

Axis Inc.

Directors' Report

To The Members

Your Directors are pleased to present their report on the business operations of the company for the period from 1st April 2015 to 31st March 2016 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 4/1/2015-3/31/2016 are annexed to this report

II. Business Activity

a. Present

Due to the challenging economic climate in US with our customers, our revenue has marginally improved compared to last financial year. We strengthened and expanded our global relationship with a Global OEM in Heavy Engineering 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. We are heavily investing in Sales to penetrate, diversify and accelerate our growth in this market.

b. Future Challenges & Opportunities

Based on current business climate in the oil and mining industry, we are experiencing a very demanding environment in Heavy engineering business with customers increasingly looking for solution based services with proof of value to help them cut down their overall engineering and R&D cost. We are well positioned to capitalize this opportunity. Since last 18 months we have built robust organization with a focus on our practice and service lines to enable create unique solution for our customers. Currently, our value proposition is understood and appreciated by our customers. Since, a lot of the relationship with our key customer are extremely long lasting this has potential to expand by way of cross sell and upsell to several other areas. We have also revamped our sales team and increase our focus on existing and new verticals to focus our growth in selected areas like embedded electronics, Hi Tech, medical devices, product lifecycle management. We are confident that our investments towards sales and solutions would bear results in the coming quarters.

II. 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

IV. Officers

The Officers of the company currently are as follows:

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

V. Subsidiary & Joint Ventures

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

On Behalf of the Board


S. Valmeekanathan
Director

Date: May 27, 2016

Financial statements and Auditors' report

Axis Inc.

31 March 2016

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
5th Floor, No. 65/2, Block "A",
Bagmane Tridib, Bagmane Tech Park
C V Raman Nagar, Bengaluru 560093
India

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

Independent Auditor's Report

To the Board of Directors of Axis Inc.

We have audited the accompanying financial statements of Axis Inc. ("the Company"), which comprise the Balance Sheet as at 31 March 2016, 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

1. 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

2. 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.
3. 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, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker Chandiok & Co LLP

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

Opinion

5. 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 2016, its loss and its cash flows for the year ended on that date.

Other Matter

6. 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 consolidated 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 Chandiok & Co LLP

For Walker Chandiok & Co LLP

(Formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh

per Aasheesh Arjun Singh

Partner

Membership No.: 210122

New Delhi

30 May 2016



Balance Sheet

	NOTE	As at 31 March 2016 USD	As at 31 March 2015 USD
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	2,247,227	2,247,227
Reserves and surplus	3	658,785	1,017,096
		<u>2,906,012</u>	<u>3,264,323</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities, net	4	1,696	1,696
CURRENT LIABILITIES			
Short-term borrowings	5	440,691	45,033
Trade payables	6	622,608	532,980
Other current liabilities	7	506,282	299,646
		<u>1,569,581</u>	<u>877,659</u>
TOTAL		<u><u>4,477,289</u></u>	<u><u>4,143,678</u></u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	8	34,026	51,556
Intangible assets	9	-	8,970
Non-current investment	10	1,149,031	1,149,031
Long-term loans and advances	11	40,156	39,356
		<u>1,223,213</u>	<u>1,248,913</u>
CURRENT ASSETS			
Trade receivables	12	2,375,303	2,283,326
Cash and cash equivalents	13	21	21
Short-term loans and advances	11	438,301	138,877
Other current assets	14	440,451	472,541
		<u>3,254,076</u>	<u>2,894,765</u>
TOTAL		<u><u>4,477,289</u></u>	<u><u>4,143,678</u></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 Chandiook & Co LLP

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

per Aashesh Arjun Singh
Partner

New Delhi
30 May 2016



For and on behalf of the Board of Directors of Axis Inc.

E. Anand
Sreedhar Rao Ellentala
Director

Bengaluru
30 May 2016

S. Valmeekanathan
S. Valmeekanathan
Director

Bengaluru
30 May 2016

Statement of Profit and Loss

	NOTE	Year ended 31 March 2016 USD	Year ended 31 March 2015 USD
INCOME			
Revenue from operations		14,083,158	13,743,409
Other income	15	-	124
TOTAL REVENUE		14,083,158	13,743,533
EXPENSES			
Employee benefits expense	16	10,524,660	10,026,251
Other expenses	17	1,300,317	1,040,151
Sub-contracting charges		2,577,161	2,449,731
Depreciation and amortisation expense	18	31,484	78,266
Finance costs	19	7,847	9,196
TOTAL EXPENSES		14,441,469	13,603,595
(LOSS)/ PROFIT BEFORE TAX		(358,311)	139,938
Tax expense			
- Current tax		-	1,408
- Deferred tax charge		-	1,696
(LOSS)/ PROFIT FOR THE YEAR		(358,311)	136,834
Earnings/ (loss) per equity share:	20		
Basic and diluted		(18.17)	6.94

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.

Walker Chandiook & Co LLP

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

Aasheesh Arjun Singh
per Aasheesh Arjun Singh
Partner

New Delhi
30 May 2016



For and on behalf of the Board of Directors of Axis Inc.

Sreedhar Rao Ellentala
Sreedhar Rao Ellentala
Director

Bengaluru
30 May 2016

S.Valmeekanathan
S.Valmeekanathan
Director

Bengaluru
30 May 2016

Cash Flow Statement

	Year ended 31 March 2016 USD	Year ended 31 March 2015 USD
Cash flows from operating activities		
(Loss)/ Profit before taxation	(358,311)	139,938
Adjustment for:		
Depreciation and amortisation expense	31,484	78,266
Interest expense	7,847	9,196
Gain on disposal of fixed assets	-	(124)
Operating profit before working capital changes	(318,980)	227,276
(Increase)/ decrease in trade receivables	(91,977)	182,588
Increase in loans and advances	(299,424)	(20,772)
Decrease/ (increase) in other current assets	32,090	(93,866)
Increase/ (decrease) in trade payables	89,628	(278,253)
Increase/ (decrease) in other current liabilities	206,636	(31,569)
Cash used in operations	(382,027)	(14,596)
Tax paid	(800)	(4,258)
Net cash used in operating activities	(382,827)	(18,854)
Cash flows from investing activities		
Purchase of fixed assets	(4,984)	-
Net cash used in investing activities	(4,984)	-
Cash flows from financing activities		
Proceeds from working capital, net	395,658	28,050
Inter-corporate deposit received from related party	-	386,334
Inter-corporate deposit repaid to related party	-	(386,334)
Interest paid	(7,847)	(9,196)
Net cash generated from financing activities	387,811	18,854
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	21	21
Cash and cash equivalents at the end of the year	21	21

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

Walker Chandiook & Co LLP

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

Aasheesh Arjun Singh
per Aasheesh Arjun Singh
Partner

New Delhi
30 May 2016



For and on behalf of the Board of Directors of Axis Inc.

Sreedhar Rao Ellentala
Sreedhar Rao Ellentala
Director

Bengaluru
30 May 2016

S. Valmeekanathan
S. Valmeekanathan
Director

Bengaluru
30 May 2016

Axis Inc.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

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 and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognised based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings are classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current 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 equipment	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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (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 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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (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:

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (Cont'd)

2 SHARE CAPITAL	As at 31 March 2016		As at 31 March 2015	
	Number	USD	Number	USD
Authorised				
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>
Issued share capital				
Equity shares with no par value fully paid up	19,725	2,247,227	19,725	2,247,227
Subscribed and paid up				
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>
a. Reconciliation of the equity share capital				
Balance at the beginning of the year	19,725	2,247,227	19,725	2,247,227
Add: Issued during the year	-	-	-	-
Balance at the end of the year	<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 2016		As at 31 March 2015	
	Number	USD	Number	USD
AXISCADES Engineering Technologies Limited	19,725	2,247,227	19,725	2,247,227

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

AXISCADES Engineering Technologies Limited	19,725	2,247,227	19,725	2,247,227
--	--------	-----------	--------	-----------

3 RESERVES AND SURPLUS

	As at 31 March 2016		As at 31 March 2015	
	USD		USD	
Balance at the beginning of the year			1,017,096	880,262
Add: Net (loss)/ profit for the year			(358,311)	136,834
Balance at the end of the year			<u>658,785</u>	<u>1,017,096</u>



(This space has been intentionally left blank)

Axis Inc.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (Cont'd)

	As at 31 March 2016 USD	As at 31 March 2015 USD
4 DEFERRED TAXES		
Deferred tax liability		
Timing difference on depreciation and amortisation	1,696	7,423
Total	<u>1,696</u>	<u>7,423</u>
Deferred tax asset		
Net operating losses	-	5,727
Total	<u>-</u>	<u>5,727</u>
Deferred tax liability, net	<u>1,696</u>	<u>1,696</u>

Note:

In view of carry forward losses under local tax laws, the Company is unable to demonstrate virtual certainty as required by the Explanation in Accounting Standard 22 'Accounting for taxes on income'. Accordingly, no deferred tax asset is recognised as at 31 March 2016 as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.

	As at 31 March 2016 USD	As at 31 March 2015 USD
5 SHORT-TERM BORROWINGS		
(Secured)		
Line of credit from banks	440,691	45,033
	<u>440,691</u>	<u>45,033</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 2016 USD	As at 31 March 2015 USD
6 TRADE PAYABLES		
Dues to Holding Company	484,962	425,695
Dues to others	88,574	85,454
Accrued expenses	49,072	21,831
	<u>622,608</u>	<u>532,980</u>

	As at 31 March 2016 USD	As at 31 March 2015 USD
7 OTHER CURRENT LIABILITIES		
Book overdraft	159,412	58,035
Duties and taxes payable	26,880	20,070
Dues to employees	319,990	221,541
	<u>506,282</u>	<u>299,646</u>



Axis Inc.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (Cont'd)

(Amount in USD)

8 TANGIBLE ASSETS

	Computers	Furniture and fixtures	Office equipments	Leasehold improvements	Total
Gross block					
Balance as at 1 April 2014	250,562	67,206	537,349	22,684	877,801
Additions during the year	926	-	-	-	926
Deletions during the year	(1,927)	-	-	-	(1,927)
Balance as at 31 March 2015	249,561	67,206	537,349	22,684	876,800
Additions during the year	4,984	-	-	-	4,984
Balance as at 31 March 2016	254,546	67,206	537,349	22,684	881,784
Accumulated depreciation					
Balance as at 1 April 2014	195,217	19,235	535,758	22,684	772,894
Charge for the year	43,584	9,530	360	-	53,474
Deletions during the year	(1,124)	-	-	-	(1,124)
Balance as at 31 March 2015	237,677	28,765	536,118	22,684	825,244
Charge for the year	13,003	9,151	360	-	22,514
Balance as at 31 March 2016	250,680	37,915	536,479	22,684	847,758
Net block					
Balance as at 31 March 2015	11,884	38,441	1,231	-	51,556
Balance as at 31 March 2016	3,866	29,291	871	-	34,026

(Amount in USD)

9 INTANGIBLE ASSETS

	Softwares	Total
Gross block		
Balance as at 1 April 2014	565,149	565,149
Additions during the year	-	-
Balance as at 31 March 2015	565,149	565,149
Additions during the year	-	-
Balance as at 31 March 2016	565,149	565,149
Accumulated amortisation		
Balance as at 1 April 2014	531,387	531,387
Charge for the year	24,792	24,792
Balance as at 31 March 2015	556,179	556,179
Charge for the year	8,970	8,970
Balance as at 31 March 2016	565,149	565,149
Net Block		
Balance as at 31 March 2015	8,970	8,970
Balance as at 31 March 2016	-	-



Am

Axis Inc.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (Cont'd)

	As at 31 March 2016 USD		As at 31 March 2015 USD	
10 NON-CURRENT INVESTMENT				
(Unquoted, valued at cost unless stated otherwise)				
Investments in equity instruments				
Trade				
In subsidiary - AXISCADES UK Limited (formerly Axis EU Europe Limited) 575,476 (31 March 2015 - 575,476) equity shares of GBP 1 each.		1,149,031		1,149,031
		<u>1,149,031</u>		<u>1,149,031</u>
11 LOANS AND ADVANCES	As at 31 March 2016		As at 31 March 2015	
(Unsecured, considered good)				
	Long-term USD	Short-term USD	Long-term USD	Short-term USD
Security deposits	-	1,519	-	1,081
	-	<u>1,519</u>	-	<u>1,081</u>
Receivable from related party (Also, refer note 21(iii))	-	306,168	-	-
Other loans and advances *				
Advance taxes [net of provision for tax \$ 1,408 (31 March 2015:\$ 1,408)]	40,156	-	39,356	-
Prepaid expenses	-	100,393	-	58,609
Deposit with immigration authorities	-	13,675	-	66,865
Advance to employees	-	13,009	-	4,306
Recoverable from customer	-	3,537	-	8,016
	<u>40,156</u>	<u>130,614</u>	<u>39,356</u>	<u>137,796</u>
	<u>40,156</u>	<u>438,301</u>	<u>39,356</u>	<u>138,877</u>
*Advances recoverable in cash or kind				
12 TRADE RECEIVABLES			As at 31 March 2016 USD	As at 31 March 2015 USD
(Unsecured, considered good)				
Outstanding for a period exceeding six months from the date they are due for collection			-	-
Other receivables			2,375,303	2,283,326
			<u>2,375,303</u>	<u>2,283,326</u>
13 CASH AND CASH EQUIVALENTS				
Cash on hand			21	21
			<u>21</u>	<u>21</u>
14 OTHER CURRENT ASSETS				
Unbilled revenue			440,451	472,541
			<u>440,451</u>	<u>472,541</u>



Am

Axis Inc.**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (Cont'd)**

	Year ended 31 March 2016 USD	Year ended 31 March 2015 USD
15 OTHER INCOME		
Profit on sale of assets	-	124
	<u>-</u>	<u>124</u>
16 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	9,274,557	8,835,400
Contribution to social security	767,555	704,403
Staff welfare	482,548	486,448
	<u>10,524,660</u>	<u>10,026,251</u>
17 OTHER EXPENSES		
Software subscription charges	85,717	88,757
Legal and professional charges	397,012	340,678
Travelling and conveyance	268,023	71,237
Rent	144,995	200,082
Recruitment and training expenses	118,920	63,595
Insurance expenses	134,524	121,125
Communication expenses	54,497	47,055
Repairs and maintenance		
- Buildings	12,669	15,268
Advertising and marketing expenses	49,672	49,702
Electricity charges	12,289	14,254
Rates and taxes	4,505	5,808
Bank charges	3,030	5,237
Miscellaneous expenses	14,464	17,353
	<u>1,300,317</u>	<u>1,040,151</u>
18 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets (Also, refer note 8)	22,514	53,474
Amortisation of intangible assets (Also, refer note 9)	8,970	24,792
	<u>31,484</u>	<u>78,266</u>
19 FINANCE COSTS		
Interest on loans from bank	7,847	2,016
Interest on Inter-corporate deposit	-	7,180
	<u>7,847</u>	<u>9,196</u>
20 EARNINGS/ (LOSS) PER SHARE (EPS)		
a) (Loss)/ profit after tax attributable to equity shares (in USD)	(358,311)	136,834
b) Weighted average number of shares outstanding	19,725	19,725
c) Basic and diluted earnings/ (loss) per share (in USD)	(18.17)	6.94



Axis Inc.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (Cont'd)

21 RELATED PARTY DISCLOSURES

i. Parties where control exists :

Nature of relationship	Name of party
Holding Company	AXISCADES Engineering Technologies Limited
Subsidiary Company	AXISCADES UK Limited (formerly known as Axis EU Europe Limited)
Fellow Subsidiary Company	AXISCADES Technology Canada Inc. (formerly known as Cades Technology Canada Inc.)

ii. Transactions with related parties

(Amount in USD)

Nature of Transaction	Relationship	Year Ended 31 March 2016	Year Ended 31 March 2015
a) <i>Software subscription expense cross-charged</i> AXISCADES Engineering Technologies Limited	Holding Company	211,466	229,116
b) <i>Revenue from operations</i> AXISCADES Engineering Technologies Limited	Holding Company	-	27,280
c) <i>Salaries, wages and bonus cross-charged</i> AXISCADES Engineering Technologies Limited AXISCADES Technology Canada Inc.	Holding Company Fellow Subsidiary Company	236,781 16,312	13,240 -
d) <i>Reimbursement of expense</i> AXISCADES Engineering Technologies Limited	Holding Company	81,558	21,427
e) <i>Sub-contracting charges</i> AXISCADES Engineering Technologies Limited	Holding Company	1,756,349	2,449,731
f) <i>Inter-corporate deposit received</i> AXISCADES UK Limited	Subsidiary Company	-	386,334
g) <i>Inter-corporate deposit repaid</i> AXISCADES UK Limited	Subsidiary Company	-	386,334
h) <i>Interest expense</i> AXISCADES UK Limited	Subsidiary Company	-	7,800
i) <i>Expenses repaid to</i> AXISCADES Engineering Technologies Limited	Holding Company	-	38,334



(This space has been intentionally left blank)

Axis Inc.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016 (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 2016	Year Ended 31 March 2015
a)	Trade payables AXISCADES Engineering Technologies Limited	Holding Company	303,882	425,695
b)	Accrued expense AXISCADES Engineering Technologies Limited	Holding Company	181,080	-
c)	Other receivables AXISCADES Engineering Technologies Limited AXISCADES Technology Canada Inc.	Holding Company Fellow Subsidiary Company	289,856 16,312	- -
d)	Investment in AXISCADES UK Limited *	Subsidiary Company	1,149,031	1,149,031

* Maximum amount outstanding during the year USD 1,149,031 (31 March 2015: USD 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
30 May 2016

For and on behalf of the Board of Directors of Axis Inc.

Sreedhar Rao Ellentala
Sreedhar Rao Ellentala
Director

Bengaluru
30 May 2016

S. Valmeekanathan
S. Valmeekanathan
Director

Bengaluru
30 May 2016



Balance Sheet

	As at 31 March 2016 USD	As at 31 March 2015 USD	As at 31 March 2016 INR 66.3329	As at 31 March 2015 INR 62.5908
Exchange Rate				
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share capital	2,247,227	2,247,227	149,065,084	140,655,736
Reserves and surplus	658,785	1,017,096	43,699,120	63,660,852
	<u>2,906,012</u>	<u>3,264,323</u>	<u>192,764,204</u>	<u>204,316,588</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities, net	1,696	1,696	112,501	106,154
CURRENT LIABILITIES				
Short-term borrowings	440,691	45,033	29,232,312	2,818,651
Trade payables	622,608	532,980	41,299,394	33,359,645
Other current liabilities	506,281	299,646	33,583,081	18,755,083
	<u>1,569,580</u>	<u>877,659</u>	<u>104,114,787</u>	<u>54,933,379</u>
TOTAL	<u>4,477,288</u>	<u>4,143,678</u>	<u>296,991,492</u>	<u>259,356,121</u>
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
Tangible assets	34,026	51,556	2,257,043	3,226,931
Intangible assets	-	8,970	-	561,439
Non-current investment	1,149,031	1,149,031	76,218,558	71,918,770
Long-term loans and advances	40,156	39,356	2,663,659	2,463,324
	<u>1,223,213</u>	<u>1,248,913</u>	<u>81,139,260</u>	<u>78,170,464</u>
CURRENT ASSETS				
Trade receivables	2,375,303	2,283,326	157,560,736	142,915,201
Cash and cash equivalents	21	21	1,393	1,314
Short-term loans and advances	438,300	138,877	29,073,710	8,692,423
Other current assets	440,451	472,541	29,216,393	29,576,719
	<u>3,254,075</u>	<u>2,894,765</u>	<u>215,852,232</u>	<u>181,185,657</u>
TOTAL	<u>4,477,288</u>	<u>4,143,678</u>	<u>296,991,492</u>	<u>259,356,121</u>

Statement of Profit and Loss

	Year ended 31 March 2016 USD	Year ended 31 March 2015 USD	Year ended 31 March 2016 INR 66.3329	Year ended 31 March 2015 INR 62.5908
Exchange Rate				
INCOME				
Revenue from operations	14,083,158	13,743,409	934,176,731	860,210,964
Other income	-	124	-	7,761
TOTAL	14,083,158	13,743,533	934,176,731	860,218,725
EXPENSES				
Employee benefits expense	10,524,660	10,026,251	698,131,219	627,551,071
Other expenses	1,300,318	1,040,151	86,253,864	65,103,883
Sub-contracting charges	2,577,162	2,449,731	170,950,597	153,330,623
TOTAL	14,402,140	13,516,133	955,335,680	845,985,577
EARNINGS/ (LOSS) BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	(318,981)	227,400	(21,158,949)	14,233,148
Depreciation and amortisation expense	31,483	78,266	2,088,359	4,898,732
Finance costs	7,847	9,196	520,514	575,585
PROFIT/ (LOSS) BEFORE TAX	(358,311)	139,938	(23,767,822)	8,758,831
Tax expense				
- Current tax	-	1,408	-	88,128
- Deferred tax (credit)/ charge	-	1,696	-	106,154
PROFIT/ (LOSS) FOR THE YEAR	(358,311)	136,834	(23,767,822)	8,564,549
Earnings/ (loss) per equity share:				
Basic and diluted	(18)	7	(1,205)	434

Cash Flow Statement

	Year ended 31 March 2016 USD	Year ended 31 March 2016 INR 66.3329	Year ended 31 March 2015 USD	Year ended 31 March 2015 INR 62.5908
Exchange Rate				
Cash flows from operating activities				
Profit/ (loss) before taxation	(358,311)	(23,767,822)	139,938	8,758,831
Adjustment for :				
Depreciation and amortisation expense	31,483	2,088,359	78,266	4,898,732
Interest expense	7,847	520,514	9,196	575,585
Interest expense	-	-	-	-
(Gain)/ loss on disposal of fixed assets	-	-	(124)	(7,761)
Operating profit before working capital changes	(318,981)	(21,158,949)	227,276	14,225,387
Decrease in trade receivables	(91,977)	(6,101,101)	182,588	11,428,343
(Increase)/ Decrease in loans and advances	(299,423)	(19,861,596)	(20,772)	(1,300,167)
(Increase)/ Decrease in other current assets	32,090	2,128,623	(93,866)	(5,875,176)
(Decrease)/ Increase in trade payables	89,629	5,945,351	(278,253)	(17,416,084)
(Decrease)/ Increase in other current liabilities	206,635	13,706,699	(31,569)	(1,975,916)
Cash generated from operations	(382,026)	(25,340,972)	(14,595)	(913,611)
(Tax paid)/ Refund received	(800)	(53,062)	(4,258)	(266,483)
Net cash (used)/ generated from operating activities	(382,826)	(25,394,034)	(18,853)	(1,180,095)
Cash flows from investing activities				
Purchase of fixed assets	(4,984)	(330,583)	-	-
Loans given to subsidiary	-	-	-	-
Loans repaid by subsidiary	-	-	-	-
Interest received	-	-	-	-
Net cash generated from investing activities	(4,984)	(330,583)	-	-
Cash flows from financing activities				
Borrowings availed/ Repaid (net)	395,658	26,245,143	28,050	1,755,658
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	(7,847)	(520,514)	(9,196)	(575,585)
Net cash used in financing activities	387,811	25,724,629	18,854	1,180,073
Net (decrease)/ Increase in cash and cash equivalents	-	-	-	-
Cash and cash equivalents at beginning of the year	21	1,416	22	1,354
Cash and cash equivalents at the end of the year	21	1,416	22	1,354