 5,61,07,000 | 1,01,89,63,000 | 91,000 | 54,49,000 | 6,31,652 | 63,94,42,360 | 5,62,58,794 | 46,04,899 |
| 7 | Investments ^A | 5,18,100 | - | - | 61,42,166 | 88,06,000 | 1,06,34,78,000 | 12,03,00,000 | - | 37,06,10,000 | - | - | 23,51,10,000 | - | - | - | - |
| 8 | Turnover* | 1,30,67,579 | 46,18,753 | 1,64,335 | 67,98,519 | 5,37,844 | 19,25,03,000 | 54,81,24,000 | - | 3,74,13,10,000 | - | 1,27,50,000 | 73,24,920 | 0 | 24,27,62,445 | 494,6746 | |
| 9 | Profit before taxation | -3,62,064 | 2,32,887 | -3,33,794 | 5,61,449 | 6,74,102 | 3,21,84,000 | 6,03,49,000 | -1,00,33,000 | 49,27,000 | 52,92,42,000 | -40,000 | 94,08,000 | 3,85,260 | 5,53,31,218 | 1,44,033 | |

| Sl. No. | Particulars | 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 TECH-NOLOGIES (INDIA) Private Limited (India) | AXISCADES Aerospace & Technologies Private Limited (ACAT) (India) | AXISCADES Aerospace Infrastructure Private Limited (AAIPL) (India) | Enertec Controls Limited (India) | Mistral Solutions (MSPL) (India) | Aero Electronics Pvt. Ltd. (India) | Mistral Technologies Pvt. Ltd. (India) | Mistral Solutions Inc. (USA) | Explosoft Tech Solutions Pvt Ltd (Explosoft) (India) | Epcogen Pvt Ltd (Epcogen) (India) | add solution GmbH (Germany) |
|---------|------------------------|----------------------|------------------------|--|---|--------------------------|--|---|--|----------------------------------|--|------------------------------------|--|------------------------------|--|-----------------------------------|-----------------------------|
| 10 | Provision for taxation | -10,027 | 44,202 | - | 1,94,802 | 1,29,866 | 81,89,000 | 1,98,02,000 | - | 9,68,000 | 13,51,82,000 | - | 23,66,000 | 87,365 | 0 | 1,45,61,048 | 1,05,119 |
| 11 | Profit after taxation | -3,52,037 | 1,88,685 | -3,33,794 | 3,66,647 | 5,44,236 | 2,39,95,000 | 4,05,47,000 | -1,00,33,000 | 39,59,000 | 39,40,60,000 | -40,000 | 70,42,000 | 2,97,895 | -18,10,000 | 4,07,70,170 | 38,914 |
| 12 | Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | % of shareholding | 100% | 100% | 100% | 100% | 100% | 76% | 100% | 100% | 51.84% shares are held by ACAT | 58.12% held by ACTL and 41.28% held by Explosoft | 74% shares are held by MSPL | 100% shares are held by MSPL | 100% shares are held by MSPL | 100% | 99.99% | 94% |

* Turnover include other operating income.

^ Investments include investment in subsidiaries and associates.

Subsidiary's performance and financial position:

1. AXISCADES Inc: The revenue decreased by 18.49 % as compared to last year due to reduction in billing, the profits have decreased due to decrease in billing and increase in salary expenses.
2. AXISCADES UK Limited: The revenue increased by 41.28% due to ramp up in existing customers and addition of new customers, the profits increased by 15.88% in line with revenue .
3. AXISCADES Technology Canada Inc: The revenue increased by 10.67% as compared to previous year due to new projects with existing customers and addition of new customers. The profit has increased due to increase in revenue.
4. CADES STUDEC TECHNOLOGIES (INDIA) Private Limited: The Revenue has increased by 13.61%.
5. Axis China: The revenue for the year has decreased by 69.55%. During the current year the company has incurred a loss of RMB 3,33,794 compared to a profit of RMB 68,155 in previous year.
6. AXISCADES GmbH: The revenue has increased by 84.83% compared to previous year, and due to other income reported a net profit in the current year.
7. AXISCADES Aerospace & Technologies Private Limited: The Operating revenue has decreased by 39.51% during the year, thereby the resultant profit has decreased.
8. AXISCADES Aerospace Infrastructure Private Limited: It is an investment company. Hence no revenue.
9. Enertec Controls Limited: This is an investment company earning rental income. The net profit after tax for the year was INR 39.59 lakhs as against INR 33.28 lakhs in the previous year.
10. Mistral Solutions Private Limited: The revenue for the year has increased by 18.46% compared to previous year, majority due to higher revenue from existing customers.
11. Aero Electronics Private Limited: 74% shares are held by 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 INR 127.50 lakhs.
13. Mistral Solutions Inc: This is a 100% subsidiary of Mistral Solutions Private Limited and revenue for the year increased to USD 73.25 lakhs. The revenue for the previous year was USD 27.20 lakhs
14. Explosoft Tech Solutions Pvt. Ltd: This is a 100% subsidiary and there is no revenue for the period.
15. add solution GmbH: AXISCADES GmbH acquired 94% shares of add solution GmbH during the year.
16. Epcogen Private limited: The company acquired 99.99% shares of Epcogen during the year.

For and on behalf of the Board

| | |
|------|---|
| Sd/- | Arun Krishnamurthi Chief Executive Officer & Managing Director DIN : 09408190 Place : Bengaluru |
| Sd/- | Abdall Neemuchwala Chairman & Non-Executive Director DIN : 02478060 Place : New York |
| Sd/- | Sonal Dudani Company Secretary Membership No.: 40415 Place : Bengaluru |
| Sd/- | Shashidhar SK Chief Financial Officer Place : Bengaluru |

Date: May 20,2024

ANNEXURE - III

DISCLOSURE UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The applicable disclosures in compliance with Regulation 14 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 are set out below:

| Particulars | AXISCADES ESOP 2018 -Series 1 | AXISCADES ESOP 2018 -Series 2 |
|---|---|--|
| a) Date of shareholders' approval | March 31, 2018 & September 28, 2021 | |
| b) Total number of options approved under ESOPs | 15,10,381 | 41,53,548 |
| 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 SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and any other applicable guidelines. | |
| e) Maximum term of options 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 | The pool of ESOPs increased by 26,43,167 equity shares by way of variations in the terms of existing ESOP Scheme series-2 (clause 14.1 & 14.3), which became effective on receiving shareholders' approval in the Annual General Meeting held on September 28, 2021. |

Option movement during the year

| Particulars | Details |
|--|------------|
| Date of Grant | NA |
| Total number of Options approved and granted | NA |
| Exercise price per option | NA |
| Maximum term of Options Granted | NA |
| Source of Shares | NA |
| Options vested/Vesting Schedule | 9,02,300 |
| Number of options outstanding at the beginning of the period | 50,14,394 |
| Number of options granted during the year | NA |
| Number of options forfeited / lapsed during the year | 7,18,381 |
| Number of options vested during the year | 4,91,186 |
| Number of options exercised during the year | 4,25,632 |
| Number of shares arising as a result of exercise of options | 4,25,632 |
| Money realized by exercise of options (Rs), if scheme is implemented directly by the company | 22,246,932 |
| Loan repaid by the Trust during the year from exercise price received | NA |
| Number of options outstanding at the end of the year | 38,70,381 |
| Number of options exercisable at the end of the year | 7,01,097 |

Employee wise details of options granted to

| | |
|--|-----|
| Senior Managerial Personnel (KMP) | Nil |
| Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year | Nil |
| Identified 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 | Nil |

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

4,25,632 options have been exercised during the financial year 2023-2024. However, the fair value of above options has been estimated using Black-Scholes Option pricing model.

For and on behalf of the Board of Directors

Sd/-
Arun Krishnamurthi
 Chief Executive Officer & Managing Director
 DIN: 09408190

Sd/-
Abidali Neemuchwala
 Chairman & Non-Executive Director
 DIN: 02478060

Date: May 20, 2024

Place: Bengaluru

Place: New York

ANNEXURE IV

CERTIFICATE

[Pursuant to Regulation 13 of the Securities and Exchange Board of India
(Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,
The Board of Directors
AXISCADES TECHNOLOGIES LIMITED
Block C, Second Floor, Kirloskar Business Park
Bengaluru – 560 024

We have examined the relevant records maintained by **AXISCADES TECHNOLOGIES LIMITED** ("Company") in the usual course of its business for the limited purpose of certifying that the AXISCADES ESOP 2018 - Series 1 & 2 (hereinafter referred as the "Schemes") of the Company approved by the Shareholders pursuant to special resolution dated March 31, 2018 and subsequently modified by the Shareholders pursuant to special resolution dated September 28, 2021 ("Schemes") have been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as ("**SEBI SBEBSE Regulations**") and are also in accordance with the resolutions passed by the Company in general meeting in this regard.

We understand that this report is required to be placed by the Company at its Thirty Fourth Annual General Meeting, to be held for the financial year 2023-24, in accordance with the requirements of Regulation 13 of the SEBI SBEBSE Regulations in respect of the Schemes as stated above.

Management Responsibility

It is the responsibility of the management of the Company to implement the **Schemes** including designing, maintaining records and devising proper systems and effective internal controls to ensure compliance with the provisions of all applicable laws and regulations.

Certification

In our opinion and to the best of our knowledge and according to the verifications as considered necessary and explanations furnished to us by the Company and its Officers, we certify that the AXISCADES ESOP 2018 - Series 1 & 2 have been implemented in accordance with the applicable provisions of the SEBI (SBEBSE) Regulations.

For Anant B Khamankar & Co.

Company Secretaries

Sd/-

Anant B Khamankar

Proprietor

FCS No.: 3198

CP No.: 1860

UDIN: F003198F000458686

Date: 27.05.2024

Place: Mumbai

ANNEXURE - V

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. | Arun Krishnamurthi 140.67 |
| | | b. | Shashidhar SK 81.84 |
| (ii) | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year | a. | Arun Krishnamurthi 19.32% |
| | | b. | Shashidhar SK 71.43% |
| | | c. | Sonal Dudani 33.33% |
| (iii) | The percentage increase in the median remuneration of employees in the financial year. | | 8.30% |
| (iv) | The number of permanent employees on the rolls of the company | | 2,070 |
| (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. | | 23.73% (excluding managerial personnel) 31.94% (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.

For and on behalf of the Board of Directors

Sd/-
Arun Krishnamurthi
Chief Executive Officer & Managing Director
DIN: 09408190

Sd/-
Abidali Neemuchwala
Chairman & Non-Executive Director
DIN: 02478060

Date: May 20, 2024

Place: Bengaluru

Place: New York

ANNEXURE - VI

STATEMENT SHOWING 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 |
|----------------------|-----------------------------|---------------------------------------|---|---------------------|------------------------------------|-----|--|
| Arun Krishnamurthi | CEO & MD | 8,21,28,473 | MCA – Computer Applications and BSc (Hons) in Mathematics | 32 | 22-Nov-21 | 55 | Tata Technologies |
| Shashidhar SK | Group CFO | 4,82,40,480 | CGMA, FCMA and FCS | 35 | 03-Jan-22 | 57 | Stovekraft Limited |
| Abhay Sharma | Senior VP | 1,85,33,710 | BTech | 28 | 24-Sep-12 | 52 | Mahindra Satyam |
| Oliver Brotzki | AVP | 1,68,05,049 | Diploma – Hamburg University of Applied Science | 31 | 20-Jan-12 | 55 | 3D CONTECH |
| Sathyajith T K | Senior VP | 1,14,75,824 | BTech, MBA & PGD in AI & ML | 23 | 03-May-17 | 47 | Infosys Technologies Ltd |
| Sreedhar Ellentala | Senior VP | 97,42,672 | MBA | 37 | 12-Feb-09 | 60 | Health Management & Research Institute |
| Rupesh Suresh Pawar | Senior Program Manager | 83,04,725 | EPGDBM | 21 | 21-Nov-22 | 45 | Dassault Systems |
| Hari Babu V | Senior VP | 78,93,495 | BTech | 33 | 05-Sep-05 | 56 | HAL, Bengaluru |
| Basavanna R | Senior VP | 78,92,812 | PHD | 30 | 10-Nov-10 | 52 | CSIR - National Aerospace Laboratories (NAL) |
| Ashok Hegde | Deputy General Manager | 69,28,636 | BTech | 17 | 16-Jul-07 | 43 | None |

Employed for part of the year with an average salary of 8.5 lac per month and above- Nil

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/-
Arun Krishnamurthi
 Chief Executive Officer & Managing Director
 DIN: 09408190

Sd/-
Abidali Neemuchwala
 Chairman & Non-Executive Director
 DIN: 02478060

Date: May 20, 2024

Place: Bengaluru

Place: New York

ANNEXURE – VII

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 June 23, 2014 with first revision adopted on September 9, 2014 and second revision adopted on June 27, 2020.

EFFECTIVE DATE:

The original policy is effective from April 01, 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 March 27, 2014 and reconstituted it on September 9, 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 & REMUNERTAIION 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 once 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 VIII

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2024

[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 TECHNOLOGIES LIMITED
Office at Block C, Second Floor,
Kirloskar Business Park,
Bengaluru 560024.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AXISCADES Technologies Limited (hereinafter called **"the Company"**). 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, 2024 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, 2024 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 there under;
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, 2018;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- 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, 2021 – 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, 2018 – 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.

6. OTHER APPLICABLE LAWS INCLUDING:

- a. Software Technology Parks of India its Rules and Regulations
- b. The Indian Copyright Act, 1957
- c. The Patents Act, 1970;
- d. The Trade Marks Act, 1999;
- e. The Information Technology Act, 2000
- f. Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Rules/ Scheme thereunder;
- g. Employees State Insurance Act, 1948 and Rules made thereunder;

- h. The Payment of Bonus Act, 1965 & its Central Rules / concerned State Rules, if any;
- i. The Payment of Gratuity Act, 1972 & its Central Rules / concerned State Rules, if any;
- j. The Maternity Benefit Act, 1961 & its Rules;
- k. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- l. The Information Technology Act, 2000;
- m. The Goods and Services Tax, 2017;
- n. The Income Tax Act, 1961 and

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, Independent Directors and a Woman Director. 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 other than mentioned in the later part of the report.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, 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.

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. The Company in its Board Meeting held on January 15, 2024 allotted 33,23,262 (Thirty Three Lakh Twenty Three Thousand Two Hundred and Sixty Two) equity shares of INR 5 (Rupees Five) each at a premium of INR 657 (Rupees Six Hundred and Fifty Seven) under Qualified Institutional Placement (QIP) aggregating to INR 219,99,99,444.

2. The Company during the financial year 2023-2024 has allotted 4,25,632 (Four Lakh Twenty Five Thousand Six Hundred and Thirty Two) equity shares of ₹5 each fully paid up, on the following dates, to the employees of the Company on their exercise of stock options granted to them under the Company's AXISCADES ESOP 2018 – Series 1 and Series 2 Schemes and vested in their favour:

| Sr. No | Date of Allotment | No of Equity Shares |
|--------|-------------------|---------------------|
| 1. | 17/08/2023 | 2,57,671 |
| 2. | 13/03/2024 | 1,43,491 |
| 3. | 29/03/2024 | 24,470 |

3. The Company in its board meeting dated June 21, 2023, had allotted 21000 (Twenty-One Thousand) secured unrated unlisted redeemable non- convertible debentures bearing face value of INR 1,00,000 (One Lakh) aggregating to INR 210,00,00,000 (Two Hundred and Ten Crore) to the following:

| Name of Allottee | No. of Debentures |
|--|-------------------|
| Emerging India Credit Opportunities Fund | 16500 |
| Investec Bank PLC | 4500 |

Further on March 21, 2024 the company has redeemed debentures by value INR 105,00,00,000 (One Hundred and Five Crores) out of QIP proceeds by reducing the face value of the debentures from ₹ 100,000 to ₹ 50,000/- each. Post redemption the total value of the outstanding debentures is INR 105,00,00,000 (One Hundred and Five Crores).

4. The Company during the financial year 2022-2023 had allotted 1,450 Unlisted Secured Redeemable Non-Convertible Debentures bearing face value of INR 10,00,000 (Ten Lakh) aggregating to INR 145,00,00,000 (One Hundred and Forty-Five Crore) to Grand Anicut Fund 2. The same have been Redeemed by re-financing.

Further as per terms of term sheets dated July 8, 2022 and December 14, 2022 and investment agreement dated December 16, 2022 executed between the Company, Mistral Solutions Private Limited (MSPL) (Subsidiary Company) and Grand Anicut Fund-2, MSPL in its board meeting dated May 20, 2023 and subsequently in its members meeting dated July 20, 2023 has approved preferential allotment of 4,14,039 partly paid Compulsory Convertible Preference Shares of INR 5 each at a premium of INR 964.11 to Grand Anicut Fund-2.

5. There were two instances of non-compliance with regulation 29(2)/29(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the month of November 2023 (Prior intimation about fund raising) and March 2024 (Prior intimation about pre-payment of

Unlisted Non-Convertible Debentures). The BSE Limited and National Stock Exchange of India Limited have levied a fine of INR 10,000 each, for each instance of default. The Company has paid the penalties timely.

FOR ANANT B KHAMANKAR & CO.

COMPANY SECRETARIES

Sd/-

ANANT KHAMANKAR

PROPRIETOR

FCS No. - 3198

CP No. - 1860

UDIN: F003198F000418558

DATE : 22.05.2024

PLACE : Mumbai

Annexure to Secretarial Auditors' Report

To
The Members,
AXISCADES TECHNOLOGIES LIMITED
Office at Block C, Second Floor,
Kirloskar Business Park,
Bengaluru 560024.

Our Secretarial Audit Report for the Financial Year ended March 31, 2024, 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 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 the financial records and books of accounts of the Company.

FOR ANANT B KHAMANKAR & CO.
COMPANY SECRETARIES

Sd/-
ANANT KHAMANKAR
PROPRIETOR

FCS No. – 3198
CP No. – 1860

UDIN: F003198F000418558

DATE : 22.05.2024
PLACE: Mumbai

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024****[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To
The Members,
AXISCADES Aerospace & Technologies Private Limited
Plot No.14/15, 2nd Cross 2nd Main,
Electronic City, 1 Stage
Bengaluru 560100

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AXISCADES Aerospace & Technologies Private Limited** (hereinafter called "the Company"). 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 **AXISCADES Aerospace & Technologies Private Limited'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 31st March, 2024 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 AXISCADES Aerospace & Technologies Private Limited for the financial year ended on 31st March 2024 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder.
- iv. 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.
- v. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.

- vi. 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.
- vii. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to AXISCADES Aerospace & Technologies Private Limited as it is an unlisted company:
 - (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, 2018.
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(i) OTHER APPLICABLE LAWS:

- i. The Information Technology Act, 2000
- ii. Software Technology Parks of India its Rules and Regulations
- iii. The Indian Copyright Act, 1957
- iv. The Patents Act, 1970
- v. The Trademarks Act, 1999

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was 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 minute book, and there was no dissenting members' view in any of the meetings.

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:
 - a) Public/Rights/Preferential issue of shares/debentures.
 - b) Redemption / buy-back of securities.
 - c) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
 - d) Merger/amalgamation/reconstruction etc.
 - e) Foreign Technical Collaborations

FOR ANANT B KHAMANKAR & CO.
COMPANY SECRETARIES

Sd/-
ANANT B KHAMANKAR
PROPRIETOR

FCS No. - 3198
CP No. - 1860

UDIN: F003198F000340029

DATE: 09.05.2024
PLACE: Mumbai

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024****[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To

The Members,

AXISCADES Aerospace Infrastructure Private Limited

Plot No. 14/15, 2nd Cross, 2nd Main, Electronic City

1 Stage, Bangalore South, Electronics City,

Bangalore, Karnataka, India, 560100

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AXISCADES Aerospace Infrastructure Private Limited** (hereinafter called "the Company"). 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 **AXISCADES Aerospace Infrastructure Private Limited'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 31st March, 2024 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 AXISCADES Aerospace Infrastructure Private Limited for the financial year ended on 31st March 2024 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder.
- iv. 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.
- v. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.

vi. 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.

vii. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to AXISCADES Aerospace Infrastructure Private Limited as it is an unlisted company:

- (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, 2018.
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(i) OTHER APPLICABLE LAWS:

- (i) The Information Technology Act, 2000
- (ii) Software Technology Parks of India its Rules and Regulations
- (iii) The Indian Copyright Act, 1957
- (iv) The Patents Act, 1970
- (v) The Trademarks Act, 1999

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was 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 minute book, and there was no dissenting members' view in any of the meetings.

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:
 - a) Public/Rights/Preferential issue of shares/debentures.
 - b) Redemption / buy-back of securities.
 - c) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
 - d) Merger/amalgamation/reconstruction etc.
 - e) Foreign Technical Collaborations

FOR S. CHAUHAN & ASSOCIATES.

Sd/-

SURENDER SINGH CHAUHAN

FCS No. - 10958

CP No. – 15640

UDIN: F010958F000346931

DATE: 10/05/2024

PLACE: MUMBAI

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024****[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To
The Members,
ENERTEC CONTROLS LIMITED
Plot No.14/15, Electronic City,
Hosur Road,
Bengaluru 560029

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ENERTEC CONTROLS LIMITED** (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **ENERTEC CONTROLS LIMITED'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 31st March, 2024 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 ENERTEC CONTROLS LIMITED for the financial year ended on 31st March, 2024 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder.
- iv. 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.
- v. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.
- vi. 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.
- vii. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to Enertec Controls Limited as it is an unlisted company:
 - (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, 2018.
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(i) OTHER APPLICABLE LAWS:

- i. The Information Technology Act, 2000
- ii. Software Technology Parks of India its Rules and Regulations
- iii. The Indian Copyright Act, 1957
- iv. The Patents Act, 1970
- v. The Trademarks Act, 1999

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was 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 minute book, and there was no dissenting members' view in any of the meetings.

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:
 - a) Public/Rights/Preferential issue of shares/debentures.
 - b) Redemption / buy-back of securities.
 - c) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
 - d) Merger/amalgamation/reconstruction etc.
 - e) Foreign Technical Collaborations

FOR S. CHAUHAN & ASSOCIATES.

Sd/-

SURENDER SINGH CHAUHAN

FCS No. - 10958

CP No. – 15640

UDIN: F010958F000346953

DATE: 10/05/2024

PLACE: MUMBAI

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024****[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To
The Members,
MISTRAL SOLUTIONS PRIVATE LIMITED
60, Adarsh Regent, 100
Feet Ring Road, Domlur,
Bengaluru - 560071

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mistral Solutions Private Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us with 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, 2024 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, 2024, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- (iv) 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.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **are not applicable to Mistral Solutions Private Limited as it is an Unlisted Company:**
 - 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, 2018;
- d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- 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;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) OTHER APPLICABLE LAWS:

- i. The Information Technology Act, 2000
- 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

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 a proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the 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 at least seven days in advance, 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.

The majority decision is carried through 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. The Company in its board meeting dated May 20, 2023 and subsequently in its members meeting dated July 20, 2023 has approved preferential allotment of 4,14,039 partly paid Compulsory Convertible Preference Shares of INR 5 each at a premium of INR 964.11 to Grand Anicut Fund-2 in terms of term sheets dated July 8, 2022 and December 14, 2022 and investment agreement dated December 16, 2022 executed between the Company, AXISCADES Technologies Limited (Holding Company) and Grand Anicut Fund-2.

FOR ANANT B KHAMANKAR & CO.
COMPANY SECRETARIES

Sd/-
ANANT B KHAMANKAR
PROPRIETOR

FCS No. – 3198
CP No. – 1860

UDIN: F003198F000330349

DATE: 08.05.2024
PLACE: Mumbai

ANNEXURE - IX

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2023-2024

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY–

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.

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.

2. COMPOSITION OF CSR COMMITTEE:

Pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the CSR Committee is not required to be constituted if amount to be spent by a Company in a year does not exceed ₹ 50 lakhs. Currently, as the CSR liability for the Company is less than ₹ 50 lakhs, hence all functions for fulfilling CSR liability shall be carried out by the Board of Directors of the Company.

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company - <https://www.axiscades.com/investor-relations.html>

- CSR Committee of the Company was dissolved in terms of section 135(9) of the Companies Act, 2013 w.e.f. June 11, 2021.

<https://axiscades.com/download/axiscades-csr-policy?wpdmdl=4148&refresh=6638b720759041714992928>

4. Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

Impact assessment is not applicable during the year.

5. (a) Average net profit of the company as per sub-section (5) of section 135.
The net profit in terms of Section 198 of the Companies Act, 2013 for FY 2023 is ₹ (1,271.48), hence, not applicable.
- (b) Two percent of average net profit of the company as per sub-section (5) section 135 – Nil
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil
- (d) Amount required to be set off for the financial year, if any Nil
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)] – Nil
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Nil
- (b) Amount spent in Administrative Overheads: Nil
- (c) Amount spent on Impact Assessment, if applicable, Nil
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Nil
- (e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|-------------------|--|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135. | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135. | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount | Date of transfer |
| Nil | Nil | NA | Nil | Nil | NA |

f) Excess amount for set off, if any – NA

| Sl. No. | Particulars | Amount (in ₹) |
|---------|---|---------------|
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | Nil |
| (ii) | Total amount spent for the Financial Year | NA |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | NA |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | NA |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | NA |

7. Details of Unspent CSR amount for the preceding three financial years: Nil

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹) | Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
|---------|-----------------------------|--|--|---|---|------------------|---|--------------------|
| | | | | | Amount (in Rs) | Date of transfer | | |
| | | | | | | | | |

Nil

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135– Not Applicable

For and on behalf of the Board of Directors

Sd/-
Arun Krishnamurthi
 Chief Executive Officer & Managing Director
 DIN: 09408190

Sd/-
Abidali Neemuchwala
 Chairman & Non-Executive Director
 DIN: 02478060

Date: May 20, 2024

Place: Bengaluru

Place: New York

ANNEXURE X

Business Responsibility & Sustainability Report

| | |
|---|-----|
| SECTION A: GENERAL DISCLOSURES | 99 |
| I. Details of the listed entity | 99 |
| II. Product/Services | 99 |
| III. Operations | 99 |
| IV. Employees | 100 |
| V. Holding, Subsidiary and Associate companies (including joint ventures) | 101 |
| VI. CSR Details | 101 |
| VII. Transparency and Disclosures Compliances | 102 |
| SECTION B: MANAGEMENT AND PROCESS DISCLOSURES | 104 |
| SECTION C: PRINCIPAL WISE PERFORMANCE DISCLOSURE | 106 |
| PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable. | 106 |
| Essential Indicators | 106 |
| Leadership Indicators | 108 |
| PRINCIPLE 2: Business should provide goods and services in a manner that is sustainable and safe | 109 |
| Essential Indicators | 109 |
| PRINCIPLE 3: Business should respect and promote the well-being of all employees, including those in their value chains | 110 |
| Essential Indicators | 110 |
| Leadership Indicators | 113 |
| PRINCIPLE 4: Business should respect the interests of and be responsive to all its stakeholders | 114 |
| Essential Indicators | 114 |
| Leadership Indicator | 115 |
| PRINCIPLE 5: Businesses should respect and promote human rights | 116 |
| Essential Indicators | 116 |
| Leadership Indicators | 117 |
| PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment | 118 |
| Essential Indicators | 118 |
| Leadership Indicators | 122 |
| PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent | 124 |
| Essential Indicators | 124 |
| PRINCIPLE 8: Businesses should promote inclusive growth and equitable development | 125 |
| Essential Indicators | 125 |
| PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner | 126 |
| Essential indicator | 126 |
| Leadership Indicator | 127 |

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

| | |
|--|---|
| 1. Corporate Identity Number (CIN) of the Listed Entity | L72200KA1990PLC084435 |
| 2. Name of the Listed Entity | AXISCADES Technologies Limited (hereafter referred to as "AXISCADES" or the "Company") |
| 3. Year of incorporation | 24-08-1990 |
| 4. Registered office address | Block C, Second Floor, Kirloskar Business Park, Bengaluru 560024 |
| 5. Corporate address | Block C, Second Floor, Kirloskar Business Park, Bengaluru 560024 |
| 6. E-mail | sustainability@axiscades.in |
| 7. Telephone | +91 80 4193 9000 |
| 8. Website | http://www.axiscades.com/ |
| 9. Financial year for which reporting is being done | FY 2023-24 |
| 10. Name of the Stock Exchange(s) where shares are listed | National Stock Exchange of India Limited and BSE Limited |
| 11. Paid-up Capital | Rs. 20,97,41,020 |
| 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Mr. Dinesh Krishnamurthy Telephone: +91 80 4193 9000 email address: sustainability@axiscades.in |
| 13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | The disclosures under this report are made on a standalone basis. |
| 14. Name of assurance provider | Not Applicable as it does not fall under the purview of Reasonable Assurance as per SEBI Guidelines |
| 15. Type of assurance obtained | Not Applicable |

II. Product/Services

16. Details of business activities (accounting for 90% of the turnover):

| Sr. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|---------|-----------------------------------|--|-----------------------------|
| 1 | Technology services and solutions | AXISCADES provides cutting-edge engineering and technology solutions for leading OEMs and renowned brands in aerospace, heavy engineering, automotive, and energy sectors. Additionally, it serves the semiconductor industry with programming tools, processors, memory devices, and embedded engineering services. The Company's comprehensive suite of offerings accelerates product development, enabling clients to achieve business goals efficiently and within strict deadlines. | 100% |

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| Sr. No. | Product/Service | NIC Code | % of total Turnover contributed |
|---------|--|----------|---------------------------------|
| 1 | Technology services and solutions and strategic technology Solutions | 620 | 100% |

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of Plants | Number of Offices | Total |
|---------------|------------------|-------------------|-------|
| National | NA | 3 | 3 |
| International | NA | 13 | 13 |

19. Markets served by the entity**a. Number of locations**

| Location | Number |
|----------------------------------|--------|
| National (No. of States) | 3 |
| International (No. of Countries) | 7 |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

73.46%

c. A brief on the types of customers

AXISCADES is a leading provider of end-to-end technology and engineering solutions, dedicated to creating innovative, sustainable, and safer products globally. The company offers a comprehensive suite of services, including Embedded Software and Hardware, Digitization and Automation, Mechanical Engineering, System Integration, Test Solutions, Manufacturing Engineering, Technical Publications, and Aftermarket Solutions. Serving Fortune 500 companies across Aerospace, Defence, Heavy Engineering, Automotive, Medical Devices, and Industrial Products, the Company excels in every stage of the product development lifecycle, from concept evaluation to manufacturing support and certification.

IV. Employees**20. Details as at the end of financial year:****a. Employees and workers (including differently abled):**

| Sr. No. | Particulars | Total (A) | Male | | Female | |
|------------------|--------------------------|-----------|--------|--------|--------|--------|
| | | | No.(B) | %(B/A) | No.(C) | %(C/A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent(D) | 1,866 | 1,622 | 86.92 | 244 | 13.08 |
| 2. | Other than Permanent (E) | 133 | 117 | 87.97 | 16 | 12.03 |
| 3. | Total employees (D+E) | 1,999 | 1,739 | 86.99 | 260 | 13.01 |

***AXISCADES does not employ workers*

b. Differently abled Employees and workers:

| Sr. No. | Particulars | Total (A) | Male | | Female | |
|--------------------------------------|---|-----------|--------|--------|--------|--------|
| | | | No.(B) | %(B/A) | No.(C) | %(C/A) |
| DIFFERENTLY ABLED EMPLOYEES** | | | | | | |
| 1. | Permanent(D) | Nil | Nil | 0% | Nil | 0% |
| 2. | Other than Permanent (E) | Nil | Nil | 0% | Nil | 0% |
| 3. | Total differently abled employees (D+E)** | Nil | Nil | 0% | Nil | 0% |

***Even though there are no differently abled employees presently, the organization follows a non-discriminatory approach during the recruitment process as per our Human Resources Policy.*

21. Participation/Inclusion/Representation of women:

| | Total (A) | Number and percentage of Females | |
|----------------------------|-----------|----------------------------------|--------|
| | | No.(B) | %(B/A) |
| Board of Directors | 8 | 1 | 12.5% |
| Key Management Personnel** | 3 | 1 | 33.33% |

***KMPs includes CEO, CFO and CS.*

22. Turnover rate for permanent employees and workers:**

(Disclose trends for the past 3 years)

| | FY 2024 | | | FY 2023 | | | FY 2022 | | |
|---------------------|---------|--------|--------|---------|--------|-------|---------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 15.25% | 1.86% | 17.24% | 17% | 2% | 19% | 19% | 2% | 21% |

**AXISCADES does not employ workers

V. Holding, Subsidiary and Associate companies (including joint ventures)**23. a. Names of holding/ subsidiary/ associate companies/ joint ventures**

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|--|--|--|
| 1 | Jupiter Capital Private Limited | Holding Company | 60.30% | No. However, all the Company's subsidiaries share the vision and values and are responsible businesses. |
| 2 | AXISCADES Aerospace & Technologies Private Limited | Wholly Owned Subsidiary | 100% | |
| 3 | AXISCADES Technology Canada Inc. | Wholly Owned Subsidiary | 100% | |
| 4 | AXISCADES Inc. | Wholly Owned Subsidiary | 100% | |
| 5 | Axis Mechanical Engineering Design (Wuxi) Co. Ltd | Wholly Owned Subsidiary | 100% | |
| 6 | AXISCADES GmbH | Wholly Owned Subsidiary | 100% | |
| 7 | Mistral Solutions Private Limited | Subsidiary Company | 58.12% held by ACTL, 41.28% held by Explosoft | |
| 8 | Explosoft Tech Solutions Private Limited | Wholly Owned Subsidiary | 100% | |
| 9 | Cades Studec Technologies (India) Private Limited | Subsidiary Company | 76% | |
| 10 | Enertec Controls Limited | Step Down Subsidiary | 51.84% shares are held by ACAT and 48.16% shares are held by AAIPL | |
| 11 | AXISCADES UK Ltd. | Step Down Subsidiary | 100% shares held by AXISCADES Inc. | |
| 12 | Aero Electronics Pvt. Ltd. | Step Down Subsidiary | 74% shares are held by Mistral Solutions Pvt. Ltd. | |
| 13 | Mistral Technologies Pvt Ltd. | Step Down Subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | |
| 14 | Mistral Solutions Inc. | Step Down Subsidiary | 100% shares held by Mistral Solutions Pvt. Ltd. | |
| 15 | AXISCADES Aerospace Infrastructure Private Limited | Step Down Subsidiary | 100% shares are held by ACAT | |
| 16 | add solution GmbH | Subsidiary Company | 94% shares held by AXISCADES GmbH | |
| 17 | Epcogen Private Limited | Subsidiary Company | 99.99% | |

VI. CSR Details**24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) No****(ii) Turnover (in ₹)** 3,530,243,566**(iii) Net worth (in ₹)** 3,65,97,65,000

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2023-24 | | | FY 2022-23 | | |
|---|--|--|--|---------|--|--|---------|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | https://axiscades.com/contact-us | Nil | Nil | - | Nil | Nil | - |
| Investors (other than shareholders) | https://axiscades.com/investor-relation | Nil | Nil | - | Nil | Nil | - |
| Shareholders | https://axiscades.com/investor-relation | Nil | Nil | - | Nil | Nil | - |
| Employees and workers | https://axiscades.com/investor-relation | 2 | Nil | - | Nil | Nil | - |
| Customers | https://axiscades.com/contact-us | Nil | Nil | - | Nil | Nil | - |
| Value Chain Partners | https://axiscades.com/contact-us | Nil | Nil | - | Nil | Nil | - |

26. Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format:

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------------|--|---|---|--|
| 1. | Data Privacy and Cyber Security | R & O | Given the Company's handling of sensitive client information and proprietary technologies, breaches could lead to significant financial losses, legal repercussions, and damage to reputation, undermining client trust and competitive advantage in the highly regulated aerospace, defence, and automotive sectors. | AXISCADES' information systems and cybersecurity infrastructure have been validated by industry-recognized certifications, including ISO 27001 and TISAX, alongside regular internal and external audits. The company employs a multi-dimensional strategy to address cybersecurity risks, investing in the latest technology, building employee awareness, reviewing data protection policies, and implementing robust incident response processes. Cyber insurance covers various breaches and cyber events. The Company believes that a resilient and reliable technology landscape benefits both the company and its customers by safeguarding data, ensuring system availability, and mitigating risks from increased device connectivity. TISAX certification provides additional assurance on data protection and third-party connections. | Positive – Reduced financial costs on account of robust systems to control data breaches and cyber-attacks. Negative – Data breaches or cyber-attacks could cause significant business losses and disruption in delivering services to the customers. |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---|--|---|--|--|
| 2. | Energy & Emission Management | R & O | Energy and GHG management pose significant risks for the Company. Technologies due to increasing regulatory pressures and stakeholder expectations for sustainable practices. Inefficient energy use and high greenhouse gas emissions can lead to financial penalties, reputational damage, and reduced competitiveness, impacting long-term business viability and client relationships. | The Company is committed to combating climate change by continually improving its environmental performance, focusing on efficient water use and waste management. Certified with ISO 14001, the international standard for Environmental Management Systems, AXISCADES proactively minimizes its environmental footprint and adheres to legal requirements. The Company's energy consumption, primarily from IT infrastructure, is being optimized by replacing conventional systems with energy-efficient alternatives, reducing carbon emissions and enhancing service quality for customers. | Positive – Reduced energy costs on account of efficient utilization of energy resources. Negative - Any drastic climate change developments can impact the businesses of our customers as well as directly / indirectly impact the Company plans. |
| 3. | Business Ethics, and Corporate Governance | R | Ethics and governance are critical risks for AXISCADES Technologies as lapses can lead to legal issues, financial losses, and reputational damage. Ensuring strong ethical practices and robust governance is essential to maintain stakeholder trust, comply with regulations, and sustain long-term business success in a competitive market. | AXISCADES has implemented an Enterprise Risk Management Framework that encompasses the principles of continuous risk monitoring through internal and external audits, addressing risks through adequate timely measures in the form of policies and procedures with defined governance model that ensures accountability. Employee code of conduct is implemented and is re-enforced through periodic training. In addition, anti-corruption and anti-bribery policies are implemented. | Negative – Non adherence to regulatory compliance requirements may lead to penalties and reputational damage. |
| 4. | Employee well-being, Health, and Safety | R & O | Focusing on employee wellbeing is not only a moral and ethical responsibility but also a strategic imperative for us. It leads to a more productive, engaged, and loyal workforce, while also mitigating various risks associated with poor employee health and satisfaction. Investing in employee wellbeing programs and creating a supportive work environment can yield significant long-term benefits for both employees and the organization. | AXISCADES is focused on employee wellbeing. We have invested in employee health programs that provide free online consultation with doctor for self and family, , we also offer EAP for addressing mental health. Besides the above, we have educational webinars on topics relevant to employee health. employee meal program and has implemented a robust grievance redressal mechanism. | Positive – Increased employee productivity Negative – Increased attrition rates and related talent acquisition costs. |

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---------------------------------------|--|---|---|---|
| 5. | Talent Management | R & O | Effective talent management mitigates the risk of skill shortages and high turnover, ensuring project continuity and innovation. Investing in employee development and retention enhances organizational capability, attracts top talent, and drives long-term competitive advantage and business growth. | AXISCADES' dedicated Talent Acquisition team ensures world-class service delivery by strategically partnering with leading educational institutions to meet project-specific hiring needs efficiently. The company prioritizes employee engagement through comprehensive upskilling programs, rewards and recognition schemes, and a strong focus on employee well-being across its global workforce. | Positive - Reduced operational costs due to increased employee productivity Negative – Increased attrition rates and related talent acquisition costs. |
| 6 | Diversity, Equity and Inclusion (DEI) | O | Embracing DEI fosters innovation, enhances employee engagement, and improves problem-solving by leveraging diverse perspectives. It strengthens the company's reputation, attracts top talent, and drives business growth by creating a more dynamic and inclusive workplace culture. | | Positive – Improved work culture leading to reduced attrition costs and increased employee engagement. |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|-----|-----|-----|-----|-----|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 1.a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/ No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| c. Web Link of the Policies, if available. | https://AXISCADES.com/investor-relation | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3. Do the enlisted policies extend to your value chain partners? | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | The national and international codes/certifications/labels/ standards are as follows: <ul style="list-style-type: none"> o ISO 14001: 2015 o AS 9100D o TISAX, Level 2 o ISO 9100: 2015 o ISO 27001: 2015 | | | | | | | | |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | <ol style="list-style-type: none"> 1. Adherence to the regulatory compliance requirements. 2. Minimise energy consumption - 5% reduction from the previous year. | | | | | | | | |

| | |
|---|--|
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | The Company has ensured complete adherence to the regulatory requirements. In FY 2023-24, AXISCADES saw increased energy consumption due to resuming office work, bringing employees back to on-site operations, and implementing multiple work shifts, resulting in higher office electricity usage. |
|---|--|

Governance, leadership and oversight

| | |
|--|--|
| 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) Kindly refer to section – “Letter from CEO and MD” of the company which is part of Annual Report on page number XX. | |
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Name: Mr. Arun Krishnamurthi Designation: CEO & Managing Director |
| 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes, the Managing Director is responsible for decisions on sustainability related issues under the guidance of the Risk Management Committee of the Directors. |

10. Details of review of NGRBCs by the Company:

| Subject for review | Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other-please specify | | | | | | | | |
|--|---|----|----|----|----------|----------|----|----|----|---|----|----|----|----|----------|----------|----|----|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| | Performance against above policies and follow up action | | | | | Director | | | | | | | | | | Annually | | |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | | | | | Director | | | | | | | | | | Annually | | | |

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No) If yes, provide name of the agency.

| P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

Note: NVT Quality Certification International conducted an assessment of the policies.

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

| Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|----|----|----|----|----|----|----|----|----|
| The entity does not consider the principles material to its business (Yes/No) | | | | | | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | | | | | | | | | |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | | | | | | | | | |
| It is planned to be done in the next financial year (Yes/ No) | | | | | | | | | |
| Any other reason (please specify) | | | | | | | | | |

Not Applicable

SECTION C: PRINCIPAL WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year.

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|-----------------------------------|--|--|--|
| Board of Directors | 4 | <ul style="list-style-type: none"> o Macro-economic environment and industry developments. o Regulatory updates in the areas of Companies Act, and other related regulations including ESG. | 100% |
| Key Managerial Personnel | 3 | <ul style="list-style-type: none"> o Environment (as part of our EMS orientation & ESG orientation) | 100% |
| Employees other than BoD and KMPs | 15 | <ul style="list-style-type: none"> o Integrity, Ethics, accountability (as part of Induction for all employees) o Environment (as part of our EMS orientation & ESG orientation) o POSH, fairness, mutual respect, well-being, inclusiveness (as part of induction) o Value to customers & stakeholders (as part of induction) | 47.32% |

**AXISCADES does not employ any workers

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| Monetary | | | | | |
|-----------------|-----------------|---|-------------------|--|--|
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Penalty/ Fine | Nil | - | Nil | Nil | - |
| Settlement | Nil | - | Nil | Nil | - |
| Compounding fee | Nil | - | Nil | Nil | - |
| Non-Monetary | | | | | |
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) | |
| Imprisonment | Nil | - | Nil | Nil | |
| Punishment | Nil | - | Nil | Nil | |

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

AXISCADES upholds a robust Anti-Corruption Policy which is available on the Company's intranet. This policy firmly prohibits commercial bribery, emphasizing that employees and their associates must not accept personal payments from suppliers, contractors, or others. It strictly forbids receiving gifts or favours that could influence personal decisions, even if they lack commercial value. The policy also addresses fraud and dishonesty, including theft of company property, forgery, and misuse of company resources for personal gain. AXISCADES ensures compliance through rigorous procedures for reporting and investigating suspected violations, underscoring a commitment to ethical conduct and transparency. Disciplinary actions, including termination, are enforced for breaches of this policy, reinforcing a culture of integrity and accountability across the organization.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

None

6. Details of complaints with regard to conflict of interest:

| | FY 2024 | | FY 2023 | |
|--|---------|---------|---------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil | NA | Nil | NA |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | Nil | NA | Nil | NA |

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

| | FY 2024 | FY 2023 |
|-------------------------------------|---------|---------|
| Number of days of accounts payables | 93 | 116 |

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter | Metrics | FY 2024 | FY 2023 |
|----------------------------|--|---------|---------|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | Nil | Nil |
| | b. Number of trading houses where purchases are made from | Nil | Nil |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | Nil | Nil |
| Concentration of Sales | a. Sales to dealers/ distributors as % of total sales | Nil | Nil |
| | b. Number of dealers distributors to whom sales are made | Nil | Nil |
| | c. Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors | Nil | Nil |
| Share of RPTs in | a. Purchases (Purchases with related parties/ Total Purchases) | 7.40% | 1.29% |
| | b. Sales (Sales to related parties/ Total Sales) | 14.86% | 18.39% |
| | c. Loans & advances (Loans & advances given to related parties / Total loans & advances) | 53.85% | 16.73% |
| | d. Investments (Investments in related parties/ Total Investments made) | 100.00% | 99.36% |

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

The Company has not conducted any awareness programmes for its value chain partners in the current year however shall look to do so in the forthcoming reporting periods.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No). If yes, provide details of the same.

AXISCADES has implemented robust processes to effectively handle and mitigate conflicts of interest involving members of its board. These processes include:

- 1. Transparent Disclosure Requirements:** Board members are required to disclose any potential conflicts of interest promptly and transparently. This ensures that any relevant relationships or financial interests are known and can be evaluated objectively.
- 2. Regular Assessments:** The Company conducts regular assessments to identify and evaluate potential conflicts of interest. This proactive approach helps in addressing conflicts before they escalate and impact decision-making.
- 3. Abstention and Recusal:** Board members are expected to abstain from participating in discussions or decisions where a conflict of interest exists. This ensures that decisions are made impartially and in the best interests of the company and its stakeholders.
- 4. Ethical Standards:** AXISCADES upholds high ethical standards and promotes a culture of integrity among its board members. This includes adherence to legal requirements and governance principles that safeguard against conflicts of interest.

By maintaining these processes, AXISCADES demonstrates its commitment to governance transparency, ethical behavior, and the effective management of potential conflicts of interest at the board level.

PRINCIPLE 2: Business should provide goods and services in a manner that is sustainable and safe

Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

| | FY 2024 | FY 2023 | Details of improvements in environmental and social impacts |
|-------|---------|---------|---|
| R&D | Nil | Nil | NA |
| Capex | Nil | Nil | NA |

- Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes

- If yes, what percentage of inputs were sourced sustainably?**

AXISCADES' procurement policy emphasizes social and environmental factors in vendor selection and sourcing processes. Despite not engaging in material purchases or product manufacturing as an IT services company, AXISCADES is dedicated to embedding sustainable practices into its procurement procedures. This commitment ensures that environmental and social considerations are prioritized throughout the supply chain, aligning with the company's ethos of responsible corporate citizenship.

- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for**

- Plastics (including packaging)
- E-waste
- Hazardous waste and
- other waste.

As an IT services provider, AXISCADES does not manufacture physical products that necessitate end-of-life reclamation. Nonetheless, the company places a strong emphasis on responsible waste management. The Company collaborates with authorized vendors to ensure the recycling and proper disposal of any waste generated, reflecting its commitment to environmental stewardship and regulatory compliance.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not Applicable owing to the nature of business.

Leadership Indicators

- Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

| Indicate input material | Recycled or re-used input material to total material | |
|-------------------------|--|---------|
| | FY 2024 | FY 2023 |

The said metric is not applicable to AXISCADES, owing to the nature of business

- Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

| | FY 2024 | | | FY 2023 | | |
|--|---------|----------|-----------------|---------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |

- Plastics (including packaging)
- E-waste
- Hazardous waste
- Other waste

Not Applicable owing to the nature of business.

- Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
|---------------------------|---|

Not Applicable; owing to the nature of the business

PRINCIPLE 3: Business should respect and promote the well-being of all employees, including those in their value chains**Essential Indicators****1. a. Details of measures for the well-being of employees:**

| Category | Total (A) | % of employees covered by | | | | | | | | | |
|---------------------------------------|--------------|---------------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|---------------------|--------------|
| | | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (D) | % (D / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent employees | | | | | | | | | | | |
| Male | 1,622 | 1,622 | 100% | 1,622 | 100% | NA | | 1,622 | 100% | Nil | 0% |
| Female | 244 | 244 | 100% | 244 | 100% | 244 | 100% | NA | | Nil | 0% |
| Total | 1,866 | 1,866 | 100% | 1,866 | 100% | 244 | 13.08% | 1,622 | 86.92% | Nil | 0% |
| Other than Permanent employees | | | | | | | | | | | |
| Male | 117 | 19 | 16.24% | Nil | 0% | Nil | 0% | Nil | 0% | Nil | 0% |
| Female | 16 | 4 | 25% | Nil | 0% | Nil | 0% | Nil | 0% | Nil | 0% |
| Total | 133 | 23 | 17.29% | Nil | 0% | Nil | 0% | Nil | 0% | Nil | 0% |

b. Details of measures for the well-being of workers:

Not Applicable as the Company does not employ any workers.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format-

| | FY 2024 | FY 2023 |
|---|---------|---------|
| Cost incurred on well-being measures as a % of total revenue of the company | 1.43% | 1.37% |

2. Details of retirement benefits, for Current FY and Previous Financial Year

| Benefits | FY 2024 | | | FY 2023 | | |
|----------|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | NA | Yes | 100% | NA | Yes |
| Gratuity | 100% | NA | NA | 100% | NA | NA |
| ESI | 0% | 0% | NA | 0% | 0% | NA |

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

AXISCADES' offices adhere to the Rights of Persons with Disabilities Act 2016, ensuring accessibility for all staff members. This commitment is evident through the implementation of various accessibility features, such as wheelchair ramps and providing assistance when needed. These initiatives underscore the Company's dedication to inclusivity, ensuring that individuals with disabilities have easy access to healthcare facilities and services.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The policy is accessible at the link - <https://axiscades.com/investor-relation>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees | |
|--------|---------------------|----------------|
| | Return to work rate | Retention rate |
| Male | 100% | 100% |
| Female | 100% | 100% |
| Total | 100% | 100% |

**AXISCADES does not employ workers

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

| Yes/No (If Yes, then give details of the mechanism in brief) | |
|--|--|
| Permanent Workers** | Not Applicable |
| Other than Permanent Workers | |
| Permanent Employees | Yes, AXISCADES ensures a transparent and accessible grievance redressal mechanism for its employees, prominently featured in the company's policy section. This policy provides a structured process for employees to raise concerns confidently and monitor their resolution. By fostering an environment where feedback is valued and addressed promptly, the Company promotes a culture of openness and continuous improvement, enhancing employee satisfaction and organizational effectiveness. |
| Other than Permanent Employees | |

**AXISCADES does not employ workers

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category | FY (2023-24) | | | PY (2022-23) | | |
|----------------------------------|---|--|--------------|--|--|--------------|
| | Total employees/ workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B / A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| Total Permanent Employees | 1,866 | 0 | 0.00% | 1,766 | 0 | 0.00% |
| Male | 1,622 | 0 | 0.00% | 1,578 | 0 | 0.00% |
| Female | 244 | 0 | 0.00% | 188 | 0 | 0.00% |

**AXISCADES does not employ workers.

8. Details of training given to employees and workers**:

| Category | FY 2024 | | | | | FY 2023 | | | | |
|------------------|-----------|-----------|-----------|----------------------|-----------|-----------|-----------|-----------|----------------------|-----------|
| | Total (A) | On Health | | On Skill upgradation | | Total (D) | On Health | | On Skill upgradation | |
| | | No. (B) | % (B / A) | No. (C) | % (C / A) | | No. (E) | % (E / D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Male | 1,622 | 774 | 47.72% | 1,364 | 84.09% | 1,629 | 806 | 49.48% | 1,095 | 67.22% |
| Female | 244 | 125 | 51.23% | 195 | 79.92% | 211 | 129 | 61.14% | 175 | 82.94% |
| Total | 1,866 | 899 | 48.18% | 1,559 | 83.55% | 1,840 | 935 | 50.82% | 1,270 | 69.02% |

**AXISCADES does not employ workers

9. Details of performance and career development reviews of employees and worker:

| Category | FY 2024 | | | FY 2023 | | |
|------------------|-----------|---------|-----------|-----------|---------|-----------|
| | Total (A) | No. (B) | % (B / A) | Total (C) | No. (D) | % (D / C) |
| Employees | | | | | | |
| Male | 1,622 | 1,316 | 81.13 | 1269 | 1221 | 74.95% |
| Female | 244 | 191 | 78.28 | 211 | 141 | 66.82% |
| Total | 1,866 | 1,507 | 80.76 | 1840 | 1362 | 74.02% |

**AXISCADES does not employ workers

10. Health and safety management system:**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?**

Yes: AXISCADES has implemented an occupational health and safety management system across its offices. The company conducts a wide array of tests and procedures to uphold the safety and quality of its environment and facilities. These efforts encompass regular testing of water, food, and air quality, assessments of lux levels, maintenance of fire extinguishers and smoke detectors, and scheduling fire drill training sessions. AXISCADES also prioritizes the cleaning of AC ducts to ensure optimal indoor air quality, demonstrating its commitment to maintaining a safe and healthy workplace environment.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

AXISCADES maintains a structured approach to hazard identification and mitigation across its operations. The Company implements a rigorous preventive maintenance schedule for electrical equipment, conducting quarterly inspections and annual assessments of transformers and electrical panels. Monthly checks ensure fire extinguishers are fully operational. Access to restricted areas like electrical rooms, UPS rooms, and AC rooms is tightly controlled. Ongoing risk monitoring involves regular inspections, internal audits, management reviews, and mock drills. Identified hazards are swiftly addressed through detailed mitigation plans and controls, reinforcing AXISCADES' commitment to maintaining a safe and secure workplace environment.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, the Company has established robust processes to encourage employees to promptly report any work-related hazards they encounter.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes, the Company has tie-ups with third party service providers for general medical and healthcare consultations for its employees aimed at promoting their overall health and quality of life.

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category | FY 2024 | FY 2023 |
|---|-----------|---------|---------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | Nil | Nil |
| | Workers | NA | NA |
| Total recordable work-related injuries | Employees | Nil | Nil |
| | Workers | NA | NA |
| No. of fatalities | Employees | Nil | Nil |
| | Workers | NA | NA |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | Nil | Nil |
| | Workers | NA | NA |

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

At AXISCADES, ensuring a safe and healthy workplace is paramount. The company upholds this commitment through a variety of proactive measures and practices. This includes strict adherence to safety regulations, regular assessments to identify and mitigate potential hazards pre-emptively, and comprehensive training on safety protocols. AXISCADES fosters a culture of open communication, encouraging employees to report concerns and participate in safety initiatives. This dedication to employee safety and well-being creates an environment where everyone can work confidently, contributing effectively to the organization's success while maintaining high standards of operational excellence.

13. Number of Complaints on the following made by employees and workers:

| | FY 2024 | | | FY 2023 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | Nil | Nil | Nil | Nil | Nil | Nil |
| Health & Safety | Nil | Nil | Nil | Nil | Nil | Nil |

14. Assessment for the year:

| % of your plants and offices that were assessed (by entity or statutory authorities or third parties) | |
|---|------|
| Health and safety practices | 100% |
| Working Conditions | 100% |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/ concerns arising from assessments of health & safety practices and working conditions.

No significant risks/ concerns were noted as part of the assessments conducted.

Leadership Indicators

1. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

AXISCADES ensures that the value chain partners timely deduct deposit the applicable statutory dues.

2. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|--|---------|---|---------|
| | FY 2024 | FY 2023 | FY 2024 | FY 2023 |
| Employees | Nil | Nil | Nil | Nil |

**AxisCades does not employ workers

3. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes

PRINCIPLE 4: Business should respect the interests of and be responsive to all its stakeholders**Essential Indicators****1. Describe the processes for identifying key stakeholder groups of the entity.**

AXISCADES has mapped out its core internal and external stakeholders through a systematic approach, engaging both the board and management team. This method involves an evaluation of different stakeholder segments and analysing their potential effects on the Company. Each group's significance was weighed through a series of discussions, considering factors like their potential influence on business decisions. Continuous engagement and vigilant monitoring are important for the Company's long-term success and stakeholder relationships. This approach enables us to identify and meet stakeholders' needs while adapting to evolving circumstances swiftly.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**Stakeholder Group**

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|------------------------------------|---|--|---|--|
| Investors and shareholders | No | Annual report Quarterly report Media Website | As and when required | Growth and profitability Operational efficiency Future expansion strategies |
| Suppliers | No | Email Communication, Supplier location visits, Annual Report | As and when required | Stronger partnerships, Fair business practices, Governance |
| Customers | No | Annual report, Customer satisfaction surveys, Customer experience centres | As and when required | Better services, Competitive pricing and product quality, Optimizing environmental performance |
| Employees | No | Transparent performance management systems, Skill development, career development and welfare initiatives, | As and when required | Ethical practices, Employee safety and wellbeing, Work life balance and career growth |
| Regulators/ Government Authorities | No | Interactions as and when required, Regulatory compliance reporting, Industry bodies memberships, Stock Exchange filings, Annual Reports, Quarterly Reports, Media, Website | As and when required | Transparency and ethics, Regulatory compliance, Timely and transparent reporting |

Leadership Indicators

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Chief Risk Officer (CRO) regularly engages with the Senior Management including the Managing Director and the Chief Financial Officer of the Company on topics focusing on Environmental, Social, and Governance (ESG). On a periodic basis, the Risk Management Committee (RMC) of the Directors is presented with the status of various initiatives and corresponding progress. These engagements follow a structured approach regarding frequency, delegation, and reporting of outcomes, including stakeholders' feedback to the Board.

- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, stakeholder consultation plays a crucial role in AXISCADES' environmental and social strategy development. Insights gathered from these engagements guide the identification of key issues for both the company and stakeholders. This feedback shapes policies, objectives, and monitoring methods, ensuring effective implementation of sustainability initiatives. An extensive online survey further enriches this process, gathering diverse stakeholder perspectives on the materiality of sustainability topics. These insights enhance AXISCADES' materiality assessment, refining focus areas and strengthening its commitment to sustainability across operations.

- 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.**

At AXISCADES, community engagement is central to the corporate ethos. The Company is committed to fostering community development, promoting environmental initiatives, advancing skill development, and supporting IT literacy programs. AXISCADES values proactive dialogue and promptly addresses community concerns, ensuring that the community feels heard, supported, and empowered through collaborative efforts.

PRINCIPLE 5: Businesses should respect and promote human rights**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2024 | | | FY 2023 | | |
|----------------------|-----------|--|-----------|-----------|--|-----------|
| | Total (A) | No. of employees / workers covered (B) | % (B / A) | Total (C) | No. of employees / workers covered (D) | % (D / C) |
| Employees | | | | | | |
| Permanent | 1,866 | 766 | 41.05% | 1,766 | 756 | 42.81% |
| Other than permanent | 133 | 133 | 100% | 78 | 78 | 100% |
| Total Employees | 1,999 | 899 | 44.97% | 1,844 | 834 | 45.23% |

**AXISCADES does not employ workers

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2024 | | | | FY 2023 | | | | | |
|------------------|-----------|-----------------------|-----------|------------------------|-----------|-----------|-----------------------|-----------|------------------------|-----------|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | | Total (D) | Equal to Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B / A) | No. (C) | % (C / A) | | No. (E) | % (E / D) | No. (F) | % (F / D) |
| Employees | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 1,866 | 0 | 0% | 1,866 | 100% | 1,844 | 0 | 0% | 1,844 | 100% |
| Female | 244 | 0 | 0% | 244 | 100% | 78 | 0 | 0% | 78 | 100% |

**AXISCADES does not employ workers or other than permanent workers.

3. Details of remuneration/ salary/ wages, in the following format:

a. Median remuneration/wages:

| | Male | | Female | |
|----------------------------------|--------|---|--------|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD) | 8 | 20,30,000 | 1 | 22,50,000 |
| Key Managerial Personnel | 2 | 3,82,50,000 | 1 | 22,00,000 |
| Employees other than BoD and KMP | 1,620 | 6,50,000 | 243 | 4,50,000 |
| Workers | NA | NA | NA | NA |

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

| | FY 2024 | FY 2023 |
|---|---------|---------|
| Gross wages paid to females as % of total wages | 10.44% | 9.43% |

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes; at AXISCADES, the Human Resource Business Partners (HRBP) serve as the focal point for addressing human rights and other behavioural issues in accordance with organisational policies.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

At AXISCADES, fostering a safe and supportive workplace environment is of paramount importance. To uphold this principle, the Company maintains an open-door policy and has instituted a robust grievance redressal mechanism governed by Grievance Redressal Policy. This policy applies universally to all AXISCADES employees, including those on contract. All complaints are thoroughly investigated in accordance with standard procedures, ensuring fairness and protection against any form of retaliation.

6. Number of Complaints on the following made by employees and workers:

| | FY 2024 | | | FY 2023 | | |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | Nil | NA | - | Nil | NA | - |
| Discrimination at workplace | Nil | NA | - | Nil | NA | - |
| Child Labour | Nil | NA | - | Nil | NA | - |
| Forced Labour/Involuntary Labour | Nil | NA | - | Nil | NA | - |
| Wages | Nil | NA | - | Nil | NA | - |
| Other human rights related issues | Nil | NA | - | Nil | NA | - |

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

| | FY 2024 | FY 2023 |
|---|---------|---------|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | Nil | Nil |
| Complaints on POSH as a % of female employees / workers | 0% | 0% |
| Complaints on POSH upheld | Nil | Nil |

8. Mechanisms to prevent adverse consequences to the complaint in discrimination and harassment cases.

At AXISCADES, concerns related to discrimination and harassment are managed with the highest level of confidentiality, ensuring the protection of individuals who report such matters in good faith. The company maintains a zero-tolerance policy against any form of retaliation towards those who raise these concerns. Individuals found engaging in retaliatory behaviour will face disciplinary action.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes; human rights requirements form part of business agreements and contracts.

10. Assessment for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Child labour | 100% |
| Forced/involuntary labour | 100% |
| Sexual harassment | 100% |
| Discrimination at workplace | 100% |
| Wages | 100% |

11. Provide details of any corrective actions taken or underway to address significant risks/ concerning arising from the assessments at Question 10 above.

None

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

AXISCADES takes pride in its robust grievance redressal system, designed to uphold compliance with human rights issues and regulatory obligations across the organization. To address human rights grievances and complaints, AXISCADES has implemented a comprehensive framework comprising the Group Policy on Human Rights, Whistle-blower Policy, Diversity & Inclusion initiatives, POSH Policy, and Equal Opportunity Policy for all employees.

2. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

AXISCADES adheres to the requirements of Rights of Persons with Disabilities Act, demonstrating dedication to creating inclusive workplaces that cater to every individual. To seamlessly integrate these associates into the organization and cater to their specific needs, including accessibility and accommodation, remains the Company's top priority.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**Essential Indicators****1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

| Parameter | Unit | FY 2024 | FY 2023 |
|---|------|----------|------------|
| From renewable sources | | | |
| Total electricity consumption (A) | GJ | Nil | Nil |
| Total fuel consumption (B) | GJ | Nil | Nil |
| Energy consumption through other sources (C) | | Nil | Nil |
| Total energy consumed from renewable sources (A+B+C) | GJ | Nil | Nil |
| From non-renewable sources | | | |
| Total electricity consumption (D) | GJ | 7,555.84 | 5,766.10** |
| Total fuel consumption (E) | GJ | 130.81 | 20.25** |
| Energy consumption through other sources (F) | GJ | - | - |
| Total energy consumed from non-renewable sources (D+E+F) | GJ | 7,686.64 | 5,786.35 |
| Total energy consumed (A+B+C+D+E+F) | GJ | 7,686.64 | 5,786.35 |
| Energy intensity per lakh rupee of turnover (Total energy consumption/ turnover in rupees) | | 0.22 | 0.20 |
| Energy intensity per lakh rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/ Revenue from operations adjusted for PPP)# | | 3.80 | 2.86 |
| Energy intensity in terms of physical output | | - | - |
| Energy intensity (in terms of full time employees)- the relevant metric may be selected by the entity | | 3.85 | 3.14 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

**Restated due to inclusion of locations which were not considered in the FY 2023 and change in approach to ensure comparability of information disclosed.

#The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 22.88.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No, the entity doesn't have any sites/facilities identified as designated consumers for the PAT scheme.

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2024 | FY 2023 |
|--|---------|---------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface Water | Nil | Nil |
| (ii) Ground Water | 5,546 | 6,063 |
| (iii) Third Party Water | 309 | 170 |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 5,855 | 6,233 |
| Total volume of water consumption (in kilolitres) | 5,855 | 6,233 |
| Water intensity per lakh rupee of turnover (Total Water consumption / Revenue from operations) | 0.17 | 0.22 |
| Water intensity per lakh rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/ Revenue from operations adjusted for PPP)# | 3.79 | 5.04 |
| Water intensity in terms of physical output | - | - |
| Water intensity (in terms of full time employee) – the relevant metric may be selected by the entity | 2.92 | 3.38 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

#The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 22.88.

4. Provide the following details related to water discharged:

| Parameter | FY 2024 | FY 2023 |
|---|------------|------------|
| Water discharge by destination and level of treatment (in kilolitres) ** | | |
| i) To surface water | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment-please specify level of treatment | Nil | Nil |
| ii) To Groundwater | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment-please specify level of treatment | Nil | Nil |
| iii) To Seawater | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment-please specify level of treatment | Nil | Nil |
| iv) Sent to third-parties | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment-please specify level of treatment | Nil | Nil |
| v) Others | Nil | Nil |
| - No treatment | Nil | Nil |
| - With treatment-please specify level of treatment | Nil | Nil |
| Total water discharge (in kilolitres) | Nil | Nil |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

**For Portable Water we use Membrane Bioreactor Method for treatment. Water measuring used in Electromagnetic flow meter and STP Water used for Garden and flush purpose only.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Wastewater generated at AXISCADES sites undergoes treatment, with the recycled water repurposed for sanitation and gardening. This practice reflects the company's commitment to sustainable resource management.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2024 | FY 2023 |
|------------------------------------|---------------------|---------|---------|
| NOx | Mg/Nm ³ | 47.87 | 121.2 |
| SOx | Mg/Nm ³ | 11.76 | 33.4 |
| Particulate matter (PM) | Mg/Nm ³ | 25.77 | 48.6 |
| Persistent organic compounds (POP) | | NA | NA |
| Volatile organic compounds (VOC) | | NA | 0.042 |
| Hazardous air pollutants (HAP) | | NA | NA |
| Others-please specify | | NA | NA |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2024 | FY 2023 |
|---|---|----------|----------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 104.19 | Nil * |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 1,275.47 | 724.83** |
| Total Scope 1 and Scope 2 emission intensity per lakh rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) | | 0.04 | 0.03 |
| Total Scope 1 and Scope 2 emission intensity per lakh rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)# | | 0.89 | 0.59 |
| Total Scope 1 and Scope 2 emission intensity in terms of physical output | | - | - |
| Total Scope 1 and Scope 2 emission intensity (in terms of full time employees) – the relevant metric may be selected by the entity | | 0.69 | 0.39 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

#The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 22.88.

*For FY 2023, Diesel Consumption on account of DG sets was not available due to non-tracking of relevant data(as per the data availability accounted in Scope 2).

**Restated due to inclusion of locations which were not considered in the FY 2023 and change in approach to ensure comparability of information disclosed.

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes; AXISCADES has taken initiatives to reduce energy consumption and GHG emissions by replacing old bulbs with LEDs, using power strips for multiple gadgets, and fixing leaky faucets.

9. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2024 | FY 2023 |
|---|------------------|--------------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | Nil | Nil |
| E-waste (B) | Nil | Nil |
| Bio-medical waste (C) | Nil | Nil |
| Construction and demolition waste (D) | Nil | Nil |
| Battery waste (E) | Nil | 1.41** |
| Radioactive waste (F) | Nil | Nil |
| Other Hazardous waste. Please specify, if any. (G) | Nil | Nil |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) – Dry and Wet Waste | 44,925.09 | 20,404.14** |
| Total (A+B + C + D + E + F + G + H) | 44,925.04 | 20,405.55 |
| Waste intensity per lakh rupee of turnover (Total waste generated / Revenue from operations) | 1.27 | 0.72 |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)# | 29.11 | 16.48 |
| Waste intensity in terms of physical output | - | - |
| Waste intensity (in terms of full time employees) – the relevant metric may be selected by the entity | 22.47 | 11.06 |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| i) Recycled | Nil | Nil |
| ii) Re-used | Nil | Nil |
| iii) Other recovery operations | Nil | Nil |
| Total | Nil | Nil |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| i) Incineration | Nil | Nil |
| ii) Landfilling | 44,925.04 | 20,405.55** |
| iii) Other disposal operations | Nil | Nil |
| Total | 44,925.04 | 20,405.55** |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

#The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 22.88.

**Restated due to inclusion of locations which were not considered in the FY 2023 and change in approach to ensure comparability of information disclosed.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

At AXISCADES, canteen garbage, biodegradable waste, and utility waste are diligently managed and sorted into dry and wet categories. This sorted waste is moved to a designated disposal location daily, in compliance with BBMP requirements. The waste is then collected by BBMP-authorized staff. The Karnataka Pollution Control Board (KSPCB) has certified AXISCADES' waste management structure. For the Hyderabad location, waste management is handed over to GHMC for safe disposal, with similar arrangements in place for the Chennai location.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Our campuses are built on government-approved land in industrial zones and do not fall within or adjacent to protected areas or high-biodiversity areas.

| Sr. no. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval/ clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|----------------|--------------------------------|--------------------|---|
| Not Applicable | | | |

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) | Relevant Web link |
|---|----------------------|------|---|--|-------------------|
| Not Applicable; AXISCADES shall be undertaking EIA of projects in the upcoming years. | | | | | |

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, AXISCADES and its businesses are compliant with applicable environmental laws / regulations / guidelines in India.

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|----------------|---|---------------------------------------|---|---------------------------------|
| Not Applicable | | | | |

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/ plant located in areas of water stress, provide the following information:

- i) Name of the area
- ii) Nature of operations
- iii) Water withdrawal, consumption and discharge in the following format:

AXISCADES' offices are located in industrial areas of Chennai, Hyderabad and Bangalore which do not fall under water stress zones, hence this metric is not applicable.

| Parameter | FY 2024 | FY 2023 |
|---|---------|---------|
| Water withdrawal by source (in kilolitres) | | |
| i) Surface Water | NA | NA |
| ii) Ground Water | NA | NA |
| iii) Third Party Water | NA | NA |
| iv) Seawater / desalinated water | NA | NA |
| v) Others | NA | NA |
| Total volume of water withdrawal (in kilolitres) | NA | NA |
| Total volume of water consumption (in kilolitres) | NA | NA |
| Water intensity per rupee of turnover (Total Water consumption / Revenue from operations) | NA | NA |
| Water intensity (optional) – the relevant metric may be selected by the entity | NA | NA |
| Water discharge by destination and level of treatment (in kilolitres) | | |
| i) Into Surface water | NA | NA |
| - No treatment | NA | NA |

| Parameter | FY 2024 | FY 2023 |
|--|---------|---------|
| - With treatment – please specify level of treatment | NA | NA |
| ii) Into Groundwater | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| iii) Into Seawater | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| iv) Sent to third-parties | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| v) Others | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| Total water discharged (in kilolitres) | NA | NA |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2024 | FY 2023 |
|---|---|----------|---------|
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 303.13** | - |
| Total Scope 3 emissions per lakh rupee of turnover | | 0.008 | - |
| Total Scope 3 emission intensity (in terms of full time employees) – the relevant metric may be selected by the entity | | 0.15 | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

**For Scope 3 Calculations, AXISCADES have considered Employee commuting and Business travel for FY 2024.

3. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|--------|--|--|---|
| 1. | Identification and Evaluation of Environmental Aspects | <ul style="list-style-type: none"> Awareness programs, mailers, signboards wherever possible Replace old bulbs with LEDs. Keep rating in mind while buying electric goods. Run AC at 23+- degrees temperature only. Use power strips for multiple gadgets. Unplug unused electronics. Fix the leaky faucet. | Increased awareness on the conscious saving of electricity consumption. |

4. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

AXISCADES is dedicated to ensuring business resilience through its comprehensive Business Continuity Plan (BCP). This plan outlines measures to protect personnel and assets during disasters, ensuring business operations continue smoothly in the face of adversity. It details robust strategies for anticipating and recovering from potential threats, with a strong focus on the well-being of staff, contractors, and all stakeholders.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

- 1. a. **Number of affiliations with trade and industry chambers/associations.**
4
- b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|---|---|
| 1 | NASSCOM | National |
| 2 | Society of Indian Aerospace Technologies and Industries (SIATI) | National |
| 3 | Hanseatic Engineering & Consulting Association e.V. (HECAS) | International |
| 4 | Hamburg Aviation Membership | International |

- 2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

| Name of authority | Brief of the case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| | None | |

Leadership Indicator

- 1. **Details of public policy positions advocated by the entity**

While AXISCADES has not actively engaged in public policy advocacy, the company has made valuable contributions as a delegate at various conferences and forums. This participation allows AXISCADES to stay informed on industry trends and collaborate with other leaders, enhancing its strategic insights and influence.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|--|----------------------|----------------------|---|--|-------------------|
| Not Applicable; as there were no projects that required Social Impact Assessment (SIA) | | | | | |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| S. No | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In INR) |
|----------------|--|-------|----------|---|--------------------------|---|
| Not Applicable | | | | | | |

3. Describe the mechanisms to receive and redress grievances of the community.

AXISCADES is committed to effectively and efficiently addressing and resolving community grievances. The company's dedicated grievance redressal mechanism ensures that any concerns or queries from external communities are promptly addressed. Individuals can submit their grievances through the contact page, and these submissions are immediately directed to the corporate team for thorough investigation and resolution. AXISCADES prioritizes transparent communication and timely responses to foster trust and maintain positive relationships with all community stakeholders. For more information or to submit a grievance, please visit: [AXISCADES Contact Us](#).

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2024 | FY 2023 |
|--|---------|---------|
| Directly sourced from MSMEs/ small producers | 43.56% | 36% |
| Sourced directly from within the district and neighbouring districts | 56.43% | - |

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

| Location | FY 2024 | FY 2023 |
|--------------|---------|---------|
| Rural | - | - |
| Semi-urban | - | - |
| Urban | 1.8% | 1.15% |
| Metropolitan | 98.2% | 98.85% |

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**Essential indicator****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The Quality Management team at AXISCADES consistently gathers customer feedback using the company's established mechanisms. Complaints and feedback come through various channels such as email, transmittal letters, and direct verbal communication with project management teams. Upon receipt, project management teams promptly acknowledge and analyse incidents, devising action plans to swiftly address concerns and uphold customer satisfaction.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | As a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | Not Applicable** |
| Safe and responsible usage | Not Applicable |
| Recycling and/or safe disposal | Not Applicable |

**Considering the nature of business, this metric is not applicable, as our primary focus lies in delivering IT services rather than tangible products that would typically gather such information.

3. Number of consumer complaints in respect of the following:

| | FY 2024 | | Remarks | FY 2023 | | Remarks |
|--------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| Data privacy | Nil | NA | | Nil | NA | |
| Advertising | Nil | NA | | Nil | NA | |
| Cyber-security | Nil | NA | | Nil | NA | |
| Delivery of essential services | Nil | NA | | Nil | NA | |
| Restrictive Trade Practices | Nil | NA | | Nil | NA | |
| Unfair Trade Practices | Nil | NA | | Nil | NA | |
| Other | Nil | NA | | Nil | NA | |

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | Nil | Nil |
| Forced recalls | Nil | Nil |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

No

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No specific issues were raised during the financial year.

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches - Nil
- b. Percentage of data breaches involving personally identifiable information of customers - 0%
- c. Impact, if any, of the data breaches – Not applicable.

Leadership Indicators

- 1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information on products and services can be accessed at <https://axiscades.com/>.

- 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.**

Not applicable, owing to the nature of business.

- 3. Mechanisms in place to inform consumers of any risk of disruption/ discontinuation of essential services.**

At AXISCADES, ensuring the uninterrupted delivery of services and products is of paramount importance. Each delivery team is equipped with a robust business continuity mechanism designed to handle potential disruptions. This proactive approach guarantees swift and effective responses to unforeseen events, minimizing the impact on operations and maintaining the Company's commitment to customer satisfaction.

- 4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Not applicable as far as the display of product information is concerned, as AxisCades is operating under the segment of IT services.

Although AXISCADES does not have a Customer Satisfaction Survey (CSS), the company undergoes annual third-party customer audits. These audits thoroughly evaluate multiple aspects of operations, ensuring high standards of quality and delivery are consistently met, reinforcing AXISCADES' commitment to excellence and customer satisfaction.

REPORT ON CORPORATE GOVERNANCE

Good Corporate Governance is all about achieving the twin objectives of Performance and Conformance. The Company's Governance framework is meant to ensure efficient use of organizational resources for business outcomes and at the same time require accountability for the stewardship of these resources. The aim is to align, the interests of all stakeholders, both internal and external and the Society, at large. The Company strives to follow such Policies, Procedures and Practices which ensure that the Company is managed in the best interest of all stakeholders, through a mechanism of checks and balances to meet stakeholder's aspirations and societal expectations.

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 should constitute the very foundation of Company's growth. 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 March 31, 2024, the Company has eight Directors. Out of these Eight Directors, seven (87.5%) are Non-Executive (including independent directors), including one-woman director. Three members (37.5%) of the Board 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 for Independent Directors, as enumerated under Section 149 of the Act.
- 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.
- 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 performance and place their views regarding governance of the Company before the Board. During the year under review, the Independent Directors have met four times on 24th May 2023, 02nd August 2023, 07th November 2023 and 14th February 2024. 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 into the Board, successful persons drawn from diverse expertise, having achieved excellence in their respective fields. The present composition of the 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 memberships 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 2023-2024 | | Attendance Last AGM | No. of other Directorships and Committee Membership/Chairmanship held as on March 31, 2024 | | |
|--------------------------------------|----------|----------------------------|----------|---------------------|--|------------------------|-------------------------|
| | | Held | Attended | | Other Directorships | Committee Memberships# | Committee Chairmanships |
| Mr. Abidali Neemuchwala (Chairman) | NED | 4 | 4 | NA | 0 | 1 | 0 |
| Mr. Arun Krishnamurthi | CEO & MD | 11 | 11 | Yes | 4 | 0 | 0 |
| Mr. Desh Raj Dogra | ID | 11 | 11 | Yes | 6 | 4 | 3 |
| Mr. Dhiraj Mathur | ID | 11 | 11 | Yes | 1 | 1 | 0 |
| Ms. Mariam Mathew | ID | 11 | 11 | Yes | 2 | 2 | 0 |
| Mr. David Abikzir | NED | 11 | 10 | No | 0 | 0 | 0 |
| Mr. Venkatraman Venkitachalam | NED | 11 | 10 | NA | 0 | 1 | 0 |
| Dr. S. Christopher | NED | 7 | 7 | Yes | 1 | 1 | 0 |
| Mr. David Bradley | NED | 6 | 6 | Yes | - | - | - |
| Mr. Sharadhi Chandra Babu Pampapathy | NED | 6 | 6 | Yes | - | - | - |
| Mr. David Walker | NED | 4 | 4 | NA | - | - | - |

Ms. Sonal Dudani, Company Secretary is the Compliance Officer of the Company. Further, she acts as a Secretary to all the Committees of the Board.

Notes:

1. *CEO & MD- Chief Executive Officer and Managing Director, ID- Independent Director, NED- Non-Executive Director, BM- Board Meeting, AGM- Annual General Meeting, NA - Not Applicable*
2. *Other Directorship includes Directorships in the Subsidiary of Public Company.*
3. *Membership/Chairmanship includes membership/ Chairmanship in this Company.*
4. *There are no relationships inter-se directors as on 31st March 2024.*

Appointments during the year:

1. *Mr. Abidali Neemuchwala was appointed as Non-Executive Director and Chairman of the Company w.e.f. the start of business hours on 04th October 2023.*
2. *Dr. S. Christopher was appointed as Non-Executive Director w.e.f. 30th June, 2023.*

Resignations during the year:

1. *Mr. David Walker completed his tenure as Non-Executive Director w.e.f. the closing hours of 28th June 2023.*
2. *Mr. David Bradley, resigned from the Office of Director (Non-Executive Director) and Chairman w.e.f. the close of Annual General Meeting on 28th September 2023.*
3. *Mr. Sharadhi Chandra Babu Pampapathy, retired by rotation as Non-Executive Director w.e.f. close of business hours on 28th September 2023.*

ix. Disclosure of directorship in listed entities

Mr. Desh Raj Dogra is an Independent Director in the following listed entities:

1. Capri Global Capital Limited
2. G R Infraprojects Limited
3. IFB Industries Ltd
4. S Chand and Company Limited

- x. Eleven Board meetings were held during the fiscal year 2023-24 and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held are:

May 06, 2023; May 25, 2023; June 07, 2023; July 15, 2023; August 04, 2023; August 30, 2023; October 04, 2023; October 12, 2023; November 08, 2023; February 14, 2024; and March 27, 2024.

The necessary quorum was present during all the meetings.

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.

xi. Familiarization program for Directors

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

- a) Presentations by senior executives giving an overview of operations
- b) Induction and orientation process, inter-alia, with respect to their roles, responsibilities and liabilities, nature of the Industry in which the Company operates, business model of the Company.
- d) 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

- xii. Matrix specifying the list of core skills/expertise/competence identified by the Board of Directors as required in context of the business and the sector in which it operates, 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 laws | Trade Policy & Economics |
| | Aerospace & Defense |

| Name of Director | Essential Skill / Expertise/ Competency |
|-------------------------|--|
| Mr. Abidali Neemuchwala | Sales and Marketing Experience Trade Policy and Economics Aerospace and Defense Strategy/Business Leadership Technology Corporate strategy consultant Mergers and Acquisition Board Service & Governance Corporate Laws Finance |
| Mr. Arun Krishnamurthi | Strategy/Business Leadership Technology Corporate strategy consultant Mergers and Acquisition Sales and Marketing Experience Board service & Governance Finance Trade Policy & Economics |
| Ms. Mariam Mathew | Strategy/Business Leadership Finance Technology |
| Mr. Desh Raj Dogra | Financial sector in the areas of banking and credit rating |
| Mr. Dhiraj Mathur | Sales and Marketing Experience - Experience in developing strategies to grow sales, building brand awareness and equity and enhance enterprise reputation Trade policy and economics Administration & Government Relations |
| Dr. S. Christopher | Sales and Marketing Board service & Governance Corporate law Finance Trade Policy & Economics Administration & Government Relations Aerospace & Defense Strategy/Business Leadership Technology Corporate strategy consultant Mergers and Acquisition Administration & Government Relations |
| Mr. David Abikzir | Strategy/Business Leadership Technology Corporate strategy consultant Mergers and Acquisition Sales and Marketing Experience Board service & Governance Corporate Laws Finance Trade Policy & Economics Administration & Government Relations |

| Name of Director | Essential Skill / Expertise/ Competency |
|-------------------------------|---|
| Mr. Venkatraman Venkitachalam | Strategy/Business Leadership Corporate strategy consultant Mergers and Acquisition Board service & Governance Corporate Laws Finance Trade Policy & Economics Administration & Government Relations |

III. COMMITTEES OF THE BOARD

Currently the Board has four Committees. The role of the committees of the Board is in alignment with the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Addition or amendments, if any, to the scope and functions of the committee is approved by the Board.

The Board Committees along with their role are as detailed below:

A. AUDIT COMMITTEE

- i. The Audit committee of the Company is constituted in line with the 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 operations, 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.
- f. The Audit Committee also 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 auditor's and statutory auditor's notes
 - Internal audit and findings, if any,
 - Weakness or failure of internal control systems, if any, reported by Auditors.
- g. Scrutiny of inter- corporate loans and investments.
- h. Valuation of undertakings or assets of the Company, whenever necessary.
- i. Evaluation of internal financial controls and risk management system.
- j. Monitoring the end use of funds raised by the Company, if any.
- k. Monitoring and review of whistle blower policy and mechanism.
- l. To recommend to the Board the appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
- m. To invite the auditors and Key Managerial Personnel (KMP) (for hearing) while considering the Auditors Report at the Audit Committee Meeting.
- n. Reviewing Management letters / letters of internal control weaknesses issued by the statutory auditors and Internal audit reports relating to internal control weaknesses
- o. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- p. Reviewing of the financial statements, in particular, the investments made by the unlisted subsidiaries.
- q. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r. Any other function as may be specifically entrusted by the Board.

- iii. The Audit Committee charter has vested with the Committee the following powers for its effective functioning:
1. To call for information on comments/observation of the auditors about internal control systems, review of financial statements before their submission to the Board.
 2. Scope of various 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 external experts and advisors.
- 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 acts 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 September 28, 2023. All the members of the Committee have expertise in Accounting and Financial management.
- vi. During the fiscal year 2023-2024, 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:
- May 25, 2023; August 04, 2023; October 04, 2023; November 08, 2023; February 13, 2024; and March 22, 2024.
- 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 | No. of meetings attended (Held -6) |
|--|----------|------------------------------------|
| Mr. Desh Raj Dogra, Chairman | ID | 6 |
| Mr. Dhiraj Mathur | ID | 6 |
| Mr. David Bradley ¹ | NED | 2 |
| Mr. Venkatraman Venkitachalam ² | NED | 3 |

Notes: ID – Independent Director; NED – Non Executive Director

¹Mr. David Bradley ceased to be member of the Committee w.e.f. 28th September 2023.

²Mr. Venkatraman Venkitachalam was appointed as member of the Committee w.e.f. 04th October 2023.

Note: The Committee was reconstituted on 04th October 2023.

B. NOMINATION & REMUNERATION COMMITTEE

- i. The constitution of the Committee is in conformity with the provisions of Regulation 19 of SEBI (LODR) Regulations, 2015, as amended, read with 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 appointment 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:

- i. Formulation of criteria for determining qualifications, positive attributes and independence of Directors;
 - ii. Devising a policy on Board Diversity and balanced Board;
 - iii. 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;
 - iv. Formulation of criteria for evaluation of Independent Directors and the Board;
 - v. Formulating and recommending to the Board a Remuneration Policy;
 - vi. Evaluating the performance of Directors and recommend to the Board, their appointment or removal.
- iii. During the FY 2023-2024, six meetings of Nomination & Remuneration Committee were held on May 24, 2023; July 31, 2023; October 04, 2023; November 08, 2023; December 18, 2023; and February 13, 2024.
- iv. The Chairperson of the Committee is an Independent Director and was present at the last AGM held on September 28, 2023.

- 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 | No. of meetings attended (Held -6) |
|--|----------|------------------------------------|
| Ms. Mariam Mathew, Chairperson | ID | 6 |
| Mr. Desh Raj Dogra | ID | 6 |
| Mr. David Abikzir ¹ | NED | 3 |
| Mr. Venkatraman Venkitachalam ² | NED | 3 |

Notes: ID – Independent Director, NED – Non Executive Director

¹Mr. David Abikzir ceased to be member of the Committee w.e.f. the closing hours of 01st November 2023.

²Mr. Venkatraman Venkitachalam was appointed as member of the Committee w.e.f. start of business hours of 01st November 2023.

Note: The Committee was reconstituted on 01st November 2023.

EVALUATION OF PERFORMANCE OF DIRECTORS/BOARD

The Board has adopted a formal mechanism for evaluating its performance as well as that of its committees and Directors, including Independent Directors 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 each year.

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 controls, risks, operations and to channelize the same for its effective cascading in 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 in the Service Industry and therefore Company's policies recognizes Human Resource as its true Asset and strives 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, the Nomination and Remuneration Committee has formulated a 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.

The remuneration considers a balanced blend of Fixed and Variable pay, in line with the best market practices, to attract and retain talent, to achieve excellence in performance, so as to meet its strategic, short term and long-term goals and objectives of the Company.

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 Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committee and Commission as approved by the shareholders on 28th September 2023. The amount of such 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 options in 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 for 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 & KMPs' as per applicable statutory regulations and requisite approvals.

(iii) Remuneration to other employees

The employees shall be evaluated on a yearly basis according to their role, qualifications, competencies, expertise and remuneration levels are fixed, in line with the Industry best practices.

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 Non-Executive Directors and Independent Directors are paid a sitting fee of Rs. 1,00,000/- each for every

Board Meeting and Audit Committee meeting and Rs. 50,000/- each for every Committee meeting attended by them. Apart from sitting fee, the Directors are reimbursed for expenses directly and exclusively incurred for the performance of their duties as a Director.

The Non-Executive Directors are eligible for payment of Commission as approved by the shareholders on 28th September 2023.

Details of the sitting fees for the year ended March 31, 2024 are as follows:

| SI No | Name | Category | Amount in Rupees |
|--------------|-------------------------------|----------|-----------------------|
| 1 | Mr. Abidali Neemuchwala | NED | 7,00,000.00 |
| 2 | Mr. Desh Raj Dogra | ID | 24,00,000.00 |
| 3 | Mr. Dhiraj Mathur | ID | 22,00,000.00 |
| 4 | Ms. Mariam Mathew | ID | 17,50,000.00 |
| 5 | Mr. David Bradley | NED | 7,30,000.00 |
| 6 | Mr. David Walker | NED | 3,30,000.00 |
| 7 | Mr. David Abikzir | NED | 13,30,000.00 |
| 8 | Mr. Venkatraman Venkitachalam | NED | 15,30,000.00 |
| 9 | Dr. S. Christopher | NED | 7,00,000.00 |
| Total | | | 1,16,70,000.00 |

Notes: ID- Independent Director, NED- Non-Executive Directors

During the year, Mr. Abidali Neemuchwala entered into Consultancy Agreement with AXISCADES Inc. (Wholly Owned Subsidiary) through Neemuchwala Family 2022 LLC, where Mr. Abidali Neemuchwala holds 100% stake, for a period of two years at an annual remuneration of USD 200,000. The same has been approved by the shareholders of the Company on 18th December 2023.

Further, Dr. S. Christopher entered into a Consultancy Agreement with Mistral Solutions Private Limited (MSPL), Subsidiary for an annual Fee of INR 24 Lakhs for a period of one year.

As on March 31, 2024, Ms. Mariam Mathew holds 800 equity shares and Mr. Abidali Neemuchwala holds 4,000 equity shares of the Company.

Other than the above, there is no pecuniary or business relationship between the Non-Executive Directors and the Company.

Remuneration to Executive Directors

| Name of the Director | Fixed Salary | | | Performance linked Variable pay | Total |
|------------------------|--------------|-------------|------------------|---------------------------------|-------------|
| | Salary | Perquisites | Retiral Benefits | | |
| Mr. Arun Krishnamurthi | 2,81,28,915 | 3,89,05,808 | 15,11,307 | 1,50,93,750 | 8,36,39,780 |

Note: On accrual basis

The annual performance linked variable pay is computed/disbursed on the basis of achievement of both financial and non-financial objectives and metrics, which are aligned to the Company's performance.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

- The constitution of the Committee is in conformity with the provisions of Regulation 20 of SEBI (LODR), Regulations, 2015, as amended, read with Section 178 of Companies Act, 2013.
- One meeting was held during the year FY 2023-24 on February 13, 2024.
- The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

| Name of the Member | Category | No. of meetings attended (Held -1) |
|--|----------|------------------------------------|
| Ms. Mariam Mathew | ID | 1 |
| Mr. Desh Raj Dogra | ID | 1 |
| Mr. David Bradley ¹ | NED | NA |
| Mr. Abidali Neemuchwala, Chairman ² | NED | 1 |

Notes: ID – Independent Director, NED – Non-Executive Director

¹Mr. David Bradley ceased to be member of the Committee w.e.f. 28th September 2023.

²Mr. Abidali Neemuchwala was appointed as member of the Committee w.e.f. start of business hours of 04th October 2023.

Note: The Committee was reconstituted on 04th October 2023.

- iv. The main function of Stakeholders Relationship Committee is to address investor grievances and issues, if any, which are of interest to shareholders and other security holders. The Committee also oversees the share transfer process.
- v. Details of investor complaints received and redressed during the financial year 2023-2024 are as follows:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| Nil | Nil | Nil | Nil |

D. RISK MANAGEMENT COMMITTEE

- i. The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of SEBI (LODR) Regulations, 2015.
- ii. The terms of reference of the Risk Management Committee are as under:
 - (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
 - (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 - (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 - (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with the activities of such committees, as per the framework laid down by the board of directors.

- iii. During FY 2023-2024, four meetings of Risk Management Committee were held on August 02, 2023; August 31, 2023; February 22, 2024; and March 20, 2024.
- iv. The composition of the Risk Management Committee and the details of meetings attended by its members are given below:

| Name of the Member | Category | No. of meetings attended (Held -4) |
|-------------------------------|----------|------------------------------------|
| Mr. Dhiraj Mathur, Chairman | ID | 3 |
| Ms. Mariam Mathew | ID | 4 |
| Mr. Venkatraman Venkitachalam | NED | 3 |
| Mr. Shashidhar SK | CFO | 4 |

Notes: ID – Independent Director, NED – Non-Executive Director,

CFO – Chief Financial Officer

Note: The Committee was constituted on 06th May 2023.

E. SENIOR MANAGEMENT

During the year, Mr. Hrishi Mohan has been appointed as Group Chief Human Resource Officer (CHRO) of AXISCADES Group

and as Senior Management Personnel (SMP) of the Company w.e.f. 10th August 2023.

IV. ANNUAL GENERAL 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 transacted |
|----------------------|------------------------------|--|---|
| March 31, 2021 | September 28, 2021; 4:00 PM | Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) | <ol style="list-style-type: none"> Approval for increase in the pool of ESOP by adding additional Equity shares under existing AXISCADES ESOP 2018 SERIES 2 (THE "SCHEME" / THE "PLAN") and grant of Stock Options to the eligible employees/Directors of the Company and its Subsidiary Companies Approval for grant of additional stock Options to employees & directors of the subsidiary Companies under the AXISCADES ESOP 2018 Series 2 (the "scheme" / the "plan") Approval for grant of additional stock Options to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the company at the time of grant of option under the AXISCADES ESOP 2018- Series 2 (the "scheme" / the "plan") Revision in the Remuneration of Mr. Sharadhi Chandra Babu Pampapathy, CEO & Executive Director. |
| March 31, 2022 | September 27, 2022; 11:30 AM | Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) | <ol style="list-style-type: none"> Reappointment of Mr. Desh Raj Dogra (DIN: 00226775) as an Independent Director Reappointment of Mr. Dhiraj Mathur (DIN: 08478137) as an Independent Director Approval for increase in the Borrowing limits of the Company Approval for creation of charge on the assets of the Company Alteration of Articles of Association of company |
| March 31, 2023 | September 28, 2023; 02:30 PM | Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) | <ol style="list-style-type: none"> Payment of Commission to Non-Executive Directors Approval for borrowing limits of the Company Approval for creation of charge on the assets of the Company |

Postal Ballot

During the fiscal year 2023-24, one postal ballot process was conducted and one special resolution was passed through postal ballot, the details of which are as under:

| Resolutions | Votes cast in favor | | Votes cast against | | Date of declaration of results |
|--|---------------------|--------------------------|--------------------|--------------------------|--------------------------------|
| | No. of votes cast | % to the paid-up capital | No. of votes cast | % to the paid-up capital | |
| To consider and approve raising of funds and issuance of securities by way of a Qualified Institutions Placement basis or through any other permissible mode | 2,56,56,461 | 100.00 | 11 | 0.00 | December 19, 2023 |

The Company successfully completed the process of obtaining approval of its shareholders for special resolution on the items detailed above through postal ballot. Mr. Pramod S. M. of M/s. BMP & Co. LLP, Company Secretaries, was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Procedure of Postal Ballot

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April

13, 2020, read with other relevant circulars including General Circular No. 11/2022 dated December 28, 2022 and General Circular No. 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs.

V. DISCLOSURES

i. Related Party Transactions

All the related party transactions that were entered into during the financial year were on an 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 financial year ended March 31, 2024, the details of related party transactions, on a consolidated basis, are filed, half yearly, with the stock exchanges, pursuant to the amendment thereof in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Related party transactions are reported in the Notes to the financial statements of the Company.

The Board has reviewed and approved a policy on related party transactions and the same is hosted on the website of the Company at the following link- <https://axiscades.com/download/policy-on-dealing-with-related-party-transactions?wpdmdl=4146&refresh=661cc8b0b70511713162416>

ii. Details of non-compliance

2023-24

The Company has paid fine imposed by the Stock Exchanges in relation to non-compliance with the requirement pertaining to prior intimation of Board meeting for fund raise through Qualified Institutions Placement and to consider pre-payment of Unlisted Non-Convertible Debentures under Regulation 29 of SEBI (LODR) Regulations, 2015.

2022-23

The Company has paid a fine imposed by the Stock Exchanges in relation to non-compliance with the requirement pertaining to the composition of the Board under Regulation 17(1) of SEBI (LODR) Regulations, 2015.

2021-22

The Company has paid fine imposed by the Stock Exchanges in relation to non-compliance with the requirement pertaining to the composition of the Board under Regulation 17(1) of SEBI (LODR) Regulations, 2015.

iii. The Company has adopted an Ombudsman process, which is a channel for receiving and redressing complaints, if any, received from directors and/or 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- <https://axiscades.com/download/whistle-blower-policy?wpdmdl=4142&refresh=661cc8b0b790b1713162416>

iv. Disclosure of Compliance

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

In its endeavor to comply, beyond the statutory 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 & Managing Director are separate in the Company.
- The Internal Auditor directly reports to the Audit Committee.
- The Company is in the regime of unmodified audit opinion.

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 at 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 & Managing 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 May 15, 2015 and the amendment thereof which has come into force with effect from April 01, 2019, the Company has formulated/amended a Code of Conduct to regulate, monitor and report trading by its employees, directors and other connected persons.

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

Based on the amendment to SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from April 01, 2019, the trading window is closed from the end of every quarter till 48 hours after the declaration of financial results.

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.

In terms of the Company's Policy on determining "material subsidiary", during the financial year ended March 31, 2024, the Company has following material subsidiaries, out of which one is incorporated outside India. The details as required have been given below:

| S. No. | Name of the Subsidiary | Date of incorporation | Place of incorporation | Name of the Statutory Auditors | Date of appointment of Statutory Auditors |
|--------|--|-----------------------|--------------------------|--------------------------------|---|
| 1. | AXISCADES Aerospace & Technologies Private Limited | 03/01/2001 | Bangalore, Karnataka | S.R. Batliboi & Associates LLP | 26/09/2022 |
| 2. | AXISCADES Aerospace Infrastructure Private Limited | 23/10/2000 | Bangalore, Karnataka | M/s. M.K.U.K & Associates | 20/09/2022 |
| 3. | Enertec Controls Limited | 20/01/1988 | Bangalore, Karnataka | M/s. M.K.U.K & Associates | 20/09/2022 |
| 4. | Mistral Solutions Private Limited | 20/05/1999 | Bangalore, Karnataka | S.R. Batliboi & Associates LLP | 15/11/2023 |
| 5. | AXISCADES, Inc. | 07/06/1987 | Illinois, United States | S.R. Batliboi & Associates LLP | 17/05/2022 |
| 6. | AXISCADES Technology Canada Inc. | 24/03/2014 | Montreal, Quebec, Canada | M/s. Chhapolika and Company | 18/05/2022 |

The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the following link- <https://axiscades.com/download/policy-for-determining-material-subsiidiaries?wpdmdl=4144&refresh=661cc8b0b74d91713162416>

VII. MEANS OF COMMUNICATION

The quarterly, half-yearly & nine months un-audited financial results and annual audited results of the Company are generally published in leading newspapers such as Economic Times and Vijay Karnataka. The results are also displayed on the Company's website at www.axiscades.com. Press notes/ releases/presentations to the Institutional Investors and analysts, other announcements 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: Wednesday, September 18, 2024

Time: 5:00 PM (IST)

Mode: Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

ii. Financial Calendar

Financial Year: April 1 to March 31 (2023-2024)

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 2023-2024 as applicable have been paid to all the above Stock Exchanges.

iv. Dematerialization of Equity Shares

Equity shares of the Company representing 99.91% of the Company's equity share capital are dematerialized as on March 31, 2024.

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 March 31, 2024, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

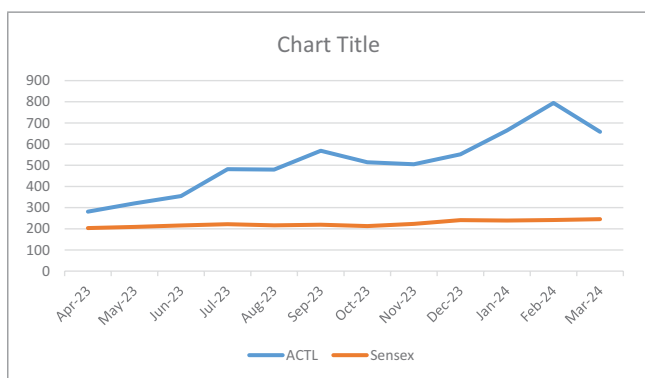
vi. Market Price Data

Monthly High, Low market price data in the Financial Year 2023-2024 on the National Stock Exchange of India Limited (NSE) and BSE Limited are given below:

| Month | National Stock Exchange (NSE) | | BSE | |
|-----------|-------------------------------|--------|--------|--------|
| | High | Low | High | Low |
| April | 322.10 | 275.00 | 319.20 | 273.00 |
| May | 403.00 | 301.00 | 402.00 | 301.00 |
| June | 517.00 | 354.00 | 517.40 | 354.35 |
| July | 530.00 | 441.25 | 532.00 | 450.00 |
| August | 605.00 | 453.80 | 602.00 | 453.80 |
| September | 610.00 | 469.25 | 600.00 | 463.10 |
| October | 583.00 | 472.20 | 582.90 | 474.00 |

| | | | | |
|----------|--------|--------|--------|--------|
| November | 608.40 | 500.45 | 607.75 | 501.00 |
| December | 691.65 | 531.15 | 698.00 | 532.00 |
| January | 850.00 | 642.05 | 848.00 | 636.00 |
| February | 850.00 | 630.40 | 836.85 | 629.15 |
| March | 671.85 | 499.95 | 675.00 | 498.30 |

vii. Performance of share price of the Company in comparison to the BSE Sensex:



Note: Sensex has been baselined to 300.

viii. Registrar and Transfer Agent

Name and Address:

KFin Technologies 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@kfintech.com

ix. Share transfer System:

With a view to expedite the process of share transfer, the Board of Directors of the Company have constituted a Stakeholders Relationship Committee, which considers and approves the shares received for transfer, transmission, re-materialization and dematerialization etc.

x. Shareholding as on March 31, 2024:

Distribution of equity shareholding as on March 31, 2024

| Category | No. of Cases | % of Cases | Amount | % of Amount |
|----------------|---------------|---------------|------------------------|---------------|
| 1-5000 | 17,894 | 93.47 | 1,12,05,330.00 | 5.35 |
| 5001- 10000 | 558 | 2.91 | 42,33,920.00 | 2.02 |
| 10001- 20000 | 323 | 1.69 | 47,17,780.00 | 2.25 |
| 20001- 30000 | 113 | 0.59 | 27,97,265.00 | 1.33 |
| 30001- 40000 | 64 | 0.33 | 22,65,055.00 | 1.08 |
| 40001- 50000 | 33 | 0.17 | 15,11,940.00 | 0.72 |
| 50001- 100000 | 63 | 0.33 | 44,25,385.00 | 2.11 |
| 100001 & Above | 96 | 0.50 | 17,84,61,995.00 | 85.14 |
| Total: | 19,144 | 100.00 | 20,96,18,670.00 | 100.00 |

KFin Technologies Limited is the common Registrar & Transfer Agent for shares held in both physical and dematerialized mode. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, considering the enhanced measures to ease dealings in securities market by the Investors, has mandated:

- furnishing of PAN, email address, mobile number, bank account details and nomination by holders of physical securities,
- registration of the PAN, Bank details and the nomination for dealing with any service request and complaint,
- linking of PAN and Aadhaar by such date as may be specified by the Central Board of Direct Taxes to avoid freezing of folio.

The prescribed procedure for dealing with the above requests have been advised to the shareholders vide our letter dated May 29, 2023 and the shareholders are requested to refer to the same. In view of the SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, we would like to urge the shareholders holding shares in physical form to dematerialize their holdings at the earliest. Dematerialization of shares ensures quick, error-free and seamless transactions. It is a safe and convenient way to trade or invest and enables to monitor portfolio from anywhere across the Globe.

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 for the year ended March 31, 2024.

Categories of equity shareholders as on March 31, 2024:

| Category | No. of shares | Percentage |
|------------------------------------|---------------|------------|
| Promoters Group – Indian | 2,52,82,047 | 60.31 |
| Indian Public | 1,00,70,421 | 24.02 |
| Bodies Corporate | 18,90,442 | 4.51 |
| NRIs/ OCBs/ Foreign Nationals/FIIs | 4,65,781 | 1.11 |
| Others | 42,15,043 | 10.05 |
| Total | 4,19,23,734 | 100.00 |

xi. CEO/CFO certification

The Certificate duly signed by Chief Executive Officer & Managing Director and Chief Financial Officer 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.

xiii. Disclosure of certain types of agreements binding listed entities:

During the year, Explosoft Tech Solutions Private Limited (hereinafter referred to as "Explosoft"), Wholly Owned Subsidiary amended Debenture Subscription Agreement entered with Jupiter Capital Private Limited ("Jupiter Capital"), Promoter Company of AXISCADES Technologies Limited. With the said amendment, Jupiter Capital obtained right to transfer the Optionally Convertible Debentures held by it in Explosoft to a third party. The same was intimated to the Stock Exchanges on March 13, 2024. The salient feature of the agreement form part of the disclosure available at <https://axiscades.com/download/actl-disclosure-under-sebi-lodr-regulations-2015?wpdmdl=6061&refresh=668e51dfd72ec1720603103>

xiv. 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.

xv. Plant locations: The Company is engaged in the business of providing technology services and solutions and does not have any manufacturing plants.**xvi. Registered Office & Address for correspondence:**

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

Other locations of offices of the Company are available at the Company's website at www.axiscades.com

xvii. Credit Ratings: During the year, CARE India Limited has upgraded the credit rating of the Company to CARE BBB+ and CARE A2 for Bank facilities. The necessary disclosures were made to Stock Exchanges periodically.

xviii. There were no such mandatory matters where the Board had not accepted any recommendation by the Committees in the financial year 2023-2024.

xix. 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 Rs. 3,20,25,652 (excluding out of pocket expenses).

xx. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the FY 2023-24.

No. of Complaints filed Nil

No. of Complaints disposed off Nil

No. of Complaints pending as on March 31, 2024 Nil

xxi. The Company has received a certificate from S. Chauhan & Associates, Company Secretaries 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 SEBI/Ministry of Corporate Affairs or any such other statutory authority.

xxii. Utilization of Funds raised through Qualified Institutional Placement (QIP):

During the year under review, the Company allotted 33,23,262 equity shares through Qualified Institutional Placement (QIP) at an issue price of Rs. 662 per equity share (including a premium of Rs. 657 per equity share and reflecting a discount of Rs. 34.70 (i.e. 4.98%) on the floor price of Rs. 696.70 per equity share) aggregating to Rs. 2,19,99,99,444 on January 15, 2024. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and Sections 42 and 62 of the Companies Act, 2013 as amended, including the rules made thereunder. The proceeds of the funds are utilised as follows (up to March 31, 2024):

| Particulars | Amount (in Rs.) |
|---|-----------------|
| Amount raised from QIP | 2,19,99,99,444 |
| Issue Expenses | 16,52,59,000 |
| Amount utilised for redemption of Non-Convertible Debentures (NCDs) and other debts | 119,99,90,000 |
| Amount utilised for General Corporate purpose | 1,92,000 |

xxiii. The details of loans and advances in the nature of loans to firms/companies in which directors are interested form part of Note No. 28 of Standalone Financial Statements published in this Annual Report.

For and on behalf of the Board of Directors

Sd/-

Arun Krishnamurthi

Chief Executive Officer & Managing Director

DIN: 09408190

Place: Bengaluru

Sd/-

Abidali Neemuchwala

Chairman & Non-Executive Director

DIN: 02478060

Place: Dallas, USA

Date: July 29, 2024

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
AXISCADES Technologies Limited
Block C, Second Floor, Kirloskar Business Park
Bengaluru – 560 024

We have examined the compliance of the conditions of Corporate Governance by **AXISCADES Technologies Limited** ('the Company') for the year ended on March 31, 2024, 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, 2024.

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

FCS No.: 3198
CP No.: 1860

UDIN: F003198F000852002

Date: July 30, 2024
Place: Mumbai

CEO/CFO CERTIFICATION

PURSUANT TO REGULATON 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Board of Directors
AXISCADES Technologies Limited

Dear Sirs,

Certification under Regulation 17 of the Listing Regulations for the Year ended March 31, 2024.

We, Arun Krishnamurthi, Chief Executive Officer & Managing Director and Shashidhar SK, Group Chief Financial Officer, hereby certify that.

- (a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2024 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 year ended;
 - ii. significant changes, if any, in accounting period during the year 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/-
Arun Krishnamurthi
Chief Executive Officer
& Managing Director

Sd/-
Shashidhar SK
Group Chief Financial Officer

Place: Bengaluru
Date: 20.05.2024

DECLARATION ON THE COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To
The Shareholders
AXISCADES 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 March 31, 2024.

Sd/-
Arun Krishnamurthi
Chief Executive Officer and Managing Director
AXISCADES Technologies Limited

INDEPENDENT AUDITOR'S REPORT

To the Members of AXISCADES Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of AXISCADES Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, 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 financial statements, including a summary of material 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 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, 2024, 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 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 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 financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone 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 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 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 financial statements.

| Key audit matters | How our audit addressed the key audit matters |
|--|--|
| <p>Assessment of impairment of investment in subsidiaries (as described in note 2.2(a) and note 5 of the standalone financial statements)</p> <p>As at March 31, 2024, the carrying value of investment in subsidiaries in the standalone balance sheet aggregates ₹ 41,617.65 lakhs, net of impairment.</p> <p>The Management assesses annually the existence of impairment indicators in respect of its investment in subsidiaries and such investments are subject to impairment test.</p> <p>For the purpose of the above assessment, recoverable amount has been determined by forecasting and discounting future cash flows. Furthermore, the recoverable amount is based on Management's assumptions of variables and market conditions such as volume growth rates, future operating expenditure, discount rates and long-term growth rates.</p> <p>Determination of the recoverable amount of the investment in subsidiaries involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of these investments and accordingly, the assessment of impairment of investment in subsidiaries were determined to be a key audit matter in our audit of the standalone financial statements.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We understood, evaluated and tested Management's key controls over the process of assessment of impairment in investments; We assessed the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we also assessed the objectivity and independence of Company's specialists 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 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 disclosure in the standalone 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 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 financial statements and our auditor's report thereon.

Our opinion on the standalone 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 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 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 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 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 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.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 financial statements, including the disclosures, and whether the standalone 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 financial statements for the financial year ended March 31, 2024 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, 2020 ("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, to the extent applicable, 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 except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g);
 - (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 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 with reference to these standalone 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, 2024 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) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g);
 - (i) 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 financial statements – Refer note 44 to the standalone 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.
 - iv. a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 48 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 48 to the standalone financial

statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
- vi. Based on our examination which included test checks, the accounting software used by the Company has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions

recorded in the software, except that, audit trail feature is not enabled i) for the changes made to the master data; and ii) for direct changes made to data when using certain access rights, as described in note 47 to the standalone financial statements. Further, audit trail feature has not been tampered with, respect to accounting software where the audit trail has been enabled.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Sunil Gaggar

Partner

Membership Number: 104315

UDIN: 24104315BKEXHQ2045

Place of Signature: Bengaluru

Date: May 20, 2024

ANNEXURE 1

referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: AXISCADES Technologies Limited (‘the Company’)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (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) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) As disclosed in note 15 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company. The Company do not have sanctioned working capital limits in excess of ₹ five crores in aggregate from financial institutions during the year on the basis of security of current assets of the Company.
- (iii) (a) During the year the Company has not provided advances in the nature of loans or provided security to companies, firms, Limited Liability Partnerships or any other party. Further, during the year the Company has granted loan to subsidiary companies and stood guarantee on behalf of a subsidiary company, are as follows:

| | Loans (INR in lakhs) | Guarantee (INR in lakhs) |
|---|-------------------------|-----------------------------|
| Aggregate amount granted during the year | | |
| - Subsidiaries | 166.50 | 3,500.00 |
| - Others | - | - |
| Balance outstanding as at balance sheet date in respect of above case | | |
| - Subsidiaries | 176.50 | 3,500.00 |
| - Others | - | - |

The Company does not have any associate and joint ventures, hence the requirement to report on clause 3(iii)(a) of the Order in respect of associate and joint ventures, is not applicable to the Company.

- (b) During the year, the Company has not provided security and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Further, the terms and conditions of the investments made, guarantees provided and loans granted during the year, are not prejudicial to the Company's interest.
- (c) The Company has granted loans during the year to subsidiaries where the schedule of repayment of principal and payment of interest has been stipulated. The principal and interest were not due as at the year end.
- (d) There are no amounts of loans or advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which are overdue for more than ninety days.

- (e) The Company had renewed the existing loan granted to a subsidiary which had fallen due during the year.

The aggregate amount of such dues renewed and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

| Name of Parties | Aggregate amount of loans granted during the year (INR in lakhs) | Aggregate overdue amount settled by renewal to same parties (INR in lakhs) | Percentage of the aggregate to the total loans granted during the year (INR in lakhs) |
|---|--|--|---|
| Explosoft Tech Solutions Private Limited (Subsidiary) | 26.50 | 13.50 | 50.94% |

- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) 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 goods and services tax, provident fund, employees' state insurance, income-tax, custom duty, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in deposits of professional tax and employees' state insurance in few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of provident fund, employees' state insurance, sales-tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues that have not been deposited on account of any dispute. The disputed dues on account of income-tax, goods and services tax and service tax that have not been deposited on account of any dispute, are as follows:

| Name of the statute | Nature of the dues | Amount (INR in lakhs) | Amount paid under protest (INR in lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|-------------------------------------|-----------------------|-----------------------|--|------------------------------------|---|
| The Income Tax Act, 1961 | Income Tax | 194.43 | 40.00 | Financial Year 2015-16 | Commissioner of Income Tax (Appeals) |
| The Income Tax Act, 1961 | Income Tax | 163.57 | 36.00 | Financial Year 2017-18 | Commissioner of Income Tax (Appeals) |
| The Finance Act, 1994 | Service Tax | 956.39 | - | April 2006 to September 2010 | Honourable Supreme Court of India |
| The Goods and Service Tax Act, 2017 | Goods and Service Tax | 16.61 | - | Financial Year 2017-18 | Office of the Superintendent of GST & Central Excise, Perungudi |
| The Goods and Service Tax Act, 2017 | Goods and Service Tax | 4.70 | - | Financial Year 2017-18 | Office of the Assistant Commissioner of Commercial Taxes, Hyderabad |
| The Goods and Service Tax Act, 2017 | Goods and Service Tax | 33.02 | - | Financial Year 2018-19 | Office of the Assistant Commissioner of Commercial Taxes, Bengaluru |

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has raised loans during the year on pledge of securities held in its subsidiaries as per details below. Further, the Company has not defaulted in repayment of such loans raised.

| Nature of loan taken | Name of lender | Amount of loan (INR in lakhs)* | Name of the subsidiary | Relation | Details of security pledged |
|--|--|--------------------------------|--|------------|--|
| Secured Unlisted Redeemable Non-Convertible Debentures | Emerging India Credit Opportunities Fund 1 | 16,500.00 | Mistral Solutions Private Limited ("MSPL") | Subsidiary | 100% of shares in MSPL has been pledged with Debenture Trustee |
| Secured Unlisted Redeemable Non-Convertible Debentures | Investec Bank Plc | 4,500.00 | Mistral Solutions Private Limited ("MSPL") | Subsidiary | |

*Sanctioned amounts

- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has complied with provisions of Sections 42 and 62 of the Companies Act, 2013 in respect of the private placement of equity shares through Qualified Institutional Placement ("QIP") during the year. As disclosed in note 46 to the standalone financial statements, the amount raised, have been used for the purposes for which the funds were raised except for idle/surplus funds which were not required for immediate utilization have been invested in fixed deposits with banks and in current account with monitoring agency. The maximum amount of idle/surplus funds invested during the year was ₹ 19,151.20 lakhs of which ₹ 8,345.90 lakhs were outstanding at the end of the year.
- The Company has not made any preferential allotment of shares/ fully or partially or optionally convertible debentures or private placement of fully or partially or optionally convertible debentures during the year under audit.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under Sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to standalone financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause

3(xv) of the Order is not applicable to the Company.

- (xvi) (a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred any cash losses in the current and immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 43 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which

causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) As per the provisions of Section 135 of the Companies Act, 2013, the Company is not required to spend any amounts towards corporate social responsibility. Accordingly, there are no unspent amounts to be transferred to special account in compliance with provisions of Sub-section (5) and Sub-section (6) of Section 135 of the Companies Act, 2013 and hence the requirement to report on clause (xx)(a) and (xx)(b) of the Order is not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration Number: 101049W/E300004

Sd/-

per Sunil Gaggar

Partner

Membership Number: 104315

UDIN: 24104315BKEXHQ2045

Place of Signature: Bengaluru

Date: May 20, 2024

ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AXISCADES 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 with reference to standalone financial statements of AXISCADES Technologies Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone 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 ("ICAI"). 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 with reference to these standalone 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these standalone 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included

obtaining an understanding of internal financial controls with reference to these standalone 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A Company's internal financial controls with reference to standalone 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 controls with reference to standalone 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 With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Sunil Gaggar

Partner

Membership Number: 104315

UDIN: 24104315BKEXHQ2045

Place of Signature: Bengaluru

Date: May 20, 2024

STANDALONE BALANCE SHEET

AS AT 31 March, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Notes | As at 31 March 2024 | As at 31 March 2023 |
|--|-------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 731.86 | 577.29 |
| Intangible assets | 4 | 245.99 | 273.96 |
| Right-of-use assets | 29 | 2,435.54 | 2,984.61 |
| Financial assets | | | |
| Investments | 5 | 41,617.70 | 38,083.91 |
| Loans | 9 | 158.00 | - |
| Other financial assets | 6 | 886.19 | 599.13 |
| Deferred tax assets, net | 32 | 805.62 | 533.60 |
| Non-current tax asset, net | 7 | 775.62 | 1,214.61 |
| Other non-current assets | 8 | 36.59 | 6.51 |
| | | 47,693.11 | 44,273.62 |
| Current assets | | | |
| Financial assets | | | |
| Loans | 9 | 18.50 | 10.00 |
| Trade receivables | 10 | 7,221.16 | 5,188.34 |
| Cash and cash equivalent | 11 | 1,693.53 | 1,665.01 |
| Bank balances other than cash and cash equivalent | 12 | 8,359.08 | 228.35 |
| Other financial assets | 6 | 4,653.55 | 3,418.39 |
| Other current assets | 8 | 1,808.27 | 1,366.70 |
| | | 23,754.09 | 11,876.79 |
| Assets held for sale | 45 | 830.18 | - |
| | | 24,584.27 | 11,876.79 |
| Total assets | | 72,277.38 | 56,150.41 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 13 | 2,098.94 | 1,911.50 |
| Other equity | 14 | 34,498.71 | 13,700.24 |
| | | 36,597.65 | 15,611.74 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 15 | 15,060.67 | 17,555.83 |
| Lease liabilities | 29 | 1,737.67 | 1,794.18 |
| Other financial liabilities | 16 | 813.55 | - |
| Provisions | 17 | 797.51 | 593.27 |
| | | 18,409.40 | 19,943.28 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 15 | 11,628.11 | 13,679.98 |
| Lease liabilities | 29 | 868.80 | 573.90 |
| Trade payables | 18 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 255.54 | 106.49 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,265.89 | 1,684.61 |
| Other financial liabilities | 16 | 893.04 | 2,588.16 |
| Provisions | 17 | 647.40 | 582.67 |
| Other current liabilities | 19 | 1,711.55 | 1,379.58 |
| | | 17,270.33 | 20,595.39 |
| Total liabilities | | 35,679.73 | 40,538.67 |
| Total equity and liabilities | | 72,277.38 | 56,150.41 |

The accompanying notes form an integral part of the Standalone 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 Gagar

Partner

Membership Number : 104315

Place : Bengaluru

Date : 20 May 2024

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

Sd/-

Arun Krishnamurthi

Chief Executive Officer and Managing Director

DIN: 09408190

Place : Bengaluru

Date : 20 May 2024

Sd/-

Shashidhar SK

Group Chief Financial Officer

Place : Bengaluru

Date : 20 May 2024

Sd/-

Abidali Neemuchwala

Chairman and Non-Executive Director

DIN : 02478060

Place : New York

Date : 20 May 2024

Sd/-

Sonal Dudani

Company Secretary

Membership No.: 40415

Place : Bengaluru

Date : 20 May 2024

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Notes | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from contracts with customers | 20 | 35,302.44 | 28,314.85 |
| Other income | 21 | 483.83 | 155.13 |
| Total income | | 35,786.27 | 28,469.98 |
| Expenses | | | |
| Employee benefits expense | 22 | 23,327.41 | 17,293.09 |
| Finance costs | 23 | 5,408.60 | 3,342.48 |
| Depreciation and amortization expense | 24 | 1,442.16 | 1,093.65 |
| Other expenses | 25 | 6,225.01 | 6,941.91 |
| Total expense | | 36,403.18 | 28,671.13 |
| Loss before exceptional items and tax | | (616.91) | (201.15) |
| Exceptional items, net | 26 | - | (1,664.87) |
| Loss before tax | | (616.91) | (1,866.02) |
| Income tax expense: | 32 | | |
| (i) Current tax | | 37.36 | 146.21 |
| (ii) Adjustment of tax relating to earlier years | | - | (340.79) |
| (iii) Deferred tax (credit)/ charge | | (257.46) | 311.43 |
| Total income tax expense | | (220.10) | 116.85 |
| Loss for the year | | (396.81) | (1,982.87) |
| Other comprehensive income | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| Re-measurement (losses)/ gains on defined benefit plans | 35 | (111.78) | 3.52 |
| Income tax effect | | 31.10 | (0.98) |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | | (80.68) | 2.54 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| Gains/ (losses) on cash flow hedges | 34 | 59.45 | (29.38) |
| Income tax effect | | (16.54) | 8.17 |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | 42.91 | (21.21) |
| Other comprehensive income for the year, net of tax | | (37.77) | (18.67) |
| Total comprehensive loss for the year, net of tax | | (434.58) | (2,001.54) |
| Loss per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2023 : ₹ 5)] | 27 | | |
| Basic | | (1.02) | (5.21) |
| Diluted | | (1.02) | (5.21) |

The accompanying notes form an integral part of the Standalone 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 : 20 May 2024

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

Sd/-

Arun Krishnamurthi

Chief Executive Officer and Managing Director

DIN: 09408190

Place : Bengaluru

Date : 20 May 2024

Sd/-

Shashidhar SK

Group Chief Financial Officer

Place : Bengaluru

Date : 20 May 2024

Sd/-

Abidali Neemuchwala

Chairman and Non-Executive Director

DIN : 02478060

Place : New York

Date : 20 May 2024

Sd/-

Sonal Dudani

Company Secretary

Membership No.: 40415

Place : Bengaluru

Date : 20 May 2024

STANDALONE STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Notes | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------|-----------------------------|-----------------------------|
| Operating activities | | | |
| Loss before tax | | (616.91) | (1,866.02) |
| Adjustments to reconcile loss before tax to net cash flows: | | | |
| Exceptional items, net | 26 | - | 1,664.87 |
| Depreciation and amortization expense | 24 | 1,442.16 | 1,093.65 |
| Interest income | 21 | (375.20) | (133.60) |
| Changes in fair valuation of derivative | 25 | (565.18) | 565.18 |
| Fair value gain on financial instruments at fair value through profit or loss | 21 | (4.65) | (5.62) |
| Finance costs | 23 | 5,408.60 | 3,342.48 |
| Recovery of bad debts written off | 21 | (0.97) | (2.70) |
| Advances written off | | 10.00 | 60.00 |
| Loss on sale of investment in associate | 25 | - | 4.95 |
| Provision for doubtful debts and advances | 25 | - | 28.36 |
| Share based payments to employees | 22 | 586.13 | 747.77 |
| Loss/(gain) on sale of property, plant and equipment | 21 and 25 | 1.36 | (3.87) |
| Gain on lease modification | 21 | - | (7.05) |
| Loss on export incentive receivable | | - | 15.17 |
| Net foreign exchange differences (unrealised) | | 113.51 | (100.03) |
| Operating profit before working capital changes | | 5,998.85 | 5,403.54 |
| Movements in working capital | | | |
| (Increase) in trade receivables | | (2,028.05) | (1,333.65) |
| (Increase) in other assets including financial assets | | (857.78) | (778.31) |
| (Decrease)/increase in trade payables, other liabilities and financial liabilities | | (1,623.40) | 2,565.78 |
| Increase in provisions | | 70.76 | 49.00 |
| Cash generated from operating activities | | 1,560.38 | 5,906.36 |
| Direct taxes refund/(paid), net | | 401.63 | (320.26) |
| Net cash flows from operating activities (A) | | 1,962.01 | 5,586.10 |
| Investing activities | | | |
| Purchase of property, plant and equipment and intangible assets | | (662.76) | (453.98) |
| Proceeds from sale of property, plant and equipment | | 0.52 | 22.82 |
| Investment in equity shares of subsidiary | | (2,625.00) | - |
| Payment of deferred purchase consideration | | (65.67) | (19,039.57) |
| Purchase of mutual funds units | | - | (239.77) |
| Redemption of mutual funds units | | 250.04 | - |
| Loan to subsidiaries | 9 | (166.50) | (10.00) |
| Proceeds from disposal of stake in associate | | - | 222.55 |
| Interest received | | 172.39 | 72.14 |
| Investment in fixed deposits | | (20,334.32) | (27.71) |
| Redemption of fixed deposits | | 11,170.15 | 40.67 |
| Net cash flows used in investing activities (B) | | (12,261.15) | (19,412.85) |
| Financing activities | | | |
| Repayment of principal and interest portion of lease liabilities | 29 | (1,147.09) | (847.83) |
| Proceeds from long-term borrowings | | 25,080.00 | 16,581.40 |
| Repayment of long-term borrowings | | (31,713.51) | (887.12) |
| Proceeds from short term borrowings, net | | 1,092.09 | 5,589.86 |
| Proceeds from issue of equity shares through QIP | 46 | 21,999.99 | - |
| QIP issue expenses | | (1,348.64) | - |
| Proceeds from exercise of share options | | 222.47 | 150.25 |
| Interest paid | | (3,858.44) | (5,739.49) |
| Net cash flows from financing activities (C) | | 10,326.87 | 14,847.07 |
| Net increase in cash and cash equivalent (A+B+C) | | 27.73 | 1,020.32 |
| Effect of exchange rate changes, net | | 0.79 | 2.27 |
| Cash and cash equivalent at the beginning of the year | | 1,665.01 | 642.42 |
| Cash and cash equivalent at the end of the year | 11 | 1,693.53 | 1,665.01 |

Refer note 15 for change in liabilities arising from financing activities and for non cash financing and investing activities (The accompanying notes form an integral part of the Standalone 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 : 20 May 2024

For and on behalf of the Board of Directors of

AXISCADES Technologies Limited
CIN NO : L72200KA1990PLC084435

Sd/-
Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN: 09408190

Place : Bengaluru
Date : 20 May 2024

Sd/-
Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : 20 May 2024

Sd/-
Abidali Neemuchwala
Chairman and Non-Executive Director
DIN : 02478060

Place : New York
Date : 20 May 2024

Sd/-
Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 20 May 2024

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

For the year ended 31 March 2024

| Equity shares of ₹ 5 each (31 March 2023: ₹ 5 each) issued, subscribed and fully paid-up | Equity shares | |
|--|-------------------|-----------------|
| | Number (in lakhs) | Amount |
| At 1 April 2023 | 381.99 | 1,911.50 |
| Add: Issued and subscribed during the year [refer note(i) and (ii) below] | 37.49 | 187.44 |
| At 31 March 2024 | 419.48 | 2,098.94 |

For the year ended 31 March 2023

| Equity shares of ₹ 5 each (31 March 2023: ₹ 5 each) issued, subscribed and fully paid-up | Equity shares | |
|--|-------------------|-----------------|
| | Number (in lakhs) | Amount |
| At 1 April 2022 | 379.14 | 1,897.23 |
| Add: Issued and subscribed during the year [refer note (i)] | 2.85 | 14.27 |
| At 31 March 2023 | 381.99 | 1,911.50 |

- (i) During the year, the Company allotted 425,632 (31 March 2023 - 285,280) equity shares of ₹ 5 each aggregating ₹ 21.28 lakhs (31 March 2023 - ₹ 14.27 lakhs), consequent to the exercise of stock options by employees of the Company under the "AXISCADES Employee Stock Option Plan 2018 – Series 1" and "AXISCADES Employee Stock Option Plan 2018 – Series 2"
- (ii) During the year, the Company allotted 3,323,262 equity shares of ₹ 5 each aggregating ₹ 166.16 lakhs at an issue price of ₹ 662 per equity share through Qualified Institutional Placement (QIP) process (refer note 46).

B. Other equity

For the year ended 31 March 2024

| | Reserves and Surplus | | | Items of OCI | | Total |
|--|------------------------------|-----------------------------|---------------------------------------|---------------------------|-------------------------|------------------|
| | Securities premium (Note 14) | Retained earnings (Note 14) | Share based payment reserve (Note 14) | Capital reserve (Note 14) | Hedge reserve (Note 14) | |
| As at 1 April 2023 | 10,416.51 | (2,292.32) | 1,364.84 | 4,227.97 | (16.76) | 13,700.24 |
| Loss for the year | - | (396.81) | - | - | - | (396.81) |
| Fair value gain on derivative instruments, net of tax | - | - | - | - | 42.91 | 42.91 |
| Re-measurement losses on defined benefit plans, net of tax | - | (80.68) | - | - | - | (80.68) |
| Total comprehensive income/(loss) for the year | - | (477.49) | - | - | 42.91 | (434.58) |
| Exercise of share options | 324.64 | - | (123.46) | - | - | 201.18 |
| Issue of equity shares through QIP (refer note 46) | 21,833.83 | - | - | - | - | 21,833.83 |
| Share issue expenses (refer note 46) | (1,348.64) | - | - | - | - | (1,348.64) |
| Share based payments to employees, net (refer note 39) | - | - | 546.68 | - | - | 546.68 |
| As at 31 March 2024 | 31,226.34 | (2,769.81) | 1,788.06 | 4,227.97 | 26.15 | 34,498.71 |

For the year ended 31 March 2023

| | Reserves and Surplus | | | Items of OCI | | Total |
|---|------------------------------|-----------------------------|---------------------------------------|---------------------------|-------------------------|-------------------|
| | Securities premium (Note 14) | Retained earnings (Note 14) | Share based payment reserve (Note 14) | Capital reserve (Note 14) | Hedge reserve (Note 14) | |
| As at 1 April 2022 | 10,197.93 | (311.99) | 611.62 | 4,227.97 | 4.45 | 14,729.98 |
| Loss for the year | - | (1,982.87) | - | - | - | (1,982.87) |
| Fair value loss on derivative instruments, net of tax | - | - | - | - | (21.21) | (21.21) |
| Re-measurement gains on defined benefit plans, net of tax | - | 2.54 | - | - | - | 2.54 |
| Total comprehensive loss for the year | - | (1,980.33) | - | - | (21.21) | (2,001.54) |
| Exercise of share options | 218.58 | - | (82.60) | - | - | 135.98 |
| Share based payments to employees, net (refer note 39) | - | - | 835.82 | - | - | 835.82 |
| As at 31 March 2023 | 10,416.51 | (2,292.32) | 1,364.84 | 4,227.97 | (16.76) | 13,700.24 |

The accompanying notes form an integral part of the Standalone 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 GaggarPartner
Membership Number : 104315Place : Bengaluru
Date : 20 May 2024

For and on behalf of the Board of Directors of

AXISCADES Technologies Limited
CIN NO : L72200KA1990PLC084435Sd/-
Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN: 09408190Place : Bengaluru
Date : 20 May 2024Sd/-
Shashidhar SK
Group Chief Financial OfficerPlace : Bengaluru
Date : 20 May 2024Sd/-
Abidali Neemuchwala
Chairman and Non-Executive Director
DIN : 02478060Place : New York
Date : 20 May 2024Sd/-
Sonal Dudani
Company Secretary
Membership No.: 40415Place : Bengaluru
Date : 20 May 2024

Notes to Standalone Financial Statements for the year ended 31 March 2024

1. Corporate information:

The Standalone financial statements comprise financial statements of AXISCADES Technologies Limited ('the Company'/ 'AXISCADES') (CIN: L72200KA1990PLC084435) for the year ended 31 March 2024. The Company is a public limited company domiciled in India and is incorporated on 24 August 1990 under the provisions of the Companies Act applicable in India. 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 Company is principally engaged in the business of Technology Services and Solutions. Information on other related party relationships of the Company is provided in note 28.

The Standalone financial statements were approved for issue in accordance with a resolution of the directors on 20 May 2024.

2 Material accounting policies

2.1 Statement of compliance and basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

Derivative financial instruments,

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and

Contingent consideration

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

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

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Summary of material accounting policies

a) Investment in subsidiaries and associates

A subsidiary is an entity that is controlled by another entity.

An associate is an entity over which the Company 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 Company's investments in its subsidiaries and associates are accounted at cost less impairment.

Impairment of investments

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is recorded in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the Investment is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the cost of the Investment. A reversal of an impairment loss is recognised immediately in Statement of Profit or Loss.

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 - Estimation of 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

Notes to Standalone Financial Statements for the year ended 31 March 2024

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.

Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Evaluation of indicators for impairment of non-financial assets (including investments in subsidiaries)

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Recoverability of trade receivables and other financial assets

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 other financial assets.

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 plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 35.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, 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 a financial liability, it is subsequently remeasured to fair value 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

Notes to Standalone Financial Statements for the year ended 31 March 2024

performance target and the discount factor.

As part of the accounting for the acquisition of engineering design and solution for energy sector business of Epcogen Private Limited, contingent consideration with an estimated fair value of ₹ 589 lakhs was recognised at the acquisition date and remeasured to ₹ 599 lakhs as at the reporting date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is ₹ 700 lakhs. The contingent consideration is classified as other financial liability.

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. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available

Provision for expected credit losses of trade receivables and financial assets

The Company uses a provision matrix to calculate ECLs for trade receivables and financial assets arriving provision rates based on days past due. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in note 34. The Company did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant.

Share-based payments

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 39.

Decommissioning liability

The estimated valuation of decommissioning liability are based on management's historical experience and best estimate of restoring the premises on lease in its original condition. Assumptions and judgments made by

management when assessing an decommissioning liability include i) the existence of a legal obligation; ii) estimated probabilities, amounts, and timing of settlements; iii) the credit-adjusted risk-free rate to be used.

c) Current versus non-current classification

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

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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 equivalent. 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

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an

Notes to Standalone Financial Statements for the year ended 31 March 2024

asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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 a technical 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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included 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').

Notes to Standalone Financial Statements for the year ended 31 March 2024

f) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses are recognised in the statement of profit and loss.

For assets an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last

impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

g) Revenue from contract with customer

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

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 Company expects to be entitled in exchange for those goods or services and excludes amounts collected on behalf of third parties. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of services (Technology services and solutions)

The Company derives its revenues primarily from engineering design services entailing delivering of numerous engineering design reports as per specifications provided by the customers that are used in aerospace, automotive and other industries. These design reports are generally prepared and delivered within a period ranging between one to three days. Each of these reports are separate performance obligation with a transaction price agreed with the customers. Revenue from these contracts is recognized over time as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

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 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.

Notes to Standalone Financial Statements for the year ended 31 March 2024

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). Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 2 (p) Impairment of financial assets.

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.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

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.

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.

Notes to Standalone Financial Statements for the year ended 31 March 2024

i) Leases

The Company has lease contracts for buildings, plant and machinery used in its operations. Lease terms generally ranges between 3 and 9 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.

(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, as follows:

| | |
|---------------------|--------------|
| Buildings | 3 to 9 years |
| Plant and machinery | 3 years |

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.

(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 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 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.

j) Foreign currencies

The Company's Standalone financial statements are presented in Indian Rupees ('₹' or 'INR'), which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Notes to Standalone Financial Statements for the year ended 31 March 2024

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

k) Taxes

Current income tax

Tax expense comprises current tax expense and deferred tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on

temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other

Notes to Standalone Financial Statements for the year ended 31 March 2024

management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity which intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum alternate tax (MAT):

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.

l) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

The Company records a provision for decommissioning costs associated with the premises taken on lease. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

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.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

m) 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;

Notes to Standalone Financial Statements for the year ended 31 March 2024

- 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 receivables and receivable from related parties.

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 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'

Notes to Standalone Financial Statements for the year ended 31 March 2024

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 recognised in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or 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.

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

Notes to Standalone Financial Statements for the year ended 31 March 2024

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.

n) 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 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.

Notes to Standalone Financial Statements for the year ended 31 March 2024

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.

o) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Management present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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

p) Cash and cash equivalent

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 equivalent consist of cash at banks and on hand and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating

Notes to Standalone Financial Statements for the year ended 31 March 2024

decision maker. The Company is engaged in the Technology Services and Solutions, which constitutes its single reportable segment.

r) 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.

s) 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.

t) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

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 cumulative expense recognised for equity-settled

transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

u) Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Notes to Standalone Financial Statements for the year ended 31 March 2024

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

The appropriate level of management is committed to a plan to sell the asset

An active programme to locate a buyer and complete the plan has been initiated (if applicable)

The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

2.3 Changes in accounting policies and disclosures

There are no new accounting policies applied during the current year

2.4 New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between

changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's standalone financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

2.5 Standards notified but not yet effective

There are no standards that are notified and not yet effective as on the date.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

3 Property, plant and equipment (PPE)

| | Computers | Furniture and fixtures | Office equipment | Office building | Vehicles | Leasehold improvements | Total |
|--------------------------------------|-----------------|------------------------|------------------|-----------------|--------------|------------------------|-----------------|
| Cost | | | | | | | |
| As at 1 April 2022 | 897.99 | 95.88 | 133.05 | 136.19 | 5.25 | 40.29 | 1,308.65 |
| Additions | 148.59 | 27.59 | 46.61 | - | 42.60 | 76.37 | 341.76 |
| Disposals | (74.29) | (57.25) | (27.20) | - | - | (13.24) | (171.98) |
| As at 31 March 2023 | 972.29 | 66.22 | 152.46 | 136.19 | 47.85 | 103.42 | 1,478.43 |
| Additions | 349.40 | 27.30 | 19.05 | - | - | 150.46 | 546.21 |
| Disposals | (3.18) | - | (5.73) | - | - | - | (8.91) |
| Assets held for sale (refer note 45) | - | - | - | (136.19) | - | - | (136.19) |
| As at 31 March 2024 | 1,318.51 | 93.52 | 165.78 | - | 47.85 | 253.88 | 1,879.54 |
| Depreciation | | | | | | | |
| As at 1 April 2022 | 645.54 | 69.44 | 94.40 | 17.16 | 5.25 | 29.36 | 861.15 |
| Charge for the year | 139.39 | 14.17 | 14.96 | 2.98 | 7.98 | 13.54 | 193.02 |
| Disposals | (72.19) | (51.17) | (26.46) | - | - | (3.21) | (153.03) |
| As at 31 March 2023 | 712.74 | 32.44 | 82.90 | 20.14 | 13.23 | 39.69 | 901.14 |
| Charge for the year | 209.35 | 11.66 | 17.28 | 3.53 | 8.52 | 26.89 | 277.23 |
| Disposals | (2.62) | - | (4.40) | - | - | - | (7.02) |
| Assets held for sale (refer note 45) | - | - | - | (23.67) | - | - | (23.67) |
| As at 31 March 2024 | 919.47 | 44.10 | 95.78 | - | 21.75 | 66.58 | 1,147.68 |
| Net book value | | | | | | | |
| As at 31 March 2024 | 399.04 | 49.42 | 70.00 | - | 26.10 | 187.30 | 731.86 |
| As at 31 March 2023 | 259.55 | 33.78 | 69.56 | 116.05 | 34.62 | 63.73 | 577.29 |

a. Property, plant and equipment pledged as security

Details of properties pledged are as per note 15.

b. 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 17).

c. Capitalised borrowing cost

No borrowing costs are capitalised during the year ended 31 March 2024 (31 March 2023: Nil).

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

4 Intangible assets

| | Software | Process manuals | Total |
|----------------------------|-----------------|-----------------|-----------------|
| Cost | | | |
| As at 1 April 2022 | 1,482.61 | 1,754.44 | 3,237.05 |
| Additions | 251.68 | - | 251.68 |
| As at 31 March 2023 | 1,734.29 | 1,754.44 | 3,488.73 |
| Additions | 127.51 | - | 127.51 |
| As at 31 March 2024 | 1,861.80 | 1,754.44 | 3,616.24 |
| Amortisation | | | |
| As at 1 April 2022 | 1,338.23 | 1,754.44 | 3,092.67 |
| Charge for the year | 122.10 | - | 122.10 |
| As at 31 March 2023 | 1,460.33 | 1,754.44 | 3,214.77 |
| Charge for the year | 155.48 | - | 155.48 |
| As at 31 March 2024 | 1,615.81 | 1,754.44 | 3,370.25 |
| Net book value | | | |
| As at 31 March 2024 | 245.99 | - | 245.99 |
| As at 31 March 2023 | 273.96 | - | 273.96 |

Refer note 15 for details of assets pledged as security for borrowings.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Financial Assets

5 Investments

Non-current

i) Unquoted Investments

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Investment in equity shares of subsidiaries carried at cost: | | |
| AXISCADES Inc. | 1,489.06 | 1,489.06 |
| 19,725 equity shares (31 March 2023: 19,725) of no par value | | |
| Cades Studec Technologies (India) Private Limited | 719.66 | 719.66 |
| 475,000 equity shares (31 March 2023: 475,000) of ₹10 each, fully paid up | | |
| AXISCADES Technology Canada Inc. | 0.05 | 0.05 |
| 100 equity shares (31 March 2023: 100) of Canadian Dollar 1 each, fully paid up | | |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. | 42.68 | 42.68 |
| 1 equity share (31 March 2023: 1) of no par value | | |
| AXISCADES GmbH | 18.87 | 18.87 |
| 1 equity share (31 March 2023: 1) of no par value | | |
| AXISCADES Aerospace & Technologies Private Limited | 11,962.04 | 11,962.04 |
| 16,838,512 equity shares (31 March 2023: 16,838,512) of ₹ 10 each, fully paid up | | |
| Mistral Solutions Private Limited (refer note c below)* | 17,000.97 | 16,435.79 |
| 2,364,120 equity shares (31 March 2023: 2,356,200) of ₹ 5 each, fully paid up | | |
| Explosoft Tech Solutions Private Limited (refer note b below) | 7,213.00 | 7,213.00 |
| 24,191,364 equity shares (31 March 2023: 24,191,364) of ₹ 10 each, fully paid up | | |
| Epcogen Private Limited (refer note d and note e below) | 3,214.00 | - |
| 10,000 equity shares (31 March 2023: Nil) of ₹ 10 each, fully paid up | . | |
| | 41,660.33 | 37,881.15 |
| Less: Provision for impairment in value of investment in Axis Mechanical Engineering Design (Wuxi) Co., Ltd. | (42.68) | (42.68) |
| Net Investment in equity shares of subsidiaries: | 41,617.65 | 37,838.47 |
| Total investment carried at cost (A) | 41,617.65 | 37,838.47 |

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

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Axis Cogent Global Limited | - | - |
| 946,822 equity shares (31 March 2023: 946,822) of ₹ 10 each, fully paid up | | |
| Datum Technology Limited | - | - |
| 50,000 equity shares (31 March 2023: 50,000) of ₹ 10 each, fully paid up | | |
| Total investment carried at fair value through profit or loss (B) | - | - |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

iii) Other investments (at amortised cost)

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| National savings certificates | 0.05 | 0.05 |
| Total investment carried at amortised cost (C) | 0.05 | 0.05 |

iv) Investments in quoted mutual funds (at FVTPL)

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Investments in mutual funds* | - | 245.39 |
| Total investment carried at fair value through profit and loss (D) | - | 245.39 |
| Aggregate value of investments (A+B+C+D) | 41,617.70 | 38,083.91 |
| Aggregate value of unquoted investments | 41,660.38 | 37,881.20 |
| Aggregate book value of quoted investments | - | 245.39 |
| Aggregate market value of quoted investments | - | 245.39 |
| Aggregate provision for impairment in value of investments | (42.68) | (42.68) |

* Refer note 15 for details of assets pledged as security of borrowings.

- a In the previous year, the Company had received an Interim and Final Arbitration Award ("Arbitration Awards") from the Arbitral Tribunal relating to the arbitration proceedings between the Company and the shareholders of Mistral Solutions Private Limited ("MSPL") and MSPL for discharge of purchase consideration payable towards acquisition of MSPL. In accordance with the Arbitration Awards, the Company had completed acquisition of MSPL by discharging the purchase consideration for all the phases and filed an application with the National Company Law Tribunal, Mumbai (the "NCLT Mumbai") to withdraw the scheme of amalgamation. The Company had recorded an additional charge of ₹ 6,738.84 lakhs during the previous year ended 31 March 2023 as an exceptional item (refer note 26). During the year, the NCLT Mumbai has granted permission for withdrawing the scheme of amalgamation and accordingly, the scheme of amalgamation is withdrawn.
- b The Company was carrying 100% investment in equity shares of MSPL including 1,679,359 equity shares of MSPL held through Explosoft (representing 41.28% shareholding of MSPL) as Investments in MSPL. Pursuant to completion of acquisition of 100% shares of Explosoft during the previous year; Investments in equity shares of Explosoft of ₹ 7,213 lakhs representing the purchase consideration paid, is separately recognised under Investments.
- c During the previous year, the Company issued Unrated, Unlisted, Secured Non-Convertible Debentures ("NCDs") aggregating ₹ 14,500 lakhs to a financial institution ("investor") repayable over three years at an interest rate of 15.75% - 16.00% per annum, payable quarterly. The Company also entered into an Investment Agreement with the aforesaid Investor and provided a Right to Invest ("Share Warrants") in the Compulsorily Convertible Preference Shares ("CCPS") of the subsidiary, MSPL, at an agreed value and mutually agreed terms and conditions. Share Warrants are classified as Derivative Liability carried at Fair Value through Profit and Loss. The Company recorded a Share Warrants expense of ₹ 565.18 lakhs in the Statement of Profit and Loss and reduced the equivalent amount in investment in equity shares of MSPL in the Balance Sheet.

During the year ended 31 March 2024, the abovementioned NCDs together with other borrowings aggregating ₹ 21,000 lakhs has been refinanced at a lower interest rate of 12.75% per annum through the issuance of Unlisted Unrated Secured Redeemable Non-Convertible Debentures through another financial institution. The Company has recorded a one-time expense of ₹ 667.40 lakhs relating to an unamortised portion of borrowing costs and prepayment charges on the aforesaid refinancing. The same has been grouped under finance costs for the year ended 31 March 2024.

On 29 September 2023, MSPL has entered into an Amendment to Share Subscription cum Shareholders' Agreement dated 22 July 2023 on 29 September 2023, thereby amending the terms of right of investment by the Investor, wherein the Investor is entitled to invest only upon discretion and consent of MSPL. Consequent to the aforesaid amendment, the provision for diminution in investment of MSPL aggregating ₹ 565.18 lakhs has been reversed through Statement of Profit and Loss for the year ended 31 March 2024.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

d During the year, the Company acquired Epcogen Private Limited (“Epcogen”) engaged in engineering design and solutions for energy sector, through a payment of fixed purchase consideration of ₹ 2,625 lakhs and a contingent purchase consideration payable over a period of three years, dependent upon earnings of Epcogen for the period 1 April 2023 to 31 March 2026, with a maximum amount of ₹ 700 lakhs.

e The purchase consideration payable for the acquisition of MSPL and Epcogen is as follows:

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Opening balance of purchase consideration payable | 125.13 | 21,157.12 |
| Add: Purchase consideration payable on acquisition of Epcogen [details of contingent consideration for Epcogen is given below # | 3,214.00 | - |
| Add: Changes in fair value of purchase consideration payable | 10.00 | - |
| Add: Interest and additional purchase consideration | - | 6,863.50 |
| Add: Unwinding of discount (interest expense) | - | 163.27 |
| Less: Fixed purchase consideration paid towards acquisition of Epcogen | (2,625.00) | - |
| Less: Deferred purchase consideration settled | (65.67) | (28,058.76) |
| Closing balance of purchase consideration payable | 658.46 | 125.13 |
| Purchase consideration payable on acquisition of MSPL - disclosed under other current financial liabilities* | 59.46 | 125.13 |
| Purchase consideration payable on acquisition of Epcogen - disclosed under other non-current financial liabilities | 599.00 | - |
| # Details of contingent consideration for Epcogen | | |
| Contingent consideration recognised at the acquisition date | 589.00 | - |
| Add: Fair value loss on contingent consideration payable | 10.00 | - |
| Contingent consideration payable for Epcogen | 599.00 | - |

* The entire purchase consideration payable for the acquisition of MSPL is discharged by the Company except for certain individual shareholders that are in the process of settlement.

f Based on the impairment assessment of investment in subsidiary i.e., MSPL, the Company has reversed an impairment loss aggregating ₹ 5,073.97 lakhs during the previous year ended 31 March 2023, refer note 26.

g On 11 July 2022, the Company had sold the investment in its associate ASSYSTEMS AXISCADES Engineering Private Limited (AAEPL) for a consideration of ₹ 222.55 lakhs. The Company had recognised a loss of ₹ 4.95 lakhs on sale of the aforesaid investment in the Statement of Profit and Loss for the year ended 31 March 2023 (refer note 25).

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

6 Other financial assets

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (carried at amortised cost) | | |
| (Unsecured, considered good) | | |
| Security deposits | 545.12 | 579.50 |
| Margin money deposits with banks [refer note (i) and (ii) below] | 341.07 | 19.63 |
| | 886.19 | 599.13 |
| Current | | |
| (carried at amortised cost) | | |
| (Unsecured, considered good) | | |
| Interest accrued on fixed deposits | 148.91 | 2.56 |
| Interest accrued on inter-corporate deposit (refer note 28) | 2.97 | - |
| Margin money deposits with banks against bank guarantees [refer note (iii) below] | 712.00 | - |
| Contract assets - Unbilled revenue [refer note (iv) below] | 3,050.89 | 2,968.87 |
| Receivables from related parties (refer note 28) | 686.91 | 402.90 |
| Security deposits | 41.75 | 44.06 |
| | 4,643.43 | 3,418.39 |
| (Unsecured, considered doubtful) | | |
| Contract assets - Unbilled revenue | 104.97 | 104.97 |
| Security deposits | 33.83 | 33.83 |
| | 138.80 | 138.80 |
| Less: | | |
| Allowance for doubtful contract assets | (104.97) | (104.97) |
| Allowance for doubtful security deposits | (33.83) | (33.83) |
| | (138.80) | (138.80) |
| (carried at FVTOCI) | | |
| (Unsecured, considered good) | | |
| Hedge asset | 10.12 | - |
| | 10.12 | - |
| | 4,653.55 | 3,418.39 |

- (i) Fixed deposits of a carrying amount ₹ 341.07 lakhs (31 March 2023: nil) have been deposited as margin money against the issuance of 12.75% Unrated Unlisted Redeemable Non-Convertible Debentures.
- (ii) Fixed deposits of a carrying amount nil (31 March 2023: ₹ 19.63 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.
- (iii) Fixed deposits of a carrying amount ₹ 712.00 lakhs (31 March 2023: nil) have been deposited as margin money against the packing credit facility and the term loan availed from a bank.
- (iv) Includes ₹ 348.17 lakhs (31 March 2023: ₹ 504.95 lakhs) from related parties (refer note 28)
- Refer note 15 for details of assets pledged as security for borrowings.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

7 Non-current tax asset, net

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Advance income tax (net of provision for tax) | 775.62 | 1,214.61 |
| | 775.62 | 1,214.61 |

8 Other assets

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Non-current | | |
| (Unsecured, considered good) | | |
| Prepaid expenses | 28.82 | 6.51 |
| Capital advance | 7.77 | - |
| | 36.59 | 6.51 |
| Current | | |
| (Unsecured, considered good) | | |
| Duties and taxes recoverable | 879.12 | 624.11 |
| Prepaid expenses | 785.66 | 692.80 |
| Advance to suppliers | 41.13 | 11.30 |
| Advance to employees | 102.36 | 38.49 |
| | 1,808.27 | 1,366.70 |
| (Unsecured, considered doubtful) | | |
| Duties and taxes recoverable | 27.67 | 27.67 |
| | 27.67 | 27.67 |
| Less: Allowance for duties and taxes recoverable | (27.67) | (27.67) |
| | (27.67) | (27.67) |
| | 1,808.27 | 1,366.70 |

Refer note 15 for details of assets pledged as security for borrowings.

9 Loans

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Non Current | | |
| (Unsecured, considered good) | | |
| Inter-corporate deposit to related party (refer note 28) | 158.00 | - |
| | 158.00 | - |
| Current | | |
| (Unsecured, considered good) | | |
| Inter-corporate deposit to related party (refer note 28) | 18.50 | 10.00 |
| | 18.50 | 10.00 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Disclosure required under Section 186(4) of the Companies Act, 2013

Included in loans are intercorporate deposits the particulars of which are disclosed below as required by Section 186(4) of the Companies Act, 2013

| Name of the loanee | Rate of Interest | Due date | Secured/unsecured | Purpose | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------|------------------|-------------------|------------------------------|---------------------|---------------------|
| Explosoft Tech Solutions Private Limited | 10.00% | 5 January 2024 | Unsecured | Working capital requirements | - | 10.00 |
| Explosoft Tech Solutions Private Limited | 10.00% | 5 January 2025 | Unsecured | Working capital requirements | 18.50 | - |
| Explosoft Tech Solutions Private Limited | 11.50% | 17 April 2026 | Unsecured | Working capital requirements | 8.00 | - |
| Epcogen Private Limited | 11.50% | 19 February 2026 | Unsecured | Working capital requirements | 150.00 | - |
| | | | | | 176.50 | 10.00 |

- (i) The loan has been utilized for meeting their working capital requirements
- (ii) Loans are non-derivative financial assets which generate a fixed interest income for the Company and are measured at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

10 Trade receivables

| | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Current | | |
| (a) Trade receivables from other parties | 6,623.36 | 4,885.46 |
| (b) Trade receivables from related parties (refer note 28) | 859.52 | 564.97 |
| Total trade receivables | 7,482.88 | 5,450.43 |
| Break-up for security details: | | |
| Trade receivables (Current) | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 7,221.16 | 5,188.34 |
| Trade receivables which have significant increase in credit risk | 50.33 | 257.36 |
| Trade receivables - credit impaired | 211.39 | 5.33 |
| | 7,482.88 | 5,451.03 |
| Impairment allowance (allowance for bad and doubtful debts) | | |
| Trade receivables which have significant increase in credit risk | (50.33) | (257.36) |
| Trade receivables - credit impaired | (211.39) | (5.33) |
| Total trade receivables | 7,221.16 | 5,188.34 |

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

| | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| As at 1 April | 262.69 | 234.33 |
| Provision/(reversal) for expected credit losses (refer note 21 and 25) | (0.97) | 28.36 |
| As at 31 March | 261.72 | 262.69 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Trade receivables ageing schedule as on 31 March 2024

| | Unbilled (included in note 6) | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|--|---------------------------|---|----------------------|--------------|--------------|----------------------|-----------------|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables - considered good | 3,050.89 | 6,202.04 | 946.98 | 23.32 | 6.29 | - | 42.53 | 7,221.16 |
| (ii) Undisputed trade receivables - which has significant increase in credit risk | - | - | - | - | 5.63 | 23.39 | - | 29.02 |
| (iii) Undisputed trade receivables - credit impaired | - | - | - | - | - | - | 211.39 | 211.39 |
| (iv) Disputed trade receivables - considered good | - | - | - | - | - | - | - | - |
| (v) Disputed trade receivables - which has significant increase in credit risk | - | - | - | - | - | - | 21.31 | 21.31 |
| (vi) Disputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Total | 3,050.89 | 6,202.04 | 946.98 | 23.32 | 11.92 | 23.39 | 275.23 | 7,482.88 |

Trade receivables ageing schedule as on 31 March 2023

| | Unbilled (included in note 6) | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|--|---------------------------|---|----------------------|--------------|--------------|----------------------|-----------------|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables - considered good | 2,968.87 | 5,006.18 | 95.74 | 2.07 | 0.40 | 46.68 | 37.27 | 5,188.34 |
| (ii) Undisputed trade receivables - which has significant increase in credit risk | - | - | 2.41 | 4.19 | 22.57 | 6.78 | 200.10 | 236.05 |
| (iii) Undisputed trade receivables - credit impaired | - | - | - | - | - | - | 5.33 | 5.33 |
| (iv) Disputed trade receivables - considered good | - | - | - | - | - | - | - | - |
| (v) Disputed trade receivables - which has significant increase in credit risk | - | - | - | - | - | - | 21.31 | 21.31 |
| (vi) Disputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Total | 2,968.87 | 5,006.18 | 98.15 | 6.26 | 22.97 | 53.46 | 264.01 | 5,451.03 |

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

For terms and conditions relating to related party receivables, refer note 28.

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

Refer note 15 for details of assets pledged as security for borrowings.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

11 Cash and cash equivalent

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Balances with banks | | |
| - on current accounts | 1,492.35 | 1,664.40 |
| - In QIP monitoring agency account* | 1.17 | - |
| - Deposits with original maturity of less than three months | 200.01 | - |
| Cash on hand | - | 0.61 |
| | 1,693.53 | 1,665.01 |

* The amount represents unutilized QIP proceeds (refer note 46)

- (i) As at 31 March 2024, the Company has ₹ 1,066.87 lakhs (31 March 2023: ₹ 3,318.66 lakhs) of undrawn committed borrowing facilities.
- (ii) Refer note 15 for details of assets pledged as security for borrowings.
- (iii) Sanction limits of domestic operations are secured against current assets. The quarterly returns or statements of current assets filed by the Company against sanctioned working capital limits with banks are in agreement with the books of accounts.

| Notes: | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| a) For the purpose of statement of cash flows, cash and cash equivalent comprises the following: | | |
| Balances with banks | | |
| - on current accounts | 1,492.35 | 1,664.40 |
| - In QIP monitoring agency account | 1.17 | - |
| - Deposits with original maturity of less than three months | 200.01 | - |
| Cash on hand | - | 0.61 |
| | 1,693.53 | 1,665.01 |

12 Bank balances other than cash and cash equivalent

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Deposits with monitoring agency for amount received under QIP (with original maturity of more than 3 months but less than 12 months) (refer note 46) | 8,345.58 | - |
| Margin money deposits (with original maturity of more than 3 months but less than 12 months) | 13.50 | 215.59 |
| Bank deposits (with original maturity of more than 3 months but less than 12 months) | - | 12.76 |
| | 8,359.08 | 228.35 |

- (i) Fixed deposits of a carrying amount Nil (31 March 2023: ₹ 200.00 lakhs) have been deposited as margin money against the packing credit facility and the term loan availed from a bank.
- (ii) Deposits of a carrying amount ₹ 13.50 lakhs (31 March 2023: ₹ 15.59 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.
- (iii) Refer note 15 for assets pledged as security for borrowings.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| a) Breakup of financial assets carried at amortised cost | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Investments (Non-current) (refer note 5) | 0.05 | 0.05 |
| Other financial assets (Current and Non Current) (refer note 6) | 5,529.62 | 4,017.52 |
| Loans (Current and Non Current) (refer note 9) | 176.50 | 10.00 |
| Trade receivables (Current) (refer note 10) | 7,221.16 | 5,450.43 |
| Cash and cash equivalent (refer note 11) | 1,693.53 | 1,665.01 |
| Bank balances other than cash and cash equivalent (refer note 12) | 8,359.08 | 228.35 |
| | 22,979.94 | 11,371.36 |

13 Share capital

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|-----------------------------------|------------------|-----------------------------------|------------------|
| | Number of shares (in lakhs) | Amount | Number of shares (in lakhs) | Amount |
| Authorized share capital | | | | |
| 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 |
| | 2,041.00 | 10,300.00 | 2,041.00 | 10,300.00 |
| Issued share capital | | | | |
| Equity shares of ₹ 5 each issued, subscribed and fully paid (refer note (i) below) | 419.99 | 2,099.96 | 382.50 | 1,912.52 |
| Subscribed and paid-up | | | | |
| Equity shares of ₹ 5 each (31 March 2023 ₹ 5 each) issued, subscribed and fully paid | 419.48 | 2,097.41 | 381.99 | 1,909.97 |
| Add: Forfeited shares (amount originally paid ₹ 3 per share on 51,100 equity shares)^ | - | 1.53 | - | 1.53 |
| | 419.48 | 2,098.94 | 381.99 | 1,911.50 |

^ 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

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|-----------------------------------|-----------------|-----------------------------------|-----------------|
| | Number of shares (in lakhs) | Amount | Number of shares (in lakhs) | Amount |
| Equity shares of ₹ 5 each, par value | | | | |
| Balances as at the beginning of the year | 381.99 | 1,911.50 | 379.14 | 1,897.23 |
| Add: Issued and subscribed during the year [refer note (i) and note (ii) below] | 37.49 | 187.44 | 2.85 | 14.27 |
| Balance at the end of the year | 419.48 | 2,098.94 | 381.99 | 1,911.50 |

- (i) During the year, the Company allotted 425,632 equity shares (31 March 2023 - 285,280) of ₹ 5 each aggregating ₹ 21.28 lakhs (31 March 2023 - ₹ 14.27 lakhs), consequent to the exercise of stock options by employees of the Company under the "AXISCADES ESOP 2018 – Series 1" and "AXISCADES ESOP 2018 – Series 2".
- (ii) During the year, the Company allotted 3,323,262 equity shares of ₹ 5 each at an issue price of ₹ 662 per equity share through Qualified Institutional Placement (QIP) process. Refer note 46.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(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 holder of equity shares 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) Shares held by Holding Company

Out of equity shares issued by the Company, shares held by its holding company are as below:

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---------------------------------|-----------------------------|----------|-----------------------------|----------|
| | Number of shares (in lakhs) | Amount | Number of shares (in lakhs) | Amount |
| Holding Company: | | | | |
| Jupiter Capital Private Limited | 252.82 | 1,264.10 | 252.82 | 1,264.10 |

(d) Details of shareholders holding more than 5% shares in the Company:

| | As at 31 March 2024 | | As at 31 March 2023 | |
|--|-----------------------------|--------------------|-----------------------------|--------------------|
| | Number of shares (in lakhs) | Percentage holding | Number of shares (in lakhs) | Percentage holding |
| Equity shares of ₹ 5 each, fully paid | | | | |
| Jupiter Capital Private Limited | 252.82 | 60.27% | 252.82 | 66.18% |

(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) In the period of five years immediately preceding the Balance Sheet date, the Company has not allotted any shares for consideration other than cash.

(g) Details of shares held by promoters

As at 31 March 2024

| Promoter Name | No. of shares (in lakhs) at the beginning of the year | Change (in lakhs) during the year | No. of shares (in lakhs) at the end of the year | % of total Shares | % change during the year |
|---------------------------------|---|-----------------------------------|---|-------------------|--------------------------|
| Jupiter Capital Private Limited | 252.82 | - | 252.82 | 60.27% | 0% |

As at 31 March 2023

| Promoter Name | No. of shares (in lakhs) at the beginning of the year | Change (in lakhs) during the year | No. of shares (in lakhs) at the end of the year | % of total Shares | % change during the year |
|--------------------------------------|---|-----------------------------------|---|-------------------|--------------------------|
| Jupiter Capital Private Limited | 252.82 | - | 252.82 | 66.18% | 0% |
| Indian Aero Ventures Private Limited | 3.75 | (3.75) | - | 0.00% | -100% |

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(h) Shares reserved for issue under options

The ESOP scheme titled "AXISCADES Employee Stock Option Plan 2018 – Series 1" and "AXISCADES Employee Stock Option Plan 2018 – Series 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. Further, the Company has got its shareholders approval in its 31st AGM dated 28 September 2021 for increase in the pool of ESOP additionally by 2,643,167 options under scheme "AXISCADES Employee Stock Option Plan- Series 2" ("ESOP Series 2") thereby the total pool under "ESOP Schemes" shall not exceed 5,663,929 shares or 15% of the paid-up equity shares of the Company from time to time. The total number of options outstanding as on 31 March 2024 is 3,870,381 shares (31 March 2023: 5,014,394).

14 Other equity

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Securities premium | 31,226.34 | 10,416.51 |
| Hedge reserve | 26.15 | (16.76) |
| Retained earnings | (2,769.81) | (2,292.32) |
| Capital reserve (reserve credited pursuant to the Scheme of Amalgamation) | 4,227.97 | 4,227.97 |
| Share based payment reserve | 1,788.06 | 1,364.84 |
| | 34,498.71 | 13,700.24 |

Refer Statement of Changes in Equity, for movement in other equity

Nature and purpose:

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. For hedging foreign currency, the Company uses foreign currency forward contracts. 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.

Retained earnings

Retained earnings are the profits/(losses) that the Company has earned till date. Retained earnings include re-measurement loss/ (gain) on defined benefit plans, net of taxes that will not be reclassified to the Standalone Statement of Profit and Loss.

Capital reserve

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

Share based payment reserve

The share based payment reserve is used to recognise the value of equity-based share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 39 for further details of these plans.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

15 Borrowings

| | Effective interest rate % | Maturity (Financial year ending) | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------------|----------------------------------|---------------------|---------------------|
| Non current | | | | |
| Debentures | | | | |
| 12.75% Unrated Unlisted Redeemable Non-Convertible Debentures (secured) [refer note (a)(i) below] | 13.89% | 2028 | 10,225.40 | - |
| 15.75% Unrated Unlisted Non-Convertible Debentures (secured) [refer note (a)(ii) and note (a)(vii) below] | 17.40% - 17.95% | | - | 9,755.29 |
| Term loan | | | | |
| Term loan from banks (secured) [refer note (a)(viii) below] | 9.80% - 10.00% | 2029 | 335.27 | - |
| Term loan from financial institution (secured) [refer note (a)(iv) and note (a)(vii) below] | 16.49% | | - | 1,377.53 |
| Vehicle loan from financial institution (secured) [refer note (a)(v) below] | 8.01% | | - | 14.64 |
| Loan from related parties | | | | |
| Intercompany deposit from subsidiary (unsecured) [refer note 28 and note (a)(iii) below] | 9.00% - 11.50% | 2026 and 2027 | 4,500.00 | 500.00 |
| Intercompany payable to related party (unsecured) [refer note 28 and note (a)(iii) below] | 13.00% | | - | 5,908.37 |
| | | | 15,060.67 | 17,555.83 |
| Current | | | | |
| Debentures | | | | |
| 16% Unrated Unlisted Non-Convertible Debentures (secured) [refer note (a)(ii) and note (a)(vii) below] | 18.93% | | - | 4,489.45 |
| Working capital loan | | | | |
| Working capital loan from bank (secured) [refer note (a)(vi) below] | 6.58% - 7.51% | 2025 | 4,493.24 | 3,339.34 |
| Loan from related parties | | | | |
| Intercompany deposit from subsidiary (unsecured) [refer note 28 and note (a)(iii) below] | 11.00% | 2025 | 650.00 | 650.00 |
| Intercompany payable to related party (unsecured) [refer note 28 and note (a)(iii) below] | 13.00% | 2025 | 6,363.37 | - |
| Intercompany term loan from holding company (unsecured) [refer note 28 and note (a)(iii) and note (a)(vii) below] | 20.09%-20.55% | | - | 4,616.96 |
| Current maturities of long term borrowings | | | | |
| Term loan | | | | |
| Term loan from banks (secured) [refer note (a)(viii) below] | 9.80% - 10.00% | 2025 | 106.86 | - |
| Vehicle loan from financial institution (secured) [refer note (a)(v) below] | 8.01% | 2025 | 14.64 | 13.64 |
| Term loan from financial institution (secured) [refer note (a)(iv) and note (a)(vii) below] | 16.49% | | - | 570.59 |
| | | | 11,628.11 | 13,679.98 |
| Aggregate secured loans | | | 15,175.41 | 19,560.48 |
| Aggregate unsecured loans | | | 11,513.37 | 11,675.33 |

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

a) Details of security for borrowings

- (i) The 12.75% Unrated Unlisted Redeemable Non-Convertible Debentures of ₹ 21,000 lakhs is secured by first pari-passu charge over all assets (including movable and immovable PPE, intangible assets and intellectual rights, current assets and non-current assets) of the Company and subsidiary companies, AXISCADES Aerospace & Technologies Private Limited and MSPL, property owned by step down subsidiary, Enertec Controls Limited, at Electronic City, Bangalore, pledge of 100% shares of MSPL and Corporate guarantee from subsidiary companies, MSPL, AXISCADES Aerospace & Technologies Private Limited, Enertec Controls Limited and Explosoft Tech Solutions Private Limited. The Company has repaid ₹ 10,500 lakhs during the year and the rest is repayable in 5 quarterly installments starting from June 2026.
- (ii) The 15.75% Unrated Unlisted Non-Convertible Debentures of ₹ 10,000 lakhs is secured and repayable in 12 equal monthly installments of ₹ 833 lakhs starting from August 2024 and 16% Unrated Unlisted Non-Convertible Debentures of ₹ 4,500 lakhs is secured and repayable on December 2023 (together referred to as "Debentures"). The Debentures are secured by exclusive charge on the movable assets and intangible assets of the Company and subsidiary company, MSPL. Also pledge of 100% shares of the subsidiary company, MSPL and corporate guarantee by Jupiter Capital Private Limited, the Parent Company. The 15.75% and 16% unrated unlisted secured non-convertible debentures was fully repaid during the year ended 31 March 2024.
- (iii) Loan from related parties includes unsecured intercorporate loans of
 - a) The Company had taken an inter-corporate deposit ('ICD') from Cades Studec Technologies (India) Private Limited ('CSTI'), a subsidiary amounting to ₹ 250 lakhs and ₹ 400 lakhs repayable by July 2023 and November 2023 respectively, which carries an interest at the rate of 9% per annum. During the year ended 31 March 2024 the aforesaid ICDs has been repaid and new ICDs have been extended amounting to ₹ 250 lakhs and ₹ 400 lakhs by one year i.e. October 2024 and December 2024, respectively, which carries an interest at the rate of 11% per annum. Further a fresh loan of ₹ 500 lakhs repayable by November 2026, which carries an interest at the rate of 11% per annum.
 - b) ₹ 500.00 lakhs from subsidiary company, Axiscades Aerospace & Technologies Private Limited is unsecured and repayable on June 2025, carries an interest rate of 9% per annum.
 - c) ₹ 6,363.37 lakhs from subsidiary company, Explosoft Tech Solutions Private Limited is unsecured and repayable on December 2024, carries an interest rate of 13% per annum, includes principal portion of ₹ 3,614.52 lakhs and accrued interest of ₹ 2,748.85 lakhs.
 - d) New loan of ₹ 300.00 lakhs from step down subsidiary company, Mistral Technologies Private Limited is unsecured and repayable on December 2026, carries an interest rate of 11.50% per annum.
 - e) New loans of ₹ 1,200 lakhs and ₹ 2,000.00 lakhs from subsidiary company, Mistral Solutions Private Limited is unsecured and repayable on December 2026 and May 2026 respectively, carries an interest rate of 11.50% per annum.
 - f) ₹ 4,616.97 lakhs from parent company, Jupiter Capital Private Limited is unsecured and repayable on July 2023 carries at an interest rate of 18.50% per annum and is fully repaid during the year using the proceeds of 12.75% unrated unlisted redeemable non-convertible debentures.
- (iv) Term loan of ₹ 2,000.00 lakhs from financial institution was secured and repayable in equal quarterly installment of ₹ 200.00 lakhs starting from August 2023, carries an interest rate of 14.50% per annum. The loan was secured by exclusive charge on current assets, movable assets of the Company and subsidiary, AXISCADES Aerospace & Technologies Private Limited, land and buildings of the Company and step down subsidiary, Enertec Controls Limited, and pledge of shares of the Company with minimum cover of 1.15x of the loan amount. Further, unconditional and irrevocable corporate guarantee of Parent Company, Jupiter Capital Private Limited, and subsidiaries, AXISCADES Aerospace & Technologies Private Limited and Enertec Controls Limited. This was fully repaid during the year.
- (v) Vehicle loan of ₹ 40.99 lakhs from Toyota Financial Services India Limited is secured and repayable in equal monthly installment of ₹ 1.28 lakhs from April 2022.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

- (vi) Packing credit facility in foreign currency ("PCFC") and Cash credit from banks are secured by exclusive charge on current assets, movable fixed assets, property owned by step down subsidiary, Enertec Controls Limited at Electronic City, Bangalore, fixed deposits of ₹ 700 lakhs and corporate guarantee from step down subsidiary company, Enertec Controls Limited. 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 from Jupiter Capital Private Limited, the Parent Company.
- (vii) The 15.75% and 16% Unrated Unlisted Secured Non-Convertible Debentures along with other borrowings which were outstanding on 31 March 2023 have been refinanced at a lower interest rate of 12.75% per annum through the issuance of 12.75% Unrated Unlisted Redeemable Non-Convertible Debentures referred in note (i) above.
- (viii) During the year, the Company has availed the term loan amounting to ₹500 lakhs from bank repayable in 60 equal monthly installments of ₹ 5.78 lakhs. It is secured by exclusive charge on current assets, movable fixed assets, property owned by step down subsidiary, Enertec Controls Limited at Electronic City, Bangalore, fixed deposits of ₹ 700 lakhs and corporate guarantee from step down subsidiary company, Enertec Controls Limited. 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 from Jupiter Capital Private Limited, the Parent Company.

b) Loan covenants

Term loan from banks and financial institutions contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied debt covenants prescribed in the terms of bank loan except debt repayment to net operating income. The Management is of the view that this is a minor breach, the Company has taken the waiver letter from the bank and hence no adjustments are made to Standalone Financial Statements in this respect.

c) Change in liabilities arising from financing activities

| | Loan from banks and financial institutions | Inter-corporate deposit | Lease liabilities | Total |
|------------------------------------|--|-------------------------|-------------------|------------------|
| As at 1 April 2023 | 19,560.48 | 11,675.33 | 2,368.08 | 33,603.89 |
| Net additions to lease liability | - | - | 1,099.45 | 1,099.45 |
| Cash flows | (4,899.42) | (642.00) | (1,147.09) | (6,688.51) |
| Other adjustments | 514.35 | 480.04 | 286.03 | 1,280.42 |
| Balance as at 31 March 2024 | 15,175.41 | 11,513.37 | 2,606.47 | 29,295.25 |
| As at 1 April 2022 | 3,582.19 | 250.00 | 1,195.67 | 5,027.86 |
| Net additions to lease liability | - | - | 1,941.30 | 1,941.30 |
| Cash flows | 15,767.18 | 5,516.96 | (847.83) | 20,436.31 |
| Other adjustments | 211.11 | 5,908.37 | 78.94 | 6,198.42 |
| Balance as at 31 March 2023 | 19,560.48 | 11,675.33 | 2,368.08 | 33,603.89 |

The other adjustments includes the effect of accrued but not yet paid interest on borrowings, adjustment of processing charges and the effect of modifications to leases.

d) Non cash financing and investing activities

| | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Acquisition of Right-of-use assets (refer note 29) | 1,178.04 | 2,102.26 |
| Changes in fair value of investment in mutual fund units (refer note 21) | - | 5.62 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

16 Other financial liabilities

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non current | | |
| (carried at amortised cost) | | |
| Interest payable to subsidiary (refer note 28)* | 214.55 | - |
| (carried at FVTPL) | | |
| Purchase consideration payable on acquisition of subsidiary [refer note 5(e)] | 599.00 | - |
| | 813.55 | - |
| Current | | |
| (carried at amortised cost) | | |
| Creditors for capital goods | 164.14 | 145.42 |
| Dues to employees | 605.74 | 1,624.84 |
| Interest payable to subsidiary (refer note 28)* | 16.04 | 18.59 |
| Interest accrued but not due on borrowings* | 47.66 | 24.85 |
| Other payable to related parties (refer note 28) | - | 600.00 |
| (carried at FVTPL) | | |
| Purchase consideration payable on acquisition of subsidiary [refer note 5(e)] | 59.46 | 125.13 |
| (carried at FVTOCI) | | |
| Hedge liability | - | 49.33 |
| | 893.04 | 2,588.16 |

* The details of interest rates, repayment and other terms are disclosed under note 15.

17 Provisions

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Non-current | | |
| Employee defined benefits liability | | |
| - Provision for gratuity (refer note 35) | 742.43 | 542.85 |
| Asset retirement obligation | 55.08 | 50.42 |
| | 797.51 | 593.27 |
| Current | | |
| Employee defined benefits liability | | |
| - Provision for gratuity (refer note 35) | 144.23 | 138.83 |
| - Provision for compensated absences | 503.17 | 443.84 |
| | 647.40 | 582.67 |

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 2024 is ₹ 55.08 lakhs (31 March 2023: ₹ 50.42 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:

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

- 1) Estimated range of cost : 15 days lease rental expense
- 2) Discount rate : 12.17 percent per annum (31 March 2023: 12.17 percent per annum)

| | Asset retirement obligation |
|----------------------------|-----------------------------|
| As at 1 April 2022 | 45.77 |
| Unwinding of discount | 4.65 |
| As at 31 March 2023 | 50.42 |
| Unwinding of discount | 4.66 |
| As at 31 March 2024 | 55.08 |

18 Trade payables

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Total outstanding dues of micro enterprises and small enterprises (refer note 42) | 255.54 | 106.49 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises# | 1,265.89 | 1,684.61 |
| | 1,521.43 | 1,791.10 |

Includes ₹ 178.27 lakhs (31 March 2023: ₹ 64.61 lakhs) from related parties (refer note 28)

Trade Payables ageing schedule as at 31 March 2024

| Particulars | Unbilled | Not Due | Outstanding for the following periods from the due date of payment | | | | Total |
|--|-----------------|---------------|--|-------------|-------------|-------------------|-----------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues of micro enterprises and small enterprises | - | 255.54 | - | - | - | - | 255.54 |
| (ii) Undisputed dues of creditors other than micro enterprises and small enterprises | 1,145.94 | 77.00 | 21.35 | 0.23 | 0.06 | - | 1,244.58 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | 21.31 | 21.31 |
| Total | 1,145.94 | 332.54 | 21.35 | 0.23 | 0.06 | 21.31 | 1,521.43 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Trade Payables ageing schedule as at 31 March 2023

| Particulars | Unbilled | Not Due | Outstanding for the following periods from the due date of payment | | | | Total |
|--|---------------|---------------|--|-------------|-------------|-------------------|-----------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues of micro enterprises and small enterprises | - | 106.49 | - | - | - | - | 106.49 |
| (ii) Undisputed dues of creditors other than micro enterprises and small enterprises | 761.32 | 511.56 | 386.90 | 0.06 | 3.46 | - | 1,663.30 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | 21.31 | 21.31 |
| Total | 761.32 | 618.05 | 386.90 | 0.06 | 3.46 | 21.31 | 1,791.10 |

Trade payables are non-interest bearing and are normally settled on 60-day terms

For terms and conditions with related parties, refer note 28.

19 Other liabilities

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------|---------------------|
| Current | | |
| Contract liabilities - Advances received from customers | 354.56 | 347.84 |
| Duties and taxes payable | 911.49 | 1,031.74 |
| Advance received against asset held for sale | 445.50 | - |
| | 1,711.55 | 1,379.58 |

Breakup of financial liabilities carried at amortised cost

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------|---------------------|
| Borrowings (refer note 15) | 26,688.78 | 31,235.81 |
| Other financial liabilities (refer note 16) | 1,048.13 | 2,413.70 |
| Trade payables (refer note 18) | 1,521.43 | 1,791.10 |
| Lease liabilities (refer note 29) | 2,606.47 | 2,368.08 |
| | 31,864.81 | 37,808.69 |

20 Revenue from contracts with customers

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-----------------------------------|--------------------------|--------------------------|
| Sale of services | | |
| Technology Services and Solutions | 35,302.44 | 28,314.85 |
| | 35,302.44 | 28,314.85 |

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

20.1 Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by geography and timing of revenue recognition. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

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

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| India | 9,370.38 | 7,436.94 |
| Outside India | 25,932.06 | 20,877.91 |
| Total revenue from contracts with customers | 35,302.44 | 28,314.85 |

| Timing of revenue recognition | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Services transferred at a point in time | - | - |
| Services transferred over time | 35,302.44 | 28,314.85 |
| Total revenue from contracts with customers | 35,302.44 | 28,314.85 |

20.2 Contract balances

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Trade receivables (refer note 10) | 7,221.16 | 5,188.34 |
| Contract Assets- Unbilled revenue (refer note 6) | 3,050.89 | 2,968.87 |
| Contract Liabilities- Advance from customers (refer note 19) | 354.56 | 347.84 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. In 31 March 2024, ₹ (0.97) lakhs (31 March 2023: ₹ 28.36 lakhs) was recognised/(reversed) as provision for expected credit loss on trade receivables. As at 31 March 2024, the Company has provision for expected credit losses of trade receivables of ₹ 261.72 lakhs (31 March 2023: ₹ 262.69 lakhs).

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenue in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenue are classified as contract liabilities (unearned revenue).

Contract assets relates to revenue earned from engineering design services rendered within the financial year and for which invoicing happens subsequent to the year end. As such, the balances of this account vary and depend on the quantum of engineering design services at the end of the year.

Contract liabilities include short-term advances received from customers to provide engineering design services. Advance from customers pertain to balance received as advance from various parties as certain percentage of the order value. The same will be adjusted against the order on the basis of delivery and collection of receivables.

20.3 Performance Obligation

The performance obligation is satisfied upon the providing of services as and when rendered. The Company has applied practical expedient and has not disclosed information about remaining performance obligations in contracts, where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date. Consequently, disclosure related to transaction price allocated to remaining performance obligation is not material.

20.4 There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss. There is no significant revenue recognised in the current year from performance obligations satisfied in previous years.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

20.5 Changes in unbilled revenue or contract assets are as follows:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Opening balance | 2,968.87 | 1,494.62 |
| Additions during the year | 37,365.88 | 31,524.93 |
| Reclassification adjustments: | | |
| - Billing from opening balance of contract assets to trade receivables | (2,968.87) | (1,494.62) |
| - Billing from contract assets transferred to trade receivables | (34,314.99) | (28,556.06) |
| Closing balance | 3,050.89 | 2,968.87 |

20.6 Changes in deferred revenue or contract liabilities are as follows:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Opening balance | 347.84 | - |
| Additions during the year | 21.72 | 347.84 |
| Reclassification Adjustments: | | |
| - Transfer of opening contract liabilities to revenue | (15.00) | - |
| Closing balance | 354.56 | 347.84 |

21 Other income

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Interest income | | |
| - from fixed deposits | 318.83 | 73.87 |
| - from financial assets carried at amortised cost | 53.49 | 59.64 |
| - from Inter corporate deposit to related party (refer note 28) | 2.88 | 0.09 |
| - from income tax refund | 77.40 | - |
| Gain on lease modification/ rental concession | - | 7.05 |
| Recovery of bad debts written off | 0.97 | 2.70 |
| Gain on sale of property, plant and equipment | - | 3.87 |
| Fair value gain on financial instruments at fair value through profit or loss | 4.65 | 5.62 |
| Miscellaneous income | 25.61 | 2.29 |
| | 483.83 | 155.13 |

22 Employee benefits expense

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus | 19,955.33 | 14,612.32 |
| Contribution to provident and other funds (refer note 35) | 875.17 | 576.03 |
| Contribution to overseas social security (refer note 35) | 1,099.83 | 701.36 |
| Provision for gratuity (refer note 35) | 174.34 | 115.10 |
| Provision for compensated absences | 133.24 | 159.22 |
| Staff welfare expense | 503.37 | 381.29 |
| Share based paymets to employees (refer note 39) | 586.13 | 747.77 |
| | 23,327.41 | 17,293.09 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

23 Finance costs

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Interest expense | | |
| - on loan from banks / financial institutions | 486.51 | 362.19 |
| - on debentures from financial institutions | 2,796.94 | 1,413.84 |
| - on Inter corporate deposit from related party (refer note 28) | 1,027.55 | 861.39 |
| - others | - | 28.47 |
| Other borrowing cost (refer note (i) below) | 729.80 | 451.31 |
| Interest on lease liability (refer note 29) | 286.03 | 156.56 |
| Net interest expense on defined benefit liability | 81.77 | 68.72 |
| | 5,408.60 | 3,342.48 |

(i) The Company has recorded a one-time expense of ₹ 667.40 lakhs relating to an unamortised portion of borrowing costs and prepayment charges on the aforesaid refinancing [refer note 5(c)].

24 Depreciation and amortization expense

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Depreciation of PPE (refer note 3) | 277.23 | 193.02 |
| Amortization of intangible assets (refer note 4) | 155.48 | 122.10 |
| Depreciation of Right-of-use asset (refer note 29) | 1,009.45 | 778.53 |
| | 1,442.16 | 1,093.65 |

25 Other expenses

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Rent (refer note 29) | | |
| - Immovable property | 102.85 | 127.06 |
| - Equipment hire charges | 307.38 | 312.87 |
| Power and fuel | 320.59 | 247.99 |
| Travelling and conveyance | 629.14 | 452.07 |
| Legal and professional charges | 754.49 | 720.44 |
| Repairs and maintenance | | |
| - Building | 317.50 | 258.16 |
| - Others | 77.13 | 47.23 |
| Auditor's remuneration (refer note 37) | 73.80 | 73.13 |
| Recruitment and training expenses | 357.84 | 277.86 |
| Marketing and advertising expenses | 135.46 | 152.60 |
| Communication expenses | 186.84 | 259.91 |
| Software subscription charges | 1,360.84 | 1,123.99 |
| Printing and stationery | 24.83 | 25.56 |
| Security charges | 62.80 | 49.58 |
| Rates and taxes | 78.76 | 212.97 |
| Project consultancy charges | 1,635.83 | 1,629.33 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Insurance expenses | 61.25 | 61.44 |
| Bank charges | 24.06 | 24.64 |
| Postage and courier charges | 10.60 | 8.61 |
| Loss on sale of investment in associate | - | 4.95 |
| Advances written off | - | 60.00 |
| Provision for doubtful debts and advances | - | 28.36 |
| Directors sitting fees and commission (refer note 28) | 144.45 | 55.80 |
| Exchange loss, net | 100.23 | 129.60 |
| Loss on sale of PPE | 1.36 | - |
| Fair value (gain)/ loss on derivative [refer note 5(c)] | (565.18) | 565.18 |
| Fair value change in purchase consideration payable | 10.00 | - |
| Miscellaneous expenses | 12.16 | 32.58 |
| | 6,225.01 | 6,941.91 |

26 Exceptional items

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Interest and additional purchase consideration [refer note 5(a)] | - | (6,738.84) |
| Reversal of impairment allowance on investments [refer note 5(f)] | - | 5,073.97 |
| | - | (1,664.87) |

27 Loss per share (EPS) (basic and diluted)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) 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.

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| a) Loss after tax attributable to equity shareholders (₹) | (396.81) | (1,982.87) |
| b) Number of shares outstanding at the year end (in lakhs) | 419.48 | 381.99 |
| c) Weighted average number of shares outstanding (in lakhs) | 390.67 | 380.56 |
| d) Nominal value of shares (₹) | 5.00 | 5.00 |
| e) Basic earning per share (₹) [(a)/(b)] | (1.02) | (5.21) |
| f) Number of equity shares used to compute diluted earnings per share (in lakhs) | 390.67 | 380.56 |
| g) Diluted earnings per share (₹) | (1.02) | (5.21) |

For the purpose of computation of diluted EPS for the year ended 31 March 2024 and 31 March 2023, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Hence basic and dilutive EPS are same.

28 Related party disclosures

| Nature of relationship | Name of party |
|---|--|
| I Parties where control exists: | |
| Holding Company | Jupiter Capital Private Limited ('JCPL') |
| Subsidiary companies | 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, China |
| | AXISCADES GmbH, Germany |
| | 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 till 3 September 2023 and associate thereafter) |
| | Mistral Technologies Private Limited (a step down subsidiary) |
| | Explosoft Tech Solutions Private Limited (with effect from 22 December 2022) |
| | add solution GmbH (a step down subsidiary with effect from 17 August 2023) |
| | Epcogen Private Limited (with effect from 5 December 2023) |
| Associate companies | Aero Electronics Private Limited (with effect from 4 September 2023) |
| | ASSYSTEMS AXISCADES Engineering Private Limited (upto 11 July 2022) |
| II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year: | |
| Key Management Personnel (KMP): | |
| Chief Executive Officer & Managing Director | Mr. Arun Krishnamurthi |
| Chairman and Non - Executive Director | Mr. David Bradley (stepped down w.e.f. 28 September 2023) |
| Chairman and Non - Executive Director | Mr. Abidali Zainuddin Neemuchwala (appointed w.e.f. 4 October 2023) |
| Independent Director | Mrs. Mariam Mathew |
| Independent Director | Mr. Desh Raj Dogra |
| Independent Director | Mr. Dhiraj Mathur |
| Non - Executive Director | Mr. Sharadhi Chandra Babu Pampapathy (stepped down w.e.f. 28 September 2023) |
| Non - Executive Director | Mr. Harold David Walker (stepped down w.e.f. 28 June 2023) |
| Non - Executive Director | Mr. Sudhakar Gande (stepped down w.e.f. 5 January 2023) |
| Non - Executive Director | Mr. Abhishek Kumar (Stepped down w.e.f. 3 June 2022) |
| Non - Executive Director | Mr. David Abikzir |
| Non - Executive Director | Mr. Venkatraman Venkitachalam (appointed w.e.f. 6 January 2023) |
| Non - Executive Director | Dr. Sargunarajthomas Christopher (appointed w.e.f. 30 June 2023) |
| III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year: | |
| Chief Financial Officer (CFO) | Mr. Shashidhar SK |
| Company Secretary | Ms. Sonal Dudani |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Nature of relationship | Name of party |
|---------------------------------------|--------------------------|
| Company in which Director is a member | Lexicon Infotech Limited |

IV Transactions with related parties:

| Nature of transactions | Relationship | Year ended | |
|--|---------------------------------------|---------------|---------------|
| | | 31 March 2024 | 31 March 2023 |
| Revenue from operations | | | |
| AXISCADES Inc. | Subsidiary | 2,230.45 | 2,727.91 |
| AXISCADES UK Limited | Step down subsidiary | 747.48 | 622.10 |
| AXISCADES Technology Canada Inc. | Subsidiary | 1,803.60 | 1,618.05 |
| AXISCADES GmbH | Subsidiary | 459.68 | 230.89 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 3.25 | 7.25 |
| Remuneration (Refer note (IV) (a) and (b) below)* | | | |
| Mr. Arun Krishnamurthi | Key Management personnel | 821.28 | 817.78 |
| Mr. Shashidhar SK | Key Management personnel | 482.40 | 431.29 |
| Ms. Sonal Dudani | Key Management personnel | 21.93 | 15.49 |
| Sitting fees paid to directors | | | |
| Mr. David Bradley | Chairman and Non - Executive Director | 7.30 | 4.50 |
| Mr. Abidali Zainuddin Neemuchwala | Chairman and Non - Executive Director | 7.00 | - |
| Mr. David Abikzir | Non - Executive Director | 13.30 | 3.30 |
| Mrs. Mariam Mathew | Independent Director | 17.50 | 12.50 |
| Mr. Dhiraj Mathur | Independent Director | 22.00 | 12.00 |
| Mr. Desh Raj Dogra | Independent Director | 24.00 | 14.50 |
| Mr. Harold David Walker | Non - Executive Director | 3.30 | 2.70 |
| Mr. Venkatraman Venkitachalam | Non - Executive Director | 15.30 | 0.60 |
| Dr. Sargunrajthomas Christopher | Non - Executive Director | 7.00 | - |
| Mr. Sudhakar Gande | Non - Executive Director | - | 3.00 |
| Mr. Sharadhi Chandra Babu Papmpapathy | Non - Executive Director | - | 2.40 |
| Mr. Abhishek Kumar | Non - Executive Director | - | 0.30 |
| Commission paid to directors | | | |
| Mr. Abidali Zainuddin Neemuchwala | Chairman and Non - Executive Director | 2.50 | - |
| Mr. David Abikzir | Non - Executive Director | 5.00 | - |
| Mrs. Mariam Mathew | Independent Director | 5.00 | - |
| Mr. Dhiraj Mathur | Independent Director | 5.00 | - |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | Year ended | |
|--|---------------------------------------|---------------|---------------|
| | | 31 March 2024 | 31 March 2023 |
| Mr. Desh Raj Dogra | Independent Director | 5.00 | - |
| Mr. Venkatraman Venkitachalam | Non - Executive Director | 5.00 | - |
| Dr. Sargunarajthomas Christopher | Non - Executive Director | 3.75 | - |
| Expenses incurred by the Company on behalf of | | | |
| AXISCADES Inc. | Subsidiary | 269.39 | 301.98 |
| AXISCADES UK Limited. | Step down subsidiary | 62.01 | 18.97 |
| AXISCADES Technology Canada Inc. | Subsidiary | 103.20 | 66.13 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 189.50 | 251.05 |
| Mistral Solutions Private Limited | Subsidiary | - | 31.99 |
| Mr. Sudhakar Gande | Non - Executive Director | - | 35.05 |
| Expenses incurred on behalf of the Company by | | | |
| AXISCADES Inc. | Subsidiary | 91.71 | 73.96 |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 18.38 | 49.01 |
| Lexicon Infotech Limited | Company in which Director is a member | - | 11.91 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 86.98 | 29.65 |
| AXISCADES UK Limited | Step down subsidiary | 366.92 | - |
| AXISCADES Technology Canada Inc. | Subsidiary | 11.64 | - |
| Mistral Solutions Private Limited | Subsidiary | 131.34 | 600.00 |
| Interest Income on intercorporate deposit | | | |
| Explosoft Tech Solutions Private Limited | Subsidiary | 1.23 | 0.09 |
| Epcogen Private Limited | Subsidiary | 1.65 | - |
| Interest expense on intercorporate deposit | | | |
| Jupiter Capital Private limited | Holding Company | 217.97 | 670.80 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 75.09 | 31.04 |
| Mistral Technologies Private Limited | Subsidiary | 11.25 | - |
| Mistral Solutions Private Limited | Subsidiary | 221.87 | - |
| Explosoft Tech Solutions Private Limited | Subsidiary | 456.25 | 124.66 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 45.12 | 34.89 |
| Corporate guarantee fee charged by | | | |
| Jupiter Capital Private Limited | Holding Company | - | 20.00 |
| Corporate guarantee provided to | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 3,500.00 | - |
| Corporate guarantee received from | | | |
| Jupiter Capital Private Limited | Holding Company | 3,500.00 | 16,500.00 |
| Subsidiaries (refer note iii below) | Subsidiary | 21,000.00 | - |

- (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) Total employee benefit expense includes employee stock compensation expense of ₹ 389.05 lakhs (31 March 2023 - ₹ 396.29 lakhs) for Mr. Arun Krishnamurthi, and ₹ 291.79 lakhs (31 March 2023 - ₹ 297.21 lakhs) for Mr. Shashidhar SK, respectively included in the employee stock option scheme expense in the Standalone Statement of Profit and Loss account.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(c) Refer note 15 for details of security provided for borrowings.

V Balances as at the year end:

| Nature of transactions | Relationship | As at 31 March 2024 | As at 31 March 2023 |
|--|--|------------------------|------------------------|
| Trade receivables | | | |
| AXISCADES Inc. | Subsidiary | 64.57 | - |
| AXISCADES UK Limited. | Step down subsidiary | 359.12 | 88.95 |
| AXISCADES Technology Canada Inc. | Subsidiary | 132.60 | 193.38 |
| AXISCADES GmbH | Subsidiary | 87.75 | 25.31 |
| Axis Mechanical Engineering Design (Wuxi) Co., Ltd. (allowance for bad and doubtful debts of ₹ 167.20 lakhs (31 March 2023 - ₹ 167.20 lakhs) | Subsidiary | 203.56 | 252.98 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 11.92 | 4.35 |
| Unbilled revenue | | | |
| AXISCADES Technology Canada Inc. | Subsidiary | 166.99 | 210.09 |
| AXISCADES Inc. | Subsidiary | 122.00 | 221.64 |
| AXISCADES UK Limited. | Step down subsidiary | 32.60 | 56.82 |
| AXISCADES GmbH | Subsidiary | 26.58 | 12.91 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 3.50 |
| Investments | | | |
| 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. (net of impairment allowance) | Subsidiary | - | - |
| AXISCADES Technology Canada Inc. | Subsidiary | 0.05 | 0.05 |
| AXISCADES GmbH | Subsidiary | 18.87 | 18.87 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 11,962.04 | 11,962.04 |
| Mistral Solutions Private Limited | Subsidiary | 17,000.97 | 16,435.79 |
| Explosoft Tech Solutions Private Limited | Subsidiary | 7,213.00 | 7,213.00 |
| Epcogen Private Limited | Subsidiary | 3,214.00 | - |
| Receivables from related parties | | | |
| <i>Expenses recoverable</i> | | | |
| AXISCADES, Inc. | Subsidiary | 151.65 | 69.10 |
| AXISCADES UK Limited | Step down subsidiary | 18.23 | 15.37 |
| AXISCADES Technology Canada Inc. | Subsidiary | 25.67 | 16.57 |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 491.36 | 301.86 |
| Trade payables | | | |
| AXISCADES, Inc. | Subsidiary | 84.27 | 29.57 |
| AXISCADES UK Limited | Step down subsidiary | 66.78 | - |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | - | 3.46 |
| Lexicon Infotech Limited | Companies in which Director is Interested | - | 4.95 |
| AXIS Mechanical Engineering Design (Wuxi) Co., Ltd. | Subsidiary | 4.15 | 12.60 |
| Cades Studec Technologies (India) Private Limited | Subsidiary | 23.07 | 14.03 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Nature of transactions | Relationship | As at 31 March 2024 | As at 31 March 2023 |
|--|--------------------------|------------------------|------------------------|
| Other financial liabilities | | | |
| Mistral Solutions Private Limited | Subsidiary | - | 600.00 |
| Remuneration payable (Refer note (IV) (a) and (b) above)* | | | |
| Mr. Arun Krishnamurthi | Key Management Personnel | 150.94 | 224.53 |
| Mr. Shashidhar SK | Key Management Personnel | 45.94 | 33.13 |
| Ms. Sonal Dudani | Key Management Personnel | 1.31 | 2.21 |
| Corporate guarantee provided to - outstanding | | | |
| AXISCADES Aerospace & Technologies Private Limited | Subsidiary | 3,500.00 | 3,500.00 |
| Corporate guarantee received from - outstanding | | | |
| Jupiter Capital Private limited | Holding Company | 3,500.00 | 20,500.00 |
| Subsidiaries (refer note iii below) | Subsidiary | 10,500.00 | - |

* Remuneration payable does not include amount payable on employee stock option scheme.

Loans to related parties

| Particulars | Opening balance | Loans given | Received | Loan outstanding | Interest receivable |
|---|-----------------|-------------|----------|------------------|---------------------|
| Explosoft Tech Solutions Private Limited (Subsidiary) | | | | | |
| 31 March 2024 | 10.00 | 16.50 | - | 26.50 | 1.32 |
| 31 March 2023 | - | 10.00 | - | 10.00 | 0.09 |
| Epcogen Private Limited (Subsidiary) | | | | | |
| 31 March 2024 | - | 150.00 | - | 150.00 | 1.65 |
| 31 March 2023 | - | - | - | - | - |

Loans from related parties

| Particulars | Opening balance | Loans taken | Interest | Repayment | Loan outstanding | Interest payable |
|---|-----------------|-------------|----------|-----------|------------------|------------------|
| Cades Studec Technologies (India) Private Limited (Subsidiary) | | | | | | |
| 31 March 2024 | 650.00 | 1,150.00 | - | 650.00 | 1,150.00 | 28.38 |
| 31 March 2023 | 250.00 | 400.00 | - | - | 650.00 | 7.78 |
| AXISCADES Aerospace & Technologies Private Limited (Subsidiary) | | | | | | |
| 31 March 2024 | 500.00 | - | - | - | 500.00 | 10.10 |
| 31 March 2023 | - | 500.00 | - | - | 500.00 | 10.81 |
| Explosoft Tech Solutions Private Limited (Subsidiary) | | | | | | |
| 31 March 2024 | 5,908.37 | - | 455.00 | - | 6,363.37 | - |
| 31 March 2023 | - | 5,908.37 | - | - | 5,908.37 | - |
| Mistral Solutions Private Limited (Subsidiary) | | | | | | |
| 31 March 2024 | - | 3,200.00 | - | - | 3,200.00 | 181.99 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Opening balance | Loans taken | Interest | Repayment | Loan outstanding | Interest payable |
|---|-----------------|-------------|----------|-----------|------------------|------------------|
| 31 March 2023 | - | - | - | - | - | - |
| Mistral Technologies Private Limited (Subsidiary) | | | | | | |
| 31 March 2024 | - | 300.00 | - | - | 300.00 | 10.12 |
| 31 March 2023 | - | - | - | - | - | - |
| Jupiter Capital Private Limited (Holding Company) | | | | | | |
| 31 March 2024 | 4,616.96 | - | - | 4,616.96 | - | - |
| 31 March 2023 | - | 5,116.96 | - | 500.00 | 4,616.96 | - |

i. Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

ii. Loan to its subsidiary

The loan granted to Explosoft Tech Solutions Private Limited is intended for the purpose of meeting their working capital requirements. The loan is unsecured and repayable in full on 5 January 2025 and 17 April 2026. Interest is charged at 10%-11.5% per annum. The loan has been utilized for the purpose it was granted.

The loan granted to Epcogen Private Limited is intended for the purpose of meeting their working capital requirements. The loan is unsecured and repayable in full on 19 February 2026. Interest is charged at 11.50% per annum. The loan has been utilized for the purpose it was granted.

iii. Corporate Guarantee

During the year, the Company has received corporate guarantee from its subsidiaries, Mistral Solutions Private Limited, AXISCADES Aerospace & Technologies Private Limited, Enertec Controls Limited and Explosoft Tech Solutions Private Limited and against the issuance of 12.75% unrated unlisted redeemable non-convertible debentures of ₹ 21,000 lakhs. The Corporate Guarantee outstanding as at March 31, 2024 is ₹ 10,500 lakhs.

29 Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities

Company as a lessee

The Company has lease contracts for immovable properties and computers. These leases are for a period ranging from three to nine 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.

The Company also has certain leases of computers with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | As at 31 March 2024 | | As at 31 March 2023 | | Total | |
|---------------------------------------|---------------------|--------------|---------------------|---------------|---------------------|---------------------|
| | Immovable Property | Computers | Immovable Property | Computers | As at 31 March 2024 | As at 31 March 2023 |
| Opening balance as on 1 April | 2,873.95 | 110.66 | 1,641.87 | 155.28 | 2,984.61 | 1,797.15 |
| Additions | 1,178.04 | - | 2,102.26 | - | 1,178.04 | 2,102.26 |
| Lease modifications | - | - | (75.55) | - | - | (75.55) |
| Deletions | - | - | (60.72) | - | - | (60.72) |
| Assets held for sale | (717.66) | - | - | - | (717.66) | - |
| Depreciation expense | (964.83) | (44.62) | (733.91) | (44.62) | (1,009.45) | (778.53) |
| Carrying amount as on 31 March | 2,369.50 | 66.04 | 2,873.95 | 110.66 | 2,435.54 | 2,984.61 |

Set out below are the carrying amounts of lease liabilities and the movements during the year:

| | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------|---------------------|
| Opening balance as on 1 April | 2,368.08 | 1,195.67 |
| Additions | 1,099.45 | 2,010.23 |
| Deletion | - | (68.93) |
| Lease modifications/ rental concession | - | (77.62) |
| Accretion of interest (refer note 23) | 286.03 | 156.56 |
| Payment of principal portion of lease liabilities | (861.06) | (691.27) |
| Payment of Interest portion of lease liabilities | (286.03) | (156.56) |
| Carrying amount as on 31 March | 2,606.47 | 2,368.08 |
| Current | 868.80 | 573.90 |
| Non-current | 1,737.67 | 1,794.18 |
| | 2,606.47 | 2,368.08 |

The weighted average incremental borrowing rate for lease liabilities is between 7.5% to 12.17% per annum (31 March 2023 is between 7.5% to 12.17% per annum), with maturity between three years to six years for leasehold properties.

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2024 and 31 March 2023 on an undiscounted basis:

| | As at 31 March 2024 | As at 31 March 2023 |
|------------------------|---------------------|---------------------|
| Less than three months | 295.25 | 227.02 |
| three to twelve months | 781.16 | 554.75 |
| one to five years | 1,912.61 | 2,073.00 |
| more than five years | 22.09 | 34.38 |

The following are the amounts recognised in statement of profit or loss:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|--------------------------|--------------------------|
| Depreciation expense of right-of-use assets | 1,009.45 | 778.53 |
| Interest expense on lease liabilities | 286.03 | 156.56 |
| Expense relating to short-term leases (included in other expenses) | 410.23 | 439.93 |
| Lease modifications/ rental concession | - | (7.05) |
| Total amount recognised in profit or loss | 1,705.71 | 1,367.97 |

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

The Company had total cash outflows for leases of ₹1,557.32 lakhs for the year ended 31 March 2024 (31 March 2023: ₹1,287.76 lakhs). The Company has made non-cash additions of ₹1,178.04 lakhs (31 March 2023: ₹2,102.26 lakhs) and ₹1,099.45 lakhs (31 March 2023: ₹2,010.23 lakhs) to right-of-use assets and lease liabilities, respectively. There are no future cash outflows relating to leases that have not yet commenced.

The Company has certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised

30 Capital and other commitments

As at 31 March 2024, the Company has a commitment of ₹ 96.67 lakhs (31 March 2023: ₹ 51.13 lakhs).

31 Capital management

For the purpose of the Company's capital management, capital includes issued capital, securities premium 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/ financial institution to immediately call loans and borrowings. There has been breaches in the financial covenants of any interest-bearing loans and borrowing in the current period and the Company has taken the waiver letter from the bank (refer note 15(b)).

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. 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, lease liabilities, less Cash and cash equivalent.

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Borrowings(Current and Non-current) (refer note 15) | 26,688.78 | 31,235.81 |
| Lease liabilities (Current and Non-current) (refer note 29) | 2,606.47 | 2,368.08 |
| Less: Cash and cash equivalent (refer note 11) | (1,693.53) | (1,665.01) |
| Net debt | 27,601.72 | 31,938.88 |
| Equity (refer note 13) | 2,098.94 | 1,911.50 |
| Other equity (refer note 14) | 34,498.71 | 13,700.24 |
| Capital and net debt | 64,199.37 | 47,550.62 |
| Gearing ratio | 43% | 67% |

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2024 and 31 March 2023.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

32 Income Tax

The major components of income tax expense for the years ended 31 March 2024 and 31 March 2023 are:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Current income tax: | | |
| Current income tax charge | 37.36 | 146.21 |
| Adjustments in respect of current income tax relating to earlier years | - | (340.79) |
| Deferred tax: | | |
| Relating to the origination and reversal of temporary differences | (257.46) | 311.43 |
| Income tax expense reported in statement of profit and loss | (220.10) | 116.85 |
| OCI section | | |
| Deferred tax related to items recognised in OCI during in the year: | | |
| Re-measurement gains/ (losses) on defined benefit plans | 31.10 | (0.98) |
| (Losses)/ gains on cash flow hedges | (16.54) | 8.17 |
| | 14.56 | 7.19 |
| Bifurcation of the deferred tax recognized in OCI | | |
| Items that will not be reclassified to Statement of Profit and Loss | 31.10 | (0.98) |
| Items that will be reclassified to Statement of Profit and Loss | (16.54) | 8.17 |
| | 14.56 | 7.19 |

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2024 and 31 March 2023:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Accounting loss before tax | (616.91) | (1,866.02) |
| At India's statutory income tax rate of 27.82% (31 March 2023 - 27.82%) | (171.62) | (519.13) |
| Adjustments in respect of current income tax of previous years | - | (340.79) |
| Foreign tax expensed during the year | 77.23 | - |
| Provision related to impairment of investments | - | (1,411.58) |
| Contingent consideration re-measurement | - | 1,502.32 |
| Effect of lower tax rate in the capital gains | (94.34) | 94.34 |
| Disallowance for capital expenditure | - | 780.99 |
| Disallowance of MSME interest | (10.32) | - |
| Others | (21.05) | 10.70 |
| At the effective income tax rate of 35.68% [March 31, 2023: -6.26%] | (220.10) | 116.85 |
| Income tax expense reported in the Statement of Profit and Loss | (220.10) | 116.85 |

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Deferred tax

Deferred tax relates to the following:

| Particulars | Standalone Balance Sheet | | Standalone statement of profit and loss | |
|---|--------------------------|---------------|---|-----------------|
| | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 |
| Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes | 107.11 | 105.22 | 1.89 | (26.04) |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 386.65 | 313.12 | 73.53 | 31.76 |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent year | 220.28 | 218.04 | 2.24 | 82.96 |
| Losses available for offsetting against future taxable income | - | - | - | (402.22) |
| Right of use | (677.57) | (830.32) | 152.75 | (330.35) |
| Lease liabilities | 725.12 | 658.80 | 66.32 | 326.17 |
| Minimum Alternate Tax Credit | 60.57 | 60.57 | - | - |
| Hedge items | (16.54) | 8.17 | (24.71) | 13.48 |
| | 805.62 | 533.60 | 272.02 | (304.24) |

| Reflected in the balance sheet as follows: | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Deferred tax assets | 805.62 | 533.60 |
| Deferred tax liabilities | - | - |
| Deferred tax assets, net | 805.62 | 533.60 |

| Reconciliation of deferred tax assets (net) | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Opening balance as of 1 April | 533.60 | 837.84 |
| Tax expense/ (income) during the period recognised in profit or loss | 257.46 | (311.43) |
| Tax expense during the period recognised in OCI | 14.56 | 7.19 |
| Closing balance as at 31 March | 805.62 | 533.60 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

33 Fair value measurements

(i) Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2024, including their levels in the fair value hierarchy.

| Particulars | Note | FVTPL | FVTOCI | Other financial assets -amortised cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 |
|--|------|---------------|--------------|--|-----------------------------|-----------------------|---------|--------------|---------------|
| Financial assets measured at fair value | | | | | | | | | |
| Other financial assets (Hedge asset) | 6 | - | 10.12 | - | - | 10.12 | - | 10.12 | - |
| | | - | 10.12 | - | - | 10.12 | - | 10.12 | - |
| Financial assets not measured at fair value | | | | | | | | | |
| Other Investments | 5 | - | - | 0.05 | - | 0.05 | - | - | - |
| Other financial assets | 6 | - | - | 5,529.62 | - | 5,529.62 | - | - | - |
| Loans | 9 | - | - | 176.50 | - | 176.50 | - | - | - |
| Trade receivables | 10 | - | - | 7,221.16 | - | 7,221.16 | - | - | - |
| Cash and cash equivalent | 11 | - | - | 1,693.53 | - | 1,693.53 | - | - | - |
| Bank balances other than cash and cash equivalent | 12 | - | - | 8,359.08 | - | 8,359.08 | - | - | - |
| | | - | - | 22,979.94 | - | 22,979.94 | - | - | - |
| There have been no transfers among Level 1, Level 2 and Level 3 during the year ended 31 March 2024. | | | | | | | | | |
| Financial liabilities measured at fair value | | | | | | | | | |
| Other financial liabilities (Purchase consideration payable) | 16 | 658.46 | - | - | - | 658.46 | - | - | 658.46 |
| | | 658.46 | - | - | - | 658.46 | - | - | 658.46 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Borrowings | 15 | - | - | - | 26,688.78 | 26,688.78 | - | - | - |
| Trade payables | 18 | - | - | - | 1,521.43 | 1,521.43 | - | - | - |
| Other financial liabilities | 16 | - | - | - | 1,048.13 | 1,048.13 | - | - | - |
| Lease liabilities | 29 | - | - | - | 2,606.47 | 2,606.47 | - | - | - |
| | | - | - | - | 31,864.81 | 31,864.81 | - | - | - |

There have been no transfers among Level 1, Level 2 and Level 3 during the year ended 31 March 2024.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2023, including their levels in the fair value hierarchy.

| Particulars | Note | FVTPL | FVTOCI | Other financial assets -amortised cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 |
|--|------|---------------|----------|--|-----------------------------|-----------------------|---------------|----------|----------|
| Financial assets measured at fair value | | | | | | | | | |
| Investments (Investment in mutual funds) | 5 | 245.39 | - | - | - | 245.39 | 245.39 | - | - |
| | | 245.39 | - | - | - | 245.39 | 245.39 | - | - |
| Financial assets not measured at fair value | | | | | | | | | |
| Other Investments | 5 | - | - | 0.05 | - | 0.05 | - | - | - |
| Other financial assets | 6 | - | - | 4,017.52 | - | 4,017.52 | - | - | - |
| Loans | 9 | - | - | 10.00 | - | 10.00 | - | - | - |
| Trade receivables | 10 | - | - | 5,188.34 | - | 5,188.34 | - | - | - |
| Cash and cash equivalent | 11 | - | - | 1,665.01 | - | 1,665.01 | - | - | - |
| Bank balances other than cash and cash equivalent | 12 | - | - | 228.35 | - | 228.35 | - | - | - |
| | | - | - | 11,109.27 | - | 11,109.27 | - | - | - |

There have been no transfers among Level 1, Level 2 and Level 3 during the year ended 31 March 2023.

| Particulars | Note | FVTPL | FVTOCI | Other financial assets -amortised cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 |
|--|------|---------------|--------------|--|-----------------------------|-----------------------|----------|--------------|---------------|
| Financial liabilities measured at fair value | | | | | | | | | |
| Other financial liabilities (Purchase consideration payable) | 16 | 125.13 | - | - | - | 125.13 | - | - | 125.13 |
| Other financial liabilities (Hedge liability) | 16 | - | 49.33 | - | - | 49.33 | - | 49.33 | - |
| | | 125.13 | 49.33 | - | - | 174.46 | - | 49.33 | 125.13 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Borrowings | 15 | - | - | - | 31,235.81 | 31,235.81 | - | - | - |
| Trade payables | 18 | - | - | - | 1,791.10 | 1,791.10 | - | - | - |
| Other financial liabilities | 16 | - | - | - | 2,413.70 | 2,413.70 | - | - | - |
| Lease liabilities | 29 | - | - | - | 2,368.08 | 2,368.08 | - | - | - |
| | | - | - | - | 37,808.69 | 37,808.69 | - | - | - |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

There have been no transfers among Level 1, Level 2 and Level 3 during the year ended 31 March 2023.

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.

The Management assessed that the fair value of Cash and cash equivalent, 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 significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2024 and 31 March 2023 are as shown below:

| Type | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of the input to fair value |
|--|-------------------------------|---|------------------------------------|---|
| Purchase consideration payable | DCF method | Adjusted earnings of acquired entity | - | These inputs would result in fair value loss on purchase consideration by ₹ 10.00 lakhs |
| FVTPL assets in unquoted equity shares | Binomial option pricing model | Exercise price per share Risk free rate Sigma range | ₹ 969.10 7.10% 50.6% - 51.8% | These inputs would result in fair value loss on derivative by ₹ 565.18 lakhs |

Valuation technique used to determine fair value of derivative contracts

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. 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 using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates of the underlying commodity. As at 31 March 2024, 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.

Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by the Company CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

34 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 engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company only deals with parties which has good credit rating/ worthiness.

Financial assets that are not credit impaired

The Company has financial assets which are in the nature of cash and cash equivalents, other bank balances, loans, security deposits, interest accrued on fixed deposits and other receivables which are not credit impaired. These are contractually agreed where the probability of default is negligible.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal assessment. Outstanding customer receivables are continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year except receivables from related parties and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 33. The Company does not hold collateral as security. The Company is considerate of the fact the majority of the collection is receivable from export customers with high credit worthiness where there is no significant risk of bad debts. The customers of the Company have a defined period for payment of receivables, hence the Company evaluates the concentration of risk with respect to trade receivables as low. The Company considers receivables from group company separately and creates provision for doubtful debts on case to case basis.

Set out below is the information about the credit risk exposure of the Company's trade receivables using provision matrix:

| | Gross carrying amount | Weighted average loss rate | Loss allowance |
|---|-----------------------|----------------------------|----------------|
| 31 March 2024 | | | |
| Current (not past due) | 5,989.22 | 0.02% | 1.20 |
| 0-90 days | 476.60 | 0.50% | 2.38 |
| 91-180 days | 39.16 | 14.29% | 5.60 |
| 181-270 days | 15.10 | 41.03% | 6.20 |
| 271-365 days | 0.65 | 75.00% | 0.49 |
| > 365 days | 102.63 | 100.00% | 102.63 |
| | 6,623.36 | | 118.50 |
| Loss allowance created for receivables from related parties | 859.52 | 16.66% | 143.22 |
| | 7,482.88 | | 261.72 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Gross carrying amount | Weighted average loss rate | Loss allowance |
|---|-----------------------|----------------------------|----------------|
| 31 March 2023 | | | |
| Current (not past due) | 4,715.65 | 0.08% | 3.91 |
| 0-90 days | 85.39 | 1.05% | 0.89 |
| 91-180 days | 2.41 | 7.83% | 0.19 |
| 181-270 days | 4.29 | 29.00% | 1.24 |
| 271-365 days | 1.98 | 72.73% | 1.44 |
| > 365 days | 75.74 | 100.00% | 75.74 |
| | 4,885.46 | | 83.41 |
| Loss allowance created for receivables from related parties | 564.97 | 31.73% | 179.28 |
| | 5,450.43 | | 262.69 |

| Movement in the allowance for impairment in trade receivables | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
| Opening balance | 262.69 | 234.33 |
| Amount provided for | - | 28.36 |
| Amount reversal for | (0.97) | - |
| Amount utilised for | - | - |
| Net remeasurement of loss allowance | 261.72 | 262.69 |

(B) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalent and the cash flow that is generated from operations. As of 31 March 2024, the Company has the positive working capital of ₹ 7,313.94 lakhs (31 March 2023: negative working capital ₹ 8,718.60 lakhs) including purchase consideration payable on acquisition of Mistral Solutions Private Limited and Epcogen private limited of ₹ 658.46 lakhs (31 March 2023: ₹ 125.13 lakhs) and cash and cash equivalent of ₹ 1,693.53 lakhs (31 March 2023: ₹ 1,665.01 lakhs).

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 2024 | On demand | Less than 3 months | 3 to 12 months | 1 year to 5 years | More than 5 years | Total |
|-----------------------------|-----------|--------------------|------------------|-------------------|-------------------|------------------|
| Borrowings | - | 1,193.94 | 10,434.17 | 15,335.27 | - | 26,963.38 |
| Trade payables | - | 1,521.43 | - | - | - | 1,521.43 |
| Other financial liabilities | - | 817.54 | 75.50 | 813.55 | - | 1,706.59 |
| Lease liabilities | - | 295.25 | 781.16 | 1,912.61 | 22.09 | 3,011.11 |
| Total | - | 3,828.16 | 11,290.83 | 18,061.43 | 22.09 | 33,202.51 |

| As at 31 March 2023 | On demand | Less than 3 months | 3 to 12 months | 1 year to 5 years | More than 5 years | Total |
|-----------------------------|-----------|--------------------|------------------|-------------------|-------------------|------------------|
| Borrowings | - | 1,031.37 | 12,713.61 | 17,823.01 | - | 31,567.99 |
| Trade payables | - | 1,791.10 | - | - | - | 1,791.10 |
| Other financial liabilities | - | 2,444.44 | 143.72 | - | - | 2,588.16 |
| Lease liabilities | - | 227.02 | 554.75 | 2,073.00 | 34.38 | 2,889.15 |
| Total | - | 5,493.93 | 13,412.08 | 19,896.01 | 34.38 | 38,836.40 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(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 and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward contracts 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.

(In ₹ lakhs)

| Particulars | Currency | As at 31 March 2024 | | As at 31 March 2023 | |
|--|----------|-------------------------------------|-------------|-------------------------------------|-------------|
| | | Amount in foreign currency in lakhs | Amount in ₹ | Amount in foreign currency in lakhs | Amount in ₹ |
| Financial assets | | | | | |
| Trade receivables | USD | 50.39 | 4,201.36 | 39.53 | 3,248.88 |
| | EURO | 8.55 | 770.72 | 3.34 | 298.12 |
| | GBP | 3.41 | 359.12 | 0.88 | 88.95 |
| | CAD | 0.44 | 27.09 | 0.28 | 17.13 |
| | CNY | 17.65 | 203.56 | 21.16 | 252.98 |
| | SGD | 0.21 | 12.91 | 0.21 | 12.91 |
| | DKK | - | - | 4.20 | 50.67 |
| | AUD | 0.42 | 23.08 | - | - |
| Unbilled revenue | USD | 22.87 | 1,906.72 | 22.34 | 1,836.17 |
| | EURO | 1.48 | 133.02 | 1.14 | 102.03 |
| | GBP | 0.31 | 32.60 | 0.56 | 56.82 |
| | CAD | 0.23 | 14.20 | 0.33 | 20.29 |
| | DKK | - | - | 1.42 | 17.16 |
| | AUD | 0.21 | 11.65 | - | - |
| Other receivables from related parties | USD | 1.82 | 151.93 | 0.84 | 69.09 |
| | GBP | 0.17 | 18.23 | 0.15 | 15.37 |
| | CAD | 0.42 | 25.67 | 0.27 | 16.57 |
| Cash and bank balances | USD | 5.35 | 446.01 | 7.61 | 625.69 |
| | EURO | 3.33 | 300.27 | 0.88 | 78.81 |
| | AED | 1.57 | 35.64 | 1.58 | 35.26 |
| | DKK | 0.44 | 5.45 | 2.07 | 24.88 |
| Other financial assets | AED | 0.59 | 13.51 | 0.57 | 12.76 |
| Financial liabilities | | | | | |
| Trade payables | USD | 2.63 | 219.37 | 4.50 | 369.87 |
| | EURO | 2.57 | 231.71 | 4.54 | 405.82 |
| | DKK | 1.14 | 13.81 | 8.95 | 107.87 |
| | CAD | 0.20 | 12.17 | - | - |
| Lease liability | EURO | 0.74 | 66.66 | 1.17 | 104.98 |
| Interest accrued but not due on borrowings | USD | 0.10 | 7.96 | 0.10 | 8.58 |
| Borrowings | USD | 46.00 | 3,835.2 | 34.55 | 2,839.34 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 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 and refer below for impact of change in foreign exchange rates on loss before tax of the Company.

(In ₹ lakhs)

| Particulars | 31 March 2024 | | 31 March 2023 | |
|--------------------|---------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Sensitivity | | | | |
| INR/USD | 26.44 | (26.44) | 25.62 | (25.62) |
| INR/EURO | 9.06 | (9.06) | (0.32) | 0.32 |
| INR/GBP | 4.10 | (4.10) | 1.61 | (1.61) |
| INR/CAD | 0.55 | (0.55) | 0.54 | (0.54) |
| INR/AED | 0.49 | (0.49) | 0.48 | (0.48) |
| INR/DKK | (0.08) | 0.08 | (0.15) | 0.15 |
| INR/CNY | 2.04 | (2.04) | 2.53 | (2.53) |
| INR/SGD | 0.13 | (0.13) | 0.13 | (0.13) |
| INR/AUD | 0.35 | (0.35) | - | - |

Derivative financial instruments

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

The following table gives details in respect of outstanding foreign exchange forward contracts

(In ₹ lakhs)

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Forward Contracts | | |
| In USD (31 March 2024 - 17.5 lakhs, 31 March 2023 - 40 lakhs) | 1,477.39 | 3,257.93 |

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 2024 | | As at 31 March 2023 | |
|---|---------------------------------|----------------------|---------------------------------|----------------------|
| | Notional amount (in ₹ lakhs) | Average forward rate | Notional amount (in ₹ lakhs) | Average forward rate |
| Not later than one month | | | | |
| - In USD | - | - | 396.05 | 79.21 |
| Later than one month and not later than three months | | | | |
| - In USD | 421.20 | 84.24 | 1,211.00 | 80.73 |
| Later than three months and not later a year | | | | |
| - In USD | 1,056.19 | 84.50 | 1,650.88 | 82.54 |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

(In ₹ lakhs)

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Balance as at the beginning of the year | (16.76) | 4.45 |
| Changes in fair value of gain/(loss) effective portion of derivatives | 59.45 | (29.38) |
| Balance as at the end of the year | 42.69 | (24.93) |
| Deferred tax thereon | (16.54) | 8.17 |
| Balance as at the end of the year, net of deferred tax | 26.15 | (16.76) |

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. As at 31 March 2024 and 31 March 2023, the Company does not have any long term debt obligations with floating interest rates, hence, is not exposed to any significant interest rate risk.

Price risk

The Company invests in mutual funds schemes of leading fund houses. Such investments are susceptible to market price risks. However, given the short tenure of the underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

35 Defined benefit obligations

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 2024 : ₹ 875.17 lakhs (31 March 2023 : ₹ 576.03 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 2024 : ₹ 1,099.83 lakhs (31 March 2023 : ₹ 701.36 lakhs)

B Defined benefit plans

The Company has a defined benefit gratuity plan (unfunded). 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

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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 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 | Gratuity | |
|---|------------------------|------------------------|
| | As at 31 March 2024 | As at 31 March 2023 |
| Defined benefit obligation at the beginning of the year | 681.68 | 641.80 |
| Current service cost | 174.34 | 115.10 |
| Interest cost | 49.53 | 43.61 |
| Benefits paid | (130.67) | (115.31) |
| Actuarial gain arising from change in financial assumptions | (200.46) | (89.20) |
| Actuarial loss arising from change in demographic assumptions | 9.18 | 26.15 |
| Actuarial loss arising from experience adjustments | 303.06 | 59.53 |
| Defined benefit obligation at the end of the year | 886.66 | 681.68 |
| Non-Current Provision | 742.43 | 542.85 |
| Current Provision | 144.23 | 138.83 |

| (ii) Components of expense recognised in the Statement of Profit and Loss | Gratuity | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2024 | Year ended 31 March 2023 |
| Employee benefits expense | | |
| -Current service cost | 174.34 | 115.10 |
| Finance costs | | |
| -Interest expense on defined benefit obligation | 49.53 | 43.61 |
| Expenses recognised in the Statement of Profit and Loss for the year | 223.87 | 158.71 |

| (iii) Components of defined benefit costs recognised in other comprehensive income | Gratuity | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2024 | Year ended 31 March 2023 |
| Re-measurement on the net defined benefit liability : | | |
| Recognised net actuarial gain arising from change in financial assumptions | (200.46) | (89.20) |
| Recognised net actuarial loss arising from change in demographic assumptions | 9.18 | 26.15 |
| Recognised net actuarial loss arising from experience variance | 303.06 | 59.53 |
| Re-measurement loss/(gain) in other comprehensive income | 111.78 | (3.52) |

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| (iv) The principal assumptions used in determining gratuity obligations for the Company's plans disclosed below | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Discount rate | 7.15% | 7.25% |
| Salary escalation rate | | |
| - onsite | 2.50% | 2.50% |
| - offshore | 6.00% | 10.00% |
| Attrition rate | | |
| - up to 5 years | 24.00% | 26.00% |
| - more than 5 years | 15.00% | 15.00% |
| Retirement age | 60 Years | 60 Years |
| Mortality rate [as a percentage of Indian assured lives mortality (2012-2014)] | 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.

A quantitative sensitivity analysis for significant assumption as at 31 March 2024 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%) | (46.83) | 51.73 |
| Salary growth rate (Increase or decrease by 1%) | 52.01 | (47.92) |
| Attrition rate (Increase or decrease by 50% of attrition rate) | (28.57) | 20.94 |
| Mortality rate (Increase or decrease by 10% of mortality rate) | 0.17 | (0.17) |

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 is as shown below:

| Particulars | Gratuity | |
|--|----------|----------|
| | Increase | Decrease |
| Discount rate (Increase or decrease by 1%) | (23.37) | 24.93 |
| Salary growth rate (Increase or decrease by 1%) | 25.60 | (24.41) |
| Attrition rate (Increase or decrease by 50% of attrition rate) | 6.19 | (33.53) |
| Mortality rate (Increase or decrease by 10% of mortality rate) | 0.11 | (0.11) |

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 6 years for the year ended 31 March 2024 and 7 years for the year ended 31 March 2023 respectively. Following is a maturity profile of the defined benefit obligation as at 31 March 2024 and 31 March 2023.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Expected cash flows over the next: (valued on undiscounted basis) | Gratuity | |
|---|------------------------|------------------------|
| | As at 31 March 2024 | As at 31 March 2023 |
| Within the next 12 months | 144.23 | 138.83 |
| Between 2 - 5 years | 528.42 | 373.85 |
| Between 6 - 10 years | 443.13 | 294.43 |
| More than 10 years | 417.80 | 243.32 |

36 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 Technology Services and Solutions, 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 ₹ 17,771.63 lakhs and ₹ 3,561.66 lakhs respectively, which is more than 10% of the total revenue of the Company for the year ended 31 March 2024 and two customers individually accounted for ₹ 14,396.97 lakhs and ₹ 3,319.84 lakhs respectively, which is more than 10% of the total revenue of the Company for the year ended 31 March 2023.

The Company is domiciled in India. The Company's revenue from operations from external customers primarily relate to operations outside India. Revenue from customers located in India for the year ended 31 March 2024 amounts to ₹ 9,370.38 lakhs (31 March 2023: ₹ 7,436.94 lakhs) and from outside India for the year ended 31 March 2024 amounts to ₹ 25,932.06 lakhs (31 March 2023: ₹ 20,877.91 lakhs). Majority of the non-current assets of the Company are located in India.

37 Auditor's remuneration *

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|------------------------|-----------------------------|-----------------------------|
| Statutory audit fees | 65.00 | 65.00 |
| Other fees ^ | 4.00 | 4.00 |
| Out of pocket expenses | 4.80 | 4.13 |
| | 73.80 | 73.13 |

* excluding goods and service tax

^ Net off ₹ 168.24 lakhs incurred during the year ended 31 March 2024 towards QIP

38 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

39 Share-based payments to employees

Employee stock option scheme

The Company has two ESOP schemes titled "AXISCADES Employee Stock Option Plan- Series 1" and "AXISCADES Employee Stock Option Plan- Series 2" under which option to subscribe for the Company's shares can be granted to certain executive and senior employees.

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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.

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Total expense arising from share-based payment transactions* | 586.13 | 747.77 |

* Net of cross charge/(reversal) of ₹ 39.45 lakhs (31 March 2023: ₹ (88.05) lakhs)

Movements during the year

The following table summarises the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

| | 31 March 2024 | | 31 March 2023 | |
|--------------------------------|------------------|--------------|------------------|--------------|
| | Number | WAEP (₹) | Number | WAEP (₹) |
| Outstanding at 1 April | 50,14,394 | 68.48 | 52,99,674 | 67.47 |
| Granted during the year | - | - | - | - |
| Forfeited during the year | (7,18,381) | 51.20 | - | - |
| Exercised during the year | (4,25,632) | 52.27 | (2,85,280) | 52.67 |
| Expired during the year | - | - | - | - |
| Outstanding at March 31 | 38,70,381 | 73.30 | 50,14,394 | 68.48 |
| Exercisable at March 31 | 7,01,097 | 51.36 | 3,77,520 | 52.70 |

The weighted average remaining contractual life for the share options outstanding as at 31 March 2024 was 5.58 years (31 March 2023: 6.31 years).

No options were granted during the year ended 31 March 2024 and 31 March 2023.

The range of exercise prices for options outstanding at the end of the year was ₹ 51.20 to ₹ 83.52 (31 March 2023: ₹ 51.20 to ₹ 83.52).

Details of share options exercised during the year ended 31 March 2024 and 31 March 2023

| Number of options exercised | Year | Exercise date | Share price (₹) at exercise date |
|-----------------------------|---------|------------------|----------------------------------|
| 24,470 | 2023-24 | 29 March 2024 | 553.15 |
| 143,491 | 2023-24 | 13 March 2024 | 504.80 |
| 257,671 | 2023-24 | 17 August 2023 | 576.05 |
| 196,280 | 2022-23 | 03 December 2022 | 303.10 |
| 89,000 | 2022-23 | 17 May 2022 | 149.05 |

The following tables list the inputs to the model used for the scheme for the year ended 31 March 2024 and 31 March 2023 respectively:

| | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| Weighted average fair values at the measurement date | 57.71 | 47.28 |
| Dividend yield (%) | - | - |
| Expected volatility (%) | 54.70%-57.23% | 54.70%-57.23% |
| Risk-free interest rate (%) | 5.48%-7.25% | 5.48%-7.16% |
| Expected life of share options(years) | 4.5 years | 5.5 years |
| Model used | Black-Scholes | 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

40 Transfer pricing

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 2024 following a detailed transfer pricing study conducted for the financial year ended 31 March 2023. 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.

41 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 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | |
| Explosoft Tech Solutions Private Limited | 26.50 | 10.00 | 26.50 | 10.00 | Nil |
| Epcogen Private Limed | 150.00 | - | 150.00 | - | Nil |

1. The above loans have been given for their working capital requirements.
2. There are no outstanding debts due from the directors or other officers of the Company.

42 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 31 March 2024 and 31 March 2023. The details in respect of such dues are as follows:

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Principal amount remaining unpaid to any supplier as at the end of the accounting year | 221.40 | 82.67 |
| 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 | - | 8.62 |
| 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; | 10.32 | 23.82 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 10.32 | 23.82 |
| 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. | 34.14 | 23.82 |

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 2024

(All amounts in ₹ lakhs, unless otherwise stated)

43 Ratio analysis and its elements

| Particulars | Numerator | Denominator | 31 March 2024 | 31 March 2023 | % Change | Reason for variance |
|--------------------------------------|--|---|---------------|---------------|----------|--|
| (a) Current ratio | Current assets | Current liabilities | 1.42 | 0.58 | 146.85% | Current ratio is improved during the current year as a result of increase in current assets and decrease in current liabilities due to proceeds received through QIP |
| (b) Debt-equity ratio | Total debt* | Shareholder's equity | 0.80 | 2.15 | -62.81% | Debt-equity ratio is improved on account of borrowings have been repaid during the year using the proceeds received through QIP |
| (c) Debt service coverage ratio | Earnings for debt service = Net profit after taxes + Non-cash operating expenses | Debt service = Interest & Lease payments + Principal repayments | 0.57 | 0.71 | -19.72% | - |
| (d) Return on equity ratio | Net loss after taxes | Total equity | (0.02) | (0.12) | -87.64% | Return on equity ratio is improved due to decrease in loss and increase in equity |
| (e) Trade receivables turnover ratio | Net sales = Gross sales | Average trade receivable | 5.69 | 6.27 | -9.25% | - |
| (f) Trade payables turnover ratio | Other expenses | Average trade payable | 3.76 | 4.44 | -15.29% | - |
| (g) Net capital turnover ratio | Net sales = Total sales | Working capital = Current assets – Current liabilities | 5.44 | (3.24) | -268.05% | There is a increase in current assets and decrease in short term borrowings and other current liabilities due to proceeds received through QIP |
| (h) Net profit ratio | Net loss after taxes | Net sales = Total sales | (0.01) | (0.07) | -83.95% | Decrease in loss after tax during the year. |
| (i) Return on capital employed | Earnings before interest and taxes | Capital Employed = Tangible Net Worth + Total Debt | 0.07 | 0.03 | 141.95% | Increase in earnings before interest and taxes compared to previous year |
| (j) Return on investment | Interest (Finance income) | Investment | 0.07 | 0.29 | -77.26% | Due to reduction in average fixed deposits during the current year |

*Total Debt includes lease liabilities

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

44 Contingent liability

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Claims against the company not acknowledged as debts | | |
| Indirect tax matters for demands pending before various appellate authorities (refer note (i) below) | 1,010.72 | 956.39 |
| Direct tax matters under dispute/ pending before Income Tax Authorities (refer note (ii) below) | 358.00 | 3,638.00 |
| Financial guarantees | | |
| Corporate Guarantee for a facility granted to a subsidiary (refer note 28) | 3,500.00 | 3,500.00 |
| Bank Guarantees | 47.18 | - |
| | 4,915.90 | 8,094.39 |

- (i) The Company has received demand notices from the authorities under the Finance Act, 1994 for non-payment of Service tax on reverse charge mechanism for the period April 2006 to September 2010 and also received demand notices from GST authorities under Goods and Service Tax Act, 2017 for non-payment of GST on reverse charge mechanism, excess ITC availed and ITC of input service distributor not appearing in GSTR 2A for the period FY 2017-2018 to FY 2018-2019. The Company is contesting the above demands and has filed appeals against the above orders. Pending outcome of the appellate proceedings and based on advise from the Company's tax consultants, no adjustments has been made in the financial statements in this regard.
- (ii) During the year ended 31 March 2023, the Company has received an income tax demand (including interest) aggregating EUR 41.17 lakhs (₹ 3,280 lakhs) for the FY 2015-16 to FY 2017-18 from the German tax authorities. The Company's position was upheld in the appellate process and has received a favourable order dismissing the demand and interest from the German tax authorities. In respect of other income tax matters, the Company has received assessment orders in respect of certain financial years giving raise to additional income tax demand (including interest) on account of certain adjustments in relation to disallowances of expenses and certain tax benefits. The Company has contested such demand and appeal is pending at appellate level. Pending outcome of the appellate proceedings and based on advise from the Company's tax consultants, no adjustments has been made in the financial statements in this regard.

45 Assets held for sale

In the meeting held on 27 March 2024, the Board of Directors of the Company had approved for the sale of Leasehold land and Office building situated at D-30, Sector-3, Noida, Uttar Pradesh. The Company has entered into an agreement to sell the aforesaid property and the transfer is expected within next 12 months and accordingly the assets are grouped under "Assets held for sale".

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Property, plant and equipment (refer note 3) | 112.52 | - |
| Right-of-use asset (refer note 29) | 717.66 | - |
| | 830.18 | - |

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

46 Issue of equity shares through QIP

During the year, the Company allotted 3,323,262 Equity shares of ₹ 5 each at an issue price of ₹ 662 per equity share aggregating ₹ 21,999.99 lakhs through Qualified Institutional Placement (QIP) process to the Qualified Institutional Buyers. These equity shares were allotted on 15 January 2024 and rank pari-passu with existing equity shares.

| | | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------|-----------------------------|-----------------------------|
| Gross proceeds raised through issue of equity shares | (A) | 21,999.99 | |
| Expenses related to the issue of equity shares through QIP: | | | |
| Recognised in equity | | 1,348.64 | - |
| Expenses recorded in the standalone statement of profit and loss | | 57.61 | - |
| GST - recoverable from tax authorities | | 246.34 | - |
| | (B) | 1,652.59 | - |
| Utilisation proceeds: | | | |
| Repayment/ pre-payment, in full or in part, of certain outstanding borrowings availed by the company | | 11,999.90 | - |
| General corporate purposes | | 1.92 | - |
| | (C) | 12,001.82 | - |
| Unutilised QIP Proceeds as at 31 March 2024 | (A) - (B) - (C) | 8,345.58 | - |

Unutilised QIP Proceeds as at 31 March 2024 are available as

- a) Fixed deposits with monitoring agency amounting to ₹ 8,345.58 lakhs
- b) Bank balances in monitoring agency account is ₹ 1.17 lakhs includes interest received of ₹ 0.85 lakhs on fixed deposits redeemed (refer note 11)
- c) The maximum amount of idle/surplus funds invested during the year was ₹ 19,151.20 lakhs

47 The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that, audit trail feature is not enabled i) for the changes made to the master data; and ii) at the database level. Further, audit trail feature has not been tampered with, in respect to accounting software where the audit trail has been enabled.

48 Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) The Company does not have any transactions with companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (vii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (viii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

49 Events after the reporting period

There are no events or transactions which have occurred since the balance sheet date which would have a material effect and require adjustments in the standalone 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 : 20 May 2024

For and on behalf of the Board of Directors of

AXISCADES Technologies Limited
CIN NO : L72200KA1990PLC084435

Sd/-

Arun Krishnamurthi

Chief Executive Officer and Managing Director

DIN: 09408190

Place : Bengaluru

Date : 20 May 2024

Sd/-

Shashidhar SK

Group Chief Financial Officer

Place : Bengaluru

Date : 20 May 2024

Sd/-

Abidali Neemuchwala

Chairman and Non-Executive Director

DIN : 02478060

Place : New York

Date : 20 May 2024

Sd/-

Sonal Dudani

Company Secretary

Membership No.: 40415

Place : Bengaluru

Date : 20 May 2024

INDEPENDENT AUDITOR’S REPORT

To the Members of AXISCADES Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AXISCADES 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, 2024, 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 financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “the consolidated 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 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, 2024, 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 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 Financial Statements’ section of our report. We are independent of the Group and 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 financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated 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 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 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 financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| <p>Assessment of Impairment of Goodwill and other intangible assets (as described in note 2(i)(c), 2(i)(e) and note 4 of the consolidated financial statements)</p> <p>The Group’s balance sheet includes ₹ 19,273.83 lakhs of goodwill and other intangible assets, net of impairment.</p> <p>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).</p> <p>Recoverable amounts are based on Management’s assumptions of variables and market conditions such as volume growth rates, future operating expenditure, discount rates and long term growth rates.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We understood, evaluated and tested Holding Company’s Management 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; |

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>The annual impairment testing is considered a significant accounting estimate as the assumptions on which such estimates are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain. Accordingly, we have determined this area to be key audit matters in our audit of the consolidated financial statements.</p> | <ul style="list-style-type: none"> • We engaged experts to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates and methodologies used by the Holding Company's Management to determine the recoverable amount; • We tested the arithmetical accuracy of the impairment testing models; and • We have assessed the disclosure in the consolidated financial statements as per the relevant accounting standards. |

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 financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 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 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 Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated 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 their respective companies 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated 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 their respective companies 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.

The 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 their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 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 financial statements, including the disclosures, and whether the consolidated 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, to express an opinion on the consolidated 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 financial statements of which we are the independent auditors. For the other entities included in the consolidated 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 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 financial statements for the financial year ended March 31, 2024 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 11 subsidiaries, whose financial statements include total assets of ₹ 44,129.56 lakhs as at March 31, 2024, and total revenues of ₹ 21,227.98 lakhs and net cash outflows of ₹ 3,351.58 lakhs for the year ended on that date. These financial statements 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. The consolidated financial statements also include the Group's share of net loss of ₹ 0.30 lakhs for the period September 04, 2023 to March 31, 2024, as considered in the consolidated financial statements, in respect of an associate, whose financial statements, other financial information have been audited by other auditor and whose report have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of Sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such other auditors.
- (b) The accompanying consolidated 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 revenues of Nil and net cash inflows of ₹ 3.00 lakhs for the period April 01, 2023 to September 03, 2023. 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 amounts and disclosures included in respect of the aforesaid subsidiary and our report in terms of Sub-section (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 is not material to the Group.

Our opinion above on the consolidated 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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 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 the subsidiary companies and associate company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
 2. 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 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 except that, with respect to one subsidiary as disclosed in note 52 to the consolidated financial statements, the back-up of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on daily basis and for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g);
 - (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 financial statements;
 - (d) In our opinion, the aforesaid consolidated 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, 2024 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, 2024 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 with reference to consolidated financial statements of the Holding Company and its subsidiary companies and associate company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate incorporated in India, the managerial remuneration for the year ended March 31, 2024 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) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g);
 - (i) 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 financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated financial statements – Refer note 36 to the consolidated financial statements;
 - ii. The Group has made provision, as required under the applicable law or accounting standard for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer notes 18 and 20 to the consolidated financial statements;
 - 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 associate, incorporated in India during the year ended March 31, 2024;
- iv. a) The respective Managements of the Holding Company and its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, as disclosed in the note 51(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and associate to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective Managements of the Holding Company and its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, as disclosed in the note 51(vi) to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries and associate from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. No dividend has been declared or paid during the year by the Holding Company, its subsidiary companies and associate company, incorporated in India.
- vi. Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, except for the instances discussed in note 53 to the consolidated financial statements, the Holding Company, subsidiaries and associate have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded. Further, during the course of our audit, we and the respective auditors of the above referred subsidiaries and associate did not come across any instance of audit trail feature being tampered with, in respect of other accounting software.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Sunil Gaggar

Partner

Membership Number: 104315

UDIN: 24104315BKEXHP4300

Place of Signature: Bengaluru

Date: May 20, 2024

ANNEXURE – 1 TO THE AUDITOR’S REPORT

Annexure 1 referred to in clause 1 of paragraph under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the Consolidated Financial Statements

Re: AXISCADES Technologies Limited (‘the Holding Company’)

Based on our audit and on the consideration of reports of the other auditors on separate financial statements and other financial information of the subsidiary companies and its associate, which are companies incorporated in India, we state that:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

| Sl. No. | Name | CIN | Holding company/ subsidiary/ associate | Clause number of the CARO report which is qualified or is adverse |
|---------|--|-----------------------|--|---|
| 1. | AXISCADES Aerospace & Technologies Private Limited | U72900KA2001PTC028394 | Subsidiary Company | iii(e) and vii(a) |
| 2. | AXISCADES Technologies Limited | L72200KA1990PLC084435 | Holding Company | iii(e) and vii(a) |
| 3. | Cades Studec Technologies (India) Private Limited | U72900KA2006PTC049241 | Subsidiary Company | iii(e) |

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration Number: 101049W/E300004

Sd/-

per Sunil Gaggar

Partner

Membership Number: 104315

UDIN: 24104315BKEXHP4300

Place of Signature: Bengaluru

Date: 20 May 2024

ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AXISCADES 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 financial statements of AXISCADES Technologies Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and its associate, 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 (ICAI). 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated 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, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. 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 with reference to consolidated 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 with reference to consolidated financial statements and their

operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated 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 with reference to consolidated 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 With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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 Group and its associate, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, 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 issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these 5 subsidiaries and one associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and associate incorporated in India.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Sunil Gaggar

Partner

Membership Number: 104315

UDIN: 24104315BKEXHP4300

Place of Signature: Bengaluru

Date: May 20, 2024

CONSOLIDATED BALANCE SHEET

AS AT 31 March, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Notes | As at 31 March 2024 | As at 31 March 2023 |
|--|-------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 6,860.39 | 5,683.68 |
| Goodwill | 4 | 16,210.89 | 11,347.76 |
| Other intangible assets | 5 | 3,062.94 | 2,619.85 |
| Right-of-use assets | 35 | 15,241.59 | 11,568.96 |
| Investment in an associate | 6 | 627.45 | - |
| Financial assets | | | |
| Investments | 7 | 162.68 | 446.19 |
| Other financial assets | 8 | 1,540.98 | 975.53 |
| Deferred tax assets, net | 38 | 2,159.76 | 1,980.33 |
| Non-current tax asset, net | 9 | 1,688.33 | 1,969.68 |
| Other non-current assets | 10 | 68.13 | 42.27 |
| | | 47,623.14 | 36,634.25 |
| Current assets | | | |
| Inventories | 11 | 6,933.42 | 6,585.39 |
| Financial assets | | | |
| Investments | 7 | 2,872.00 | 2,899.98 |
| Trade receivables | 12 | 23,411.68 | 17,902.93 |
| Cash and cash equivalent | 13 | 5,560.98 | 7,506.73 |
| Bank balances other than cash and cash equivalent | 14 | 9,725.09 | 2,456.16 |
| Other financial assets | 8 | 6,659.94 | 5,876.19 |
| Other current assets | 10 | 10,294.41 | 10,576.82 |
| | | 65,457.52 | 53,804.20 |
| Assets held for sale | 48 | 830.18 | - |
| | | 66,287.70 | 53,804.20 |
| | | 1,13,910.84 | 90,438.45 |
| Total assets | | | |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 15 | 2,098.94 | 1,911.50 |
| Other equity | 16 | 56,437.17 | 31,895.57 |
| Non-controlling interests | | 640.07 | 579.20 |
| | | 59,176.18 | 34,386.27 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 10,588.65 | 17,091.32 |
| Lease liabilities | 35 | 6,430.05 | 2,248.00 |
| Other financial liabilities | 20 | 1,701.03 | - |
| Provisions | 18 | 1,169.18 | 908.18 |
| Deferred tax liabilities, net | 38 | 379.60 | - |
| | | 20,268.51 | 20,247.50 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 13,257.56 | 14,309.03 |
| Lease liabilities | 35 | 1,615.96 | 947.85 |
| Trade payables | 19 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 345.25 | 295.89 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 6,027.94 | 7,213.44 |
| Other financial liabilities | 20 | 2,326.35 | 3,636.45 |
| Provisions | 18 | 1,897.72 | 1,766.51 |
| Current tax liabilities, net | 21 | 878.53 | 1,131.26 |
| Other current liabilities | 22 | 8,116.84 | 6,504.25 |
| | | 34,466.15 | 35,804.68 |
| | | 54,734.66 | 56,052.18 |
| | | 1,13,910.84 | 90,438.45 |
| Total equity and liabilities | | | |

The accompanying notes form an integral part of these Consolidated 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 : 20 May 2024

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

Sd/-
Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : 20 May 2024

Sd/-
Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : 20 May 2024

Sd/-
Abidali Neemuchwala
Chairman and Non - Executive Director
DIN : 02478060

Place : New York
Date : 20 May 2024

Sd/-
Sonal Dudani
Company Secretary
Membership No. : 40415

Place : Bengaluru
Date : 20 May 2024

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Notes | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from contracts with customers | 23 | 95,512.05 | 82,162.21 |
| Other income | 24 | 993.73 | 595.84 |
| Total income | | 96,505.78 | 82,758.05 |
| Expenses | | | |
| Cost of raw material and components consumed | 25 | 16,256.90 | 14,366.98 |
| Purchase of traded goods | 26 | 2,267.79 | 3,419.82 |
| Decrease in inventories of finished goods, work-in-progress and traded goods | 27 | 25.01 | 131.83 |
| Employee benefits expense | 28 | 50,014.73 | 36,089.20 |
| Finance costs | 29 | 5,636.79 | 3,589.98 |
| Depreciation and amortisation expense | 30 | 3,379.12 | 2,651.83 |
| Other expenses | 31 | 13,623.03 | 13,597.86 |
| Total expense | | 91,203.37 | 73,847.50 |
| Profit before share in loss of an associate, exceptional items and tax | | 5,302.41 | 8,910.55 |
| Share in loss of an associate, net of tax | 6 | (0.30) | (4.41) |
| Profit before exceptional items and tax | | 5,302.11 | 8,906.14 |
| Exceptional items | 32 | - | (6,803.74) |
| Profit before tax | | 5,302.11 | 2,102.40 |
| Income tax expense: | 38 | | |
| (i) Current tax | | 2,139.09 | 2,085.61 |
| (ii) Adjustment of tax relating to earlier years | | 20.43 | (368.00) |
| (iii) Deferred tax (credit)/charge | | (198.35) | 864.61 |
| Total income tax expense | | 1,961.17 | 2,582.22 |
| Profit/(loss) after tax for the year | | 3,340.94 | (479.82) |
| Other comprehensive income | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| Remeasurement (losses)/gains on defined benefit plans | 41 | (137.18) | 5.50 |
| Income tax effect | | 37.53 | (1.43) |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | | (99.65) | 4.07 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| a) Gains/(losses) on cash flow hedges | 40 | 59.45 | (28.72) |
| Income tax effect | | (16.54) | 8.00 |
| | | 42.91 | (20.72) |
| b) Exchange differences on translation of foreign operations | | 193.05 | 528.68 |
| Income tax effect | | - | - |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | 235.96 | 507.96 |
| Other comprehensive income for the year, net of tax | | 136.31 | 512.03 |
| Total comprehensive income for the year, net of tax | | 3,477.25 | 32.21 |
| Total profit/(loss) attributable to: | | | |
| Owners of the Company | | 3,280.78 | (523.25) |
| Non-controlling interests | | 60.16 | 43.43 |
| Other comprehensive income attributable to: | | | |
| Owners of the Company | | 137.17 | 511.02 |
| Non-controlling interests | | (0.86) | 1.01 |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | | 3,417.95 | (12.23) |
| Non-controlling interests | | 59.30 | 44.44 |
| Earnings/(loss) per equity share ('EPS') in ₹ [nominal value of shares ₹ 5 (31 March 2023: ₹ 5)] | 33 | | |
| Basic, computed on the basis of profit for the year attributable to equity holders of the parent | | 8.40 | (1.37) |
| Diluted, computed on the basis of profit for the year attributable to equity holders of the parent | | 7.74 | (1.37) |

The accompanying notes form an integral part of these Consolidated 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 : 20 May 2024

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

Sd/-
Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN: 09408190

Place : Bengaluru
Date : 20 May 2024

Sd/-
Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : 20 May 2024

Sd/-
Abidali Neemuchwala
Chairman and Non - Executive Director
DIN : 02478060

Place : New York
Date : 20 May 2024

Sd/-
Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 20 May 2024

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Notes | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-------|-----------------------------|-----------------------------|
| Operating activities | | | |
| Profit before tax | | 5,302.11 | 2,102.40 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Exceptional items | 32 | - | 6,803.74 |
| Depreciation and amortisation expense | 30 | 3,379.12 | 2,651.83 |
| Impairment of property, plant and equipment | 31 | - | 203.79 |
| Loss incurred on loss of control on subsidiary | 31 | 317.34 | - |
| Interest income (including fair value change in financial instruments) | 24 | (547.04) | (322.13) |
| Fair value gain on financial instruments at fair value through profit or loss | 24 | (115.57) | (88.77) |
| Dividend income from mutual funds | 24 | (24.00) | (32.51) |
| Finance costs | 29 | 5,636.79 | 3,589.98 |
| Changes in the fair valuation of derivative | 31 | - | 565.18 |
| Provision/liabilities no longer required written back | 24 | (25.41) | (6.44) |
| Gain on lease modification | 24 | - | (7.05) |
| Gain on sale of investment in associate | 24 | - | (39.55) |
| Share of loss of an associate | 6 | 0.30 | 4.41 |
| Recovery of bad debts written off | 24 | (1.27) | (25.12) |
| Advances written off | 31 | 36.98 | 13.40 |
| Provision for doubtful debts and advances and bad debts written off | 31 | 68.70 | 153.44 |
| Share based payments to employees | 28 | 546.68 | 542.75 |
| Provision for foreseeable losses on contracts | 18 | - | 19.37 |
| Loss on export incentive receivable | | - | 17.29 |
| Loss/(profit) on sale of property, plant and equipment | 24,31 | 2.70 | (1.50) |
| Net unrealised foreign exchange loss/(gain) | | 209.91 | (126.96) |
| Operating profit before working capital changes | | 14,787.34 | 16,017.54 |
| Movements in working capital | | | |
| (Increase) in trade receivables | | (4,052.07) | (3,223.48) |
| (Increase) in inventories | | (348.03) | (1,396.02) |
| Decrease/(increase) in other assets including financial assets | | 930.56 | (4,129.35) |
| (Decrease)/increase in trade payables, other liabilities and financial liabilities | | (1,255.80) | 871.96 |
| (Decrease)/increase in provisions | | (17.51) | 189.35 |
| Cash generated from operating activities | | 10,044.49 | 8,330.00 |
| Direct taxes paid, net | | (2,151.09) | (1,266.32) |
| Net cash flows from operating activities (A) | | 7,893.40 | 7,063.68 |
| Investing activities | | | |
| Payments for purchase of property, plant and equipment and intangible assets | | (2,035.07) | (1,088.13) |
| Proceeds from sale of property, plant and equipment | | 26.78 | 27.31 |
| Interest received | | 82.96 | 111.81 |
| Payment of deferred purchase consideration | | (65.67) | (19,036.36) |
| Redemption/(investment) in units of mutual fund units, net | | 448.43 | (1,497.10) |
| Proceeds from sale of investment in associate | | - | 222.55 |
| (Investment) in/redemption of fixed deposits, net | | (9,082.50) | 1,179.04 |
| Investment in shares of subsidiary, net of cash acquired | | (5,649.36) | - |
| Net cash flows used in investment activities (B) | | (16,274.43) | (20,080.88) |
| Financing activities | | | |
| Repayment of principal portion and interest portion of lease liabilities | 35 | (1,973.47) | (1,441.81) |
| Proceeds from long term borrowings | | 21,527.88 | 16,081.40 |
| Repayment of long term borrowings | | (31,754.47) | (2,252.34) |
| Proceeds from short term borrowings, net | | 1,589.35 | 6,463.38 |
| Proceeds from issue of equity shares through QIP | | 21,999.99 | - |
| QIP issue expenses | | (1,348.64) | - |
| Proceeds from exercise of share options | | 222.47 | 150.25 |
| Proceeds from issue of preference shares | | 4.14 | - |
| Dividend paid, net | | (43.34) | - |
| Interest paid | | (3,835.68) | (5,720.82) |
| Net cash flows from financing activities (C) | | 6,388.23 | 13,280.06 |
| Net (decrease)/increase in cash and cash equivalent (A+B+C) | | (1,992.80) | 262.86 |
| Effect of exchange rate changes, net | | 47.05 | 134.38 |
| Cash and cash equivalent at the beginning of the year | | 7,506.73 | 7,109.49 |
| Cash and cash equivalent at the end of the year | 13 | 5,560.98 | 7,506.73 |
| Refer note 17 for changes in liabilities arising from financing activities and for non-cash financing and investing activities. | | | |

The accompanying notes form an integral part of these Consolidated 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 : 20 May 2024

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

Sd/-
Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN: 09408190

Place : Bengaluru
Date : 20 May 2024

Sd/-
Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : 20 May 2024

Sd/-
Abidali Neemuchwala
Chairman and Non - Executive Director
DIN : 02478060

Place : New York
Date : 20 May 2024

Sd/-
Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 20 May 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

For the year ended 31 March 2024

| Equity shares of ₹ 5 each (31 March 2023 : ₹ 5 each), issued, subscribed and fully paid-up | Equity shares | |
|--|----------------------|-----------------|
| | Number (in lakhs) | Amount |
| As at 1 April 2023 | 381.99 | 1,911.50 |
| Add: Issued and subscribed during the year [refer note(i) and (ii) below] | 37.49 | 187.44 |
| At 31 March 2024 | 419.48 | 2,098.94 |

For the year ended 31 March 2023

| Equity shares of ₹ 5 each (31 March 2022 : ₹ 5 each), issued, subscribed and fully paid-up | Equity shares | |
|--|----------------------|-----------------|
| | Number (in lakhs) | Amount |
| As at 1 April 2022 | 379.14 | 1,897.23 |
| Add: Issued and subscribed during the year [refer note (i)] | 2.85 | 14.27 |
| At 31 March 2023 | 381.99 | 1,911.50 |

(i) During the year, the Company allotted 425,632 (31 March 2023 - 285,280) equity shares of ₹ 5 each aggregating ₹ 21.28 lakhs (31 March 2023 - ₹ 14.27 lakhs), consequent to the exercise of stock options by employees of the Company under the "AXISCADES ESOP 2018 – Series 1" and "AXISCADES ESOP 2018 – Series 2".

(ii) During the year, the Company allotted 3,323,262 equity shares of ₹ 5 each aggregating ₹ 166.16 lakhs at an issue price of ₹ 662 per equity share through Qualified Institutional Placement (QIP) process (refer note 50).

B. Other equity (refer note 16)

For the year ended 31 March 2024

| | Reserves and surplus | | | | | Items of OCI | | | Total other equity | Non-controlling interests | Total |
|---|----------------------|--------------------|-------------------|------------------------------|-----------------------------|-----------------|--------------------------------------|---------------|--------------------|---------------------------|------------------|
| | General reserve | Securities premium | Retained earnings | Capital contribution reserve | Share based payment reserve | Capital reserve | Foreign currency translation reserve | Hedge reserve | | | |
| Balance as at 1 April 2023 | 3.39 | 10,416.51 | 12,944.91 | 107.68 | 1,364.83 | 5,698.31 | 1,402.03 | (42.09) | 31,895.57 | 579.20 | 32,474.77 |
| Profit for the year | - | - | 3,280.78 | - | - | - | - | - | 3,280.78 | 60.16 | 3,340.94 |
| Fair value changes on derivatives designated as cash flow hedge, net of tax | - | - | - | - | - | - | - | 42.91 | 42.91 | - | 42.91 |
| Re-measurement losses on defined benefit plans, net of tax | - | - | (98.79) | - | - | - | - | - | (98.79) | (0.86) | (99.65) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | 193.05 | - | 193.05 | - | 193.05 |
| Total comprehensive income for the year | - | - | 3,181.99 | - | - | - | 193.05 | 42.91 | 3,417.95 | 59.30 | 3,477.25 |
| Instruments entirely equity in nature related to NCI | - | - | - | - | - | - | - | - | - | 4.14 | 4.14 |
| Dividend paid | - | - | - | - | - | - | - | - | - | (67.34) | (67.34) |
| Less: Change in fair value of Non-Controlling interest liability | - | - | (44.63) | - | - | - | - | - | (44.63) | - | (44.63) |
| Add/(less): Reclass for Non-Controlling interests | - | - | (64.77) | - | - | - | - | - | (64.77) | 64.77 | - |
| Exercise of share options | - | 324.64 | - | - | (123.46) | - | - | - | 201.18 | - | 201.18 |
| Issue of equity shares through QIP (refer note 50) | - | 21,833.83 | - | - | - | - | - | - | 21,833.83 | - | 21,833.83 |
| Share issue expenses | - | (1,348.64) | - | - | - | - | - | - | (1,348.64) | - | (1,348.64) |
| Share based payments to employees (refer note 43) | - | - | - | - | 546.68 | - | - | - | 546.68 | - | 546.68 |
| Balance as at 31 March 2024 | 3.39 | 31,226.34 | 16,017.50 | 107.68 | 1,788.05 | 5,698.31 | 1,595.08 | 0.82 | 56,437.17 | 640.07 | 57,077.24 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024 (Cont.)

(All amounts in ₹ lakhs, unless otherwise stated)

For the year ended 31 March 2023

| | Reserves and surplus | | | | | Items of OCI | | | Total other equity | Non-controlling interests | Total |
|---|----------------------|--------------------|-------------------|------------------------------|-----------------------------|-----------------|--------------------------------------|----------------|--------------------|---------------------------|------------------|
| | General reserve | Securities premium | Retained earnings | Capital contribution reserve | Share based payment reserve | Capital reserve | Foreign currency translation reserve | Hedge reserve | | | |
| Balance as at 1 April 2022 | 3.39 | 10,197.93 | 13,464.21 | 107.68 | 904.69 | 5,698.31 | 873.35 | (20.48) | 31,229.08 | 534.76 | 31,763.84 |
| (Loss)/profit for the year | - | - | (523.25) | - | - | - | - | - | (523.25) | 43.43 | (479.82) |
| Fair value changes on derivatives designated as cash flow hedge, net of tax | - | - | - | - | - | - | - | (21.61) | (21.61) | 0.89 | (20.72) |
| Re-measurement gains on defined benefit plans, net of tax | - | - | 3.95 | - | - | - | - | - | 3.95 | 0.12 | 4.07 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | 528.68 | - | 528.68 | - | 528.68 |
| Total comprehensive income/(loss) for the year | - | - | (519.30) | - | - | - | 528.68 | (21.61) | (12.23) | 44.44 | 32.21 |
| Exercise of share options | - | 218.58 | - | - | (82.61) | - | - | - | 135.97 | - | 135.97 |
| Share based payments to employees (refer note 43) | - | - | - | - | 542.75 | - | - | - | 542.75 | - | 542.75 |
| Balance as at 31 March 2023 | 3.39 | 10,416.51 | 12,944.91 | 107.68 | 1,364.83 | 5,698.31 | 1,402.03 | (42.09) | 31,895.57 | 579.20 | 32,474.77 |

The accompanying notes form an integral part of these Consolidated Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLPChartered Accountants
ICAI Firm Registration number : 101049W/E300004

Sd/-

per Sunil GaggarPartner
Membership Number : 104315Place : Bengaluru
Date : 20 May 2024**For and on behalf of the Board of Directors of****AXISCADES Technologies Limited**
CIN NO : L72200KA1990PLC084435

Sd/-

Arun KrishnamurthiChief Executive Officer and Managing Director
DIN: 09408190Place : Bengaluru
Date : 20 May 2024

Sd/-

Shashidhar SK

Group Chief Financial Officer

Place : Bengaluru
Date : 20 May 2024

Sd/-

Abidali NeemuchwalaChairman and Non - Executive Director
DIN : 02478060Place : New York
Date : 20 May 2024

Sd/-

Sonal DudaniCompany Secretary
Membership No.: 40415Place : Bengaluru
Date : 20 May 2024

Notes to Consolidated Financial Statements for the year ended 31 March 2024

1. Corporate Information:

AXISCADES Technologies Limited ('the Company' / 'the Holding Company' / 'ACTL') is a public limited company and incorporated on 24 August 1990 under the provisions of the Companies Act applicable in India. The Group operates in the business of Technology Services and Solutions 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 were approved for issue in accordance with a resolution of the directors on 20 May 2024.

The Consolidated Financial Statements comprise financial statements of the Company and its subsidiaries (collectively, "the Group") (CIN: L12345DL2000PTC123456) and an associate listed below:

Information about subsidiaries:

| Name of the subsidiaries | Country of incorporation | Ownership interest (%) | |
|---|--------------------------|------------------------|---------------|
| | | 31 March 2024 | 31 March 2023 |
| AXISCADES, Inc. | USA | 100% | 100% |
| AXISCADES UK Limited, Subsidiary of AXISCADES Inc. ('AXISCADES UK') | UK | 100% | 100% |
| AXISCADES 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') (till 4 September 2023)* | India | 74% | 100% |
| Mistral Technologies Private Limited, subsidiary of MSPL ('MTPL') | India | 100% | 100% |
| Mistral Solutions Inc., subsidiary of MSPL ('MSI') | USA | 100% | 100% |
| Explosoft Tech Solutions Private Limited ('Explosoft') (with effect from 22 December 2022)# | India | 100% | 100% |
| add Solution GmbH ('add Solution') (with effect from 1 August 2023)^ | Germany | 94% | - |
| Epcogen Private Limited ('Epcogen') (with effect from 1 December 2023)® | India | 100% | - |

Associate

| Name of the associate | Country of incorporation | Ownership interest (%) | |
|--|--------------------------|------------------------|---------------|
| | | 31 March 2024 | 31 March 2023 |
| Aero Electronics Private Limited, subsidiary of MSPL ('AEPL') (with effect from 4 September 2023)* | India | 74% | 100% |

* As per the Shareholders' Agreement and Share Subscription Agreement ("Share Agreements") between the Company, Mistral Solutions Private Limited, Aero Electronics Private Limited and third-party Investor ("Investor"), it is agreed between the parties to issue 67,900 Equity Shares and 89,486 Cumulative Convertible Preference Shares of AEPL to the Investor for a

Notes to Consolidated Financial Statements for the year ended 31 March 2024

purchase consideration aggregating ₹ 1,397.59 lakhs and the Investor is entitled to appoint and remove the majority of directors on the Board of Directors of AEPL. Accordingly, the Group has lost control over AEPL. The Group continues to exercise significant influence over AEPL and account for the investments in AEPL under equity method as an associate in the Consolidated Financial Statements of the Group (refer note 6).

On 22 December 2022, consequent to non-approval of the scheme of amalgamation, the Company has acquired 100% shares of Explosoft in cash (refer note 20(4)(iii)).

^ During the year ended 31 March 2024, AXISCADES GmbH, acquired 94% of shareholding in Add Solution GmbH. Further, Axiscades GmbH has an option to purchase and the shareholders of Add Solution have an option to sell remaining 6% shares of Add Solution (refer note 47 for further details).

® On 1 December 2023, the Company has acquired 100% shareholding in Epcogen for a consideration of ₹ 2,625 lakhs (refer note 47 for further details).

2 (i) Material accounting policies

a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements.

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.

Derivative financial instruments,

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and

Contingent consideration

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

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and

an associate as at 31 March 2024. 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 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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

31 March 2024. 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 AS 12, 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.

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 non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received, with the exception of the costs of issuing debt or equity securities that are recognised in accordance with Ind AS 32 and Ind AS 109.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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 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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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.

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.

Notes to Consolidated Financial Statements for the year ended 31 March 2024

d) Investment in associate

The group holds an interest in an associate, Aero Electronics Private Limited. The financial statements of Aero Electronics Private Limited are prepared for the same reporting period as the Group. The accounting policies of AEPL are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the loss of the investee after the date AEPL becomes an 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 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 AEPL becomes an associate.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of that investee 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.

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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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.

Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Evaluation of indicators for impairment of non-financial assets (including investments in subsidiaries)

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

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 other financial assets.

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)

The cost of the defined benefit gratuity plan and the

present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 41.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 39 for further disclosures.

Contingent consideration, 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 a financial liability, it is subsequently remeasured to fair value 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. (see note 48 for details)

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 Group 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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates) when available

Provision for expected credit losses of trade receivables and financial assets

The Group uses a provision matrix to calculate ECLs for trade receivables and financial assets arriving provision rates based on days past due. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 40. The Group did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant.

Share-based payments

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 43.

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.

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.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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 equivalent. 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

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. 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. Refer to significant accounting judgements, estimates and assumptions [refer note 2(i)(e)] and provisions (note 18) for further information about the recorded decommissioning provision.

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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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 residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

An item of property, plant and equipment initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. 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.

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.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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. Order backlog is amortised over a period of 2 years.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised.

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

i) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing

Notes to Consolidated Financial Statements for the year ended 31 March 2024

for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used.

Impairment losses are recognised in the statement of profit and loss.

For assets an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such

reversal is recognised in the statement of profit and loss.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

j) Revenue from contract with customer

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 because it typically controls the goods or services before transferring them to the customer.

Revenue towards satisfaction of a performance obligation is measured at the amount of the transaction price (net of variable consideration) allocated to that performance obligation. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group derives its revenue primarily from engineering design services, professional engineering services, sale of products and system engineering and traded sales.

The Group derives its revenue primarily from engineering design services, professional engineering services, sale of products and system engineering and traded sales.

Revenue from engineering design services include services entailing delivering of numerous engineering design reports as per specifications provided by the customers that are used in aerospace, automotive and other industries. These design reports are generally prepared and delivered within a period ranging between one to three days. Each of these reports are separate performance obligation with a transaction price agreed with the customers. Revenue from these contracts is recognized over time 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 professional engineering services includes development contracts 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 the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards

Notes to Consolidated Financial Statements for the year ended 31 March 2024

completion as there is a direct relationship between input and productivity.

Revenue from sale of products is recognised over time if one of the following criteria is met:

- a) the customer simultaneously consumes the benefit of the Group's performance or
- b) the customer controls the asset as it is being created/enhanced by the Group's performance or
- c) there is no alternative use of the asset and the Group has either explicit or implicit right of payment considering legal precedents.

In all other cases, revenue from sale of products is recognized at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. The contracts that Group enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Revenue from maintenance services is recognised over time if they meet over the time criteria otherwise revenue is recognised at a point in time. Revenue from fixed price maintenance contracts is recognized ratably over the term of the underlying maintenance arrangement.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Other operating income includes export incentives and benefits arising out of transactions from the operations at the Group where payment is not done by the Group. Export incentives are accrued in the year when the right to receive credit is established in respect of exports made. Other operating income is recognised when there is reasonable certainty about its realisation.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are

not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Variable Consideration:

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Significant financing component :

In certain contracts, the Group receives short-term advances before the performance obligation is satisfied. There is no significant financing component for those contracts where the customer pay in advance as per the terms of the contract. 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.

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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 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). Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 2 (s) Impairment of financial assets.

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.

Contract liabilities:

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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. The group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included

Notes to Consolidated Financial Statements for the year ended 31 March 2024

in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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.

I) Leases

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.

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:

| | |
|---------------------|--------------|
| Buildings | 3 to 9 years |
| Plant and machinery | 3 years |

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 note 2(i)(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.

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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 currencies

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

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

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.

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

n) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

o) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of

manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

Goods in transit are valued at actual cost.

The Group periodically assesses the inventory for obsolescence and slow moving stocks

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

p) Income taxes

Tax expense comprises current tax expense and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial

Notes to Consolidated Financial Statements for the year ended 31 March 2024

recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

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.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount

of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity which intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by the terms of contract. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition

Notes to Consolidated Financial Statements for the year ended 31 March 2024

is based on historical experience. The initial estimate of warranty-related costs is revised annually.

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

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities)

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.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for

managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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.

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.

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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. Financial liabilities like non convertible debentures are measured at amortised cost using the effective interest method.

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/ loss 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 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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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.

For the purpose of hedge accounting, hedges are classified as:

- a. Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- b. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- c. Hedges of a net investment in a foreign operation.

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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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 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:

- 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 Group 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 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

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

Notes to Consolidated Financial Statements for the year ended 31 March 2024

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.

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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Management present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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

u) Cash and cash equivalent

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 equivalent 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, 'Technology Services and Solutions' 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

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

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. Further details are given in note 43.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

z) Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly

(All amounts in ₹ lakhs, unless otherwise stated)

attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale. Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

2(ii) Changes in accounting policies and disclosures

There are no new accounting policies applied during the current year

2(iii) New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Group applied for the first-time these amendments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Group previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

2(iv) Standards notified but not yet effective

There are no standards that are notified and not yet effective as on the date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

3 Property, plant and equipment (PPE)

| | Freehold land | Computers | Furniture and fixtures | Test equipments | Office equipments | Electrical installations | Vehicles | Office building | Leasehold improvements | Plant and machinery | Total |
|---|-----------------|-----------------|------------------------|-----------------|-------------------|--------------------------|---------------|-----------------|------------------------|---------------------|------------------|
| Cost or valuation | | | | | | | | | | | |
| Balance as at 1 April 2022 | 3,370.50 | 1,932.50 | 291.70 | 335.25 | 319.23 | 12.18 | 380.62 | 621.38 | 384.78 | 1,910.61 | 9,558.75 |
| Additions | - | 297.57 | 40.30 | 34.83 | 82.19 | - | 186.75 | - | 177.15 | 10.15 | 828.94 |
| Disposals | - | (334.29) | (86.44) | - | (37.55) | (10.09) | (28.83) | - | (13.24) | (49.00) | (559.44) |
| Other adjustments (refer note 1 below) | - | 8.44 | 2.04 | - | 0.85 | - | - | - | - | - | 11.33 |
| Balance as at 31 March 2023 | 3,370.50 | 1,904.22 | 247.60 | 370.08 | 364.72 | 2.09 | 538.54 | 621.38 | 548.69 | 1,871.76 | 9,839.58 |
| Additions | - | 603.62 | 27.30 | 47.36 | 26.78 | - | 258.29 | - | 168.86 | 7.49 | 1,139.70 |
| Disposals | - | (21.98) | (0.51) | (1.63) | (5.73) | - | (76.49) | - | (5.50) | (16.92) | (128.76) |
| Acquisition of subsidiaries (refer note 48) | 64.68 | 247.04 | - | - | 4.02 | - | 6.62 | 658.59 | - | - | 980.95 |
| Assets held for sale (refer note 49) | - | - | - | - | - | - | - | (135.55) | - | - | (135.55) |
| Other adjustments (refer note 1 below) | - | 1.85 | 0.15 | - | (0.01) | - | - | (1.15) | - | - | 0.84 |
| Balance as at 31 March 2024 | 3,435.18 | 2,734.75 | 274.54 | 415.81 | 389.78 | 2.09 | 726.96 | 1,143.27 | 712.05 | 1,862.33 | 11,696.76 |
| Depreciation | | | | | | | | | | | |
| Balance as at 1 April 2022 | - | 1,451.83 | 212.19 | 256.36 | 216.92 | 10.51 | 142.09 | 63.04 | 101.82 | 1,323.26 | 3,778.02 |
| Charge for the year | - | 252.69 | 35.74 | 27.42 | 39.70 | 0.15 | 66.40 | 11.35 | 111.70 | 152.01 | 697.16 |
| Disposals | - | (331.26) | (80.25) | - | (36.81) | (10.09) | (22.91) | - | (3.21) | (49.00) | (533.53) |
| Impairment (refer note 5 below) | - | - | - | - | - | - | - | - | - | 203.79 | 203.79 |
| Other adjustments (refer note 1 below) | - | 8.14 | 1.86 | - | 0.46 | - | - | - | - | - | 10.46 |
| Balance as at 31 March 2023 | - | 1,381.40 | 169.54 | 283.78 | 220.27 | 0.57 | 185.58 | 74.39 | 210.31 | 1,630.06 | 4,155.90 |
| Charge for the year | - | 393.67 | 24.51 | 33.57 | 40.39 | 0.15 | 96.96 | 51.64 | 123.11 | 41.13 | 805.13 |
| Disposals | - | (21.34) | (0.51) | (1.23) | (6.67) | - | (51.19) | - | (5.50) | (12.84) | (99.28) |
| Assets held for sale (refer note 49) | - | - | - | - | - | - | - | (23.03) | - | - | (23.03) |
| Other adjustments (refer note 1 below) | - | (1.60) | 0.11 | - | (0.06) | - | - | (0.80) | - | - | (2.35) |
| Balance as at 31 March 2024 | - | 1,752.13 | 193.65 | 316.12 | 253.93 | 0.72 | 231.35 | 102.20 | 327.92 | 1,658.35 | 4,836.37 |
| Net book value | | | | | | | | | | | |
| As at 31 March 2024 | 3,435.18 | 982.62 | 80.89 | 99.69 | 135.85 | 1.37 | 495.61 | 1,041.07 | 384.13 | 203.98 | 6,860.39 |
| As at 31 March 2023 | 3,370.50 | 522.82 | 78.06 | 86.30 | 144.45 | 1.52 | 352.96 | 546.99 | 338.38 | 241.70 | 5,683.68 |

Notes

- Represents adjustments consequent to foreign exchange translation of property, plant and equipment in foreign geographies.
- Capitalised borrowing cost
No borrowing costs are capitalised during the year ended 31 March 2024 (31 March 2023: Nil).
- Property, plant and equipment pledged as security
Details of properties pledged are as per note 17.
- 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 18).
- Impairment of property, plant and equipment
During the previous year ended 31 March 2023, the impairment loss of ₹ 203.79 lakhs on the write-down value of certain plant and machinery as a result of technological obsolescence. This was recognised in the statement of profit and loss (refer note 31).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

4 Goodwill

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| (a) | | |
| Gross carrying value at the beginning of the year | 15,823.29 | 15,823.29 |
| Acquisition of subsidiary companies (refer note 48) | 4,823.42 | - |
| Accumulated Impairment loss and foreign exchange translation differences on goodwill | (4,435.82) | (4,475.53) |
| Net carrying value at the end of the year | 16,210.89 | 11,347.76 |

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.

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 impairment loss and foreign exchange translation differences, as at 31 March 2024 and 31 March 2023 is as below:

| Entity | Allocated operating segment / CGU | As at 31 March 2024 | As at 31 March 2023 |
|--|-----------------------------------|------------------------|------------------------|
| AXISCADES UK Limited | | 135.71 | 130.95 |
| AXISCADES Inc. | | 2,440.97 | 2,406.02 |
| Cades Studec Technologies India Private Limited | Technology Services and Solutions | 446.07 | 446.07 |
| add solution GmbH | | 2,039.20 | - |
| Epcogen Private Limited | | 2,784.22 | - |
| AXISCADES Aerospace & Technologies Private Limited | Strategic Technology Solutions | 1,419.98 | 1,419.98 |
| Mistral Solutions Private Limited | | 6,944.74 | 6,944.74 |
| | | 16,210.89 | 11,347.76 |

(b) The recoverable amount of the Technology Services and Solutions CGU and Strategic Technology Solutions CGU as at 31 March 2024, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five to six-years period. 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 Group has engaged an independent external valuer to carry out an assessment of any impairment on goodwill and other intangibles. The recoverable amount of all CGUs has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by senior management covering a period of five to six years. It was concluded that the recoverable amount exceeded the carrying amount.

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 and operating margins
- (ii) Discount rates
- (iii) Terminal growth rates

Revenue growth rates and 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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 10.30% to 24.00% (31 March 2023: 11.40% to 16.20%) for computation of value in use of different CGUs. 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 five to six years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long term sustainable annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The group has assumed a growth rate ranging from 0.5% to 6% (31 March 2023: 1% to 5%) for computation of value in use.

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase the operating costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

5 Other intangible assets

| | Computer software | Non-competee fee | Customer contract | Order backlog | Process manuals | Total |
|---|-------------------|------------------|-------------------|---------------|-----------------|------------------|
| Cost | | | | | | |
| Balance as at 1 April 2022 | 1,911.21 | 1,500.87 | 3,127.52 | - | 1,849.38 | 8,388.98 |
| Additions | 384.36 | - | - | - | - | 384.36 |
| Disposals | (8.05) | - | - | - | - | (8.05) |
| Other adjustments (refer note 1 below) | 0.46 | - | - | - | - | 0.46 |
| Balance as at 31 March 2023 | 2,287.98 | 1,500.87 | 3,127.52 | - | 1,849.38 | 8,765.75 |
| Additions | 321.93 | - | - | - | - | 321.93 |
| Acquisition of subsidiaries (refer note 48) | 1.12 | - | 797.59 | 163.14 | - | 961.85 |
| Other adjustments (refer note 1 below) | (2.78) | - | - | - | - | (2.78) |
| Balance as at 31 March 2024 | 2,608.25 | 1,500.87 | 3,925.11 | 163.14 | 1,849.38 | 10,046.75 |
| Amortisation | | | | | | |
| Balance as at 1 April 2022 | 1,635.73 | 650.35 | 1,355.29 | - | 1,849.38 | 5,490.75 |
| Charge for the year | 200.00 | 150.08 | 312.76 | - | - | 662.84 |
| Disposals | (8.05) | - | - | - | - | (8.05) |
| Other adjustments (refer note 1 below) | 0.36 | - | - | - | - | 0.36 |
| Balance as at 31 March 2023 | 1,828.04 | 800.43 | 1,668.05 | - | 1,849.38 | 6,145.90 |
| Charge for the year | 265.98 | 150.08 | 365.93 | 55.15 | - | 837.14 |
| Other adjustments (refer note 1 below) | 0.77 | - | - | - | - | 0.77 |
| Balance as at 31 March 2024 | 2,094.79 | 950.51 | 2,033.98 | 55.15 | 1,849.38 | 6,983.81 |
| Net book value | | | | | | |
| As at 31 March 2024 | 513.46 | 550.36 | 1,891.13 | 107.99 | - | 3,062.94 |
| As at 31 March 2023 | 459.94 | 700.44 | 1,459.47 | - | - | 2,619.85 |

Notes:

- 1 Represents adjustments consequent to foreign exchange translation of other intangible assets in foreign geographies.
- 2 Refer note 17 for details of assets pledged as security for borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

6 Investment in an associate

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Non-current | | |
| Investment in equity shares of Aero Electronics Private Limited [refer note (i) below] | 627.45 | - |
| | 627.45 | - |

(i) Aero Electronics Private Limited

As per the Shareholders' Agreement and Share Subscription Agreement ("Share Agreements") between Mistral Solutions Private Limited ("MSPL"), Aero Electronics Private Limited ("Aero Electronics"), then subsidiary of MSPL and a third-party Investor ("Investor"), it is agreed between the parties to issue 67,900 Equity Shares and 89,486 Cumulative Convertible Preference Shares of Aero Electronics to the Investor for a purchase consideration aggregating ₹ 1,397.59 lakhs and the Investor is entitled to appoint and remove the majority of directors on the Board of Directors of Aero Electronics. Accordingly, the Group has lost control over Aero Electronics and derecognised the assets and liabilities related to Aero Electronics and recorded a loss on disposal of subsidiary of ₹ 317.34 lakhs in the consolidated Statement of Profit and Loss of the Group, grouped under other expenses, for the year ended 31 March 2024. The Group continues to exercise significant influence over Aero Electronics and account for the investments in Aero Electronics under equity method as an associate in the consolidated financial statements of the Group.

| | As at 31 March 2024 |
|--|------------------------|
| Current assets | 220.65 |
| Non-current assets | 392.22 |
| Current liabilities | 0.91 |
| Non-current liabilities | - |
| Equity | 611.96 |
| Add: ROU land de-recognised on loss of control on subsidiary | 553.28 |
| Less: Loss incurred on loss of control on subsidiary | (317.34) |
| | 847.90 |
| Proportion of the Group's ownership | 74% |
| Carrying amount of the investment | 627.45 |

| | For the period ended from 4 September 2023 to 31 March 2024 |
|---------------------------------------|---|
| Revenue from contracts with customers | - |
| Other Income | - |
| Depreciation and amortisation expense | - |
| Employee benefits expense | - |
| Other expenses | 0.40 |
| Loss before tax | 0.40 |
| (i) Current tax | - |
| (ii) Deferred tax | - |
| Loss for the year | 0.40 |
| Group's share of loss for the year | 0.30 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

The associate had no contingent liabilities or capital commitments as at 31 March 2024.

(ii) ASSYSTEM AXISCADES Engineering Private Limited

The Company entered into a agreement on 10 April 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 Financial Statements.

On 11 July 2022, the Company has sold the investment in its associate ASSYSTEM AXISCADES Engineering Private Limited, for an amount of ₹ 222.55 lakhs. The Group has recorded the gain on sale of an associate of ₹ 39.55 lakhs on the sale of aforesaid investment in the Consolidated Statement of Profit and Loss for the year ended 31 March 2023 (refer note 24).

The following table gives the summarised financial information of the Group's investment in AAEPL:

| | For the period ended from 1 April 2022 to 11 July 2022 |
|---------------------------------------|--|
| Revenue from contracts with customers | - |
| Other Income | 3.02 |
| Depreciation and amortisation expense | (3.77) |
| Employee benefits expense | (0.69) |
| Other expenses | (7.38) |
| Loss before tax | (8.82) |
| (i) Current tax | - |
| (ii) Deferred tax | - |
| Loss for the year | (8.82) |
| Group's share of loss for the period. | (4.41) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

7 Investments

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| Unquoted | | |
| i) Investments (at amortised cost) | | |
| National savings certificate | 0.05 | 0.05 |
| Total investment carried at amortised cost | 0.05 | 0.05 |
| ii) Investment in equity shares of other companies (at FVTPL) | | |
| Axis Cogent Global Limited | - | - |
| 946,822 (31 March 2023: 946,822) equity shares of ₹ 10 each, fully paid up | | |
| Datum Technology Limited | - | - |
| 50,000 (31 March 2023: 50,000) equity shares of ₹ 10 each, fully paid up | | |
| Raaga Axis Avicom Private Limited | - | - |
| 1,000 (31 March 2023: 1,000) equity shares of ₹ 10 each, fully paid up | | |
| iii) Other Investment (at FVTPL) | | |
| Investment in real estate fund | 162.63 | 200.75 |
| Quoted | | |
| iv) Other Investment (at FVTPL) | | |
| Investment in mutual funds | - | 245.39 |
| Total investment carried at fair value through profit or loss | 162.63 | 446.14 |
| | 162.68 | 446.19 |
| Current | | |
| Unquoted | | |
| i) Other investments (at FVTPL) | | |
| Investment in mutual funds | 88.06 | 446.77 |
| Quoted | | |
| ii) Other investments (at FVTPL) | | |
| Investment in mutual funds | 2,783.94 | 2,453.21 |
| Total investment carried at fair value through profit or loss | 2,872.00 | 2,899.98 |
| Aggregate value of investments | 3,034.68 | 3,346.17 |
| Aggregate book value of quoted (current and non-current) investments | 2,783.94 | 2,698.60 |
| Aggregate market value of quoted investments | 2,783.94 | 2,698.60 |
| Aggregate book value of unquoted (current and non-current) investments | 250.74 | 647.57 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

8 Other financial assets

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (carried at amortised cost) | | |
| (Unsecured, considered good) | | |
| Margin money deposits with banks [refer note (i), (ii) and (iii) below] | 716.61 | 105.47 |
| Loans to employees | 15.27 | 32.03 |
| Security deposits | 809.10 | 838.03 |
| | 1,540.98 | 975.53 |
| Current | | |
| (carried at amortised cost) | | |
| (Unsecured, considered good) | | |
| Interest accrued on fixed deposits | 186.94 | 44.94 |
| Margin money deposits with banks [refer note (iii) below] | 1,202.43 | - |
| Security deposits | 112.04 | 55.66 |
| Loans to employees | 53.13 | 52.60 |
| Export incentives receivable | 68.46 | 1,619.83 |
| Contract assets - Unbilled revenue | 4,675.42 | 4,022.92 |
| Others | 351.40 | 80.24 |
| | 6,649.82 | 5,876.19 |
| (Unsecured, considered doubtful) | | |
| Contract assets - Unbilled revenue | 104.97 | 104.97 |
| Security deposits | 58.34 | 58.34 |
| | 163.31 | 163.31 |
| Less : | | |
| Allowance for Contract assets - Unbilled revenue | (104.97) | (104.97) |
| Allowance for doubtful security deposit | (58.34) | (58.34) |
| | (163.31) | (163.31) |
| (carried at FVTOCI) | | |
| (Unsecured, considered good) | | |
| Hedge asset | 10.12 | - |
| | 10.12 | - |
| | 6,659.94 | 5,876.19 |

- (i) Fixed deposits of a carrying amount ₹ 341.07 lakhs (31 March 2023: nil) have been deposited as margin money against the issuance of 12.75% Unrated Unlisted Redeemable Non-Convertible Debentures.
- (ii) Fixed deposits of a carrying amount ₹ 375.54 lakhs (31 March 2023: nil) have been deposited with bank against working capital.
- (iii) Fixed deposits of a carrying amount ₹ 1,202.43 lakhs (31 March 2023: ₹ 105.47 lakhs) have been deposited as margin money against the packing credit facility and the term loan availed from a bank.

Refer note 17 for details of assets pledged as security for borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

9 Non-current tax assets

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Advance income tax (net of provision for tax) | 1,688.33 | 1,969.68 |
| | 1,688.33 | 1,969.68 |

10 Other assets

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (Unsecured, considered good) | | |
| Duties and taxes recoverable | 30.34 | 29.73 |
| Prepaid expenses | 30.02 | 12.54 |
| Capital advances | 7.77 | - |
| | 68.13 | 42.27 |
| (Unsecured, considered doubtful) | | |
| Capital advances | 178.38 | 178.38 |
| | 178.38 | 178.38 |
| Less : Allowance for capital advances | (178.38) | (178.38) |
| | (178.38) | (178.38) |
| | 68.13 | 42.27 |
| Current * | | |
| (Unsecured, considered good) | | |
| Advance to employees | 126.19 | 58.41 |
| Duties and taxes recoverable | 1,472.88 | 1,863.11 |
| Prepaid expenses | 1,431.73 | 1,310.36 |
| Advance to suppliers | 959.59 | 627.52 |
| Deferred rent | 0.67 | 0.96 |
| Unbilled revenue | 6,297.12 | 6,691.08 |
| Other advances | 6.23 | 25.38 |
| | 10,294.41 | 10,576.82 |
| (Unsecured, considered doubtful) | | |
| Duties and taxes recoverable | 27.67 | 27.67 |
| | 27.67 | 27.67 |
| Less : Allowance for duties and taxes recoverable | (27.67) | (27.67) |
| | (27.67) | (27.67) |
| | 10,294.41 | 10,576.82 |

* Refer note 17 for details of assets pledged as security for borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

11 Inventories * (lower of cost or net realisable value)

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Raw material / components [including goods-in-transit of ₹ 77.07 lakhs (31 March 2023: ₹ 112.44 lakhs)] | 5,244.17 | 4,871.13 |
| Work-in-progress | 1,080.88 | 818.08 |
| Finished goods | 507.76 | 748.42 |
| Stock-in-trade [including goods-in-transit of ₹ 39.09 lakhs (31 March 2023: ₹ 28.96 lakhs)] | 100.62 | 147.77 |
| | 6,933.42 | 6,585.39 |

Value of inventories above is stated after provisions for obsolescence/slow moving of ₹ 1,380.28 lakhs (31 March 2023: ₹ 1,220.41 lakhs).

* Refer note 17 for details of assets pledged as security for borrowings.

12 Trade receivables

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Current * | | |
| (a) Trade receivables from other parties | 23,411.68 | 17,902.93 |
| (b) Trade receivable from related parties (refer note 34) | - | - |
| | 23,411.68 | 17,902.93 |
| Break-up for security details: | | |
| Trade receivables | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 23,411.68 | 17,902.93 |
| Trade receivables which have significant increase in credit risk | 139.98 | 257.93 |
| Trade receivables - credit impaired | 154.36 | 5.76 |
| | 23,706.02 | 18,166.62 |
| Impairment Allowance (allowance for bad and doubtful debts) | | |
| Trade receivables which have significant increase in credit risk | (139.98) | (257.93) |
| Trade receivables - credit impaired | (154.36) | (5.76) |
| | (294.34) | (263.69) |
| Total trade receivables | 23,411.68 | 17,902.93 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Trade receivables ageing schedule as at 31 March 2024

| | Unbilled (included in note 8) | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|-------------------------------------|---------------------------|---|----------------------|---------------|--------------|----------------------|------------------|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables - considered good | 4,675.42 | 15,502.16 | 5,286.02 | 2,152.70 | 470.80 | - | - | 23,411.68 |
| (ii) Undisputed trade receivables - which has significant increase in credit risk | - | 2.81 | 4.68 | 13.93 | 50.92 | 45.33 | - | 117.67 |
| (iii) Undisputed trade receivables - credit impaired | - | - | - | 12.88 | 63.39 | - | 44.84 | 121.11 |
| (iv) Disputed trade receivables - considered good | - | - | - | - | - | - | - | - |
| (v) Disputed trade receivables - which has significant increase in credit risk | - | - | - | 22.31 | - | - | - | 22.31 |
| (vi) Disputed trade receivables - credit impaired | - | - | - | - | - | - | 33.25 | 33.25 |
| Total | 4,675.42 | 15,504.97 | 5,290.70 | 2,201.82 | 585.11 | 45.33 | 78.09 | 23,706.02 |

Trade receivables ageing schedule as at 31 March 2023

| | Unbilled (included in note 8) | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|-------------------------------------|---------------------------|---|----------------------|--------------|--------------|----------------------|------------------|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables - considered good | 4,022.92 | 13,310.97 | 3,854.75 | 714.64 | 8.92 | 11.37 | 2.28 | 17,902.93 |
| (ii) Undisputed trade receivables - which has significant increase in credit risk | - | 6.59 | 29.65 | 60.60 | 33.43 | 29.22 | 65.36 | 224.85 |
| (iii) Undisputed trade receivables - credit impaired | - | - | - | - | 0.43 | - | 5.33 | 5.76 |
| (iv) Disputed trade receivables - considered good | - | - | - | - | - | - | - | - |
| (v) Disputed trade receivables - which has significant increase in credit risk | - | - | - | - | - | - | 33.08 | 33.08 |
| (vi) Disputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Total | 4,022.92 | 13,317.56 | 3,884.40 | 775.24 | 42.78 | 40.59 | 106.05 | 18,166.62 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 150 days.

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

For terms and conditions relating to related party receivables, refer note 34.

* Refer note 17 for details of assets pledged as security for borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

13 Cash and cash equivalent *

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Cash on hand | 3.07 | 2.84 |
| Balances with banks | | |
| - On current accounts* | 5,026.70 | 7,503.89 |
| - In QIP monitoring agency account^ | 1.17 | - |
| - On Escrow accounts# | 4.14 | - |
| - Bank deposits with original maturity of less than three months | 525.90 | - |
| | 5,560.98 | 7,506.73 |

* Includes debit balance in cash credit of ₹ 962.66 lakhs (31 March 2023: ₹ 1,218.72 lakhs)

^ This amount represents unutilized QIP proceeds (refer note 50)

Amount received by MSPL from proceeds of issuance of preference shares during the year which is to be utilised for the purpose for which it is received.

(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 31 March 2024, the Group has ₹ 3,649.18 lakhs (31 March 2023: ₹ 5,758.23 lakhs) of undrawn committed borrowing/overdraft facilities

Refer note 17 for details of assets pledged as security for borrowings.

| Note: | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| a) For the purpose of statement of cash flows, cash and cash equivalent comprises the following: | | |
| Cash on hand | 3.07 | 2.84 |
| Balances with banks | | |
| - On current accounts | 5,026.70 | 7,503.89 |
| - In QIP monitoring agency account | 1.17 | - |
| - On Escrow accounts | 4.14 | - |
| - Bank deposits with original maturity of less than three months | 525.90 | - |
| | 5,560.98 | 7,506.73 |

14 Bank balances other than cash and cash equivalent

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Deposits with banks (refer note 50) | 8,345.58 | - |
| Margin money deposits with banks (refer note (i) below) | 1,379.51 | 2,456.16 |
| | 9,725.09 | 2,456.16 |

i Fixed deposits of carrying amount ₹ 1,379.51 lakhs (31 March 2023: ₹ 2,456.16 lakhs) with banks is deposited as margin money against the bank guarantees, overdraft, letter of credit and buyers credit facility availed.

ii Refer note 17 for assets pledged as security for borrowings.

| a) Breakup of financial assets carried at amortised cost | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Investments (Non-current) (refer note 7) | 0.05 | 0.05 |
| Trade receivables (Current) (refer note 12) | 23,411.68 | 17,902.93 |
| Other financial assets (Current and Non Current) (refer note 8) | 8,190.80 | 6,851.73 |
| Cash and cash equivalent (refer note 13) | 5,560.98 | 7,506.73 |
| Bank balances other than cash and cash equivalent (refer note 14) | 9,725.09 | 2,456.16 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

15 Equity share capital

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|------------------------|------------------|------------------------|------------------|
| | Number (in lakhs) | Amount | Number (in lakhs) | Amount |
| Authorised share capital | | | | |
| 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 |
| | 2,041.00 | 10,300.00 | 2,041.00 | 10,300.00 |
| Issued share capital | | | | |
| Equity shares of ₹ 5 each, issued, subscribed and fully paid-up [refer note (i) below] | 419.99 | 2,099.96 | 382.50 | 1,912.52 |
| Subscribed and paid-up | | | | |
| Equity shares of ₹ 5 each (31 March 2023: ₹ 5 each), issued, subscribed and fully paid-up | 419.48 | 2,097.41 | 381.99 | 1,909.97 |
| Add: Forfeited shares (amount originally paid ₹ 3 per share on 51,100 equity shares) ^ | - | 1.53 | - | 1.53 |
| | 419.48 | 2,098.94 | 381.99 | 1,911.50 |

^ 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 | As at 31 March 2024 | | As at 31 March 2023 | |
|--|------------------------|-----------------|------------------------|-----------------|
| | Number (in lakhs) | Amount | Number (in lakhs) | Amount |
| Balances as at the beginning of the year | 381.99 | 1,911.50 | 379.14 | 1,897.23 |
| Add: Issued and subscribed during the year [refer note (i) and (ii) below] | 37.49 | 187.44 | 2.85 | 14.27 |
| Balance at the end of the year | 419.48 | 2,098.94 | 381.99 | 1,911.50 |

- (i) During the year, the Company allotted 425,632 equity shares (31 March 2023 - 285,280) equity shares of ₹ 5 each aggregating ₹ 21.28 lakhs (31 March 2023 - ₹ 14.27 lakhs), consequent to the exercise of stock options by employees of the Company under the "AXISCADES Employee Stock Option Plan 2018 – Series 1" and "AXISCADES Employee Stock Option Plan 2018 – Series 2".
- (ii) During the year, the Company allotted 3,323,262 equity shares of ₹ 5 each at an issue price of ₹ 662 per equity share through Qualified Institutional Placement (QIP) process. Refer note 49.

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(c) Shares held by the holding Company

Out of equity shares issued by the Company, shares held by its holding company are as below:

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---------------------------------|--------------------------------|----------|--------------------------------|----------|
| | Number of shares (in lakhs) | Amount | Number of shares (in lakhs) | Amount |
| Holding Company: | | | | |
| Jupiter Capital Private Limited | 252.82 | 1,264.10 | 252.82 | 1,264.10 |

(d) Details of shareholders holding more than 5% shares in the company

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|--------------------------------|-----------------------|--------------------------------|-----------------------|
| | Number of shares (in lakhs) | Percentage holding | Number of shares (in lakhs) | Percentage holding |
| Equity shares of ₹ 5 each, par value | | | | |
| Jupiter Capital Private Limited | 252.82 | 60.27% | 252.82 | 66.18% |

(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) In the period of five years immediately preceding the Balance Sheet date, the Company has not allotted any shares for consideration other than cash.

(g) Details of shares held by promoters

As at 31 March 2024

| Promoter Name | No. of shares (in lakhs) at the beginning of the year | Change (in lakhs) during the year | No. of shares (in lakhs) at the end of the year | % of total Shares | % change during the year |
|---------------------------------|---|--|---|-------------------------|--------------------------------|
| Jupiter Capital Private Limited | 252.82 | - | 252.82 | 60.27% | 0% |

As at 31 March 2023

| Promoter Name | No. of shares (in lakhs) at the beginning of the year | Change (in lakhs) during the year | No. of shares (in lakhs) at the end of the year | % of total Shares | % change during the year |
|--------------------------------------|---|--|---|-------------------------|--------------------------------|
| Jupiter Capital Private Limited | 252.82 | - | 252.82 | 66.18% | 0% |
| Indian Aero Ventures Private Limited | 3.75 | (3.75) | - | 0.00% | -100% |

(h) Shares reserved for issue under options

The ESOP scheme titled "AXISCADES Employee Stock Option Plan 2018 – Series 1" and "AXISCADES Employee Stock Option Plan 2018 – Series 2" ("ESOP Schemes") 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. Further, the Company has got its shareholders approval in its 31st AGM dated 28 September 2021 for increase in the pool of ESOP additionally by 2,643,167 options under scheme "AXISCADES Employee Stock Option Plan- Series 2" ("ESOP Series 2") thereby the total pool under ESOP Schemes shall not exceed 5,663,929 shares or 15% of the paid-up equity shares of the Company from time to time. The total number of options outstanding as on 31 March 2024 is 38,70,381 shares (31 March 2023: 5,014,394).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

16 Other equity

| | As at 31 March 2024 | As at 31 March 2023 |
|--------------------------------------|------------------------|------------------------|
| Securities premium | 31,226.34 | 10,416.51 |
| Capital reserve | 5,698.31 | 5,698.31 |
| Hedge reserve | 0.82 | (42.09) |
| Foreign currency translation reserve | 1,595.08 | 1,402.03 |
| Retained earnings | 16,017.50 | 12,944.91 |
| General reserve | 3.39 | 3.39 |
| Share based payment reserve | 1,788.05 | 1,364.83 |
| Capital contribution reserve | 107.68 | 107.68 |
| Total | 56,437.17 | 31,895.57 |

Refer Consolidated Statement of Changes in Equity, for movement in other equity

Note:

Securities premium

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

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.

Hedge reserve

The Group uses hedging instruments as part of its management of foreign currency risk. For hedging foreign currency the Group uses foreign currency forward contracts. 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.

Retained earnings

It comprises of the accumulated profit of the Group. Retained earnings include re-measurement losses/(gains) on defined benefit plans, net of taxes that will not be reclassified to the consolidated statement of profit and loss.

Share based payment reserve

The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the Group under Employee stock option plan. Refer note 43 for further details of these plans.

Capital contribution reserve

Reserve created pursuant to profit on settlement of loan under common control transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

17 Borrowings

| | Effective interest rate | Maturity (Financial year ending) | As at 31 March 2024 | As at 31 March 2023 |
|--|-------------------------|----------------------------------|---------------------|---------------------|
| Non-current | | | | |
| Debentures | | | | |
| 12.75% unrated unlisted redeemable non-convertible debentures (secured) [refer note (a)(i)] | 13.89% | 2028 | 10,225.40 | - |
| 15.75% unrated unlisted non-convertible debentures (secured) [refer note (a)(ii) and (a)(vii) below] | 17.40% - 17.95% | | - | 9,755.29 |
| 13% Cumulative, optionally convertible redeemable debentures (unsecured) [refer note (e) below] | 13% | | - | 5,908.37 |
| Term loan | | | | |
| Term loan from banks (secured) [refer note (a)(viii) below] | 6.27% - 10% | 2026-2029 | 363.25 | 35.49 |
| Term loan from financial institution (secured) [refer note (a)(iv) and note (a)(vii) below] | 16.49% | | - | 1,377.53 |
| Vehicle loan from financial institution (secured) [refer note (a)(v) below] | 8.01% | | - | 14.64 |
| | | | 10,588.65 | 17,091.32 |
| Current | | | | |
| Debentures | | | | |
| 16% unrated unlisted non-convertible debentures (secured) [refer note (a)(ii) and (a)(vii) below] | 18.93% | | - | 4,489.45 |
| 13% Cumulative, optionally convertible redeemable debentures (unsecured) [refer note (e) below] | 13.00% | 2025 | 6,363.37 | - |
| Working capital loan | | | | |
| Working capital loan from bank (secured) [refer note (a)(vi), (c)(ii) and (f) below] | 6.58% - 9.63% | on demand | 5,091.79 | 3,339.34 |
| Cash credit (secured) [refer note (a)(vi) and (c)(i) below] | 9.86% | on demand | 1,178.45 | 1,279.05 |
| Loan from related parties | | | | |
| Intercompany term loan from holding company (unsecured) [refer note (a)(iii) below] | 20.09% - 20.55% | | - | 4,616.96 |
| Current maturities of long term borrowings | | | | |
| Term loan from banks (secured) [refer note (a)(viii) below] | 6.27% - 10% | 2025 | 158.58 | - |
| Term loan from financial institution (secured) [refer note (a)(iv) and (g) below] | 9% - 16.49% | 2025 | 450.73 | 570.59 |
| Vehicle loan from financial institution (secured) [refer note (a)(v) below] | 8.01% | 2025 | 14.64 | 13.64 |
| | | | 13,257.56 | 14,309.03 |
| Aggregate secured loans | | | 17,482.84 | 20,875.02 |
| Aggregate unsecured loans | | | 6,363.37 | 10,525.33 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

I AXISCADES Technologies Limited

a) Details of security for borrowings

- (i) The 12.75% Unrated Unlisted Redeemable Non-Convertible Debentures of ₹ 21,000 lakhs is secured by first pari-passu charge over all assets (including movable and immovable PPE, intangible assets and intellectual rights, current assets and non-current assets) of the Company and AXISCADES Aerospace & Technologies Private Limited and Mistral Solutions Private Limited, property owned by Enertec Controls Limited, at Electronic City, Bangalore, pledge of 100% shares of Mistral Solutions Private Limited and Corporate guarantee from Mistral Solutions Private Limited, AXISCADES Aerospace & Technologies Private Limited, Enertec Controls Limited and Explosoft Tech Solutions Private Limited. The Company has repaid ₹ 10,500 lakhs during the year and the rest is repayable in 5 quarterly installments starting from June 2026.
- (ii) The 15.75% Unrated Unlisted Non-Convertible Debentures of ₹ 10,000 lakhs is secured and repayable in 12 equal monthly installments of ₹ 833 lakhs starting from August 2024 and 16% Unrated Unlisted Non-Convertible Debentures of ₹ 4,500 lakhs is secured and repayable on December 2023 (together referred to as "Debentures"). The Debentures are secured by exclusive charge on the movable assets and intangible assets of the Company and Mistral Solutions Private Limited. Also pledge of 100% shares of the Mistral Solutions Private Limited and corporate guarantee by Jupiter Capital Private Limited, the Parent Company. The 15.75% and 16% unrated unlisted secured non-convertible debentures was fully repaid during the year ended 31 March 2024.
- (iii) ₹4,616.97 lakhs from parent company, Jupiter Capital Private Limited is unsecured and repayable on July 2023 carries at an interest rate of 18.50% per annum and is fully repaid during the year ended 31 March 2024 using the proceeds of 12.75% unrated unlisted redeemable non-convertible debentures.
- (iv) Term loan of ₹ 2,000.00 lakhs from financial institution was secured and repayable in equal quarterly installment of ₹ 200.00 lakhs starting from August 2023, carries an interest rate of 14.50% per annum. The loan was secured by exclusive charge on current assets, movable assets of the Company and AXISCADES Aerospace & Technologies Private Limited, land and buildings of the Company and Enertec Controls Limited, and pledge of shares of the Company with minimum cover of 1.15x of the loan amount. Further, unconditional and irrevocable corporate guarantee of Parent Company, Jupiter Capital Private Limited, and AXISCADES Aerospace & Technologies Private Limited and Enertec Controls Limited. This was fully repaid during the year ended 31 March 2024.
- (v) Vehicle loan of ₹ 40.99 lakhs from Toyota Financial Services India Limited is secured and repayable in equal monthly installment of ₹ 1.28 lakhs from April 2022.
- (vi) Packing credit facility in foreign currency ("PCFC") and Cash credit from banks are secured by exclusive charge on current assets, movable fixed assets, property owned by Enertec Controls Limited at Electronic City, Bangalore, fixed deposits of ₹ 700 lakhs and corporate guarantee from Enertec Controls Limited. 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 from Jupiter Capital Private Limited, the Parent Company.
- (vii) The 15.75% and 16% Unrated Unlisted Secured Non-Convertible Debentures along with other borrowings which were outstanding on 31 March 2023 have been refinanced at a lower interest rate of 12.75% per annum through the issuance of 12.75% Unrated Unlisted Redeemable Non-Convertible Debentures referred in note (i) above.
- (viii) During the year, the Company has availed the term loan amounting to ₹500 lakhs from bank repayable in 60 equal monthly installments of ₹ 5.78 lakhs. It is secured by exclusive charge on current assets, movable fixed assets, property owned by Enertec Controls Limited at Electronic City, Bangalore, fixed deposits of ₹ 700 lakhs and corporate guarantee from Enertec Controls Limited. 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 from Jupiter Capital Private Limited, the Parent Company.

b) Loan covenants

Term loan from banks and financial institutions contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied debt covenants except debt repayment to net operating income prescribed in the terms of bank loan. The Management is of the view that this is a minor breach and the Company has taken the waiver letter from the bank and hence no adjustments are made to consolidated financial statements in this respect.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

II AXISCADES Aerospace & Technologies Private Limited

c) Details of security of borrowings

- (i) Cash credit in Indian currency from bank bearing an interest rate of 9.86 % are payable on demand.
- (ii) Working Capital facility amounting to ₹ 500 lakhs availed by ACAT from HDFC bank for short period.
- (iii) Cash credit and working capital facility (inclusive of post shipment credit facility and packing credit) from bank are secured by first exclusive charge on all current assets (present and future), equitable mortgage on property owned by Enertec Controls Limited, situated at Electronic city, Bangalore. Exclusive fixed deposits of ₹ 700 lakhs is kept under lien and corporate guarantee given by Enertec Controls Limited and AXISCADES Technologies Limited.

d) Loan covenants

Cash credit from banks contain certain financial covenants such as debt service coverage ratio, total liabilities divide by adjusted net-worth, interest coverage ratio etc. AXISCADES Aerospace & Technologies Private Limited has satisfied all debt covenants prescribed in the terms of bank loan.

III Explosoft Tech Solutions Private Limited

- e) The 13% Unsecured Cumulative optionally convertible redeemable debentures of ₹ 3,500 lakhs and interest thereon ₹ 2,636.49 lakhs is unsecured and redeemable by 24 December 2024. During the year, Debentures aggregating to ₹ 3,500 lakhs along with accrued interest thereon, held by the Jupiter Capital Private Limited, the Parent Company had been transferred to Grand Anicut Fund – 2, Alternative Investment Fund.

IV AXISCADES Inc

- f) 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 250,000. 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.

V AXISCADES GmbH

- g) During the year ended 31 March 2024, AXISCADES GmbH borrowed secured term loan from financial institution amounting to ₹ 1,450.82 lakhs (EUR 16.5 lakhs) carries interest rate of 9% per annum and is secured by pledge of shares of AXISCADES GmbH held by AXISCADES Technologies Limited. AXISCADES GmbH repaid ₹ 1,000.09 lakhs (EUR 11.5 lakhs) during the year ended 31 March 2024.

Changes in liabilities arising form financing activities:

| | Loan from banks and financial institutions | Inter-corporate deposit | Lease liabilities | Total |
|------------------------------------|--|-------------------------|-------------------|------------------|
| Balance as at 01 April 2023 | 20,875.02 | 10,525.33 | 3,195.85 | 34,596.20 |
| Additions to lease liability | - | - | 6,399.22 | 6,399.22 |
| Cash flows | (3,995.24) | (4,642.00) | (1,973.47) | (10,610.71) |
| Other Adjustments | 6,966.43 | (5,883.33) | 424.41 | 1,507.51 |
| Balance as at 31 March 2024 | 23,846.21 | - | 8,046.01 | 31,892.22 |
| Balance as at 1 April 2022 | 4,881.11 | - | 2,324.54 | 7,205.65 |
| Additions to lease liability | - | - | 2,226.60 | 2,226.60 |
| Deletion | - | - | (68.93) | (68.93) |
| Cash flows | 15,675.48 | 4,616.96 | (1,441.81) | 18,850.63 |
| Other Adjustments | 318.43 | 5,908.37 | 155.45 | 6,382.25 |
| Balance as at 31 March 2023 | 20,875.02 | 10,525.33 | 3,195.85 | 34,596.20 |

The other adjustments includes the effect of accrued but not yet paid interest on borrowings, reclass, adjustment of processing charges, foreign exchange translation adjustments and the effect of modifications to leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Non cash financing and investing activities

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Acquisition of Right-of-use assets (refer note 35) | 7,033.96 | 4,283.62 |
| Changes in fair value of investment in mutual and other funds | 96.51 | 52.96 |

18 Provisions

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| Employee defined benefits liability | | |
| - Provision for gratuity (refer note 41) | 951.49 | 717.14 |
| - Provision for compensated absences | 149.22 | 128.66 |
| Asset retirement obligation [refer note (a) below] | 68.47 | 62.38 |
| | 1,169.18 | 908.18 |
| Current | | |
| Employee defined benefits liability | | |
| - Provision for gratuity (refer note 41) | 299.13 | 278.48 |
| - Provision for compensated absences | 640.95 | 555.68 |
| Provision for foreseeable losses on contract [refer note (b) below] | 22.96 | 22.96 |
| Provision for liquidated damages [refer note (b) below] | 748.07 | 783.95 |
| Provision for warranty [refer note (b) below] | 186.61 | 125.44 |
| | 1,897.72 | 1,766.51 |

(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 2024 is ₹ 68.47 lakhs (31 March 2023: ₹ 62.38 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 : 12.17 - 14.00 percent per annum

| | Asset retirement obligation |
|----------------------------|-----------------------------|
| As at 1 April 2022 | 57.79 |
| Reversed during the year | (0.46) |
| Unwinding of discount | 5.05 |
| As at 31 March 2023 | 62.38 |
| Unwinding of discount | 6.09 |
| As at 31 March 2024 | 68.47 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(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 ** | Provision for liquidated damages*** |
|---------------------------------|---|---------------------------|-------------------------------------|
| As at 1 April 2022 | 3.59 | 74.65 | 648.86 |
| Provisions made during the year | 21.32 | 171.19 | 883.02 |
| Reversal made during the year | - | - | (520.58) |
| Utilizations during the year | (1.95) | (120.40) | (227.35) |
| As at 31 March 2023 | 22.96 | 125.44 | 783.95 |
| Provisions made during the year | 10.50 | 197.93 | 1,518.28 |
| Reversal made during the year | - | - | (1,426.90) |
| Utilizations during the year | (10.50) | (136.76) | (127.26) |
| As at 31 March 2024 | 22.96 | 186.61 | 748.07 |

* The provision is created to provide for expected losses in the project based on the expected cost overruns. These provisions are expected to be utilized over a period of one year.

** Provision for warranty costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of sale of goods. These provisions are expected to be utilized over the period of warranty.

*** Provision for liquidated damages relates to estimated outflow in respect of products sold by the Group and estimated to be incurred due to delay in delivery of products to customers. These provisions are expected to be utilized over a period of one year.

19 Trade payables

| | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Current | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note below) | 345.25 | 295.89 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises * | 6,027.94 | 7,213.44 |
| | 6,373.19 | 7,509.33 |

* Includes ₹ 6.23 lakhs (31 March 2023: ₹ 11.18 lakhs) payable to related parties (refer note 34).

Trade payables ageing schedule as at 31 March 2024

| Particulars | Unbilled | Not Due | Outstanding for the following periods from the due date of payment | | | | Total |
|---|-----------------|-----------------|--|---------------|-------------|-------------------|-----------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Total outstanding dues of micro enterprises and small enterprises | - | 325.44 | 19.81 | - | - | - | 345.25 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,458.00 | 2,141.15 | 1,885.46 | 428.73 | 1.27 | 92.02 | 6,006.63 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | 21.31 | 21.31 |
| Total | 1,458.00 | 2,466.59 | 1,905.27 | 428.73 | 1.27 | 113.33 | 6,373.19 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Trade Payables ageing schedule as at 31 March 2023

| Particulars | Unbilled | Not Due | Outstanding for the following periods from the due date of payment | | | | Total |
|---|---------------|-----------------|--|---------------|-------------|-------------------|-----------------|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Total outstanding dues of micro enterprises and small enterprises | 38.57 | 160.05 | 95.18 | - | 0.09 | 2.00 | 295.89 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 918.40 | 3,401.04 | 2,627.95 | 236.36 | 1.45 | 6.93 | 7,192.13 |
| (iii) Disputed dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | 21.31 | 21.31 |
| Total | 956.97 | 3,561.09 | 2,723.13 | 236.36 | 1.54 | 30.24 | 7,509.33 |

20 Other financial liabilities

| | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Non-current | | |
| (carried at FVTPL) | | |
| Purchase consideration payable on acquisition of subsidiaries (refer note 2 to note 4 below) | 1,701.03 | - |
| | 1,701.03 | - |
| Current | | |
| (carried at amortised cost) | | |
| Dues to employees | 1,950.23 | 2,716.88 |
| Creditors for capital goods | 164.54 | 145.42 |
| Interest accrued but not due on borrowings* | 65.22 | 24.85 |
| Other liabilities# | 86.90 | 9.66 |
| (carried at FVTPL) | | |
| Derivative liability on share warrants (refer note 1 below) | - | 565.18 |
| Purchase consideration payable on acquisition of subsidiaries (refer note 2 to note 4 below) | 59.46 | 125.13 |
| (carried at FVTOCI) | | |
| Hedge liability | - | 49.33 |
| | 2,326.35 | 3,636.45 |

Other liabilities mainly includes interest payable on advances received from customers

* For details of interest rates, repayment and others, refer note 17.

Note:

- During the previous year ended 31 March 2023, the Group issued Non-convertible debentures ("NCD") amounting to ₹ 14,500 lakhs to a financial institution ("Investor") repayable over three years at an interest rate of 15.75% - 16.00% per annum, payable quarterly. The Group also entered into an Investment Agreement with the aforesaid Investor and provided a Right to Invest ("Share Warrants") in the Compulsory Convertible Preference Shares ("CCPS") of the subsidiary, MSPL, at an agreed value and mutually terms and conditions. Accordingly, the Group recorded a Share Warrants expense of ₹ 565.18 lakhs in the Statement of Profit and Loss and Derivative Liability of equivalent amount in the Balance Sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

During the year ended 31 March 2024, the abovementioned NCDs together with other borrowings aggregating ₹ 21,000 lakhs has been refinanced at a lower interest rate of 12.75% per annum through the issuance of Unlisted Unrated Secured Redeemable Non-Convertible Debentures. The Group has recorded a one-time expense of ₹ 667.40 lakhs relating to an unamortised portion of borrowing costs and prepayment charges on the aforesaid refinancing. The same has been grouped under finance costs for the year ended 31 March 2024.

During the year ended March 31, 2024, MSPL has entered into an Amendment to Share Subscription cum Shareholders' Agreement dated 22 July 2023 on 29 September 2023, thereby amending the terms of right of investment by the Investor, wherein the Investor is entitled to invest only upon discretion and consent of MSPL. Consequent to the aforesaid amendment, the Derivative Liability of ₹ 565.18 lakhs has been reversed through Statement of Profit and Loss for the year ended 31 March 2024.

- 2) During the year, AXISCADES GmbH, a subsidiary of the Company acquired 94% of shareholding in add solution GmbH, ("add solution") engaged in engineering services with focus on automotive domain, through a payment of fixed purchase consideration of ₹ 4,531.77 lakhs and a contingent purchase consideration payable by June 2025, dependent upon earnings of add solution for the period 1 July 2023 to 31 December 2024, with a maximum amount of ₹ 453.17 lakhs. Further, Axiscades GmbH has an option to purchase and the shareholders of add solution have an option to sell remaining 6% shares of add solution, for a contingent purchase consideration to be determined based on earnings of add solution for a period of 1 July 2023 to 31 December 2025, with a maximum amount of ₹ 752.27 lakhs.
- 3) During the year, the Company acquired Epcogen Private Limited, ("Epcogen") engaged in engineering design and solutions for energy sector, through a payment of fixed purchase consideration of ₹ 2,625 lakhs and a contingent purchase consideration payable over a period of three years, dependent upon earnings of Epcogen for the period 1 April 2023 to 31 March 2026, with a maximum amount of ₹ 700 lakhs.

| 4) The purchase consideration payable for the acquisition of MSPL, add solution and Epcogen is as follows: | As at 31 March 2024 | As at 31 March 2023 |
|--|--------------------------------|--------------------------------|
| Opening balance of purchase consideration payable | 125.13 | 21,157.12 |
| Add: Purchase consideration payable on acquisition of subsidiaries during the year [details of contingent consideration and financial liability for acquisitions during the year is given in the note (i), (ii) and (iii) below] | 8,779.47 | - |
| Add: Changes in fair value of purchase consideration payable | 78.33 | - |
| Add: Additional purchase consideration [refer note (iv) below] | - | 1,500.00 |
| Add: Interest [refer note (iv) below] | - | 5,363.50 |
| Add: Unwinding of discount (interest expense) | - | 163.27 |
| Less: Fixed purchase consideration paid towards acquisition of subsidiaries during the year (including the effect of exchange rates of ₹ 24.52 lakhs) | (7,156.77) | - |
| Less: Deferred purchase consideration - settled | (65.67) | (28,058.76) |
| Closing balance of purchase consideration payable | 1,760.49 | 125.13 |
| Purchase consideration payable on acquisition of MSPL - disclosed under other current financial liabilities* | 59.46 | 125.13 |
| Purchase consideration payable on acquisition of Epcogen - disclosed under other non-current financial liabilities | 599.00 | - |
| Purchase consideration payable on acquisition of add solution - disclosed under other non-current financial liabilities | 417.39 | - |
| * The entire purchase consideration payable for the acquisition of MSPL is discharged by the Company except for certain individual shareholders that are in the process of settlement. | | |
| (i) Details of contingent consideration for add solution | | |
| Contingent consideration recognised at the acquisition date | 393.69 | - |
| Add: Fair value loss on contingent consideration payable | 23.70 | - |
| Closing contingent consideration payable for add solution | 417.39 | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| 4) The purchase consideration payable for the acquisition of MSPL, add solution and Epcogen is as follows: | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| (ii) Details of financial liability for add solution | | |
| Financial liability recognised at the acquisition date | 640.01 | - |
| Add: Change in fair value of Non-Controlling interest liability | 44.63 | - |
| Closing financial liability payable for add solution | 684.64 | - |
| (iii) Details of contingent consideration for Epcogen | | |
| Contingent consideration recognised at the acquisition date | 589.00 | - |
| Add: Fair value loss on contingent consideration payable | 10.00 | - |
| Closing contingent consideration payable for Epcogen | 599.00 | - |

- (iv) In the previous year, the Company had received an Interim and Final Arbitration Award ("Arbitration Awards") from the Arbitral Tribunal relating to the arbitration proceedings between the Company and the shareholders of Mistral Solutions Private Limited ("MSPL") and MSPL for discharge of purchase consideration payable towards acquisition of MSPL. In accordance with the Arbitration Awards, the Company had completed acquisition of MSPL by discharging the purchase consideration for all the phases and filed an application with the National Company Law Tribunal, Mumbai (the "NCLT Mumbai") to withdraw the scheme of amalgamation. The Company had recorded an additional charge of ₹ 6,803.74 lakhs during the previous year ended 31 March 2023 as an exceptional item. During the year, the NCLT Mumbai has granted permission for withdrawing the scheme of amalgamation and accordingly, the scheme of amalgamation is withdrawn.

21 Current tax liability, net

| | As at 31 March 2024 | As at 31 March 2023 |
|---------------------------------------|------------------------|------------------------|
| Provision for tax, net of advance tax | 878.53 | 1,131.26 |
| | 878.53 | 1,131.26 |

22 Other liabilities

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Current | | |
| Duties and taxes payable | 2,718.32 | 1,842.98 |
| Contract liability - Unearned revenue | 1,883.81 | 1,505.95 |
| Contract liability - Advance received from customer | 2,403.13 | 3,116.79 |
| Advance received against asset held for sale | 455.50 | - |
| Other liabilities* | 656.08 | 38.53 |
| | 8,116.84 | 6,504.25 |

*Other liabilities includes payable to Karnataka Industrial Area Development Board ("KIADB") for acquisition of land as a final price difference amounting to ₹ 592.54 lakhs in AAIPL.

a) Breakup of financial liabilities carried at amortised cost

| | | |
|---|-----------|-----------|
| Borrowings (refer note 17) | 23,846.21 | 31,400.35 |
| Lease liabilities (refer note 35) | 8,046.01 | 3,195.85 |
| Trade payables (refer note 19) | 6,373.19 | 7,509.33 |
| Other financial liabilities (refer note 20) | 2,266.89 | 2,896.81 |

23 Revenue from contracts with customers

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-------------------------|-----------------------------|-----------------------------|
| Revenue from operations | 95,222.73 | 81,360.47 |
| Other operating revenue | 289.32 | 801.74 |
| | 95,512.05 | 82,162.21 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

23.1 Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by market or type of customers, timing of revenue recognition and geography. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Sale of services | | |
| Technology Services and Solutions | 62,793.59 | 50,032.66 |
| Strategic technology solutions | 5,862.66 | 6,916.32 |
| Sale of goods | | |
| Technology Services and Solutions | 6,652.12 | 7,501.23 |
| Strategic technology solutions | 19,914.36 | 16,910.26 |
| Other operating revenue | | |
| Export incentives [refer note (i)] | 16.76 | 17.28 |
| Other operating income [refer note (ii)] | 272.56 | 784.46 |
| | 95,512.05 | 82,162.21 |

- (i) 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 ₹ 16.76 lakhs (31 March 2023: ₹ 17.28 lakhs). The Management believes that it has satisfied all the conditions to receive the incentive and is in the process of filing the claim.
- (ii) Amount mainly consists of input availed on import of FOC materials shipped by customers and duty paid by them.

Primary Geographical Markets

| Geography | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---------------|-----------------------------|-----------------------------|
| India | 30,064.58 | 24,950.95 |
| Outside India | 65,158.15 | 56,409.52 |
| | 95,222.73 | 81,360.47 |

| Timing of revenue recognition | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Goods or services transferred at point in time | 35,666.81 | 23,510.83 |
| Goods or services transferred over time | 59,555.92 | 57,849.64 |
| | 95,222.73 | 81,360.47 |

Note : The amount of ₹ 289.32 lakhs (31 March 2023: ₹ 801.74 lakhs) pertaining to other operating revenue has not been considered in the above revenue disclosure.

23.2 Contract balances

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Trade receivables | 23,411.68 | 17,902.93 |
| Contract Assets - Unbilled revenue | 10,972.54 | 10,714.00 |
| Contract liability - Unearned revenue | 1,883.81 | 1,505.95 |
| Contract liability - Advance received from customer | 2,403.13 | 3,116.79 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Trade receivables are non-interest bearing and are generally on terms of 30 to 150 days. In 31 March 2024, ₹ 30.65 lakhs [31 March 2023: ₹ (1,365.08 lakhs)] was recognised as provision/(reversal) for expected credit losses on trade receivables. The Group has provision for expected credit losses of trade receivables of ₹ 294.34 lakhs as at 31 March 2024 (31 March 2023: ₹ 263.69 lakhs).

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenue in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenue are classified as contract liabilities (unearned revenues).

Contract assets relates to revenue earned from technology services and solutions and strategic technology solutions rendered within the financial year and for which invoicing happens subsequent to the year end. As such, the balances of this account vary and depend on the quantum of engineering design services and strategic technology solutions at the end of the year. During the year ended 31 March 2024, ₹ 6,358.41 lakhs of contract assets as at 31 March 2023 has been reclassified to receivables on completion of performance obligation. During the year ended 31 March 2023, ₹ 4,484.54 lakhs of contract assets as at 31 March 2022 has been reclassified to receivables on completion of performance obligation. As at 31 March 2024, the Group has provision for expected credit losses on contract assets of ₹ 104.97 lakhs (31 March 2023: ₹ 104.97 lakhs).

Contract liabilities include short-term advances received for sale of products and to render engineering services in the future as well as transaction price allocated to performance obligations not yet completed.

In case of long - term contracts payment is generally due upon completion of milestone as per terms of contract. In certain contracts, short-term advances are received before the performance obligation is satisfied. Advance from customers pertain to balance received as advance from various parties as certain percentage of the order value. The same will be adjusted against the order on the basis of delivery and collection of receivables. There is no significant financing component for those contracts where the customer pay in advance as per the terms of the contract.

| Below is the revenue recognised from : | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Amount included in the contract liabilities at the beginning of the year | 1,285.67 | 2,664.29 |
| Performance obligation satisfied in previous years | - | - |

23.3 Performance Obligation

Revenue to be recognised for performance obligations not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements/POs/WOs,etc) at the year end :

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--------------------|-----------------------------|-----------------------------|
| Within one year | 9,731.18 | 8,984.88 |
| More than one year | 649.33 | 732.18 |
| | 10,380.51 | 9,717.06 |

23.4 Reconciliation of contract with customers

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Revenue from contract with customers as per contract price | 95,401.05 | 81,722.90 |
| Adjustment made to the contract price on account of :- | | |
| a) Liquidated damages | (91.39) | (362.43) |
| b) Interest charged by customer on advances given | (86.93) | - |
| Revenue from contract with customer as per the Statement of Profit and Loss | 95,222.73 | 81,360.47 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

23.5 Changes in unbilled revenue or contract assets are as follows:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Opening balance | 10,714.00 | 6,702.34 |
| Additions during the year | 58,276.94 | 56,021.27 |
| Reclassification adjustments: | | |
| - Billing from opening balance of contract assets to trade receivables | (7,555.77) | (4,484.55) |
| - Billing from contract assets transferred to trade receivables | (50,462.63) | (47,525.06) |
| Closing balance | 10,972.54 | 10,714.00 |

23.6 Changes in deferred revenue or contract liabilities are as follows:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Opening balance | 4,622.73 | 4,726.62 |
| Additions during the year | 952.75 | 2,560.40 |
| Reclassification Adjustments: | | |
| - Transfer of opening contract liabilities to revenue | (1,288.54) | (2,664.29) |
| Closing balance | 4,286.94 | 4,622.73 |

24 Other income

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Interest income | | |
| - from fixed deposits with banks | 477.61 | 127.40 |
| - from financial assets carried at amortised cost | 69.43 | 194.73 |
| - from income tax refund | 79.10 | 1.97 |
| - from others [refer note (i) below] | 79.28 | 63.03 |
| Profit on sale of property, plant and equipment | - | 1.50 |
| Gain on lease modification | - | 7.05 |
| Fair value gain on financial instruments at fair value through profit or loss [refer note (ii) below] | 115.57 | 88.77 |
| Provision/liabilities no longer required, written back | 25.41 | 6.44 |
| Gain on sale of investment in associate | - | 39.55 |
| Dividend income from mutual funds | 24.00 | 32.51 |
| Recovery of bad debts written off | 1.27 | 25.12 |
| Miscellaneous income | 122.06 | 7.77 |
| | 993.73 | 595.84 |

Note:

- (i) During the year ended 31 March 2023, AXISCADES, Inc. (subsidiary) has received interest aggregating ₹ 63.03 lakhs from the U.S. Government towards delay in disbursement of compensation of employee expenses incurred by the Company during the Covid-19 period, in accordance with Employee Retention Credit scheme.
- (ii) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

25 Cost of raw material and components consumed

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Inventory at the beginning of the year | 4,871.13 | 3,311.62 |
| Add: Purchases | 16,629.95 | 15,926.49 |
| | 21,501.08 | 19,238.11 |
| Less: Inventory at the end of the year | (5,244.18) | (4,871.13) |
| | 16,256.90 | 14,366.98 |

26 Purchase of traded goods

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|----------------------------|-----------------------------|-----------------------------|
| Purchase of stock-in-trade | 2,267.79 | 3,419.82 |
| | 2,267.79 | 3,419.82 |

27 Changes in inventories of finished goods, work-in-progress and traded goods

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Opening inventory | | |
| Work-in-progress | 818.08 | 793.51 |
| Finished Goods | 748.42 | 877.87 |
| Stock-in-trade | 147.77 | 174.71 |
| | 1,714.27 | 1,846.09 |
| Closing inventory | | |
| Work-in-progress | 1,080.88 | 818.08 |
| Finished Goods | 507.76 | 748.41 |
| Stock-in-trade | 100.62 | 147.77 |
| | 1,689.26 | 1,714.26 |
| (Increase)/decrease in inventory | | |
| Work-in-progress | (262.80) | (24.57) |
| Finished Goods | 240.66 | 129.46 |
| Traded goods | 47.15 | 26.94 |
| | 25.01 | 131.83 |

28 Employee benefits expense

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus | 43,706.48 | 31,567.12 |
| Contribution to provident and other funds | 2,163.97 | 1,090.09 |
| Contribution to overseas social security | 1,982.80 | 1,484.53 |
| Gratuity expense (refer note 41) | 284.57 | 209.58 |
| Compensated absences expense | 187.25 | 183.66 |
| Share based payments to employees (refer note 43) | 546.68 | 542.75 |
| Staff welfare expense | 1,142.98 | 1,011.47 |
| | 50,014.73 | 36,089.20 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

During the year ended 31 March 2023, AXISCADES, Inc. (subsidiary) has received financial assistance aggregating ₹ 2,112.35 lakhs from the U.S. Government towards compensation of employee expenses incurred by AXISCADES, Inc. during the Covid-19 period, in accordance with Employee Retention Credit scheme. The Group has netted off the aforesaid amount of financial assistance received with the employee benefit expense during the year ended 31 March 2023.

29 Finance costs

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Interest expense | | |
| - on facilities from banks / financial institutions | 759.11 | 478.61 |
| - on Intercompany deposit from related parties (refer note 34) | 658.06 | 795.46 |
| - on debentures | 3,253.26 | 1,413.84 |
| - on others | 15.88 | 148.48 |
| - on financial liabilities carried at amortised cost | 0.06 | 1.43 |
| Other borrowing cost (processing fees) | 397.11 | 333.13 |
| Net interest expense on net defined benefit obligation | 98.28 | 82.27 |
| Unwinding of discount on asset retirement obligation [refer note 18(a)] | 6.09 | 5.05 |
| Bank guarantee commission | 10.39 | 14.09 |
| Interest on lease liabilities (refer note 35) | 417.36 | 264.65 |
| Interest on income tax | 21.20 | 52.96 |
| | 5,636.79 | 3,589.98 |

30 Depreciation and amortisation expense

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Depreciation of PPE (refer note 3) | 805.13 | 697.16 |
| Amortisation of intangible assets (refer note 5) | 837.14 | 662.84 |
| Depreciation of Right-of-use asset (refer note 35) | 1,736.85 | 1,291.83 |
| | 3,379.12 | 2,651.83 |

31 Other expenses

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-----------------------------------|-----------------------------|-----------------------------|
| Rent (refer note 35) | | |
| -Immovable property | 284.88 | 226.75 |
| -Equipment hire charges | 521.73 | 557.75 |
| Power and fuel | 490.50 | 377.66 |
| Travelling and conveyance | 1,488.35 | 1,155.04 |
| Legal and professional charges | 1,620.67 | 1,550.81 |
| Consultancy expense | 440.09 | 358.41 |
| Repairs and maintenance | | |
| - Building | 352.57 | 325.23 |
| - Plant and machinery | 31.35 | 167.14 |
| - Others | 411.17 | 298.04 |
| Recruitment and training expenses | 418.22 | 375.31 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Office maintenance expense | 155.19 | 95.73 |
| Communication expenses | 349.03 | 374.01 |
| Auditor's remuneration [refer note (a) below] | 162.65 | 109.39 |
| Security charges | 67.39 | 54.17 |
| Rates and taxes | 170.95 | 327.71 |
| Sub contracting charges | 3,676.83 | 3,645.99 |
| Software subscription charges | 1,870.18 | 1,390.55 |
| Directors sitting fees and commission | 146.72 | 55.80 |
| Marketing and advertising expenses | 376.43 | 607.00 |
| Insurance expenses | 200.53 | 156.39 |
| Bank charges | 138.83 | 92.92 |
| Corporate social responsibility expenses (refer note 44) | 90.47 | 53.81 |
| Provision for doubtful debts and advances | 68.26 | 104.83 |
| Bad debts written off | 0.44 | 48.61 |
| Advances written off | 36.98 | 13.40 |
| Impairment of property, plant and equipment | - | 203.79 |
| Changes in the fair valuation of derivative | (565.18) | 565.18 |
| Loss on sale of property, plant and equipment | 2.70 | - |
| Loss incurred on loss of control on subsidiary | 317.34 | - |
| Exchange loss, net | 210.86 | 175.10 |
| Miscellaneous expenses | 86.90 | 131.34 |
| | 13,623.03 | 13,597.86 |
| a) Auditor's remuneration * | | |
| Statutory audit fees | 151.26 | 100.76 |
| Other fees ^ | 4.00 | 4.00 |
| Out of pocket expenses | 7.39 | 4.63 |
| | 162.65 | 109.39 |

* excluding goods and service tax.

^ Net off ₹ 168.24 lakhs incurred during the year ended 31 March 2024 towards QIP

32 Exceptional Items

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Interest and additional purchase consideration [refer note 20(4)(iv)] | - | (6,803.74) |
| | - | (6,803.74) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

33 Earnings/(loss) per share (EPS) (basic and diluted)

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| a) Profit/(loss) after tax attributable to equity shareholders (₹) | 3,280.78 | (523.25) |
| b) Weighted average number of shares outstanding (in lakhs) | 390.67 | 380.56 |
| c) Nominal value of shares (₹) | 5.00 | 5.00 |
| d) Basic earning per share (₹) [(a)/(b)] | 8.40 | (1.37) |
| e) Number of equity shares used to compute diluted earnings per share (in lakhs) (refer note below) | 423.86 | 380.56 |
| f) Diluted earnings per share (₹)* | 7.74 | (1.37) |
| Note: | | |
| | Year ended 31 March 2024 | Year ended 31 March 2023 |
| Weighted average number of shares outstanding (in lakhs) | 390.67 | 380.56 |
| Effect of dilution: | | |
| Share options* | 33.19 | - |
| Weighted average number of equity shares adjusted for the effect of dilution | 423.86 | 380.56 |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

34 Related party disclosures

| Nature of relationship | Name of Party |
|--|--|
| I Parties where control exists: | |
| Holding Company | Jupiter Capital Private Limited ('JCPL') |
| Associate companies | Aero Electronics Private Limited (w.e.f 4 September 2023) ASSYSTEMS AXISCADES Engineering Private Limited (upto 11 July 2022) |
| II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year: | |
| Fellow subsidiary | Indian Aero Infrastructure Private Limited (step down subsidiary of JCPL) |
| Key Management Personnel (KMP): | |
| Chief Executive Officer & Managing Director | Mr. Arun Krishnamurthi |
| Chairman and Non - Executive Director | Mr. David Bradley (stepped down w.e.f. 28 September 2023) |
| Chairman and Non - Executive Director | Mr. Abidali Zainuddin Neemuchwala (appointed w.e.f. 4 October 2023) |
| Independent Director | Mrs. Mariam Mathew |
| Independent Director | Mr. Desh Raj Dogra |
| Independent Director | Mr. Dhiraj Mathur |
| Non - Executive Director | Mr. Harold David Walker (stepped down w.e.f. 28 June 2023) |
| Non - Executive Director | Mr. Sudhakar Gande (stepped down w.e.f. 5 January 2023) |
| Non - Executive Director | Mr. Sharadhi Chandra Babu Pampapathy (stepped down w.e.f. 28 September 2023) |
| Non - Executive Director | Mr. Abhishek Kumar (stepped down w.e.f. 3 June 2022) |
| Non - Executive Director | Mr. David Abikzir |
| Non - Executive Director | Mr. Venkatraman Venkitachalam (appointed w.e.f. 6 January 2023) |
| Non - Executive Director | Dr. S. Christopher (appointed w.e.f. 30 June 2023) |
| III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year | |
| Chief Financial Officer (CFO) | Mr. Shashidhar SK |
| Company Secretary | Ms. Sonal Dudani |
| Company in which Director is a member | Lexicon Infotech Limited |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

IV Transactions with related parties:

| Nature of transactions | Relationship | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---------------------------------------|-----------------------------|-----------------------------|
| Remuneration (Refer note (IV) (a) and (b) below) | | | |
| Mr. Shashidhar SK | Key Management Personnel | 482.40 | 431.29 |
| Mr. Arun Krishnamurthi | Key Management Personnel | 821.28 | 817.78 |
| Ms. Sonal Dudani | Key Management Personnel | 21.93 | 15.49 |
| Service received from | | | |
| Lexicon Infotech Limited | Company in which Director is a member | - | 11.91 |
| Sitting fees paid to directors | | | |
| Mr. David Bradley | Chairman and Non - Executive Director | 7.30 | 4.50 |
| Mr. Abidali Zainuddin Neemuchwala | Chairman and Non - Executive Director | 7.00 | - |
| Mr. David Abikzir | Non - Executive Director | 13.30 | 3.30 |
| Mrs. Mariam Mathew | Independent Director | 17.50 | 12.50 |
| Mr. Dhiraj Mathur | Independent Director | 22.00 | 12.00 |
| Mr. Desh Raj Dogra | Independent Director | 24.00 | 14.50 |
| Mr. Harold David Walker | Non - Executive Director | 3.30 | 2.70 |
| Mr. Venkatraman Venkitachalam | Non - Executive Director | 15.30 | 0.60 |
| Dr. S. Christopher | Non - Executive Director | 7.00 | - |
| Mr. Sudhakar Gande | Non - Executive Director | - | 3.00 |
| Mr. Sharadhi Chandra Babu Papmpapathy | Non - Executive Director | - | 2.40 |
| Mr. Abhishek Kumar | Non - Executive Director | - | 0.30 |
| Commision paid to directors | | | |
| Mr. Abidali Zainuddin Neemuchwala | Chairman and Non - Executive Director | 2.50 | - |
| Mr. David Abikzir | Non - Executive Director | 5.00 | - |
| Mrs. Mariam Mathew | Independent Director | 5.00 | - |
| Mr. Dhiraj Mathur | Independent Director | 5.00 | - |
| Mr. Desh Raj Dogra | Independent Director | 5.00 | - |
| Mr. Venkatraman Venkitachalam | Non - Executive Director | 5.00 | - |
| Dr. S. Christopher | Non - Executive Director | 3.75 | - |
| Corporate guarantee fee charged by | | | |
| Jupiter Capital Private Limited | Holding Company | - | 20.00 |
| Expenses incurred by the Company on behalf of | | | |
| Mr. Sudhakar Gande | Non - Executive Director | - | 35.05 |
| Interest expense on intercorporate deposit | | | |
| Jupiter Capital Private limited | Holding Company | 658.06 | 795.46 |
| Corporate guarantee received from | | | |
| Jupiter Capital Private Limited | Holding Company | 3,500.00 | 16,500.00 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Related party disclosures (cont'd)

- (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 included above.
- (b) Total employee benefit expense includes employee stock compensation expense of ₹ 389.05 lakhs(31 March 2023 - ₹ 396.29 lakhs) for Mr.Arun Krishnamurthi, and ₹ 291.79 lakhs(31 March 2023 - ₹ 297.21 lakhs) for Mr. Shashidhar SK, respectively included in the employee stock option scheme expense in the consolidated Statement of Profit and Loss account.
- (c) Refer note 17 for details of security provided for borrowings.

V Balances as at the year end:

| Nature of transactions | Relationship | As at | |
|--|---------------------------------------|---------------|---------------|
| | | 31 March 2024 | 31 March 2023 |
| Remuneration payable (refer note (IV) (a) and (b) above)* | | | |
| Mr. Shashidhar SK | Key Management Personnel | 45.94 | 33.13 |
| Mr. Arun Krishnamurthi | Key Management Personnel | 150.94 | 224.53 |
| Ms. Sonal Dudani | Key Management Personnel | 1.31 | 2.21 |
| Trade payables | | | |
| Indian Aero Infrastructure Private Limited | Fellow subsidiary | 6.23 | 6.23 |
| Lexicon Infotech Limited | Company in which Director is a member | - | 4.95 |
| Investment in associate | | | |
| Aero Electronics Private Limited (refer note 6) | Associate company | 627.45 | - |
| Corporate guarantee received from - outstanding | | | |
| Jupiter Capital Private limited | Holding Company | - | 20,500.00 |
| Loans from related parties | | | |

| Particulars | Opening balance | Loans taken | Repayment | Loan outstanding | Interest payable |
|---------------------------------|-----------------|-------------|-----------|------------------|------------------|
| Jupiter Capital Private Limited | | | | | |
| 31 March 2024 | 10,525.33 | - | 10,525.33 | - | - |
| 31 March 2023 | - | 11,025.33 | 500.00 | 10,525.33 | - |

* Remuneration payable does not include amount payable on employee stock option scheme

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

35 Right of use asset and Lease liabilities

Group as a lessee

The Group has lease contracts for immovable properties, computers and vehicles used in its operations. These leases are for a period ranging from 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.

The Group also has certain leases of computers, machinery and testing equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

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

| | 31 March 2024 | | | 31 March 2023 | | | Total | |
|---|--------------------|--------------|----------|--------------------|---------------|-------------|---------------------|---------------------|
| | Immovable property | Computers | Vehicles | Immovable property | Computers | Vehicles | As at 31 March 2024 | As at 31 March 2023 |
| As on 01 April | 11,453.55 | 110.66 | 4.75 | 8,564.36 | 155.28 | 25.97 | 11,568.96 | 8,745.61 |
| Additions* | 3,332.43 | - | - | 4,283.62 | - | - | 3,332.43 | 4,283.62 |
| Additions through acquisition of subsidiaries (refer note 48) | 3,701.53 | - | - | - | - | - | 3,701.53 | - |
| Deletions | (939.99) | - | - | (60.71) | - | - | (939.99) | (60.71) |
| Assets held for sale | (717.66) | - | - | - | - | - | (717.66) | - |
| Lease modification | 34.10 | - | - | (113.82) | - | - | 34.10 | (113.82) |
| Depreciation expense (refer note 30) | (1,687.48) | (44.62) | (4.75) | (1,225.99) | (44.62) | (21.22) | (1,736.85) | (1,291.83) |
| Exchange difference | (0.93) | - | - | 6.09 | - | - | (0.93) | 6.09 |
| Carrying amount as on 31 March | 15,175.55 | 66.04 | - | 11,453.55 | 110.66 | 4.75 | 15,241.59 | 11,568.96 |

* During the previous year ended 31 March 2023, out of ₹ 4,283.62 lakhs, ₹1,956.68 lakhs pertains to Leasehold land in AAIPL. Leasehold land represents land acquired from Karnataka Industrial Areas Development Board (KIADB) on a lease cum sale basis wherein this land would transfer to AAIPL after a period of 10 years on the fulfilment of the conditions of the allotment letter. The amount paid towards land for which possession has been taken over has been disclosed as Leasehold land since KIADB vide letter no KIADB/HO/Allot/18403/8992/2017-18 dated 12 September 2017 has allotted 10 acres of land in 'Bengaluru Aerospace Park', and vide letter number KIADB/AE/18403/86/2022-23 dated 11 May 2022 the KIADB issued possession certificate for 10.8 acres of land to AAIPL. AAIPL has paid an amount of ₹ 3,757.69 lakhs out of which ₹ 1,801.01 lakhs already considered as Leasehold land (Right-to-use assets) and balance amount of ₹ 1,956.68 lakhs which was classified Capital advance earlier is transferred to Leasehold land (Right-to-use assets).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(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 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| As on 01 April | 3,195.85 | 2,324.54 |
| Additions | 2,697.68 | 2,226.60 |
| Additions through acquisition of subsidiaries (refer note 48) | 3,701.54 | - |
| Deletions | - | (68.93) |
| Lease modification/ rental concession | - | (115.89) |
| Accretion of interest (refer note 29) | 417.36 | 264.65 |
| Repayment of principal portion of lease liabilities | (1,556.11) | (1,177.17) |
| Payment of Interest portion of lease liabilities | (417.36) | (264.65) |
| Exchange difference | 7.05 | 6.70 |
| Carrying amount as on 31 March | 8,046.01 | 3,195.85 |
| Current | 1,615.96 | 947.85 |
| Non-current | 6,430.05 | 2,248.00 |
| Total | 8,046.01 | 3,195.85 |

The weighted average incremental borrowing rate for lease liabilities is between 7.50% to 12.17% per annum (31 March 2023 is between 8.40% to 12.17% per annum), with maturities between financial year 2025-2030 for leasehold properties.

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

| | 31 March 2024 | 31 March 2023 |
|------------------------|---------------|---------------|
| Less than three months | 576.19 | 366.63 |
| three to twelve months | 1,619.98 | 910.06 |
| one to five years | 4,795.96 | 2,697.52 |
| more than five years | 3,048.41 | 34.38 |

The following are the amounts recognised in the statement of profit or loss:

| | 31 March 2024 | 31 March 2023 |
|---|-----------------|-----------------|
| Depreciation expense of right-of-use assets | 1,736.85 | 1,291.83 |
| Interest expense on lease liabilities | 417.36 | 264.65 |
| Expense relating to short-term leases and low value leases (included in other expenses) | 806.61 | 784.50 |
| Lease modification | - | (7.05) |
| Total amount recognised in profit or loss | 2,960.82 | 2,333.93 |

The Group had total cash outflows for leases of ₹ 2,780.08 lakhs for the year ended 31 March 2024 (31 March 2023: ₹ 2,226.31 lakhs). The Group has made non-cash additions of ₹ 7,033.96 lakhs (31 March 2023: ₹ 4,283.62 lakhs) and ₹ 6,399.22 lakhs (31 March 2023: ₹ 2,226.60 lakhs) to right-of-use assets and lease liabilities, respectively. There are no future cash outflows relating to leases that have not yet commenced.

36 Contingent liabilities and commitments

Capital and other commitments

| | As at 31 March 2024 | As at 31 March 2023 |
|---------------------|------------------------|------------------------|
| Capital commitment* | 96.67 | 72.51 |

* Mainly pertains to commitment towards purchase of capital assets of ₹ 96.67 lakhs (31 March 2023: ₹ 72.51 lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Bank guarantees

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| i) Bank guarantees to government authorities and others | 5,783.37 | 1,477.96 |

Bank guarantees are issued in favor of government authorities and others towards financial and performance guarantees as part of bidding process.

Tax contingencies

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| i) Direct tax matters under dispute/ pending before Income Tax Authorities [refer note (i) below] | 4,025.14 | 5,329.90 |
| ii) Indirect tax matters for demands pending before various appellate authorities [refer note (ii) below] | 1,153.11 | 1,098.76 |
| | 5,178.25 | 6,428.66 |

Others

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| i) Other legal matters [refer note (iii)] | 912.91 | 79.81 |
| | 912.91 | 79.81 |

Notes:

i) AXISCADES Technologies Limited

- During the year ended 31 March 2023, the Company had received an income tax demand (including interest) aggregating EUR 41.17 lakhs (₹ 3,280 lakhs) for the FY 2015-16 to FY 2017-18 from the German tax authorities. The Company's position was upheld in the appellate process and has received a favourable order dismissing the demand and interest from the German tax authorities.
- In respect of other income tax matters, the Company has received assessment orders in respect of certain financial years giving rise to additional income tax demand (including interest) of ₹ 358.00 lakhs on account of certain adjustments in relation to disallowances of expenses and certain tax benefits. The Company has contested such demand and appeal is pending at appellate level. Pending outcome of the appellate proceedings and based on advice from the Company's tax consultants, no adjustments has been made in the financial statements in this regard.

Mistral Solutions Private Limited

In respect of tax matters, MSPL is contesting the tax litigations amounting to ₹ 337.62 lakhs in respect of various years from FY 2008-09 to FY 2021-22 for several disallowances made by the tax authorities. The Management, including its tax advisors, believes that it's position will likely to be upheld at various forums where the matters are pending. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

AXISCADES Aerospace & Technologies Private Limited

For certain financial years, ACAT has received assessment order giving rise to additional income tax demand (including interest) aggregating to ₹ 3,329.52 lakhs on account of certain adjustments in relation to disallowances of certain expenses and certain tax benefits. ACAT has contested such demand and appeal is pending at appellate level. Pending outcome of the appellate proceedings and based on advice from the tax consultants, no adjustments have been made in the financial statements in this regard.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

ii) AXISCADES Technologies Limited

The Company has received demand notices of ₹ 956.39 lakhs from the authorities under the Finance Act, 1994 for non-payment of Service tax on reverse charge mechanism for the period from April 2006 to September 2010 and also received demand notices of ₹ 54.33 lakhs from GST authorities under Goods and Service Tax Act, 2017 for non-payment of GST on reverse charge mechanism, excess ITC availed and ITC of input service distributor not appearing in GSTR 2A for the period FY 2017-2018 to FY 2018-2019. The Company is contesting the above demands and has filed appeals against the above orders. Pending outcome of the appellate proceedings and based on advice from the Company's tax consultants, no adjustments have been made in the financial statements in this regard.

AXISCADES Aerospace & Technologies Private Limited

ACAT has received demand notices from the authorities under Service Tax Act for FY 2008 to FY 2015 aggregating to ₹ 142.39 lakhs towards non payment of Service Tax and wrong availment of ineligible Cenvat Credit. ACAT has filed the appeals against the above orders. ACAT is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

- iii) During the year, Axiscades Inc., has received a legal notice from Mr. Ajay Sarin (former CEO of AXIS Inc) alleging, inter alia: (i) age discrimination; (ii) grievance on vesting of stock options; and (iii) continued employment in the U.S. and has sought US\$ 1 million as compensation. AXISCADES Inc based on the advice from its legal counsel, believes that it has adequate grounds to defend against the above-mentioned claims by Mr. Ajay Sarin. However, as a matter of abundant caution, the Management has provided USD 83,000 in the books.

37 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 and financial institution to immediately call loans and borrowings. There have been breaches in the financial covenants of interest-bearing loans and borrowings in the current period and the Group has taken the waiver letter from the bank (refer note 17).

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, lease liabilities less cash and cash equivalent.

| | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Borrowings (Current and Non-current) (refer note 17) | 23,846.21 | 31,400.35 |
| Lease liabilities (Current and Non-current) (refer note 35) | 8,046.01 | 3,195.85 |
| Less: Cash and cash equivalent (refer note 13) | (5,560.98) | (7,506.73) |
| Net debt (a) | 26,331.24 | 27,089.47 |
| Equity share capital (refer note 15) | 2,098.94 | 1,911.50 |
| Other equity (refer note 16) | 56,437.17 | 30,467.87 |
| Capital and net debt (a) | 84,867.35 | 59,468.84 |
| Gearing ratio (a/b) | 31% | 45% |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

38 Income Tax

The major components of income tax expense are:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Current income tax: | | |
| Current income tax charge | 2,139.09 | 2,085.61 |
| Adjustment of tax relating to earlier years | 20.43 | (368.00) |
| Deferred tax: | | |
| Relating to the origination and reversal of temporary differences | (198.35) | 864.61 |
| Income tax expense reported in statement of profit and loss | 1,961.17 | 2,582.22 |
| OCI section | | |
| Deferred tax related to items recognised in OCI during in the year: | | |
| Re-measurement gains/ (losses) on defined benefit plans | 37.53 | (1.43) |
| (Losses)/ gains on cash flow hedges | (16.54) | 8.00 |
| | 20.99 | 6.57 |
| Bifurcation of the deferred tax recognized in OCI | | |
| Items that will not be reclassified to Statement of Profit and Loss | 37.53 | (1.43) |
| Items that will be reclassified to Statement of Profit and Loss | (16.54) | 8.00 |
| | 20.99 | 6.57 |

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2024 and 31 March 2023:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Accounting profit before tax | 5,302.11 | 2,102.40 |
| Tax on accounting profit at statutory income tax rate | 1,475.05 | 584.89 |
| Expenditure disallowed on cancellation of employee stock option plan | - | 283.02 |
| Disallowance for capital expenditure | - | 780.99 |
| Foreign tax expensed during the year | 77.23 | - |
| Effect of lower tax rate in the capital gains | (94.34) | 94.34 |
| Adjustments in respect of current income tax of previous years | - | (326.33) |
| Impact of change in tax rate | 14.35 | (14.91) |
| Purchase consideration re-measurement | - | 1,502.32 |
| Other non-deductible expenses | 16.94 | 6.00 |
| Tax benefit on utilisation/expected utilisation of benefit on previously unrecognised tax losses | - | (63.70) |
| GILTI Income | - | 27.59 |
| Tax impact on loss of control on subsidiary | 153.92 | - |
| Corporate tax on dividend income received from subsidiary | 203.25 | - |
| Others (net) | 114.77 | (291.99) |
| At the effective income tax rate of 36.99% [31 March 2023: 122.82%] | 1,961.17 | 2,582.22 |
| Income tax expense reported in the Statement of Profit and Loss | 1,961.17 | 2,582.22 |

* 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Balance Sheet | | Statement of profit and loss (including OCI) | |
|--|-----------------|-----------------|---|-----------------|
| | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 |
| Deferred tax asset | | | | |
| Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes | 406.19 | 476.32 | (70.13) | 54.25 |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 526.42 | 335.54 | 190.88 | 335.54 |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years | 3,050.96 | 10,492.36 | (7,441.40) | 6,296.19 |
| Right of use | (5,637.86) | (14,208.99) | 8,571.13 | (9,776.92) |
| Lease liabilities | 2,976.22 | 3,925.14 | (948.92) | 2,700.81 |
| Impairment of investment | 155.08 | 146.22 | 8.86 | 146.22 |
| Unutilised tax losses | 28.89 | 73.78 | (44.89) | (410.55) |
| Hedge items | (16.54) | 8.17 | (24.71) | 8.00 |
| Minimum alternate tax credit entitlement | 638.61 | 696.07 | (57.46) | (217.14) |
| Other adjustments | 31.79 | 37.38 | (5.59) | 9.79 |
| Deferred tax asset | 2,159.76 | 1,981.99 | 177.77 | (853.81) |
| Deferred tax liability | | | | |
| Other items | - | 1.66 | - | - |
| Deferred tax liability | - | 1.66 | - | - |
| Deferred tax assets, net | 2,159.76 | 1,980.33 | | |
| Deferred tax liability | | | | |
| Acquired through acquisition | 379.60 | - | 379.60 | - |
| Deferred tax liability, net | 379.60 | - | 379.60 | - |
| Deferred tax asset, net | | | 2,159.76 | 1,980.33 |
| Deferred tax liabilities, net | | | 379.60 | - |

Reflected in the balance sheet as follows:

| | 31 March 2024 | 31 March 2023 |
|--------------------------------------|-----------------|-----------------|
| Deferred tax assets | 2,159.76 | 1,981.99 |
| Deferred tax liabilities | - | (1.66) |
| Deferred tax asset, net | 2,159.76 | 1,980.33 |
| Deferred tax assets | - | - |
| Deferred tax liabilities | (379.60) | - |
| Deferred tax liabilities, net | (379.60) | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

39 Fair value measurements

(i) Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2024, including their levels in the fair value hierarchy.

| Particulars | Note | FVTPL | FVTOCI | Other financial assets -amortised cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 |
|--|------|-----------------|--------------|--|-----------------------------|-----------------------|-----------------|---------------|-----------------|
| Financial assets measured at fair value | | | | | | | | | |
| Investments (Investment in mutual funds and other funds) | 7 | 3,034.63 | - | - | - | 3,034.63 | 2,783.94 | 250.69 | - |
| Other financial assets (Hedge asset) | 8 | - | 10.12 | - | - | 10.12 | - | 10.12 | - |
| | | 3,034.63 | 10.12 | - | - | 3,044.75 | 2,783.94 | 260.81 | - |
| Financial assets not measured at fair value | | | | | | | | | |
| Other Investments | 7 | - | - | 0.05 | - | 0.05 | - | - | - |
| Other financial assets | 8 | - | - | 8,190.80 | - | 8,190.80 | - | - | - |
| Trade receivables | 12 | - | - | 23,411.68 | - | 23,411.68 | - | - | - |
| Cash and cash equivalent | 13 | - | - | 5,560.98 | - | 5,560.98 | - | - | - |
| Bank balances other than cash and cash equivalent | 14 | - | - | 9,725.09 | - | 9,725.09 | - | - | - |
| | | - | - | 46,888.60 | - | 46,888.60 | - | - | - |
| There have been no transfers among Level 1, Level 2 and Level 3 during the year ended 31 March 2024. | | | | | | | | | |
| Financial liabilities measured at fair value | | | | | | | | | |
| Other financial liabilities (Purchase consideration payable) | 20 | 1,760.49 | - | - | - | 1,760.49 | - | - | 1,760.49 |
| | | 1,760.49 | - | - | - | 1,760.49 | - | - | 1,760.49 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Borrowings | 17 | - | - | - | 23,846.21 | 23,846.21 | - | - | - |
| Trade payables | 19 | - | - | - | 6,373.19 | 6,373.19 | - | - | - |
| Other financial liabilities | 20 | - | - | - | 2,266.89 | 2,266.89 | - | - | - |
| Lease liabilities | 35 | - | - | - | 8,046.01 | 8,046.01 | - | - | - |
| | | - | - | - | 40,532.30 | 40,532.30 | - | - | - |

There have been no transfers among Level 1, Level 2 and Level 3 during the year ended 31 March 2024.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2023, including their levels in the fair value hierarchy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | FVTPL | FVTOCI | Other financial assets -amortised cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 |
|--|------|-----------------|--------------|--|-----------------------------|-----------------------|-----------------|---------------|---------------|
| Financial assets measured at fair value | | | | | | | | | |
| Investments (Investment in mutual funds and other funds) | 7 | 3,346.12 | - | - | - | 3,346.12 | 2,698.60 | 647.52 | - |
| | | 3,346.12 | - | - | - | 3,346.12 | 2,698.60 | 647.52 | - |
| Financial assets not measured at fair value | | | | | | | | | |
| Other Investments | 7 | - | - | 0.05 | - | 0.05 | - | - | - |
| Other financial assets | 8 | - | - | 6,851.73 | - | 6,851.73 | - | - | - |
| Trade receivables | 12 | - | - | 17,902.93 | - | 17,902.93 | - | - | - |
| Cash and cash equivalent | 13 | - | - | 7,506.73 | - | 7,506.73 | - | - | - |
| Bank balances other than cash and cash equivalent | 14 | - | - | 2,456.16 | - | 2,456.16 | - | - | - |
| | | - | - | 34,717.60 | - | 34,717.60 | - | - | - |
| There have been no transfers among Level 1, Level 2 and Level 3 during the year ended 31 March 2023. | | | | | | | | | |
| Financial liabilities measured at fair value | | | | | | | | | |
| Other financial liabilities (Purchase consideration payable) | 20 | 125.13 | - | - | - | 125.13 | - | - | 125.13 |
| Other financial liabilities (Derivative liability on share warrants) | | 565.18 | - | - | - | 565.18 | - | - | 565.18 |
| Other financial liabilities (Hedge liability) | 20 | - | 49.33 | - | - | 49.33 | - | 49.33 | - |
| | | 690.31 | 49.33 | - | - | 739.64 | - | 49.33 | 690.31 |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Borrowings | 17 | - | - | - | 31,400.35 | 31,400.35 | - | - | - |
| Trade payables | 19 | - | - | - | 7,509.33 | 7,509.33 | - | - | - |
| Other financial liabilities | 20 | - | - | - | 2,896.81 | 2,896.81 | - | - | - |
| Lease liabilities | 35 | - | - | - | 3,195.85 | 3,195.85 | - | - | - |
| | | - | - | - | 45,002.34 | 45,002.34 | - | - | - |

There have been no transfers among Level 1, Level 2 and Level 3 during the year ended 31 March 2023.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

The Management assessed that the fair value of Cash and cash equivalent, 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 significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2024 and 31 March 2023 are as shown below:

| Type | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of the input to fair value |
|--|-------------------------------|---|-----------------------------------|---|
| Purchase consideration payable | DCF method | Adjusted earnings of acquired entity | - | These inputs would result in fair value loss on purchase consideration by ₹ 10.00 lakhs |
| FVTPL assets in unquoted equity shares | Binomial option pricing model | Exercise price per share Risk free rate Sigma range | ₹ 969.10 7.10% 50.6% -51.8% | These inputs would result in fair value loss on derivative by ₹ 565.18 lakhs |

Valuation technique used to determine fair value of derivative contracts

- i) Derivative contracts: The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates of the underlying commodity. As at 31 March 2024, 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.
- ii) Investments in liquid and short-term mutual funds which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by the Group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

40 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 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 counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group only deals with parties which has good credit rating/ worthiness given by Groups internal assessment.

Financial assets that are not credit impaired

The Group has financial assets which are in the nature of cash and cash equivalents, other bank balances, loans, security deposits, interest accrued on fixed deposits and other receivables which are not credit impaired. These are contractually

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

agreed where the probability of default is negligible.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal assessment. Outstanding customer receivables are continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 39. The Company does not hold collateral as security. The Group is considerate of the fact the majority of the collection is receivable from export customers with high credit worthiness where there is no significant risk of bad debts. The customers of the Group have a defined period for payment of receivables, hence the Group evaluates the concentration of risk with respect to trade receivables as low.

Set out below is the information about the credit risk exposure of the Company's trade receivables using provision matrix:

| | Gross carrying amount | Weighted average loss rate | Loss allowance |
|------------------------|-----------------------|----------------------------|----------------|
| 31 March 2024 | | | |
| Current (not past due) | 15,504.97 | 0.02% | 2.81 |
| 0-90 days | 5,290.70 | 0.09% | 4.68 |
| 91-180 days | 2,201.82 | 2.23% | 49.12 |
| 181-270 days | 585.11 | 19.54% | 114.31 |
| 271-365 days | 45.33 | 100.00% | 45.33 |
| > 365 days | 78.09 | 100.00% | 78.09 |
| | 23,706.02 | | 294.34 |

| | Gross carrying amount | Weighted average loss rate | Loss allowance |
|------------------------|-----------------------|----------------------------|----------------|
| 31 March 2023 | | | |
| Current (not past due) | 13317.56 | 0.05% | 6.59 |
| 0-90 days | 3884.4 | 0.76% | 29.65 |
| 91-180 days | 775.24 | 7.82% | 60.60 |
| 181-270 days | 42.78 | 79.15% | 33.86 |
| 271-365 days | 40.59 | 71.99% | 29.22 |
| > 365 days | 106.05 | 97.85% | 103.77 |
| | 18,166.62 | | 263.69 |

| Movement in the allowance for impairment in trade receivables | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
| Opening balance | 263.69 | 1,628.77 |
| Amount provided for | 109.91 | 104.83 |
| Amount reversal for | (60.81) | (1,469.91) |
| Amount utilised for | (18.45) | (14.79) |
| Net remeasurement of loss allowance | 294.34 | 263.69 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(B) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities based on contractual undiscounted payment at year end:

Maturities of financial liabilities

| As at 31 March 2024 | On Demand | Less than 3 months | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|-----------------------------|-----------------|--------------------|------------------|-------------------|-------------------|------------------|
| Borrowings | 5,076.30 | 1,193.94 | 6,987.32 | 10,863.25 | - | 24,120.81 |
| Lease liabilities | - | 576.19 | 1,619.98 | 4,795.96 | 3,048.41 | 10,040.54 |
| Trade payables | - | 6,373.19 | - | - | - | 6,373.19 |
| Other financial liabilities | - | 2,326.35 | - | 1,701.03 | - | 4,027.38 |
| Total | 5,076.30 | 10,469.67 | 8,607.30 | 17,360.24 | 3,048.41 | 44,561.92 |

| As at 31 March 2023 | On Demand | Less than 3 months | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|-----------------------------|-----------------|--------------------|------------------|-------------------|-------------------|------------------|
| Borrowings | 3,587.02 | 1,031.37 | 9,726.23 | 17,336.03 | - | 31,680.65 |
| Lease liability | - | 366.63 | 910.06 | 2,697.52 | 34.38 | 4,008.59 |
| Trade payables | - | 7,509.33 | - | - | - | 7,509.33 |
| Other financial liabilities | - | 2,896.81 | 739.64 | - | - | 3,636.45 |
| Total | 3,587.02 | 11,804.14 | 11,375.93 | 20,033.55 | 34.38 | 46,835.02 |

(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, financing and investing activities.

Foreign currency sensitivity

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 and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

| Particulars | Currency | As at 31 March 2024 | | As at 31 March 2023 | |
|--|----------|----------------------------|-------------|----------------------------|-------------|
| | | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ |
| Financial assets | | | | | |
| Trade receivables | USD | 79.36 | 6,616.79 | 65.34 | 5,369.28 |
| | EURO | 27.98 | 2,522.09 | 16.33 | 1,459.72 |
| | GBP | 6.10 | 642.94 | 0.88 | 88.95 |
| | CAD | 0.44 | 27.01 | 0.28 | 17.13 |
| | CNY | 17.65 | 203.58 | 21.16 | 252.98 |
| | SGD | 0.21 | 12.91 | 0.21 | 12.91 |
| | DKK | - | - | 4.20 | 50.27 |
| | AUD | 0.42 | 23.08 | - | - |
| Unbilled revenue | USD | 27.72 | 2,311.17 | 22.71 | 1,866.11 |
| | EURO | 1.48 | 133.42 | 1.14 | 101.88 |
| | GBP | 0.31 | 32.65 | 0.56 | 56.82 |
| | CAD | 0.23 | 14.12 | 0.33 | 20.29 |
| | DKK | - | - | 1.42 | 17.03 |
| | AUD | 0.21 | 11.54 | - | - |
| Cash and bank balances | USD | 5.66 | 471.89 | 7.61 | 625.39 |
| | EURO | 3.89 | 350.67 | 1.03 | 92.05 |
| | AED | 1.57 | 35.95 | 1.58 | 19.04 |
| | DKK | 0.44 | 5.45 | 2.07 | 24.75 |
| Other financial assets | AED | 0.59 | 13.51 | 0.57 | 12.76 |
| Financial liabilities | | | | | |
| Trade payables | USD | 18.14 | 1,511.97 | 39.58 | 3,253.03 |
| | EURO | 21.07 | 1,899.41 | 4.79 | 428.42 |
| | DKK | 1.14 | 14.07 | 8.95 | 106.99 |
| | CAD | 0.20 | 12.17 | - | - |
| | GBP | 0.02 | 1.69 | 0.00 | 0.50 |
| Lease Liability | EURO | 0.74 | 66.66 | 1.17 | 104.56 |
| Interest accrued but not due on borrowings | USD | 0.10 | 8.34 | 0.10 | 8.22 |
| Borrowings | USD | 46.00 | 3,835.15 | 34.55 | 2,839.34 |

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 and refer below for impact of change in foreign exchange rates on profit before tax of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | 31 March 2024 | | 31 March 2023 | |
|--------------------|---------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Sensitivity | | | | |
| INR/USD | 40.44 | (40.44) | 17.60 | (17.60) |
| INR/EURO | 10.40 | (10.40) | 11.21 | (11.21) |
| INR/AED | 0.49 | (0.49) | 0.32 | (0.32) |
| INR/SGD | 0.13 | (0.13) | 0.13 | (0.13) |
| INR/GBP | 6.74 | (6.74) | 1.45 | (1.45) |
| INR/DKK | (0.09) | 0.09 | (0.15) | 0.15 |
| INR/CAD | 0.29 | (0.29) | 0.37 | (0.37) |
| INR/CNY | 2.04 | (2.04) | 2.53 | (2.53) |
| INR/AUD | 0.35 | (0.35) | - | - |

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. 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 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Forward Contracts | | |
| In USD (31 March 2024 - 17.50 lakhs, 31 March 2023 - 40 lakhs) | 1,477.39 | 3,257.93 |

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 2024 | | As at 31 March 2023 | |
|--|---------------------------------|-------------------------|---------------------------------|-------------------------|
| | Notional amount (in ₹ lakhs) | Average forward rate | Notional amount (in ₹ lakhs) | Average forward rate |
| Not later than one month | | | | |
| - In USD | - | - | 396.05 | 79.21 |
| Later than one month and not later than three months | | | | |
| - In USD | 421.20 | 84.24 | 1,211.00 | 80.73 |
| Later than three months and not later a year | | | | |
| - In USD | 1,056.19 | 84.50 | 1,650.88 | 82.54 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Balance as at the beginning of the year | (41.20) | (20.48) |
| Changes in fair value of gain/(loss) effective portion of derivatives | 59.45 | (29.38) |
| Net gain reclassified to statement of profit and loss on occurrence of hedged transactions | - | 0.66 |
| Balance as at the end of the year | 18.25 | (49.20) |
| Deferred tax liability thereon | (16.54) | 8.00 |
| Balance as at the end of the year, net of deferred tax | 1.71 | (41.20) |

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. As at 31 March 2024, the Group does not have any long term debt obligations with floating interest rates, hence, is not exposed to any significant interest rate risk.

Price risk

The Group invests in mutual funds schemes of leading fund houses. Such investments are susceptible to market price risks. However, given the short tenure of the underlying portfolio of the mutual fund schemes in which the Group has invested, such price risk is not significant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

41 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 2024 is ₹ 2,163.97 lakhs (31 March 2023: ₹ 1,090.09 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 2024 is ₹ 1,982.80 lakhs (31 March 2023: ₹ 1,484.53 lakhs).

B Defined benefit plans

The Group has a defined benefit gratuity plan (unfunded, except for MSPL which is funded), 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 Group 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

41 Defined benefit obligations (cont'd)

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

| | Gratuity | |
|--|-----------------|-----------------|
| | 31 March 2024 | 31 March 2023 |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Defined benefit obligation at the beginning of the year | 1,669.19 | 1,633.83 |
| Current service cost | 284.57 | 209.58 |
| Interest cost | 113.97 | 106.95 |
| Benefits paid | (185.06) | (257.56) |
| Actuarial gain arising from change in financial assumptions | (179.01) | (137.48) |
| Actuarial loss arising from change in experience assumptions | 331.25 | 86.46 |
| Actuarial loss arising from change in demographic assumptions | 8.56 | 27.41 |
| Defined benefit obligation at the end of the year | 2,043.47 | 1,669.19 |

(ii) Reconciliation of present value of plan asset:

| | | |
|--|---------------|---------------|
| Plan assets as at 1 April | 673.57 | 626.99 |
| Expected return on plan assets | 49.62 | 43.17 |
| Return on assets excluding interest income | 23.62 | (18.11) |
| Contributions | 76.39 | 127.46 |
| Benefits settled | (30.35) | (105.94) |
| Plan assets as at 31 March at fair value | 792.85 | 673.57 |

(iii) Reconciliation of net defined benefit asset/ (liability)

| | | |
|---|-------------------|-----------------|
| Present value of obligation as at 31 March 2024 | (2,043.47) | (1,669.19) |
| Plan assets at 31 March 2024 at fair value | 792.85 | 673.57 |
| Amount recognised in balance sheet liability | (1,250.62) | (995.62) |
| Non-Current Provision | 951.49 | 717.14 |
| Current Provision | 299.13 | 278.48 |

(iv) Components of costs are:

| | | |
|--|---------------|---------------|
| Employee benefits expense | | |
| Current service cost and past service cost | 284.57 | 209.58 |
| Finance cost | | |
| Net interest expense | 68.55 | 63.78 |
| Expenses recognised in the Statement of Profit and Loss for the year | 353.12 | 273.36 |

(v) Components Remeasurement losses/ (gains) in OCI

| | | |
|--|---------------|---------------|
| Recognised net actuarial gain arising from change in financial assumptions | (179.01) | (137.48) |
| Recognised net actuarial loss arising from change in demographic assumptions | 8.56 | 27.41 |
| Recognised net actuarial loss arising from experience variance | 331.25 | 86.46 |
| Expected return on plan assets | (23.62) | 18.11 |
| Remeasurement losses/(gains) in OCI | 137.18 | (5.50) |

(vi) Investment details:

| | % Invested | % Invested |
|-----------------------|------------|------------|
| Insurer managed funds | 99.89% | 100.00% |
| Others | 0.11% | 0.00% |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(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 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Discount rate | 7.15%-7.20% | 7.25%-7.45% |
| Salary escalation rate | 2.50%-9.00% | 2.5%-10% |
| Attrition rate | 1.00% - 40.00% | 1.00% - 40.00% |
| Retirement age | 58 Years - 60 Years | 58 Years - 60 Years |
| Mortality rate [as a percentage of Indian assured lives mortality (2012-2014)] | 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 Group's policy for plan asset management.

A quantitative sensitivity analysis for significant assumption as at 31 March 2024 and 31 March 2023 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 2024 | | As at 31 March 2023 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (Increase or decrease by 1%) | (182.28) | 205.60 | (79.28) | 85.72 |
| Salary growth rate (Increase or decrease by 1%) | 156.78 | (146.68) | 83.92 | (78.97) |
| Attrition rate (Increase or decrease by 50% of attrition rates) | 38.06 | (48.97) | 56.10 | (81.41) |
| Mortality rate (Increase or decrease by 10% of mortality rates) | 0.92 | (0.98) | 0.08 | (0.13) |

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 weighted average duration of the group's plan is estimated to be between 2.25 years to 9 years (31 March 2023: 2.21 years to 7 years). Following is a collective maturity profile of the defined benefit obligation of the plans as at 31 March 2024 and 31 March 2023.

| Expected cash flows over the next: (valued on undiscounted basis) | Gratuity | |
|---|------------------------|------------------------|
| | As at 31 March 2024 | As at 31 March 2023 |
| 1 year | 312.73 | 264.53 |
| 2 - 5 years | 993.95 | 776.07 |
| 6 - 10 years | 2,104.55 | 1,821.66 |
| More than 10 years | 532.87 | 336.04 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

42 Segment information

Management currently identifies the Group's two service lines as its operating segments based on its products and services. 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 Technology Services and Solutions 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 Group Chief Financial Officer is the Chief Operating Decision Maker (CODM) and 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. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment information for the reporting period is as follows:

| A Segment revenues and profits | Year ended 31 March 2024 | | Year ended 31 March 2023 | |
|--|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | Technology Services and Solutions | Strategic technology solutions | Technology Services and Solutions | Strategic technology solutions |
| Revenue | | | | |
| From external customers | 69,718.27 | 25,793.78 | 58,318.34 | 23,843.87 |
| Inter-segment | - | - | - | - |
| Segment Revenues | 69,718.27 | 25,793.78 | 58,318.34 | 23,843.87 |
| Income/(expenses) | | | | |
| Cost of raw material and components consumed | - | 16,256.90 | - | 14,366.98 |
| Employee benefits expense | 44,608.19 | 5,406.54 | 31,798.71 | 4,290.49 |
| Segment Results | 7,910.08 | 3,583.90 | 10,625.38 | 2,450.52 |
| Segment Results | 7,910.08 | 3,583.90 | 10,625.38 | 2,450.52 |

Reconciliations to amounts reflected in the financial statements

| Reconciliation of profit | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---------------------------------------|--------------------------|--------------------------|
| Segment profit | 11,493.98 | 13,075.90 |
| Share in net loss of associate | (0.30) | (4.41) |
| Exceptional items (refer note 32) | - | (6,803.74) |
| Finance costs | (5,636.79) | (3,589.98) |
| Depreciation and amortisation expense | (1,548.51) | (1,171.21) |
| Other income | 993.73 | 595.84 |
| Profit before tax | 5,302.11 | 2,102.40 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| B Segment assets and liabilities | As at 31 March 2024 | | As at 31 March 2023 | |
|----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | Technology Services and Solutions | Strategic technology solutions | Technology Services and Solutions | Strategic technology solutions |
| Segment assets | 57,804.53 | 34,599.24 | 38,056.91 | 31,914.02 |
| Segment liabilities | 24,027.89 | 27,203.65 | 16,694.93 | 37,311.97 |

| B1 Reconciliation of Segment assets | As at 31 March 2024 | As at 31 March 2023 |
|-------------------------------------|---------------------|---------------------|
| Total reportable segment assets | 92,403.77 | 69,970.93 |
| Unallocable assets | 21,507.07 | 20,467.52 |
| Total Assets | 1,13,910.84 | 90,438.45 |

| B2 Reconciliation of Segment liabilities | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Total reportable segment liabilities | 51,231.54 | 54,006.90 |
| Unallocable liabilities | 3,503.12 | 2,045.28 |
| Total Liabilities | 54,734.66 | 56,052.18 |
| Other disclosures | | |
| Investment in an associate | 627.45 | - |
| Capital expenditure | 3,404.43 | 1,213.30 |

| C The Group's revenues from external customers are divided into the following geographical areas: | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------|---------------------|
| India (country of domicile) | 30,064.58 | 24,950.95 |
| Outside India | 65,158.15 | 56,409.52 |
| | 95,222.72 | 81,360.47 |

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:

| | As at 31 March 2024 | As at 31 March 2023 |
|-----------------------------|---------------------|---------------------|
| India (country of domicile) | 39,537.57 | 33,098.29 |
| Outside India | 4,222.14 | 133.92 |
| | 43,759.71 | 33,232.21 |

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.

43 Share-based payments

The Group has the following Employees stock option schemes outstanding as at 31 March 2024:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

The movement in the options under the plan is set out below:

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
| Options outstanding as at beginning of the year | - | 3,63,000 |
| Options granted during the year | - | - |
| Options vested during the year | - | - |
| Options forfeited during the year | - | - |
| Options exercised during the year | - | 2,62,500 |
| Shares allotted against options exercised during the year | - | - |
| Options expired/relinquished during the year | - | 1,00,500 |
| Options outstanding at the end of the year | - | - |
| Options exercisable as at the end of the year | - | - |
| Weighted average price per option (₹) | - | 5.00 |

Fair Value Measurement:

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. No options were granted during the year ended 31 March 2024 and 31 March 2023.

During the previous year ended 31 March 2023, the Board of Directors have approved cancellation of 100,500 ESOPs which were granted but not vested. The Holding Company as a part of the acquisition has paid ₹ 1,414.44 lakhs to the employees for the aforesaid cancelled ESOPs and 65,212 promised but not granted ESOP.

The Group in line with the Accounting Standards has recognized ₹ 362.61 lakhs as an expense for the cancelled ESOPs which were granted but not vested comprising of the following:

- ₹ 189.49 lakhs – Difference between the amount paid and fair value as on the date of settlement.
- ₹ 173.12 lakhs – Accelerated vesting of cancelled ESOPs.

The difference between the settlement date fair value and grant date fair value of ₹ 289.91 lakhs have been charged to other equity. Furthermore, the amount of ₹ 556.62 lakhs paid by the Holding Company for promised but not granted ESOP has also been recognized as an expense. The total amount paid by the Holding Company amounting to ₹ 1,414.44 lakhs has been recognized as a credit to capital reserve.

AXISCADES Employee Stock Option Plan- Series 1 & AXISCADES Employee Stock Option Plan- Series 2

The Company has two ESOP schemes titled "AXISCADES Employee Stock Option Plan- Series 1" and "AXISCADES Employee Stock Option Plan- Series 2" under which option to subscribe for the Company's shares can be granted to certain executive and senior employees.

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.

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Expense arising from equity-settled share-based payment transactions | 546.68 | 542.75 |
| Total expense arising from share-based payment transactions | 546.68 | 542.75 |

Movements during the year

The following table summarises the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | 31 March 2024 | | 31 March 2023 | |
|--------------------------------|------------------|--------------|------------------|--------------|
| | Number* | WAEP (₹) | Number* | WAEP (₹) |
| Outstanding at 1 April | 50,14,394 | 68.48 | 52,99,674 | 67.47 |
| Granted during the year | - | - | - | - |
| Forfeited during the year | (7,18,381) | 51.20 | - | - |
| Exercised during the year | (4,25,632) | 52.27 | (2,85,280) | 52.67 |
| Expired during the year | - | - | - | - |
| Outstanding at 31 March | 38,70,381 | 73.30 | 50,14,394 | 68.48 |
| Exercisable at 31 March | 7,01,097 | 51.36 | 3,77,520 | 52.70 |

*Full figures

The weighted average remaining contractual life for the share options outstanding as at 31 March 2024 was 5.58 years (31 March 2023: 6.31 years).

No options were granted during the year ended 31 March 2024 and 31 March 2023.

The range of exercise prices for options outstanding at the end of the year was ₹ 51.20 to ₹ 83.52 (31 March 2023: ₹ 51.20 to ₹ 83.52).

Details of share options exercised during the year ended 31 March 2024 and 31 March 2023:

| Number of options exercised | Year | Exercise date | Share price (₹) at exercise date |
|-----------------------------|---------|------------------|----------------------------------|
| 24,470 | 2023-24 | 29 March 2024 | 553.15 |
| 143,491 | 2023-24 | 13 March 2024 | 504.80 |
| 257,671 | 2023-24 | 17 August 2023 | 576.05 |
| 196,280 | 2022-23 | 03 December 2022 | 303.10 |
| 89,000 | 2022-23 | 17 May 2022 | 149.05 |

The following table list the input to the model used for the scheme for the year ended 31 March 2024 and 31 March 2023 respectively:

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Weighted average fair values at the measurement date | 57.71 | 47.28 |
| Dividend yield (%) | - | - |
| Expected volatility (%) | 54.70%-57.23% | 54.70%-57.23% |
| Risk-free interest rate (%) | 5.48%-7.25% | 5.48%-7.16% |
| Expected life of share options(years) | 4.5 years | 5.5 years |
| Model used | Black-Scholes | 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.

44 Transfer pricing

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 2024 following a detailed transfer pricing study conducted for the financial year ended 31 March 2023. 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.

45 Ratio analysis and its elements

The ratios have not been disclosed in the consolidated financial statements pursuant to the guidance under the Revised Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India ("ICAI").

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

46 Statutory group information

The entities consolidated in the consolidated financial statements are listed below:

| Sl. No | Name of the entity | Country of incorporation | Relation-ship as at 31 March 2024 | Percentage of effective ownership interest held (directly and indirectly) as at | | Net assets, i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | | | | | | | |
|------------------------|--|--------------------------|-----------------------------------|---|-----------------------------------|---|-----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------|---------|---------|----------|-----------|------------|
| | | | | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | | | | | | |
| | | | | As a % of consolidated net assets | As a % of consolidated net assets | As a % of consolidated net assets | As a % of consolidated net assets | As a % of other comprehensive income | As a % of other comprehensive income | As a % of other comprehensive income | As a % of other comprehensive income | As a % of total comprehensive income | As a % of total comprehensive income | | | | | | |
| A. Parent | | | | | | | | | | | | | | | | | | | |
| | AXISCADES Technologies Limited | India | Holding Company | 61.92% | 45.40% | 36,640.33 | 15,611.74 | -11.88% | (396.81) | 413.26% | (1,982.87) | -27.71% | (37.77) | -3.65% | (18.67) | -12.50% | (434.58) | -6213.52% | (2,001.54) |
| B. Subsidiaries | | | | | | | | | | | | | | | | | | | |
| 1 | AXISCADES, Inc. | USA | Subsidiary | 100% | 12.13% | 4,465.37 | 4,172.31 | -8.72% | (291.45) | -321.34% | 1,541.86 | 0.00% | - | 0.00% | - | -8.38% | (291.45) | 4786.50% | 1,541.86 |
| 2 | AXISCADES UK Limited | United Kingdom | Step down subsidiary | 100% | 1.93% | 885.15 | 662.31 | 5.88% | 196.29 | -32.85% | 157.60 | 0.00% | - | 0.00% | - | 5.64% | 196.29 | 489.25% | 157.60 |
| 3 | AXISCADES Technology Canada Inc. | Canada | Subsidiary | 100% | 10.19% | 3,770.74 | 3,502.38 | 6.74% | 225.06 | -71.12% | 341.23 | 0.00% | - | 0.00% | - | 6.47% | 225.06 | 1059.30% | 341.23 |
| 4 | AXISCADES GmbH | Germany | Subsidiary | 100% | 0.13% | 535.21 | 44.22 | 14.63% | 488.66 | 0.57% | (2.71) | 0.00% | - | 0.00% | - | 14.05% | 488.66 | -8.43% | (2.71) |
| 5 | Axis Mechanical Engineering Design Co. (Wuxi) Ltd. | China | Subsidiary | 100% | -0.23% | (138.81) | (103.96) | -1.15% | (38.55) | -1.67% | 7.99 | 0.00% | - | 0.00% | - | -1.11% | (38.55) | 24.80% | 7.99 |
| 6 | Cades Studec Technologies (India) Private Limited | India | Subsidiary | 76% | 7.07% | 2,668.47 | 2,432.06 | 5.46% | 182.35 | -37.93% | 181.98 | -1.98% | (2.70) | 0.63% | 3.21 | 5.17% | 179.66 | 574.90% | 185.19 |
| 6 | Epcogen Private Limited | India | Subsidiary | 100% | 0.00% | 763.09 | - | 10.15% | 339.17 | 0.00% | - | 0.00% | - | 0.00% | - | 9.75% | 339.17 | 0.00% | - |
| 6 | add solution GmbH | Germany | Step down subsidiary | 94% | 0.00% | 1,374.83 | - | 1.28% | 42.81 | 0.00% | - | 0.00% | - | 0.00% | - | 1.23% | 42.81 | 0.00% | - |
| 7 | AXISCADES Aerospace & Technologies Private Limited | India | Subsidiary | 100% | 42.94% | 15,169.57 | 14,765.04 | 12.14% | 405.48 | -293.53% | 1,408.40 | -0.70% | (0.96) | -0.18% | (0.92) | 11.63% | 404.52 | 4369.33% | 1,407.48 |
| 8 | AXISCADES Aerospace Infrastructure Private Limited | India | Step down subsidiary | 100% | 22.20% | 7,533.02 | 7,633.35 | -3.00% | (100.33) | 27.26% | (130.80) | 0.00% | - | 0.00% | - | -2.89% | (100.33) | -406.06% | (130.80) |
| 9 | Enertec Controls Limited | India | Step down subsidiary | 100% | 10.42% | 3,621.35 | 3,581.75 | 1.18% | 39.59 | -6.94% | 33.28 | 0.00% | - | 0.00% | - | 1.14% | 39.59 | 103.31% | 33.28 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| Sl. No | Name of the entity | Country of incorporation | Relation-ship as at 31 March 2024 | Percentage of effective ownership held (directly and indirectly) as at | | Net assets, i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | | | | | | | | | | |
|--------|--|--------------------------|-----------------------------------|--|-----------------------------------|---|--------------------------------|--------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-----------------|----------------|----------------|---------------|----------------|-----------------|-----------------|------------------|-----------------|
| | | | | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | | | | | | | | | |
| | | | | As a % of consolidated net assets | As a % of consolidated net assets | As a % of comprehensive income | As a % of comprehensive income | As a % of comprehensive income | As a % of comprehensive income | As a % of comprehensive income | As a % of comprehensive income | As a % of comprehensive income | As a % of comprehensive income | | | | | | | | | |
| 10 | Mistral Solutions Private Limited | India | Step down subsidiary | 100% | 100% | 35.59% | 21,061.19 | 48.17% | 16,565.21 | 117.95% | 3,940.60 | -453.35% | 2,175.27 | -10.23% | (13.94) | -0.21% | (1.10) | 112.92% | 3,926.67 | 6749.41% | 2,174.17 | |
| 11 | Aero Electronics Private Limited | India | Step down subsidiary* | 0% | 100% | 0.00% | - | 1.14% | 391.80 | 0.00% | 0.00% | 8.63% | (41.40) | 0.00% | - | 0.00% | - | 0.00% | - | -128.52% | (41.40) | |
| 12 | Mistral Technologies Private Limited | India | Step down subsidiary | 100% | 100% | 1.50% | 886.61 | 2.38% | 816.70 | 2.11% | 70.42 | -10.48% | 50.28 | -0.37% | (0.51) | -0.04% | (0.18) | 2.01% | 69.91 | 155.53% | 50.10 | |
| 13 | Mistral Solutions Inc. | USA | Step down subsidiary | 100% | 100% | 2.01% | 1,191.46 | 2.70% | 929.41 | 7.38% | 246.63 | -10.70% | 51.35 | 0.00% | - | 0.00% | - | 7.05% | 245.09 | 159.41% | 51.35 | |
| 14 | Explosoft Tech Solutions Private Limited | India | Subsidiary | 100% | 100% | 3.93% | 2,323.84 | 6.81% | 2,341.94 | -0.54% | (18.10) | -11.62% | 55.74 | 0.00% | - | 0.00% | - | -0.52% | (18.10) | 173.04% | 55.74 | |
| 15 | Aero Electronics Private Limited | India | Associate* | 74% | 0% | 0.00% | - | - | - | - | - | - | - | - | - | - | - | -0.01% | (0.30) | 0.00% | - | |
| | Translation adjustment | | | | | | | | | | | | | | | | | | | | | |
| | Total | | | | | | 173.64% | 1,02,751.42 | 213.30% | 73,346.28 | 159.59% | 5,331.81 | -801.80% | 3,847.19 | -40.99% | (55.88) | -3.45% | (17.66) | 151.67% | 5,274.12 | 11888.25% | 3,829.53 |
| | C.Minority Interest | | | | | | | | | | | | | | | | | | | | | |
| | Caedes Studec Technologies (India) Private Limited | India | Subsidiary | 24% | 24% | -1.07% | (635.93) | -1.68% | (579.20) | 1.72% | 57.59 | -9.05% | 43.43 | -0.63% | (0.86) | 0.20% | 1.01 | 1.63% | 56.73 | 137.94% | 44.44 | |
| | add solution GmbH | Germany | Subsidiary | 6% | 6% | 0.00% | - | 0.00% | - | 0.08% | 2.57 | 0.00% | - | 0.00% | - | 0.00% | - | 0.07% | 2.57 | 0.00% | - | |
| | Instruments entirely equity in nature related to NCI in MSPL | | | | | | (4.14) | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | |
| | Adjustment arising out of Consolidation | | | | | | (42,935.16) | -111.62% | (38,380.82) | -61.39% | (2,051.03) | 910.85% | (4,370.43) | 141.62% | 193.05 | 103.25% | 528.68 | -53.38% | (1,856.17) | -11926.20% | (3,841.75) | |
| | Consolidated net assets/ Total comprehensive income | | | | | | 59,176.18 | 100.00% | 34,386.27 | 100.00% | 3,340.94 | 100.00% | (479.82) | 100.00% | 136.31 | 100.00% | 512.03 | 100.00% | 3,477.25 | 100.00% | 32.21 | |

* Step down subsidiary till 3 September 2023 and associate thereafter

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

47 Business Combination

Acquisitions during the year ended 31 March 2024

(i) Acquisition of add solution GmbH ('add solution')

The Group has acquired add solution GmbH through its subsidiary, AXISCADES GmbH. add solution is a company based out of Wolfsburg, Germany which is engaged in automotive design and development. They are engaged in services such as wiring systems, testing and automation for global automotive OEMs. On 16 June 2023, AXISCADES GmbH has entered into a Share Purchase Agreement ("SPA") with add solution and the Selling Shareholders of add solution to acquire 100% paid-up share capital of add solution in the following manner:

- 1 Purchase consideration for acquisition of 94% shareholding of add solution in the following manner:
 - Tranche I: Fixed purchase consideration of ₹ 4,556.29 lakhs (EUR 5.0 million)
 - Tranche II: purchase consideration will be determined based on 40% of EBITDA of add solution for the period between 1 July 2023 to 31 December 2024. Maximum amount of Tranche II consideration should be less than or equal to ₹ 453.17 lakhs (EUR 0.5 million).

All ancillary rights relating to 94% of the shares of add solution are transferred with the rights to participate in the profits.

- 2 Put and call option to purchase remaining 6% of the shareholding in two tranches for a period from 1 July 2023 to 31 Decemer 2025:
 - Tranche I purchase consideration will be determined based on 40% of EBITDA of add solution for the period between 1 July 2023 to 31 December 2024.
 - Tranche II purchase consideration will be determined based on 40% of EBITDA of add solution for the period between 1 July 2025 to 31 December 2025.

Purchase consideration payable for both Tranche I and Tranche II together should not exceed ₹ 752.27 lakhs (EUR 0.83 million).

The Group has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid/payable to the shareholders of add solution. Based on such PPA, the fair value of the identifiable net assets arising from the transaction are as follows:

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of add solution as at the date of acquisition were:

| | Fair Value recognized on acquisition |
|--|---|
| Assets | |
| Non-current assets | |
| Property, plant and equipment (refer note 3) | 952.25 |
| Right-of-use assets (refer note 35) | 3,524.15 |
| Intangible assets (refer note 5) | 961.85 |
| | 5,438.25 |
| Current assets | |
| Financial assets | |
| Trade receivables | 1,241.69 |
| Cash and cash equivalent | 1,531.93 |
| Other financial assets | 5.54 |
| Other current assets | 76.63 |
| | 2,855.79 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| | Fair Value recognized on acquisition |
|--|---|
| Liabilities | |
| Non-current liabilities | |
| Financial liabilities | |
| Lease liabilities (refer note 35) | 3,364.00 |
| Deferred tax liabilities | 419.28 |
| | 3,783.28 |
| Current liabilities | |
| Financial liabilities | |
| Borrowings | 84.57 |
| Lease liabilities (refer note 35) | 160.15 |
| Trade payables | 448.12 |
| Provisions | 137.23 |
| Other current liabilities | 154.42 |
| | 984.49 |
| Total identifiable net assets at fair value | 3,526.27 |
| Goodwill arising on acquisition (refer note 4) | 2,039.20 |
| Purchase consideration transferred | 5,565.47 |
| <p>The deferred tax liability mainly comprises the tax effect of the temporary differences on account of Business combination.</p> <p>The Group acquired this business to bring synergies from the business operation of add solution and accordingly concluded this transaction as a business combination as per Ind AS 103. The goodwill of ₹ 2,039.20 lakhs comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Technology Services and Solutions segment. None of the goodwill recognised is expected to be deductible for income tax purposes.</p> <p>Other intangible assets include customer contract and order backlog acquired through business combinations having useful life of 10 years and 2 years, respectively.</p> <p>From the date of acquisition, add solution has contributed ₹ 4,441.54 lakhs of revenue and ₹ 42.81 lakhs to the net profit of the Group. If the combination had taken place at the beginning of the year, revenue contribution for the Group would have been ₹ 6,978.26 lakhs and net profit contribution for the Group would have been ₹ 130.76 lakhs.</p> | |
| Purchase consideration | |
| Fixed purchase consideration | 4,531.77 |
| Financial liability (refer note a below) | 640.01 |
| Contingent consideration payable (refer note b below) | 393.69 |
| Total consideration | 5,565.47 |
| Analysis of cash flows on acquisition | |
| Net cash acquired with the subsidiary (included in cash flow from investing activities) | 1,531.93 |
| Purchase consideration paid including effect on foreign exchange rates | (4,556.29) |
| Net cashflows on acquisition | (3,024.36) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Note

a. Financial liability

The obligation to acquire remaining stake in add solution has been recorded as financial liability amounting to ₹ 640.01 lakhs. The Group recorded transferred identifiable assets (tangible and intangible) basis a fair valuation and non-controlling interest on the date of acquisition is recognised at fair value. Consequent to this business acquisition, add solution results were consolidated effective 1 August 2023. Pending acquisition of remaining stake, the Group has attributed the profit and each component of OCI (if any) to non-controlling interests, which is included in financial liability for future acquisition. This financial liability has been measured at the date of acquisition, basis a fair valuation report, in accordance with Ind AS 109. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the derecognised and present value of the redemption based on the valuation, which is recorded as a financial liability, is accounted for as an equity transaction. The Group has accounted for the NCI liability equivalent to the estimated settlement and has reversed the NCI liability of ₹ 44.63 lakhs for the year ended 31 March 2024 through retained earnings in respect of the Non-controlling interests liability.

b. Contingent Consideration

As per the Share Purchase Agreement, the amount of purchase consideration for acquisition of 94% shares of add solution is based on 40% of EBITDA of add solution for the period between 1 July 2023 to 31 December 2024. Maximum amount for this contingent consideration should not exceed ₹ 453.17 lakhs (EUR 0.5 million)

| | As at 31 March 2024 |
|---|---------------------|
| Opening balance of purchase consideration payable | - |
| Contingent consideration recognised at the acquisition date | 393.69 |
| Add: Fair value loss on contingent consideration payable | 23.70 |
| Closing balance as at 31 March 2024 | 417.39 |
| As at the acquisition date, the fair value of the purchase consideration payable is ₹ 1,033.70 lakhs. | |
| Significant unobservable valuation inputs are provided below: | |
| Assumed probability-adjusted EBITDA of add solution for the payout period | 2,576.90 |
| Discount rate | 10.30% |

Significant increase/ (decrease) in the EBITDA of add solution would result in higher/ (lower) fair value of the contingent consideration liability, while significant increase/ (decrease) in the discount rate would result in lower/ (higher) fair value of the liability.

(ii) Epcogen Private Limited ('Epcogen')

During the year, the Company acquired 99.99% of shares of Epcogen Private Limited ('Epcogen'), which is engaged in the business of providing engineering design and solutions to the energy sector, for a purchase consideration comprising of:

- fixed consideration of ₹ 2,625 lakhs paid in the month of December 2023; and
- an additional variable consideration to be determined based on incremental EBIDTA of Epcogen from base year 2022-2023 for the next three years from FY 24 to FY 26, not exceeding ₹ 700 lakhs.

The Company has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid/payable to the shareholders of Epcogen. Based on such PPA, the fair value of the identifiable net assets arising from the transaction are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Assets acquired and liabilities assumed

| The fair values of the identifiable assets and liabilities of add solution as at the date of acquisition were: | Fair Value recognized on acquisition |
|--|---|
| Assets | |
| Non-current assets | |
| Property, plant and equipment (refer note 3) | 28.70 |
| Right-of-use assets (refer note 35) | 177.38 |
| Financial assets | 48.94 |
| | 255.02 |
| Current assets | |
| Financial assets | |
| Trade receivables | 224.82 |
| Cash and cash equivalent | 134.77 |
| Other financial assets | 65.00 |
| Other current assets | 126.67 |
| | 551.26 |
| Liabilities | |
| Non-current liabilities | |
| Financial liabilities | |
| Lease liabilities (refer note 35) | 103.32 |
| | 103.32 |
| Current liabilities | |
| Financial liabilities | |
| Lease liabilities (refer note 35) | 74.07 |
| Trade payables | 35.68 |
| Provisions | 28.62 |
| Other current liabilities | 134.81 |
| | 273.18 |
| Total identifiable net assets at fair value | 429.78 |
| Goodwill arising on acquisition | 2,784.22 |
| Purchase consideration transferred | 3,214.00 |

The Group acquired this business to bring synergies from the business operation of Epcogen and accordingly concluded this transaction as a business combination as per Ind AS 103. The goodwill of ₹ 2,784.22 lakhs comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Technology Services and Solutions segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Epcogen has contributed ₹ 1,121.04 lakhs of revenue and ₹ 339.17 lakhs to the net profit of the Group. If the combination had taken place at the beginning of the year, revenue contribution would for the Group have been ₹ 2,427.62 lakhs and the net profit contribution for the Group would have been ₹ 407.70 lakhs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

| The fair values of the identifiable assets and liabilities of add solution as at the date of acquisition were: | Fair Value recognized on acquisition |
|--|--------------------------------------|
| Purchase consideration | |
| Fixed Purchase consideration | 2,625.00 |
| Contingent consideration payable | 700.00 |
| Total purchase consideration | 3,325.00 |

Analysis of cashflow on acquisition

| | |
|-----------------------------|----------|
| Purchase consideration paid | 2,625.00 |
|-----------------------------|----------|

| Details of contingent consideration payable | As at 31 March 2024 |
|--|---------------------|
| Contingent consideration recognised at the acquisition date | 589.00 |
| Add: Fair value loss on contingent consideration payable | 10.00 |
| Closing balance as at 31 March 2024 | 599.00 |
| As at the acquisition date, the fair value of the purchase consideration payable is ₹ 589 lakhs. | |
| Significant unobservable valuation inputs are provided below: | |
| Assumed probability-adjusted EBITDA of Epcogen for the payout period | 1,219.00 |
| Discount rate | 24.10% |

Significant increase/ (decrease) in the EBITDA of Epcogen would result in higher/ (lower) fair value of the contingent consideration liability, while significant increase/ (decrease) in the discount rate would result in lower/ (higher) fair value of the liability.

48 Assets classified as held for sale

In the meeting held on 27 March 2024, the Board of Directors of the Company had approved for the sale of Leasehold land and Office building situated at D-30, Sector-3, Noida, Uttar Pradesh. The Company has entered into an agreement to sell the aforesaid property and the transfer is expected within next 12 months and accordingly the assets are grouped under "Assets held for sale".

| | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Property, plant and equipment (refer note 3) | 112.52 | - |
| Right-of-use asset (refer note 35) | 717.66 | - |
| | 830.18 | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

49 Issue of equity shares through QIP

During the year, the Company allotted 3,323,262 Equity shares of ₹ 5 each at an issue price of ₹ 662 per equity share aggregating ₹ 21,999.99 lakhs through Qualified Institutional Placement (QIP) process to the Qualified Institutional Buyers. These equity shares were allotted on 15 January 2024 and rank pari-passu with existing equity shares.

| | | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-------------|-----------------------------|-----------------------------|
| Gross proceeds raised through issue of equity shares | (A) | 21,999.99 | - |
| Expenses related to the issue of equity shares through QIP: | | | |
| Recognised in equity | | 1,348.64 | - |
| Expenses recorded in the consolidated statement of profit and loss | | 57.61 | - |
| GST - recoverable from tax authorities | | 246.34 | - |
| | (B) | 1,652.59 | - |
| Utilisation proceeds: | | | |
| Repayment/ pre-payment, in full or in part, of certain outstanding borrowings availed by the Company | | 11,999.90 | - |
| General corporate purposes | | 1.92 | - |
| | (C) | 12,001.82 | - |
| Unutilised QIP Proceeds as at 31 March 2024 | (A)-(B)-(C) | 8,345.58 | - |

Unutilised QIP Proceeds as at 31 March 2024 are available as

- Fixed deposits with monitoring agency amounting to ₹ 8,345.58 lakhs (refer note 14)
- Bank balances in monitoring agency account amounting to ₹ 1.17 lakhs includes interest received of ₹ 0.85 lakh on fixed deposits redeemed (refer note 13)
- The maximum amount of idle/surplus funds invested during the year was ₹ 19,151.20 lakhs.

50 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. Certain sections of the code came into effect on 3 May 2023. However, the final rules/ interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

51 Other Statutory information

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- The Group does not have any transactions with companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956.
- The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Group has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2024

(All amounts in ₹ lakhs, unless otherwise stated)

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) None of the entities in the Group have been declared as wilful defaulter by any bank or financial institution or other lender.

52 As per the MCA notification dated 5 August 2022, the Central Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022. As per the amended rules, the Companies are required to maintain back-up of the books of account and other relevant books and papers in electronic mode that should be accessible in India at all times. Also, the Companies are required to maintain such back-up of accounts on servers which are physically located in India, on a daily basis.

The Group is maintaining its books of account in electronic mode and these books of account are accessible in India at all times and the back-up of books of account has been kept in servers physically located in India on a daily basis except that in case of one subsidiary the back-up of books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on daily basis. The Group is in the process of complying with the requirement of maintaining back-up of books of account and other relevant books and papers in servers physically located in India, on a daily basis, pursuant to the amendment.

53 The Holding Company, subsidiaries and its associate which are companies incorporated in India and whose financial statements have been audited under the Companies Act, 2013 have complied with the requirements of audit trail except that:

- (i) audit trail feature is not enabled for the changes made to the master data and for the changes made at the database level for Holding company and four subsidiaries;
- (ii) two subsidiaries did not had an audit trail (edit log) facility for all relevant transactions recorded throughout the year in the software; and
- (iii) software used for inventory management by two subsidiaries did not had an audit trail (edit log) facility for all relevant transactions recorded throughout the year.

54 Events after the reporting period

There are no events or transactions which have occurred since the balance sheet date which would have a material effect and require adjustments in the consolidated financial statements.

55 Standards notified but not yet effective

There are no standards that are notified and not yet effective as on the 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 : 20 May 2024

For and on behalf of the Board of Directors of

AXISCADES Technologies Limited
CIN NO : L72200KA1990PLC084435

Sd/-
Arun Krishnamurthi
Chief Executive Officer and
Managing Director
DIN: 09408190

Place : Bengaluru
Date : 20 May 2024

Sd/-
Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : 20 May 2024

Sd/-
Abidali Neemuchwala
Chairman and Non - Executive
Director
DIN: 02478060

Place : New York
Date : 20 May 2024

Sd/-
Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 20 May 2024

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fourth (34th) Annual General Meeting (AGM) of the members of **AXISCADES Technologies Limited** will be held on Wednesday, September 18, 2024 at 5:00 PM (IST) by way of Video Conference (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following businesses:

ORDINARY BUSINESS

Item No. 1 Adoption of Audited Financial Statements (Standalone & Consolidated)

To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2024, including the audited Balance Sheet as on March 31, 2024, 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. Venkatraman Venkitachalam (DIN: 05008694), liable to retire by rotation

To appoint a Director in place of Mr. Venkatraman Venkitachalam (DIN: 05008694), who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 3 Appointment of Director, Mr. David Abikzir (DIN: 03160720), liable to retire by rotation

To appoint a Director in place of Mr. David Abikzir (DIN: 03160720), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item No. 4 Appointment of Mr. Tanmoy Chakrabarty (DIN: 00207066) as Non-Executive, Independent Director of the Company

To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and in compliance with applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Tanmoy Chakrabarty (DIN: 00207066), who was appointed as an Additional Director (Non-Executive, Independent) by the Board of Directors w.e.f. July 13, 2024, pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Articles of Association of the Company, being eligible and in respect of whom the Company has received a Notice in writing under Section 160(1) of the Companies Act, 2013 and based on the recommendation from Nomination & Remuneration Committee and the Board of Directors, proposing his candidature for the office of a Director, be and is hereby appointed as a Non-Executive, Independent Director of the Company not subject to retirement by rotation, to hold office for a term of 3 (three) consecutive years commencing from July 13, 2024 up to July 12, 2027 (both days inclusive).

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) and the Company Secretary be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

By Order of the Board of Directors
For **AXISCADES Technologies Limited**

Sd/-

Sonal Dudani

Company Secretary & Compliance Officer

Place: Bengaluru

Date: July 29, 2024

Registered Office

Block C, 2nd Floor, Kirloskar Business Park,
Bengaluru-560024.

CIN: L72200KA1990PLC0084435,

e-mail: info@axiscades.in

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

In conformity with provisions of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

Item No. 4:

Considering that his qualifications and rich experience meets the skills and capabilities required for the role of Independent Director of the Company, Mr. Tanmoy Chakrabarty (DIN: 00207066) was appointed as an Additional Director in the category of Non-Executive, Independent Director based on the recommendation of the Nomination & Remuneration Committee ('NRC') by the Board of Directors with effect from July 13, 2024 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company and holds office up to the date of the ensuing General Meeting pursuant to Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on an illustrious career spanning over four decades, Mr. Chakrabarty brings to the table a wealth of experience in corporate strategy, government affairs, and digital transformation. The Company's commitment to excellence and domains of business align well with his professional skills and values. His appointment would be of immense benefit to the Company, especially in enhancing government and industry partnerships.

Accordingly, approval of the members is sought for the appointment of Mr. Tanmoy Chakrabarty as Non-Executive, Independent Director who is eligible for appointment as a Director for a term of 3 years. The Company has received from Mr. Tanmoy Chakrabarty:

- 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 (1) and (2) of Section 164 of the Companies Act, 2013; and

- iii) declaration that he fulfills the requirements of Independent Director as laid down under Section 149(6) of the Companies Act, 2013 read with Rule 6 of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16 of the SEBI (LODR) Regulations, 2015.
- iv) affirmation that he has not been debarred or disqualified from being appointed or continuing as Director of a company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

The additional information required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Secretarial Standards is annexed as **Annexure-I**.

In the opinion of the Board, Mr. Tanmoy Chakrabarty fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder read with SEBI (LODR) Regulations, 2015 for his appointment as an Independent Director of the Company and he is independent of the Management of the Company. A copy of the draft letter for the appointment of Mr. Tanmoy Chakrabarty setting out the terms and conditions is available for electronic inspection without any fee by the members.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, Regulation 17 of the SEBI (LODR) Regulations, 2015 and other applicable regulations, the appointment of Mr. Tanmoy Chakrabarty as Independent Director is now placed for the approval of the Members by a Special Resolution.

The Board commends the Special Resolution set out at Item No. 4 of the accompanying Notice for approval of the Members.

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. Tanmoy Chakrabarty to whom the resolution relates, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

By Order of the Board of Directors
For **AXISCADES Technologies Limited**

Sd/-
Sonal Dudani
Company Secretary & Compliance Officer

Place: Bengaluru
Date: July 29, 2024




Registered Office

Block C, 2nd Floor, Kirloskar Business Park,
Bengaluru-560024.
CIN: L72200KA1990PLC0084435,
e-mail: info@axiscades.in

Annexure-I

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 34TH AGM OF THE COMPANY

[Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings]

| Name of Director | Mr. Venkatraman Venkitachalam | Mr. David Abikzir | Mr. Tanmoy Chakrabarty |
|--|---|---|---|
| |  |  |  |
| DIN | 05008694 | 03160720 | 00207066 |
| Date of Birth and Age | September 08, 1977 46 years | May 28, 1978 46 years | October 29, 1961 62 years |
| Date of First Appointment on the Board | January 06, 2023 | March 22, 2022 | July 13, 2024 |
| Qualifications | Chartered Financial Analyst, CFA Institute, USA Chartered Accountant, Institute of Chartered Accountants of India Cost & Management Accountant, Institute of Cost & Works Accountants of India Company Secretary, Institute of Company Secretaries of India Bachelor of Commerce, Mumbai University | Master's Degree – Wealth & Asset Management – Finance, Kedge Business School Master's Degree – Business Law & Finance – Pantheon Sorbonne University – Paris, France | Master of Business Administration - Indian Institute of Modern Management, Kolkata Bachelor of Commerce, St. Xavier's College, Kolkata |
| Relationship between Directors inter-se | Not related to any Directors of the Company | Not related to any Directors of the Company | Not related to any Directors of the Company |

| Name of Director | Mr. Venkatraman Venkitachalam | Mr. David Abikzir | Mr. Tanmoy Chakrabarty |
|---|---|--|---|
| Experience & Expertise in specific functional areas/ brief resume | <p>Holistic experience of more than 20 years - Over 16 years of experience in Business Strategy & Development, Project Financing, Mergers & Acquisitions and accounting and 4 years' experience in the Public sector.</p> <p>Worked on all stages of a Project Life Cycle: Opportunity identification, bid strategy, financial evaluation & Project Implementation.</p> <p>Involved in financing of numerous projects in roads, thermal power, hydro power, wind energy, solar power and real estate sectors both as lender & Borrower.</p> <p>Experience in Contract negotiations – Project contracts, Financing contracts and Consulting contracts.</p> <p>Experience in accounting, taxation and Corporate law compliances, and ERP initiatives.</p> | <p>Mr. David is a seasoned financial professional with over 18 years of experience. A highly motivated and goal-oriented business development professional with an established track record and experience covering Sales, Marketing, 'go-to-market' strategies and Research & Development in the Indian market. David started his career with CDC IXIS Private Equity, Paris, France, as an Investment Analyst focusing on Tech companies across the globe.</p> <p>The next role with CDC IXIS Pvt Capital Management was as a Private Banker, managing investments for UHNWI. Thereafter he shifted to India and set up Luxe Corporation (a subsidiary of GCF Group in India) as a Country Head. Since 2013, he has been associated with Nymex Consulting as CEO – Country Head, serving clients from India, Europe, China and UAE across Consumer Goods and Experiences, Retail, Private Equity, Energy, Biotechnologies, various Industries and Technology with 'go-to-market' strategies.</p> | <p>Mr. Tanmoy Chakrabarty was earlier the Group Government Affairs Officer at TATA SONS Private Limited (the parent company of the Tata Group) which he joined in 2018 until October, 2022. Thereafter, he established his own venture, "Chakrabarty Consulting Services Private Limited" (CCSPL) in Noida / New Delhi and draws upon his extensive work experience and networks developed over four decades.</p> <p>Mr. Chakrabarty has an impressive career spanning 42 years including 14 years with Tata Consultancy Services Ltd., spearheading numerous transformative initiatives within the companies he has represented. Some notable examples include projects for the Indian Central Government, such as MCA 21, Income Tax, Customs & Excise, Passport Seva Program and several major initiatives for the Indian Defence and Homeland Security Forces.</p> <p>Tanmoy is working actively in the Public Transport and Automotive sector and is currently in touch with the Ministry of Road Transport in the Central Government in Delhi as well as several State Governments and their Transport Departments. He is representing several disruptive and innovative technology solutions in the Automotive Sector which he is creating a market for in India. Furthermore, Tanmoy serves as the Head for Government Affairs for Optimax Aces, a boutique consultancy firm located in Gurugram.</p> |
| Directorships held in other Public Companies (excluding Foreign Companies) | Nil | Nil | Nil |

| Name of Director | Mr. Venkatraman Venkitachalam | Mr. David Abikzir | Mr. Tanmoy Chakrabarty |
|--|--|--|---|
| Names of listed entities from which the director has resigned in the past three years | Nil | Nil | Nil |
| Memberships / Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee) | Nil | Nil | Nil |
| No. of equity shares held in the Company (self and as a beneficial owner) | Nil | Nil | Nil |
| No. of Board Meetings attended during FY 2023-24 | 10 | 10 | NA |
| Terms and conditions of appointment / reappointment | - | - | As set out in the Explanatory Statement |
| Remuneration last drawn in financial year 2023-24 | Except for sitting fees for attending the meeting of Board and Committee thereof and Commission, no other remuneration was paid to Mr. Venkatraman Venkitachalam | Except for sitting fees for attending the meeting of Board and Committee thereof and Commission, no other remuneration was paid to Mr. David Abikzir | NA |
| Details of Remuneration sought to be paid | Sitting fees and commission as approved by the Board of Directors/shareholders in accordance with applicable provisions of law. | | |

| Name of Director | Mr. Venkatraman Venkitachalam | Mr. David Abikzir | Mr. Tanmoy Chakrabarty |
|--|-------------------------------|-------------------|--|
| Skills and capabilities required for the role and the manner in which the proposed person meets such requirements | NA | NA | <p>Mr. Chakrabarty's extensive background in government relations and his proven track record in driving transformative projects will significantly enhance the Company's strategic direction.</p> <p>His leadership will be instrumental as the Company continues to innovate and expand its offerings and operations.</p> <p>His deep understanding of complex systems and his ability to navigate multifaceted regulatory environments will be invaluable as the Company pursue its goals in diversified verticals such as Aerospace, Defense, and Heavy Engineering.</p> <p>His insights will guide the Company's efforts to build collaboration with government entities and ensure that our innovations align with requirements.</p> |

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.
- Pursuant to the General Circular No. 09/2023 dated September 25, 2023, issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") till September 30, 2024, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.
- Although, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote on a poll instead of himself/ herself, but since this meeting is being held through VC/OAVM under the framework of MCA circulars, 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.
- The Institutional and Corporate Investors (i.e. other than individuals, HUF, NRI, etc.) are encouraged to attend the AGM through VC by sending a scanned copy (PDF / JPG Format) of its Board / Governing body resolution / Authorization etc., authorizing its representative to attend the AGM through VC on its behalf and to vote through remote e-voting. The said resolution / authorization may be sent to the Scrutinizer by email to pramod@bmpandco.com with a copy marked to inward.ris@kfintech.com.

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT

- In accordance with the MCA Circulars and SEBI Circulars:
 - Notice of the AGM along with the Annual Report for the financial year 2023-24 is being sent to the Members and to all other persons so entitled in electronic mode only, whose email addresses has been registered with the Company/ Depository Participants ('DPs')/Depository/KFin. Members are requested to verify/ update their details such as email address, mobile number etc. with their DPs, in case the shares are held in electronic form and with KFin, in case the shares are held in physical form.
 - Those Members who have not yet registered their email addresses and consequently, have not received the Notice and the Annual Report, are requested to get their email

addresses and mobile numbers registered with KFin, by following the guidelines mentioned below.

Procedure for Registration of Email ID and Mobile Number: Securities in physical mode

SEBI vide Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16th, 2023, has made it mandatory for shareholders holding shares in physical form to furnish PAN, KYC (i.e., postal address with pin code, email address, mobile number, bank account details, specimen signature, Demat account details) and their nominee details to the RTA of the Company.

It shall be mandatory for the security holders to provide mobile number, who have not yet registered their email addresses and consequently, have not received the Notice and the Annual Report, are requested to get their email addresses and mobile numbers registered with KFin, by following the guidelines mentioned below.

ISR 1 Form can be obtained by following the link:

<https://ris.kfintech.com/clientservices/isc/isrforms.aspx>

Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>

For more information on updating the Email ID and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

The Company, through KFin, will send the Notice, Annual Report and the e-voting instructions along with the User ID and Password to the email address given by you.

In order to enable the Company to comply with MCA circulars and to participate in the green initiative in Corporate Governance, members are requested to register their email addresses in respect of shares held in electronic form with their Depository Participant(s) permanently for sending the Annual report, Notice of AGM and the e-voting instructions.

In case of queries, Members are requested to write to einward.ris@kfintech.com or call at the toll free number 1800 309 4001.

7. The Notice of AGM along with Annual Report will be sent to those members / beneficial owners whose name will appear in the register of members/ list of beneficiaries received from the depositories as on Friday, August 16, 2024.
8. The Notice of the AGM and the Annual Report for the financial year 2023-24 will be available on the website of the Company (www.axiscades.com), on the website of KFin at <https://evoting.kfintech.com/public/Downloads.aspx> (Annual Report) & <https://evoting.kfintech.com/showallevents.aspx> (Notice) and on the website of National Stock Exchange of India Limited (www.nseindia.com) and BSE Limited (www.bseindia.com), in compliance with the MCA Circulars.

PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM

9. The Company is providing VC/OAVM facility to its members for joining/participating at the AGM. Members may join the Meeting through Desktops, Laptops, Smartphones, Tablets and iPads. Further, Members are requested to use Internet with a good speed to avoid any disturbance during the Meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
10. Members are requested to follow the procedure given below to attend the AGM through VC/OAVM or view the live webcast:
 - i) Launch internet browser (latest version of Chrome/ Firefox/Safari/ Internet Explorer 11 or MS Edge) by typing the URL: <https://emeetings.kfintech.com>.
 - ii) Enter the login credentials (i.e., User ID and password for e-voting provided by KFin).
 - iii) After logging in, click on "Video Conference" option.
 - iv) Then click on camera icon appearing against AGM event of AXISCADES Technologies Limited to attend the AGM. Please do the echo test once you enter into the AGM room.
11. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions.
12. The facility for joining the AGM shall open 15 minutes before the time scheduled for AGM and will continue till the expiry of 15 minutes after conclusion of the AGM. Large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel and Auditors are encouraged to attend the AGM.
13. The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user ID and password. On successful login, select 'Post Your Question' option which will be opened 9:00 A.M. (IST) on Saturday, September 14, 2024 and will end at 5:00 P.M. (IST) on Monday, September 16, 2024.
14. To ensure smooth transmission and co-ordination during the Q&A Session, the Company is providing the facility of Speaker Registration. 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 facility of 'Speaker Registration' will open at 9:00 A.M. (IST) on Saturday, September 14, 2024 and will end at 5:00 P.M. (IST) on

Monday, September 16, 2024. Only those members who are registered will be allowed to express their views or ask questions.

- 1) Members who wish to ask questions during the AGM, can do so by registering themselves as a 'Speaker', by following the instructions, as mentioned below:
 - (i) Click on the following URL: <https://emeetings.kfintech.com>
 - (ii) Use e-voting User ID and Password, to register as a 'Speaker'.
 - (iii) Only those Members holding shares either in physical form or in electronic form, as on the cutoff date of Wednesday, September 11, 2024, may register themselves as a 'Speaker' from 9:00 A.M. (IST) on Saturday, September 14, 2024 and will end at 5:00 P.M. (IST) on Monday, September 16, 2024. This will enable KFin to make requisite arrangements for the said Members to ask questions during the AGM through VC.
 - (iv) Only those Members who have registered themselves as a 'Speaker', as aforesaid, will be able to ask questions during the AGM.
- 2) Members who wish to post their queries may do so before the AGM, up to Monday, September 16, 2024 (5:00 P.M.) by following the instructions, as mentioned below:
 - (i) Click on the following URL: <https://emeetings.kfintech.com>
 - (ii) Use e-voting User ID and Password, to post queries.
15. Members can submit their questions in advance with regard to the accounts or any other matter to be placed at the AGM by sending an e-mail to the Company at secretary@axiscades.in and marking a copy to evoting@Kfintech.com mentioning their name, DP ID-Client ID / Folio number on or before Saturday, September 14, 2024 or they can post their questions from 9:00 A.M. (IST) on Saturday, September 14, 2024 and will end at 5:00 P.M. (IST) on Monday, September 16, 2024, by logging on to <https://emeetings.kfintech.com>. They can also upload their video by registering themselves as speaker by accessing the facility provided at <https://emeetings.kfintech.com->speaker> registration.
16. The maximum time limit of the video should be three minutes. At the AGM, such questions will be replied by the Company suitably. The Company reserves the right to restrict the number of questions and number of speakers, depending upon the availability of time, for smooth conduct of the AGM.
17. In case of any query relating to the procedure for attending AGM through VC/OAVM or for any technical assistance, members may call on toll free no.: 1800 309 4001 or send

an e-mail at einward.ris@kfintech.com.

18. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
19. The recorded transcript of this meeting, shall as soon as possible, be made available on the website of the Company at www.axiscades.com.
20. Institutional shareholders are encouraged to attend and vote at the AGM.

PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM

21. In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Act, read with Rule 20 of Companies (Management and Administration) Rules, 2014 as amended, Secretarial Standard on General Meetings (SS-2) and Regulation 44 of the Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility provided by listed entities, the Company is pleased to provide the facility of remote e-voting to its Members to cast their votes electronically, on the resolutions set forth in this Notice.
22. The Company has engaged the services of KFin as the Authorised Agency to provide remote e-voting facility (i.e. the facility of casting votes by a member by using an electronic voting system from a place other than the venue of a general meeting) before the AGM as well as during the AGM. The instructions for e-voting are given below:
 - I. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Entities", e-Voting process has been enabled for all the individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories/Depository Participants (DPs) in order to increase the efficiency of the voting process.
 - II. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-Voting facility.
23. The Members attending the AGM who have not cast their vote by remote e-voting shall be entitled to vote at AGM through e-voting system. Facility to cast vote at the AGM will be made available on the Video Conferencing screen and will remain active throughout the Meeting.
24. The members can opt for only one mode of voting i.e. remote e-voting or e-voting at the AGM. In case of voting

by both the modes, vote cast through remote e-voting will be considered final and e-voting at AGM will not be considered. The members who have cast their vote by remote e-voting may also attend the AGM but can't vote at the AGM.

- 25. 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.
- 26. The remote e-voting facility will be available during the following period:

| | |
|--|--|
| Commencement of remote e-voting | From 9.00 A.M. (IST) on September 15, 2024 |
| End of remote e-voting | Upto 5.00 P.M. (IST) on September 17, 2024 |

- 27. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by KFin upon expiry of aforesaid period. Once the vote on a resolution is cast by the Member(s), they shall not be allowed to change it subsequently or cast the vote again.
- 28. The voting rights of Members for remote e-voting and for e-voting at AGM shall be in proportion to the paid-up value of their shares in the equity share capital of the Company as at close of business hours on September 11, 2024 ('cut-off date').

- 29. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting / e-voting at AGM. The person who is not a member/ beneficial owner as on the cut-off date should treat this Notice for information purpose only.
- 30. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
- 31. The members who will be present in attending the AGM through VC/OAVM and have not already cast their vote(s) through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

INFORMATION AND INSTRUCTIONS FOR REMOTE E-VOTING


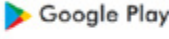


- 32. The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access to KFin e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Details on Step 1 are mentioned below:

| Type of shareholders | Login Method | |
|--|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | <p>1. User already registered for IDeAS facility:</p> <ul style="list-style-type: none"> i) Visit URL: https://eservices.nsdl.com ii) Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. iii) On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting". iv) Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. <p>2. User not registered for IDeAS e-Services</p> <ul style="list-style-type: none"> i) To register click on link: https://eservices.nsdl.com. ii) Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. iii) Proceed with completing the required fields. iv) Follow steps given in points 1. <p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <ul style="list-style-type: none"> i) Open URL: https://www.evoting.nsdl.com/ ii) Click on the icon "Login" which is available under 'Shareholder/Member' section. iii) A new screen will open. You will have to enter your User ID (i.e. your 16-digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. iv) Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. v) Click on the company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period. | |
| | Individual Shareholders holding securities in demat mode with CDSL | <p>1. Existing user who have opted for Easi/Easiest</p> <ul style="list-style-type: none"> i) Visit URL: https://web.cdslindia.com/myeasitoken/home/login or URL: www.cdslindia.com ii) Click on New System Myeasi iii) Login with your registered user id and password. iv) The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFin e-Voting portal. v) Click on e-Voting service provider name to cast your vote. <p>2. User not registered for Easi/Easiest</p> <ul style="list-style-type: none"> i) Option to register is available at https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration ii) Proceed with completing the required fields. iii) Follow the steps given in point 1. <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <ul style="list-style-type: none"> i) Visit URL: www.cdslindia.com ii) Provide your demat Account Number and PAN No. iii) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. iv) After successful authentication, user will be provided links for the respective ESP, i.e KFin where the e- Voting is in progress. |
| | | |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders login through their demat accounts / Website of Depository Participant | <ol style="list-style-type: none"> You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider –KFin and you will be redirected to e-Voting website of KFin for casting your vote during the remote e-Voting period without any further authentication. |
| Individual Shareholders login through NSDL Mobile App | <p>Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for a seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p> </p> <div style="display: flex; justify-content: space-around;">   </div> |

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites. For technical issues, Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL, may contact as below:

| NSDL | CDSL |
|---|---|
| Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 224 430 | Please contact CDSL helpdesk by sending a request at helpdesk. evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |

Details on Step 2 are mentioned below:

Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

- a) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFin which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:
 - i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting the vote.
 - iii. After entering these details appropriately, click on “LOGIN”.
 - iv. 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 value (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 may also enter a secret question and answer of your choice 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.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the “EVEN” i.e., ‘AXISCADES TECHNOLOGIES LIMITED’ and click on “Submit”
- vii. On the voting page, 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 “AGAINST” but the total number in “FOR/ AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.

- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), 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).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ID - pramod@bmpandco.com with a copy marked to evoting@kfintech.com. The scanned image of the abovementioned documents should be in the naming format "Corporate Name Even No."
- b) Any person who becomes member of the Company after dispatch of the Notice of AGM and is holding shares as on the cut-off date i.e. September 11, 2024 may obtain the User ID and password in the manner as mentioned below:
- a) If the mobile number of the member is registered against Folio No./ DPID Client ID, the Member may send SMS: MYEPWD E-Voting Event Number +Folio no. or DPID Client ID to +91-9212993399 Example for NSDL: MYEPWDIN12345612345678 Example for CDSL: MYEPWD1402345612345678 Example for Physical: MYEPWD XXXX1234567890.
- If e-mail address or mobile number of the member is registered against Folio No. / DPID Client ID, then on the home page of <https://evoting.kfintech.com/common/passwordoptions.aspx>
- b) the member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.
- c) Member may Call KFin's Toll free number 1800 309 4001.
- d) Member may send an e-mail request to evoting@kfintech.com.
- In order to enable the Company to comply with MCA circulars and to participate in the green initiative in Corporate Governance, members are requested to register their email addresses in respect of shares held in electronic form with their Depository Participant(s) permanently for sending the Annual report, Notice of AGM and the e-voting instructions.
- After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.
33. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
34. In case of any query pertaining to e-voting, please visit Help & FAQs section available at KFin website (<https://evoting.kfintech.com/public/Faq.aspx>). In case of any other queries/ grievances connected to remote e-voting or shares, you may contact Mr. Raj Kumar Kale, an official of KFin, at telephone number: 040-67162222 or the toll free number 1800-309- 4001 or at email: evoting@kfintech.com.
35. The Board of Directors has appointed Mr. Pramod S. M. of M/s. BMP & Co. LLP, Company Secretaries or failing him CS Biswajit Ghosh of M/s BMP & Co. LLP as the Scrutinizer to scrutinize the e-voting process during the AGM and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.
36. The Scrutinizer will submit his report to the Chairman after the completion of scrutiny, and the result of the voting will be announced by the Chairman or a person authorized by him, on or before Friday, September 20, 2024 and will also be displayed on the website of the Company (www.axiscades.com), besides being communicated to the Stock Exchanges, Depositories and Registrar and Share Transfer Agent. The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favor of the resolutions.
- PROCEDURE FOR INSPECTION OF DOCUMENTS:**
37. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act and all the documents referred to in the Notice and explanatory statement, including certificate from the Secretarial Auditors under Regulation 13 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 will be available electronically for inspection by the members from the date of circulation of this Notice up to the date of AGM i.e. Wednesday, September 18, 2024. Members seeking to inspect such documents can send an email to secretary@axiscades.in.
- OTHER INFORMATION:**
38. Information regarding particulars of the Directors to be appointed/re-appointed requiring disclosure in terms of the Secretarial Standard 2, Listing Regulations and the explanatory statement pursuant to Section 102 of the Act are annexed hereto. The directorships held by the Directors considered for the purpose of disclosure do not include the directorships held in foreign companies. The committee chairmanships/ memberships considered

for the purpose of disclosure are those prescribed under Listing Regulations viz. Audit Committee and Stakeholders Relationship Committee of Indian public limited companies.

39. As per Regulation 40 of Listing Regulations, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are advised to dematerialize the shares with their Depository Participant.
40. Members who are holding shares in physical form are requested to address all correspondence concerning registration of transmissions, sub-division, consolidation of shares or any other share related matters and/ or change in address or updation thereof to KFin. Members whose shareholding is in electronic format are requested
- to direct change of address notifications, registration of e-mail address and updation of bank account details to their respective DPs.
41. Non-Resident Indian shareholders are requested to inform about the following to the Company or KFin or the concerned DP, as the case may be, immediately of:
- a) The change in the residential status on return to India for permanent settlement;
 - b) The particulars of the NRE Account with a Bank in India, if not furnished earlier.
42. Members who are holding shares in physical form in identical names in more than one folio are requested to write to KFin enclosing their share certificates to consolidate their holding into one folio.
43. Members may contact the Company or KFin for conveying grievances, if any, relating to the conduct of the AGM, at the following address:

AXISCADES Technologies Limited
Sonal Dudani
 Company Secretary & Compliance Officer
secretary@axiscades.in

KFin Technologies Limited
 Selenium Tower B, Plot Nos. 31 & 32,
 Financial District, Nanakramguda, Gachibowli,
 Hyderabad, Telangana - 500032
 Toll Free No.1800 309 4001
 Email: inward.ris@kfintech.com
Contact Person:
 Shri Raj Kumar Kale,
 Assistant Vice President (RIS)

Notes

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AXISCADES

AXISCADES Technologies Limited

(formerly AXISCADES Engineering Technologies Limited)

Kirloskar Business Park,
Block 'C', 2nd Floor, Hebbal,
Bengaluru - 560 024, India.

Tel: +91 80 4193 9000

Fax: +91 80 4193 9099

www.axiscades.com