

Director's Report

To The Members

Your Directors are pleased to present their report on the business operations of the company for the period from 1<sup>st</sup> April 14 to 31<sup>st</sup> March 15 and subsequent events to date. While audit is not mandated in US for small enterprises, however Axis Inc. has got its accounts audited by Walker Chandiook & Co LLP (formerly Walker Chandiook & Co), Chartered Accountants, for the purpose of publishing the consolidated accounts of its parent company AXISCADES Engineering Technologies Limited (formerly Axis-IT&T Limited) in accordance with the statutory requirements in India.

I. Financial Results for 4/1/2014-3/31/2015 (in US\$)

	<b>FY 2014-15</b>	<b>FY 2013-14</b>
Total Income	13,743,533	14,795,983
Expenditures before I&D	13,516,133	14,899,591
Profit/ (Loss) before I&D	227,400	(103,608)
Interest Expenses	9,196	27,055
Depreciation	78,266	98,950
Net Profit / (Loss) before Tax	139,938	(229,613)
Profit / (Loss) after Tax	136,834	(188,861)

II. Business Activity

a. Present

Due to the challenging economic climate in US with our customers, we saw our revenue decline compared to last financial year. The company focused on rationalizing the cost structure to minimize the impact of declining revenues. We strengthened and expanded our global relationship with Caterpillar with increased participation in their NPI/CPI and Manufacturing Engineering initiatives, and, together with AXISCADES Engineering Technologies Ltd., have continued to hold our position as their largest Global Engineering Services Supplier. We enhanced our services portfolio by involving in several programs from concept to finish.

b. Future Challenges & Opportunities

While the growth of our Customer's market continues to be sluggish, with unfavorably low demands in the areas like mining, construction and cautious capital & discretionary spend, resulting in surplus inventory. However, we are seeing signs of recovery in several pockets of our interest

in Europe, China, we will continue to build on our effective growth strategy with our existing customers while pursuing new ones. We would be intensifying our efforts to align and engage closely with all our clients to consolidate our footprint within their ecosystem across product groups, strategic programs and locations. For new business pursuit & acquisition, we are confident that our investments towards domain and market engagement programs in Heavy Engineering would bear results in the coming quarters. In summary, we are poised for increased growth during 2015-16.

### III. Directors

The Directors of the company currently are as follows:

Mr. Srinivasulu Reddy Pulikam, Director & President  
Mr. Rohitasava Chand, Director  
Mr. S. Valmeekanathan, Director  
Mr. Sreedhar Rao Ellentala, Director & Secretary  
Mr. Paul Letcher, Treasurer

Mr. Sreedhar Rao Ellentala was appointed as the Director & Secretary & Mr. Paul Letcher as Treasurer w.e.f. 6<sup>th</sup> May 2014. Mr. S. Valmeekanathan was appointed as Director w.e.f. 6<sup>th</sup> May 2014. Mr. Suvra Basu ceased to be the Director of the Company w.e.f. 12<sup>th</sup> October 2014 and Mr. Kirit Manek ceased to be the Director of the Company w.e.f. 7<sup>th</sup> August, 2014. Mr. S. Ravinaryanan ceased to be the Director and Chairman of the Company w.e.f. 7<sup>th</sup> August, 2014.

### IV. Officers

1. Mr. Srinivasulu Reddy Pulikam	Director & President
2. Sreedhar Rao Ellentala	Director & Secretary
3. Paul Letcher	Treasurer

### V. Subsidiary & Joint Ventures

Axis EU Europe Ltd. (formerly Axis EU Ltd.) is a wholly owned subsidiary of the Company which operates in the UK. The Annual Accounts and Director's Report of Axis EU Europe Ltd. are attached.

### **On Behalf of the Board**

-sd-

**S.Valmeekanathan**

**Director**

Date: May 18, 2015

# Financial statements and Auditors' report

Axis Inc.

31-Mar-15

# Walker Chandiook & Co LLP

## Independent Auditor's Report

To the Board of Directors of Axis Inc.

Walker Chandiook & Co LLP  
(Formerly Walker, Chandiook & Co)  
"WINGS", First Floor  
16/1, Cambridge Road  
Ulsoor, Bengaluru 560008  
India

T +91 80 4243 0700  
F +91 80 4126 1228

1. We have audited the accompanying financial statements of Axis Inc. ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

# Walker Chandniok & Co LLP

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

## Other Matter

7. These financial statements have been prepared by the management solely to assist AXISCADES Engineering Technologies Limited, the holding company of Axis Inc., to prepare its financial statements. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the aforesaid mentioned purpose, accordingly, should not to be used, circulated, quoted, or otherwise referred to for any other purpose without our prior written consent.

*Walker Chandniok & Co LLP*  
For Walker Chandniok & Co LLP  
(Formerly Walker, Chandniok & Co)  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Aashesh Arjun Singh*  
per Aashesh Arjun Singh  
Partner  
Membership No.: 210122

New Delhi

18 May 2015



Axis Inc.  
Balance Sheet

	NOTE	As at 31 March 2015 USD	As at 31 March 2014 USD
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2	2,247,227	2,247,227
Reserves and surplus	3	1,017,096	880,262
		<u>3,264,323</u>	<u>3,127,489</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities, net	4	1,696	-
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	5	45,033	16,983
Trade payables	6	532,980	811,233
Other current liabilities	7	299,646	331,215
		<u>877,659</u>	<u>1,159,431</u>
<b>TOTAL</b>		<u><b>4,143,678</b></u>	<u><b>4,286,920</b></u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	8	51,556	104,907
Intangible assets	9	8,970	33,762
Non-current investment	10	1,149,031	1,149,031
Long-term loans and advances	11	39,356	36,505
		<u>1,248,913</u>	<u>1,324,205</u>
<b>CURRENT ASSETS</b>			
Trade receivables	12	2,283,326	2,465,914
Cash and cash equivalents	13	21	21
Short-term loans and advances	11	138,877	118,105
Other current assets	14	472,541	378,675
		<u>2,894,765</u>	<u>2,962,715</u>
<b>TOTAL</b>		<u><b>4,143,678</b></u>	<u><b>4,286,920</b></u>

Summary of significant accounting policies and other explanatory information.

1-23

Notes forms an integral part of these financial statements.

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

*Walker Chandio & Co*

For Walker Chandio & Co LLP  
(formerly Walker, Chandio & Co)  
Chartered Accountants

*[Signature]*  
per Aasheesh Arjun Singh  
Partner

New Delhi  
18 May 2015



For and on behalf of the Board of Directors

*[Signature]*  
Sreedhar Rao Ellentala  
Director

New Delhi  
18 May 2015

*[Signature]*  
S. Valmeekanathan  
Director

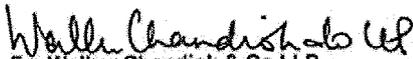
New Delhi  
18 May 2015

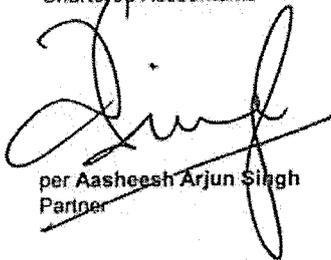
Axis Inc.

## Statement of Profit and Loss

	NOTE	Year ended 31 March 2015 USD	Year ended 31 March 2014 USD
<b>INCOME</b>			
Revenue from operations		13,743,409	14,774,782
Other income	15	124	21,201
<b>TOTAL</b>		<b>13,743,533</b>	<b>14,795,983</b>
<b>EXPENSES</b>			
Employee benefits expense	16	10,026,251	10,866,451
Other expenses	17	1,040,151	1,141,311
Sub-contracting charges		2,449,731	2,891,829
<b>TOTAL</b>		<b>13,516,133</b>	<b>14,899,591</b>
<b>EARNINGS/ (LOSS) BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>		<b>227,400</b>	<b>(103,608)</b>
Depreciation and amortisation expense	18	78,266	98,950
Finance costs	19	9,196	27,055
<b>PROFIT/ (LOSS) BEFORE TAX</b>		<b>139,938</b>	<b>(229,613)</b>
Tax expense			
- Current tax		1,408	-
- Deferred tax (credit)/ charge		1,696	(40,752)
<b>PROFIT/ (LOSS) FOR THE YEAR</b>		<b>136,834</b>	<b>(188,861)</b>
<b>Earnings/ (loss) per equity share:</b>	20		
Basic and diluted		6.94	(9.57)
Summary of significant accounting policies and other explanatory information.	1-23		
Notes forms an integral part of these financial statements.			

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

  
For Walker Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

  
per Aasheesh Arjun Singh  
Partner

New Delhi  
18 May 2015



For and on behalf of the Board of Directors

  
Sreedhar Rao Ellentala  
Director

New Delhi  
18 May 2015

  
S. Valmeekanathan  
Director

New Delhi  
18 May 2015

Axis Inc.

## Cash Flow Statement

	Year ended 31 March 2015 USD	Year ended 31 March 2014 USD
<b>Cash flows from operating activities</b>		
Profit/ (loss) before taxation	139,938	(229,613)
Adjustment for :		
Depreciation and amortisation expense	78,266	98,950
Interest expense	9,196	27,055
Interest income	-	(11,896)
Provision no longer required written back	-	(9,305)
(Gain)/ loss on disposal of fixed assets	(124)	-
<b>Operating profit before working capital changes</b>	<b>227,276</b>	<b>(124,809)</b>
Decrease in trade receivables	182,588	794,632
(Increase)/ Decrease in loans and advances	(20,772)	127,434
(Increase)/ Decrease in other current assets	(93,866)	154,061
(Decrease)/ Increase in trade payables	(278,253)	383,881
(Decrease)/ Increase in other current liabilities	(31,569)	40,832
<b>Cash generated from operations</b>	<b>(14,596)</b>	<b>1,376,031</b>
(Tax paid)/ Refund received	(4,258)	194,439
<b>Net cash (used)/ generated from operating activities</b>	<b>(18,854)</b>	<b>1,570,470</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	-	(25,989)
Loans given to subsidiary	-	(320,000)
Loans repaid by subsidiary	-	587,155
Interest received	-	12,683
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>253,849</b>
<b>Cash flows from financing activities</b>		
Borrowings availed/ Repaid (net)	28,050	(1,807,097)
Inter-corporate deposit taken from related party	386,334	-
Inter-corporate deposit repaid to related party	(386,334)	-
Interest paid	(9,196)	(30,299)
<b>Net cash used in financing activities</b>	<b>18,854</b>	<b>(1,837,396)</b>
Net (decrease)/ Increase in cash and cash equivalents	-	(13,077)
Cash and cash equivalents at beginning of the year	21	13,099
<b>Cash and cash equivalents at the end of the year</b>	<b>21</b>	<b>21</b>

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

*Walker Chandiook & Co*  
 For Walker Chandiook & Co LLP  
 (formerly Walker, Chandiook & Co)  
 Chartered Accountants

*[Signature]*  
 per Aashesh Arjun Singh  
 Partner

New Delhi  
 18 May 2015



For and on behalf of the Board of Directors

*[Signature]*  
 Sreedhar Rao Ellentala  
 Director

New Delhi  
 18 May 2015

*[Signature]*  
 S. Valmeekanathan  
 Director

New Delhi  
 18 May 2015

## Axis Inc.

### Notes to the financial statements for the year ended 31 March 2015

#### 1 SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements are presented in United States dollars ("USD") which is the Company's functional currency. All financial information is presented in USD, unless otherwise stated.

##### (b) Use of estimates

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

##### (c) Revenue recognition

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

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

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

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

###### i) Tangible

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

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

###### ii) Intangible

Intangible assets comprise of softwares and are stated at cost less accumulated amortisation and impairment losses.

###### iii) Depreciation and amortisation

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

Asset category	Estimated useful life (Years)
Computers	3
Furniture and fixtures	7
Office equipments	5
Leasehold improvements	Period of lease
Softwares	3

Depreciation/amortisation is charged on a proportionate basis for all the assets purchased and sold during the year. Fixed assets individually costing less than \$ 100 are fully depreciated/ amortised in the year of purchase.



**Axis Inc.**

**Notes to the financial statements for the year ended 31 March 2015 (Cont'd)**

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

**(e) Impairment of assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**(f) Investments**

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

**(g) Finance costs**

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

**(h) Foreign currency transactions**

*Initial recognition*

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

*Conversion*

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

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

**(i) Employee benefits**

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

*Social security*

The Company contributes to social security charges for its employees. The plans are defined contribution plan and contributions paid or payable is recognised as an expense in these periods in which the employee renders services.

**(j) Provisions and contingent liabilities**

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

**(k) Income taxes**

*Current tax*

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



**Axis Inc.**

**Notes to the financial statements for the year ended 31 March 2015 (Cont'd)**

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

**(k) Income taxes (Cont'd)**

*Deferred tax*

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

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

**(l) Leases**

*Operating leases*

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

*Finance leases*

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

**(m) Earnings /(loss) Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares).

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

**n) Cash and cash equivalents**

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

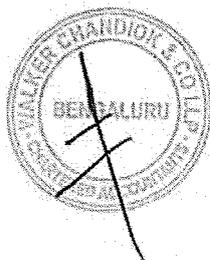
**o) Segment reporting**

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

a) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

b) Revenues and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate revenues and expenses".

c) Assets and liabilities, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated corporate assets and liabilities respectively.



*(This space has been intentionally left blank)*

Axis Inc.

Notes to the financial statements for the year ended 31 March 2015 (Cont'd)

2 SHARE CAPITAL	As at 31 March 2015		As at 31 March 2014	
	Number	USD	Number	USD
<b>Authorised</b>				
Equity shares with no par value fully paid up	19,725	2,247,227	19,725	2,247,227
	<u>19,725</u>	<u>2,247,227</u>	<u>19,725</u>	<u>2,247,227</u>
<b>Issued share capital</b>				
Equity shares with no par value fully paid up	19,725	2,247,227	19,725	2,247,227
<b>Subscribed and paid up</b>				
Equity shares with no par value fully paid up	19,725	2,247,227	19,725	2,247,227
	<u>19,725</u>	<u>2,247,227</u>	<u>19,725</u>	<u>2,247,227</u>
<b>a. Reconciliation of the equity share capital</b>				
Balance at the beginning of the year	19,725	2,247,227	19,725	2,247,227
Add: Issued during the year	-	-	-	-
<b>Balance at the end of the year</b>	<u>19,725</u>	<u>2,247,227</u>	<u>19,725</u>	<u>2,247,227</u>

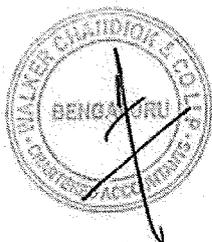
b. Terms and rights attached to equity shares

The Company has only one class of equity shares having no par value. Each share is entitled to one vote per share. The Company declares and pays dividends in US Dollars.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by Holding Company	As at 31 March 2015		As at 31 March 2014	
	Number	USD	Number	USD
AXISCADES Engineering Technologies Limited	19,725	2,247,227	19,725	2,247,227
<b>Details of shareholders holding more than 5% shares in the Company</b>				
AXISCADES Engineering Technologies Limited	19,725	2,247,227	19,725	2,247,227

3 RESERVES AND SURPLUS	As at	As at
	31 March 2015 USD	31 March 2014 USD
Balance at the beginning of the year	880,262	1,069,123
Add: Net profit /(loss) for the year	136,834	(188,861)
<b>Balance at the end of the year</b>	<u>1,017,096</u>	<u>880,262</u>



**Axis Inc.**

**Notes to the financial statements for the year ended 31 March 2015 (Cont'd)**

	As at 31 March 2015 USD	As at 31 March 2014 USD
<b>4 DEFERRED TAXES</b>		
<b>Deferred tax liability</b>		
Timing difference on depreciation and amortisation	7,423	37,787
<b>Total</b>	<u>7,423</u>	<u>37,787</u>
<b>Deferred tax asset</b>		
Net operating losses	5,727	37,787
<b>Total</b>	<u>5,727</u>	<u>37,787</u>
<b>Deferred tax liability, net</b>	<u>1,696</u>	<u>-</u>

**Note:**

Deferred tax asset has been recognised on net operating losses which are available for carry forward as per local laws.

	As at 31 March 2015 USD	As at 31 March 2014 USD
<b>5 SHORT-TERM BORROWINGS</b> (Secured)		
Line of credit from banks	45,033	16,983
	<u>45,033</u>	<u>16,983</u>

Line of credit facility is secured by tangible/intangible, current and non-current assets of the Company. The line of credit facility is repayable within one year from the date of availment and carries effective interest of LIBOR plus 2.50% p.a.

	As at 31 March 2015 USD	As at 31 March 2014 USD
<b>6 TRADE PAYABLES</b>		
Dues to Holding Company	425,695	717,315
Dues to others	85,454	69,453
Accrued expenses	21,831	24,465
	<u>532,980</u>	<u>811,233</u>

**7 OTHER CURRENT LIABILITIES**

Book overdraft	58,035	120,805
Duties and taxes payable	20,070	14,142
Dues to employees	221,541	186,268
	<u>299,646</u>	<u>331,215</u>



Axis Inc.

Notes to the financial statements for the year ended 31 March 2015 (Cont'd)

(Amount in USD)

8 TANGIBLE ASSETS

	Computers	Furniture and fixtures	Office equipments	Leasehold improvements	Total
<b>Gross block</b>					
Balance as at 1 April 2013	249,476	45,753	537,349	22,684	855,262
Additions during the year	1,086	21,453	-	-	22,539
<b>Balance as at 31 March 2014</b>	<b>250,562</b>	<b>67,206</b>	<b>537,349</b>	<b>22,684</b>	<b>877,801</b>
Additions during the year	926	-	-	-	926
Deletions during the year	(1,927)	-	-	-	(1,927)
<b>Balance as at 31 March 2015</b>	<b>249,561</b>	<b>67,206</b>	<b>537,349</b>	<b>22,684</b>	<b>876,800</b>
<b>Accumulated depreciation</b>					
Balance as at 1 April 2013	132,372	9,889	533,790	22,684	698,735
Charge for the year	62,845	9,346	1,968	-	74,159
<b>Balance as at 31 March 2014</b>	<b>195,217</b>	<b>19,235</b>	<b>535,758</b>	<b>22,684</b>	<b>772,894</b>
Charge for the year	43,558	9,530	360	-	53,448
Additions during the year	26	-	-	-	26
Deletions during the year	(1,124)	-	-	-	(1,124)
<b>Balance as at 31 March 2015</b>	<b>237,677</b>	<b>28,765</b>	<b>536,118</b>	<b>22,684</b>	<b>825,244</b>
<b>Net block</b>					
Balance as at 31 March 2014	55,345	47,971	1,591	-	104,907
Balance as at 31 March 2015	11,884	38,441	1,231	-	51,556

(Amount in USD)

9 INTANGIBLE ASSETS

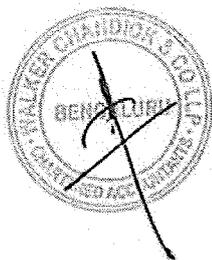
	Softwares	Total
<b>Gross block</b>		
Balance as at 1 April 2013	561,699	561,699
Additions during the year	3,450	3,450
<b>Balance as at 31 March 2014</b>	<b>565,149</b>	<b>565,149</b>
Additions during the year	-	-
<b>Balance as at 31 March 2015</b>	<b>565,149</b>	<b>565,149</b>
<b>Accumulated amortisation</b>		
Balance as at 1 April 2013	506,596	506,596
Charge for the year	24,791	24,791
<b>Balance as at 31 March 2014</b>	<b>531,387</b>	<b>531,387</b>
Charge for the year	24,792	24,792
<b>Balance as at 31 March 2015</b>	<b>556,179</b>	<b>556,179</b>
<b>Net Block</b>		
Balance as at 31 March 2014	33,762	33,762
Balance as at 31 March 2015	8,970	8,970



**Axis Inc.**

**Notes to the financial statements for the year ended 31 March 2015 (Cont'd)**

	As at 31 March 2015 USD		As at 31 March 2014 USD	
<b>10 NON-CURRENT INVESTMENT</b>				
(Unquoted, valued at cost unless stated otherwise)				
<b>Investments in equity instruments</b>				
<b>Trade</b>				
In subsidiary - Axis EU Europe Limited 575,476 (31 March 2014 - 575,476) equity shares of GBP 1 each.	1,149,031		1,149,031	
	<u>1,149,031</u>		<u>1,149,031</u>	
<b>11 LOANS AND ADVANCES</b>	As at 31 March 2015		As at 31 March 2014	
(Unsecured, considered good)	Long-term USD	Short-term USD	Long-term USD	Short-term USD
<b>Security deposits</b>	-	1,081	-	205
	<u>-</u>	<u>1,081</u>	<u>-</u>	<u>205</u>
<b>Other loans and advances</b>				
Advance taxes [net of provision for tax \$ 1,408 (31 March 2014: \$ Nil)]	39,356	-	36,505	-
Prepaid expenses	-	58,609	-	77,047
Deposit with immigration authorities	-	66,865	-	24,154
Advance to employees	-	4,306	-	11,066
Recoverable from customer	-	8,016	-	5,633
	<u>39,356</u>	<u>137,796</u>	<u>36,505</u>	<u>117,900</u>
	<u>39,356</u>	<u>138,877</u>	<u>36,505</u>	<u>118,105</u>
<b>12 TRADE RECEIVABLES</b>				
(Unsecured, considered good)				
Outstanding for a period exceeding six months from the date they are due for collection				
Other receivables			2,283,326	2,465,914
			<u>2,283,326</u>	<u>2,465,914</u>
<b>13 CASH AND CASH EQUIVALENTS</b>				
Cash on hand			21	21
			<u>21</u>	<u>21</u>
<b>14 OTHER CURRENT ASSETS</b>				
Unbilled revenue			472,541	378,675
			<u>472,541</u>	<u>378,675</u>



Axis Inc.

Notes to the financial statements for the year ended 31 March 2015 (Cont'd)

	Year ended 31 March 2015 USD	Year ended 31 March 2014 USD
<b>15 OTHER INCOME</b>		
Interest income from subsidiary	-	11,896
Profit on sale of assets	124	-
Provision no longer required written back	-	9,305
	<u>124</u>	<u>21,201</u>
<b>16 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	8,835,400	9,595,997
Contribution to social security	704,403	719,647
Staff welfare	486,448	550,807
	<u>10,026,251</u>	<u>10,866,451</u>
<b>17 OTHER EXPENSES</b>		
Software subscription charges	88,757	129,104
Legal and professional charges	340,678	307,412
Travelling and conveyance	71,237	144,325
Rent	200,082	203,271
Recruitment and training expenses	63,595	84,323
Insurance expenses	121,125	129,209
Communication expenses	47,055	56,381
Repairs and maintenance		
- Buildings	15,268	11,747
- Others	-	7,548
Advertising expenses	49,702	28,330
Electricity charges	14,254	17,879
Rates and taxes	5,808	9,973
Bank charges	5,237	6,502
Miscellaneous expenses	17,353	5,307
	<u>1,040,151</u>	<u>1,141,311</u>
<b>18 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of tangible assets (Also, refer note 8)	53,474	74,159
Amortisation of intangible assets (Also, refer note 9)	24,792	24,791
	<u>78,266</u>	<u>98,950</u>
<b>19 FINANCE COSTS</b>		
Interest on loans from bank	2,016	27,055
Interest on Inter-corporate deposit	7,180	-
	<u>9,196</u>	<u>27,055</u>
<b>20 EARNINGS/ (LOSS) PER SHARE (EPS)</b>		
a) Profit/ (loss) after tax attributable to equity shares (in USD)	136,834	(188,861)
b) Weighted average number of shares outstanding	19,725	19,725
c) Basic and diluted earnings/ (loss) per share (in USD)	6.94	(9.57)



**Axis Inc.**

**Notes to the financial statements for the year ended 31 March 2015 (Cont'd)**

**21 RELATED PARTY DISCLOSURES**

*i. Parties where control exists :*

Nature of relationship  
Holding Company

Name of party  
Jupiter Capital Private Limited ('JCPL'). Tayana Digital Private Limited (TDPL) ceased to be the intermediate holding company w.e.f. 09 July 2014 and in turn AXISCADES Aerospace Technologies Limited (ACAT) also ceased to be the intermediate holding company.

Subsidiary Company

Axis EU Europe Limited (formerly Axis EU Limited)

*ii. Transactions with related parties*

(Amount in USD)

	Nature of Transaction	Relationship	Year Ended 31 March 2015	Year Ended 31 March 2014
a)	<i>Inter-corporate deposit extended</i> Axis EU Europe Limited	Subsidiary Company	-	320,000
b)	<i>Inter-corporate deposit recovered</i> Axis EU Europe Limited	Subsidiary Company	-	587,155
c)	<i>Revenue from operations</i> AXISCADES Engineering Technologies Limited	Holding Company	27,280	32,051
d)	<i>Interest Income</i> Axis EU Europe Limited	Subsidiary Company	-	11,896
e)	<i>Software subscription expense cross-charged</i> AXISCADES Engineering Technologies Limited	Holding Company	229,116	251,128
f)	<i>Staff welfare expense cross-charged</i> AXISCADES Engineering Technologies Limited	Holding Company	13,240	8,977
g)	<i>Reimbursement of expense</i> AXISCADES Engineering Technologies Limited	Holding Company	21,427	56,767
h)	<i>Sub-contracting charges</i> AXISCADES Engineering Technologies Limited	Holding Company	2,449,731	2,891,829
i)	<i>Inter-corporate deposit received</i> Axis EU Europe Limited	Subsidiary Company	386,334	-
j)	<i>Inter-corporate deposit repaid</i> Axis EU Europe Limited	Subsidiary Company	386,334	-
k)	<i>Interest expense</i> Axis EU Europe Limited	Subsidiary Company	7,800	-
l)	<i>Expenses repaid to</i> AXISCADES Engineering Technologies Limited	Holding Company	38,334	-



**Axis Inc.**

**Notes to the financial statements for the year ended 31 March 2015 (Cont'd)**

**21 RELATED PARTY DISCLOSURES (CONT'D)**

iii. Balances as at the year end

(Amount in USD)

	Nature of Transaction	Relationship	Year Ended 31 March 2015	Year Ended 31 March 2014
a)	Trade payables AXISCADES Engineering Technologies Limited	Holding Company	425,695	717,313
b)	Trade receivables AXISCADES Engineering Technologies Limited	Holding Company	-	41,028
c)	Investment in Axis EU Europe Limited	Subsidiary Company	1,149,031	1,149,031

**22 SEGMENT REPORTING**

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

**23 PREVIOUS YEAR FIGURES**

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

*Walker Chandiook & Co*  
For Walker Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

per Aasheesh Arjun Singh  
Partner

New Delhi  
18 May 2015



*Sreedhar Rao Ellentala*  
Sreedhar Rao Ellentala  
Director

New Delhi  
18 May 2015

*S. Valmeekanathan*  
S. Valmeekanathan  
Director

New Delhi  
18 May 2015

Axis Inc.  
Balance Sheet

	As at 31 March 2015 USD	As at 31 March 2015 INR	As at 31 March 2014 USD	As at 31 March 2014 INR
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	2,247,227	140,655,736	2,247,227	135,057,893
Reserves and surplus	1,017,096	63,660,852	880,262	52,903,570
	<b>3,264,323</b>	<b>204,316,588</b>	<b>3,127,489</b>	<b>187,961,463</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities, net	1,696	106,154	-	-
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	45,033	2,818,651	16,983	1,020,675
Trade payables	532,980	33,359,645	811,233	48,754,941
Other current liabilities	299,646	18,755,083	331,215	19,905,955
	<b>877,659</b>	<b>54,933,379</b>	<b>1,159,431</b>	<b>69,681,571</b>
<b>TOTAL</b>	<b>4,143,678</b>	<b>259,356,121</b>	<b>4,286,920</b>	<b>257,643,035</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed assets				
Tangible assets	51,556	3,226,931	104,907	6,304,890
Intangible assets	8,970	561,439	33,762	2,029,089
Non-current investment	1,149,031	71,918,770	1,149,031	69,056,533
Long-term loans and advances	39,356	2,463,324	36,505	2,193,943
	<b>1,248,913</b>	<b>78,170,464</b>	<b>1,324,205</b>	<b>79,584,455</b>
<b>CURRENT ASSETS</b>				
Trade receivables	2,283,326	142,915,201	2,465,914	148,200,938
Cash and cash equivalents	21	1,314	21	1,262
Short-term loans and advances	138,877	8,692,423	118,105	7,098,087
Other current assets	472,541	29,576,719	378,675	22,758,292
	<b>2,894,765</b>	<b>181,185,657</b>	<b>2,962,715</b>	<b>178,058,579</b>
<b>TOTAL</b>	<b>4,143,678</b>	<b>259,356,121</b>	<b>4,286,920</b>	<b>257,643,035</b>

Axis Inc.

## Statement of Profit and Loss

	Year ended 31 March 2015 USD	Year ended 31 March 2015 INR	Year ended 31 March 2014 USD	Year ended 31 March 2014 INR
<b>INCOME</b>				
Revenue from operations	13,743,409	860,210,964	14,774,782	887,961,443
Other income	124	7,761	21,201	1,274,176
<b>TOTAL</b>	<b>13,743,533</b>	<b>860,218,725</b>	<b>14,795,983</b>	<b>889,235,619</b>
<b>EXPENSES</b>				
Employee benefits expense	10,026,251	627,551,071	10,866,451	653,071,532
Other expenses	1,040,151	65,103,883	1,141,311	68,592,563
Sub-contracting charges	2,449,731	153,330,623	2,891,829	173,798,345
<b>TOTAL</b>	<b>13,516,133</b>	<b>845,985,577</b>	<b>14,899,591</b>	<b>895,462,439</b>
<b>EARNINGS/ (LOSS) BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>	<b>227,400</b>	<b>14,233,148</b>	<b>(103,608)</b>	<b>(6,226,820)</b>
Depreciation and amortisation expense	78,266	4,898,732	98,950	5,946,875
Finance costs	9,196	575,585	27,055	1,626,000
<b>PROFIT/ (LOSS) BEFORE TAX</b>	<b>139,938</b>	<b>8,758,831</b>	<b>(229,613)</b>	<b>(13,799,695)</b>
Tax expense				
- Current tax	1,408	88,128	-	
- Deferred tax (credit)/ charge	1,696	106,154	(40,752)	(2,449,187)
<b>PROFIT/ (LOSS) FOR THE YEAR</b>	<b>136,834</b>	<b>8,564,550</b>	<b>(188,861)</b>	<b>(11,350,508)</b>
<b>Earnings/ (loss) per equity share:</b>				
Basic and diluted	6.94	434	(9.57)	(5.75)

Axis Inc.

## Cash Flow Statement

	Year ended 31 March 2015 USD	Year ended 31 March 2015 INR	Year ended 31 March 2014 USD	Year ended 31 March 2014 INR
<b>Cash flows from operating activities</b>				
Profit/ (loss) before taxation	139,938	8,758,831	(229,613)	(13,799,695)
Adjustment for :				
Depreciation and amortisation expense	78,266	4,898,732	98,950	5,946,875
Interest expense	9,196	575,585	27,055	1,626,000
Interest expense	-	-	(21,201)	(1,274,176)
(Gain)/ loss on disposal of fixed assets	(124)	(7,761)	-	-
<b>Operating profit before working capital changes</b>	<b>227,276</b>	<b>14,225,387</b>	<b>(124,809)</b>	<b>(7,500,996)</b>
Decrease in trade receivables	182,588	11,428,343	794,632	47,757,224
(Increase)/ Decrease in loans and advances	(20,772)	(1,300,167)	127,434	7,658,758
(Increase)/ Decrease in other current assets	(93,866)	(5,875,176)	154,061	9,259,035
(Decrease)/ Increase in trade payables	(278,253)	(17,416,084)	383,881	23,071,171
(Decrease)/ Increase in other current liabilities	(31,569)	(1,975,916)	40,832	2,453,995
<b>Cash generated from operations</b>	<b>(14,596)</b>	<b>(913,611)</b>	<b>1,376,031</b>	<b>82,699,188</b>
(Tax paid)/ Refund received	(4,258)	(266,483)	194,439	11,685,745
<b>Net cash (used)/ generated from operating activities</b>	<b>(18,854)</b>	<b>(1,180,095)</b>	<b>1,570,470</b>	<b>94,384,933</b>
<b>Cash flows from investing activities</b>				
Purchase of fixed assets	-	-	(25,989)	(1,561,934)
Loans given to subsidiary	-	-	(320,000)	(19,231,936)
Loans repaid by subsidiary	-	-	587,155	35,287,898
Interest received	-	-	12,683	762,246
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>-</b>	<b>253,849</b>	<b>15,256,274</b>
<b>Cash flows from financing activities</b>				
Borrowings availed/ Repaid (net)	28,050	1,755,658	(1,807,097)	(108,606,168)
Inter-corporate deposit taken from related party	386,334	24,180,980	-	-
Inter-corporate deposit repaid to related party	(386,334)	(24,180,980)	-	-
Interest paid	(9,196)	(575,585)	(30,299)	(1,820,964)
<b>Net cash used in financing activities</b>	<b>18,854</b>	<b>1,180,073</b>	<b>(1,837,396)</b>	<b>(110,427,132)</b>
Net (decrease)/ Increase in cash and cash equivalents	-	-	(13,077)	(785,925)
Cash and cash equivalents at beginning of the year	22	1,354	13,099	787,245
<b>Cash and cash equivalents at the end of the year</b>	<b>22</b>	<b>1,354</b>	<b>22</b>	<b>1,320</b>