



Sadana & Co.
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SADANA & CO.
CHARTERED ACCOUNTANTS

Auditor's report to the Group Auditor on the audit of financial information for group audit purposes

Name(s) of component(s): **AXISCADES UK Limited**
Group code/Component identifier:
Year-end: 31.03.2019
Currency: INR

To: Group Auditor

As requested in your instructions dated 3rd March, 2019, we have audited, for the purpose of your audit of the group financial statements of **AXISCADES Engineering Technologies Limited**, the accompanying special purpose financial information of **AXISCADES UK Limited** (the component) a Subsidiary of **AXISCADES Engineering Technologies Limited** as of 31.03.2019 and for the year then ended (the specified forms). This special purpose financial information has been prepared solely to enable **AXISCADES Engineering Technologies Limited** to prepare its group financial statements.

Management's responsibility for the specified forms

Management is responsible for the preparation and presentation of the specified forms in accordance with the instructions issued by **AXISCADES Engineering Technologies Limited's** management on 3rd March, 2019 and the policies contained in the **AXISCADES Engineering Technologies Limited** disclosed accounting policies and for such internal control as management determines is necessary to enable the preparation of specified forms that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the specified forms based on our audit. We conducted our audit in accordance with International Standards on Auditing [and, as requested, we performed the additional procedures detailed in Section-B of the group audit instructions dated 3rd March, 2019]. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the specified forms are free of material misstatement. As requested by you, we planned and performed our audit using the component materiality specified in your instructions of [amount], which is different from the materiality level that we would have used, had we been designing the audit to express an opinion on the financial statements of the component alone.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the specified forms. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the specified forms, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the component's preparation and presentation of the specified forms 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 component's internal control. An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the specified forms.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The conclusions reached in forming our opinion are based on the component materiality specified by you in the context of the audit of the group financial statements.

Opinion

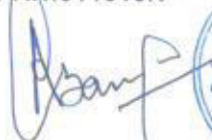
In our opinion, the accompanying specified forms of **AXISCADES UK Limited** as of 31.03.2019 and for the year then ended have been prepared, in all material respects¹, in accordance with the instructions issued by **AXISCADES Engineering Technologies Limited's** management and the policies contained in the **AXISCADES Engineering Technologies Limited**.

Restriction on Use and Distribution

The specified forms have been prepared for purposes of providing information to **AXISCADES Engineering Technologies Limited** to enable it to prepare the group financial statements. As a result, the specified forms are not a complete set of financial statements of **AXISCADES UK Limited** in accordance with [group applicable financial reporting framework underlying the group's accounting policies] and are not intended to present fairly, in all material respects (or to give a true and fair view of) the financial position of **AXISCADES UK Limited** as of 31.03.2019 and of its financial performance, and its cash flow for the year then ended in accordance with [group applicable financial reporting framework underlying the group's accounting policies]. The specified forms may, therefore, not be suitable for another purpose.

This report is intended solely for the information and use of Ernst & Young in conjunction with the audit of the group financial statements of **AXISCADES Engineering Technologies Limited** and should not be used by [or distributed to], anyone for any other purpose. If you have any questions on this report, please contact me.

For **Sadana & Co.**
Chartered Accountants
FRN: 011616N



(CA Amit Bansal)
Partner
M.No: 098966

06th May, 2019

Financial Statements and Auditors' Report

AXISCADES UK Limited


31 March 2019

AXISCADES UK Limited
Balance Sheet as at 31 March 2019
 (All amounts in GBP lakhs, unless otherwise stated)

| | Note | As at 31 March 2019 | As at 31 March 2018 |
|--------------------------------------|------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 0.01 | 0.04 |
| Financial assets | | | |
| Non-current tax asset, net | 4 | <u>0.82</u> | <u>-</u> |
| | | <u>0.83</u> | <u>0.04</u> |
| Current assets | | | |
| Financial assets | | | |
| Trade receivables | 5 | 4.58 | 5.93 |
| Cash and cash equivalents | 6 | 0.76 | 0.04 |
| Other than Cash and Cash equivalents | 7 | - | - |
| Loans and Advances | 8 | 0.08 | 0.38 |
| Other financial assets | 9 | 0.15 | 0.27 |
| Other current assets | 10 | <u>0.42</u> | <u>0.24</u> |
| | | <u>5.99</u> | <u>6.86</u> |
| TOTAL ASSETS | | <u>6.82</u> | <u>6.90</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 11 | 5.75 | 5.75 |
| Other equity | 12 | <u>(2.85)</u> | <u>(5.22)</u> |
| | | <u>2.90</u> | <u>0.53</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 13 | 2.33 | 3.90 |
| Trade payables | 14 | 0.73 | 1.62 |
| Other financial liabilities | 15 | <u>0.86</u> | <u>0.85</u> |
| | | <u>3.92</u> | <u>6.37</u> |
| TOTAL LIABILITIES | | <u>6.82</u> | <u>6.90</u> |


See accompanying notes (1-28) forming part of these financial statements.

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

For **Sadana & Co.**
 Chartered Accountants
 FRN: 011616N

(CA Amit Bansal)
 Partner
 Membership No. : 098966

Bengaluru
 6 May 2019

For and on behalf of the Board of Directors of
AXISCADES UK Limited


Mitesh Yadav
 Director

Bengaluru
 6 May 2019


Ajay Sarin
 Director

Bengaluru
 6 May 2019

AXISCADES UK Limited
Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

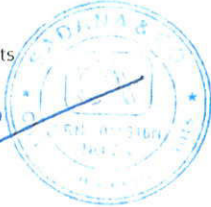
| | NOTE | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---------------------------------------|------|-----------------------------|-----------------------------|
| INCOME | | | |
| Revenue from operations | 16 | 20.97 | 19.78 |
| Other Income | 17 | - | 0.03 |
| TOTAL INCOME | | 20.97 | 19.81 |
| EXPENSES | | | |
| Employee benefits expense | 18 | 9.72 | 11.73 |
| Direct Project Expenses | | 7.27 | 6.61 |
| Other expenses | 19 | 2.22 | 2.07 |
| Depreciation and amortisation expense | 20 | 0.03 | 0.07 |
| Finance costs | 21 | 0.18 | 0.10 |
| TOTAL EXPENSES | | 19.42 | 20.58 |
| LOSS BEFORE TAX | | 1.55 | (0.77) |
| Tax expense | | | |
| - Current tax | | - | - |
| - Deferred tax (credit)/ charge | | (0.82) | - |
| LOSS FOR THE YEAR | | 2.37 | (0.77) |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 2.37 | (0.77) |
| Loss per share in ₹ | 22 | | |
| Basic and diluted | | 0.41 | (0.13) |

See accompanying notes (1-28) forming part of these financial statements

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

For **Sadana & Co.**
Chartered Accountants
FIRN: 011616N

(CA Amit Bansal)
Partner
Membership No. : 098966
Bengaluru
6 May 2019



For and on behalf of the Board of Directors of **AXISCADES UK Limited.**

Mitlesh Yadav

Mitlesh Yadav
Director

Bengaluru
6 May 2019

Ajay Sarin

Ajay Sarin
Director

Bengaluru
6 May 2019

AXISCADES UK Limited

(0.00)

(0.00)

Statement of Cash Flows for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Cash flows from operating activities | | |
| Profit/ (Loss) before taxation | 1.55 | (0.77) |
| Adjustment for: | | |
| Depreciation and amortisation expense | 0.03 | 0.07 |
| Interest expense | 0.18 | 0.10 |
| Operating profit before working capital changes | 1.76 | (0.60) |
| Decrease/ (Increase) in Trade receivables | 1.35 | (2.64) |
| Decrease/ (Increase) in loans and advances | 0.30 | 0.15 |
| Decrease/ (Increase) in other Financial Assets | 0.12 | 0.10 |
| Decrease/ (Increase) in other Current Assets | (0.18) | (0.12) |
| Increase/ (Decrease) in Provisions | - | - |
| Increase/ (Decrease) in trade payables | (0.89) | (0.09) |
| Increase/ (Decrease) in other Financial liabilities | 0.01 | (0.003) |
| Cash generated from operations | 2.47 | (3.19) |
| Refund received/ (tax paid) | - | - |
| Net cash generated from operating activities | 2.47 | (3.19) |
| Cash flows from investing activities | | |
| Purchase of fixed assets | - | (0.00) |
| Net cash used in investing activities | - | (0.00) |
| Cash flows from financing activities | | |
| Inter-corporate deposit received from related party | (1.57) | 2.80 |
| Utilization of FD | - | - |
| Interest paid | (0.18) | (0.10) |
| Net cash used in financing activities | (1.75) | 2.70 |
| Net (decrease)/ Increase in cash and cash equivalents | 0.72 | (0.49) |
| Cash and cash equivalents at beginning of the year | 0.04 | 0.54 |
| Cash and cash equivalents at the end of the year | 0.76 | 0.04 |

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

For Sadana & Co.
Chartered Accountants
FRN: 011616N

(CA Amit Bansal)
Partner
Membership No. : 098966



Bengaluru
6 May 2019

For and on behalf of the Board of Directors of AXISCADES UK Limited.

Mitlesh Yadav
Director



Bengaluru
6 May 2019

Ajay Sarin
Director



Bengaluru
6 May 2019

AXISCADES UK Limited

Statement of Changes in Equity for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

A. Equity share capital

| Equity shares of GBP 1 each, fully paid-up | Equity shares | |
|--|---------------|--------|
| | Number | Amount |
| As at 1 April 2017 | 5.75 | 5.75 |
| Add: Issued and subscribed during the year | - | - |
| As at 31 March 2018 | 5.75 | 5.75 |
| Add: Issued and subscribed during the year | - | - |
| As at 31 March 2019 | 5.75 | 5.75 |

B. Other equity

| | Securities Premium | Surplus in the Statement of Profit and Loss | Total |
|-----------------------------------|--------------------|---|--------|
| Balance as at 31 March 2017 | 0.46 | (4.91) | (4.45) |
| Loss for the year | - | (0.77) | (0.77) |
| Other comprehensive income | - | - | - |
| Movement on transition to Ind AS | - | - | - |
| Total comprehensive income | - | (0.77) | (0.77) |
| Issue of share capital | - | - | - |
| Addition during the year | - | - | - |
| Balance as at 31 March 2018 | 0.46 | (5.68) | (5.22) |
| Profit for the year | - | 2.37 | 2.37 |
| Other comprehensive income | - | - | - |
| Movement on transition to Ind AS | - | - | - |
| Total comprehensive income | - | 2.37 | 2.37 |
| Issue of share capital | - | - | - |
| Addition during the year | - | - | - |
| Balance as at 31 March 2019 | 0.46 | (3.31) | (2.85) |

See accompanying notes (1-28) forming part of these financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For **Sadana & Co.**
Chartered Accountants

FRN: 011616N

(CA **Amit Bansal**)
Partner

Membership No. : 098966

Bengaluru
6 May 2019



For and on behalf of the Board of Directors of **AXISCADES UK Limited.**

Mitesh Yadav
Director

Bengaluru
6 May 2019

Ajay Sarin
Director

Bengaluru
6 May 2019

AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

1. General Information:

AXISCADES UK Limited ('the Company'), operates in the business of Engineering Design Services. The Registered Office is located in The Pump House 15, Narborough Wood Park, Enderby, Leicester LE19 4XT, United Kingdom.

2. Summary of significant accounting policies

a) Basis of accounting and preparation

Financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 3 August 2017.

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS financial statements of the Company. The date of transition to Ind AS is 1 April 2016. Refer note 28 for the details of first-time adoption exemptions availed by the Company, reconciliations and descriptions of the effect of the transition.

b) Use of estimates

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

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

Significant management judgements

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

b) Use of estimates (Cont'd)

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.

Fair value measurements

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

c) Current versus non-current classification

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

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

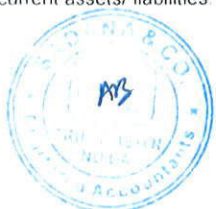
A liability is current when:

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

All other liabilities are classified as non-current.

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

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



A handwritten signature in black ink, appearing to be 'MM'.

AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

d) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

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

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

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

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

| | Depreciation Rate |
|------------------------|------------------------------|
| Computers | 33.33% |
| Office equipment's | 20.00% |
| Furniture and fixtures | 14.29% |
| Softwares | 20.00% - 33.33% |
| Leasehold improvements | Period of lease |

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

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

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



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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

f) Impairment of property, plant and equipment

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

g) Revenue recognition

Revenue from contracts with customers is recognized 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

Sale of services

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

Revenues in excess of invoicing are classified as contract assets (also referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (also referred as unearned revenues).

Contract modification

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 assessing whether the goods/services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Goods/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 goods/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.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group/Company performs by transferring goods or 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.

h) Employee benefits

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

Defined contribution plan

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.

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.

k) Borrowing costs

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

l) Investments in subsidiaries

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

n) Provisions and contingencies



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

Provisions

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

Contingent liabilities

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

Contingent assets

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

Onerous contracts

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

o) Financial instruments

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost,
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI),
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

ii. Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & 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 & loss.

iv. Equity investments



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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

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 P&L, 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 & 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:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. 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 or 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 costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.



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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

Financial guarantee contracts

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

p) Impairment of financial assets

Other financial assets

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

q) Fair value measurement

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

r) Cash and cash equivalents

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

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

s) Segment reporting

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

t) Earnings/ (Loss) per Share (EPS)



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

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

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

u) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company has evaluated the disclosure requirements of the amendment and the effect on the financial statements is not expected to be material.



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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

3 Property, plant and equipment (PPE)

| | Computers | Furniture and fixtures | Leasehold improvements | Total |
|------------------------------------|-------------|------------------------|------------------------|-------------|
| Gross block | | | | |
| Balance as at 1 April 2017 | 0.16 | 0.04 | 0.00 | 0.20 |
| Additions during the year | 0.00 | - | - | 0.00 |
| Disposals during the year | - | - | - | - |
| Balance as at 31 March 2018 | 0.16 | 0.04 | 0.00 | 0.21 |
| Additions during the year | - | - | - | - |
| Disposals during the year | - | - | - | - |
| Balance as at 31 March 2019 | 0.16 | 0.04 | 0.00 | 0.21 |
| Accumulated depreciation | | | | |
| Balance as at 1 April 2017 | 0.08 | 0.01 | - | 0.10 |
| Depreciation charge for the year | 0.06 | 0.01 | - | 0.07 |
| Disposals | - | - | - | - |
| Balance as at 31 March 2018 | 0.14 | 0.02 | - | 0.16 |
| Depreciation charge for the year | 0.02 | 0.01 | - | 0.03 |
| Disposals | - | - | - | - |
| Balance as at 31 March 2019 | 0.16 | 0.03 | - | 0.19 |
| Net Block | | | | |
| Balance as at 31 March 2018 | 0.02 | 0.02 | 0.00 | 0.04 |
| Balance as at 31 March 2019 | 0.00 | 0.01 | 0.00 | 0.01 |

Note:

a. Contractual obligations

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

b. Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2019 (31 March 2018 : Nil)



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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| 4 Deferred tax Asset, net | | |
| Deferred tax Asset | - | - |
| Net operating losses | 0.82 | - |
| Deferred tax asset, net | 0.82 | - |
| Note : | | |
| Deferred tax asset has been recognised on net operating losses which are available for carry forward as per local laws, to the extent of deferred tax liability recognised on timing difference on depreciation and amortisation. | | |
| 5 Trade Receivables | | |
| Current | | |
| (a) Trade Receivables considered good - Secured | 4.58 | 5.93 |
| (b) Trade Receivables considered good - Unsecured; | - | - |
| (c) Trade Receivables which have significant increase in Credit Risk, and | - | - |
| (d) Trade Receivables - credit impaired | - | - |
| | 4.58 | 5.93 |
| 6 Cash and cash equivalents | | |
| Balances with bank in current account | 0.76 | 0.03 |
| Cash on hand | 0.00 | 0.01 |
| | 0.76 | 0.04 |
| 7 Other than Cash and cash equivalents | | |
| Balances with bank other than cash and cash equivalents | 0.00 | 0.00 |
| | - | - |
| 8 Loans | | |
| Current | | |
| Loans Receivables considered good - Secured | | |
| - Advances to Related Parties | - | 0.30 |
| - Security deposits - Rent | 0.08 | 0.08 |
| | 0.08 | 0.38 |
| 9 Other financial assets | | |
| Current | | |
| Unsecured, considered good | - | - |
| Unbilled revenue | 0.15 | 0.27 |
| | 0.15 | 0.27 |
| 10 Other assets | | |
| Prepaid expenses | 0.38 | 0.23 |
| Other advances recoverable in cash and kind | - | - |
| Advance to employees | 0.04 | 0.01 |
| | 0.42 | 0.24 |



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

| 11 SHARE CAPITAL | As at 31 March 2019 | | As at 31 March 2018 | |
|--|------------------------|-----------------|------------------------|-----------------|
| | Number (in Lakhs) | Amount (GBP) | Number (In Lakhs) | Amount (GBP) |
| Authorised share capital | | | | |
| 1,000,000 (previous year 1,000,000) Equity shares of GBP 1 each | 10 | 10 | 10 | 10 |
| | <u>10</u> | <u>10</u> | <u>10</u> | <u>10</u> |
| Issued, subscribed and paid up share capital | | | | |
| 575,476 (previous year 575,476) Equity shares of GBP 1 each fully paid | 5.75 | 5.75 | 5.75 | 5.75 |
| | <u>5.75</u> | <u>5.75</u> | <u>5.75</u> | <u>5.75</u> |
| a Reconciliation of the equity share capital | | | | |
| Balance at the beginning of the year | 5.75 | 5.75 | 5.75 | 5.75 |
| Add Issued during the year | - | - | - | - |
| Balance at the end of the year | <u>5.75</u> | <u>5.75</u> | <u>5.75</u> | <u>5.75</u> |

b. Terms and rights attached to equity shares

The company has only one class of equity shares having a par value of £ 1 per share. Each member of equity shares is entitled to one vote per share. The company has not declared any dividends till date. 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 2019 | | As at 31 March 2018 | |
|---------------|------------------------|------|------------------------|------|
| | Number | GBP | Number | GBP |
| AXISCADES Inc | 5.75 | 5.75 | 5.75 | 5.75 |

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

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---------------|------------------------|------------|------------------------|------------|
| | Number (in Lakhs) | Percentage | Number (in Lakhs) | Percentage |
| AXISCADES Inc | 5.75 | 100% | 5.75 | 100% |

12 Other equity

a) Securities premium

Balance as per the last financial statements
Add premium on Issue of equity shares
Closing Balance

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| | 0.46 | 0.46 |
| | - | - |
| | <u>0.46</u> | <u>0.46</u> |

c) Surplus in the Statement of Profit and Loss

Balance at the beginning of the year
Add Net profit/(loss) for the year

Balance at the end of the year

Total reserves and surplus

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| | (5.68) | (4.91) |
| | 2.37 | (0.77) |
| | <u>(3.31)</u> | <u>(5.68)</u> |
| | <u>(2.85)</u> | <u>(5.22)</u> |

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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| 13 SHORT-TERM BORROWINGS | | |
| (Unsecured) | | |
| Loans from related party | 2.33 | 3.90 |
| ICD for GBP 233,000 (March 31, 2018 GBP 390,000) at interest rate of 4% | <u>2.33</u> | <u>3.90</u> |
| 14 TRADE PAYABLES | | |
| Dues to Related Party | 0.41 | 0.99 |
| Dues to others | 0.32 | 0.48 |
| Accrued expenses | 0.00 | 0.15 |
| | <u>0.73</u> | <u>1.62</u> |
| 15 Other financial liabilities | | |
| Duties and taxes payable | 0.69 | 0.82 |
| Duties and taxes payable - Deferred Tax | - | - |
| Dues to employees | 0.03 | - |
| Interest accrued to Related Party | 0.14 | 0.04 |
| | <u>0.86</u> | <u>0.85</u> |

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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| 16 Revenue from operations | | |
| Sale of services | 20.97 | 19.78 |
| IT enabled services | | |
| | 20.97 | 19.78 |
| 17 Other income | | |
| Miscellaneous income | - | 0.03 |
| | - | 0.03 |
| 18 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, wages and bonus | 8.80 | 11.45 |
| Directors' remuneration | - | 0.22 |
| Directors' social security | - | 0.02 |
| Contribution to social security | 0.91 | 0.02 |
| Staff welfare | 0.02 | 0.02 |
| | 9.72 | 11.73 |
| 19 OTHER EXPENSES | | |
| Software subscription charges | 0.39 | 0.34 |
| Sub-contracting charges | 7.27 | 6.61 |
| Legal and professional charges | 0.23 | 0.09 |
| Travelling and conveyance | 0.24 | 0.41 |
| Rent | 0.60 | 0.49 |
| Equipment hire charges | 0.02 | - |
| Recruitment and training expenses | 0.07 | 0.08 |
| Insurance expenses | 0.16 | 0.10 |
| Communication expenses | 0.11 | 0.12 |
| Repairs and maintenance | | |
| - Buildings | 0.02 | 0.03 |
| - Others | 0.10 | 0.13 |
| Auditor's remuneration | 0.01 | - |
| Bad debts written off | - | 0.00 |
| Advertising expenses | 0.03 | 0.03 |
| Electricity charges | 0.06 | 0.06 |
| Rates and taxes | 0.11 | 0.13 |
| Printing and stationery | 0.01 | 0.03 |
| Processing fee and other bank charges | 0.06 | 0.03 |
| Miscellaneous expenses | - | - |
| | 9.49 | 8.68 |
| 20 DEPRECIATION AND AMORTISATION EXPENSE | | |
| Depreciation of tangible assets (Also, refer note 8) | 0.03 | 0.07 |
| | 0.03 | 0.07 |
| 21 FINANCE COSTS | | |
| Interest on other loans from Related Party | 0.18 | 0.10 |
| | 0.18 | 0.10 |
| 22 Profit / (Loss) per share (EPS) | | |
| a) Profit/ (loss) after tax attributable to equity shares (in GBP) | 2.37 | (0.77) |
| b) Weighted average number of shares outstanding | 5.75 | 5.75 |
| c) Basic and diluted earnings/ (loss) per share (in GBP) | 0.41 | (0.13) |



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

23 RELATED PARTY DISCLOSURES

i. Parties where control exists :

Nature of relationship

Name of party

i. Parties where control exists :

Holding Company

The company is a subsidiary of AXISCADES Inc., a subsidiary of AXISCADES Engineering Technologies Limited ("ACETL").

ii. Other related parties

Fellow Subsidiary

AXISCADES Technology Canada Inc. (formerly known as Cades Technology Canada Inc.)

ii. Transactions with related parties

| | Nature of Transaction | Relationship | Year ended 31 March 2019 | Year ended 31 March 2018 |
|-------|---|---------------------------|-----------------------------|-----------------------------|
| (i) | Direct Project Expenses AXISCADES Engineering Technologies Limited | Holding Company | 0.41 | 0.77 |
| (ii) | Reimbursement of expense AXISCADES Engineering Technologies Limited | Holding Company | 0.13 | 0.03 |
| (iii) | Reimbursement of expense cross charged AXISCADES Engineering Technologies Limited | Holding Company | - | 0.89 |
| (iv) | Inter-corporate deposit received during the year AXISCADES Technology Canada Inc. | Fellow Subsidiary Company | - | 2.80 |
| (iv) | Inter-corporate deposit repaid during the year AXISCADES Technology Canada Inc. | Fellow Subsidiary Company | 1.57 | - |
| (v) | Interest expense AXISCADES Technology Canada Inc. | Subsidiary Company | 0.18 | 0.10 |
| (vi) | Revenue AXISCADES Engineering Technologies Limited | Holding Company | 1.39 | 1.45 |



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AXISCADES UK Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019**

(All amounts in GBP lakhs, unless otherwise stated)

23 RELATED PARTY DISCLOSURES (CONT'D)

iii. Balances as at the year end

| | Nature of Transaction | Relationship | Year ended 31 March 2019 | Year ended 31 March 2018 |
|-------|--|---------------------------------------|-----------------------------|-----------------------------|
| (i) | Trade payables AXISCADES Engineering Technologies Limited | Holding Company | 0.21 | 0.99 |
| (ii) | Accrued expense AXISCADES Engineering Technologies Limited AXISCADES Technology Canada Inc. | Holding Company Subsidiary Company | - 0.04 | 0.06 0.04 |
| (iii) | Inter-corporate deposit payable AXISCADES Technology Canada Inc. | Subsidiary Company | 2.33 | 3.90 |
| (iv) | Trade receivables AXISCADES Engineering Technologies Limited | Holding Company | 0.69 | 0.74 |
| (v) | Advances to Related Party AXISCADES Engineering Technologies Limited | Holding Company | - | 0.30 |



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

24 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

| Particulars | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Carrying value |
|-------------------------------|----------------|---------------------------------------|--|----------------|
| Assets: | | | | |
| Cash and cash equivalents | 0.76 | - | - | 0.76 |
| Trade receivable | 4.58 | - | - | 4.58 |
| Loans | - | - | - | - |
| Advances to fellow subsidiary | - | - | - | - |
| Security deposits | 0.08 | - | - | 0.08 |
| Other financial assets | - | - | - | - |
| Unbilled revenue | 0.15 | - | - | 0.15 |
| Other current assets | 0.42 | - | - | 0.42 |
| Total | 5.99 | - | - | 5.99 |
| Liabilities: | | | | |
| Borrowings | 2.33 | - | - | 2.33 |
| Trade payable | 0.73 | - | - | 0.73 |
| Other financial liabilities | 0.86 | - | - | 0.86 |
| Total | 3.92 | - | - | 3.92 |

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

| Particulars | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Carrying value |
|-------------------------------|----------------|---------------------------------------|--|----------------|
| Assets: | | | | |
| Cash and cash equivalents | 0.04 | - | - | 0.04 |
| Trade receivable | 5.93 | - | - | 5.93 |
| Loans | - | - | - | - |
| Advances to fellow subsidiary | 0.30 | - | - | 0.30 |
| Security deposits | 0.08 | - | - | 0.08 |
| Other financial assets | - | - | - | - |
| Unbilled revenue | 0.27 | - | - | 0.27 |
| Other current assets | 0.24 | - | - | 0.24 |
| Total | 6.86 | - | - | 6.86 |
| Liabilities: | | | | |
| Borrowings | 3.90 | - | - | 3.90 |
| Trade payable | 1.62 | - | - | 1.62 |
| Other financial liabilities | 0.85 | - | - | 0.85 |
| Total | 6.37 | - | - | 6.37 |

The management assessed that the fair value of cash and cash equivalents, investments, trade receivables, loans, other financial assets, Other current assets, trade payables, working capital loans and other financial liabilities, as applicable approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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

(iii) Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

a) Assets and liabilities measured at amortised cost for which fair values are disclosed

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount. The Company does not have any financial asset / liability requiring measurement at fair value as all the financial assets and liabilities of the Company are being measured at amortised cost.



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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

25 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 30%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short term deposits.

| | As at 31 March 2019 | As at 31 March 2018 |
|------------------------------------|------------------------|------------------------|
| Borrowings | 2.33 | 3.90 |
| Trade payables | 0.73 | 1.62 |
| Less: Cash and short term deposits | 0.76 | (0.04) |
| Net debt | 3.82 | 5.48 |
| Equity | 5.75 | 5.75 |
| Other Equity | (2.85) | (5.22) |
| Capital and net debt | 6.72 | 6.01 |
| Gearing ratio | 56.85% | 91.12% |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019

26 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 the customer.

(A) Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to GBP 4.53 lakh as of 31 March 2019.

Trade receivables are unsecured and are derived from revenue from services rendered to its customer. The Company operates under cost plus mark up arrangement with its significant shareholder.

Credit risk from balances with banks is managed in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components as at the Balance sheet date are the carrying amounts as furnished in Note 8. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

Assets under credit risk:

| | As at 31 March 2019 | As at 31 March 2018 |
|---------------------------|------------------------|------------------------|
| Cash and cash equivalents | 0.76 | 0.04 |
| Trade receivable | 4.58 | 5.93 |
| Advances to subsidiary | - | 0.30 |
| Security deposit | 0.08 | 0.08 |
| Other financial assets | 0.15 | 0.27 |
| Total | 5.57 | 6.62 |

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

Financial assets that are neither past due nor impaired

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



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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

(All amounts in GBP lakhs, unless otherwise stated)

26 Financial risk management (cont'd)

(A) Credit risk (cont'd)

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired. The Company's credit period generally ranges from 30-120 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due, is given below

| Particulars | As at | As at |
|---|---------------|---------------|
| | 31 March 2019 | 31 March 2018 |
| Financial assets that are neither past due nor impaired | 3.43 | 4.58 |
| Financial assets that are past due but not impaired | | |
| Past due 0-60 days | 0.73 | 0.96 |
| Past due 61-180 days | 0.28 | 0.39 |
| Over 180 days | 0.14 | |
| Total past due but not impaired | 4.58 | 5.93 |

(B) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. As of 31 March 2019, the Company had a working capital of GBP 1.98 lakhs including cash and cash equivalents of GBP 0.76 lakhs

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Maturities of financial liabilities

As at 31 March 2019

| | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|-------------------|------------------|-------------------|-------------------|-------------|
| Borrowings | 2.33 | - | - | 2.33 |
| Trade payables | 0.73 | - | - | 0.73 |
| Dues to employees | 0.03 | - | - | 0.03 |
| Interest accrued | 0.14 | - | - | |
| Total | 3.23 | - | - | 3.09 |

Maturities of financial liabilities

As at 31 March 2018

| | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|-------------------|------------------|-------------------|-------------------|-------------|
| Borrowings | 3.90 | - | - | 3.90 |
| Trade payables | 1.62 | - | - | 1.62 |
| Dues to employees | - | - | - | - |
| Interest accrued | 0.04 | - | - | 0.04 |
| Total | 5.56 | - | - | 5.56 |

Maturities of financial liabilities

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. Financial instruments affected by market risk include trade and other receivables/ payables. The Company is not exposed to foreign currency risk, interest rate risk and certain other price risk, which are a result from both its operating and investing activities as the Company's transactions are carried out in GBP and it does not hold any investments or financial instruments in currency other than GBP

Interest rate risk

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

27 Segment Information

The financial report of the Group would include segment information, therefore no separate disclosure on segment information is given in these standalone financial statements



AXISCADES, Inc.

(formerly known as Axis, Inc.)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

28 First time adoption of Ind AS (cont'd)

Notes

1 Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument:

(a) fair value, in case of financial instruments subsequently carried at fair value through profit or loss (FVTPL);

(b) fair value adjusted for transaction costs, in case of all other financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. In case of all financial assets except for those at FVTPL, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. Different criteria to determine impairment are applied for each category of financial assets.

2 Financial liabilities

Financial liabilities recognised when the Company becomes a party to the contractual provisions of the financial instrument:

(a) fair value, in case of financial instruments subsequently carried at fair value through profit or loss (FVTPL);

(b) fair value adjusted for transaction costs, in case of all other financial instruments.

A financial liability is derecognised when the underlying obligation specified in the contract is discharged, cancelled or expires.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

3 Cash flow statement

Under Ind AS 7 - Statement of cash flows, bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents.

See accompanying notes (1-28) forming part of these financial statements

This is the summary of accounting policies and other explanatory information referred to in our report of even date

For Sadana & Co.
Chartered Accountants
FRN 011616N



(CA Amit Bansal)
Partner
Membership No 098956

Bengaluru
6 May 2019

For and on behalf of the Board of Directors of AXISCADES UK Limited

Mitesh Yadav
Director

Bengaluru
6 May 2019

Ajay Sarin
Director

Bengaluru
6 May 2019